

GERRY, FRIEND & SAPRONOV, LLP

ATTORNEYS AT LAW

SUITE 1450

THREE RAVINIA DRIVE

ATLANTA, GEORGIA 30346-2131

(770) 399-9500

FACSIMILE (770) 395-0000

EMAIL: gflaw@gflaw.com

DEPOSIT

D 826

DATE

AUG 10 1998

August 7, 1998

via UPS OVERNIGHT

Florida Public Service Commission
Div. of Communications, Certification
& Compliance Section
2440 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866

351014-TX

Re: Dial Tone, Inc.'s Application to Provide Alternative Local Exchange Service Within the State of Florida (the "Application")


Dear Sir/Madam:

Enclosed are the original and seven (7) copies of the Application. Please file the Application in your usual fashion and return one file-stamped copy to us in the enclosed envelope.

In addition, enclosed is a check in the amount of \$250.00 to cover the filing fee.

If you have any questions or comments, please call.

Sincerely,



Karen L. Kropp

KLK/bw
Enc.

cc: Dial Tone, Inc.
(with enclosure)
Charles A. Hudak, Esq.

ADMINISTRATION MAIL ROOM
AUG 10 8 50 AM '98
RECEIVED DOCUMENT NUMBER-DATE
08439-AUG 10 98
FPSC-RECORDS/REPORTING

**APPLICATION OF DIAL TONE, INC. FOR
AUTHORITY TO PROVIDE LOCAL EXCHANGE SERVICE**

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

- (X) Original Authority (New company).
- () Approval of Transfer (To another certificated company).
- () Approval of Assignment of existing certificate (To a noncertificated company).
- () Approval for transfer of control (To another certificated company).

2. Name of applicant:

DIAL TONE, INC.

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

**DIAL TONE, INC.
4438 Troy Highway
Montgomery, Alabama 36116
(334) 281-6263**

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

**Dial Tone, Inc. ("Dial Tone") conducts business from its headquarters in
Montgomery, Alabama. Dial Tone's registered agent in Florida is:**

**Dial Tone, Inc. d/b/a Dial Tone of Alabama, Inc.
c/o CT Corporation System
1200 South Pine Island Road
Plantation, Florida 33324**

C. Physical address of alternative local exchange service in Florida including street name, number, post office box, city, zip code and phone number.

At this time, Dial Tone intends only to resell the local exchange telephone services provided by other certificated local exchange carriers operating within the State of Florida (e.g., BellSouth Telecommunications, Inc., GTE Corporation, Sprint Communications Company, LP). Consequently, Dial Tone intends to utilize existing switching and transport capacity of other telecommunications companies to provide its local services.

DOCUMENT NUMBER-DATE

08439 AUG 10 88

FPSC-RECORDS/REPORTING

4. Structure of organization;

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

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

Qualification Document Number: **F9800003711**

A copy of Dial Tone' Certificate of Authority to Transact Business from the Florida Department of State is attached hereto at Exhibit "B".

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

Dial Tone of Alabama, Inc.

7. If applicable, please provide proof of fictitious name registration.

Fictitious name registration number: **Not applicable.**

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

Not applicable.

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

None of Dial Tone's officers, directors, or stockholders has been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime. Further, no such proceedings are pending against any of Dial Tone's officers, directors, or stockholders.

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

For purposes of this Application, the name, address, telephone number, facsimile number and internet address of Dial Tone's counsel of record is:

**Charles A. Hudak, Esq.
Karen L. Kropp, Esq.
Gerry, Friend & Sapronov, LLP
Three Ravinia Drive, Suite 1450
Atlanta, Georgia 30346-2131
Tel: (770) 399-9500
Fax: (770) 395-0000
Internet: gflaw@gflaw.com**

All future correspondence should be directed to Dial Tone's ongoing liaison with the Commission:

**Mr. Gaston Dillon, President
Dial Tone, Inc.
4438 Troy Highway
Montgomery, Alabama 36116
(334) 281-6263**

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

At this time, Dial Tone is authorized to provide local exchange resale services in the State of Alabama and the Commonwealth of Kentucky.

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

Dial Tone has not been denied certification to operate as a local exchange carrier in any state.

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

Dial Tone has not been assessed regulatory penalties for violations of any state telecommunications statutes.

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

A customer may make inquiries regarding service or file a service complaint (i) by contacting Dial Tone's Customer Service Department at 1-800-860-9114, which will be listed on each customer's statement, or (ii) by writing to Dial Tone's Customer Service Department at 4438 Troy Highway, Montgomery, Alabama 36116, an address which will also be supplied on each customer's statement. Dial Tone's toll-free customer service telephone number is available to customers 24 hours a day, 7 days a week.

Customers whose complaints are not resolved satisfactorily by Dial Tone's Customer Service Department also may file a complaint with the Florida Public Service

Commission. These complaints should be forwarded to Mr. Gaston Dillon, President, Dial Tone, Inc., 4438 Troy Highway, Montgomery, Alabama 36116.

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

A. Financial capability.

Regarding the showing of financial capability, the following applies:

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

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

A summary of Dial Tone's Financial Qualifications is attached hereto at Exhibit "C".

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

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

A summary of Dial Tone's Financial Qualifications is attached hereto at Exhibit "C".

2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.

A summary of Dial Tone's Financial Qualifications is attached hereto at Exhibit "C".

3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

A summary of Dial Tone's Financial Qualifications is attached hereto at Exhibit "C".

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau

reports, and descriptions of business relationships with financial institutions. If available, the financial statements should be audited financial statements.

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

B. Managerial capability.

A summary of Dial Tone's Managerial and Technical Qualifications is attached hereto at Exhibit "A".

C. Technical capability.

A summary of Dial Tone's Managerial and Technical Qualifications is attached hereto at Exhibit "A".

AFFIDAVIT

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

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

Dial Tone, Inc.

By: *Gaston Dillon*
Gaston Dillon
President

4438 Troy Highway
Montgomery, Alabama 36116

Sworn to before me this 16
day of July, 1998.

Mary R. Wells
Notary Public

My Commission expires:



My Commission Expires April 26, 1999

EXHIBIT "A"

MANAGERIAL AND TECHNICAL QUALIFICATIONS

Gaston Dillon President of Dial Tone, Inc. ("Dial Tone"), is a seasoned business professional, with a strong background in telecommunications.

In 1997, Mr. Dillon and fellow shareholders founded Dial Tone as a competitive local exchange service provider. Dial Tone has been providing such telecommunications services in the State of Alabama since 1997. Dial Tone's focus is to bring local exchange services to rural areas where installation of telecommunications services is necessary.

Prior to founding Dial Tone, Mr. Dillon served four years with the United States Navy in the communications division. After leaving the Navy, Mr. Dillon spent six years as a computer operator and owner of a computer store, including repairing computers and cellular phones. Additionally, Mr. Dillon has attended several training programs provided by the local exchange carriers, including without limitation, BellSouth's and GTE's interactive workshops.

