



210 N. Park Ave.
P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613

Florida Public Service Commission
Division of Communication
2450 Shumard Oak Boulevard
Gerald L. Gunter Building
Room 270
Tallahassee, FL 32399-0850

March 21, 1997
Overnight

710363 - TI

DEPOSIT DATE
D487 MAR 24 1997

Re: Initial Application and Tariff of FiberSouth of Florida, Inc. d/b/a FiberSouth, Inc. for Authority to Provide Interexchange Telecommunications Services within the State of Florida.

Dear Sir/Madam:

Enclosed for filing are the original and six (6) copies of the above-referenced application of FiberSouth of Florida, Inc. d/b/a FiberSouth, Inc. Also enclosed is a check in the amount of \$250 to cover the filing fee.

The company is filing the required financial statements as well as its financial capability statement for this filing under separate cover and requesting that the statements be marked PROPRIETARY and CONFIDENTIAL.

Please acknowledge receipt of this filing by date-stamping the extra copy of this cover letter and returning it to me in the self-addressed, stamped envelope provided for this purpose.

Questions regarding this filing may be directed to me at (407) 740-8575.

Yours truly,

Thomas M. Forte
Consultant to
FiberSouth of Florida, Inc. d/b/a FiberSouth, Inc.

Enclosures

cc: B. Greene - FSI
to file: FSI - FL (IXC)
TMX#: FL97000

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

Initials of person who forwarded check:

A.G.

DOCUMENT NUMBER-DATE

03080 MAR 24 97

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

Application Form

for

Authority to Provide Interexchange Telecommunications Service
Between Points Within the State of Florida

To: Florida Public Service Commission
Division of Records and Reporting
101 East Gaines Street
Tallahassee, Florida 32399-0850
(904) 488-4733

This package includes the original and twelve (12) copies of the application along with a non-refundable application fee of \$250.00.

1. **This is an application for:**

- Original Authority (new company)
- Approval of transfer (to another certificated company)
- Approval of assignment of existing certificate (to a noncertificated company)
- Approval for transfer of control (To another certificated company.)

2. **Select what type of business your company will be conducting (check all that apply):**

- Facilities based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- Alternative Operator Service** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- Call aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers associated with such aggregated telecommunications business.

3. **Name of corporation, partnership, cooperative, joint venture or sole proprietorship:**

FiberSouth of Florida, Inc.

4. **Name under which the applicant will do business (fictitious name, etc.):**

FiberSouth of Florida, Inc. d/b/a FiberSouth, Inc.

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

FiberSouth of Florida, Inc.
d/b/a FiberSouth, Inc.
4300 Six Forks Road
Suite 210
Raleigh, NC 27609
(919) 510-7111

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

Same as above.

7. Structure of organization:

<input type="checkbox"/> Individual	<input type="checkbox"/> Corporation
<input checked="" type="checkbox"/> Foreign Corporation	<input type="checkbox"/> Foreign Partnership
<input type="checkbox"/> General Partnership	<input type="checkbox"/> Limited Partnership
<input type="checkbox"/> Other _____	

8. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.

Not Applicable.

- (a) Provide proof of compliance with the foreign partnership statute (Chapter 620.169 FS), if applicable.

Not Applicable.

- (b) Indicate if the individual or any of the partners have previously been:

- (1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

Not Applicable.

- (2) 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 the company, give reason why not.

Not Applicable.

9. If incorporated, please give:

- (a) Proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

See Attachment I.

- (b) Name and address of the company's Florida registered agent.

CT Corporation System
1200 South Pine Island Road
Plantation, Florida 33324

- (c) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable.

Fictitious name registration number: _____

- (d) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

- (1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

No.

- (2) 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 the company, give reason why not.

No.

10. Who will serve as liaison with the Commission in regard to (please give name, title, address and telephone number):

(a) The application:

Thomas M. Forte
Consultant to FiberSouth of Florida, Inc.
Technologies Management, Inc.
P.O. Drawer 200
Winter Park, FL 32790-0200
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

(b) Official Point of Contact for the ongoing operations of the company:

Barbara Greene
Regulatory Administrator
FiberSouth of Florida, Inc.
4300 Six Forks Road
Suite 210
Raleigh, NC 27609
Telephone: (919) 510-7000
Facsimile: (919) 510-7198

(c) Tariff:

Thomas M. Forte
Consultant to FiberSouth of Florida, Inc.
Technologies Management, Inc.
P.O. Drawer 200
Winter Park, FL 32790-0200
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

(d) Complaints/Inquiries from customers:

Eric Sholtz
General Manager
FiberSouth of Florida, Inc.
4300 Six Forks Road
Suite 210
Raleigh, NC 27609
Toll Free: (800) 789-0791
Facsimile: (919) 510-7120

11. List the states in which the applicant:

(a) Has operated as an interexchange carrier.

FiberSouth of Florida, Inc. will only be providing service within Florida. The Company will be filing an application to provide Alternative Local Exchange Service with the Commission, concurrent with the filing of this application.

(b) Has applications pending to be certificated as an interexchange carrier.

The Company has no applications pending.

(c) Is certificated to operate as an interexchange carrier.

North Carolina and Georgia.

(d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.

None.

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

None.

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

None.

12. What services will the applicant offer to other certified telephone companies:

- | | |
|--|------------------------------------|
| <input type="checkbox"/> Facilities | <input type="checkbox"/> Operators |
| <input type="checkbox"/> Billing and Collection | <input type="checkbox"/> Sales |
| <input type="checkbox"/> Maintenance | |
| <input checked="" type="checkbox"/> Other: None anticipated at this time | |

13. Do you have a marketing program?

Yes.

14. Will your marketing program:

- Pay commissions?
- Offer sales franchises?
- Offer multi-level sales incentives?
- Offer other sales incentives?

15. Explain any of the offers checked in question 13 (whom, what amount, type of franchise, etc.).

FiberSouth will pay internal salespeople and external sales agents a commission on the monthly collected revenues of the customers which purchase the Company's service. The commission amount will vary within a range competitive with the market.

16. Who will receive the bills for your service (check all that apply)?

<input checked="" type="checkbox"/> Residential customers	<input checked="" type="checkbox"/> Business customers
<input type="checkbox"/> PATS providers	<input type="checkbox"/> PATS station end-users
<input checked="" type="checkbox"/> Hotels & motels	<input checked="" type="checkbox"/> Hotel & motel guests
<input checked="" type="checkbox"/> Universities	<input checked="" type="checkbox"/> Univ. dormitory residents
<input type="checkbox"/> Other: (specify)	<u>Anyone that uses the companies services</u>

17. Please provide the following (if applicable):

- (a) Will the name of your company appear on the bill for your services, and if not, who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?

The Company's name, as well as the toll free customer service number (800) 789-0791, will appear on the bill.

- (b) The name and address of the firm who will bill for your service.

The Company will bill its customers directly.

18. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

See Attachment II.

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

- MTS with distance sensitive per minute rates
 - Method of access is FGA
 - Method of access is FGB
 - Method of access is FGD
 - Method of access is 800

- MTS with route specific rates per minute
 - Method of access is FGA
 - Method of access is FGB
 - Method of access is FGD
 - Method of access is 800

- MTS with statewide flat rates per minute (i.e. not distance sensitive)
 - Method of access is FGA
 - Method of access is FGB
 - Method of access is FGD
 - Method of access is 800

- MTS for pay telephone service providers.

- Block of time calling plan (Reach Out Florida, Ring America, etc.)

- 800 Service (toll free)

- WATS type service (Bulk or volume discount)
 - Method of access is via dedicated facilities
 - Method of access is via switched facilities

- Private line services (Channel Services)
(For ex. 1.544 mbps, DS-3, etc.)

- Travel service
 - Method of access is 950
 - Method of access is 800

- 900 service

- Operator Services
 - Available to presubscribed customers
 - Available to non presubscribed customers (for example, patrons of hotels, students in universities, patients in hospitals.
 - Available to inmatesServices included are:
 - Station assistance
 - Person to person assistance
 - Directory assistance
 - Operator verify and interrupt
 - Conference calling

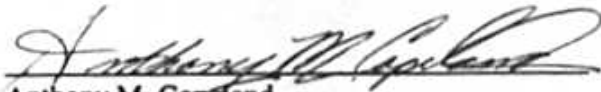
20. What does the end user dial for each of the interexchange carrier services that were checked in services that were checked in services included (above).

The Customer dials "1" followed by the telephone number for direct dialed calls. For operator assistance, the Customer dials "0". For travel card calls, the Customer dials the Company's 1-800 number, followed by an authorization code and destination telephone number.

21. Other:

APPLICANT ACKNOWLEDGMENT 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 its 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 one and one-half percent, or currently applicable rates, on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax, or other currently applicable percentage, must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** A non-refundable application fee of \$250.00 must be submitted with the application.
5. **LEC BYPASS RESTRICTIONS:** I acknowledge the Commission's policy that interexchange carriers shall not construct facilities to bypass the LECs without first demonstrating to the Commission that the LEC cannot offer the needed facilities at a competitive price and in a timely manner.
6. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange telephone service.
7. **ACCURACY OF APPLICATION:** By my signature below, I attest to the accuracy of the information contained in this application and associated attachments.



