

LAW OFFICES OF DONG K. SHIN
ATTORNEYS AT LAW

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5TH FLOOR
NEW YORK, NY 10001
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Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

DONG K. SHIN
MICHAEL W. SONG*
* NY & NJ BARR

December 1, 1998

**Re: Application for Authority to provide Inter-Exchange
Telecommunications Service.**

Applicant: Korea Telecom America, Inc.

Dear Sir or Madam:

Enclosed please find one original and six copies of above application. Also enclosed is a check for \$250.00 for application fee.

If you have any questions or comments, please contact Michael Song, counsel and attorney at law for the applicant. Your cooperation will be appreciated. Thank you.

Very truly yours,

Michael Song

Check received with filing and
forwarded to Fiscal for deposit.
Fiscal to forward a copy of check
to FAR with proof of deposit.

Initials of person who forwarded check:

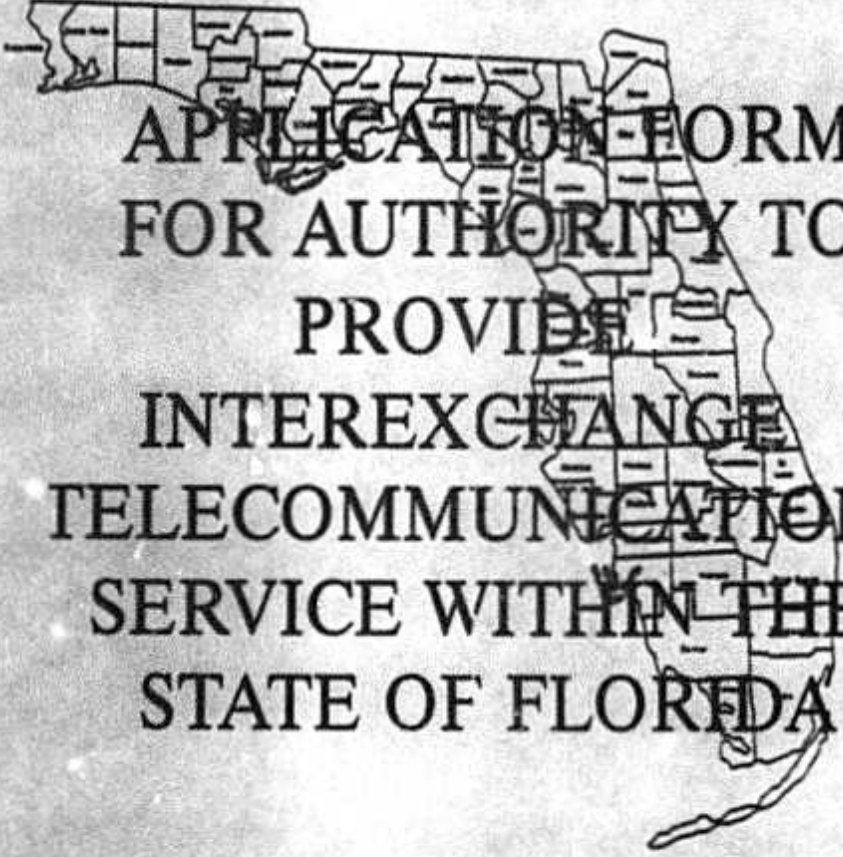
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FPSC-RECORDS/REPORTING



APPLICATION FORM
FOR AUTHORITY TO
PROVIDE
INTEREXCHANGE
TELECOMMUNICATION
SERVICE WITHIN THE
STATE OF FLORIDA

DOCUMENT NUMBER-DATE

14003 DEC 14 88

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION

APPLICATION FORM
for
AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE
WITHIN THE STATE OF FLORIDA

Instructions

- A. This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).
- B. Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770

Note: No filing fee is required for a assignment or transfer of an existing certificate to another certificated company.

- E. If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Communications
Bureau of Certification and Evaluation
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6600

1. This is an application for (check one):

Original certificate (new company).

Approval of transfer of existing certificate: Example, a certificated company purchases an existing certificated company and desires to retain the authority of both certificates.

Approval of assignment of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

Approval of transfer of control: Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

Korea Telecom America, Inc.

3. Name under which applicant will do business (fictitious name, etc.):

4. Official mailing address (including street name & number, post office box, city, state, zip code).

111 Charlotte Place.

Englewood Cliffs, NJ 07632

5. Florida address (including street name & number, post office box, city, state, zip code):

Korea Telecom America, Inc.

c/o Corporation Service Company

1201 Hays Street

Telhassee, FL 32301

7. Structure of organization;

- () Individual () Corporation
(x) Foreign Corporation () Foreign Partnership
() General Partnership () Limited Partnership
() Other _____

8. If individual, provide:

Name : _____

Title : _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

9. If incorporated in Florida, provide proof of authority to operate in Florida:

- (a) The Florida Secretary of State Corporate Registration number: _____

10. If foreign corporation, provide proof of authority to operate in Florida:

- (a) The Florida Secretary of State Corporate Registration number: applied for

11. If using fictitious name-d/b/a, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

- (a) The Florida Secretary of State fictitious name registration number: _____

12. If a limited liability partnership, provide proof of registration to operate in Florida.

- (a) The Florida Secretary of State registration number: _____

13. If a partnership, provide name, title and address of all partners and a copy of the partnership agreement.

Name : _____

Title : _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

14. If a foreign limited partnership, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) The Florida registration number: _____

15. Provide FEID Number (if applicable): 22-3228075

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services? (x) Yes () No

(b) If not, who will bill for your services?