James L. Lane is a seasoned professional with over 30 years experience in the insurance business, management and customer service. Mr. Lane has over 17,000 agents under his supervision and is the President of American Insurance Marketers with approximately 60 employees in the Montgomery, Alabama office. Moreover, Mr. Lane has over three years of experience in the communications business, including cellular and Restiphone services. Mr. Lane has attended training on LENS, LEO, TAFFI and SIGS. Mr. Lane is one of the original founders of Dial Tone and participates in its day to day operations.

William K. Stokes is a seasoned professional with over 25 years experience in the insurance industry, management and customer service. For the last 18 years Mr. Stokes has held the positions of Vice President and President of Old Southern Life of Montgomery, Alabama, and Georgia Life & Health of Atlanta, Georgia. During his tenure, Mr. Stokes supervised 85 home offices and over 2000 agents. In 1991 Mr. Stokes retired and is one of the original founders of Dial Tone. He participates in the day to day operations of Dial Tone.

EXHIBIT "B"

FLORIDA DEPARTMENT OF STATE APPLICATION

GILBERT

25% COTTON



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

June 29, 1998

CT CORP

Qualification documents for DIAL TONE, INC. doing business in Florida as DIAL TONE OF ALABAMA, INC. were filed on June 29, 1998 and assigned document number F98000003711. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 487-6091, the Foreign Qualification/Tax Lien Section.

Hart Collins
Senior Corporate Section Administrator
Division of Corporations

Letter Number: 698A00035382

UNANIMOUS CONSENT ACTION
BY THE BOARD OF DIRECTORS OF
DIAL TONE, INC.

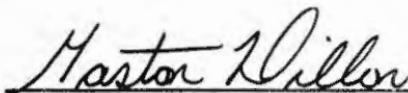
The undersigned, constituting all of the directors of DIAL TONE, INC., an Alabama corporation (the "Corporation"), hereby consent to and take the following actions and adopt the following resolutions pursuant to the Alabama Business Corporation Code.

RESOLVED, that the Corporation organized and existing in the State of Alabama, hereby adopts the name DIAL TONE OF ALABAMA, INC. for use in Florida.

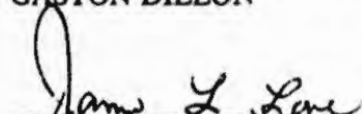
FURTHER RESOLVED, that all acts and deeds heretofore done by any director, officer or officers of the Corporation for and on behalf of the Corporation in carrying out the terms and intentions of these resolutions, be, and they hereby are, ratified, approved and confirmed.

IN WITNESS WHEREOF, the undersigned have hereunto set forth their hands as of the 19 day of June, 1998.

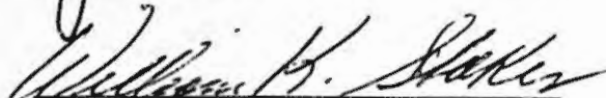
DIRECTORS:



GASTON DILLON



JAMES L. LANE



WILLIAM K. STOKES

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 JUN 29 PM 3:28

APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS
SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE
STATE OF FLORIDA:

1. Dial Tone, Inc.
(Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION", or words or
abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person
or partnership if not so contained in the name at present.)

2. Alabama 3. 72-1364669
(State or country under the law of which it is incorporated) (FBI number, if applicable)

4. April 9, 1997 5. Perpetual
(Date of incorporation) (Duration: Year corp. will cease to exist or "perpetual")

6. Upon grant of authority
(Date first transacted business in Florida. (See sections 607.1501, 607.1502, and 617.156, F.S.))

7. 4438 Troy Highway
Montgomery, Alabama 36116
(Current mailing address)

8. telecommunications carrier
(Purpose(s) of corporation authorized in home state or country to be carried out in the state of
Florida)

9. Name and street address of Florida registered agent:

Name: C T Corporation System

Office Address: c/o C T Corporation System, 1200 South Pine
Island Road

Plantation, Florida, 33324
(Zip Code)

10. Registered agent acceptance:

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

C T Corporation System

Dale W. Morris

(Registered agent's signature) (Officer)

Dale W. Morris, Assistant Vice-President

(Type Name and Title of Officer)

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

12. Names and addresses of officers and/or directors:

A. DIRECTORS

Chairman: Gaston Dillon

Address: 4438 Troy Highway

Montgomery, Alabama 36116

Vice Chairman: James L. Lane

Address: 4438 Troy Highway

Montgomery, Alabama 36116

Director: William K. Stokes

Address: 4438 Troy Highway

Montgomery, Alabama 36116

Director: _____

Address: _____

B. OFFICERS

President: Gaston Dillon

Address: 4438 Troy Highway

Montgomery, Alabama 36116

Vice President: William K. Stokes

Address: 4438 Troy Highway

Montgomery, Alabama 36116

Secretary: David Godbold

Address: 4438 Troy Highway

Montgomery, Alabama 36116

Treasurer: David Godbold

Address: 4438 Troy Highway

Montgomery, Alabama 36116

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13.

Gaston Dillon

(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14.

Gaston Dillon, President

(Typed or printed name and capacity of person signing application)

EXHIBIT "C"

FINANCIAL QUALIFICATIONS

The following summarizes Dial Tone's financial qualifications in support of the Application.

Dial Tone is a privately-held Alabama corporation whose stockholders are: James J. Lane, Gaston Dillon and William K. Stokes. Dial Tone was founded in 1997 as a competitive local exchange carrier operating within the State of Alabama.

In support of the Application, Dial Tone has attached at Exhibit "C" hereto the Financial Statements of James L. Lane for the years 1996 and 1997. Furthermore, Dial Tone has the assurances of Mr. Lane that it will be provided the necessary capitalization to provide the proposed local exchange resale services properly and continuously in the State of Florida.

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

1997

For calendar year 1997, or tax year beginning APRIL 9, 1997, and ending DECEMBER 31, 1997

A Date of election as an S corporation 04/09/1997	Use IRS label. Otherwise, please print or type.	Name DIAL TONE, INC.	C Employer identification number 72-1364669
B Business code no. (see Specific Instructions)		Number, street, and room or suite no. (If a P.O. box, see page 9 of the instructions.) 208 GUNN ROAD	D Date incorporated 04/09/1997
		City or town, state, and ZIP code MONTGOMERY, AL 36117	E Total assets (see Specific Instructions) \$ 22,568.