Anthony M. Copeland
Vice President and General Counsel
FiberSouth of Florida, Inc.

MARCH 10, 1997
Date

APPENDICES

- A - Certificate of Transfer Statement
- B - Customer deposits and advance payments
- C - Intrastate network
- D - Florida telephone exchanges and EAS routes
- E - Glossary

ATTACHMENTS:

- I - Florida Secretary of State Registration
- II - Financial Statements
- III - Management Resumes
- IV - Proposed Tariff

CERTIFICATE OF TRANSFER STATEMENT

I, _____, current holder of
certificate number _____, have reviewed this application and
join in the petitioner's request.

Not Applicable.

Signature of owner or chief
officer of the certificate
holder.

Title: _____

Date: _____

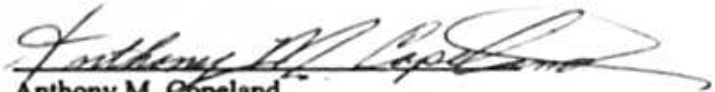
APPENDIX B

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

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

- (X) The applicant will not collect deposits nor will it collect payments for service more than one month in advance.

- () The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)



Anthony M. Copeland
Vice President and General Counsel
FiberSouth of Florida, Inc.

Date: MARCH 10, 1997

APPENDIX C

INTRASTATE NETWORK

1. POP: Addresses where located, and indicate if owned or leased.

1) 201 S. Orange Avenue 2)
Suite 750
Orlando Florida 32801
Company owned

3) 4)

2. SWITCHES: Address where located, by type of switch and indicate if owned or leased.

1) 201 S. Orange Avenue 2)
Suite 750
Orlando Florida 32801
Company owned

3) 4)

3. TRANSMISSION FACILITIES: POP-to-POP facilities by type of facilities (microwave, fiber copper, satellite, etc.) and indicate if owned or leased.

	<u>POP-to-POP</u>	<u>TYPE</u>	<u>OWNERSHIP</u>
1)	None		
2)			
3)			

4. **ORIGINATING SERVICE:** Please provide the list of exchanges where you are proposing to provide originating service within thirty (30) days after the effective date of the certificate. (Appendix D)

Service may originate Statewide.

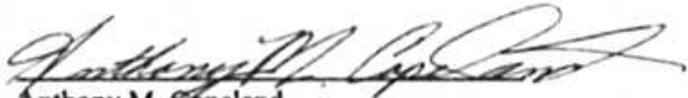
5. **TRAFFIC RESTRICTIONS:** Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471 (4)(a) (copy enclosed).

Not applicable.

6. **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 service begin?

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



Anthony M. Copeland
Vice President and General Counsel
FiberSouth of Florida, Inc.

MARCH 10, 1997

Date

APPENDIX D

FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES

Describe the service area in which you hold yourself out to provide service by telephone company exchange. If all services listed in your tariff are not offered at all locations, so indicate.

In an effort to assist you, attached is a list of major exchanges in Florida showing the small exchanges with which each has extended area service (EAS).

Jacksonville
Gainesville
Daytona Beach
Ocala
Orlando
Cocoa
Melbourne
West Palm Beach
Miami
Pensacola
Panama City
Tallahassee
Titusville

Tampa
Clearwater
St. Petersburg
Lakeland
Winter Park
Ft. Lauderdale
Pompano Beach
Hollywood
North Dade
Sarasota
Ft. Myers
Naples

FiberSouth of Florida, Inc., intends to offer service throughout the State of Florida.



Anthony M. Copeland
Vice President and General Counsel
FiberSouth of Florida, Inc.

MARCH 10 1997
Date

ATTACHMENT I

AUTHORITY TO OPERATE IN FLORIDA

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of FIBERSOUTH OF FLORIDA, INC., a Florida corporation, filed on January 22, 1997, as shown by the records of this office.

The document number of this corporation is P97000006284.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Twenty-second day of January, 1997



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

ARTICLES OF INCORPORATION
OF
FIBERSOUTH OF FLORIDA, INC.

SECRET FILED STATE
DIVISION
97 JAN 22 PM 3:00

The undersigned, pursuant to Section 607.164 of the Florida General Corporation Act, does hereby submit these Articles of Incorporation for the purpose of forming a business corporation under and by virtue of the laws of the State of Florida.

1. The name of the corporation is Fibersouth of Florida, INC. 4300 Six Forks Road, Suite 500, Raleigh, N.C. 27609.
2. The corporation is initially organized for puposes to include the transaction of any or all lawful business for which corporations may be incorporated under the Florida General Corporation Act.
3. The corporation shall have authority to issue One Thousand (1,000) shares, without par value, all of one class designated Common Stock.
4. The street address and county of the initial registered office of the corporation are 1200 South Pine Island Road, Plantation, Broward County, Florida 33324 and the name of the initial registered agent at such address is CT Corporation System. The mailing address of the initial registered office of the corporation is the same as its street address.
5. The name and address of the incorporator are:

NAME

ADDRESS


Larry E. Robbins

4101 Lake Boone Trail, Suite 300
Raleigh, North Carolina 27607

6. Except to the extent that the Florida General Corporation Act prohibits such limitation or elimination of liability of directors for breaches of duty, no director of the corporation shall be liable to the corporation or to any of its shareholders for monetary damages for breach of duty as a director. No amendment to or repeal of this provision or adoption of a provision inconsistent herewith shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal or adoption of an inconsistent provision. The provisions of this Article shall not be deemed to limit or preclude indemnification of a director by the corporation for

any liability that has not been eliminated by the provisions of this Article.

IN WITNESS WHEREOF, I have executed these Articles of Incorporation this the 17th day of January 1997.



Larry E. Robbins, Incorporator

**CERTIFICATE OF DESIGNATION OF
REGISTERED AGENT/REGISTERED OFFICE**

SECRET FILED
DIVISION
97 JAN 22 PM 3:00

PURSUANT TO THE PROVISIONS OF SECTION 607.0501, FLORIDA STATUTES, THE UNDERSIGNED CORPORATION, ORGANIZED UNDER THE LAWS OF THE STATE OF FLORIDA, SUBMITS THE FOLLOWING STATEMENT IN DESIGNATING THE REGISTERED OFFICE/REGISTERED AGENT, IN THE STATE OF FLORIDA.

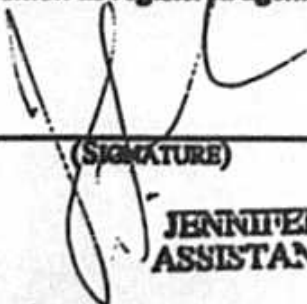
1. The name of the corporation is: FiberSouth of Florida, Inc.

2. The name and address of the registered agent and office is:

C T Corporation System
(NAME)
1200 South Pine Island Road
(P.O. Box or Mail Drop Box NOT ACCEPTABLE)
Plantation, Florida 33324
(CITY/STATE/ZIP)

Registered Agent

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.



(SIGNATURE)

1/21/97

(DATE)

**JENNIFER F AULTMAN
ASSISTANT SECRETARY**

State of Florida



Department of State

I certify from the records of this office that FIBERSOUTH OF FLORIDA, INC. is a corporation organized under the laws of the State of Florida, filed on January 22, 1997.

The document number of this corporation is P97000006284.

I further certify that said corporation has paid all fees and penalties due this office through December 31, 1997, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Twenty-second day of January, 1997



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

ATTACHMENT II

FINANCIAL INFORMATION

FiberSouth of Florida, Inc. has file the financial statements for this application with the Commission under separate cover and has requested that they are kept PROPRIETARY and CONFIDENTIAL.

Audited Financial Statements

FiberSouth, Inc.

*Years ended December 31, 1995 and 1994
with Report of Independent Auditors*

FiberSouth, Inc.

Audited Financial Statements

Years ended December 31, 1995 and 1994

Contents

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Report of Independent Auditors

The Board of Directors and Shareholders
FiberSouth, Inc.

We have audited the accompanying balance sheets of FiberSouth, Inc. as of December 31, 1995 and 1994 and the related statements of income, shareholders' equity 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 FiberSouth, Inc. at December 31, 1995 and 1994 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Ernst & Young LLP

January 31, 1996, except for Note 5
as to which the date is February 13, 1996

FiberSouth, Inc.

Balance Sheets

December 31
1995 1994

Assets

Current assets:

- Cash and cash equivalents
- Accounts receivable - trade
- Accounts receivable from related party (*Note 4*)
- Inventory supplies
- Other current assets

Total current assets

Equipment, furniture and fixtures:

- Construction in progress
- Telephone service equipment
- Office, computer and other equipment
- Leasehold improvements

Accumulated depreciation

Other assets:

- Organization costs
- Loan origination fee

Accumulated amortization

Prepays and other long-term assets

Total assets

December 31
1995 1994

Liabilities and shareholders' equity

Current liabilities:

 Accounts payable and accrued expenses *(Note 4)*

 Deferred revenue - related party *(Note 4)*

 Current portion of long-term debt *(Note 3)*

Total current liabilities

Deferred rent

Long-term debt, less current portion *(Note 3)*

Shareholders' equity:

 Common Stock, \$1.00 par value--authorized
 100,000, issued and outstanding 100 shares

 Retained earnings

Total shareholders' equity

Total liabilities and shareholders' equity

See accompanying notes.

