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May 6, 1997

Division of Communications, Certification
& Compliance Section
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866

DEPOSIT DATE
D 5 2 2 # MAY 12 1997

970564-TX

Dear Commission:

Enclosed please find an application for Annox, Inc. to operate as an Alternative Local Exchange Service within the State of Florida. Annox is currently operating in Tennessee and is very excited about moving into Florida. Please contact us if any questions or additional information is required so we can fulfill your request as soon as possible.

Thank you and we look forward to working with the Commission throughout the certification process.

Sincerely,



Katherine Mauldin Hunter
Attorney for Annox, Inc.

Check received with filing and
forwarded to Fiscal for deposit.
Fiscal to file with check
to PA. [unclear]
Name of payee on check:

A.J.

DOCUMENT NO.
01709-97
5/12/97

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

(x) Original authority (new company)

() Approval of transfer (to another certificated company)
Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

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

() Approval for transfer of control (to another certificated company)
Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

Annox, Inc.

3. Name under which the applicant will do business (d/b/a):

Same, Annox, Inc.

4. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: n/a

5. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

6509 Highway 41-A

1800-770-7785

P.O. Box 230

Pleasant View, TN 37146

B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.

Attn: Scott Lindsay, Esq.

1407 Piedmont Dr., East

Tallahassee, FL 32312

OR

P.O. Box 14267

Tallahassee, FL 32317

FORM PSC/CMU 8 (11/95)
Required by Chapter 364.337 F.S.

-2-

904-386-2171

6. Structure of organization:

- | | |
|--|--|
| <input type="checkbox"/> Individual | <input checked="" type="checkbox"/> Corporation |
| <input type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Joint Venture | <input type="checkbox"/> Other, Please explain _____ |

7. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

n/a

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

none, not applicable

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: _____

10. Please provide the name, title, address, telephone number, internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Katherine Mauldin Hunter 770-640-9781 (office)
Attorney at Law 770-640-7327 (facsimile)
300 Norcross Street
Roswell, GA 30075

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

Tennessee - Currently providing service.
Georgia & Kentucky - Applications pending.

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

No.

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No.

14. Please indicate how a customer can file a service complaint with your company.

The address of the company's main office in Tennessee is made readily available to all customers for written complaints. The "800" telephone number is made available for verbal complaints to customer service agents.

15. Please complete and file a price list in accordance with Commission Rule 25-24.825.

Please see attached.

16. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

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

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

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

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

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should attest that the financial statements are true and correct.

B. Managerial capability.

C. Technical capability.

(If you will be providing local intra-exchange switched telecommunications service, then state how you will provide access to 911 emergency service. If the nature of the emergency 911 service access and funding mechanism is not equivalent to that provided by the local exchange companies in the areas to be served, described in detail the difference.)

Not applicable. Annox will provide service as a switchless reseller of a major carrier. Emergency 911 service is provided to all customers.

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

Official: Mark T. Linder _____
Signature Date

Title: Mark T. Linder _____
Vice President _____
800-770-7785
Telephone Number

Address: 6509 Highway 41-A _____
Pleasant View, TN 37146 _____

Annox, Inc.

Answer to Question No. 16-A

Profit and Loss Statement	1997	1998	1999
Projected # of customers	1,000	2,000	3,000
Revenue	500,000	1,000,000	1,500,000
Cost of goods sold	250,000	500,000	750,000
Gross Margin	250,000	500,000	750,000
Operating Expenses	225,000	450,000	675,000
EBITDA/Cash Flow	25,000	50,000	75,000

Annox, Inc.**Answer to Question No. 16-A**

Balance Sheet	1997	1998	1999
Assets:			
Cash	45,000	90,000	135,000
Accounts Receivable	0	0	0
Current Assets	45,000	90,000	135,000
Fixed Assets	0	0	0
Total Assets	<u>45,000</u>	<u>90,000</u>	<u>135,000</u>
Liabilities and Equity:			
Accounts Payable	22,500	45,000	67,500
Notes Payable	0	0	0
Current Liabilities	22,500	45,000	67,500
Long Term Liabilities	0	0	0
Total Liabilities	22,500	45,000	67,500
Equity	<u>22,500</u>	<u>45,000</u>	<u>67,500</u>
Total Liability and Equity	<u>45,000</u>	<u>90,000</u>	<u>135,000</u>

Annox, Inc.
Answer to Question No. 16-A

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Maintenance	12,000	18,000	24,000
Leases	12,000	18,000	24,000
Taxes	31,500	63,000	94,500
Salaries	100,000	100,000	100,000
Equipment	24,000	48,000	60,000
Any Other	0	0	0
Total	\$179,500	\$247,000	\$302,500

Thomas M. Linder, Jr., President

Tom Linder, Jr. is the founder of Annox, Inc. Since 1982 he has built twenty-four cable television systems around the expanding perimeters of major Southeastern cities. During 1996 he took the company into the telephone industry as a switchless reseller of local and long distance services.

Previously, he was Director of the Office of Planning and Budget for the State of Georgia with responsibility for managing the process of reducing three hundred fifty state agencies to twenty.

He holds a Bachelor of Arts degree from the University of Georgia and a Juris Doctor from Samford University.

He is married and has two sons. He is active as an Elder in the Mount Paron Church of Atlanta; serves as a member of the advisory board of the Salvation Army in Atlanta and was a founding member of the Small Cable Business Association, (a national organization of small cable television system owners.)

Mark T. Linder, Vice President

Mark Linder entered the cable television industry in 1984 and has performed almost all the ingredient functions in marketing, design, constructing and operating small systems. Sales and marketing have been his core concentration.