Name : _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

(c) How is this information provided?

18. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

New Jersey

(b) has applications pending to be certificated as an interexchange telecommunications company.

NY, Ca, Tx, Wa, Ge, Hi, Il, Ma.

(c) is certificated to operate as an interexchange telecommunications company.

all pending- NJ does not require certification.

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

No

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

No

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

No

19. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No.

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

No.

20. The applicant will provide the following interexchange carrier services (Check all that apply):

a. NTS with distance sensitive per minute rates

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- X Method of access is 800

b. NTS with route specific rates per minute

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- X Method of access is 800

22. Submit the following:

A. Financial capability.

The application must contain the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements must be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and must include:

1. the balance sheet,
2. income statement, and
3. statement of retained earnings.

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

Further, the following (which includes supporting documentation) must be provided:

1. A written explanation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. A written explanation that the applicant has sufficient financial capability to maintain the requested service.
3. A written explanation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

✓ **B. Managerial capability;** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

✓ **C. Technical capability;** give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

**** APPLICANT ACKNOWLEDGEMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of the gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

J. B. Young Rym

Signature

12/1/98

Date

Secretary

Title

201-871-7400

Telephone No.

Address:

111 Charlotte Pl.

Englewood Cliffs NJ

07632

201-816-0077

Fax No.

ATTACHMENTS:

- ~~A - CERTIFICATE TRANSFER OR ASSIGNMENT STATEMENT~~
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
- ~~C - INTRASTATE NETWORK~~
- ~~D - CURRENT FLORIDA INTRASTATE SERVICES~~
- E - AFFIDAVIT
FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES
GLOSSARY

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of customer deposits and advance payments may be responded to in one of the following ways (applicant please check one):

- () The applicant will not collect deposits nor will it collect payments for service more than one month in advance.
- (X) The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month. (The bond must accompany the application.)

UTILITY OFFICIAL:

X JTB/Soulet R44 12/1/98
Signature Date

Secretary 201-871-7480
Title Telephone No.

Address: 111 Charlotte Pl. 201-816-0077
Englewood Cliffs, NJ Fax No.
07632

**** APPENDIX C ****

CURRENT FLORIDA INTRASTATE SERVICES

Applicant has () or has not (X) previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

- a) What services have been provided and when did these services begin?

- b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL:

X J. M. SQUANT R44
Signature

12/1/98
Date

Secretary
Title

201-871-7400
Telephone No.

Address: 111 Charlotte Pl.
Englewood Cliffs,
NJ 07632

201-816-0077
Fax No.

RESUME

Name : Don H. Cho
Date of Birth : Sept. 27, 1967
Current Job Title : Manager of MIS Department

ACADEMIC BACKGROUND

Master of Science, Computer Science (1992-1994)
- City University of New York at City College
Bachelor of Science, Electrical & Computer Engineering (1986-1991)
- State University of New York at Buffalo

WORK EXPERIENCES

Manager of MIS Dept, Korea Telecom America, Inc., Englewood Cliffs, NJ
(Oct, 1997 ~)
Software Developer, Minolta Business Systems, Mahwah, NJ
(July, 1997 ~ Oct., 1997)
Systems & Networks Administrator, COBY Electronics, Maspeth, NY
(Jan., 1996 ~ June, 1997)
Systems & Network Administrator, Cowboy Brothers Trading, New York, NY
(Jan., 1995 ~ Jan., 1996)
Systems Administrator, CTI Computer Systems, Flushing, NY
(Jan. 1993 ~ Oct., 1994)

I Described above is true

Signature


Don H. Cho

RESUME

Name : Ju, Hong Sik
Date of Birth : Sep 25, 1968
Current Job Title : Director of Korea Telecom America, Inc.

ACADEMIC BACKGROUND

Bachelor of Business Administration (1985 ~ 1993)
Korea Maritime University

High School (1982~1984)
Suncheon Maesan High School

MAJOR CAREER IN KOREA TELECOM

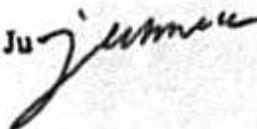
Director of Korea Telecom America, Inc.
(Jan, 1997 ~)

Manager of Overseas Business Group of Korea Telecom
(Oct, 1995 ~ Dec, 1996)

Assistant Manager of Junnam Regional Headquarter of Korea Telecom
(Mar, 1993 ~ Sep, 1995)

I described above is true
Signature

Hong Sik Ju



RESUME

Name : YOON, JONG LOK
Date of Birth : Dec 17, 1957
Current Job Title : Senior Managing Director of Network Planning Group
of Korea Telecom

ACADEMIC BACKGROUND

- Research Exchange (1995 - 1996)
 - Michigan State University
- Master of Electronic Engineer (1991 - 1992)
 - Yonsei University
- Bachelor of Electronics Engineer (1978 - 1979)
 - Aviation College of Korea
- High School (1972 - 1975)
 - Keang Ju Senior High School

