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970634-TI

May 27, 1997

Florida Public Service Commission
 Division of Administration
 Gunter Building
 2540 Shumard Oak Boulevard
 Tallahassee, FL 32399-0850

FEDERAL EXPRESS

Re: Application for Certification of Norlight Telecommunications, Inc.

To whom it may concern:

Enclosed please find an original and seven copies of the Application for Authority to Provide Interexchange Telecommunications from Norlight Telecommunications, Inc. Also enclosed is the required \$250.00 application fee. Please date stamp and return one copy of the application in the postage-paid envelope enclosed.

If you have any questions or need any further information, please let me know.

Sincerely,

LOCKRIDGE GRINDAL
 NAUEN & HOLSTEIN P.L.L.P.

Jeffrey T. Nodland

Jeffrey T. Nodland

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.F.

DOCUMENT NUMBER-DATE

05285 MAY 28 97

FPSC-RECORDS/REPORTING

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____ JTN/sm
- RCH _____ Enclosures
- SEC _____ c: Norlight Telecommunications, Inc.
- WAS _____
- OTH _____ 230017-1

RECEIVED
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 MAY 27 10 17 AM '97

**** FLORIDA PUBLIC SERVICE COMMISSION ***

**DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION**

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

Instructions

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

Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6600

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6251

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

DOCUMENT NUMBER-DATE
05285 MAY 28 5
FPSC-RECORDS/REPORTING

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

- Original Authority (New company).
- Approval of Transfer (To another certificated company).
- Approval of Assignment of existing certificate (To an uncertificated 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.
- Operator Service Provider - 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 Reseller - 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.
- Multi-Location Discount Aggregator - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.

FORM PSC/CHU 31 (3/96)

Required by Commission Rule Nos. 25-24.471 and 25-24.473.

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

Norlight Telecommunications, Inc.

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

Norlight Telecommunications, Inc.

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

275 North Corporate Drive, Brookfield, WI 53045-5818

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

CT Corp., 1200 S. Pine Island Road, Plantation, FL 33324

7. Structure of organization;

Individual Corporation
 Foreign Corporation Foreign Partnership
 General Partnership Limited Partnership
 Other, _____

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

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

N/A

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

N/A

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

N/A

(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 company, give reason why not.

N/A

9. If incorporated, please give:

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

Corporate charter number: F96000003408

- (b) Name and address of the company's Florida registered agent. CT Corporation
1200 S. Pine Island Drive
Plantation, FL 33324
- (c) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable.

N/A

Fictitious name registration number: _____

- (c) 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.

None

- (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 company, give reason why not.

None

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

See Attachment 1

- (a) The application;
- (b) Official Point of Contact for the ongoing operations of the company;
- (c) Tariff;

(d) Complaints/Inquiries from customers;

11. List the states in which the applicant: See Attachment 2

- (a) Has operated as an interexchange carrier.
- (b) Has applications pending to be certificated as an interexchange carrier.
- (c) Is certificated to operate as an interexchange carrier.
- (d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.
- (e) Has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.
- (f) Has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

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

- () Facilities. () Operators.
- () Billing and Collection. () Sales.
- () Maintenance.
- () Other: _____

13. Do you have a marketing program?

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 14 (To whom, what amount, type of franchise, etc.).
16. Who will receive the bills for your service (Check all that apply)?
- Residential customers. Business customers.
 - PATS providers. PATS station end-users.
 - Hotels & motels. Hotel & motel guests.
 - Universities. Univ. dormitory residents.
 - Other: (specify) _____.
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?
Norlight Telecommunications, Inc. will directly bill its customers.
 - (b) Name and address of the firm who will bill for your service.
- N/A
18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements, including:

1. the balance sheet Attached as Exhibit A
2. income statement Attached as Exhibit B
3. statement of retained earnings for the most recent 3 years.

Attached as Exhibit B

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 affirm that the financial statements are true and correct.

B. Managerial capability. Attached as Exhibit C

C. Technical capability. Attached as Exhibit D

19. 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).

Attached as Exhibit E

20. 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 mbs., 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 to patrons of hotels, students in universities, patients in hospitals.
 - Available to inmates

Services included are:

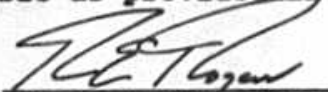
- Station assistance
- Person to Person assistance
- Directory assistance
- Operator verify and interrupt
- Conference Calling

21. What does the end user dial for each of the interexchange carrier services that were checked in services included (above).
The end user need not dial anything other than "1" for access.
Norlight customers may also dial "10 + 912" to access Norlight.
22. Other:

**** APPLICANT ACKNOWLEDGEMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of 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 two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** A non-refundable application fee of \$250.00 must be submitted with the application.
5. **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 service.
6. **ACCURACY OF APPLICATION:** By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement.
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".

UTILITY OFFICIAL:



Signature

5/14/97
Date

Robert E. Rogers

Senior Vice President

Title

414-792-9700

Telephone No.

FORM PSC/CMU 31 (3/96)

Required by Commission Rule Nos. 25-24.471 and 25-24.473.

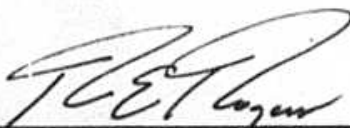
**** APPENDIX B ****

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.)

UTILITY OFFICIAL:



Signature

5/14/97
Date

Robert E. Rogers

Sr. Vice President
Title

414-792-9700
Telephone No.

ATTACHMENT 1

- (a) The contact person for the application is as follows:

Jeffrey T. Nodland
Lockridge Grindal Nauen & Holstein, P.L.L.P.
Suite 2200
100 Washington Avenue South
Minneapolis, Minnesota, 55401
Telephone: (612) 339-6900

- (b) The Official Point of Contact for the ongoing operations of the company is as follows:

Robert E. Rogers
Senior Vice President
Norlight Telecommunications, Inc.
275 North Corporate Drive
Brookfield, Wisconsin 53045-5818
Telephone: (414) 792-9700

- (c) The contact person for the tariff is as follows:

Bernard J. Rosen
Norlight Telecommunications, Inc.
275 North Corporate Drive
Brookfield, Wisconsin 53045-5818
Telephone: (414) 792-7760

- (d) Complaints and inquiries from customers will be handled by Norlight's customer service representatives, who are available through the company's toll-free number at:

(800) 809-4340

ATTACHMENT 2

- (a) The states in which Norlight has operated as an interexchange reseller is as follows:

California	Colorado	Illinois	Iowa	Michigan
Minnesota	Missouri	Nevada	New York	North Dakota
Wisconsin				

- (b) Norlight currently has applications for certification pending in the following states:

Arizona	Kansas	Oklahoma	Pennsylvania	Washington
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- (c) Norlight is currently certificated in the following states:

California	Colorado	Georgia	Idaho	Illinois
Iowa	Michigan	Minnesota	Missouri	Montana
Nebraska	Nevada	New Jersey	New York	North Dakota
Rhode Island	South Dakota	Tennessee	Texas	Utah
Wisconsin	Wyoming			

- (d) Norlight has never been denied authority to operate as an interexchange carrier.
- (e) Norlight has never had regulatory penalties imposed for violations of statutes.
- (f) Norlight has never been involved in civil court proceedings with any telecommunications entities.



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

May 1, 1997

Joyce M. Charles, Legal Asst.
Lockridge Grindal Nauen & Holstein PLLP
100 Washington Avenue South, #2200
Minneapolis, MN 55401

Re: Document Number F96000003408

The Amendment to the Application of a Foreign Corporation for NORLIGHT, INC. which changed its name to NORLIGHT TELECOMMUNICATIONS, INC., a Wisconsin corporation authorized to transact business in Florida, was filed on April 24, 1997.

Should you have any questions regarding this matter, please telephone (904) 487-6050, the Amendment Filing Section.

Susan Payne
Senior Section Administrator
Division of Corporation

Letter Number: 997A00022815

Norlight Inc.
Comparative Balance Sheet
 Period: 01-97 As of: 01/26/1997

Date 02/10/97 11:01am

Page 1

	Current Period	Current Period-LY	Current Year	Last Year
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS				
1101001 CASHIERS PETTY CASH FUND	0	0	2,600	1,850
1101155 FIRST BANK - MRC TELECOM	0	1,073,878	0	1,343,067
1101156 FIRST BANK - NORLIGHT, INC	1,698,948	(299,738)	1,347,206	(185,677)
1101157 FIRST BANK - TALD	0	299,558	0	7,329,046
1101158 DISBURSING ACCOUNT-TALD	0	(226,573)	0	(7,128,694)
1101161 DISBURSING ACCOUNT-BEMIDJI	0	17,228	0	44,537
1101165 NORWEST BANK- FLEX ACCOUNT	149	762	606	1,068
1102953 CASH TRANSFERS	(399,904)	(360,074)	645,166	40,507,960
TOTAL CASH AND EQUIVALENTS	1,299,193	505,041	1,995,578	41,913,158
TRADE RECEIVABLES				
1121004 A/R - TRADE	(639,750)	(533,238)	3,591,013	2,708,221
1121004 A/R - TRADE	534,720	84,869	1,579,167	1,224,393
1121004 A/R - TRADE	11,856	24,369	438,332	495,523
1122002 SUMMIT TRADE	0	0	17,901	20,648
1124001 A/R - EMPLOYEES	0	(1,896)	0	7,115
SUBTOTAL	(93,174)	(425,895)	5,626,413	4,455,900
1125003 A/R - MISCELLANEOUS	(32)	1,696	22,739	107,401
1125010 TRAVEL CLEARING	628	0	6,768	0
1125999 ACCRUED REVENUE - SUNDRY	246,382	242,237	246,382	244,057
1126001 ALLOW. FOR DOUBTFUL ACCTS	(6,619)	(3,030)	(126,619)	(116,392)
1126002 PROBABLE CUSTOMER CREDITS	0	0	(65,000)	(30,380)
TOTAL TRADE RECEIVABLES	147,184	(184,992)	5,710,683	4,660,587
INVENTORY				
1161702 CABLE INVENTORY	0	0	70,678	70,678
1161703 MISC. IN	0	0	3,457	3,457
TOTAL INVENTORY	0	0	74,135	74,135
PREPAID EXPENSES				
1181014 MISC PREPAID INSURANCE	(12,464)	(16,048)	75,584	98,939
1189702 PREPAID RENT	5,585	(2,813)	54,023	58,925
1189711 TUBES CLEARING	(1,523)	0	28,506	0
1189999 MISC PREPAID - OTHER	(97,167)	188,700	210,206	278,706
TOTAL PREPAID EXPENSES	(105,569)	169,839	368,319	436,570

EXHIBIT A

	Current Period	Current Period Current Period-LY	Current Year	Year-To-Date Last Year
TOTAL CURRENT ASSETS	<u>(105,569)</u>	<u>169,839</u>	<u>442,453</u>	<u>510,705</u>
OTHER ASSETS				
1255201 INVESTMENT IN SUBSIDIARY	<u>0</u>	<u>0</u>	<u>0</u>	<u>259,683</u>
TOTAL INVESTMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>259,683</u>
PROPERTY, PLANT & EQUIPMENT				
1230101 LAND	0	0	766,931	751,931
1230151 LAND IMPROVEMENTS	0	0	1,528,349	1,525,099
1231001 BUILDINGS	0	0	3,663,943	3,093,604
1231101 LEASEHOLD IMPROVEMENTS	0	0	62,800	62,800
1232001 EQUIPMENT	0	0	77,762,397	74,161,413
1232101 FIBER OPTIC CABLE & DESIGN	0	0	35,243,181	26,611,637
1232601 VEHICLES	(16,473)	0	702,125	950,335
1232801 FURNITURE & FIXTURES	0	0	1,766,676	2,517,077
1232811 COMPUTER EQUIPMENT	0	5,287	1,168,513	114,203
1232821 DIALERS	0	0	377,129	374,905
1232831 SOFTWARE	0	0	34,454	11,250
1236001 CIP -OPERTNG MACHINE/EQUIP	546,408	97,636	1,082,373	1,463,860
SUBTOTAL	<u>529,935</u>	<u>102,922</u>	<u>124,158,871</u>	<u>111,638,113</u>
1239999 ACCUMULATED DEPREC	<u>(518,989)</u>	<u>(568,873)</u>	<u>(72,354,202)</u>	<u>(65,155,925)</u>
TOTAL NET PROP, PLANT & EQUIP	<u>10,946</u>	<u>(465,951)</u>	<u>51,804,670</u>	<u>46,482,188</u>
DEFER CHARGES & OTHER ASSETS				
1102804 SECURITY DEPOSITS	0	0	12,480	12,564
1255001 NON-COMPETE AGREEMENT	(32,342)	(32,343)	887,440	1,307,898
1255011 CUSTOMER LIST	(27,067)	(27,067)	1,890,415	2,242,286
1255101 ACQUISITION COSTS	2,752	(8,129)	57,093	151,892
TOTAL DEF CHARGES & OTHER	<u>(56,657)</u>	<u>(67,539)</u>	<u>2,847,429</u>	<u>3,714,640</u>
1270002 GOODWILL	<u>(2,986)</u>	<u>(2,986)</u>	<u>1,450,654</u>	<u>1,489,472</u>
TOTAL ASSETS	<u>1,292,111</u>	<u>(46,589)</u>	<u>64,251,467</u>	<u>99,030,434</u>
LIABILITIES & OWNERS EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE-TRADE				
2111001 A/P - TRADE	148,462	(384,493)	1,235,206	555,798
2111005 ACCTS PAYABLE - MISC.	135,031	0	1,159,276	0
2111008 UNISPAN TREASURER'S ACCOUNT	(199)	0	39,953	0