FiberSouth, Inc.

Statements of Income

Year ended December 31
1995 1994

Revenue (*Note 4*)

Operating expenses

Selling, general and administrative expenses

Net income

See accompanying notes.

FiberSouth, Inc.

Statements of Shareholders' Equity

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
Balance at December 31, 1993			
Issuance of 100 shares of \$1.00 par value common stock			
Net income			
Balance at December 31, 1994			
Net income			
Balance at December 31, 1995			

See accompanying notes.

FiberSouth, Inc.

Statements of Cash Flows

Year ended December 31
1995 1994

Operating activities

Net income

Adjustments to reconcile net income to net cash
provided by (used in) operating activities:

Depreciation and amortization

Changes in operating assets and liabilities:

Accounts receivable - trade

Accounts receivable - related party

Inventory supplies

Other current assets

Deferred revenue - related party

Deferred rent

Accounts payable and accrued expenses

Net cash provided by (used in) operating activities

Investing activities

Purchases of equipment, furniture and fixtures

Payments for other assets

Net cash used in investing activities

Financing activities

Proceeds from long-term borrowings

Payments on long-term borrowings

Issuance of common stock

Net cash provided by financing activities

(Decrease) increase in cash and cash equivalents

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year

Supplemental disclosure of cash flow information

Cash paid during the year for interest

See accompanying notes.

FiberSouth, Inc.

Notes to Financial Statements

December 31, 1995

1. Business of the Company and Significant Accounting Policies

Business of the Company

FiberSouth, Inc. began operations in 1994 to provide discount local telephone service, primarily to commercial customers located in the southeastern United States.

Cash and Cash Equivalents

The Company considers highly liquid, short-term investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Company uses the allowance method of accounting for uncollectible accounts receivable.

Concentration of Credit Risk

The Company's principal financial instrument subject to potential concentration of credit risk is accounts receivable which are unsecured. The Company's exposure to credit loss in the event that payment is not received for revenue recognized equals the outstanding accounts receivable balance. As of December 31, 1995, the Company had no significant concentrations of outstanding accounts receivable with individual customers.

Income Taxes

The Company has elected to be taxed for federal and state income tax purposes as an S-Corporation under provisions of the Internal Revenue Code. Consequently income, losses and credits are passed through directly to the shareholders, rather than being taxed at the corporate level.

Equipment, Furniture and Fixtures

Equipment, furniture and fixtures are stated on the basis of cost which is being amortized over the estimated useful lives of the assets principally by the straight-line method for financial reporting purposes and accelerated methods for tax purposes.

FiberSouth, Inc.

Notes to Financial Statements (continued)

1. Business of the Company and Significant Accounting Policies (continued)

Other Assets

Organization costs are capitalized and amortized ratably over sixty months.

Loan origination fees are capitalized and amortized over the term of the related loan (sixty months) using the straight-line method.

Other assets consist of prepaid right of way fees to owners of property where the Company has constructed cable lines. The fees are amortized ratably over the life of the contract (ten years).

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Leases

The Company rents its facilities under an operating lease which expires in 2000. Future minimum lease payments under the lease are as follows:

1996	\$ 48,574
1997	48,574
1998	15,723
1999	6,823
2000	1,137
	<u>\$120,831</u>

Total rent expense was \$49,556 and \$43,333 in 1995 and 1994, respectively.

FiberSouth, Inc.

Notes to Financial Statements (continued)

3. Long-Term Debt

At December 31, 1995 and 1994, the Company had long-term debt consisting of the following:

December 31	
1995	1994

Following are maturities of long-term debt by year:

1995	\$ 504,113
1996	653,475
1997	717,199
1998	1,663,555
1999	840,750
	<u>\$4,379,092</u>

Interest expense was

in 1995 and 1994, respectively.

FiberSouth, Inc.

Notes to Financial Statements (continued)

3. Long-Term Debt (continued)

The Company estimates that the fair value of notes payable approximates the carrying value based upon its effective current borrowing rate for debt with similar terms and remaining maturities. Disclosure about fair value of financial instruments is based upon information available to management as of December 31, 1995. Although management is not aware of any factors that would significantly affect the fair value of amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date.

4. Related Party Transactions

5. Subsequent Event

Subsequent to December 31, 1995, the Company obtained borrowings under two promissory notes from a bank for working capital purposes in the amounts of and bearing interest at 8.25% and 7.5%, respectively. The notes are secured by an interest in network lease agreement.

ATTACHMENT III

MANAGEMENT RESUMES

FIBERSOUTH, INC.
Management Profiles

Peter T. Loftin, President

Mr. Loftin is President of FiberSouth, Inc., a competitive access provider which was founded in 1993. In the late 1970's, Mr. Loftin saw the potential in the fast-changing telecommunications industry, and in the early 1980's started several telecommunications companies. In November of 1983 he incorporated Business Telecom Inc. (BTI). In 1984, he founded the North Carolina Long Distance Association, representing the state's independent long distance carriers. In 1989, he was named Entrepreneur of the Year by *Business: North Carolina* magazine. A native of New Bern, NC, he attended NC State University in Raleigh, and held several sales and marketing positions before founding BTI.

Michael Newkirk, Chief Operating Officer

Mr. Newkirk has been Chief Operating Officer with FiberSouth, Inc. since its inception. Mr. Newkirk came to Business Telecom, Inc. in 1986 with the acquisition of TMC, a Louisville, KY based long-distance carrier. He joined TMC in 1982, and was responsible for expanding the company into 18 markets. In 1993, he was elected Vice President of the Association of Communications Companies of America, a national trade association comprised of 10 telecommunication companies, with combined revenues in excess of \$1.75 billion a year.

Anthony M. Copeland, Vice President/General Counsel

Mr. Copeland has been Vice President and General Counsel of FiberSouth, Inc. since its inception. Mr. Copeland joined Business Telecom, Inc. in 1992 as Corporate Counsel after serving as Chief Counsel for the North Carolina Department of Public Instruction and as Assistant District Attorney for the City of Raleigh. He is currently involved in formulating local competitive telecommunications legislation and regulatory guidelines in most of the Southeastern United States and Washington, DC. His current memberships include the Wake Education Partnership-Technology Committee, the Federal Communications Bar Association, the North Carolina State Bar and the North Carolina Bar Association. He is a graduate of Duke University and the T.M. Cooley Law School in Lansing, MI, and studied at Oxford University and the John F. Kennedy School of Government at Harvard University. In 1995, Mr. Copeland was appointed to the North Carolina Board of Public Telecommunications by Lt. Gov. Dennis A. Wicker.

Eric C. Scholz, General Manager

Mr. Scholz joined FiberSouth, Inc. in June of 1995 as Sales Manager, leaving his position of Regional Sales Manager of BTI's Raleigh sales office. Demonstrating his leadership and the ability to pilot a start-up operation, Mr. Scholz was promoted to General Manager in June of 1996. Prior to joining BTI, he spent 14 years in the personal computer industry. In the early 1980's, Mr. Scholz guided a small Boston based business's transition from typewriters and word processors into the personal computer age. He then joined Businessland Inc., assisting in their historic rise to the largest computer dealer nationwide with sales topping \$1 billion annually. Mr. Scholz also joined Copley Systems as National Sales Manager leading them on an aggressive growth and expansion program resulting in annual revenues growing from \$12 million to over \$97 million over a five year period.

Steve Owen Mueller, Director of Finance & Operations

Mr. Mueller joined FiberSouth, Inc. in July of 1994 as Operations Manager after 12 years in the computer and telecommunications industry in financial management positions. Mr. Mueller was promoted to Director of Finance and Operations in June of 1996 for his leadership in the complete construction of FiberSouth's network, negotiations of all financial agreements and cable franchise authorization for the City of Raleigh. Prior to joining FiberSouth, Mr. Mueller was Controller for Teleport Communications Group and World Wide R & D of the Teradata Corporation, in Los Angeles, CA. He earned a MBA from the University of LaVerne, and a Bachelors of Science Degree with Majors in Finance and Accounting from California State University in Fullerton.

ATTACHMENT IV

PROPOSED TARIFF

FLORIDA TELECOMMUNICATIONS TARIFF
OF
FIBERSOUTH OF FLORIDA, INC.

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for intrastate interexchange telecommunications services provided by FiberSouth of Florida, Inc., within the State of Florida. This tariff is on file with the Florida Public Service Commission. Copies may be inspected during normal business hours at the Company's place of business.

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CHECK SHEET

The pages of this tariff as listed below are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

Page	Revision	Page	Revision
1	Original	31	Original
2	Original	32	Original
3	Original	33	Original
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EXPLANATION OF SYMBOLS

The following symbols shall be used in this tariff for the purpose indicated below:

- C To signify changed regulation or rate structure.
- D To signify discontinued material.
- I To signify a increased rates.
- M To signify a move in the location of text.
- N To signify a new rate or regulation.
- R To signify a reduced rate.
- S To signify reissued material.
- T To signify a change in text but no change in rate or regulation.

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SECTION 1 - DEFINITIONS

Access Line - An arrangement which connects the customer's location to a FiberSouth of Florida, Inc., switching center or point of presence.

Authorized User - A person, firm, corporation, or any other entity authorized by the Customer to communicate utilizing the Carrier's service.