He managed the earliest Annox activities in marketing local and long distance telephone service and was also responsible for setting up the first call center receiving telephone orders and service requests. One of his key responsibilities was the establishment of procedures and policies between Annox and various local exchange telephone companies.

Mark Linder holds a degree in marketing and speech communications from Austin Peay State University.

Larry W. Arnold, Executive Sales Director

Larry Arnold is the liaison for Annox with governmental agencies and participates in marketing management as well as strategic planning.

He served as Executive Director of the Apartment Council of Tennessee. Other past positions include management positions in sales and marketing.

He attended Columbia State College & Moltow State College in Tennessee as well as completing the Associate Civil Engineering Certificate for T.V.A.

He has two daughters, Laura 27 and Chelsea 7.

John D. Emery, Consultant

John D. Emery is founder and owner of Corporate Development Center, Inc., a consulting company which provides strategic management to companies in the USA and abroad. He has dedicated his career to adapting sophisticated managerial techniques of Corporate America to the needs of small and medium sized companies.

He has taught popular courses for many years in the Anderson School of Management at the University of New Mexico. Among the graduate courses he has taught are the following:

- Strategy and Business Policy
- Sales and Marketing
- International Business
- Ethics and Organizational Environment
- Entrepreneurship and New Venture Strategies

In the last thirty years he has served as a corporate strategist, launched start-up enterprises, built professional organizations, specialized in direct marketing, bought and sold companies for his own account, advised rapidly growing firms, served as a turnaround specialist for the Bankruptcy Court, and sold over \$400,000,000 in completed middle management transactions as an Intermediary.

He holds a B.A. from Taylor University (1969) and an MBA from Harvard Business School (1973.)

Benjamin F. Fouts, Certified Public Accountant

Ben Fouts is owner of Benjamin F. Fouts, P.C., Certified Accountant, a firm which provides tax and consultant services to individuals and companies in Tennessee.

During the last 25 years, he has worked in both a Big Six accounting firm and his own firm. Also, Ben has served publicly held as well as closely held companies as Controller and Chief Financial Officer. He has a broad base of experience in manufacturing, distribution, and service organizations.

He holds a B.S. degree in Mathematics from the University of Alabama (1969.)

Financial References for Annox, Inc.

Heritage Bank
25 Jefferson Street
Clarksville, TN
615-553-0500

GMAC
P.O. Box 169
Nashville, TN 37202
800-200-4622

AT&T Capital Corp.
P.O. Box 9104
Framingham, MA 01701
800-537-2642

ANNOX, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 1995 AND 1994



PATE, CERQUEIRA,
MORGAN, GAULT
& HOLMES

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholder
Annox, Inc.

We have audited the accompanying balance sheets of Annox, Inc. (an S corporation) as of December 31, 1995 and 1994 and the related statements of operations, shareholder's equity (deficiency) 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 audits 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 in the first paragraph present fairly, in all material respects, the financial position of Annox, Inc. as of 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.

Pate Cerqueira Morgan Gault + Holmes LLP
CERTIFIED PUBLIC ACCOUNTANTS
February 29, 1996

ANNOX, INC.
BALANCE SHEETS
DECEMBER 31, 1995 AND 1994

ASSETS

	<u>1995</u>	<u>1994</u>
CURRENT ASSETS		
Cash	\$ 13,200	\$ 8,941
Subscriber receivables - Net of allowance for bad debts of \$101,856 and \$67,130, respectively	31,501	39,767
Other receivables	8,769	5,330
Inventory	6,084	5,499
Prepaid expenses	19,343	7,963
Total current assets	<u>78,897</u>	<u>67,500</u>
PROPERTY, PLANT, AND EQUIPMENT-NET	3,361,900	3,844,766
OTHER ASSETS		
Intangible assets and deferred costs - net of amortization	51,137	103,770
Deposits	1,000	1,000
Total other assets	<u>52,137</u>	<u>104,770</u>
	<u>\$ 3,492,934</u>	<u>\$ 4,017,036</u>

LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIENCY)

CURRENT LIABILITIES		
Notes payable	\$ 3,085,416	\$ 3,080,000
Accounts payable	754,640	476,262
Accrued programming fees	68,779	77,298
Accrued interest	28,045	-0-
Prepaid subscriber fees	19,763	48,558
Other accrued liabilities	670,337	486,629
Total current liabilities	<u>4,626,980</u>	<u>4,168,747</u>
LONG TERM LIABILITIES		
Notes payable	965	-0-
SHAREHOLDER'S EQUITY (DEFICIENCY)	(1,135,011)	(151,711)
	<u>\$ 3,492,934</u>	<u>\$ 4,017,036</u>

The accompanying notes are an integral part of the financial statements.