	Current Period	Current period Current Period-LY	Current Year	Year-To-Date Last Year	
2111202	A/P CSS	0	(461)	0	(461)
2111221	ACCRUED CIRCUIT COSTS	(16,100)	(8,615)	(4,600)	32,072
2111301	ACCRUED NON-COMPETE	(31,250)	(31,250)	62,500	187,500
2111601	A/P-CO. SHARE PROF SHARE	7,431	6,650	104,511	32,870
2111801	Due TALD	0	0	0	732
2111999	A/P NORLIGHT	0	0	0	6,336
2112111	P/R DED - FICA	(25,824)	515	(25,392)	373
2112113	P/R DED - MEDICAL PREMIUMS	1,407	161	3,683	1,519
2112115	P/R DED - CREDIT UNION	0	0	(17)	0
2112116	P/R DED - UNITED WAY	1,557	1,112	9,562	8,078
2112122	P/R DED - DEPEND CARE	1,225	965	6,249	1,793
2112123	P/R DED - UPAF	60	102	864	1,058
2112124	P/R DED - LEGAL DEDUCTIONS	(656)	0	(656)	617
2112140	P/R DED - SAVINGS BONDS	0	(25)	0	75
2112150	P/R DED-ACC DEATH/DISMEMB.	0	258	0	258
2112151	P/R DED-VISION CARE	0	215	0	215
2112152	P/R DED-DEPENDENT LIFE INS	0	111	0	111
2112153	P/R DED-LONG TERM DISABIL.	0	404	0	404
2112155	IMPUTED INCOME	0	6	0	6
2112304	CELLULAR PHONE DEPOSITS	0	0	3,150	2,400
2112404	CUSTOMER DEPOSITS	(100)	50	15,272	3,985
2112405	GIFT CERTIFICATES	60	(30)	90	100
2112506	TRAVEL CLEARING	0	0	0	(4,014)
2112509	TUBES CLEARING	0	1,307	0	(18,639)
2112514	UTILITY CLEARING	14,350	(6,306)	14,350	4,726
2112951	SUNDRY CLEARING	0	46	0	(1,159)
TOTAL ACCOUNTS PAYABLE-TRADE	235,454	(419,279)	2,624,001	816,754	
TAXES ON INCOME					
2120001	ACCRUED FEDERAL INCOME TAX	305,000	252,600	398,602	753,168
2120101	ACCRUED WISC INCOME TAX	(304,729)	66,800	(23,141)	196,457
2120102	ACCRUED ILLINOIS INCOME TX	111,059	0	0	(69,119)
2120103	ACCRUED MINNSOTA INCOME TX	290,291	(4,900)	0	18,584
2120104	ACCRUED MICHIGAN INCOME TX	(34,325)	0	0	46,570
2120105	ACCRUED IOWA INCOME TAX	(298)	0	0	4,243
TOTAL TAXES ON INCOME	367,000	314,500	375,461	949,883	
ACCRUED COMPENSATION					
2121001	ACCRUED PAYROLL	81,514	(1,055)	348,745	241,988
2121002	ACCRUED VACATIONS	0	1,179	229,729	313,623
2121101	ACCRUED INCENTIVE COMP.	27,000	24,865	133,623	137,815
2121102	ACCRUED COMMISSIONS	(59,311)	(1,193)	41,930	36,961
TOTAL ACCRUED COMPENSATION	49,203	23,796	754,027	730,387	
OTHER LIABILITIES					
2131101	ACCRUED FICA	0	0	0	161
2131102	ACCRUED FUI	(523)	(5,754)	(27)	(4,964)

	Current Period	Current Period-LY	Current Year	Year-To-Date Last Year	
2131103	ACCRUED SUI - WISC	12,383	54	14,241	1,590
2131104	ACCRUED SUI - OTHER STATES	472	302	604	495
2131105	ACCRUED SUI - MINNESOTA	0	(303)	237	(268)
2131200	ACCRUED FED EXCISE TAX	7,725	(2,399)	29,273	9,156
2131201	ACCRUED WISC SALES TAX	4,379	(6,381)	22,599	21,498
2131202	ACCRUED ILLINOIS SALES TAX	(9,419)	447	33,061	30,268
2131203	ACCRUED MINNESOTA SALES TX	(6,988)	(13,175)	14,924	17,209
2131204	ACCRUED IL EXCISE TAX - VIDEO	(7,701)	0	196	0
2131205	ACCR DULUTH SALES TAX	(262)	(153)	597	946
2131209	ACCR CALIFORNIA SALES TAX	0	0	0	0
2131210	ACCR COLORADO SALES TAX	33	0	235	0
2131211	ACCR NY STATE SALES TAX	0	0	7	0
2131213	ACCR MICHIGAN SALES TAX	4	0	18	0
2131222	ACC FARGO (ND) CITY SALES TAX	14	0	46	0
2131223	ACCR NORTH DAK SALES TAX	68	0	229	0
2131301	ACCRUED WISC USE TAX	26,448	(3,591)	29,579	3,833
2131302	ACCRUED ILLINOIS USE TAX	37	(550)	3,384	1,453
2131303	ACCRUED MINNESOTA USE TAX	(461)	(1,292)	4,580	2,938
2131304	ACCR MICH STATE USE TAX	0	0	30	0
2131305	ACCR WISC COUNTY USE TAXES	58	0	52	(7)
2131306	ACCRUED IA SALES TAX	71	0	456	0
2131307	ACCRUED MO SALES TAX	6	0	66	0
2131315	ACCR COMMERCE CITY (CO) TAX	4	0	40	0
2131316	ACCR CITY OF CHIC USE TAX	28	0	187	0
2131318	ACCR COOK COUNTY USE TAX	7	0	16	0
2131319	ACCR CITY OF SKOKIE, IL USE TX	0	0	4	0
2131320	SOUTH DAKOTA SALES TAX	12	0	39	0
2131321	ACCR WISC STADIUM USE TAX	3	0	3	0
2131322	ACCR WISC USE TAX ADJS	177	0	177	0
2131401	ACCRUED GROSS RECEIPTS TAX	99,694	108,659	940,008	846,667
2131420	MOBRIDGE, SD CITY TAX	6	0	10	0
2131801	ACCRUED PROPERTY TAX	11,246	9,950	161,193	145,750
2132100	MILWAUKEE COUNTY TAX	0	0	(18)	(18)
2132001	ACCRUED PENSION FUND	10,938	11,960	(12,242)	31,357
2133553	DEFERRED REVENUE -WU & SPC	(6,954)	(6,572)	122,788	199,420
2133554	DEFERRED REVENUE - MISC.	0	0	13,997	13,997
2133555	DEFERRED REVENUE	(155,113)	(227,634)	3,562,557	2,798,407
2133556	DEFERRED TERMINATION REV.	4,648	7,002	61,926	11,124
2133561	DEFERRED RENT	167,963	(23,497)	265,459	68,662
2133561	DEFERRED RENT	0	191,710	0	191,710
2139201	ACCRUED FEDERAL W/H TAX	(46,083)	2,945	(46,241)	1,696
2139202	ACCRUED WISC W/H TAX	(14,619)	(12,364)	(15,677)	(736)
2139203	ACCRUED ILLINOIS W/H TAX	(663)	(366)	(1,919)	1,472
2139204	ACCRUED MINNESOTA W/H TAX	(1,898)	1,254	5,451	5,216
2139205	ACCRUED MICHIGAN W/H TAX	14	150	183	639
2139206	ACCRUED INDIANA W/H TAX	3	0	104	0
2139301	ACCRUED MEDICAL/DENTAL	337	706	1,152	3,524
2139401	MR & DC FLEX DEDUCTIONS	298	454	(18)	(863)
2139999	ACCRUED MISCELLANEOUS	3	2,995	0	4,874
2139999	Arapahoe City Sales Tax	3		10	
TOTAL OTHER LIABILITIES	66,199 96,193	34,559	5,243,565 5,243,575	4,407,406	

	Current Period	Current Period-LY	Current Year	Last Year
CURRENT PORTION- LT DEBT				
2140001 CURRENT PORTION - L-T DEBT	16,023	0	16,023	17,345
TOTAL CURRENT- LT DEBT	16,023	0	16,023	17,345
INTERCO PAYABLES/RECEIVABLES				
2150005 INTERCO - JCI	(19,526)	(676,022)	(5,219)	(327,294)
2150010 INTERCO - J/S	0	0	0	4,070
2150071 INTERCO - MIRC TELECOMM.	0	224,975	0	871,129
2150075 INTERCO - NORLIGHT	0	37,756	0	(516,696)
2150078 INTERCO - BEMIDJI	0	(20,297)	0	(10,160)
2150079 INTERCO - TALD	0	(32,125)	0	(133,914)
TOTAL INTERCO PAY/REC	(19,526)	(465,713)	(5,219)	(112,865)
TOTAL CURRENT LIABILITIES	744,347	(512,138)	8,977,857	8,808,909
LONG TERM NOTES PAYABLE				
2201101 NOTES PAYABLE - L-T	(16,023)	0	294,451	310,474
TOTAL LONG TERM NOTES PAY	(16,023)	0	294,451	310,474
DEFERRED INCOME TAXES				
2210001 DEFERRED FEDERAL INCOME TX	0	0	4,267,900	3,650,900
TOTAL DEFERRED INCOME TAXES	0	0	4,267,900	3,650,900
STOCKHOLDERS EQUITY				
2301501 CAPITAL STOCK	0	0	1,000	2,002
2303001 PAID IN SURPLUS	0	0	45,734,562	45,993,243
2308001 PROFIT & LOSS	563,783	465,549	563,783	465,549
2309001 RETAINED EARNINGS	(43,000,000)	0	4,411,905	41,799,356
2309002 DIVIDENDS	43,000,000	0	0	0
TOTAL SHAREHOLDER EQUITY	563,783	465,549	50,711,250	88,260,151
TOT LIAB/STOCKHOLDERS EQUITY	1,292,108	(46,589)	64,251,469	99,030,434
	1,292,111			

No Jht Inc.
Operating Statement
 For the Period 01/01/1997 Through 01/26/1997
CONSOLIDATED

Date 02/10/97 11:08am

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Current Period			Year-to-Date			Budget vs Actual	
Actual	Budget	Prior Year	Actual	Budget	Prior Year	Current Period	Year to Date
3,787,761	3,703,936	3,278,901	3,787,761	3,703,906	3,278,901	83,855	83,855
3,787,761	3,703,906	3,278,901	3,787,761	3,703,906	3,278,901	83,855	83,855
3,787,761	3,703,906	3,278,901	3,787,761	3,703,906	3,278,901	83,855	83,855
1,026,891	907,552	940,242	1,026,891	907,552	940,242	119,338	119,338
2,760,870	2,796,354	2,338,658	2,760,870	2,796,354	2,338,658	(35,483)	(35,483)
510,117	521,796	542,757	510,117	521,796	542,757	(11,679)	(11,679)
331,197	319,058	266,248	331,197	319,058	266,248	12,139	12,139
211,726	265,666	196,400	211,726	265,666	196,400	(53,940)	(53,940)
1,053,039	1,106,519	1,005,405	1,053,039	1,106,519	1,005,405	(53,480)	(53,480)
1,707,831	1,689,834	1,333,253	1,707,831	1,689,834	1,333,253	17,997	17,997
440,247	477,988	460,506	440,247	477,988	460,506	(37,741)	(37,741)
271,510	314,657	165,813	271,510	314,657	165,813	(43,146)	(43,146)
711,757	792,644	626,320	711,757	792,644	626,320	(80,887)	(80,887)
996,074	897,190	706,933	996,074	897,190	706,933	98,884	98,884
996,074	897,190	706,933	996,074	897,190	706,933	98,884	98,884
1,147	0	1,185	1,147	0	1,185	1,147	1,147
2,582	7,875	201,666	2,582	7,875	201,666	(5,293)	(5,293)
0	0	30	0	0	30	0	0
7,862	0	87	7,862	0	87	7,862	7,862
11,591	7,875	202,967	11,591	7,875	202,967	3,715	3,715
9,762	0	(789)	9,762	0	(789)	9,762	9,762

Current Period		
Actual	Budget	Prior Year
0	0	(33,671)
(59,643)	(58,813)	(70,525)
(27,000)	(26,615)	(24,865)
<hr/>	<hr/>	<hr/>
76,881	85,429	129,851
930,783	819,637	780,049
305,000	268,000	252,600
62,000	55,000	61,900
<hr/>	<hr/>	<hr/>
367,000	323,000	314,500
563,783	496,637	465,549

<u>Interest Exp. - JCI</u>
Interest Exp. - JCI
Acquisition Costs
Incentive Compensation
Total Other Expense
Net Income B/4 Taxes
Federal Income Tax
State Income Tax
Total Income Taxes
Net Income