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Enter number of shareholders in the corporation at end of the tax year ▶ 3

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1 a Gross receipts or sales 252,610	b Less returns and allowances 1,746	c Net ▶ 250,864
	2 Cost of goods sold (Schedule A, line 8)		2
	3 Gross profit. Subtract line 2 from line 1c		3 250,864
	4 Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)		4
	5 Other income (loss) (attach schedule)		5
	6 Total income (loss). Combine lines 3 through 5		6 250,864

Deductions (See instructions for limitations)	7 Compensation of officers	7
	8 Salaries and wages (less employment credits)	8
	9 Repairs and maintenance	9 5,989
	10 Bad debts	10
	11 Rents	11 7,800
	12 Taxes and licenses	12 6,065
	13 Interest	13
	14 a Depreciation (if required, attach Form 4562)	14a 1,003
	b Depreciation claimed on Schedule A and elsewhere on return	14b
	c Subtract line 14b from line 14a	14c 1,003
	15 Depletion (Do not deduct oil and gas depletion.)	15
	16 Advertising	16 45,217
	17 Pension, profit-sharing, etc., plans	17
	18 Employee benefit programs	18
19 Other deductions (attach schedule)	19 213,522	
20 Total deductions. Add the amounts shown in the far right column for lines 7 through 19	20 279,596	
21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6	21 -28,732	

Tax and Payments	22 a Tax: a Excess net passive income tax (attach schedule)	22a	
	b Tax from Schedule D (Form 1120S)	22b	
	c Add lines 22a and 22b		22c
	23 a Payments: a 1997 estimated tax payments and amount applied from 1996 return	23a	
	b Tax deposited with Form 7004	23b	
	c Credit for Federal tax paid on fuels (attach Form 4136)	23c	
	d Add lines 23a through 23c		23d
	24 Estimated tax penalty. Check if Form 2220 is attached <input type="checkbox"/>		24
	25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depositary method of payment		25
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid		26
27 Enter amount of line 26 you want credited to 1998 estimated tax <input type="checkbox"/> Refunded		27	

Please Sign Here ▶ Signature of officer

Paid Preparer's Use Only

Preparer's signature: **WILSON, PRICE, BARRANCO, BLANKENSHIP, & BILLINGSLEY, P.C.**

Firm's name (or yours if self-employed) and address: **3815 INTERSTATE COURT, MONTGOMERY AL**

Preparer's social security number: **72 1341561**

E.I. No. ▶ **72 1341561**

ZIP code ▶ **36109**

TAXPAYER COPY

Schedule A Cost of Goods

1	Inventory at beginning of year	1
2	Purchases	2
3	Cost of labor	3
4	Additional section 263A costs (attach schedule)	4
5	Other costs (attach schedule)	5
6	Total. Add lines 1 through 5	6
7	Inventory at end of year	7
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8

- 9a Check all methods used for valuing closing inventory:
- (i) Cost as described in Regulations section 1.471-3
 - (ii) Lower of cost or market as described in Regulations section 1.471-4
 - (iii) Other (specify method used and attach explanation) ▶
- b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶
- d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d
- e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list on page 23 of the instructions and state the corporation's principal: (a) Business activity ▶ RETAIL SALES (b) Product or service ▶ PHONE SERVICES		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5 At any time during calendar year 1997, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		X
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520 or 926. See page 14 of the instructions		X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. ▶ <input type="checkbox"/>		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$		
10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year ▶ <input type="checkbox"/>		

Schedule L	Balance Sheets	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
1	Cash				6,537.
2 a	Trade notes and accounts receivable			155.	
b	Less allowance for bad debts				155.
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets STMT 3				3,530.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments				
10 a	Buildings and other depreciable assets			11,470.	
b	Less accumulated depreciation			1,003.	10,467.
11 a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13 a	Intangible assets (amortizable only)			2,211.	
b	Less accumulated amortization			332.	1,879.
14	Other assets				
15	Total assets				22,568.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities				
19	Loans from shareholders				50,300.
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities				
22	Capital stock				1,000.
23	Additional paid-in capital				
24	Retained earnings STMT 4				-28,732.
25	Adjustments to shareholders' equity				
26	Less cost of treasury stock				
27	Total liabilities and shareholders' equity				22,568.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1	Net income (loss) per books	-28,732.	5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (Itemize): a Tax-exempt interest \$	
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (Itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (Itemize): a Depreciation \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (Itemize): a Depreciation \$		7	Add lines 5 and 6	
	b Travel and entertainment \$		8	Income from Schedule K, line 23, Line 4 less line 7	-28,732.
4	Add lines 1 through 3	-28,732.			

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	0.	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(28,732)	
5	Other reductions	()	
6	Combine lines 1 through 5	-28,732.	
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	-28,732.	

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items	(b) Total amount
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1 -28,732.
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2
	3a	Gross income from other rental activities	3a
		Expenses from other rental activities (attach schedule)	3b
	3c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c
	4	Portfolio income (loss):	
	a	Interest income	4a
	b	Dividend income	4b
	c	Royalty income	4c
	d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d
e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S)):		
	(1) 28% rate gain (loss) ▶	(2) Total for year ▶	4e(2)
f	Other portfolio income (loss) (attach schedule)	4f	
5	Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797):		
a	28% rate gain (loss) ▶	b Total for year ▶	5b
6	Other income (loss) (attach schedule)	6	
Deductions	7	Charitable contributions (attach schedule)	7
	8	Section 179 expense deduction (attach Form 4562)	8
	9	Deductions related to portfolio income (loss) (Remize)	9
	10	Other deductions (attach schedule)	10
Investment Interest	11a	Interest expense on investment debts	11a
	b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)
		(2) Investment expenses included on line 9 above	11b(2)
Credits	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a
	b	Low-income housing credit:	
		(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(1)
		(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)
		(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)
	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)	
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c
	d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d
e	Credits related to other rental activities	12e	
13	Other credits	13	
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986	14a 453.
	b	Adjusted gain or loss	14b
	c	Depletion (other than oil and gas)	14c
	d	(1) Gross income from oil, gas, or geothermal properties	14d(1)
		(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)
e	Other adjustments and tax preference items (attach schedule)	14e	
Foreign Taxes	15a	Type of income ▶	
	b	Name of foreign country or U.S. possession ▶	
	c	Total gross income from sources outside the United States (attach schedule)	15c
	d	Total applicable deductions and losses (attach schedule)	15d
	e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e
	f	Reduction in taxes available for credit (attach schedule)	15f
	g	Other foreign tax information (attach schedule)	15g
Other	16	Section 59(e)(2) expenditures: a Type ▶	
	b	Amount	16b
	17	Tax-exempt interest income	17
	18	Other tax-exempt income	18
	19	Nondeductible expenses	19
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)	
22	Total dividend distributions paid from accumulated earnings and profits	22	
23	Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b	23 -28,732.	

Depreciation and Amortization
 (Including information on Listed Property) **OTHER**
 Attach this form to your return.

DIAL TONE, INC.

OTHER DEPRECIATION

Identifying number
72-1364669

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any listed property, complete Part V before you complete Part I.)