Carrier or Company - Whenever used in this tariff, "Carrier", "Company", "FSI" or "FiberSouth" refers to FiberSouth of Florida, Inc., unless otherwise specified or clearly indicated by the context.

Commission - The Florida Public Service Commission.

Customer - The person, firm, corporation, or other entity which orders, cancels, amends, or uses service and is responsible for payment of charges and compliance with the Company's tariff.

Dedicated Access Origination - Where originating access between the Customer and the Carrier is provided on dedicated circuits. The cost of these dedicated circuits is billed by the access provider directly to the Customer.

Enhanced Services - Peripheral or value-added services linked to a base network or service. Enhanced services benefit a select segment of a larger end user group.

FSI - FiberSouth of Florida, Inc.

Holidays - The Company observes the following holidays: New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Itemized Billing - A billing report which indicates the telephone number to which or from which calls are made, the date and time of each call, and the duration and amount of each call.

InterLATA - Calls which originate and terminate between points in different Local Access and Transport Areas (LATAs). LATAs are large local and regional telephone service areas that are defined pursuant to the 1982 Consent Decree between the United States Department of Justice and American Telephone and Telegraph Company and participating carriers, as amended.

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SECTION 1 - DEFINITIONS (CONT'D.)

IntraLATA - Calls which originate and terminate within the same LATA.

Intrastate - calls which originate and terminate between any two points in Florida. Intrastate calls can be InterLATA or IntraLATA.

Mileage - In calculating rates based on mileage, the measurement of distance is the air miles between the offices of the local telephone companies which originate and terminate the calls.

Recurring Charges - The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

Service Commencement Date - The first date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and the Customer may mutually agree on a substitute Service Commencement Date.

Service Order - The written request for communications services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth herein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Shared - A facility or equipment system or subsystem that can be used simultaneously by several Customers.

Switched Access Origination - Where originating access between the customer and the Carrier is provided on local exchange company Feature Group circuits.

User - A Customer, Joint User, or any other person authorized by the Customer to sue service provided under this tariff.

V & H Coordinates - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage is used for the purpose of rating calls.

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SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

FSI services are furnished for communications originating at specified points within the State of Florida under terms of this Tariff.

FSI installs, operates, and maintains the communication services provided hereinunder in accordance with the terms and conditions set forth under this Tariff. It may act as the customer's agent for ordering access connection facilities provided by the local exchange company when authorized by the customer, to allow connection of a customer's location to the FSI network. The customer shall be responsible for all charges due for such service arrangement.

The Company's services are provided on a monthly basis unless ordered on a longer term basis, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

2.2.1 Service is offered subject to the provisions of this tariff.

2.2.2 FSI reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control; or when the customer is using service in violation of the law or the provisions of this Tariff.

2.2.3 The customer may not transfer or assign the use of service, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service.

2.2.4 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this Tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Liability of Company

- 2.3.1 Except as otherwise stated in this section, the liability of the Company for damages arising out of either: (1) the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services, or (2) the failure to furnish its service, whether caused by acts or omission, shall be limited to the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7.
- 2.3.2 Except for the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7, the Company shall not be liable to a Customer or third party for any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages, including, but not limited to, loss of revenue or profits, for any reason whatsoever, including, but not limited to, any act or omission, failure to perform, delay, interruption, failure to provide any service or any failure in or breakdown of facilities associated with the service.
- 2.3.3 The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.
- 2.3.4 The Company shall not be liable for any claims for loss or damages involving:
- (A) Any act or omission of: (a) the Customer, (b) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company; or common carriers or warehousemen;
 - (B) Any unlawful or unauthorized use of the Company's facilities and services;

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Liability of Company, (Cont'd.)

2.3.4 (cont'd.)

- (C) Any delay or failure of performance or equipment due to causes beyond the Company's control, including but not limited to, acts of God, fires, floods, earthquakes, hurricanes, or other catastrophes; national emergencies, insurrections, riots, wars or other civil commotions; strikes, lockouts, work stoppages or other labor difficulties; criminal actions taken against the Company; unavailability, failure or malfunction of equipment or facilities provided by the Customer or third parties; and any law, order, regulation or other action of any governing authority or agency therefor;
- (D) Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the transmission of communications by means of Company-provided facilities or services; or by means of the combination of Company-provided facilities or services with Customer-provided facilities or services;
- (E) Breach in the privacy or security of communications transmitted over the Company's facilities;
- (F) Changes in any of the facilities, operations or procedures of the Company that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance, except where reasonable notice is required by the Company and is not provided to the Customer, in which event the Company's liability is limited as set forth in paragraph A of this Section.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Liability of Company, (Cont'd.)

2.3.4 (cont'd.)

- (G) Defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;
- (H) Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities.
- (I) Any intentional, wrongful act of a Company employee when such act is not within the scope of the employee's responsibilities for the Company and/or is not authorized by the Company;
- (J) Any representations made by Company employees that do not comport, or that are inconsistent, with the provisions of this Tariff;
- (K) Any act or omission in connection with the provision of 911, E911, or similar services;
- (L) An noncompletion of calls due to network busy conditions;
- (M) Any calls not actually attempted to be completed during any period that service is unavailable.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Liability of Company, (Cont'd.)

- 2.3.5 The Company shall be indemnified, defended and held harmless by the Customer or end user from and against any and all claims, loss, demands, suits, expense, or other action or any liability whatsoever, including attorney fees, whether suffered, made, instituted, or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any Company or Customer equipment or facilities or service provided by the Company.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Liability of Company, (Cont'd.)

- 2.3.6 The Company shall be indemnified and saved harmless by the Customer from and against all loss, liability, damage and expense, including reasonable counsel fees, due to claims for libel, slander, or infringement of copyright in connection with the material transmitted over the Company's facilities; and any other claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's facilities.
- 2.3.7 The Company assumes no responsibility for the availability or performance of any cable or satellite systems or related facilities under the control of other entities, or for other facilities provided by other entities used for service to the Customer, even if the Company has acted as the Customer's agent in arranging for such facilities or services. Such facilities are provided subject to such degree of protection or nonpreemptibility as may be provided by the other entities.
- 2.3.8 Any claim of whatever nature against the Company shall be deemed conclusively to have been waived unless presented in writing to the Company within thirty (30) days after the date of the occurrence that gave rise to the claim.
- 2.3.9 The Company make no warranties or representations, express or implied either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Provision of Equipment and Facilities

2.4.1 Except as otherwise indicted, customer-provided station equipment at the Customer's premises for use in connection with this service shall be so constructed, maintained and operated as to work satisfactorily with the facilities of the Company.

2.4.2 The Company shall not be responsible for the installation, operation or maintenance of any Customer-provided communications equipment. Where such equipment is connected to service furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of services under this tariff and to the maintenance and operation of such services in the proper manner. Subject to this responsibility, the Company shall not be responsible for:

- (A) the through transmission of signals generated by Customer-provided equipment or for the quality of, or defects in, such transmission;
- (B) the reception of signals by Customer-provided equipment;
- (C) network control signaling where such signaling is performed by Customer-provided network control signaling equipment

2.5 Use of Service

2.5.1 Services provided under this tariff may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilizing the provision of services.

2.5.2 The use of the Company's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Use of Service, (Cont'd.)

- 2.5.3 The use of the Company's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.5.4 Service provided under this tariff shall not be used for any unlawful purpose.
- 2.5.5 Customers of service provided under this tariff may authorize or permit others to use these services, and may resell or share such services subject to the regulations contained in this tariff. The Customer remains responsible to the Company for payment of all charges for services used by others pursuant to this paragraph, with or without the Customer's knowledge; and is responsible for notifying the Company immediately of any unauthorized use of services.
- 2.5.6 The services the Company offers shall not be used for any unlawful purpose or for any use for which the Customer has not obtained all required governmental approvals, authorization, licenses, consents and permits.
- 2.5.7 The Company may require a Customer to immediately shut down its transmission if such transmission is causing interference to others.
- 2.5.8 A customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Temporary Interruption of Services

Service may be discontinued or temporarily suspended by the Company, without notice to the Customer, by blocking traffic to certain cities or NXX exchanges, or by blocking calls using certain Authorization Codes, when the Company deems it necessary to take such action to prevent unlawful use of this service. The Company will restore service as soon as it can be provided without undue risk.

2.7 Allowances for Interruptions in Service

2.7.1 General

- (A) A service is interrupted when it becomes unusable to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- (B) An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.
- (C) If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.7 Allowances for Interruptions in Service, (Cont'd.)

2.7.2 Limitations on Allowances

No credit allowance will be made for any interruption of service:

- (A) due to the negligence of, or noncompliance with the provisions of this Tariff by, any person or entity other than the Company, including but not limited to the Customer or other common carriers connected to the service of the Company;
- (B) due to the failure of power, equipment, systems, or services not provided by the Company;
- (C) due to circumstances or causes beyond the control of the Company;
- (D) during any period in which the Company is not given full and free access to its facilities and equipment for the purposes of investigating and correcting interruptions;
- (E) during any period in which the Customer continues to use the service on an impaired basis;
- (F) during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- (G) that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and
- (H) that was not reported to the Company within thirty (30) days of the date that service was affected.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.7 Allowances for Interruptions in Service, (Cont'd.)