Year-to-Date		
Actual	Budget	Prior Year
0	0	(33,671)
(59,643)	(58,813)	(70,525)
(27,000)	(26,615)	(24,865)
<hr/>	<hr/>	<hr/>
76,881	85,429	129,851
930,783 ✓	819,637 ✓	780,049
305,000	268,000	252,600
62,000	55,000	61,900
<hr/>	<hr/>	<hr/>
367,000	323,000	314,500
563,783	496,637 ✓	465,549

Budget vs Actual	
Current Period	Year to Date
0	0
(830)	(830)
(385)	(385)
<hr/>	<hr/>
(8,547)	(8,547)
111,148	111,148
37,000	37,000
7,000	7,000
<hr/>	<hr/>
44,000	44,000
67,148	67,148

	1995	1994	1993
ANNUAL DIVIDENDS			
Earnings from continuing operations before income taxes ¹	\$ 46,231	\$ 67,831	\$ 67,498
Net earnings	44,213	43,867	44,204
Earnings for option price	43,149	43,867	44,204
Dividends	29,156	26,699	25,156
Earnings retained	15,057	17,168	19,048

	1995	1994	1993
PER SHARE			
Net earnings	\$ 3.13	\$ 3.13	\$ 3.16
Earnings for option price	3.13	3.10	3.16
Dividends	2.20	2.10	1.80
Book value	27.41	26.85	26.04
Unit option price	37.15	36.24	35.40

	1995	1994	1993
NET SALES²			
Publications	\$ 264,883	\$ 267,148	\$ 261,303
Broadcast	95,690	74,623	63,445
Printing	203,477	202,556	151,853
Telecommunications	45,351	39,977	35,974
Direct marketing	14,890	11,578	7,799
Other	—	—	—
Eliminations	(2,057)	(4,050)	(2,793)
Total net sales	\$ 622,234	\$ 591,832	\$ 517,581

	1995	1994	1993
OPERATING EXPENSES³			
Payroll	\$ 181,123 ⁴	\$ 169,198 ⁵	\$ 158,450 ⁶
Materials and component services	171,958	172,381	117,320
Depreciation and amortization	37,635	34,413	29,779
Other services	164,501	174,461	145,756
Total operating expenses	\$ 555,217⁷	\$ 550,453⁸	\$ 451,305⁹

	1995	1994	1993
INVESTED CAPITAL (Dollars in thousands)			
Property and equipment ¹	\$ 163,693	\$ 160,433	\$ 149,687
Net working capital	89,980	111,116	107,675
Long-term obligations	1,524	2,762	2,947
Stockholders' equity	361,030	366,330	367,429
Total assets	473,564	474,738	461,416
Percent return on stockholders' equity	11.2%	12.0%	12.6%
Percent return on total assets	8.6%	9.6%	10.0%

- Does not include cumulative effect on prior years of change in accounting for deferred income taxes of \$3,572 or \$0.25 per share in 1987.
- Includes full year of Norlight and IPC since Oct. 6.
- Includes full year of IPC, and Nordoc Software Services since Feb. 28.
- Includes full year of PrimeNet Marketing Services.
- Does not include gain on sale of Perry Printing Corp. of \$14,941 or \$1.07 per share in 1995.
- Figures have been restated to exclude the discontinued operations of Perry Printing Corp. (1987 - 1995).
- Includes Omaha radio stations since Jan. 24 and Mega Direct since June 22.
- Includes Tucson radio stations since Jan. 29.

1992	1991	1990	1989	1988	1987	Average annual compound % increase
\$ 62,670	\$ 55,458	\$ 48,992	\$ 69,668	\$ 61,901	\$ 57,048 ¹	2.41%
41,631	40,035	41,113	54,988	49,633	41,614 ¹	-0.15
41,631	40,626	49,443	54,988	51,745	41,944 ¹	-0.24
25,244	25,358	24,192	24,374	21,496	19,576	4.29
16,387	14,677	16,921	30,614	28,137	22,038	-6.12
\$ 2.97	\$ 2.84	\$ 2.89	\$ 3.83	\$ 3.46	\$ 2.93 ¹	0.74%
2.97	2.88	3.47	3.83	3.61	2.95 ¹	0.66
1.80	1.80	1.70	1.70	1.50	1.38	5.32
23.40	22.11	21.54	20.08	18.14	16.27	5.97
33.60	32.60	31.48	29.66	26.65	23.71	5.12
\$ 238,386	\$ 232,756	\$ 235,853	\$ 232,371	\$ 222,209	\$ 200,873	\$3.21
52,891	52,088	56,456	54,087	52,744	48,339	7.88%
68,372	60,161	57,852	55,301	51,427	43,923	18.57
31,256	15,398	12,414	11,429	11,342	11,539	16.43
—	—	—	—	—	—	N.A.
—	—	—	—	—	1,986	N.A.
(1,814)	(1,631)	(1,462)	(1,608)	(940)	(767)	N.A.
\$ 389,091	\$ 358,772	\$ 361,113	\$ 351,580	\$ 336,782	\$ 305,893	\$8.21
\$ 117,815 ²	\$ 105,151	\$ 102,463	\$ 98,161	\$ 94,787	\$ 89,029	8.21%
75,685	77,576	80,318	81,008	79,835	71,183	10.30
25,585	24,301	20,442	19,536	19,884	14,553	11.13
109,721	101,884	103,084	90,756	84,477	76,931	8.81
\$ 328,806 ²	\$ 308,912	\$ 306,307	\$ 289,461	\$ 278,983	\$ 251,696	9.19%
\$ 124,107	\$ 121,665	\$ 83,154	\$ 76,746	\$ 74,789	\$ 66,131	10.60%
95,774	93,847	128,859	125,841	106,805	97,525	-0.89
2,251	1,369	608	1,808	2,583	9,072	N.A.
328,230	311,772	306,793	288,036	260,002	231,446	5.06
409,863	389,958	401,371	364,860	335,395	307,682	4.91
13.4%	13.1%	14.3%	21.1%	21.4%	20.8%	
10.7%	10.0%	11.3%	16.4%	16.1%	15.5%	

JCI 2

BALANCE SHEETS

December 31

ASSETS	1994	1995
Current assets:		
Cash	\$ 12,343	\$ 10,133
Short-term investments (Note 1)	52,000	61,352
Receivables, net (Note 1)	33,313	94,670
Inventories (Note 1)	27,373	31,292
Prepaid expenses	10,301	9,212
Prepaid income taxes	—	4,198
Deferred income taxes (Note 3)	2,813	4,706
Total current assets	200,390	215,573
Property and equipment, at cost:		
Land and land improvements	11,488	11,997
Buildings	54,232	53,510
Equipment	327,033	301,389
	392,753	366,896
Less accumulated depreciation	229,060	206,463
Net property and equipment	163,693	160,433
Goodwill (Note 1)	36,147	33,259
Other intangible assets, net (Note 1)	38,456	34,798
Corporate life insurance investment pool	18,193	16,390
Deferred income taxes (Note 3)	1,756	—
Other assets (Note 9)	14,329	14,285
Total assets	\$ 473,564	\$ 474,738
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 38,685	\$ 33,592
Accrued compensation	24,169	18,241
Customer service deposits	13,877	11,705
Accrued employee benefits (Note 2)	23,798	21,166
Other current liabilities	8,144	12,864
Current portion of long-term obligations	2,337	6,889
Total current liabilities	111,010	104,457
Long-term obligations (Note 5)	1,524	2,762
Deferred income taxes (Note 3)	—	1,189
Stockholders' equity (Note 6):		
Common stock, \$.25 par value; authorized and issued 14,400,000 shares	3,600	3,600
Retained earnings	402,301	390,279
Treasury stock, at cost (Note 6)	(44,871)	(27,549)
Total stockholders' equity	361,030	366,330
Total liabilities and stockholders' equity	\$ 473,564	\$ 474,738

See accompanying notes.

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31

	1996	1995	1994
CONTINUING OPERATIONS			
Operating revenue:			
Publications			
Advertising	\$ 210,244	\$ 208,857	\$ 198,214
Circulation	52,290	54,500	57,952
Other	2,349	3,791	5,137
Broadcast	95,690	74,623	63,445
Printing	203,477	202,556	151,853
Telecommunications	43,351	39,977	35,974
Direct marketing	14,890	11,578	7,799
Eliminations	(2,057)	(4,050)	(2,793)
Total operating revenue	622,234	591,832	517,581
Operating costs and expenses:			
Cost of sales	358,588	346,144	289,383
Selling and administrative expenses	196,629	181,091	161,922
Merger and litigation charges (Notes 4 & 8)	—	23,218	—
Total operating costs and expenses	555,217	550,453	451,305
Operating earnings	67,017	41,379	66,276
Other income (deductions):			
Dividends and interest - net	3,366	4,806	1,669
Gain (loss) on sale of assets	308	46	(114)
Total other income (deductions)	3,674	4,852	1,555
Earnings from continuing operations before income taxes	70,691	46,231	67,831
Provision for income taxes (Note 3)	29,648	18,330	27,230
Earnings from continuing operations	41,043	27,901	40,601
Discontinued operations (Note 9)			
Earnings, net of applicable income taxes of \$915 and \$2,170	—	1,371	3,266
Gain on sale, net of applicable income tax expense of \$9,960	—	14,941	—
Net earnings	\$ 41,043	\$ 44,213	\$ 43,867
Earnings per share (Note 1):			
Continuing operations	\$ 3.13	\$ 2.01	\$ 2.90
Discontinued operations	.00	1.17	0.23
Net earnings per share	\$ 3.13	\$ 3.18	\$ 3.13

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31

CASH FLOWS	1994	1995	1994
Cash flow from operating activities:			
Earnings from continuing operations	\$ 41,711	\$ 27,901	\$ 40,601
Adjustments for non-cash items:			
Depreciation and amortization	37,535	34,413	29,779
Deferred income taxes	(2,052)	(5,610)	(400)
Net (gain) loss from sales of assets	(308)	(46)	114
Change in:			
Receivables	1,250	(15,892)	(15,992)
Inventories	3,810	(5,414)	(8,058)
Accounts payable	5,013	7,814	7,814
Other current assets and liabilities of continuing operations	8,538	22	5,429
Net cash provided by operating activities	94,834	43,188	59,287
Cash flow from investing activities:			
Proceeds from sales of assets	5,937	1,031	2,029
Property and equipment expenditures	(33,772)	(33,406)	(36,569)
Net (increase) decrease in short-term investments	8,462	(22,398)	11,202
Assets of businesses acquired	(17,000)	(22,773)	(12,697)
Other - net	(3,421)	(4,748)	(5,189)
Net cash used for investing activities	(39,794)	(82,294)	(41,224)
Net cash provided by discontinued operations (Note 9)	--	82,831	7,193
Cash flow from financing activities:			
Net decrease in long-term obligations	(7,015)	(185)	(732)
Net (purchases) sales of treasury stock	(17,212)	(17,136)	2,651
Cash dividends	(28,563)	(29,156)	(26,699)
Net cash used for financing activities	(52,790)	(46,477)	(24,780)
Net increase (decrease) in cash	2,250	(2,752)	476
Cash at beginning of year	10,133	12,885	12,409
Cash at end of year	<u>\$ 12,383</u>	<u>\$ 10,133</u>	<u>\$ 12,885</u>
Cash paid for income taxes	<u>\$ 27,753</u>	<u>\$ 47,557</u>	<u>\$ 29,108</u>

See accompanying notes.

STATEMENTS OF RETAINED EARNINGS

Years ended December 31

RETAINED EARNINGS	1996	1995	1994
Balance at beginning of year	\$ 390,279	\$ 373,626	\$ 355,879
Net earnings	41,043	44,213	43,867
Cash dividends (per share, 1996 - \$2.20, 1995 - \$2.10, 1994 - \$1.90)	(28,563)	(29,156)	(26,699)
Treasury stock transactions (Note 6)	110	616	416
Currency translation adjustment	(538)	980	163
Balance at end of year	\$ 402,301	\$ 390,279	\$ 373,626

notes to consolidated financial statements

DECEMBER 31, 1996, 1995 AND 1994 (Dollars in thousands, except per share amounts)

1. Principal accounting policies

Basis of consolidation — The consolidated financial statements include the accounts of Journal Communications Inc. and its wholly owned subsidiaries (collectively, the Company). All significant intercompany balances and transactions have been eliminated.

Foreign currency translation — The Company's foreign subsidiary uses the local currency as its functional currency. Accordingly, assets and liabilities of the foreign subsidiary are translated into U.S. dollars at year-end exchange rates, while income and expense items are translated at the average exchange rates for the year. Resulting translation adjustments are reflected in retained earnings.

Earnings per share — Earnings per share are based on the weighted average shares outstanding during each period.

Short-term investments — Short-term investments, which consist of commercial paper (\$48,900) and bank certificates of deposit with maturities of one year or less (\$4,000), are stated at cost, which approximates market value.

Receivables — Allowance for doubtful accounts at December 31, 1996 and 1995 was \$3,242 and \$2,476, respectively.

Inventories — Inventories are stated at the lower of cost (first in, first out method) or market.

Inventories at December 31 consist of the following:

	1996	1995
Paper and Supplies	\$ 16,596	\$ 19,143
Work in Process	4,754	4,559
Finished Goods	9,328	7,590
	\$ 30,678	\$ 31,292

Property and equipment — Depreciation of property and equipment is computed principally using the straight-line method.