ANNOX INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
REVENUES		
Gross service revenues	\$ 2,121,914	\$ 1,876,551
Marketing and service discounts	(111,430)	(96,150)
Other revenue	15,240	16,987
	2,025,724	1,797,388
OPERATING EXPENSES		
Plant operations	487,550	384,505
Programming	425,641	384,495
Marketing	23,582	56,803
General and administrative	332,400	290,602
Officer salaries and expenses	57,597	86,314
Franchise fees	47,042	41,854
Taxes and licenses	23,435	36,852
Professional services	40,708	29,736
	1,437,955	1,311,161
OPERATING INCOME	587,769	486,227
OTHER INCOME (EXPENSES)		
Interest - net	(364,108)	(307,710)
Depreciation and amortization	(817,955)	(816,534)
Proration of success fee	(238,873)	(219,474)
Gain on sale of equipment	6,670	-0-
Loss on storm damage	-0-	(98,445)
Other income	11,598	35,673
	(1,402,668)	(1,406,490)
NET INCOME (LOSS)	\$ (814,899)	\$ (920,263)

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
 STATEMENTS OF SHAREHOLDER'S EQUITY (DEFICIENCY)
 FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

	<u>COMMON STOCK</u>		<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>ADVANCES TO SHAREHOLDER</u>	<u>RETAINED EARNINGS (DEFICIT)</u>	<u>TOTAL SHAREHOLDER'S EQUITY (DEFICIENCY)</u>
	SHARES (\$5 PAR VALUE, 500 SHARES AUTHORIZED)	AMOUNT				
BALANCE, DECEMBER 31, 1993 AS PREVIOUSLY REPORTED	100	\$ 500	\$ 19,690	\$ (127,998)	\$ 958,759	\$ 850,951
DISTRIBUTIONS TO SHAREHOLDER					(82,399)	(82,399)
NET LOSS, 1994					(920,263)	(920,263)
BALANCE, DECEMBER 31, 1994	100	500	19,690	(127,998)	(43,903)	(151,711)
DISTRIBUTIONS TO SHAREHOLDER					(168,401)	(168,401)
NET LOSS, 1995					(814,899)	(814,899)
BALANCE, DECEMBER 31, 1995	100	\$ 500	\$ 19,690	\$ (127,998)	\$(1,027,203)	\$(1,135,011)

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (814,899)	\$ (920,263)
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	765,322	770,060
Amortization	52,633	46,474
Expenses paid with increase of debt	-0-	256
Provision for uncollectible receivables	34,726	22,056
(Gain) Loss on disposal of fixed assets	(6,670)	98,445
Change in subscriber receivables	(26,460)	(43,080)
Change in accounts payable	278,378	(68,122)
Change in accrued liabilities	174,439	436,379
Change in inventory	(585)	10,405
Change in prepaid expenses and other assets	(11,380)	5,335
Total adjustments	1,260,403	1,278,208
Net cash provided by (used in) operating activities	445,504	357,945
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant, and equipment	(272,010)	(321,902)
Proceeds from sale of fixed assets	6,670	-0-
Increase in other receivables	(3,439)	6,443
Net cash provided by (used in) investing activities	(268,779)	(315,459)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of installment notes	(4,065)	(454)
Distributions to shareholder	(168,401)	(82,399)
Net cash provided by (used in) financing activities	(172,466)	(82,853)
NET (DECREASE) INCREASE IN CASH	4,259	(40,367)
CASH, BEGINNING OF YEAR	8,941	49,308
CASH, END OF YEAR	\$ 13,200	\$ 8,941

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
 STATEMENTS OF CASH FLOWS (continued)
 FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year:		
Interest	\$ 336,063	\$ 308,168
	<u> </u>	<u> </u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Payments made by incurring debt:		
Other accrued liabilities	\$ -0-	\$ 238,873
Purchase of fixed assets	\$ 10,446	\$ -0-
Interest	\$ -0-	\$ 256
Loan Fees	\$ -0-	\$ 30,800
	<u> </u>	<u> </u>

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Business - Annox, Inc. (the "Company") was formed (under the name of Cable USA, Inc.) in April 1986 by Tom Linder, Jr. (the "sole shareholder") to develop, operate and market cable television systems. During 1995 and 1994, the Company owned systems north of Nashville, Tennessee. The cable television industry is regulated by the Federal Communication Commission. Under these regulations, the Federal Communication Commission and any local cable franchising authority have the right to review the reasonableness of rates and to order prospective roll backs and refunds.

b. Property, Plant, and Equipment - Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

Cable distribution system	10 years
Vehicles	5 years
Machinery and equipment	3 to 10 years
Furniture and fixtures	10 years

Upon sale or retirement of property, plant, and equipment, the cost and related accumulated depreciation amounts are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations. Repairs and maintenance charges which do not increase the useful lives of the assets are charged to operations as incurred.

The Company capitalizes direct labor, materials and related overhead costs incurred in the construction of its cable distribution systems.

c. Intangible Assets and Deferred Costs - Intangible assets and deferred costs are stated at cost and amortized using the straight-line method over the following lives:

Franchise costs	Term of franchise
Deferred loan costs	Term of debt
Organizational costs	5 years

ANNOX, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 1995 and 1994

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

- d. Installation Revenues - Revenues obtained from the connection of subscribers to the cable television system are less than related direct selling costs and are recognized currently.
- e. Income Taxes - The Company has elected to be treated as an S corporation for income tax purposes. The Company's income (loss) is to be included in the personal tax return of the sole shareholder. Accordingly, no provision for income taxes is included in the accompanying financial statements.
- f. Cash Equivalents - For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased, with a maturity of three months or less, to be cash equivalents.
- g. Inventory - Inventory consists of spare parts, cable and other items needed to extend the cable system. The inventory is stated at cost.
- h. Concentration of Credit Risk - The Company maintains cash balances at financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of December 31, 1995 and 1994 the Company had no uninsured cash balances.
- i. Reclassification of Amounts - Certain prior year's balances were reclassified to conform to the current year presentation.

2. **RELATED PARTY**

The sole stockholder signed a personal note of \$64,155 with a vendor to purchase cable in 1994. This cable was used to repair storm damage during the year. The entire balance was outstanding at December 31, 1995.