1 Maximum dollar limitation. If an enterprise zone business, see instructions	1	18,000.
2 Total cost of section 179 property placed in service	2	
3 Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost

7 Listed property. Enter amount from line 27	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from 1996	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 1996. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Year 1997 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions

Section B - General Depreciation System (GDS) (See instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15 a 3-year property						
b 5-year property		1,901.	5 YRS.	HY	200DB	285.
c 7-year property						
d 10-year property		9,569.	10 YRS.	HY	200DB	718.
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		27.5 yrs.	MM	S/L	
	/			MM	S/L	
	/			MM	S/L	

Section C - Alternative Depreciation System (ADS) (See instructions.)

16 a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year	/		40 yrs.	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property.) (See instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1997	17	
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	

Part IV Summary (See instructions.)

20 Listed property. Enter amount from line 26	20	
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	1,003.
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

LHA For Paperwork Reduction Act Notice, see the separate instructions. Form 4562 (1997)

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, Amusement
 Note: For any vehicle for which you are using the standard mileage rate or deducting expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed? Yes No 23b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
--	-------------------------------	--	-------------------------------	--	---------------------------	------------------------------	----------------------------------	---------------------------------------

24 Property used more than 50% in a qualified business use:

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		%						
		%						
		%						
		%						

25 Property used 50% or less in a qualified business use:

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		%				S/L		
		%				S/L		
		%				S/L		
		%				S/L		

26 Add amounts in column (h). Enter the total here and on line 20, page 1 **26**

27 Add amounts in column (i). Enter the total here and on line 7, page 1 **27**

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (DO NOT include commuting miles)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1997 tax year: ORGANIZATIONAL COSTS	04/09/97	2,211.		60M	332.
41 Amortization of costs that began before 1997				41	
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return				42	332.

ELECTION TO AMORTIZE ORGANIZATIONAL EXPENDITURES

DIAL TONE, INC.
208 GUNN ROAD
MONTGOMERY, AL 36117

EMPLOYER IDENTIFICATION NUMBER: 72-1364669

DIAL TONE, INC. HEREBY ELECTS, PURSUANT TO IRC SEC. 248(A), TO AMORTIZE ORGANIZATIONAL EXPENDITURES OVER A PERIOD OF 60 MONTHS STARTING IN APRIL 1997, THE MONTH BUSINESS COMMENCED.

AS REQUIRED IN REG. SEC. 1.248-1(C), THE FOLLOWING INFORMATION HAS BEEN SUBMITTED TO COMPLY WITH THE ELECTION REQUIREMENTS.

ORGANIZATIONAL EXPENDITURES

THE FOLLOWING ORGANIZATIONAL EXPENDITURES WERE INCURRED IN THE FIRST YEAR THE BUSINESS WAS ORGANIZED:

DESCRIPTION OF EXPENDITURE	DATE PAID OR INCURRED	AMOUNT
LEGAL FEES	04/09/97	2,211
TOTAL		2,211

FORM 1120S

TAXES AND LICENSES

STATEMENT 1

DESCRIPTIONAMOUNT

CITY OF MONTGOMERY

6,065.

TOTAL TO FORM 1120S, PAGE 1, LINE 12

6,065.

FORM 1120S

OTHER DEDUCTIONS

STATEMENT 2

DESCRIPTIONAMOUNT

COMMISSION

11,775.

PROFESSIONAL SERVICES

19,209.

CONTRACT LABOR

12,823.

MANAGEMENT FEES

17,854.

DUES & SUBSCRIPTIONS

45.

UTILITIES

1,005.

JANITORIAL EXPENSES

1,500.

TRAVEL EXPENSE

470.

OFFICE EXPENSE

10,077.

PRINTING

2,703.

TELEPHONE EXPENSE

131,585.

POSTAGE

2,496.

MISC. EXPENSE

1,648.

AMORTIZATION EXPENSE

332.

TOTAL TO FORM 1120S, PAGE 1, LINE 19

213,522.

SCHEDULE L

OTHER CURRENT ASSETS

STATEMENT 3

DESCRIPTIONBEGINNING OF
TAX YEAREND OF TAX
YEAR

PREPAID PHONE CARDS:

3,530.

TOTAL TO SCHEDULE L, LINE 6

3,530.

SCHEDULE L ANALYSIS OF TOTAL RETAINED EARNINGS PER BOOKS STATEMENT 4

<u>DESCRIPTION</u>	<u>AMOUNT</u>
BALANCE AT BEGINNING OF YEAR - SCHEDULE L, LINE 24, COLUMN (B)	0.
NET INCOME PER BOOKS - SCHEDULE M-1, LINE 1	-28,732.
DISTRIBUTIONS	0.
OTHER INCREASES (DECREASES)	
BALANCE AT END OF YEAR - SCHEDULE L, LINE 24, COLUMN (D)	<u>-28,732.</u>

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

1997

Department of the Treasury
Internal Revenue Service

For calendar year 1997, or tax year beginning **APRIL 9, 1997**, and ending **DECEMBER 31, 1997**

A Date of election as an S corporation 04/09/1997	Use IRS label. Otherwise, please print or type.	Name DIAL TONE, INC.	C Employer identification number 72-1364669
B Business code no. (see Specific Instructions)		Number, street, and room or suite no. (If a P.O. box, see page 9 of the instructions.) 208 GUNN ROAD	D Date incorporated 04/09/1997
		City or town, state, and ZIP code MONTGOMERY, AL 36117	E Total assets (see Specific Instructions) 22,568.

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Enter number of shareholders in the corporation at end of the tax year **3**

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1 a Gross receipts or sales 252,610. Less returns and allowances 1,746. c	1c 250,864.
	2 Cost of goods sold (Schedule A, line 8)	2
	3 Gross profit. Subtract line 2 from line 1c	3 250,864.
	4 Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)	4
	5 Other income (loss) (attach schedule)	5
	6 Total income (loss). Combine lines 3 through 5	6 250,864.

Deductions (See instructions for limitations)	7 Compensation of officers	7
	8 Salaries and wages (less employment credits)	8
	9 Repairs and maintenance	9 5,989.
	10 Bad debts	10
	11 Rents	11 7,800.
	12 Taxes and licenses STATEMENT 1	12 6,065.
	13 Interest	13
	14 a Depreciation (if required, attach Form 4562)	14a 1,003.
	b Depreciation claimed on Schedule A and elsewhere on return	14b
	c Subtract line 14b from line 14a	14c 1,003.
	15 Depletion (Do not deduct oil and gas depletion.)	15
	16 Advertising	16 45,217.
	17 Pension, profit-sharing, etc., plans	17
	18 Employee benefit programs	18
19 Other deductions (attach schedule) STATEMENT 2	19 213,522.	
20 Total deductions. Add the amounts shown in the far right column for lines 7 through 19	20 279,596.	
21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6	21 -28,732.	