Goodwill — Goodwill resulting from acquisitions subsequent to November 1, 1970, is amortized on a straight-line basis over 40 years. Goodwill prior to November 1, 1970, is amortized when it is determined that such intangible assets have a limited useful life. At December 31, 1996, \$3,095 of goodwill was not being amortized. Accumulated amortization at December 31, 1996 and 1995 was \$9,942 and \$9,567, respectively.

Other intangible assets — Identifiable intangible assets resulting from acquisitions are amortized on a straight-line basis for periods up to 30 years. Accumulated amortization relating to other intangible assets at December 31, 1996 and 1995 was \$26,089 and \$22,990, respectively. Other intangible assets also include the costs of television program contracts, recorded under the gross method, which are deferred and amortized over the estimated number of runs of the related programs.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Company has a defined benefit pension plan covering the majority of its employees. The plan provides benefits based on compensation, years of service and date of birth. The Company's policy is to fund the plan in amounts that comply with contribution limits imposed by law.

Net pension cost for the defined benefit plan includes the following components:

	1996	1995	1994
Service cost	\$ 2,600	\$ 2,068	\$ 2,481
Interest on projected benefit obligation	3,023	6,015	5,526
Return on plan assets - (gain) loss	(8,434)	(10,644)	865
One time recognition of costs related to newspaper merger	—	4,000	—
Net amortization and deferral	2,539	4,860	(6,570)
Net pension cost	\$ 2,728	\$ 6,299	\$ 2,302

Actuarial assumptions used to project the benefit obligations and the net pension cost were:

	1996	1995	1994
Discount rate	7.75%	7.50%	8.00%
Rate of increase in compensation levels	5.00%	5.00%	5.25%
Expected long-term rate of return on plan assets	9.50%	9.50%	9.50%

The assets of the plan consist primarily of listed stocks and government and other bonds.

The funded status of the plan at December 31 was as follows:

	1996	1995
Actuarial present value of benefit obligations:		
Vested benefits	\$ 67,259	\$ 67,428
Nonvested benefits	2,338	2,949
Accumulated benefit obligation	70,197	70,377
Effect of projected compensation levels	13,192	13,396
Projected benefit obligation	83,389	83,773
Less: plan assets at fair value	68,590	63,047
Projected benefit obligation in excess of plan assets	14,799	20,726
Unrecognized:		
Transition asset	343	1,180
Prior service cost	(2,544)	(2,798)
Gain (loss)	(2,372)	(8,909)
Accrued pension liability	\$ 10,206	\$ 10,199

The Journal Communications Inc. Investment Savings Plan is a defined contribution benefit plan covering substantially all employees. The plan allows employees to defer up to 15% of their eligible wages, up to the IRS limit, on a pre-tax basis. In addition, employees can contribute up to 10% of their eligible wages after taxes. Each employee who elects to participate is eligible to receive company matching contributions. The Company will contribute \$0.50 for each dollar contributed by the participant, up to 5% of eligible wages as defined by the plan. Company matching contributions were \$2,071, \$1,952 and \$1,824 in 1996, 1995 and 1994, respectively. The Company made additional contributions into the Investment Savings Plan on behalf of certain employees not covered by the Company's defined benefit pension plan of \$731, \$214 and \$178 in 1996, 1995 and 1994, respectively.

In addition, the Company provides health benefits to certain retirees and their eligible spouses. The majority of the plan costs are covered by the Company. It is the Company's policy to fund the plan as claims are incurred. The Company has elected to amortize the unfunded obligation of \$25,324 at January 1, 1993 over a period of 20 years.

Postretirement benefit expense includes the following components:

	1996	1995	1994
Service cost	\$ 496	\$ 433	\$ 572
Interest cost on accumulated postretirement benefit obligation	2,051	2,067	1,991
Amortization of transition obligation	1,110	1,139	1,266
One time recognition of costs related to newspaper merger	—	2,092	—
Postretirement benefit expense	\$ 3,657	\$ 5,731	\$ 3,829

2. Employee benefits plan information

The funded status of the plan on an aggregate basis at December 31 was as follows:

	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	\$ 13,463	\$ 19,756
Fully eligible participants	1,183	855
Other active participants	6,729	7,859
Total accumulated postretirement benefit obligation	27,657	28,470
Unrecognized actuarial loss	(340)	(1,655)
Less: Unrecognized transition obligation	17,761	18,871
Accrued postretirement benefit cost liability	\$ 9,556	\$ 7,944

The assumed health care cost trend rates used in measuring the accumulated postretirement benefit obligation (APBO) for retirees for 1997 are 7.0% grading down to 5.0% in 2001 and thereafter, and for 1996 were 8.0% grading down to 5.0% in 2006 and thereafter. The benefit cost trend rates have a significant effect on the amounts reported. The impact of a 1% increase in the health care cost trend rates would have increased the APBO 6.0% at December 31, 1996, and would have increased the aggregate service cost and interest cost components of the postretirement benefit expense by 7.9%. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.75% and 7.5% for 1996 and 1995, respectively.

3. Income taxes

Income tax expense (benefit) attributable to income from continuing operations consists of the following:

	1996	1995	1994
Current			
Federal	\$ 25,151	\$ 18,670	\$ 21,400
State	6,543	5,270	6,230
	31,700	23,940	27,630
Deferred	(2,052)	(5,610)	(400)
	\$ 29,648	\$ 18,330	\$ 27,230

The significant differences between the statutory federal tax rates and the effective tax rates are as follows:

	1996	1995	1994
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	5.1	5.2	5.2
Foreign net operating losses	1.7	0.4	0.5
Other	0.1	(1.0)	(0.6)
Actual provision	41.9%	39.6%	40.1%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities include:

	1996	1995
Deferred tax assets:		
Accrued compensation and employee benefits	\$ 9,613	\$ 9,520
Intangible assets	1,176	569
Inventories	459	390
Receivables	852	855
Domestic loss carryforwards	4,009	2,909
Foreign loss carryforwards	3,781	1,595
Other	1,068	540
Total deferred tax assets	20,958	16,378
Deferred tax liabilities:		
Property, plant and equipment	11,855	11,969
Other	1,222	—
Total deferred tax liabilities	13,077	11,969
Valuation allowances:		
Domestic loss carryforwards	618	418
Foreign loss carryforwards	1,694	474
Total valuation allowances	2,312	892
Net deferred tax asset included in balance sheet	\$ 3,569	\$ 3,517

The Company is subject to various lawsuits and claims arising out of the normal course of business. Management believes that such lawsuits and claims will not materially affect the consolidated financial position of the Company.

In November 1995, a judgment was issued against the Company for \$8.4 million in connection with a patent

infringement lawsuit. In February 1996, the judgment was settled for \$5.7 million, which has been recorded in fiscal 1995. The settlement fully relieves the Company of all past and future obligations under this matter.

5. Long-term obligations

	1996	December 31 1995
Note payable, 8%, due June 1996	\$ —	\$ 4,459
Capital lease & other obligations, average interest 8% in 1996	1,420	1,510
Television program contracts, due thru 1998	2,441	3,682
	3,861	9,651
Less current portion	2,337	6,889
	<u>\$ 1,524</u>	<u>\$ 2,762</u>

In addition, the Company has the rights to broadcast certain television programs during the years 1997-2001 under contracts aggregating \$5,933.

Rental expense for office facilities and equipment including noncancellable operating leases was \$15,382, \$10,548 and \$6,821 in 1996, 1995 and 1994, respectively. Future minimum annual rental payments due under operating leases total \$33,138 and are due as follows: 1997 - \$5,694, 1998 - \$4,119, 1999 - \$3,207, 2000 - \$3,003, 2001 - \$2,470; thereafter \$14,645.

6. Stockholders' equity

The Company purchases units of beneficial interest in the Journal Employees' Stock Trust (JESTA) for resale to its employees and for use in its Incentive Compensation Plans. Treasury stock activity is as follows:

	1996		1995		1994	
	Units	Amount	Units	Amount	Units	Amount
Beginning balance	758,582	\$ 27,549	291,249	\$ 9,797	366,574	\$ 12,031
Purchases	1,380,440	50,504	699,608	25,488	52,500	1,834
Sales	(912,205)	(33,182)	(232,275)	(7,736)	(127,825)	(4,068)
Ending balance	<u>1,226,817</u>	<u>\$ 44,871</u>	<u>758,582</u>	<u>\$ 27,549</u>	<u>291,249</u>	<u>\$ 9,797</u>
Gain on sales		<u>\$ 110</u>		<u>\$ 616</u>		<u>\$ 417</u>

7. Acquisitions

On January 29, 1996, the Company acquired the business and substantially all of the assets of KMXZ-FM, KKHG-FM and KFFN-AM in Tucson, Ariz. The combined cash purchase price was approximately \$16.2 million.

On January 24, 1995, and February 1, 1995, the Company acquired the business and substantially all of the assets of KEZO-AM (renamed KOSR-AM), KEZO-FM and KKCD-FM in Omaha, Neb. The combined cash purchase price was approximately \$12.7 million.

On June 22, 1995, the Company acquired the business and substantially all of the assets of Mega Direct, a direct

marketing company based in Clearwater, Fla., at a purchase price of approximately \$8 million.

The acquisitions were accounted for using the purchase method. Accordingly, the operating results and cash flows of the acquired businesses are included in the Company's consolidated financial statements from the dates of acquisition. Had the Tucson radio stations been acquired as of January 1, 1996, or had the Omaha radio stations and Mega Direct been acquired as of January 1, 1995, the effect of the acquisitions on the Company's consolidated results of operations, for each respective year, would not have been material.

On April 2, 1995, Journal Sentinel Inc. merged The Milwaukee Journal and the Milwaukee Sentinel into a morning newspaper called the Milwaukee Journal Sentinel. This resulted in a pretax charge of \$17.5 million,

which consisted of \$11.3 million in termination benefits for approximately 250 employees and \$6.2 million for other nonrecurring costs associated with the launch of the new newspaper. All charges were recorded in fiscal 1995.

9. Discontinued operations

Effective April 27, 1995, the Company sold substantially all the assets used in the business of its wholly owned subsidiary, Perry Printing Corporation ("Perry"). Perry was a heatset web offset printer of long-run catalogs and publications. The assets sold consisted of accounts receivable, inventories, fixtures, equipment and certain real estate.

The Perry operations have been reflected as discontinued operations, and accordingly, prior period

financial statements have been restated to reflect this treatment.

Net revenues of discontinued operations were \$45,946 and \$116,967 in 1995 and 1994, respectively.

The sale price was approximately \$95 million, which included 115,000 shares of the buyer's preferred stock with a value of \$11.5 million, plus the assumption of trade and other liabilities by the buyer. In 1995, the Company recorded an after tax gain on the sale of \$14.9 million.

10. Segment analysis

Journal Communications Inc. is an employee-owned, diversified communications company with operations in 17 states and France. The Company's principal lines of business are publishing, broadcasting, printing, telecommunications and direct marketing. The Milwaukee Journal Sentinel and 76 paid and free periodicals are published. The broadcasting business consisted of nine radio and three television stations.

The printing of short-run publications, periodicals, computer software documentation manuals, quality labels, and packaging and promotional materials are provided by the printing business. The telecommunications business provides a full range of services with one of the largest digital networks in the Midwest. Personalized direct marketing services are provided to merchandisers and manufacturers.

	Sales			Earnings		
	1996	1995	1994	1996	1995	1994
Publications	\$ 264,883	\$ 267,148	\$ 261,303	\$ 33,940	\$ 16,020	\$ 43,998
Broadcast	95,690	74,823	63,445	31,600	19,644	14,589
Printing	203,477	202,556	151,853	(3,374)	8,124	3,477
Telecommunications	45,351	39,977	35,974	9,627	9,429	9,023
Direct marketing	14,890	11,578	7,799	1,681	(2,652)	(1,487)
Corporate & eliminations	(2,057)	(4,050)	(2,793)	(6,457)	(9,186)	(3,324)
	<u>\$ 622,234</u>	<u>\$ 591,832</u>	<u>\$ 517,581</u>	<u>\$ 67,017</u>	<u>\$ 41,379</u>	<u>\$ 66,276</u>
Corporate - other income				3,674	4,852	1,555
Earnings from continuing operations before income taxes				<u>\$ 70,691</u>	<u>\$ 46,231</u>	<u>\$ 67,831</u>

	Identifiable total assets			Depreciation			Capital expenditures		
	1996	1995	1994	1996	1995	1994	1996	1995	1994
Publications	\$ 92,297	\$ 94,108	\$ 90,175	\$ 6,510	\$ 5,937	\$ 5,393	\$ 8,264	\$ 8,303	\$ 7,320
Broadcast	77,761	66,843	52,268	1,213	2,961	2,811	2,417	3,641	4,310
Printing	123,264	139,211	116,371	10,270	7,832	6,303	1,111	16,785	17,322
Telecommunications	54,343	55,216	61,172	7,171	7,446	7,265	1,244	2,612	6,404
Direct marketing	14,127	19,471	9,214	1,070	829	629	244	1,594	923
Corporate & eliminations	101,170	99,891	65,741	204	207	149	101	471	290
	<u>\$ 473,932</u>	<u>\$ 474,738</u>	<u>\$ 394,941</u>	<u>\$ 28,412</u>	<u>\$ 25,212</u>	<u>\$ 22,550</u>	<u>\$ 11,777</u>	<u>\$ 33,406</u>	<u>\$ 36,569</u>

We have audited the accompanying consolidated balance sheets of Journal Communications Inc. as of December 31, 1996 and 1995, and the related consolidated statements of earnings, retained earnings, and cash flows for each of the three years in the period ended December 31, 1996. 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 consolidated financial position of Journal Communications Inc. at December 31, 1996 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Milwaukee, Wisconsin
February 3, 1997

Norlight has the managerial and technical ability to provide the telecommunications services it proposes to provide in Florida. Norlight owns and operates digital microwave, analog microwave, asynchronous fiber optic systems, SONET based fiber optic systems, frame relay advanced data systems and a Norther Telecom DMS-250 switch. In total, Norlight owns and operates an interstate network consisting of 1,145 miles of high-capacity digital microwave, 1750 route miles of fiber optic facilities and 670 miles of video transmission facilities. All technical support for this network is provided by personnel of Norlight located at their main office in Brookfield, Wisconsin.