MAJOR CAREER In KT

- Senior Managing Director of Network Planning Group of KT
(Jan, 1998 -)
- Managing Director of Network Planning Group
(Aug, 1996 - Jan, 1998)
- Chief Secretary of Secretary Office to the CEO
(Jul, 1993 - Aug, 1996)
- Chief Officer of Choong Ju Telephone Office
(Jan, 1993 - Jul, 1993)
- Director of Network Planning Group
(Jul, 1987 - Jan, 1993)
- Research Exchange (AT&T-Communications Head Office in J.N)
(Aug, 1985 - Jul, 1987)
- Instructor of KT
(Nov, 1983 - Aug, 1985)
- Entitled as a Professional Engineer of Telecommunications from Government
(Jul, 1983)

Described above is true

Signature
Jong Lok Yoon

Jong Lo Yoon

KPMG

The Global Leader

KOREA TELECOM AMERICA, INC.
(a wholly owned subsidiary of Korea Telecom)

Financial Statements

December 31, 1995

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Board of Directors
Korea Telecom America, Inc.:

We have audited the accompanying balance sheet of Korea Telecom America, Inc. (a wholly owned subsidiary of Korea Telecom) as of December 31, 1995, and the related statements of operations and accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Korea Telecom America, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

February 2, 1996

KPMG Peat Marwick LLP

KOREA TELECOM AMERICA, INC.
wholly owned subsidiary of Korea Telecom

Balance Sheet

December 31, 1995

Assets

Current assets:	
Cash and cash equivalents (note 3)	\$ 751,449 ✓
Certificates of deposit	509,276 ✓
Due from parent (note 4)	101,064
Other current assets	<u>41,332</u>
Total current assets	1,403,121
Property and equipment at cost, less accumulated depreciation (note 5)	3,468,198
Investments in affiliated companies (note 6)	642,197 ✓
Other assets	<u>88,329</u> ✓
	\$ <u>5,601,845</u>

Liabilities and Stockholder's Equity

Current liabilities:	
Accrued expenses	24,206
Other current liabilities	<u>18,757</u>
Total current liabilities	42,963
Stockholder's equity:	
Common stock, \$1 par value. Authorized 6,000 shares; issued and outstanding 6,000 shares	6,000
Additional paid-in capital	5,994,000
Accumulated deficit	<u>(441,118)</u>
Total stockholder's equity	5,558,882
Commitments (note 9)	
	<u> </u>
	\$ <u>5,601,845</u>

See accompanying notes to financial statements.

KOREA TELECOM AMERICA, INC.
wholly owned subsidiary of Korea Telecom

Statement of Operations and Accumulated Deficit

Year ended December 31, 1995

Revenues:	
Service fee income-related party (note 4)	\$ 1,817,500
Telecommunications services	71,112
Interest income	88,857
Rental income (note 9)	86,328
Other, net	<u>3,963</u>
	<u>2,067,760</u>
Cost and expenses:	
Operating expenses	2,286,249
Costs of telecommunications services	82,076
Equity in loss of an affiliated company (note 6)	<u>69,803</u>
	<u>2,438,128</u>
Net loss	(370,368)
Accumulated deficit at beginning of year	<u>(70,750)</u>
Accumulated deficit at end of year	\$ <u>(441,118)</u>

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1995

(1) Organization

Korea Telecom America, Inc. (the "Company") is a wholly owned subsidiary of Korea Telecom (the "Parent"), a Korean corporation. The Company was incorporated as a Delaware corporation on March 25, 1993.

The Company provides telecommunication services in the U.S., including facsimile service and education and training. The Company also renders industry related services to its Parent (see note 4) and invests in U.S. telecommunication companies (see note 6).

(2) Summary of Significant Accounting Policies

(a) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment, except automobile, is calculated on the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years. Depreciation on the automobile is provided on the double-declining method over the estimated useful life of the asset.

(c) Investments in Affiliated Companies

Investments in affiliated companies represent investments in the common stock of three companies providing telecommunication services such as long distance telephone service, interactive video and data service, and voice mail service. Investment in a nonconsolidated company which is at least 20% owned is accounted for by the equity method, and less than 20% owned is accounted for by cost method.

(d) Statement of Cash Flows

For the purposes of reporting cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less at time of purchase to be cash equivalents.

(Continued)

KOREA TELECOM AMERICA, INC.
(a wholly owned subsidiary of Korea Telecom)

Notes to Financial Statements

(2), Continued

(e) *Income Taxes*

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(3) *Cash Equivalents*

Cash and cash equivalents at December 31, 1995 include a short-term money market investment account of \$695,250. The carrying amount of these money market investments approximates fair value.

(4) *Related Party Transactions*

During 1995, the Company provided its Parent with various services that primarily include research on the U.S. telecommunications industry and other activities contracted with the Parent. The service fee income earned for such services totaled \$1,817,500 in 1995 and related receivable from Parent was \$101,064.

(5) *Property and Equipment*

Property and equipment, at cost, as of December 31, 1995, are summarized as follows:

Land	\$ 628,205
Building	537,922
Building improvement	432,950
Furniture and fixtures	138,655
Communications equipment	1,848,506
Office equipment	42,535
Automobiles	<u>46,868</u>
	3,675,641
Less accumulated depreciation	<u>207,443</u>
Net property and equipment	\$ <u>3,468,198</u>

(Continued)

KOREA TELECOM AMERICA, INC.
(a wholly owned subsidiary of Korea Telecom)

Notes to Financial Statements

(6) Investments in Affiliated Companies

The Company's investments in affiliated companies consist of a 25% equity interest in KT Voice Communications Inc. (KTVC), a 10% ownership in Multimedia Computer Communication Inc. and a 2.99% ownership interest in TTI Telecommunication, Inc. These affiliates provide voice mail service, interactive video and data service, and long distance telephone service, respectively.