ANNOX, INC.
 NOTES TO FINANCIAL STATEMENTS (continued)
 FOR THE YEARS ENDED DECEMBER 31, 1995 and 1994

3. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment at December 31, 1995 and 1994 consist of the following:

	<u>1995</u>	<u>1994</u>
Cable distribution system	\$ 7,523,178	\$ 7,255,649
Vehicles	227,254	257,962
Machinery and equipment	199,317	199,317
Furniture and fixtures	56,863	52,385
	<u>8,006,612</u>	<u>7,765,313</u>
Less accumulated depreciation	4,644,712	3,920,547
Property, plant, and equipment - net	<u>\$ 3,361,900</u>	<u>\$ 3,844,766</u>

4. INTANGIBLE ASSETS AND DEFERRED COSTS

Intangible assets and deferred costs at December 31, 1995 and 1994 consist of the following:

	<u>1995</u>	<u>1994</u>
Deferred financing costs	\$ 120,293	\$ 120,293
Franchise costs	76,557	76,557
Organizational costs	4,736	4,736
	<u>201,586</u>	<u>201,586</u>
Less accumulated amortization	150,449	97,816
Intangible assets and deferred costs - net	<u>\$ 51,137</u>	<u>\$ 103,770</u>

5. COMMITMENTS

The Company leases office facilities, headend sites, and other equipment under noncancelable operating leases. Future minimum lease payments under leases with terms in excess of one year are as follows:

1996	\$ 16,200
1997	16,200
1998	9,950
1999	1,200
2000	1,200
Thereafter	10,000
	<u>\$ 54,750</u>

ANNOX, INC.
 NOTES TO FINANCIAL STATEMENTS (continued)
 FOR THE YEARS ENDED DECEMBER 31, 1995 and 1994

5. **COMMITMENTS** (continued)

Total rental expense charged to operations was \$36,644 and \$41,479, respectively for the years ended December 31, 1995 and 1994.

An agreement with the Tennessee Department of Revenue was reached in 1994, requiring monthly payments of \$2,000 beginning September 1994. The remaining balance of \$156,081 may be refinanced with one-third down and the option to renew for one year. There is a balance due of \$16,000 on this agreement and no renewal agreement has been signed.

6. **NOTES PAYABLE**

Notes payable at December 31, 1995 and 1994 are summarized as follows:

	1995	1994
Borrowings from Finova Financial Corp	\$ 3,080,000	\$ 3,080,000
Installment notes - principally vehicles	6,381	-0-
Total Notes Payable	\$ 3,086,381	\$ 3,080,000

Note payable dated December 30, 1992. The borrowings under the loan agreement have interest payable monthly at a base interest rate, plus 2% and were due on December 31, 1995. The note is collateralized by all existing and subsequently acquired property of the borrower including equipment, subscriber receivables, intangible assets, a Key Man Life Insurance policy and the stock of the borrower. At the end of the loan period the lender will be due a success fee of \$659,996, which has been expensed during the years 1994 - 1996.

The loan due to Finova was extended until February 15, 1996. On January 26, 1996, the Company sold approximately 2,000 cable subscribers for \$4,135,500. The proceeds from this sale were used to pay off the Note of \$3,080,000, the accrued success fee of \$659,996 and accrued interest.

Installment notes due to Nationsbank; 24 payments of \$489 including interest at 11.5% beginning March 7, 1995 secured by a vehicle.

ANNOX, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 1995 and 1994

7. CONTINGENCY

During 1994 the Company settled a law suit with Insurance Company of North America. The settlement reduced the company's liability by \$35,672. The agreement required an initial payment of \$114,192 with a balance due of \$37,466 to be paid over 24 months beginning May 1995. Should the Company fail to make any payment the additional \$35,672 will become due. As of December 31, 1995, no payments have been made on this liability.

ANNOX, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 1996 AND 1995



PATE, CERQUEDA,
MORGAN, GAULT
& HOLMES

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholder
Annox, Inc.

We have audited the accompanying balance sheets of Annox, Inc. (an S corporation) as of December 31, 1996 and 1995 and the related statements of operations, shareholder's equity (deficiency) 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 audits 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 in the first paragraph present fairly, in all material respects, the financial position of Annox, Inc. as of December 31, 1996 and 1995, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Pate Cerqueda Morgan Gault & Holmes LLP
CERTIFIED PUBLIC ACCOUNTANTS
March 14, 1997

ANNOX, INC.
BALANCE SHEETS
DECEMBER 31, 1996 AND 1995

ASSETS

	1996	1995
CURRENT ASSETS		
Cash	\$ 1,278	\$ 13,200
Subscriber receivables - net of allowance for bad debts of \$687 and \$101,856, respectively	7,669	31,501
Other receivables	10,351	8,769
Inventory	4,784	6,084
Prepaid expenses	2,998	19,343
Total current assets	27,080	78,897
PROPERTY, PLANT, AND EQUIPMENT-NET	1,586,093	3,361,900
OTHER ASSETS		
Deferred costs, net	37,587	51,137
Deposits	1,000	1,000
Escrow account, net of (\$50,000) reserve	43,468	-0-
Total other assets	82,055	52,137
	\$ 1,695,228	\$ 3,492,934

LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIENCY)

CURRENT LIABILITIES		
Notes payable	\$ 61,491	\$ 3,085,416
Cash overdraft	8,597	-0-
Accounts payable	271,861	754,640
Accrued programming fees	50,956	68,779
Accrued interest	6,833	28,045
Prepaid subscriber fees	44,948	19,763
Other accrued liabilities	207,439	670,337
Total current liabilities	652,125	4,626,980
LONG TERM LIABILITIES		
Notes payable	740,000	965
SHAREHOLDER'S EQUITY (DEFICIENCY)	303,103	(1,135,011)
	\$ 1,695,228	\$ 3,492,934

The accompanying notes are an integral part of the financial statements.