Norlight currently provides telecommunications services in Colorado, Illinois, Idaho, Iowa, Michigan, Minnesota, Missouri, Montana, New Jersey, North Dakota, Texas, Utah, Wisconsin and Wyoming. In Illinois, Michigan, Minnesota and Wisconsin, Norlight is a facilities-based provider of long-distance services. In all other states, Norlight is a reseller of interexchange telecommunications services. In all states, Norlight provides sophisticated business long-distance services similar to those proposed to be offered in Florida.

NORLIGHT TELECOMMUNICATIONS, INC.
TELEPHONE TARIFF
FILED WITH THE
FLORIDA PUBLIC SERVICE COMMISSION

CONCURRING CARRIERS

None

CONNECTING CARRIERS

None

OTHER PARTICIPATING CARRIERS

None

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Robert E. Rogers, Vice President
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Brookfield, WI 53045-5818

EXHIBIT E

Check Sheet

The title page and pages 1 through 45 inclusive of this Price List are effective as of the dates shown. Original and revised pages, as named below, comprise all changes from the original Price List in effect on the date indicated.

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1	Original	30	Original
2	Original	31	Original
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4	Original	33	Original
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6	Original	35	Original
7	Original	36	Original
8	Original	37	Original
9	Original	38	Original
10	Original	39	Original
11	Original	40	Original
12	Original	41	Original
13	Original	42	Original
14	Original	43	Original
15	Original	44	Original
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EXPLANATION OF SYMBOLS

C - to signify changed regulation.

D - to signify discontinued rate or regulation.

I - to signify a rate increase.

M - to signify matter relocated without change.

N - to signify a new rate or regulation.

R - to signify a rate reduction.

S - to signify reissued matter.

T - to signify a change in text but no change in rate or regulation.

z - to signify a correction.

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1. Application of Tariff

This tariff contains the regulations and rates applicable to the provision of interexchange intraLATA and interLATA telecommunications services furnished by Norlight Telecommunications, Inc. (hereafter referred to as NTI or the Company) between and among points within the State of Florida as specified herein. Service is furnished subject to the availability of facilities and subject to transmission, atmospheric and like conditions.

2. Definitions

Certain terms used generally throughout this tariff, particularly those for interexchange common carrier communications channels furnished by NTI are defined below:

Access Coordination

The design, ordering, installation, coordination, pre-service testing, service turn-up and maintenance of a Company provided Local Access Channel.

Administrative Change

A change in Customer billing address or contact name.

Application for Service

A standard Company order form which includes all pertinent billing, technical and other descriptive information which will enable the Company to provide a communication service as required.

Access Service Request (ASR)

An order placed with Local Access Provider for Local Access.

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2. Definitions (cont'd.)

Accounting Codes

Accounting codes, verified and un-verified, are unique numbers assigned to groups of users to provide for the ability to track calling patterns. This gives NTI the ability to provide customized, useful management reports to the Customer. Additionally, a verified accounting code will allow for Customer-regulated, restricted user access to the long distance services purchased by the Customer.

Authorization Code

A numerical sequence which enables a customer to access the carrier and which is used by the Company to identify the Customer for billing purposes.

Authorized User

A person, firm, corporation or other entity that either is authorized by the Customer to receive or send communications or is placed in a position by the Customer, either through acts or omissions, to send or receive communications.

Bandwidth

The total frequency band, in hertz, allocated for a channel.

Bill Date

The date on which billing information is compiled and sent to the Customer.

Central Office

A Local Exchange Carrier switching system where Local Exchange Carrier customer station loops are terminated for purposes of interconnection to each other and to trunks.

Channel or Circuit

A dedicated communications path between two or more points having a bandwidth or Transmission Speed specified in this Tariff and selected by a Customer.

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2. Definitions (cont'd.)

CIR (Committed Information Rate)

The amount of guaranteed minimum throughput (in terms of number of bits) on a PVC. CIR is defined by the amount of kbps purchased per PVC.

Company

Norlight Telecommunications, Inc.

Customer

The person, firm, corporation, or any other entity which orders service and which is responsible for the payment of charges and for compliance with the Company Tariff regulations. The Company offers only one class of service to all customers.

Customer Premises/Customer's Premises

Locations designated by a Customer where Service is originated/terminated whether for its own communications needs or for the use of its resale customers.

Customer Provided Equipment

Telecommunications terminal equipment that is located at the customer's premises.

Customer Provided Facilities

All communications facilities provided by the Customer and/or authorized user other than those provided by NTI.

Dedicated Access/Special Access

Channels between the Customer's Premises or serving wire center and the Company's Point-of Presence.

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2. Definitions (cont'd.)

Dedicated 800 Service

A service whereby an inbound call is terminated to the Customer via a dedicated access facility, which can be provided by either the Customer or the Company, from a Company-designated point of presence to the Customer. Includes 800- and 888- numbers.

Dedicated Outbound Service

A service provided by the Company that the Customer subscribes to and accesses via a dedicated access facility provided by either the Customer or the Company, between the Customer's location and a Company-designated outbound point of presence for the purpose of originating a call from a Customer location.

DS-0

Digital Signal Level 0 Service, a 64 Kbps signal.

DS-1

Digital Signal Level 1 Service, is a 1.544 Mbps signal.

DS-3

Digital Signal Level 3 Service, is a 44.736 Mbps signal.

Due Date

The date on which payment for invoiced service is due.

End User

The final recipient or user of the service. In this case, the end user would be NTI's billable customer.

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2. Definitions (cont'd.)Frame Relay Service

A high speed service, utilizing digital technology and statistical multiplexing to enable users to allocate bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications.

Frame Relay Access Port

The physical entry point for access to the frame relay network. At the port, the Customer can allocate bandwidth to applications as needed at customer designated transmission speeds. NTI provides two types of frame relay access ports, UNI based and NNI based.

Individual Case Basis (ICB)

Provision of service in situations where complex Customer-specific arrangements are required to satisfactorily serve the Customer. The nature of such Service requirements makes it difficult or impossible to establish general Tariff provisions for such circumstances. When it becomes possible to determine general terms and conditions for such offerings, they will be offered pursuant to such terms and conditions.

Installation

The connection of a circuit, dedicated access line, or port for new, changed or an additional Service.

Interruption

A condition whereby the Service or a portion thereof is inoperative, beginning at the time of notice by the Customer to NTI that such Service is inoperative and ending at the time of restoration.

Inter Office Channel

An Inter Office Channel (IOC) is a channel from NTI POP to NTI POP. At that point the channel can be terminated, connected to an IXC, the Customer, or the LEC.

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2. Definitions (cont'd.)

Inter Exchange Carrier Service (IXC)

Service provided by a Carrier between Local Exchange Carrier Exchange units.

Kbps

Kilobits per second.

Local Access

The Service between a Customer's Premises and an NTI designated Point-of-Presence.

Local Access Provider

An entity providing Local Access.

Local Access Transport Area (LATA)

A geographic area established for the provision and administration of communications service, as provided in the Modification of Final Judgement (MFJ), the consent decree between GTE Corporation and the Department of Justice, and any further modification thereof.

Local Exchange

A unit established by the Local Exchange Carrier for the administration of communication service in a specified area which usually embraces a city, town or village and its environs. An exchange consists of one or more central offices together with the associated facilities used in furnishing communications service within that area. As used in this tariff, the term, "Exchange", is similar with "local calling" area.

Local Exchange Carrier (LEC)

Any telephone company that has been granted a certificate of Public Convenience and Necessity by a State Commission which provides local telephone service to Customers.

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2. Definitions (cont'd.)Mbps

Megabits per second.

Mileage Determination

Where mileage is used for rate determination purposes, calls are measured from the rate center of the Subscriber's terminal or switch location to the rate center of the destination of the call. The distance between the rate centers of the Subscriber's switch and the destination point is calculated by using the vertical ("V") and horizontal ("H") coordinates found in AT&T Tariff FCC No. 10, in the following manner. Step 1 - Obtain the V and H coordinates for the Subscriber's switch and the destination point. Step 2 - Obtain the difference between the V coordinates of each of the rate centers. Obtain the difference between the H coordinates of each of the rate centers. Step 3 - Square the differences obtained in Step 2. Step 4 - Add the squares of the V difference and H difference obtained in Step 3. Step 5 - Divide the sum of the squares obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division. Step 6 - Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the rate centers.

Multiplexing

The sequential combining of lower bit rate Private Line Services onto a higher bit rate Private Line Services for more efficient facility capacity usage, or vice versa.

NNI (Network to Network Interface)

A frame relay access point where the user connects to NNI's frame relay network from another frame relay network.

Nonrecurring Charges

One-time charges.

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2. Definitions (cont'd.)

Other Common Carrier

A common carrier, other than NTI, providing domestic or international communications service to the public.

Payment Method

The manner in which the Customer is authorized to pay charges for the Company's Services.

Points of Presence

Points of Presence (POP) are sites where the Company provides an interface between facilities provided by Other Common Carriers, Local Exchange Carriers or Customers for access to NTI.

Premises

A building or buildings on contiguous property (except railroad rights-of-way, etc.) not separated by a public highway.

PVC (Permanent Virtual Circuit)

A unidirectional logical channel from one frame relay port to another frame relay port. Multiple PVCs can originate and terminate on a single frame relay access port. A duplex PVC carries data to and from the designated ports.

Rate Center

A specified geographical location used for determining mileage measurements.

Reseller

A customer which resells the Company's transmission service for profit.

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2. Definitions (cont'd.)

Restore

To make Service operative following an interruption by repair, reassignment, re-routing, substitution of component parts, or otherwise, as determined by the carrier(s) involved.

Service

Service means any or all Service(s) provided pursuant to this Tariff.

Service Commitment Period

The term elected by the Customer and stated on the Service order during which NTI will provide the Services subscribed to by the Customer.

Special Promotional Offerings

Special trial offerings, discounts, or modifications of its regular service offerings which the Company may, from time to time, offer to its Customers for a particular Service. Such offerings may be limited to certain dates, times, and locations.

Subscriber

The person, firm, partnership, corporation, or other entity which owns, leases, or manages the telecommunications facilities from which a Customer places a call utilizing the services of the Company.

Switched Services

Switched services consists of the Company's voice offerings as described in Section 5 and can be either outbound from the Customer or inbound to the Customer.

Switched 800 Service

A service whereby an inbound call is terminated to the Customer via a local line which line can be used for both local and long distance calling.

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2. Definitions (cont'd.)

Switched Outbound Calling

A service provided by the Company that the Customer subscribes to and accesses by dialing 1+ the desired telephone number. This call utilizes feature group D, Company-controlled local access facilities in conjunction with the Customer's existing business lines, to originate a call from a Customer location.

UNI (User to Network Interface)

A frame relay access port where the user connects directly to NTT's frame relay network.

Travel Card

Customers access the use of their travel card through an 800- number which allows them to complete intrastate calls from any point in Florida to any point in Florida. Charges for these calls will be billed to a certain Company-issued calling card number which will appear on the Customer's monthly bill.

V & H Coordinates

Vertical and horizontal grid coordinates.

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3. General Regulations

3.1 Service Description

(a) Interexchange intraLATA and interLATA telecommunications service is the furnishing of NTI services for communications between specified locations between and among points within the State of Florida under the terms of this tariff.

(b) NTI, when acting at the customer's request, and as the customer's authorized agent, will make reasonable efforts to arrange for service requirements which may include terminal equipment, circuit conditioning or Equal Access Dialing.

(c) NTI will offer intraLATA and interLATA broadband services suitable for high-speed data, interactive video and other customized services requested by Florida customers.

3.2 Interconnection with Other Common Carriers

NTI reserves the right to interconnect its Services with those of any Other Common Carrier, Local Exchange Carrier, or alternate access provider of its election, and to utilize such services concurrently with its own facilities for the provision of Services offered herein.

3.3 Undertaking of NTL

The Company undertakes to provide interexchange and intraLATA and interLATA telecommunications services between and among points within the State of Florida in accordance with the terms and conditions set forth in this tariff and the rules and regulations of the FCC and the requirements of the Communications Act of 1934, as amended. The company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for error in transmission or for failure to establish connections..