2.7.3 Application of Credit for Interruptions of Service

- (A) 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 2.1.4 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.
- (C) No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- (E) 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 affected for each hour or major fraction thereof that the interruption continues. This credit applies only to monthly recurring charges, and does not affect any charges based upon Customer's actual usage of Company's services. For purposes of credit computation, every month shall be considered to have 720 hours.

Credit Formula: Credit = $\frac{A \times B}{720}$

"A" - outage time in hours
"B" - total monthly charge for affected facility

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.8 Obligations of the Customer

2.8.1 Customer Premises Provisions

(A) The Customer shall provide the personnel, power and space required to operate all facilities and associated equipment installed on the premises of the Customers.

(B) The Customer shall be responsible for providing Company personnel access to premises of the Customer at any reasonable hour for the purpose of testing the facilities or equipment of the Company.

2.8.2 Liability of the Customer

The Customer will be liable for damages to the facilities of the Company caused by negligence or willful acts of its offices, employees, agents or contractors of the Customer where such negligence or willful acts is not the direct result of the Company's negligence.

2.8.3 Modification

Company reserves the right to modify its rates and service policies at any time, subject to the applicable regulations of the Commission.

2.9 Interconnection of Facilities

2.9.1 Interconnection between Customer-provided and Company-provided service must be made by the Customer by leased channel or dial-up service. The forms of interconnection available for use with particular services are set forth in Section 4, following.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.9 Interconnection of Facilities, (Cont'd.)

2.9.2 In order to protect the Company's facilities and personnel and the services furnished to other customers by the Company from potentially harmful effects, the signals applied to the Company's service shall be such as not to cause damage to the facilities of the Company. Any special interface equipment necessary to achieve the compatibility between facilities of the Company and the channels or facilities of others shall be provided at the Customer's expense.

2.10 Inspections

2.10.1 The Company may, upon notification to the Customer, at a reasonable time, make such tests and inspections as may be necessary to determine that the requirements of this tariff are being complied with in the installation, operation and maintenance of Customer-provided equipment and in the wiring of the connection of Customer channels to Company-owned facilities; and may, without liability, temporarily suspend service while making such tests and inspections and thereafter until any violations of such requirements are corrected.

2.10.2 If the protective requirements in connection with Customer-provided equipment are not being complied with, the Company may take such action as necessary to protect its facilities and personnel and will promptly notify the Customer by registered mail in writing of the need for protective action. In the event that the Customer fails to advise the Company within 10 days after such notice is received or within the time specified in the notice that corrective action has been taken, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities and personnel from harm. The Company will upon request 24 hours in advance provide Customer with a statement of technical parameters that the Customer's equipment must meet.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.11 Payments and Billing

- 2.11.1 Service is provided and billed by the Company on a monthly basis. Usage sensitive charges are billed in arrears and fixed monthly recurring charges, if any, are billed one month in advance. The Customer shall pay monthly in advance or on demand all monthly recurring charges for Service and shall pay on demand all charges for usage at any agency duly authorized to receive such payments.
- 2.11.2 Bills are due and payable upon receipt. Interest at the lesser of a rate of one and one-half percent (1.5%) per month, or the maximum rate allowed by law, shall be charged on any amount remaining unpaid, including late payment charges, at the time the next bill is prepared.
- 2.11.3 Should service be suspended for nonpayment of charges, it will be restored when appropriate payments are made.
- 2.11.4 When service has been disconnected for nonpayment, the service agreement is considered to have been terminated. Reestablishment of service may be made only upon the execution of a new service agreement which is subject to the provisions of this tariff.
- 2.11.5 In its discretion, the Company may restore or reestablish service which has been suspended or disconnected for nonpayment of charges, prior to payment of all charges due. Such restoration or reestablishment shall not be construed as a waiver of any rights to suspend or disconnect service for nonpayment of any such or other charges due and unpaid or for the violation of the provisions of this tariff; nor shall the failure to suspend or disconnect service for nonpayment of any past due account or accounts operate as a waiver or estoppel to suspend or disconnect service for nonpayment of such account or of any other past due account.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.11 Payments and Billing, (Cont'd.)

- 2.11.6 The Company may demand immediate payment under the following circumstances:
- (A) Where Service is terminated or abandoned.
 - (B) Where actual usage is two times greater than the Customer's average usage as reflected on the monthly bills for the three months prior to the current bill or, in the case of a new Customer who has been receiving Service for less than four months, where the actual usage is twice the estimated monthly usage charge.
 - (C) Where the Company has reason to believe that a Business Customer is about to go out of business or that bankruptcy is imminent for that Customer.
- 2.11.7 A charge of \$20.00 or 5% of the balance due (whichever is greater) will apply whenever a check, draft, or electronic funds transfer presented for payment for service is not accepted by the institution on which it is written.
- 2.11.8 The security of Authorization Codes used by Customer or its Authorized Users are the responsibility of Customer. All calls placed using such Authorization Codes or using facilities owned or controlled by Customer or its Authorized Users shall be billed to Customer and must be paid by Customer.
- 2.11.9 If notice from Customer of a dispute as to charges is not received in writing by the Company within thirty (30) days after delivery of an invoice to the custody of the U.S. Mail or other standard delivery service, the billing will be considered correct and binding.
- 2.11.10 The Company reserves the right bill, for up to 12 months, for any Service provided which was billed in an amount less than the tariffed rate for Service.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.12 Special Services

Payment for Special Services is due on the same basis as payment for regular Services, except where other arrangements have been made in writing between Customer and Company prior to the installation of the Service facilities or equipment.

2.13 Installation Charges

Installation charges may be waived under term agreements as indicated in the specific term agreement contract for each service.

2.14 Taxes

The Customer is responsible for the payment of any sales, use, gross receipts, excise, access or other local, state and federal taxes, charges or surcharges (however designated) imposed on or based upon the provision, sale or use of Network Services. It shall be the responsibility of the Customer to pay these taxes that may subsequently become applicable retroactively.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.15 Deposits

The Company does not require deposits.

2.16 Advance Payments

In order to protect the Company against revenue loss, an applicant for Service may be required to pay in advance of installation an amount not to exceed applicable service charges or other nonrecurring charges, plus estimated charges for one month of Service. Where special construction charges are applicable the payment thereof may be required in advance of start of construction. The amount of advance payment will be credited to the Customer's account on the first bill rendered for Service, and a new advance payment may be collected each month to be applied to each subsequent bill for Service.

2.17 Discontinuance of Service for Cause

Without incurring any liability, the Company may, under the following conditions, cancel Service prior to commencement and/or discontinue Service that is being furnished for the following reasons; provided that, unless otherwise stated, Customer shall be given proper notice of such cancellation or discontinuance of Service:

- 2.17.1** Without notice, for noncompliance with or violation of any applicable State, municipal or Federal law, ordinance or regulation or noncompliance with or violation of any Commission regulation, provided that notice may be required by order of such regulatory authorities.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.17 Discontinuance of Service for Cause, (Cont'd.)

- 2.17.2 For Customer's or Authorized User's refusal to provide reasonable access to the Company or its agents for the purpose of inspection and maintenance of equipment owned by the Company.
- 2.17.3 For noncompliance with any of the provisions of this tariff governing Service.
- 2.17.4 For nonpayment of any sum due the Company for more than thirty (30) days after delivery of an invoice to the custody of the U.S. Mail or other standard delivery service.
- 2.17.5 Without notice, in the event of Customer's or Authorized User's use of equipment in such a manner as to adversely affect the Company's equipment or Service to others.
- 2.17.6 Without notice, in the event of unauthorized or fraudulent use of Service. Whenever Service is discontinued for unauthorized use of Service, the Company may, before restoring Service, require Customer to make, at its own expense, all changes in facilities or equipment necessary to eliminate unauthorized use and to pay to the Company an amount reasonably estimated by the Company as the loss in revenues to the Company resulting from such unauthorized use plus claims lodged against the Company by third parties.
- 2.17.7 Without notice, by reason of any order or decision of a court or other government authority having jurisdiction that prohibits the Company from furnishing Service to Customer or its Authorized Users.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.18 Cancellation or Termination of Service by Customer

- 2.18.1 Service shall be canceled by Company promptly upon receipt of a cancellation request from Customer. Upon cancellation a final bill will be prepared, as per the specifications set forth in this tariff. The Customer shall be liable for all recurring charges prior to proper notice if a change in presubscribed carrier is initiated by the Customer.
- 2.18.2 If Customer, either on behalf of itself or an Authorized User, orders Service from the Company which requires special construction or facilities for Customer's or Authorized User's use, and then cancels its order before Service begins, a charge shall be made to Customer for the non-recoverable portions of the expenditures or liabilities incurred on behalf of Customer or Authorized User by Company.