ANNOX INC.
 STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	1996	1995
REVENUES		
Gross service revenues	\$ 1,298,266	\$ 2,010,484
Other revenue	64,806	15,240
Net revenues	1,363,072	2,025,724
OPERATING EXPENSES		
Plant operations	373,405	487,550
Programming	293,961	425,641
Marketing	10,483	23,582
General and administrative	346,125	332,400
Officer salaries and expenses	108,737	57,597
Franchise fees and taxes	78,371	70,477
Professional services	102,102	40,708
Total operating expenses	1,313,184	1,437,955
OPERATING INCOME	49,888	587,769
OTHER INCOME (EXPENSES)		
Interest - net	(120,542)	(364,108)
Depreciation and amortization	(637,892)	(817,955)
Proration of success fee	-0-	(238,873)
Gain on sale of equipment	-0-	6,670
Gain on sale of cable system	2,550,226	-0-
Other income	-0-	11,598
Total other income (expenses)	1,791,792	(1,402,668)
NET INCOME (LOSS)	\$ 1,841,680	\$ (814,899)

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
 STATEMENTS OF SHAREHOLDER'S EQUITY (DEFICIENCY)
 FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>COMMON STOCK</u>		<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>ADVANCES TO SHAREHOLDER</u>	<u>RETAINED EARNINGS (DEFICIT)</u>	<u>TOTAL SHAREHOLDER'S EQUITY (DEFICIENCY)</u>
	<u>SHARES (\$5 PAR VALUE, 500 SHARES AUTHORIZED)</u>	<u>AMOUNT</u>				
BALANCE, DECEMBER 31, 1994 AS PREVIOUSLY REPORTED	100	\$ 500	\$ 19,690	\$ (127,998)	\$ (43,903)	\$ (151,711)
DISTRIBUTIONS TO SHAREHOLDER					(168,401)	(168,401)
NET LOSS, 1995					(814,899)	(814,899)
BALANCE, DECEMBER 31, 1995	<u>100</u>	<u>500</u>	<u>19,690</u>	<u>(127,998)</u>	<u>(1,027,203)</u>	<u>(1,135,011)</u>
DISTRIBUTIONS TO SHAREHOLDER					(403,566)	(403,566)
NET INCOME 1996					1,841,680	1,841,680
BALANCE, DECEMBER 31, 1996	<u><u>100</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ 19,690</u></u>	<u><u>\$ (127,998)</u></u>	<u><u>\$ 410,911</u></u>	<u><u>\$ 303,103</u></u>

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$1,841,680	\$ (814,899)
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	630,432	765,322
Amortization	7,460	52,633
Provision for uncollectible receivables	(101,169)	34,726
(Gain) Loss on disposal of fixed assets	(2,550,226)	(6,670)
Change in subscriber receivables	125,001	(26,460)
Change in accounts payable	(474,182)	278,378
Change in accrued liabilities	(476,748)	174,439
Change in inventory	1,300	(585)
Change in prepaid expenses and other assets	14,763	(11,380)
Total adjustments	(2,823,369)	1,260,403
Net cash provided by (used in) operating activities	(981,689)	445,504
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant, and equipment	(232,409)	(272,010)
Proceeds from sale of fixed assets	3,954,100	6,670
Increase in escrow	(43,468)	(3,439)
Additions to intangible assets	(20,000)	-0-
Net cash provided by (used in) investing activities	3,658,223	(268,779)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes	(3,084,890)	(4,065)
Distributions to shareholder	(403,566)	(168,401)
Proceeds from borrowing	800,000	-0-
Net cash provided by (used in) financing activities	(2,688,456)	(172,466)
NET (DECREASE) INCREASE IN CASH	(11,922)	4,259
CASH, BEGINNING OF YEAR	13,200	8,941
CASH, END OF YEAR	\$ 1,278	\$ 13,200

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
 STATEMENTS OF CASH FLOWS (continued)
 FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	1996	1995
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 142,050	\$ 336,063
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Payments made by incurring debt:		
Purchase of fixed assets	\$ -0-	\$ 10,446

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Nature of Business - Annox, Inc. (the "Company") was formed (under the name of Cable USA, Inc.) in April 1986 by Tom Linder, Jr. (the "sole shareholder") to develop, operate and market cable television systems. During 1995 and 1994, the Company owned systems north of Nashville, Tennessee. The cable television industry is regulated by the Federal Communication Commission. Under these regulations, the Federal Communication Commission and any local cable franchising authority have the right to review the reasonableness of rates and to order prospective roll backs and refunds.

During 1996, the Company became a reseller of both local and long distance telephone service. It executed agreements with Bell South to resell it's local telephone service and with IXC to resell it's long distance service. Annox was certified by the State of Tennessee to do business as a switchless reseller. The telephone service began business in January 1997.

- b. Property, Plant, and Equipment - Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

Cable distribution system	10 years
Vehicles	5 years
Machinery and equipment	3 to 10 years
Furniture and fixtures	10 years

Upon sale or retirement of property, plant and equipment, the cost and related accumulated depreciation amounts are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations. Repairs and maintenance charges which do not increase the useful lives of the assets are charged to operations as incurred.