3.4 Use of Service

Customers are prohibited from and by their acceptance of service agree not to use the Services furnished by NTI for any unlawful purpose or for any purpose prohibited under the provisions of any regulatory order.

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3. General Regulations (cont'd.)

3.5 Liability of NTI

(a) The liability of NTI, if any, for damages resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors or other defects in transmission occurring after service activation and during the course of furnishing service or arising out of any failure to furnish service shall in no event exceed an amount of money equivalent to the proportionate charge to Customer for the period of service during which such mistakes, occur and continue. However, any such mistakes, omissions, interruptions, delays, errors, or defects in transmission or service which are caused by or contributed to by the negligence or willful act of Customer, or which arise from the use of Customer Provided Facilities or equipment shall not result in the imposition of any liability whatsoever upon NTI.

(b) Under no circumstances whatever shall NTI or its officers, agents, or employees be liable for indirect, incidental, special or consequential damages, except to the extent that such damages arise from their gross negligence or willful misconduct.

(c) NTI shall not be liable for any failure of performance hereunder due to causes beyond its control, including but not limited to fire, flood, or other catastrophes; Acts of God; atmospheric conditions or other phenomena of nature, such as radiation; any law, order, or request of the United States Government, or any other government including state and local services having jurisdiction over the Company or the service provided hereunder; national emergencies; civil disorder, insurrections, riots, wars or regulations established or actions taken by any court or government agency having jurisdiction over NTI.

(d) NTI is not liable for any damage to Customer's premises or equipment arising out of the connection of any of NTI equipment or associated wiring on such premises, or from the installation or removal thereof except to the extent that such damage results from NTI's gross negligence or willful misconduct. Customer will indemnify and save and hold NTI harmless from any claims of the owner of Customer's premises or equipment, or other third party claims for such damages.

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3. General Regulations (cont'd.)

3.5 Liability of NTI (cont'd.)

(e) In the event parties other than Customer (e.g., Customer's customers) shall have use of the Service directly or indirectly through Customer, then Customer agrees to forever indemnify and hold the Company harmless from and against any and all claims, demands, suits, actions, losses, damages, assessments or payments which may be asserted by said parties arising out of or relating to any defects.

(f) THE COMPANY SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, SPECIAL, ACTUAL, OR PUNITIVE DAMAGES, OR FOR ANY LOST PROFITS OF ANY KIND OR NATURE WHATSOEVER ARISING OUT OF ANY DEFECTS OR ANY OTHER CAUSE EXCEPT AS SUCH DAMAGES ARE THE RESULT OF THE COMPANY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THIS WARRANTY AND THESE REMEDIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OR REMEDIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(g) The Customer may be responsible for taking all or part of the necessary legal steps for Interconnecting the Customer provided terminal equipment or facilities with the Company facilities. The Customer is responsible for securing all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection.

(h) With respect to the transmission of calls by the Company to public safety answering points or municipal Emergency Service providers, the Company shall not be liable for any direct, indirect, consequential, special, actual, or punitive damages which may result from damages incurred and proved by the Customer as the result of the Company's action, or failure to act, in routing or transmission of the Call, except a such damages may arise from the Company's gross negligence or willful misconduct.

3.6 Assignment

Assignment of a contract or service may be made under the following conditions:

(a). Customer of record (assignor Customer) requests such assignment or transfer in writing in accordance with paragraph (c) below and the new Customer (assignee Customer)

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3. General Regulations (cont'd.)3.6 Assignment (cont'd.)

notifies NTI in writing that it agrees to assume all outstanding obligations of the former Customer for use of NTI services. These obligations include all outstanding indebtedness for the use of NTI service. Consent to such assignment or transfer will not be unreasonably withheld.

(b) Any permitted assignment or transfer of NTI's service shall not relieve or discharge any Customer from remaining jointly and severally liable with the new Customer for any obligations existing at the time of transfer or assignment.

(c) Customer shall provide written notice to NTI at least forty-five (45) days prior to the effective date of any requested assignment or transfer. NTI agrees to respond to a request to assign or transfer to another Customer within thirty (30) days of receipt of notification. All terms and provisions contained in this tariff shall apply to any assignee or transferee.

3.7 Allowance for Interruption of Service

If, for any reason, service is interrupted or NTI fails to deliver the service, the Customer will only be charged for the Service that was actually used.

3.8 Access to NTI's Interexchange IntraLATA and InterLATA Telecommunications Service

Interexchange intraLATA and interLATA telecommunications service is available to any Customer subscribing to any of NTI's intrastate service offerings in any city of Florida in which those services are offered.

(a) Where a customer subscribes to a direct connection between a customer's telephone system and NTI's point of presence, the Customer may use NTI's interexchange telecommunications services by dialing the Customer's PABX access code + telephone number per the North American Dialing Plan.

(b) Where a Customer subscribes to NTI in an equal access converted central office, the Customer may use NTI's interexchange telecommunications service by dialing 1 + the telephone number per the North American Dialing Plan.

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3. General Regulations - (cont'd)3.8 Access to NTI's Interexchange IntraLATA and InterLATA
Telecommunications Service (cont'd.)

(c) Where a Customer subscribes to NTI private line point-to-point, point-to-multipoint broadband or narrow band data services, the service is subject to the availability of facilities and the provisions of this Tariff.

3.9 Special Customer Arrangements

In cases where a customer requests a special or unique arrangement which may include engineering, conditioning, installation, construction, facilities, assembly, purchase or lease of facilities and/or other special services not offered under this Tariff, the Company, at its option, may provide the requested services. Appropriate recurring charges and/or Nonrecurring Charges and other terms and conditions will be developed for the Customer for the provisioning of such arrangements.

3.10 Other Terms and Conditions

(a) The provision of Service will not create a partnership or joint venture between the Company and the Customer nor result in joint service offerings to their respective Customers.

(b) A Customer shall not use any service mark or trademark of the Company or refer to the Company in connection with any product, equipment, promotion, or publication of the Customer without prior written approval of the Company.

(c) The Customer shall be responsible for securing its telephone equipment against being used to place fraudulent calls using Company service. The Customer shall be responsible for payment of all applicable charges for services provided by the Company and billed to the Customer's accounts, even where those calls originated by fraudulent means either from the Customer's premises or from remote locations. In addition, the Customer shall be responsible for all calls charged by fraudulent means to Customer's calling card.

(d) If an entity other than the Company (e.g., another carrier or a supplier) imposes charges on the Company in connection with a service, that entity's charges may at the Company's option, be passed through to the Customer also.

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3. General Regulations - (cont'd)3.10 Other Terms and Conditions (cont'd.)

(e) The failure to give notice of default, to enforce or insist upon compliance with any of the terms or conditions herein, the waiver of any terms or conditions herein, or the granting of an extension of time for performance by the Company or the Customer shall not constitute the permanent waiver of any term or condition herein. Each of the provisions shall remain at all time in full force and effect until modified in writing.

3.11 Company Provided Equipment

(a) Customer agrees to operate any Company provided equipment in accordance with instructions of the Company or the Company's agent. Failure to do so will void the Company's liability for interruption of Service and may make Customer responsible for damage to equipment.

(b) Customer agrees to return to the Company all Company provided equipment delivered to Customer within five (5) days of termination of the Service in connection with which the equipment was used. Said equipment shall be in the same condition as when delivered to Customer, normal wear and tear only excepted. Customer shall reimburse the Company, upon demand, for any costs incurred by the Company due to Customer's failure to comply with this provision.

(c) The Company reserves the right to entrance for its employees, agents or contractors to the premises of the Customer, at any reasonable hour for the purpose of installing, inspecting, repairing, or upon termination of service removing the Company's equipment. It shall be the responsibility of the Customer to make any necessary arrangements with the owners of the premises for the entrance of the Company's employees.

3.12 Interruption 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 2.4 herein. It shall be the obligation of the Customer or end user to notify the Company immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer or end user shall ascertain that the trouble is not being caused by any action or omission

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3. General Regulations - (cont'd)

3.12 Interruption of Service (cont'd.)

within his or her control, or is not in wiring or equipment, if any, furnished by the Customer and connected to the Company's facilities.

(b) For purposes of credit computation, every month shall be considered to have 720 hours.

(c) No credit shall be allowed for an interruption of a continuous duration of less than two hours.

(d) 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:

$$\text{Credit} = A/720 \times B$$

"A" - Outage time in hours

"B" - Total monthly charge for the affected facility

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4. Payment and Credit Regulations

4.1 Payment of Charges

(a) The Customer is responsible for payment of all charges for Services furnished to the Customer or its joint or authorized users. This responsibility is not changed due to any use, misuse, or abuse of the Customer's Service or Customer provided equipment by third parties, the Customer's employees, or the public.

(b) The Company's bills are due upon receipt. Payments not received within thirty (30) days after the invoice date will accrue interest from the date of the invoice until payment is received at the rate of one and one-half percent (1.5%) per month or the maximum allowed by applicable state law, whichever is less. Each account shall be granted not less than one complete forgiveness of a late payment charge each calendar year.

(c) In the event NTI must employ the services of attorneys for collection of charges due under this tariff, Customer shall be liable for all costs of collection including a reasonable attorney's fee, court costs and other related expenses incurred therewith.

(d) It is the intention of NTI to conform strictly to applicable laws.

(e) The Company rounds up its charges to the next nearest whole cent when the charge is 1/100th of a cent over a whole cent.

(f) Billing to the Customer shall define each call as a separate line entry on the invoice to the Customer.

(g) The Company will not bill third party or collect calls.

4.2 Security of Payment

(a) The Company reserves the right to obtain credit information and to require that all Customers establish credit worthiness to the reasonable satisfaction of the Company. Upon application for service, Customer shall be deemed to have authorized the Company to obtain such routine credit information and verification as the Company shall require in accordance with its then existing credit policies.

(b) Customers are not required to pay Company a deposit.

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4. Payment and Credit Regulations (cont'd.)4.3 Billing Disputes

Disputes with respect to charges must be presented to the Company in writing within 30 days from the date the invoice is rendered or such invoice will be deemed to be correct and binding on the Customer.

4.4 Denial of Access to Service by the Company

Any member of the general public (including any natural person or legally organized entity such as a corporation, partnership, or governmental body) is entitled to obtain Service under this Tariff, subject to availability to the Company of facilities adequate to provide service to customer, provided that the Company reserves the right to deny Service for any of the following reasons:

(a) Nonpayment of any sum due for regulated service previously provided to Customer, where Customer's charges remain unpaid more than ten (10) days following notice of nonpayment from NTI. Notice shall be deemed to be effective upon mailing of written notice, postage prepaid, to Customer's last know address; or

(b) The implementation of any order of a court of competent jurisdiction, or federal or state regulatory authority of competent jurisdiction, prohibiting NTI from furnishing such service; or

4.5 Reinstatement of Service

If Customer seeks reinstatement of service following denial of service by NTI, Customer shall pay the Company prior to the time service is reinstated all accrued and unpaid charges.

4.6 Discontinuation of Service

(a) Upon nonpayment of any sum for regulated service owing to the Company, or upon a violation of any of the provisions governing the furnishing of Service under this Tariff, the Company may, upon written notification to the Customer, without incurring any liability, discontinue the furnishing of such Service upon at least ten (10) days notice to Customer. Customer shall be deemed to have canceled Service as of the date of such disconnection and shall be liable for any cancellation charges set forth in this Tariff.

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4. Payment and Credit Regulations (cont'd.)

4.6 Discontinuation of Service (cont'd.)

(b) The Company reserves the right to discontinue furnishing services upon written notice, when necessitated by conditions beyond its reasonable control.

(c) Without incurring any liability, the Company may discontinue the furnishing of Service(s) to a Customer immediately and without notice if the Company deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities, or Services.

(d) The discontinuance of Service by the Company pursuant to this Section does not relieve the Customer of any obligations to pay the Company for charges due and owing for Service(s) furnished up to the time of discontinuance.

(e) The remedies set forth herein shall not be exclusive and the Company shall at all times be entitled to all rights available to it under either law or equity.

(f) Except as otherwise provided in this Tariff or as specified in writing by the party entitled to receive Service, notices may be given orally or in writing to the persons whose names and business addresses appear on the executed Service order.

(g) Customer's acts or omissions which constitute a violation of or a failure to comply with, any regulation stated in this tariff governing the furnishing of service, but which violation or failure to comply does not constitute a material breach or does not pose any actual or threatened interference to NTI operation or its furnishing of services. NTI agrees to give Customer ten (10) days notice of such violation of failure to comply prior to service.

4.7 Right to Backbill for Improper Use of NTI's Services

Any person or entity which uses, appropriates or secures the use of service from the Company, whether directly or indirectly, in any unlawful manner or through the providing of any misleading or false information to NTI and which use, appropriation, or securing of services is inconsistent with the stated uses, intents, and purposes of this tariff or any restrictions, conditions, and limitations stated herein, shall be liable for an amount equal to the accrued and unpaid charges that would have been applicable to the use of NTI services actually made by Customer.