Tax and Payments	22 a Tax: a Excess net passive income tax (attach schedule)	22a	22c
	b Tax from Schedule D (Form 1120S)	22b	
	c Add lines 22a and 22b		
	23 a Payments: a 1997 estimated tax payments and amount applied from 1996 return	23a	23d
	b Tax deposited with Form 7004	23b	
	c Credit for Federal tax paid on fuels (attach Form 4136)	23c	
	d Add lines 23a through 23c		
	24 Estimated tax penalty. Check if Form 2220 is attached <input type="checkbox"/>		24
	25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depository method of payment		25
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid		26
27 Enter amount of line 26 you want: Credited to 1998 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>		27	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here	Signature of officer	
	TAXPAYER COPY	
Paid Preparer's Use Only	Preparer's signature	Preparer's social security number
	Firm's name for years if self-employed and address WILSON, PRICE, BARRANCO, BLANKENSHIP, & BILLINGSLEY, P.C. 3815 INTERSTATE COURT, MONTGOMERY AL	E.I. No. 72 1341561 ZIP code 36109

Schedule L Balance Sheet		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				6,537.
2a	Trade notes and accounts receivable			155.	
b	Less allowance for bad debts				155.
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets STMT 3				3,530.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments				
10a	Buildings and other depreciable assets			11,470.	
b	Less accumulated depreciation			1,003.	10,467.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)			2,211.	
b	Less accumulated amortization			332.	1,879.
14	Other assets				
15	Total assets				22,568.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities				
19	Loans from shareholders				50,300.
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities				
22	Capital stock				1,000.
23	Additional paid-in capital				
24	Retained earnings STMT 4				-28,732.
25	Adjustments to shareholders' equity				
26	Less cost of treasury stock				
27	Total liabilities and shareholders' equity				22,568.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)				
1	Net income (loss) per books	-28,732.	5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (Itemize):
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (Itemize):		a	Tax-exempt interest \$
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (Itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (Itemize):
a	Depreciation \$		a	Depreciation \$
b	Travel and entertainment \$		7	Add lines 5 and 6
4	Add lines 1 through 3	-28,732.	8	Income (loss) (Schedule K, line 23). Line 4 less line 7
				-28,732.

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed			
	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	0.	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	28,732.	
5	Other reductions		
6	Combine lines 1 through 5	-28,732.	
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	-28,732.	

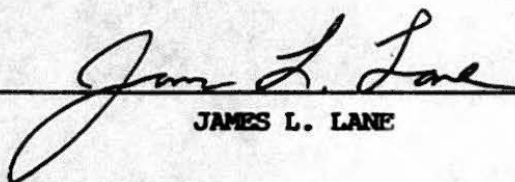
FINANCIAL STATEMENT

OF

**JAMES L. LANE
208 GUNN ROAD
MONTGOMERY, ALABAMA 36117**

AS OF DECEMBER 31, 1997

**THE INFORMATION CONTAINED HEREIN IS TRUE AND
CORRECT TO THE BEST OF MY KNOWLEDGE.**



JAMES L. LANE

DATE: FEBRUARY 6, 1998

JAMES L. LANE
BALANCE SHEET
DECEMBER 31, 1997

A S S E T S

CURRENT ASSETS

CASH & BANK ACCOUNTS	\$ 82,000.00	
NOTES REC. (SCH. A)	\$ 1,247,374.00	
MORTGAGES REC. (SCH. B)	<u>\$ 925,786.00</u>	
TOTAL CURRENT ASSETS		\$ 2,255,160.00

PROPERTY & EQUIPMENT

REAL ESTATE (SCH. D)	\$ 4,335,000.00	
TOTAL PROPERTY & EQUIPMENT		\$ 4,335,000.00

OTHER ASSETS

A. I. M. DEFINED BENEFIT PLAN INVESTMENTS (SCH. E)	\$ 124,000.00	
TOTAL OTHER ASSETS	<u>\$14,489,246.00</u>	<u>\$ 14,613,246.00</u>
TOTAL ASSETS		<u><u>\$ 21,203,406.00</u></u>

L I A B I L I T I E S & C A P I T A L

CURRENT LIABILITIES

WRAP MORTGAGES PAYABLE (SCH. C)	\$ 228,015.00	
AMSOUTH LINE OF CREDIT	<u>\$ 172,840.00</u>	
TOTAL CURRENT LIABILITIES		\$ 400,855.00

OTHER LIABILITIES

LONGTERM MORTG. PAYABLE (SCH. D)	\$ 1,895,120.00	\$ 1,895,120.00
TOTAL OTHER LIABILITIES	<u>\$ 1,895,120.00</u>	

TOTAL LIABILITIES		\$ 2,295,975.00
-------------------	--	-----------------

CAPITAL

CAPITAL ACCT. (NET WORTH)	\$18,907,431.00	
TOTAL CAPITAL ACCT.		<u>\$ 18,907,431.00</u>
TOTAL LIABILITIES & CAPITAL		<u><u>\$ 21,203,406.00</u></u>

SCHEDULE A
JAMES L. LANE
DECEMBER 31, 1997

NOTES RECEIVABLE

Charles Robinson	\$ 3,600.00
Blake Purvis/Southern Gold	225,000.00
Dialtone, Inc.	50,300.00
Ellen Mae Lane Trust	46,100.00
Louie Bell	3,000.00
Larry Chandler	3,800.00
Paige Cox	4,500.00
Robert Cunningham	2,200.00
Dot Davis	945.00
Betty Day	3,729.00
Gaston Dillon	25,000.00
Bill Epperson	3,400.00
Johnny Ford	13,000.00
Doug Gaston	650,000.00
Bill Gordon	30,000.00
Johnny Green	1,700.00
Julius Gray	26,000.00
David Hadden	1,300.00
Dale Hall	4,500.00
John Hooper	11,000.00
Michael Harpole	6,000.00
David S. Jones	16,000.00
Daniel Joye	30,000.00
Bobby Luster	5,000.00
Henry Maddox	11,000.00
Jeff Martin	6,500.00
Ray Miklen	5,300.00
Buddy Mitchell	9,200.00
Reese Rainy	19,800.00
John Russell	7,000.00
Stephanie Truett	8,000.00
Shirley Turner	14,500.00
	<u>\$ 1,247,374.00</u>