The Company capitalizes direct labor, materials and related overhead costs incurred in the construction of its cable distribution systems.

- c. Deferred Costs - Deferred costs are stated at cost and amortized using the straight-line method over the following lives:

Franchise costs	Term of franchise
Deferred loan costs	Term of debt
Organizational costs	5 years

ANNOX, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 1996 and 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- d. Installation Revenues - Revenues obtained from the connection of subscribers to the cable television system are less than related direct selling costs and are recognized currently.
- e. Income Taxes - The Company has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S Corporation are taxed on the Company's taxable income. Therefore, no provisions or liability for federal income taxes has been included in the accompanying financial statements.
- f. Cash Equivalents - For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.
- g. Inventory - Inventory consists of spare parts, cable and other items needed to extend the cable system. The inventory is stated at cost.
- h. Concentration of Credit Risk - The Company maintains cash balances at financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of December 31, 1996 and 1995 the Company had no uninsured cash balances.
- i. Reclassification of Amounts - Certain prior year's balances were reclassified to conform to the current year presentation.
- j. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- k. Fair Value of Financial Instruments: The Company evaluates the fair value of its financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of debt and other financial instruments are considered to approximate fair value.

ANNOX, INC.
 NOTES TO FINANCIAL STATEMENTS (continued)
 FOR THE YEARS ENDED DECEMBER 31, 1996 and 1995

2. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment at December 31, 1996 and 1995 consist of the following:

	<u>1996</u>	<u>1995</u>
Cable distribution system	\$ 4,699,217	\$ 7,523,178
Vehicles	153,029	227,254
Machinery and equipment	185,410	199,317
Furniture and fixtures	49,630	56,863
	<u>5,087,286</u>	<u>8,006,612</u>
Less accumulated depreciation	3,501,193	4,644,712
Property, plant, and equipment - net	<u>\$ 1,586,093</u>	<u>\$ 3,361,900</u>

3. INTANGIBLE ASSETS AND DEFERRED COSTS

Intangible assets and deferred costs at December 31, 1996 and 1995 consist of the following:

	<u>1996</u>	<u>1995</u>
Deferred financing costs	\$ 20,000	\$ 120,293
Franchise costs	30,889	76,557
Organizational costs	-0-	4,736
	<u>50,889</u>	<u>201,586</u>
Less accumulated amortization	13,302	150,449
Intangible assets and deferred costs - net	<u>\$ 37,587</u>	<u>\$ 51,137</u>

4. COMMITMENTS

The Company leases office facilities, headend sites, and other equipment under noncancelable operating leases. Future minimum lease payments under leases with terms in excess of one year are as follows:

1997	\$ 1,200
1998	1,200
1999	1,200
2000	1,200
Thereafter	8,800
	<u>\$ 13,600</u>

ANNOX, INC.
 NOTES TO FINANCIAL STATEMENTS (continued)
 FOR THE YEARS ENDED DECEMBER 31, 1996 and 1995

4. COMMITMENTS (continued)

Total rental expense charged to operations was \$20,296 and \$40,144, respectively for the years ended December 31, 1996 and 1995.

The Company reached an agreement with the Tennessee Department of Revenue in 1994 to pay the balance of sales tax due in the amount of \$160,789 plus interest at 15.50%. The entire balance is due in 1997.

5. NOTES PAYABLE

Notes payable at December 31, 1996 and 1995 are summarized as follows:

	1996	1995
Heritage Bank	\$ 800,000	\$ -0-
Finova Financial Corp	-0-	3,080,000
Installment notes - principally vehicles	1,491	6,381
Total Notes Payable	\$ 801,491	\$ 3,086,381

Note payable dated May 28, 1996. The borrowings under the loan agreement have interest payable monthly at prime, plus 2%. The note is collateralized by property of the borrower including equipment, subscriber receivables, intangible assets, a Key Man Life Insurance policy and the stock of the borrower.

Installment notes due to Nationsbank; 24 payments of \$489 including interest at 11.5% beginning March 7, 1995, secured by a vehicle.

Future maturities of long term debt are as follows:

1998	\$ 120,000
1999	160,000
2000	240,000
2001	220,000
	\$ 740,000

ANNOX, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 1996 and 1995

6. CONTINGENCY

During 1996, the Company sold part of its Tennessee cable system. Part of the sale price was placed in escrow until final count of subscribers and related accounts could be determined. The Company has been engaged in discussion with the purchaser to decide the settlement of the escrow balance. The Company has reserved \$50,000 of the balance as a payback to the purchaser.

TITLE SHEETFLORIDA TELECOMMUNICATIONS PRICE LIST

This price list contains the descriptions, regulations, service standards, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Annox, Inc., with principal offices at 6509 Highway 41-A, P.O. Box 230, Pleasant View, Tennessee, 37146. This price list applies to services furnished within the State of Florida. This price list is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

Issued:

Effective:

Issued by:

Thomas Linder, Jr.
President, Annox, Inc.
6509 Highway 41-A
P.O. Box 230
Pleasant View, TN 37146

CHECK SHEET

The sheets listed below, which are inclusive of this price list, are effective as of the date shown at the bottom of the respective sheets. Original and revised sheets as named below comprise all changes from the original price list and are currently in effect as of the date at the bottom of this page.