2.19 Restoration of Service

The use and restoration of Service shall in all cases be in accordance with the priority system specified in Part 64, Subpart D, of the Rules and Regulations of the Federal Communications Commission.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.20 Special Conditions Applicable to Aggregator Operator Services

2.20.1 Aggregator Subscribers must place a notice on or near each instrument that provides transient access to the Company's operator services. The notice will be provided by the Company unless contractual agreement transfers the requirement to the call Aggregator (as is frequently the case for LEC-provided public or semi-public service). In all cases, the notice will include the following information, customized for the individual installation:

- (A) IntraLATA operator service is provided by BellSouth Long Distance, Inc.
- (B) Per Call Service Charges: [as per product description and rate described elsewhere in this tariff].
- (C) Calls may be billed to [list accepted calling/credit cards].
- (D) Please consult the local telephone company directory or local telephone company operator for intraLATA dialing instructions and rates.
- (E) To place an interLATA call, dial [access code where applicable] + 0+ area code + interLATA telephone number.
- (F) The establishment surcharge for Local Calls is \$X.XX/x¢ (to be billed by establishment).
- (G) The establishment surcharge for Long Distance Calls is \$X.XX/x¢ (to be billed by establishment).
- (H) FiberSouth's, interLATA rates may be obtained by dialing [the toll free number provided by FiberSouth].

When the premises equipment functions differently than stated above, the tent card or sticker will be modified to reflect the actual dialing pattern.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

**2.20 Special Conditions Applicable to Aggregator Operator Services,
(Cont'd.)**

- 2.20.2** Any applicable surcharges billed at check out time by a hotel/motel Subscriber for local or long distance calls must also be stated on the tent card. Subscriber surcharges will not be billed on telephone bills by the Company.
- 2.20.3** So long as Florida Rules require, intraLATA 0+ calls and all 0- calls will be routed to the local exchange carrier. Where the capability exists, the local exchange carrier will route 0- interLATA calls to the presubscribed carrier of the access line. In all other cases the local exchange carrier will route 0- interLATA calls as determined by applicable state and federal law.
- 2.20.4** Calls handled and billed by the Company will be audibly and distinctly branded "BellSouth Long Distance, Inc." at the beginning and end of the operator treatment portion of the call and prior to the commencement of billing. Callers may disconnect from the call after the brand and prior to connection without incurring any call charges.

2.21 Resale of Services

Customers who resell or rebill the Company's Florida intrastate Service must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission.

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SECTION 3 - SERVICE OFFERINGS

3.1 Description of Service

FiberSouth provides long distance direct dialed, travel card and operator assisted telecommunications services originating and terminating within the State of Florida. Rates for these services may vary by product type, call duration, mileage and time of day. All FiberSouth services are available 24 hours a day, seven days a week.

3.2 FiberSouth One Plus Services

FiberSouth One Plus Services are available for business and residential customers who; 1) subscribe their local access lines to FiberSouth's network, 2) dial the Company's access code to gain access to the FiberSouth network, or 3) purchase dedicated access facilities from other service providers to connect their premises to FiberSouth's network facilities.

FiberSouth One Plus Services are listed in Section 3 following. The minimum and additional billing increments, as well as any applicable recurring and non-recurring charges are provided for each specific service.

3.3 FiberSouth Travel Card Services

FiberSouth Travel Card Service permits customers to place calls using FiberSouth's service when away from their primary place of business or residence. Callers must dial an "800" access code and individual identification number to use the service.

FiberSouth Travel Card Services are listed in Section 3 following. The minimum and additional billing increments, as well as any applicable per call service charges are provided for each specific service.

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SECTION 3 - SERVICE OFFERINGS, (CONT'D.)

3.4 FiberSouth Operator Services

FiberSouth Operator Services are available to Subscriber locations which offer their telephones for the use of the transient public. FiberSouth provides the following billing arrangements for End Users of FiberSouth's Operator Services:

(A) Customer Dialed Calling/Credit Card

This is a service whereby the end user dials all of the digits necessary to route and bill the call without any operator assistance. Such calls may be billed either to a telephone company issued calling card or a commercial credit card.

(B) Operator Station

This is a service whereby the caller places a non-person-to-person call with the assistance of an operator (live or automated). When placing an operator station call, the caller is connected to a non-specified individual at the terminating end. Such calls may be billed to a calling card, credit card, the called number (collect) or a valid third party telephone number.

(C) Person-to-Person

This is a service whereby the person originating the call specifies to FiberSouth's operator a particular person to be reached, or a particular person, station, room number, department, or office to be reached through a PBX attendant. Person-to-person calls may be billed to a calling card, credit card, the called number (collect) or a valid third party telephone number.

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SECTION 3 - SERVICE OFFERINGS, (CONT'D.)

3.5 Term Plan

Customers who sign a term contract with the Company for periods outlined below will be eligible for the discounts indicated:

(A) Corporate:	12 Months	5%
	24 Months	10%
	36 Months	15%
(B) Residential:	12 Months	5%
	24 Months	10%
	36 Months	15%

3.6 Miscellaneous Charges

In addition to charges based on usage, the following charges will apply to all classes of Customers.

3.6.1 Additional Customer Identification Numbers: Free

3.6.2 Project Codes:	Installation	Monthly
Unrestricted	\$ 0	\$ 0
Restricted	\$10	\$10

3.6.3 Management Reports: Free

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SECTION 3 - SERVICE OFFERINGS, (CONT'D.)

3.7 Directory Assistance

Directory Assistance is available to Customers of FSI. A Directory Assistance charge applies to each call to the Directory Assistance Bureau. Up to two requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call regardless of whether the Directory Assistance Bureau is able to furnish the requested telephone number. Customers certified as Handicapped will receive 50 free directory assistance calls per billing cycle.

Rate Per InterLATA Call: \$0.85

3.8 Unauthorized Use Charges

Unauthorized or fraudulent use of, or the intended or attempted unauthorized or fraudulent use of the Company's service is prohibited. Without limitation, the following activities constitute fraudulent use.

- 3.8.1 Using service to transmit a message, locate a person, or otherwise give or obtain information, without payment for service;
- 3.8.2 Using or attempting to use service with the intent to avoid the payment, either in whole or in part, of any of the company's tariffed charges by:
 - (A) Rearranging, tampering with, or making connections not authorized by this tariff to any service components used to furnish service, of
 - (B) Using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices, or electronic devices,

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SECTION 3 - SERVICE OFFERINGS, (CONT'D.)

3.8 Unauthorized Use Charges, (Cont'd.)

- 3.8.3 800 callers using service with the intent of gaining access to a Customer's outbound calling capabilities on an unauthorized basis.
- 3.8.4 Using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices or electronic devices to defraud or mislead callers.

The charges for unauthorized or fraudulent use will be the Company's highest per minute usage charges and will apply to network usage and attempted network usage, whether or not a terminating connection was achieved, plus all costs incurred by the Company to detect, discover, observe, investigate, analyze, examine, and locate the party responsible for unauthorized or fraudulent use. The charges for unauthorized or fraudulent use described herein are in addition to any remedies allowed for under civil or criminal proceedings.

3.9 Promotional Offerings

From time to time, Company may offer Promotional Rates. Promotional Rates will be offered on a non-discriminatory basis and shall be filed with the Commission for review at least 14 days prior to implementation.

Any marketing efforts will clearly indicate to the potential customers the nature of the transaction which is being offered. Materials submitted to prospective customers will clearly indicate that those customers will be changing their long distance carrier if they accept such solicitation.

3.10 Referral Program

Monthly recurring charges may be waived for new Customers who provide the Company with five (5) new Customer referrals within 90 days of subscribing.

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SECTION 3 - SERVICE OFFERINGS, (CONT'D.)

3.11 Calculation of Charges

3.11.1 Timing of Calls

- (A) Unless otherwise specified for a particular service, charges for service will be based on the number of minutes of Service used by Customer, time of day at which the Service is used, and the distance between the origination and termination points of the calls.
- (B) For the purpose of computing charges, a call begins at the time that the hardware or software answer supervision indicates that the call has been answered at the distant end, and terminates when you hang up. Applicable usage charges apply for all calls that are answered regardless of the length of the calls. In addition, applicable usage charges apply whenever the calling party does not hang up at least on seconds after completion of dialing regardless of whether the call has been answered.
- (C) Unless otherwise specified for a particular service, (a) the minimum charge for any call is the applicable rate for one minute; and (b) calls will be billed in one-minute increments, with any fractional portion of a minute rounded up to the next full minute. The initial and each additional billing increment is specified for each service described in this tariff.
- (D) Calls will be billed at the rate in effect during the call, with two rates applied if the call spans over more than one billing rate period.
- (E) The Company will not bill for incomplete calls.

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SECTION 3 - SERVICE OFFERINGS, (CONT'D.)

3.12 Time of Date and Holiday Rate Periods

The appropriate rates apply for day, evening and night/weekend calls based on the following chart.

Times	Mon	Tues	Wed	Thur	Fri	Sat	Sun
8:00 am to 5:00 pm *	Daytime Period						
5:00 pm to 11:00 pm*	Evening Period						Eve.
11:00 pm to 8:00 am*	Night/Weekend Period						

The appropriate rates apply for Peak and Non-Peak calls based on the following chart.

Times	Mon	Tues	Wed	Thur	Fri	Sat	Sun
8:00 am to 5:00 pm*	Peak Period						
5:00 pm to 8:00 am*	Non-Peak Period						

* - to but not including

The evening rates apply to the holidays listed below unless a lower rate normally applies:

New Year's Day	January 1
Memorial Day	Nationally Recognized Day
Independence Day	July 4
Thanksgiving Day	Nationally Recognized Day
Christmas Day	December 25

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SECTION 3 - SERVICE OFFERINGS, (CONT'D.)