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4. Payment and Credit Regulations (cont'd.)4.8 Tax Adjustment

All stated charges in this tariff are computed by the Company exclusive of any federal, state, or local use, excise, gross receipts, sales or privilege taxes, duties, fees, or similar liabilities (other than general income or property taxes) whether charged to or against the Company or its Customer. Such taxes, fees, etc. shall be paid by the Customer in addition to the charges stated in this Tariff. All such taxes, duties, and fees shall each be shown as a separate line item on the Customer's monthly invoice.

4.9 Early Termination Liability

If the Customer elects to terminate this agreement prior to the expiration of the initial commitment term, the Customer agrees to reimburse NTI for the difference between the service billed under the contract prior to the date of termination and the applicable rates for service based upon the Customer's usage and length of time the service was provided. In the event of early termination, the Customer's applicable chargeback may equal, but will not exceed, the month-to-month service category-specific Base Rate as specified in the applicable NTI, Tariff. In addition, the Customer agrees to reimburse NTI 110% of the face value of all promotional credits or discount certificates he/she received and claimed during the term of this term agreement.

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5. Service Offerings and Rates for Intra and InterLATA Interexchange Telecommunications Service

This section sets forth the rates and charges applicable to the Company's Domestic Telecommunications service. The rates are applicable to calls between points in Florida. All rates and charges are expressed in U.S. dollars.

5.1 General Switched Service Informationa) Determination of Duration

- (i) Chargeable time begins when the connection is established between the calling station and the desired telephone, attendant board, or private branch exchange console.
- (ii) Chargeable time ends when the connection is terminated.
- (iii) Chargeable time does not include time lost because of faults or defects in the Service.

b) Determination of Time of Day

Day, evening, and night/weekend times are determined by the local time of the calling party. For domestic calls, unless otherwise specified, the time periods are as follows:

Business Day Rate: Monday - Friday, 8:00 A.M. to 5:00 P.M.

Evening Rate: Monday - Friday, Sunday, 5:00 P.M. to 11:00 P.M.

Night/Weekend Rate: Monday - Sunday, 11:00 P.M. to 8:00 A.M.

Holiday rates apply New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving, and Christmas Day.

c) Calculation of Billable Time

Depending upon the product, calculation of billable time is based upon either six second, fifteen second, thirty second, or one minute increments.

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5. Service Offerings and Rates for Intra and InterLATA Interexchange Telecommunications Service (cont'd.)

5.1 General Switched Service Information (cont'd.)

c) Calculation of Billable Time (cont'd.)

(i) For six second products:

- (a) The initial six (6) seconds or fraction thereof is subject to the initial six (6) second rate.
- (b) The additional six (6) seconds are rounded in six (6) second increments, with the remaining seconds, if any, rounded up to the next six (6) second increment and billed at the additional six (6) second rate.

(ii) For fifteen second products:

- (a) The initial fifteen (15) seconds or fraction thereof is subject to the initial fifteen (15) second rate.
- (b) The additional fifteen (15) seconds are rounded in fifteen (15) second increments, with the remaining seconds, if any, rounded up to the next fifteen (15) second increment and billed at the additional fifteen (15) second rate.

(iii) For thirty second products:

- (a) The initial thirty (30) seconds or fraction thereof is subject to the initial thirty (30) second rate.
- (b) The additional thirty (30) seconds are rounded in thirty (30) second increments, with the remaining seconds, if any, rounded up to the next thirty (30) second increment and billed at the additional thirty (30) second rate.

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5. Service Offerings and Rates for Intra and InterLATA Interexchange Telecommunications Service (cont'd.)

5.1 General Switched Service Information (cont'd.)

c) Calculation of Billable Time (cont'd.)

(iv) For one minute (sixty second) products:

- (a) The initial sixty (60) seconds or fraction thereof is subject to the initial sixty (60) second rate.
- (b) The additional sixty (60) seconds are rounded in sixty (60) second increments, with the remaining seconds, if any, rounded up to the next sixty (60) second increment and billed at the additional sixty (60) second rate.

5.2 Switched Services

(a) Switched Outbound Service is a switched "Dial-1" service which utilizes FG-D access facilities. Switched 800 Service is a switched inbound service with calls terminating to a local line. Switched 800 Service uses existing lines which can be used for both local and long distance calling.

(b) Switched Outbound and 800 Services in Norlight CONNECT Plus accounts are billed in 6 second increments and are subject to a six (6) second minimum charge. Switched Outbound and 800 Services in Norlight CONNECT accounts are billed in six (6) second increment and are subject to a fifteen (15) second minimum charge.

(c) Norlight CONNECT Plus Switched Outbound and 800 Services interLATA and intraLATA per minute rates are as follows:

Base Rate
\$.22

Rates for Norlight CONNECT accounts are discounted 5% off the Norlight CONNECT Plus base rate and there are no further discounts.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.2 Switched Services (cont'd.)

(d) Volume discounts for Norlight CONNECT Plus accounts are based on the total monthly Switched Outbound and 800 Services domestic usage applicable to the total amount billed and are available as follows:

Volume Discounts

- 5% if Volume over \$150
- 7% if Volume over \$500
- 9% if Volume over \$1,000
- 12% if Volume over \$2,000
- 16% if Volume over \$3,000
- 20% if Volume over \$4,000
- 22% if Volume over \$5,000

(e) Term Commitment discount table applicable to Norlight CONNECT Plus Switched Outbound and 800 Services. Term discounts are in addition to volume discounts.

Term Commitment of Service

<u>Minimum Revenue</u>	<u>Commitment</u>		
	<u>12 Months</u>	<u>18 Months</u>	<u>24 Months</u>
\$150	5.00%	7.00%	8.50%
\$500	5.00%	7.00%	8.50%
\$1,000	5.00%	7.00%	8.50%
\$2,000	5.00%	7.00%	8.50%
\$3,000	5.00%	8.50%	9.50%
\$4,000	2.00%	5.50%	6.50%
\$5,000	2.00%	5.50%	6.50%

(f) 2, 3, or 4-digit accounting codes available with a monthly recurring charge per customer location of \$10.00 and a one-time installation fee of \$15.00 per customer location.

(g) Minimum monthly revenue commitments are calculated from the Base Rate in each service category and are cumulative, and may be comprised of one or more of the following NTI service offerings: Switched Outbound Service and Switched 800 Service.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.2 Switched Services (cont'd.)

(h) Norlight CONNECT accounts are charged a monthly fee of \$2.00. Norlight CONNECT Plus accounts are charged a monthly fee of \$10.00 and have a \$150 monthly minimum charge.

(i) In addition to the Switched 800 Service per minute rates listed above, there is a recurring \$10 monthly charge per 800- or 888- number (maximum charge of \$50 per Customer), with a one-time installation fee of \$5 per 800- or 888- number (maximum charge of \$50 per Customer.) Also, applicable local access charges will apply.

5.3 Dedicated Services

(a) Dedicated Outbound Service is an outbound service with calls originating from a dedicated line. Dedicated 800 Service is an inbound service with calls terminating to a dedicated line. Customer or NTI provides access to NTI's Dedicated Outbound or Inbound Point of Presence.

(b) Installation and monthly charges for Special Access Lines or T-1s used in connection with Dedicated 800 Service will be billed by the service provider.

(c) Norlight Total CONNECT Dedicated Services are billed in six (6) second increments subject to a six (6) second minimum charge.

(d) Norlight Total CONNECT Dedicated Outbound and 800 Services intraLATA and interLATA rates, per minute:

Base Rate
\$.14

(e) Local access charges shall apply in addition to the Dedicated Outbound and 800 Services per minute rates listed above.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.3 Dedicated Services (cont'd.)

(f) Norlight Total CONNECT accounts have a \$250 monthly minimum charge.

(g) Volume discounts for Norlight Total CONNECT accounts are based on the total monthly Dedicated Outbound Service and/or Dedicated 800 Service monthly domestic usage, and are available as follows:

- 5% for Volume over \$1,000
- 7% for Volume over \$2,500
- 9% for Volume over \$5,000
- 12% for Volume over \$7,500
- 16% for Volume over \$10,000
- 20% for Volume over \$20,000
- 22% for Volume over \$40,000

(h) Term Commitment discount table applicable to Norlight Total CONNECT Dedicated Outbound Service and Dedicated 800 Service. Term discounts are in addition to volume discounts.

Minimum Revenue	<u>Term Commitment of Service</u>		
	<u>12 Months</u>	<u>18 Months</u>	<u>24 Months</u>
<u>Commitment</u>			
\$1,000	5.00%	7.00%	8.50%
\$2,500	5.00%	7.00%	8.50%
\$5,000	5.00%	7.00%	8.50%
\$7,500	5.00%	7.00%	8.50%
\$10,000	5.00%	8.50%	9.50%
\$20,000	2.00%	5.50%	6.50%
\$40,000	2.00%	5.50%	6.50%

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.3 Dedicated Services (cont'd.)

(i) 2, 3 or 4-digit accounting codes available with a monthly recurring charge per customer fee of \$10.00 and a one-time installation fee of \$15.00 per customer location.

(j) Minimum monthly revenue commitments are calculated from the Base Rate in each service category and are cumulative, and may be comprised of one or more of the following NTI service offerings: Dedicated Outbound Service and/or Dedicated 800 Service.

(k) Applicable local access charges may also apply.

5.4 Other Voice Services

(a) Travel Card

(i) NTI Travel Card is an inbound gateway service whereby the caller dials an 800- number plus a customer-specific calling code to gain access to information, travel, call delivery and voice mail services. It permits customers to place calls using touch tone and rotary phones from anywhere in the State of Florida to the Customer's location. Calls originating from rotary phones will be completed with the assistance of an operator. Travel card calls are charged in six second initial increments and six second additional increments.

(ii) Travel card base rates are \$.2700 per minute for CONNECT accounts and \$.2500 per minute for CONNECT Plus accounts.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.4 Other Voice Services (cont'd.)

(a) Travel Card (cont'd.)

(iii) Travel Card special features and rates - all charges are in addition to the base per minute rate.

<u>Feature</u>	<u>Monthly Recurring Rate</u>
1) Account Codes	No Charge
2) Speed Dialing	No Charge
3) Messaging Services	
Voice Mail-Charges apply when leaving and reviewing messages.	
Individual account	\$.40 per minute
Group and Guest account	\$.40 per minute
4) Electronic Information Services	
News, weather, sports, financial, other miscellaneous services	\$.50 per minute
5) Directory Assistance	
Per number lookup	\$1.00
Call completion	\$.50
6) Conference calling	
Per minute charge	\$.50
Operator-assisted additional parties, per leg	\$1.25
7) Message delivery	
Maximum automated three-minute message	\$1.00 per message

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5. Service Offerings and Rates for Interexchange IntraLATA
and InterLATA Telecommunications Service (cont'd.)5.4 Other Voice Services (cont'd.)(b) Directory Assistance

The Company provides the service of connecting its subscribers to Directory Assistance for a charge. Subscribers will be subject to the regulations governing Directory Assistance pertaining to the number of Directory Assistance listings requested per call as allowed in the State of Florida by the State Commerce Commission.

A credit allowance for Directory Assistance will be provided upon request if the subscriber experiences poor transmission quality, is cut-off, receives an incorrect telephone number, or misdials the intended DA number.

Subscribers will be eligible for a complimentary allowance of seven (7) free calls per month, per line, for the first twelve (12) months service is provided to Customer. Thereafter, Customer shall be eligible for a complimentary allowance of two (2) free calls per month per line

Handicapped individuals who identify themselves as being unable to look up a directory assistance number because of being visually, physically, or mentally handicapped in a way that makes the customer unable to use a telephone directory, shall be exempt from charges. Formal identification shall be in written form submitted to the Company, including a Doctor's (or other appropriate professional's) certificate indicating handicapped status.

- (i) The charge for a Directory Assistance call is \$0.75 per call.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.4 Other Voice Services (cont'd.)

(c) 800 Service Advanced Product Features and Rates

The following advanced product features and accompanying charges are available with Switched 800 Service and Dedicated 800 Service.

(i) Call blocking by NPA - \$100 installation and \$25 change in service charge.

(ii) DNIS (Dialed Number Identification Service) - \$100 installation charge and \$25 change in service charge.

(iii) Special routing, including time of day routing, day of week routing, day of year routing, location routing, percentage allocation routing, and route advance - \$100 installation, \$50 monthly charge, and a \$25 change in service charge.

(d) Ancillary Charges

<u>Ancillary Service</u>	<u>Monthly Recurring Charge</u>	<u>Non-Recurring Charge</u>
1) Dedicated Access Lines		
T-1 Port Charges		
Customer-direct to DMS-250 Switch	\$100.00 per T-1	\$450.00 per T-1
Multiplexed Data Service	\$50.00 per T-1	\$450.00 per T-1
2) 800 Number Directory Listing	\$25.00 per number	\$15.00 per number

(e) Operator Services

The Company does not currently offer operator services.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.4 Other Voice Services (cont'd.)

(f) Authorized NTI Partner Program Pricing

Authorized NTI Partner Program Pricing is available exclusively through the NTI Agency Sales Program. Intrastate state rates are as set out in Section 5 of this Tariff.

5.5 Private Line Services

(a) DS-0 Voice Grade Services

Included in this section are rates for two and four wire tie lines, OPX lines, and analog voice and data channels. Generally, these circuits are in a point-to-point configuration, but may from time to time, be configured in a point-to-multipoint or multi-drop configuration, and are provided on an as available basis. Circuit configurations generally consist of a local loop at each end of the NTI-provided IXC channel. The local loop may be provided by the Company, the prevailing regional Bell operating company, local independent telephone company, an alternative local access provider, or any combination thereof.