<u>Sheet</u>	<u>Revision Level</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original

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President, Annox, Inc.
6509 Highway 41-A
P.O. Box 230
Pleasant View, TN 37146

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President, Annox, Inc.
6509 Highway 41-A
P.O. Box 230
Pleasant View, TN 37146

SYMBOLS SHEET

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

(D) - Delete or Discontinue

(I) - Change Resulting in an Increase to a Customer's Bill

(M) - Moved from Another Price List Location

(N) - New

(R) - Change Resulting in a Reduction to a Customer's Bill

(T) - Change in Text or Regulation But No Change in Rate or Charge

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President, Annox, Inc.
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Pleasant View, TN 37146

PRICE LIST FORMAT SHEET

- A. Sheet Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the price list. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between Sheets 14 and 15 would be Sheet 14.1.
- B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th Revised Sheet 14 cancels the 3rd Revised Sheet 14. Because of various suspension periods, deferrals, etc., the FPSC follows in its price list approval process, the most current sheet number on file with the Commission is not always the price list page in effect. Consult the Check Sheet for the sheet currently in effect.
- C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next highest level.
- 2.
 - 2.1.
 - 2.1.1.
 - 2.1.1.A.
 - 2.1.1.A.1.
 - 2.1.1.A.1.(a).
 - 2.1.1.A.1.(a).I.
 - 2.1.1.A.1.(a).I.(i).
 - 2.1.1.A.1.(a).I.(i).(1).
- D. Check Sheets - When a price list filing is made with the FPSC, an updated Check Sheet accompanies the price list filing. The Check Sheet lists the sheets contained in the price list, with a cross reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page as these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages.) The price list user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

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Pleasant View, TN 37146

EXCHANGE SERVICE LIST

Annox will provide service to all exchanges serviced by BellSouth. Please refer to the BellSouth Tariff on file with the Florida Public Service Commission.

Issued:

Effective:

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the Customer's telephone to an Annox designated switching center or point of presence.

Application for Service - A standard order form which includes all pertinent billing, technical, and other descriptive information which will enable the carrier to provide the communication service as required.

Billed Party - The party responsible for payment of charges applicable to intrastate calls placed using the carrier's services.

Commission - Florida Public Service Commission.

Company or Carrier - Annox, Inc., unless clearly indicated by the context.

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

Day - From 8:00 a.m. up to but not including 5:00 p.m., local time Monday through Friday.

End User - The terms "end user" denotes an individual who places and/or accepts calls placed over the carrier's services. The end user may or may not be directly responsible for billing of calls, depending upon the payment method selected by the end user.

Evening - From 5:00 p.m. up to but not including 11:00 p.m., local time Sunday through Friday.

Holiday - The company's recognized holidays are New Year's Day, Memorial Day, Labor Day, Thanksgiving Day and Christmas Day.

LEC - Local Exchange Company.

Local Call - Any call which, if placed by a customer over the facilities of a local exchange telephone company, would not be rated as a toll call.

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SECTION 1 - TERMS AND ABBREVIATIONS, CONTINUED

Marks - A collective term to mean such items as trademark, service marks, trade names and logos; copyrighted words, artwork, designs, pictures or images; or any other device or merchandise to which legal rights or ownership are reserved by an entity.

Night/Weekend - From 11:00 p.m. up to but not including 8:00 a.m. Sunday through Friday, and 8:00 a.m. Saturday up to but no including 5:00 p.m. Sunday.

Pay Per Usage Service Charges - Charges for services which incur an additional fee for each use, including, but not limited to, intraLATA and interLATA toll calls, 1+ calls, 10XXX calls, 101XXX calls, 900, 700, 555, 500, and N11 number calls, Call Return, Three-Way Calling, Repeat Digit (*69,) Audiotex Service, Dial-It 976, 915 and 556 calls, pay-per-call services, Operator Services calls, collect, and bill-to-third number calls.

Service Agreement - Company's standard form for the ordering and acceptance of a customer's request for and commitment to take the company's service offerings pursuant to this price list.

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

Toll Call - Any call extending beyond the local exchange of the originating caller which is rated on a toll schedule by the local exchange telephone company.

Issued:

Effective:

Issued by:

Thomas Linder, Jr.
President, Annox, Inc.
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P.O. Box 230
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SECTION 2 - RULES, REGULATIONS AND SERVICE QUALITY CRITERIA2.1 Undertaking of Annox, Inc.

- 2.1.1 Annox's services are furnished for residential local exchange service communications in Incumbent Local Exchange Carrier BellSouth's Local Exchange Areas in the State of Florida.
- 2.1.2 Annox provides for installation, operates, and maintains the communications services provided hereunder in accordance with the terms and conditions set forth under this Price List.
- 2.1.3 Annox's services are provided on a monthly, pre-paid basis, unless ordered on a longer term basis, and are available twenty-four hours per day.

2.2 Limitations

- 2.2.1 Service is offered subject to the availability of facilities and the provisions of this price list.
- 2.2.2 Annox 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 price list.
- 2.2.3 All services provided under this price list are directly controlled by Annox and the customer may not transfer or assign the use of the service, except with the express written consent of Annox. Such transfer or assignment shall only apply where there is no interruption of the use of the service.
- 2.2.4 Prior written permission from Annox is required before any assignment or transfer. All regulations and conditions contained in this Price List shall apply to all such permitted assignees or transferees, as well as all conditions for service.

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SECTION 2 - RULES, REGULATIONS AND SERVICE QUALITY CRITERIA, CONT.2.3 Use

2.3.1 Services provided under this price list may be used for any lawful purpose for which the service is technically suited.

2.4 Liabilities of the Company

2.4.1 Annox's liability for damages arising out of mistakes, interruptions, errors, or defects in the transmission occurring in the course of furnishing service, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.