SCHEDULE B
JAMES L. LANE
DECEMBER 31, 1997

MORTGAGES RECEIVABLE

Linda Williams 3254 Harrison Rd., Montgomery, AL	\$ 57,486.00
Louie and Pam Bell 6313 Sycamore Dr., Montgomery, AL	38,000.00
Betty Blackmon 619 W. Fairview Ave., Montgomery, AL	33,300.00
William Boyd 631 W. Fairview Ave., Montgomery, AL	198,600.00
David M. and Cynthia Godbold 1532 Westminster Dr., Montgomery, AL	67,500.00
Julius and Claire Gray 2443 Leonidas Dr., Montgomery, AL	155,400.00
Mary F. Martin 7000 Lakeview Dr., Montgomery, AL	25,000.00
1/3 Interest Alasouth Corporation 1015 W. South Blvd., Montgomery, AL	129,300.00
Larry Pate 8823 Oak Meadow Ct., Montgomery, AL	3,400.00
Tony Petitti Rt. 7, Box 298-9, Killen, AL	77,800.00
William Rogers 1827 Ridge Ave., Montgomery, AL	40,000.00
	<u>\$ 925,786.00</u>

See Schedule C

SCHEDULE C
JAMES L. LANE
DECEMBER 31, 1997

WRAP-AROUND MORTGAGES PAYABLE

<u>Name and Property</u>	<u>Mortgagee</u>	<u>Amount</u>
William Boyd 631 W. Fairview Ave., Montgomery, AL	New Era Life	\$ 41,812.00
David Godbold 1532 Westminster Dr., Montgomery, AL	AmSouth	67,473.00
Julius Gray 2443 Leonidas Dr., Montgomery, AL	Wendover	64,170.00
Tony Petitti Killen, AL	AmSouth	34,294.00
William Rogers 1827 Ridge Ave., Montgomery, AL	AmSouth	<u>20,266.00</u>
TOTAL PAYABLE		<u>\$ 228,015.00</u>

These are mortgages owed by James L. Lane on properties sold to others on wrap mortgages.

SEE NOTE (1).

SCHEDULE D
 JAMES L. LANE
 DECEMBER 31, 1997

REAL ESTATE OWNED

<u>Location of Property</u>	<u>Market Value</u>	<u>Mortgagee</u>	<u>Amount</u>
208 Gunn Rd., Montgomery, AL	\$ 240,000.00	AmSouth	\$ 104,300.00
17.5 Acres, Troy Hwy, Montg, AL	1,400,000.00	AmSouth	650,000.00
2.0 Acres, Troy Hwy, Montg, AL	150,000.00	None	
129 Acre Farm, Autauga Cty, AL	129,000.00	AmSouth	*
2 Acre Lot, Autauga Cty, AL	10,000.00	None	
1632 Chateau Cr., Montgomery, AL	95,000.00	Gene Bates	39,000.00
6080 Meridian Ln., Montgomery, AL	300,000.00	Regions	112,300.00
18.5 Acres, Hope Hull, AL	75,000.00	None	
21 Coliseum Blvd., Montgomery, AL	96,000.00	AmSouth	*
Proctor Bldg., Montgomery, AL	500,000.00	AmSouth	188,420.00
Lake House, 45 Bain Cr., Eclectic, AL	300,000.00	AmSouth	256,700.00
Florida Villa Apts, Lynn Haven, FL	220,000.00	Peoples First	136,000.00
160 Charleston Ct., Montgomery, AL	250,000.00	AmSouth	69,400.00
106 Teri Ln., Prattville, AL	50,000.00	Essex	2,000.00
56 Acres, Davenport, AL	75,000.00	Wendover	32,000.00
2524 Wentworth Dr., Montgomery, AL	250,000.00	Regions	155,000.00
Lake House, 34 Bain Cr., Eclectic, AL	195,000.00	AmSouth	150,000.00
	<u>\$4,335,000.00</u>		<u>\$1,895,120.00</u>

*Properties pledged to AmSouth on Line-of-Credit

SCHEDULE E
JAMES L. LANE
DECEMBER 31, 1997

INVESTMENT AT MARKET VALUE:

RAYMOND JAMES STOCK ACCOUNT	\$ 12,890.00
DIALTONE, INC. (7)	133,220.00
UNITED INSURANCE MARKETING, INC. (5)	250,900.00
CRYSLER MOTOR COMPANY	10,000.00
AMERICAN INSURANCE MARKETING SERVICES (2)	11,612,000.00
SEVEN STAR PARTNERS	85,000.00
LANE INVESTMENT & MORTGAGE COMPANY, INC. (3)	220,798.00
AMERICAN INSURANCE MARKETERS & MORTGAGE COMPANY, INC. (4)	1,609,702.00
MILITARY INSURANCE SPECIALISTS, INC. (6)	468,955.00
TWO DIAMOND RINGS & GOLD JEWELRY COLLECTION	75,000.00
MORGAN-KEEGAN STOCK ACCOUNT	<u>10,781.00</u>
TOTAL	<u><u>\$ 14,489,246.00</u></u>

SEE NOTES FOR DETERMINING VALUES.

JAMES L. LANE
DECEMBER 31, 1997

ANNUAL GROSS RENTAL AND INTEREST INCOME ESTIMATED TO BE:	\$ 300,000.00
ACTUAL 1997 INCOME FROM SUB-S CORPORATION, AMERICAN INSURANCE MARKETING SERVICES, INC. (SEE W-2, K-1)	1,532,340.00
TOTAL ESTIMATED ANNUAL GROSS INCOME	<u>\$ 1,832,340.00</u>

- (NOTE 1) James L. Lane is contingently liable on several notes to AmSouth Bank that are reported in the various controlled corporations where the funds were deposited.
- (NOTE 2) Method of valuation for AIMSI is Gross Receipts for calendar year 1997 X 3.25 = \$15,483,000.00 - 75% of stock owned by James L. Lane = \$11,612,000.00.
- (NOTE 3) Method of valuation for Lane Investment is Gross Receipts for fiscal year ended 9-30-97 X 3.25 = \$220,798.00 - 100% owned by James L. Lane.
- (NOTE 4) Method of valuation for AIM is Gross Receipts for fiscal year ended 9-30-97 X 3.25 = \$1,609,702.00 - 100% owned by James L. Lane.
- (NOTE 5) Method of valuation for UIMI is Gross Receipts for fiscal year ended 9-30-97 X 3.25 = \$250,900.00 - 100% owned by James L. Lane.
- (NOTE 6) Method of valuation for MIS is Gross Receipts for calendar year 1997 X 3.25 = \$468,955.00 - 100% owned by James L. Lane.
- (NOTE 7) Method of valuation of Dialtone, Inc. is Gross Receipts for calendar year 1997 X 3.25 = \$204,954.00 - 65% of stock owned by James L. Lane = \$133,220.00.

a Control number

OMB No 1545-0008

b Employer's identification number

63-0973410

1 Wages, tips, other compensation

454273.60

2 Federal income tax withheld

176431.76

c Employer's name, address, and ZIP code

AMERICAN INSURANCE MKT SV
208 GUNN ROAD
MONTGOMERY, AL 36117

3 Social security wages

62700.00

4 Social security tax withheld

4054.80

5 Medicare wages and tips

454273.60

6 Medicare tax withheld

6587.06

7 Social security tips

0.00

8 Allocated tips

0.00

d Employee's social security number

420-46-8055

9 Advance EIC payment

0.00

10 Dependent care benefits

0.00

e Employee's name, address, and ZIP code

JAMES L. LANE

11 Nonqualified plans

0.00

12 Benefits included in box 1

0.00

6080 MERIDIAN LANE
MONTGOMERY, AL 36117

13 See Instrs. for box 13

14 Other

15 Statutory employee Deceased Pension Legal Hhhd. Subtotal Deferred
employee employee plan rep. emp. compensation

16 State Employer's state I.D. No.

AL | 244551

17 State wages, tips, etc.

454273.60

18 State income tax

22154.97

19 Locality name

20 Local wages, tips, etc.

21 Local income tax

Department of the Treasury--Internal Revenue Service

Form **W-2** Wage and Tax
Statement

1997

This information is being furnished
to the Internal Revenue Service.