Summarized unaudited financial information for KTVC as of December 31, 1995 is as follows:

Financial position:	
Current assets	\$ 302,233
Fixed assets	199,016
Other assets	<u>19,744</u>
	<u>\$ 520,993</u>
Liabilities	17,673
Net equity	<u>503,320</u>
	<u>\$ 520,993</u>
Results of operations:	
Total revenues	6,688
Total expenses	<u>303,368</u>
Net loss	<u>\$ (296,680)</u>

The investment in KTVC is accounted for by the equity method. As KTVC was newly established in 1995, no revenue generating activities were commenced as of December 31, 1995 other than interest income of \$6,688.

(7) Income Taxes

As a result of the net operating loss incurred by the Company, no income taxes are currently payable. As of December 31, 1995, net operating loss carryover is the only temporary difference that gives rise to the deferred tax asset of \$165,760. Since it is more likely than not that all of the deferred tax asset will not be realized, all of the deferred tax asset amount is reduced by the valuation allowance.

At December 31, 1995, the Company has an unused net operating loss carryforward of approximately \$412,000 for tax reporting purposes, which expires up to 2010.

(Continued)

KPMG

KOREA TELECOM AMERICA, INC.
(A Wholly Owned Subsidiary of Korea Telecom)

Financial Statements

December 31, 1997 and 1996

(With Independent Auditors' Report Thereon)

KPMG Peat Marwick LLP

345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Directors
Korea Telecom America, Inc.:

We have audited the accompanying balance sheets of Korea Telecom America, Inc. (a wholly owned subsidiary of Korea Telecom) as of December 31, 1997 and 1996, and the related statements of income and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Korea Telecom America, Inc. as of December 31, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

February 22, 1998

KPMG Peat Marwick LLP

KOREA TELECOM AMERICA, INC.
(A Wholly Owned Subsidiary of Korea Telecom)

Statements of Income and Accumulated Deficit

Years ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Revenues:		
Service fee income - related party (note 4)	\$ 6,137,300	3,829,800
Telecommunications services	506,799	387,027
Interest income (note 4)	81,399	39,076
Rental income (note 10)	70,773	84,638
Other, net	<u>2,351</u>	<u>5,296</u>
	<u>6,798,622</u>	<u>4,345,837</u>
Costs and expenses:		
Operating expenses	6,169,722	3,868,594
Costs of telecommunications services	372,989	322,315
Equity in loss of an affiliated company (note 6)	-	130,197
Other expenses	<u>64,867</u>	<u>-</u>
	<u>6,607,578</u>	<u>4,321,106</u>
Earning before income taxes	191,044	24,731
Income tax benefit (note 8)	<u>6,550</u>	<u>-</u>
Net income	197,594	24,731
Accumulated deficit at beginning of year	<u>(416,387)</u>	<u>(441,118)</u>
Accumulated deficit at end of year	\$ <u>(218,793)</u>	<u>(416,387)</u>

See accompanying notes to financial statements.

KOREA TELECOM AMERICA, INC.
(A Wholly Owned Subsidiary of Korea Telecom)

Statements of Cash Flows

Years ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Cash flows from operating activities:		
Net income	\$ <u>197,594</u>	<u>24,731</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	541,881	404,607
Allowance for accounts receivable	14,577	11,856
Loss (gain) on sale of property and equipment	64,715	(283)
Equity in loss of an affiliated company	-	130,197
Decrease in due from parent	-	101,064
Increase in accounts receivable	(138,186)	(61,073)
Increase in inventories	(210,426)	(7,110)
Increase in other current assets	(72,797)	(4,020)
Decrease in other assets	18,350	8,736
(Decrease) increase in accrued expenses	(30,710)	21,992
Increase in other current liabilities	<u>51,828</u>	<u>3,214</u>
Total adjustments	<u>239,232</u>	<u>609,180</u>
Net cash provided by operating activities	<u>436,826</u>	<u>633,911</u>
Cash flows from investing activities:		
Increase in certificates of deposit	(1,306,754)	(9,754)
Purchase of property and equipment	(249,596)	(220,858)
Loans to affiliated companies	(628,893)	-
Investments in affiliated companies	(380,492)	(400,000)
Proceeds from sales of property and equipment	<u>3,794</u>	<u>2,620</u>
Net cash used in investing activities	<u>(2,561,941)</u>	<u>(627,992)</u>
Cash flows from financing activities:		
Increase in bank loans	<u>1,900,000</u>	<u>-</u>
Net cash provided by financial activities	<u>1,900,000</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(225,115)	5,919
Cash and cash equivalents at beginning of year	<u>757,368</u>	<u>751,449</u>
Cash and cash equivalents at end of year	\$ <u><u>532,253</u></u>	<u><u>757,368</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ <u>20,293</u>	<u>-</u>
Income taxes	\$ <u>54,311</u>	<u>-</u>

See accompanying notes to financial statements.

KOREA TELECOM AMERICA, INC.
(A Wholly Owned Subsidiary of Korea Telecom)

Notes to Financial Statements, Continued

(2), Continued

(e) *Statement of Cash Flows*

For purposes of reporting cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less at time of purchase to be cash equivalents.