3.13 Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers and associated vertical and horizontal coordinates that are produced by Bell Communications Research in the NPA-NXX V & H Coordinates Tape and Bell's NECA Tariff No. 4.

FORMULA =

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

3.14 Exemptions and Special Rules

3.14.1 TDD Discounts

A telephone toll message which is communicated using a telecommunications device for the deaf (TDD) by properly certified hearing or speech impaired persons or properly certified business establishments or individuals equipped with TDDs for communicating with hearing or speech impaired persons will receive, upon request, credit on charges for certain intrastate toll calls placed between TDDs. Discounts do not apply to surcharges or per call add-on charges for operator services when the call is placed by a method that would normally incur the surcharge.

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SECTION 3 - SERVICE OFFERINGS, (CONT'D.)

3.14 Exemptions and Special Rules, (Cont'd.)

3.14.1 TDD Discounts, (cont'd.)

The credit to be given on a subsequent bill for such calls placed between TDDs will be equal to applying the evening rate during business day hours and the night/weekend rate during the evening rate period.

The credit to be given on a subsequent bill for such calls placed by TDDs with the assistance of the relay center will be equal to 50% of the rate for the applicable rate period. If either party is both hearing and visually impaired, the call shall be discounted at 60% of the applicable rate.

3.14.2 Emergency Call Exemptions

The following calls are exempted from all charges: Emergency calls to recognizable authorized civil agencies including police, fire, ambulance, bomb squad and poison control. FSI will only handle these calls if the caller dials all of the digits to route and bill the call. Credit will be given for any billed charges pursuant to this exemption on a subsequent bill after verified notification by the billed Customer within thirty (30) days of billing.

3.14.3 Telecommunications Relay Service Discount

Intrastate toll calls received from the relay service shall be discounted by 50 percent of the applicable rate for a voice non-relay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call will be discounted 60 percent off the applicable rate for voice non-relay calls. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges.

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SECTION 4 - RATES

4.1 Valuecall Service

Valuecall Service is the basic long-distance service offered to business and residential Customers. The following charges will apply to all Valuecall Service Customers. Calls are billed in one (1) minute increments after an initial period, for billing purposes, of one (1) minute.

4.1.1 Installation Charge: Not applicable

4.1.2 Monthly Access: \$0.00

4.1.3 Per Minute Usage Charges:

Intrastate Per Minute Rates:

Mileage Range	DAY		Evening		Night	
	First Minute	Each Add'l. Minute	First Minute	Each Add'l. Minute	First Minute	Each Add'l. Minute
1-10	\$0.2000	\$0.2000	\$0.1500	\$0.1500	\$0.1200	\$0.1200
11-22	0.2100	0.2100	0.1600	0.1600	0.1300	0.1300
23-55	0.2400	0.2400	0.1800	0.1800	0.1400	0.1400
56-124	0.2500	0.2500	0.1900	0.1900	0.1500	0.1500
125-292	0.2500	0.2500	0.1900	0.1900	0.1600	0.1600
293-430	0.2500	0.2500	0.1900	0.1900	0.1600	0.1600
431-624	0.2500	0.2500	0.1900	0.1900	0.1600	0.1600

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SECTION 4 - RATES, (CONT'D.)

4.1 Valuecall Service, (Cont'd.)

4.1.4 Discounts:

Discounts based on dollar volume are available as follows:

Dollar Volume		Discount
From	To	
\$25.00	\$99.00	2.0%
\$100.00	\$100.00 +	5.0%

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SECTION 4 - RATES, (CONT'D.)

4.2 Travelcall Service

Travelcall Service allows Customers to initiate calls within the State of Florida using a touchtone telephone. It involves dialing an access number (local or 800), followed by the Customer's authorization code (Customer Identification Number), and then the called number. Calls are billed in one (1) minute increments after an initial period, for billing purposes, of one (1) minute.

4.2.1 Installation Charge: Not applicable.

4.2.2 Monthly Access: \$0.00

4.2.3 Per Minute Usage Charges:

Mileage Range	Day Per Min. Rate	Evening Per Min. Rate	Night Per Min. Rate
All Miles	\$0.2200	\$0.1800	\$0.1800
Per Call Surcharge	\$0.35		

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SECTION 4 - RATES, (CONT'D.)

4.3 Travelcall Service Plus

Travelcall Service Plus allows Customers to initiate calls within the State of Florida using any touchtone telephone. It involves dialing an access number (local or 800), followed by the Customer's authorization code (Customer Identification Number), and then the called number. Calls are billed in six (6) second increments after an initial period, for billing purposes, of thirty (30) seconds.

4.3.1 Installation Charge: Not applicable.

4.3.2 Monthly Access: \$0.00

4.3.3 Per Period Usage Charges:

Mileage Range	DAY		Evening		Night	
	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.
All Miles	0.1350	0.0270	0.1350	0.0270	0.1350	0.0270
Per Call Surcharge	\$0.00					

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SECTION 4 - RATES, (CONT'D.)

4.4 Dedicated Outbound

Dedicated Outbound service is designed for large volume Customers needing dedicated outbound long distance service. Calls are billed in six (6) second increments after an initial period, for billing purposes, of thirty (30) seconds.

4.4.1 Installation Charge: \$100.00 per Dedicated line

4.4.2 Monthly Access: \$36.50 per Dedicated line

4.4.3 Per Period Usage Charges:

Mileage Range	DAY		Evening		Night	
	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.
All	0.0750	0.0155	0.0700	0.0140	0.0605	0.0121

4.4.4 Discounts:

Dollar Volume		Discount
From	To	
\$ 0.00	\$ 500.00	0%
\$ 501.00	\$2,000.00	10%
\$2,001.00	\$5,000.00	15%
\$5,001.00	+	18%

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SECTION 4 - RATES, (CONT'D.)

4.5 Basic Service

Basic Service is offered to Customers who normally bill below \$100 per month. The service is billed at a postalized rate. Calls are billed in six (6) second increments after an initial period, for billing purposes, of thirty (30) seconds.

4.5.1 Installation Charge: \$0.00

4.5.2 Monthly Access: \$0.00

4.5.3 Per Minute Usage Charges:

Intrastate Per Period Rates:

Mileage Range	DAY		Evening		Night	
	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.
All	0.1000	0.0200	0.0800	0.0160	0.0800	0.0160

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SECTION 4 - RATES, (CONT'D.)

4.6 Personal 800/888 Service

This service offered to Customers for toll-free inbound service. The service is billed at a postalized rate. Calls are billed in six (6) second increments after an initial period, for billing purposes, of thirty (30) seconds. Customers are provided Authorization Codes to direct the incoming call to a particular local access line.

4.6.1 Installation Charge: \$0.00

4.6.2 Monthly Access: \$5.00

4.6.3 Per Period Usage Charges:

Mileage Range	DAY		Evening		Night	
	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.
All	0.1000	0.0200	0.0800	0.0160	0.0800	0.0160

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SECTION 4 - RATES, (CONT'D.)

4.7 Hotelcall

Hotelcall is offered to the hospitality industry where usage is primarily during off-peak periods. Calls are billed in six (6) second increments after an initial period, for billing purposes, of thirty (30) seconds. Hotelcall Customers must have actual off-peak usage equal to or greater than 60% of all traffic.

4.7.1 Installation Charge: \$0.00

4.7.2 Monthly Access: \$25.00

4.7.3 Per Period Usage Charges:

Mileage Range	DAY		Evening		Night	
	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.	First 30 Secs	Each Add'l. 6 Secs.
All	0.0925	0.0185	0.0750	0.0015	0.0750	0.0150

4.7.4 Discounts:

Dollar Volume		Retroactive Discount
From	To	
\$ 0.00	\$ 499.99	0%
\$ 500.00	\$2,499.99	5%
\$ 2,500.00	\$9,999.99	7%
\$10,000.00	+	10%

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SECTION 4 - RATES, (CONT'D.)

4.8 Premier 1-800/888 Service

Premier 1-800/888 service is an inbound service offered on a flat-rate, postalized basis. Calls are billed in six (6) second increments after an initial period, for billing purposes, of thirty (30) seconds. Service is provided over standard local access lines.

4.8.1 Installation Charge: \$0.00

4.8.2 Monthly Access: \$20.00

4.8.3 Per Minute Usage Charges:

Dollar Volume		Incremental Pricing	
From	To	Initial Period	Add'l. Period
\$ 0.00	\$ 500.00	\$0.1050	\$0.0210
\$ 500.01	\$1,500.00	\$0.1000	\$0.0200
\$1,500.01	+	\$0.0950	\$0.0190

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SECTION 4 - RATES, (CONT'D.)

4.9 Expanded 800/888 Service Options

The following optional enhanced features may be used in conjunction with any FiberSouth 800 service.

Enhanced 800/888 Features	Install	Change	Monthly
NPA Blocking	\$150	\$ 50	\$ 0
NPA/NXX Blocking	\$150	\$ 50	\$ 0
Time of Day Routing	\$100	\$ 50	\$ 50
Day of Week Routing	\$100	\$ 50	\$ 50
Holiday Routing	\$100	\$ 50	\$ 0
Uniform Call Distribution	\$100	\$100	\$ 0
Dialed Number Identification Svc.	\$450	\$ 50	\$ 50
Route Advance	\$100	\$ 50	\$ 50
Area Code Routing	\$100	\$ 50	\$ 50
Percentage Call Allocation	\$100	\$ 50	\$ 50
Intercept 800 (\$0.10 per call over 500 calls)	\$ 10	\$ 0	\$ 10

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SECTION 4 - RATES, (CONT'D.)