2.4.2 Annox shall be indemnified and held harmless by the customer against:

(A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over Annox's facilities.

(B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by Annox.

2.4.3 Acceptance of the liability provisions contained in this price list by the Commission does not constitute its determination that the limitation of liability imposed by Annox should be upheld in a court of law, but the recognition that, as it is the duty of the courts to adjudicate negligence claims and rights to recover damages therefor, so it is the duty of the courts to determine the validity of the exculpatory provisions of this price list.

Issued:

Effective:

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Thomas Linder, Jr.
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SECTION 2 - RULES, REGULATIONS AND SERVICE QUALITY CRITERIA, CONT.2.5 Interruption of Service

- 2.5.1 Credit allowance for the interruption of service which is not due to 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 2.4 herein. It shall be the obligation of the customer to notify Annox 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 and connected to Annox's facilities.
- 2.5.2 For purposes of credit computation, every month shall be considered to have 720 hours.
- 2.5.3 No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- 2.5.4 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.

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

A = outage time in hours

B = total monthly charge for affected facility

2.6 Restoration of Service

- 2.6.1 The use and restoration of service shall be in accordance with the priority system specified in the Rules and Regulations of the Federal Communications Commission.

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SECTION 2 - RULES, REGULATIONS AND SERVICE QUALITY CRITERIA, CONT.2.7 County-Wide Calling Plan

2.7.1 No long distance (toll) charges will be applied to any call between two telephones within the same county.

2.8 Deposits

2.8.1 Deposits are not required. Deposits are not applicable as service is offered only on a pre-paid basis.

2.9 Taxes

2.9.1 All federal, state and local taxes are included in the quoted monthly service rates. Applicable federal, state and local taxes are assessed to the Customer for the \$60.00 installation charge. The applicable taxes must be paid in advance with the installation charge.

2.10 Terminal Equipment

2.10.1 Annox's facilities and service may be used with or terminated in Customer-provided terminal equipment or Customer-provided communications systems, such as a telephone set, PBX or key system. Such terminal equipment shall be furnished and maintained at the expense of the Customer except as otherwise provided. The Customer is responsible for all costs at his or her premises, including wiring, electrical power, etc. incurred in the use of Annox's service. When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry as endorsed by the Federal Communications Commission.

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SECTION 2- RULES, REGULATIONS AND SERVICE QUALITY CRITERIA, CONT.2.11 Installation

2.11.1 Service is installed upon mutual agreement between the Customer and the Company. The service agreement does not alter rates specified in this price list.

2.12 Payment for Service

2.12.1 The Customer is responsible for payment of all charges for services and equipment furnished to the Customer or to an Authorized User of the Customer by Annox, Inc. All charges due by the Customer are payable to Annox or to Annox's authorized billing agent. Terms of payment shall be according to the rules and regulations of the billing agent and subject to the rules of regulatory agencies, including the F.P.S.C.

2.12.2 Customers must prepay for all services to be rendered. Customers must prepay the applicable installation charge and the first month's Local Exchange Service charge before service begins. Customers will be sent an invoice by U.S. Postal Service no later than the 26th day of each month. The invoice will be due by the 5th day of the following month. If a Customer fails to pay the invoice in full by the 5th day of the month, service will be discontinued.

2.12.3 If service is discontinued and the customer reinstates service within 30 days, the Installation fee is discounted to \$30.00 (plus tax) rather than the usual \$60.00.

Issued:

Effective:

Issued by:

Thomas Linder, Jr.
President, Annox, Inc.
6509 Highway 41-A
P.O. Box 230
Pleasant View, TN 37146

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES3.1 Local Exchange Service

3.1.1 Annox offers local exchange service on a pre-paid, flat rate only.

3.2 Emergency Service

3.2.1 All Annox customers have access to 911 and E911 services.

3.3 Service Offerings

Basic Touch Tone Service (per month) \$39.95

Area Plus Service (per month) \$59.95

3.4 Installation

Installation (one time fee) \$60.00 (plus applicable tax)

No Deposit Required

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SECTION 4 - NON BASIC SERVICE DESCRIPTIONS AND RATES4.1 Custom Calling Services

4.1.1 <u>Individual Features</u>	Monthly Rate	USOC
Call Forwarding Variable	\$5.00	ESM
Call Waiting	\$5.00	ESX
Customer Control of Call Forwarding Don't Answer	\$6.00	GJC
Three-Way Calling	\$5.00	ESC
Call Block	\$6.00	NOB
Call Return	\$5.00	NSS
Call Selector	\$6.00	NSK
Call Tracing	\$6.00	NST
Repeat Dialing	\$6.00	NSQ
Memory Call	\$10.00	MBBRX
Caller ID Deluxe	\$10.00	NXM
Non-Published Number	\$5.00	
Inside Wire Maintenance	\$3.00	

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SECTION 4 - RATES, CONTINUED4.4 Pay per Usage Services

4.4.1 All pay per usage services are blocked for use by Annox customers. Pay per usage services are those services which incur an additional fee each time it is accessed and includes, but is not limited to, intraLATA and interLATA toll calls, 1+ calls, 10XXX calls, 101XXX calls, 900, 700, 555, 500, and N11 number calls, Call Return, Three-Way Calling, Repeat Digit (*69,) Audiotex Service, Dial-It 976, 915 and 556 calls, pay-per-call services, Operator Services calls, collect, and bill-to-third number calls.

4.5 Long Distance Service

4.5.1 Annox does not provide long distance service. Annox customers can purchase one of the commonly available Long Distance Debit Cards for long distance service.

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