(f) *Income Taxes*

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(3) *Cash Equivalents and Certificate of Deposit*

Cash equivalents include short-term money market investment accounts of \$425,901 and \$315,483 and certificates of deposit of \$1,825,782 and \$519,030, respectively, at December 31, 1997 and 1996. The carrying amount of these money market investments approximates fair value.

(4) *Related Party Transactions*

During 1996, the Company provided its Parent with various services that primarily include research on the U.S. telecommunications industry and other activities contracted with the Parent. The service fee income earned for such services totaled \$6,137,300, which is due in 1998, and \$3,829,800 in 1997 and 1996, respectively. In addition, the Company loaned \$628,893 to its affiliate, TTI Telecommunication, to support its business development activities on the West Coast. Interest income earned for this loan totaled \$13,498 and interest receivable of \$13,498 is included in other current assets. The Company purchased prepaid phone cards from TTI Telecommunication. Such purchases amounted to approximately \$285,000 for the year ended December 31, 1997 and \$217,536 remained in inventory as of December 31, 1997.

KOREA TELECOM AMERICA, INC.
(A Wholly Owned Subsidiary of Korea Telecom)

Notes to Financial Statements, Continued

(5) **Property and Equipment**

Property and equipment, at cost, as of December 31, 1997 and 1996, are summarized as follows:

	<u>1997</u>	<u>1996</u>	<u>Estimated useful life (in years)</u>
Land	\$ 628,205	628,205	
Building	537,922	537,922	39
Building improvement	432,950	432,950	39
Furniture and fixtures	66,099	138,453	7
Communications equipment	1,995,324	1,995,324	6
Office equipment	256,132	66,554	5
Automobiles	<u>75,797</u>	<u>46,868</u>	5
	3,992,429	3,846,276	
Less accumulated depreciation	<u>1,071,111</u>	<u>564,164</u>	
Net property and equipment	\$ <u>2,921,318</u>	<u>3,282,112</u>	

(6) **Investments in Affiliated Companies**

The Company's investments in affiliated companies consist of a 18% ownership in Multimedia Computer Communication, Inc. and a 10% ownership interest in TTI Telecommunication, Inc. These affiliates provide interactive video and data service and long distance telephone service, respectively.

During 1996, the Company recognized a loss of \$130,197 as a result of dissolution of its 25% investment in an affiliated company, KT Voice Communication, Inc., in August 1996.

(7) **Bank Loans**

The Company has a note payable to a bank with interest at LIBOR plus 1.5% per annum and principal payable in quarterly installments of \$237,500 from December 2001 through December 2002.

The maturities of the note payable of the Company at December 31, 1997, are as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2001	\$ 237,500
2002	950,000
2003	<u>712,500</u>
	\$ <u>1,900,000</u>

KOREA TELECOM AMERICA, INC.
(A Wholly Owned Subsidiary of Korea Telecom)

Notes to Financial Statements, Continued

(8) Income Taxes

As a result of the net operating loss carryforward from prior years, no income taxes are currently payable. As of December 31, 1997 and 1996, net operating loss carryforward is the only temporary difference that gives rise to the deferred tax asset of approximately \$7,000 and \$124,000, respectively.

The net change in the total valuation allowance for the years ended December 31, 1997 and 1996, was a decrease of approximately \$124,000 and \$41,000, respectively. The valuation allowance as of December 31, 1997 and 1996 was \$-0- and \$124,000, respectively.

At December 31, 1997, the Company has an unused net operating loss carryforward of approximately \$16,000 for tax reporting purposes, which expires in 2008.

(9) Fair Value of Financial Instruments

The carrying amounts of current assets and liabilities approximate their fair value because of the short-term maturity of these financial instruments. The fair value of investments in affiliated companies accounted for under the cost method is not disclosed because a reasonable estimate of fair value could not be made without incurring excessive costs.

(10) Commitments

- (a) The Company is obligated under noncancellable operating leases for rental of its office facility in California and office equipment, which expire through 2002. The minimum future rental payments due under these noncancellable operating leases are:

Year ending December 31

1998	\$ 58,000
1999	53,000
2000	51,000
2001	43,000
2002	<u>35,000</u>
Total	\$ <u>240,000</u>

Total rental expense for the operating leases in 1997 was \$53,591.

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by KOREA TELECOM AMERICA, INC. ("KTAI"), with principal offices at 111 Charlotte Place, Englewood Cliffs, NJ 07632. This tariff applies for services furnished within the state of Florida. This Tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at KTAI's principal place of business.

ISSUED: December 1, 1998

EFFECTIVE DATE: _____

Jong Lok, Yoon, President
111 Charlotte Place
Englewood Cliffs, NJ 07632

CHECK SHEET

The sheets listed below, which are inclusive of this tariff, are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

<u>SHEET</u>	<u>REVISION</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original
24	Original
25	Original

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111 Charlotte Place
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SYMBOLS

The following are the only symbols used for the purposes indicated below:

- D - Delete or Discontinue
- I - Charge Resulting In An Increase to A Customer's Bill
- M - Moved from Another Tariff Location
- N - New
- R - Change Resulting In A Reduction to A Customer's Bill
- T - Change in Text or Regulation But No Change In Rate or Charge

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to KTAI's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable KTAI to identify the origin of the Customer so it may rate and bill the call. Automatic number Identification (ANI) is used as the authorization code wherever possible.