4.10 Point to Point Service

This product is offered in the form of discrete intrastate communications facilities which are dedicated to the specific Customer and are billed at fixed monthly rates. Point to Point services consist of two components; 1) interexchange service between two of the Company's points of presence, and 2) local access between the Customer's Premise and the Company's point of presence.

4.10.1 Analog Rates

(A) Interexchange (IXC) Service Rates (monthly per channel)

Mileage	Fixed	Per Mile
1-50	\$66.55	\$2.64
51-101	\$137.32	\$1.22
101-over	\$229.28	\$0.35

(B) Local Access Rates

(1) Voice Grade (Voice and Analog Data)

Mileage	Fixed	Per Mile	Installation
0	\$82.63	\$0.00	\$477.00
1-4	\$82.63	\$5.56	\$477.00
5-8	\$82.63	\$4.86	\$477.00
9-25	\$82.63	\$3.45	\$477.00
26-over	\$82.63	\$2.25	\$477.00

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SECTION 4 - RATES, (CONT'D.)

4.10 Point to Point Service, (Cont'd.)

4.10.2 Digital Rates (DDS)

(A) Interexchange (IXC) Service Rates (monthly per channel)

Mileage	Fixed	Per Mile
1-50	\$66.55	\$2.64
51-101	\$137.32	\$1.22
101-over	\$229.28	\$0.35

(B) Local Access Rates

(1) Digital Access (9.6K/19.2K DDS)

Mileage	Fixed	Per Mile	Installation
0	\$186.48	\$0.00	\$545.00
1-over	\$237.12	\$1.81	\$545.00

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SECTION 4 - RATES, (CONT'D.)

4.10 Point to Point Service, (Cont'd.)

4.10.2 Digital Rates (DDS), (Cont'd.)

(B) Local Access Rates (continued)

(2) Digital Access (56K DDS)

Mileage	Fixed	Per Mile	Installation
0	\$279.60	\$0.00	\$1500.00
1-over	\$359.12	\$4.82	\$1500.00

4.10.3 T-1.5 Rates

(A) T-1.5 Service (monthly per 24 channels)

Mileage	Fixed	Per Mile
1-over	\$518.42	\$9.92

(B) Local Access Rates

(1) T-1.5 Digital Access

Mileage	Fixed	Per Mile	Installation
0	\$444.36	\$0.00	\$1500.00
1-over	\$444.36	\$29.44	\$1500.00

4.10.4 Florida POP Locations:

FSI Raleigh POP
2111 - 103 Harrod Street
Raleigh, NC

FSI RTP POP
5400 Miami Blvd.
Durham, NC

Interexchange channel installation will be provided
by FSI at no cost.

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SECTION 4 - RATES, (CONT'D.)

4.11 Fibercall Switched Access Service

Fibercall Switched Access Service is a combined outbound and inbound service offered on a peak/off-peak, postalized rate basis. Calls are billed in six (6) second increments after an initial period, for billing purposes, of eighteen (18) seconds. Service is provided over standard local access lines. Per minute usage charges are based on monthly volume commitments and annual term plans as set forth below. Travel service and international service combines with outbound and inbound Fibercall Service to satisfy the volume commitment. Volume commitment is calculated before term commitment.

4.11.1 Installation Charge: \$0.00

4.11.2 Monthly Access: \$10.00

4.11.3 Per Minute Usage Charges:

Monthly Revenue Commitment	Outbound/Inbound Rate per Minute	
	Peak	Off-Peak
\$0-\$1,000	\$0.155	\$0.155
\$1,001-\$5,000	\$0.150	\$0.150
\$5,001-over	\$0.145	\$0.145

4.11.4 Discounts:

Monthly Revenue Commitment	Term Discount		
	1 Year	2 Year	3 Year
\$0-\$1,000	3%	6%	9%
\$1,001-\$5,000	3%	6%	9%
\$5,001-over	3%	6%	9%

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SECTION 4 - RATES, (CONT'D.)

4.11 Fibercall Switched Access Service, (Cont'd.)

4.11.5 Other:

Customers will be billed the difference between the actual usage and the minimum volume commitment if the minimum volume commitment is not achieved on an annualized basis. Customers who cancel the service before the end of the term commitment will be billed the minimum monthly volume commitment for each month remaining on the term plan.

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SECTION 4 - RATES, (CONT'D.)

4.12 Fibercall Dedicated Access Service

Fibercall Dedicated Access Service is a combined outbound and inbound service offered on a peak/off-peak, postalized rate basis. Calls are billed in six (6) second increments after an initial period, for billing purposes, of eighteen (18) seconds. Service is provided over customer-provided dedicated access facilities. Per minute usage charges are based on monthly volume commitments and annual term plans as set forth below. Travel service and international service combines with outbound and inbound Fibercall Service to satisfy the volume commitment. Volume commitment is calculated before term commitment.

4.12.1 Installation Charge: \$0.00

4.12.2 Monthly Access: \$0.00

4.12.3 Per Minute Usage Charges:

Monthly Revenue Commitment	Outbound/Inbound Rate per Minute	
	Peak	Off-Peak
\$1,000-\$10,000	\$0.100	\$0.100
\$10,001-over	\$0.095	\$0.095

4.12.4 Discounts:

Monthly Revenue Commitment	Term Discount		
	1 Year	2 Year	3 Year
\$1,000-\$10,000	3%	6%	9%
\$10,000-over	3%	6%	9%

4.12.5 Customers will be billed the difference between the actual usage and the minimum volume commitment if the minimum volume commitment is not achieved on an annualized basis. Customers who cancel the service before the end of the term commitment will be billed the minimum monthly volume commitment for each month remaining on the term plan.

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SECTION 4 - RATES, (CONT'D.)

4.13 Publicall Plus

Publicall Plus is a one plus outbound and/or inbound business service offered to hotels, motels and other locations which make their phones available to the public. A minimum one-year term commitment is required. Discounted Hospitality Plus rates apply when, 1) combined inbound and outbound one plus usage is less than 25% of all traffic originating from the location, and 2) 60% of inbound and outbound one plus usage is during the off-peak period. Calls are billed in six (6) second increments after an initial period, for billing purposes, of thirty (30) seconds.

4.13.1 Installation Charge: Not applicable.

4.13.2 Monthly Access: \$0.00

4.13.3 Per Minute Usage Charges:

All Miles	One Year Term Plan
Outbound	\$0.1400
Inbound	\$0.1300

Customers who are not eligible for the discounted rates as described above will be billed \$0.155 per minute of use.

4.13.4 Discounts:

A three percent (3%) discount applies on usage under a two-year term plan. No other discounts apply.

4.13.5 Other:

If the customer cancels the one year minimum term or two year optional term before expiration, the customer will be billed for all remaining months an amount equal to \$350 per month for the one year term and \$250 per month for the two year term.

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SECTION 4 - RATES, (CONT'D.)

4.14 Operator Assisted Services

The use of the Company's Operator Services allows the Customer to select from the special call handling or billing arrangements specified below. Call, rates, charges, and applicable service charges will be assessed to the call originator, the called party's telephone number or a third party's telephone number based upon the call type (i.e., operator dialed, collect, third party billed, or customer dialed credit card billed, without the use of an operator's assistance) initiated by the call originator and the appropriate acknowledgment of other parties, where applicable.

4.14.1 Intrastate Per Minute Rates:

Mileage Range	DAY		Evening		Night	
	First Minute	Each Add'l. Minute	First Minute	Each Add'l. Minute	First Minute	Each Add'l. Minute
1-10	\$0.2000	\$0.2000	\$0.1500	\$0.1500	\$0.1200	\$0.1200
11-22	0.2200	0.2200	0.1700	0.1700	0.1300	0.1300
23-55	0.2500	0.2500	0.1900	0.1900	0.1400	0.1400
56-124	0.2700	0.2700	0.1900	0.1900	0.1500	0.1500
125-292	0.2800	0.2800	0.1900	0.1900	0.1600	0.1600
293-430	0.2800	0.2800	0.2000	0.2000	0.1600	0.1600
431-624	0.2800	0.2800	0.2100	0.2100	0.1600	0.1600

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SECTION 4 - RATES, (CONT'D.)

4.14 Operator Assisted Services, (Cont'd.)

4.14.2 Operator Charges:

The following shall be in addition to the usage charge described above and based on the Operator Service used:

TYPE OF SERVICE	PER CALL CHARGE
(A) Station to Station	
Customer Dialed Calling Card	\$1.00
Operator Assisted Calling Crd (0+)	\$1.00
Operator Assisted Calling Crd (0-)	\$1.75
Collect (0+)	\$1.75
Collect (0-)	\$2.90
Third Party (0+)	\$1.75
Third Party (0-)	\$2.90
(B) Person to Person	
Operator Assisted (0+)	\$3.25
Operator Assisted (0-)	\$4.40

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