Charges applicable to DS-0 Voice Grade Services are as follows:

Mileage Band	Monthly Recurring							Non** recurring
	12-month		36-month		60-month			
	Fixed	Variable*	Fixed	Variable*	Fixed	Variable*		
0 - 50	\$ 205.00	\$0.0000	\$ 185.00	\$0.0000	\$ 164.50	\$0.0000	\$200.00	
51 - 125	\$ 170.00	\$0.7000	\$ 153.00	\$0.6400	\$ 134.50	\$0.6000	\$200.00	
126 - 300	\$ 241.95	\$0.4100	\$ 219.39	\$0.3700	\$ 196.35	\$0.3500	\$200.00	
> 300	\$ 334.11	\$0.2750	\$ 302.01	\$0.2500	\$ 274.95	\$0.2350	\$200.00	

* Per DS-0 mile.

** Additional non-recurring charges may apply, subject to circuit specifics, and shall be quoted on an individual case basis.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)5.5 Private Line Services (cont'd.)(b) DS-0 Digital Data Services

Included in this section are rates for 9.6 kbps, 14.4 kbps, 19.2 kbps, 56 kbps and 64 kbps data channels. Generally, these circuits are in a point-to-point configuration, but may from time to time, be configured in a point-to-multipoint or multi-drop configuration, and are provided on an as available basis. Circuit configurations generally consist of a local loop at each end of the NTII-provided IXC channel. The local loop may be provided by the Company, the prevailing regional Bell operating company, local independent telephone company, an alternative local access provider, or any combination thereof.

Charges applicable to DS-0 Digital Data Services are as follows:

Monthly Recurring

Mileage Band	<u>12-month</u>		<u>36-month</u>		<u>60-month</u>		Non** recurring
	<u>Fixed</u>	<u>Variable*</u>	<u>Fixed</u>	<u>Variable*</u>	<u>Fixed</u>	<u>Variable*</u>	
0 - 50	\$ 205.00	\$0.0000	\$ 185.00	\$0.0000	\$ 164.50	\$0.0000	\$200.00
51 - 125	\$ 170.00	\$0.7000	\$ 153.00	\$0.6400	\$ 134.50	\$0.6000	\$200.00
126 - 300	\$ 241.95	\$0.4100	\$ 219.39	\$0.3700	\$ 196.35	\$0.3500	\$200.00
> 300	\$ 334.11	\$0.2750	\$ 302.01	\$0.2500	\$ 274.95	\$0.2350	\$200.00

* Per DS-0 mile.

** Additional non-recurring charges may apply, subject to circuit specifics, and shall be quoted on an individual case basis.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.5 Private Line Services (cont'd.)

(c) T-1 Digital Data Services

Included in this section are rates for point-to-point 1.544 Mbps T-1 service. T-1 services are provided on an as available basis. Circuit configurations generally consist of a local loop at each end of the NTI-provided IXC channel. The local loop may be provided by the Company, the prevailing regional Bell operating company, local independent telephone company, an alternative local access provider, or any combination thereof.

Charges applicable to T-1 Digital Data Services are as follows:

Monthly Recurring

Mileage Band	<u>12-month</u>		<u>36-month</u>		<u>60-month</u>		Non** recurring
	<u>Fixed</u>	<u>Variable*</u>	<u>Fixed</u>	<u>Variable*</u>	<u>Fixed</u>	<u>Variable*</u>	
0 - 150	\$ 396.00	\$0.3000	\$ 360.00	\$0.2700	\$ 338.00	\$0.2540	\$400.00
151 - 250	\$ 882.00	\$0.1650	\$ 792.00	\$0.1500	\$ 774.80	\$0.1410	\$400.00
251 - 500	\$1080.00	\$0.1320	\$ 972.00	\$0.1200	\$ 912.80	\$0.1130	\$400.00
> 500	\$1218.00	\$0.1205	\$1098.00	\$0.1095	\$ 954.80	\$0.1095	\$400.00

* Per DS-0 mile.

** Additional non-recurring charges may apply, subject to circuit specifics, and shall be quoted on an individual case basis.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)5.5 Private Line Services (cont'd.)(d) Fractional T-1 Digital Data Services

Included in this section are rates for point-to-point fractional T-1 (FT-1) service. Fractional T-1 channels are available in 128 kbps, 256 kbps, 384 kbps, 512 kbps and 768 kbps increments, and are provided on an as available basis. Circuit configurations generally consist of a local loop at each end of the NTI-provided IXC channel. The local loop may be provided by the Company, the prevailing regional Bell operating company, local independent telephone company, an alternative local access provider, or any combination thereof.

Charges applicable to FT-1 Digital Data Services are as follows:

Monthly Recurring

	<u>Term of Agreement</u>	<u>Fixed / Per V&H CM</u>		<u>Non-Recurring*</u>
128 kbps	1 Month	\$ 350	\$ 1.50	\$ 400
128 kbps	12 Months	\$ 350	\$ 1.00	\$ 400
128 kbps	36 Months	\$ 300	\$ 1.00	\$ 400
128 kbps	60 Months	\$ 250	\$ 0.90	\$ 400
256 kbps	1 Month	\$ 700	\$ 3.00	\$ 400
256 kbps	12 Months	\$ 700	\$ 2.00	\$ 400
256 kbps	36 Months	\$ 600	\$ 2.00	\$ 400
256 kbps	60 Months	\$ 500	\$ 1.80	\$ 400
384 kbps	1 Month	\$ 1,050	\$ 4.50	\$ 400
384 kbps	12 Months	\$ 1,050	\$ 3.00	\$ 400
384 kbps	36 Months	\$ 900	\$ 3.00	\$ 400
384 kbps	60 Months	\$ 750	\$ 2.70	\$ 400
512 kbps	1 Month	\$ 1,400	\$ 6.00	\$ 400

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.5 Private Line Services (cont'd.)

(e) Fractional T-1 Digital Data Services

		Monthly Recurring		Non-Recurring*
	<u>Term of Agreement</u>	<u>Fixed / Per V&H CM</u>		
512 kbps	12 Months	\$ 1,400	\$ 4.00	\$ 400
512 kbps	36 Months	\$ 1,200	\$ 4.00	\$ 400
512 kbps	60 Months	\$ 1,000	\$ 3.60	\$ 400
768 kbps	1 Month	\$ 2,100	\$ 9.00	\$ 400
768 kbps	12 Months	\$ 2,100	\$ 6.00	\$ 400
768 kbps	36 Months	\$ 1,800	\$ 6.00	\$ 400
768 kbps	60 Months	\$ 1,500	\$ 5.40	\$ 400

* Additional non-recurring charges may apply, subject to circuit specifics, and shall be quoted on an individual case basis.

(f) DS-3 Digital Data Services

Included in this section are rates for point-to-point 45 Mbps DS-3 service. DS-3 services are provided on an as available basis. Circuit configurations generally consist of a local loop at each end of the NTI-provided IXC channel. The local loop may be provided by the Company, the prevailing regional Bell operating company, local independent telephone company, an alternative local access provider, or any combination thereof.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.5 Private Line Services (cont'd.)

(f) DS-3 Digital Data Services (cont'd.)

Charges applicable to DS-3 Digital Data Services are as follows:

Monthly Recurring

<u>Term of Agreement</u>	<u>Fixed / Per DS-0 CM</u>		<u>Non-Recurring**</u>
1 Month	N/A	N/A	N/A
12 Months * (note 1)	\$ 0	\$.1063	\$1,500
36 Months * (note 1)	\$ 0	\$.0959	\$1,500
60 Months * (note 1)	\$ 0	\$.0865	\$1,500

*(note 1) - Minimum DS-3 IXC channel charge is \$ 4,000 per month.

** Additional non-recurring charges may apply, subject to circuit specifics, and shall be quoted on an individual case basis.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.6 Frame Relay Services

(a) Frame Relay Services

Frame relay pricing is based upon: type of frame relay access port, speed and location; number of PVCs; and CIR. Tier location is based upon Company POP and facilities at that location. Volume and term discounts are available. Circuit configurations generally consist of local access at each end of the Company-provided frame relay network. The local access may be provided by the Company, the prevailing regional Bell operating company, local independent telephone company, and alternative local access provider, or any combination thereof.

(b) Standard Frame Relay (UNI Connection)

<u>Available Port Access</u>	<u>CIR Included</u>	<u>NTL Non-Recurring</u>	<u>Local Non-Recurring</u>	<u>Month-to-Month Recurring</u>	<u>Local Access Recurring</u>
Tier I					
DS-O	8k	\$300	ICB	\$160	ICB
128k	16k	\$300	ICB	\$286	ICB
256k	32k	\$300	ICB	\$449	ICB
384k	48k	\$300	ICB	\$589	ICB
512k	64k	\$300	ICB	\$721	ICB
768k	96k	\$550	ICB	\$883	ICB
1024k	128k	\$550	ICB	\$1,033	ICB
DS-1	192k	\$550	ICB	\$1,240	ICB
Tier II					
DS-O	8k	\$300	ICB	\$160	ICB
DS-1	16k	\$550	ICB	\$1,240	ICB
Tier III					
DS-O	8k	\$300	ICB	\$295	ICB
DS-1	192k	\$550	ICB	\$1,917	ICB

Port charges include a fee for coordinating local access - \$50 non-recurring and \$20 per month recurring. Monthly recurring charges include one PVC from main site to remote sites.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)

5.6 Frame Relay Services (cont'd.)

(b) Standard Frame Relay (UNI Connection) (cont'd.)

Tier I cities include: Afton, WI; Appleton, WI; Chicago, IL; DeKalb, IL; Eau Claire, WI; Green Bay, WI; Madison, WI; Milwaukee, WI; Racine, WI; and Rockford, IL.

Tier II cities include: Fond du Lac, WI; Hanover Park, IL; Iron Mountain, MI; LaCrosse, WI; Oshkosh, WI; Sheboygan, WI; Stevens Point, WI; Superior, WI; Wausau, WI; and Winona, MN.

Tier III cities include: Jefferson, WI and Mattoon, IL, and all locations in Iowa.

(c) NNI Frame Relay (NNI Connection)

<u>Available Port Access</u>	<u>CIR Included</u>	<u>NTI Non-Recurring</u>	<u>Local Non-Recurring</u>	<u>Month-to-Month Recurring</u>	<u>Local Access Recurring</u>
Tier I					
DS-O	8k	\$300	\$375	\$108	\$110
128k	16k	\$300	\$465	\$155	\$250
256k	32k	\$300	\$465	\$256	\$250
384k	48k	\$300	\$465	\$425	\$250
512k	64k	\$300	\$465	\$574	\$250
768k	96k	\$550	\$465	\$729	\$250
1024k	128k	\$550	\$465	\$904	\$250
DS-1	192k	\$550	\$465	\$1,073	\$250

Port charges include a fee for coordinating local access - \$50 non-recurring and \$20 per month recurring. Monthly recurring charges include one PVC from main site to remote sites.

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)5.6 Frame Relay Services (cont'd.)(c) NNI Frame Relay (NNI Connection) (cont'd.)

NNI connections available in: Rochester, MN; Duluth, MN; St. Cloud, MN; Minneapolis, MN; Sioux City, IA; Des Moines, IA; Davenport, IA; Cedar Rapids, IA; Fargo, ND; Bismarck, ND; South Dakota; Omaha, NE; and Grand Island, NE. Florida locations carry an additional \$25 monthly recurring charge; North Dakota, South Dakota, and Nebraska locations carry an additional \$50 monthly recurring charge.

(d) Additional Frame Relay Products

Additional CIR is available in 1k increments at \$2.00 per k per month. Additional purchased CIR is not subject to volume or term discounts.

Additional PVCs are available for \$15 non-recurring for each PVC, and monthly recurring charges of \$15 plus charge per k of CIR for each PVC. Additional PVCs purchased are not subject to volume or term discounts.

(e) Volume Discounts:

Volume discounts are available per port and based upon number of sites and type of service. Volume discounts are available only with 36 and 60 month terms.

<u>Number of Sites</u>	<u>DS-1/Fractional DS-1 Ports</u>	<u>DS-0 Ports</u>
Less than 25	0.0%	0.0%
25-50	2.0%	4.0%
51-100	3.0%	6.0%
101-250	4.0%	8.0%
Greater than 250	5.0%	10.0%

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5. Service Offerings and Rates for Interexchange IntraLATA and InterLATA Telecommunications Service (cont'd.)5.6 Frame Relay Services (cont'd.)

(f) Term Discounts. Term discounts are available and based on length of term. Charges for local access coordination are not discounted.

<u>Term Length</u>	<u>Discount</u>
Month to month	0%
12 months	15%
24 months	25%
36 months	31%

6. Special Constructions

Special construction charges will be made whenever facilities are provided to accommodate special Customer requirements. The special construction charge will be based on the costs which are incurred to satisfy the Customer's requirements.

7. Special Promotions and Discounts

The Company may from time to time engage in Special Promotional or Discount Offerings designed to attract new customers or increase customer usage. In all such cases, the rates charged will not exceed those specified in Section 5 of this Tariff.

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