Commission - Used throughout this tariff to mean the Florida Public service Commission.

Customer - The person, firm, corporation or other legal entity which orders the services of KTAI or purchases a KTAI Prepaid Calling Card and/or originates prepaid calls using such cards, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Company or KTAI - Used throughout this tariff to mean KOREA TELECOM AMERICA, INC.

Day: 8 a.m. - 5 p.m. *, Monday - Friday, * to, but not including

Evening: 5 p.m. - 11 p.m. *, Sunday - Friday, * to, but not including

Holiday - New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Holiday shall be billed at the evening rate from 8 a.m. to 11 p.m. After 11 p.m., the lower night rate shall go into effect.

Night: 11 p.m. - 8 a.m. *, All Day

Prepaid Account - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorized Code as contained in a specific Prepaid Calling Card.

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Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage between any two points within the State of Florida

Telecommunications - The transmission of voice communications or subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

Weekend: 8 a.m. - 11 p.m. *, Saturday,
 8 a.m. - 5 p.m. *, Sunday
 * To, but not including

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SECTION 2 - RULES AND REGULATIONS**2.1 Undertaking of the Company**

This tariff contains the regulations the regulations and rates applicable to intrastate resale telecommunications services provided by KTAI for telecommunications between points within the State of Florida. Resale services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff in compliance with limitations set forth in the Commission's rules. The Company's services are provided on a statewide basis and are not intended to be limited geographically. The Company offers services to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Customers interested in the Company's services shall file a service application with the Company which fully identifies the Customer, the services requested and other information requested by the Company. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers of entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the company. The Customer shall be responsible for all Charges due for such service arrangement. The Company does not own any switching, transmission or other physical facilities in Florida.

- 2.1.1 The services provided by KTAI are not part of a joint undertaking with any other entity providing telecommunications channels, facilities, or services, but may involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.
- 2.1.2 The rates and regulations contained in this tariff apply only to the resale services furnished by KTAI and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carriers for use in accessing the service of KTAI.
- 2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the Underlying carrier's tariffed offerings; or when the use of service becomes or is in violation of the law or the provisions of this tariff.

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111 Charlotte Place
Englewood Cliffs, NJ 07632

2.3 Liability of the Company

- 2.3.1 The company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by the Underlying Carrier, an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.
- 2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any their injury to any person, property or entity arising out of the material, data or information transmitted.
- 2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.
- 2.3.4 The Company's liability for damages, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects or misrepresentations shall not exceed an amount tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company.
- 2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any customer or by and other entity from any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any Custome. or any other entity or any other property whether owned or controlled by the Customer or others.
- 2.3.6 The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with

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Englewood Cliffs, NJ 07632

the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnishing service.

- 2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express, implied, or statutory, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.
- 2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities, which the Customer requests and which ordered by KTAI on the Customer's behalf.
- 2.4.3 If required for the provision of KTAI's service, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to KTAI.
- 2.4.4 The customer is responsible for arranging access to its premises at times mutually agreeable to KTAI and the Customer when required for KTAI personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of KTAI's services.
- 2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of KTAI's equipment to be maintained within the range normally provided for the operation of microcomputers.
- 2.4.6 The Customer shall ensure that the equipment and/or system is properly interfaced with KTAI's facilities of services, that the signals emitted into KTAI's network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or

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degrade service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, KTAI will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to KTAI equipment, personnel or quality of service to other Customers, KTAI may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, KTAI may, upon written notice, terminate the Customer's service.

- 2.4.7 The Customer must pay KTAI for replacement or repair of damage to the equipment or facilities of KTAI caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.
- 2.4.8 The Customer must pay for the loss through theft of any KTAI equipment installed at Customer's premises.
- 2.4.9 If KTAI installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.
- 2.4.10 The Customer must use the service offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all states, federal and local authorities having jurisdiction over the service.

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- 2.5.5 Customers will continue to have Company usage until the Customer notifies its local exchange carrier and changes its long distance carrier. Until the Customer so notifies its local exchange carrier, it shall continue to generate and be responsible for long distance usage.

2.6 Credit Allowance

- 2.6.1 Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence of the Customer, or to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth in 2.3 herein. It shall be the obligation of the Customer to notify the Company immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer within his control, or is not in wiring or equipment, if any, furnished by the Customer and connected to the Company's facilities.
- 2.6.2 No credit is allowed in the event that service must be interrupted in order to provide routine service quality or related investigations.
- 2.6.3 Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company or in the event that the Company is entitled to a credit for the failure of facilities of the Company's Underlying Carrier used to furnish service.
- 2.6.4 Credit for interruption shall commence after the Customer notifies the Company of the interruption or when the Company becomes aware thereof, and ceases when service has been restored.
- 2.6.5 For purpose of credit computation, every month shall be considered to have 720 hours.
- 2.6.6 No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- 2.6.7 The Customer shall be credited for an interruption of two hours or more at the rate of 1/720th of the monthly charge for the facilities

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lines, or authorization codes will be billed to and must be paid by the customer. Recurring charges, deposits, and nonrecurring charges are billed in advance. The initial billing may, at company's option, also include one month's estimate usage billed in advance. Thereafter, charges based on actual usage during a month and any accrued interest will be billed monthly in arrears.