Copy B To Be Filed With Employee's FEDERAL Tax Return

**SCHEDULE K-1
(Form 1120S)**

Shareholder's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0130

▶ See separate instructions.

For calendar year 1997 or tax year

1997

Department of the Treasury
Internal Revenue Service

beginning

, 1997, and ending

, 19

Shareholder's identifying number ▶ 420-46-8055

Corporation's identifying number ▶ 63-0973410

Shareholder's name, address, and ZIP code

JAMES LANE
208 GUNN RD.
MONTGOMERY, AL. 36117

Corporation's name, address, and ZIP code

AMERICAN INSURANCE MARKETING SVC., I
208 GUNN RD.
MONTGOMERY, AL 36117

- A** Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ 75 %
- B** Internal Revenue Service Center where corporation filed its return ▶ **MEMPHIS**
- C** Tax shelter registration number (see instructions for Schedule K-1) ▶
- D** Check applicable boxes: (1) Final K-1 (2) Amended K-1

(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in col. (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 1,078,067	See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). Sch. B, Part I, line 1 Sch. B, Part II, line 5 Sch. E, Part I, line 4 Sch. D, line 5, col. (f) Sch. D, line 12, col. (g) Sch. D, line 12, col. (f) (Enter on applicable line of your return.)
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a	
	b Dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e Net long-term capital gain (loss):		
	(1) 28% rate gain (loss)	e(1)	
(2) Total for year	e(2)		
f Other portfolio income (loss) (attach schedule)	4f		
5 Net section 1231 gain (loss) (other than due to casualty or theft):		See Shareholder's Instructions for Schedule K-1 (Form 1120S). (Enter on applicable line of your return.)	
a 28% rate gain (loss)	5a		
b Total for year	5b		
6 Other income (loss) (attach schedule)	6	Sch. A, line 15 or 16	
Deductions	7 Charitable contributions (attach schedule)	7	See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	8 Section 179 expense deduction	8 3,768	
	9 Deductions related to portfolio income (loss) (attach schedule)	9	
	10 Other deductions (attach schedule)	10	
Investment Interest	11a Interest expense on investment debts	11a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	b(1)	See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	(2) Investment expenses included on line 9 above	b(2)	
Credits	12a Credit for alcohol used as fuel	12a	Form 6478, line 10
	b Low-income housing credit:		Form 8586, line 5
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)	
	(2) Other than on line 12b(1) for property placed in service before 1990	b(2)	
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities	12c	See pages 6 and 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	
e Credits related to other rental activities	12e		
13 Other credits	13		

For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 1997

CAA 7 120SK112 NTF 12234 GLD 2876

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AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in the attached unaudited financial statements for Dial Tone, Inc. I have read the attached financial statements and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of Dial Tone, Inc.

Dial Tone, Inc.

By: *Gaston Dillon*
Gaston Dillon
President

4438 Troy Highway
Montgomery, Alabama 36116

Sworn to before me this 16
day of July, 1998.

Mary R. Wells
Notary Public



My Commission Expires:

My Commission Expires April 28, 1999
FATELECOM

LOCAL EXCHANGE SERVICE

DIAL TONE OF ALABAMA, INC.

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES
APPLYING TO LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA

This price list is on file with the Florida Public Service Commission and copies may be inspected, during normal business hours, at Dial Tone of Alabama, Inc.'s principal place of business at 4438 Troy Highway, Montgomery, Alabama 36116.

Issued: July 15, 1998

Effective:

Mr. Gaston Dillon
Dial Tone of Alabama, Inc.
4438 Troy Highway
Montgomery, AL 36116

CHECK LIST

Pages 1 to 39 are effective as of the date shown. Revised sheets as named below contain all changes from the original price list that are in effect on the date thereof.

<u>PAGE</u>	<u>REVISION NO.</u>	<u>PAGE</u>	<u>REVISION NO.</u>
1	Original	32	Original
2	Original	33	Original
3	Original	34	Original
4	Original	35	Original
5	Original	36	Original
6	Original	37	Original
7	Original	38	Original
8	Original	39	Original
9	Original		
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27	Original		
28	Original		
29	Original		
30	Original		
31	Original		

Issued: July 15, 1998

Effective:

Mr. Gaston Dillon
Dial Tone of Alabama, Inc.
4438 Troy Highway
Montgomery, AL 36116

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**EXPLANATION OF SYMBOLS, REFERENCE MARKS, AND ABBREVIATIONS OF TECHNICAL TERMS
USED IN THIS PRICE LIST**

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

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

Issued: July 15, 1998

Effective:

Mr. Gaston Dillon
Dial Tone of Alabama, Inc.
4438 Troy Highway
Montgomery, AL 36116

APPLICATION OF PRICE LIST

This price list sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate communications services by Dial Tone of Alabama, Inc. ("Dial Tone") to Customers within the local exchange service area defined herein.

Issued: July 15, 1998

Mr. Gaston Dillon
Dial Tone of Alabama, Inc.
4438 Troy Highway
Montgomery, AL 36116

Effective:

1. Definitions

Certain terms used generally throughout this price list are defined below.

Account Number: Customer's telephone number is his/her account number.

Advance Payment: Payment of all or part of a charge required before the start of service.

Authorized User: A person that either is authorized by the Customer to use local exchange telephone service at Customer's residence or other location, or is placed in a position by the Customer, either through acts or omissions, to use local exchange telephone service.

Call Forwarding: Permits calls directed to a Customer's line to be routed to a user defined line inside or outside the Customer's telephone system.

Call Waiting: Provides the User with a burst of tone to indicate that another call is waiting. The second call can either be answered by flashing the switchhook or hanging up the phone and being rung back by the caller.

Class of Service (COS): Used to prevent a Station from dialing certain codes and numbers.

Company: Dial Tone, Inc. d/b/a Dial Tone of Alabama, Inc., an Alabama Corporation.