- 2.10.3 All bills are presumed accurate, and shall be binding on the customer unless objection is received by the Company in writing within 30 days after such bills are rendered. No credit, refunds, or adjustments shall be granted if demand therefore is not received by the Company in writing within such 30 day period.

2.11 Collection Costs

In the event Company is required to initiate legal proceedings to collect any amounts due to Company for regulated or non-regulated services, equipment or facilities, or to enforce any judgement obtained against a Customer, or for the enforcement of any other provision of this tariff or applicable law, customer shall, in addition to all amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection cost, including attorneys' fees, due to the Company, will be determined by the court.

2.12 Taxes

In additions to all recurring, non-recurring, minimum, usage, or special charges, Customer shall also be responsible for and shall pay all applicable federal, state and local taxes or surcharges, including sales, use, gross earnings, and gross revenue taxes. All such taxes shall be separately shown and charged on bills rendered by Company.

The State gross revenue and gross earnings surcharge shall be applied to all charges for recurring, non-recurring, minimum, usage, or special charges. Customers will be notified of any changes to above by bill insert or separate mailing no later than the first billing period following the date of the Company's gross revenues, repeals of such a tax, or changes the rate of such tax, the Commission may approve new surcharge factors, and the Company will approve new surcharge factors, and the Company will file revised surcharges as directed by the Commission.

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Sales, use, and excise taxes shall be applied to all charges and shall also be applied to all applicable gross earnings, gross revenue and gross income taxes.

2.13 Late Charges

Late fee of 1.5% monthly or the amount otherwise authorized by law, whichever is lower, will be charged on any past due balance.

2.14 Returned Check Charge

A fee will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.15 Reconnection Charge

A reconnection fee of \$5.00 per line per occurrence will be charged when service is re-established for customers who have been disconnected due to nonpayment.

2.16 Location of Service

The Company will provide service to Customers and their end users within the State of Florida.

2.17 Automatic number identification terms and conditions

A telephone corporation may provide Automatic Number identification (ANI) associated with and intrastate service, by tariff, to any entity (ANI recipient), only under the following terms and conditions:

- 1) The ANI recipient or its designated billing agent may use or transmit ANI information to third parties for billing and collection, routing, screening, ensuring network performance, and completion of a telephone subscriber's call or transaction, or for performing a service directly related to the telephone subscriber's original call or transaction.
- 2) The ANI recipient may offer to any telephone subscriber with whom the ANI recipient has an established customer relationship, a product or service that is directly related to products or services previously purchased by the telephone subscriber from the ANI recipient.

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- 3) The ANI recipient or its designated billing agent is prohibited from utilizing ANI information to establish marketing lists or to conduct outgoing marketing calls, except as permitted by the preceding paragraph, unless the ANI recipient obtains the prior written consent of the telephone subscriber permitting the use of ANI information for such purposes. The foregoing provisions notwithstanding, no ANI recipient or its designated billing agent may utilize ANI information if prohibited elsewhere by law.

- 4) The ANI recipient or its designated billing agent is prohibited from reselling, or otherwise disclosing ANI information to any other third party for any use other than those listed in Provision 1, unless the ANI subscriber permitting such resale or disclosure.

- 5) Telephone Corporations must make reasonable efforts to adopt and apply procedures designed to provide reasonable safeguards against the aforementioned abuses of ANI.

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SECTION 3 - DESCRIPTION OF SERVICE**3.1 Timing of Calls****3.1.1 When Billing Charges Begin and End for Phone Calls**

The customer's long distance usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the receiver, (i.e. when 2 way communication, often referred to as "conversation time" is possible.) When the called party picks up is determined by hardware answer supervision in which the local telephone audio tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up. Recognition of answer supervision is the responsibility of the Underlying Carrier. Timing for each call ends when either party hangs up. KTAI will not bill for uncompleted calls. The total charge for each completed call may also be a fixed charge dependent only on the duration of the call, i.e. a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute, which is applied to each minute. All 1+ and 800/888 calls are measured in six second increments with a thirty(30) second minimum per call. All Travel Card and Prepaid Calling Card calls are measured in one minute increments. All calls are rounded up to the next whole increment.

3.1.2 Calculation of Distance

Where mileage bands appear in a rate table, rates for all calls are based upon the airline distance between the originating and terminating points of the call, as determined by the vertical and horizontal coordinates associated with the originating and terminating telephone numbers. If the Customer obtains access to the Company's network by a dedicated access circuit, that circuit will be assigned an exchange for rating purposes based upon the Customer's main telephone number at the location where the dedicated access circuit terminates. The vertical and horizontal (V & H) coordinates for each exchange and the airline distance between them will be determined according to the V&H Coordinate table contained in AT&T's FCC Tariff No. 10 which is incorporated herein by reference.

Formula:

The square
Root of

$$\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}$$

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3.3 Level of Service : Minimum Call Completion Rate

A customer can expect end to end network availability of not less than 99% at all times for all services.

3.4 Billing Entity Conditions

When billing functions on behalf of KTAI or its intermediary are performed by local exchange telephone companies or others, the payment of charge conditions and regulations of such companies and any regulations imposed upon these companies by regulatory bodies having jurisdiction apply. KTAI's name and toll-free telephone number will appear on the Customer's bill.

3.5 Service Offerings**3.5.1 1+ Dialing**

The customer utilizing "1+" dialing, or "10XXX" dialing followed by "1 + ten digits" for interLATA calls, or dials "10XXX" followed by "1 + 7 digits" or "1 + 10 digits" for intraLATA calls.

3.5.2 Travel Cards

The customer utilizes an 11 digit "800" access number established by KTAI to access a terminal. Upon receiving a second dialtone, the Customer uses push button dialing to enter an identification code assigned by the Company, followed by the ten digit number of the called party.

3.5.3 800/888 Service (Toll Free)

This service is a direct access, incoming only, usage sensitive WATS offering. This is a service whereby a Customer can be billed at reduced rates for calls to his premises.

3.5.4 KTAI Prepaid Calling Cards

This service permits use of KTAI Prepaid Calling Cards for placing long distance calls. Customers may purchase KTAI Prepaid Calling Cards at variety of retail outlets or through other distribution channels. KTAI Prepaid Calling Cards are available at a variety of face values ranging from ten dollars (\$10.00) to fifty dollars (\$50.00). KTAI Prepaid Calling card service is accessed

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using the KTAI toll-free number printed on the card. The caller is prompted by an automated voice response system to enter his/her Account Code, and then to enter the terminating telephone number. KTAI's processor tracks the call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units for each call, which includes applicable taxes is deducted from the remaining Telecom Unit balance on the Customer's KTAI Prepaid Calling Card.

All calls must be charged against KTAI Prepaid Calling Card that has a sufficient Telecom Unit balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted. Such announcement will occur when one (1) minute remain before the balance will be depleted, based upon the terminating location of the call.

In order to continue the call, the Customer can either call the toll-free number on the back of the KTAI Prepaid Calling Card and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. Calls in progress will be terminated by the Company if the balance on the KTAI Prepaid Calling card is insufficient to continue the call and Customer fails to enter the number of another valid KTAI Prepaid Calling Card prior to termination.

A card will expire 12 months from the date of purchase, or the date of last recharge, whichever is later.

A credit allowance for KTAI Prepaid Calling Card is applicable to calls that are interrupted due to poor transmission, one-way transmission, or involuntary disconnection of a call. To receive the proper credit, the Customer must notify the Company at the designated toll-free customer service number printed on the KTAI Prepaid Calling Card and furnish the called number, the trouble experienced (e.g. cut-off, noisy circuit, etc.), and the approximate time that call was placed.

When a call charged to KTAI Prepaid calling Card is interrupted due to cut-off, or one-way transmission, the Customer will receive a credit equivalent of one Telecom Unit.

Credit allowance for calls pursuant to KTAI Prepaid Calling Card Service do not apply for interruption not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the company.

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Credit for failure of service shall be allowed only when such failure is caused by or occurs due to caused within the control of the Company

The company will block all calls beginning with the NPA "900" or JNXX "976" calls, therefore such calls can not be completed.

3.5.5 Directory Assistance

Access to long distance directory assistance is obtained by dialing 1 + 555 -1212 for listings within the originating area code and 1 + (area code) + 555-1212 for other listings. When more than one number is requested in a single call, a charge may apply for each number requested. A charge will be applicable for each number requested, whether or not the number is listed or published.

3.5.6 Specialized Pricing Arrangements

Customized service packages and competitive pricing packages at negotiated rates may be furnished on a case-by-case basis in response to requests by Customers to the Company for proposals or for competitive bids. Service offered under this tariff provision will be provided to Customers pursuant to contract. Unless otherwise specified, the regulations for such arrangements are in addition to the applicable regulations and prices in other sections of the tariff. Specialized rates or charges will be made available to similarly situated Customers on a non-discriminatory basis.

3.5.7 Emergency Call Handling Procedures

Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

3.5.8 Promotional Offering

The company may, from time to time, make promotional offerings to enhance the marketing of its services. These offerings may be limited to certain dates, times and locations. These promotions will be approved by the FPSC with specific starting and ending dates. The company will notify the Commission of such offering as required by Commission rules and regulations.

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DONG K. SHIN
MICHAEL W. SONG*
* NY & NJ BARR

December 1, 1998

Re: Application for Authority to provide Inter-Exchange
Telecommunications Service.

981856-TI

Applicant: Korea Telecom America, Inc.

Dear Sir or Madam:

Enclosed please find one original and six copies of above application. Also enclosed is a check for \$250.00 for application fee.

If you have any questions or comments, please contact Michael Song, counsel and attorney at law for the applicant. Your cooperation will be appreciated. Thank you.

Very truly yours, *MS*

MAIL
98 DEC 14

1002

MICHAEL SONG ATTORNEY AT LAW

IOEA ACCOUNT
120 W 31ST ST, 5 FL
NEW YORK, N.Y. 10001

DATE 12/1/98

PAY
TO THE
ORDER OF

Florida Public Service Commission

\$ 250.00

Two Hundred Fifty and 00/100

DOCUMENT NUMBER-DATE

CHASE The Chase Manhattan Bank
2 Pennycuik Place
New York, NY 10123

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REPORTING

LAW OFFICES OF DONG K. SHIN
ATTORNEYS AT LAW

120 WEST 31ST STREET
5TH FLOOR
NEW YORK, NY 10001
212-268-2700
212-268-0203 FAX

DEPOSIT
D046

DATE
DEC 14 1998

DONG K. SHIN
MICHAEL W. SONG*
* NY & NJ BARR

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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