Conference/Three-Way: The User can sequentially call up to two other people and add them together to make up a three-way call.

Customer: The person or entity which orders service and is responsible for the payment of charges and for compliance with the Company's price list regulations.

Exchange Carrier: Any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged in the provision of local exchange telephone service.

Individual Case Basis: A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation.

LATA: A local access and transport area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192 for the provision and administration of communications services.

Local Calling: A completed call or telephone communication between a calling Station and any other Station within the local service area of the calling Station.

1. Definitions (Cont'd)

Local Exchange Carrier or LEC: A company certificated with the Commission which furnishes local exchange telephone service.

Non-Recurring Charges: The one-time initial charges for services or facilities, including but not limited to charges for processing, installation, for which the Customer becomes liable at the time the Service Order is executed.

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

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

Service Order: The written request for local exchange services executed by the Customer and the Company in a format specified by the Company. The signing of a Service Order by the Customer and acceptance thereof by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this price list, but the duration of the service is calculated from the Service Commencement Date. Service Order may also be referred to as Customer Service Agreement.

Services: The Company's local telecommunications services offered to the Customer. Such services consist of basic and optional elements.

Speed Dial: Provides a User with the option to call selected directory numbers by dialing a one or two-digit code.

Station: Telephone equipment from or to which calls are placed.

Trunk: A communications path connecting two switching systems in a network, used in the establishment of an end-to-end connection.

User: A Customer or any other person authorized by the Customer to use service provided under this price list.

2. Regulations**2.1 Undertaking of the Company****2.1.1 Scope**

The Company undertakes to furnish basic local telecommunications services within the State of Florida under the terms of this price list as a reseller.

The Company is responsible under this price list only for the services and facilities provided herein. Should Customers use such services and facilities to obtain access to services offered by other providers, the Company assumes no responsibility for such other service.

2.1.2 Shortage of Equipment of Facilities

2.1.2.1. The Company reserves the right to limit or allocate the use of existing facilities, or of additional facilities offered by the Company when necessary because of lack of facilities or due to some other cause beyond the Company's control.

2.1.2.2. The furnishing of service under this price list is subject to availability on a continuing basis of all necessary facilities from the LEC (e.g., BellSouth Telecommunications, Inc. or other providers) to the Company for resale.

2.1.3 Terms and Conditions

2.1.3.1 Except as otherwise provided herein, service is provided and billed on a monthly basis. Billings shall be mailed on the 25th day of each month for the following month's service and shall be due on the first day of the next month. The account will become delinquent if not paid in full by the 15th day of the month following the mailing as aforesaid. Service shall be discontinued after giving 5 days written notice thereafter. All calculations of dates set forth in this price list shall be based on calendar days and should the 6th day fall on a Sunday or Federal holiday, the Customer will be permitted to make payment on the next regular business day.

2.1.3.2 Customers may be required to enter into written Customer Service Agreements which shall contain or reference the name of the Customer, a specific description of the service ordered, the rates to be charged, the duration of the services, and appropriate terms and conditions in this price list.

2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.3 Terms and Conditions. (Cont'd)

2.1.3.3 At the expiration of any term specified in a Customer Service Agreement, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon 30 days written notice. Any termination shall not relieve Customer of its obligation to pay any charges incurred under the Agreement and this price list prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the Agreement shall survive such termination.

2.1.3.4 This price list shall be interpreted and governed by the laws of the State of Florida.

2.1.3.5 Another telephone company must not interfere with the right of any person or entity to obtain service directly from the Company.

2.1.3.6 The Customer has no property right to the telephone number or any other call number designation associated with services furnished by the Company. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, assigned to the Customer, whenever the Company deems it necessary to do so in the conduct of its business.

2.1.3.7 The Customer agrees to operate Company-provided equipment in accordance with instructions of the Company or the Company's agent. Failure to do so will void Company liability for interruption of service and may make the Customer responsible for damage to equipment pursuant to section 2.1.3.8 below.

2.1.3.8 The 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.

2. Regulations (Cont'd)**2.1 Undertakings of the Company (Cont'd)****2.1.4 Liability of the Company**

2.1.4.1 The liability of the Company for claims arising out of the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, other defects, or representations by the Company, or use of these services or claims arising out of the failure to furnish the service whether caused by acts or omission, shall be limited to the extension of allowances for interruption as set forth in Section 2.6, below. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of the Company. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of the Company's employees or agents.

2.1.4.2 The Company's liability for willful misconduct, if established as a result of judicial or administrative proceedings, is not limited by this price list. The Company's liability, if any, with regard to delayed installation of Company facilities or commencement of service, shall not exceed \$1,000.00. With respect to any other claim or suit, by a Customer or by others, for claims associated with the ordering (including the reservation of any specific number for use with a service), installation, (including delays thereof), provision, termination, maintenance, repair, interruption or restoration of any service or facilities offered under this price list, and subject to the provisions of Section 2.6, the Company's liability, if any, shall be limited as provided herein.

2.1.4.3 The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; and law, order, regulation, direction, action or request of the United States government or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of these federal, state, or local governments, or of any military authority; preemption of existing service in compliance with national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages, or other labor difficulties.

2. Regulations (Cont'd)

2.1 Undertakings of the Company (Cont'd)

2.1.4 Liability of the Company

2.1.4.4 The Company shall not be liable for: (a) any act or omission of any entity furnishing the Company or the Company's Customers facilities or equipment used for or with the services the Company offers; or (b) for the acts or omissions of other common carriers or warehousemen.

2.1.4.5 The Company shall not be liable for any claims or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

2.1.4.6 The Customer shall indemnify and hold the Company harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, claim, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, condition, location or use of any installation provided by the Company. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section as a condition precedent to such installations.

2.1.4.7 The Company shall not be liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by gross negligence or willful misconduct of the Company's agents or employees. No agents or employees of other participating carriers shall be deemed to be agents or employees of the Company.

2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company. (Cont'd)

2.1.4.8 Notwithstanding the Customer's obligations as set forth in Section 2.3.2, the Company shall be indemnified, defended, and held harmless by the Customer or by others authorized by it to use the service against any claim, loss or claim arising from Customer's use of services furnished under this price list, including:

- claims for libel, slander, invasion of privacy or infringement of copyright arising from the material, data, information, or other content transmitted via the Company's service;
- patent infringement claims arising from combining or connecting the service offered by the Company with apparatus and systems of the Customer or others; and all other claims arising out of any act or omission of the Customer or others, in connection with any service provided by the Company pursuant to this price list.

2.1.4.9 The entire liability of the Company for any claim, loss, liability or expense from any cause whatsoever shall in no event exceed sums actually paid to the Company by the Customer for the specific services giving rise to the claim, and no action or proceeding against the Company shall be commenced more than one year after the service is rendered.

2.1.4.10 The Company makes no warranties or representations, express or implied, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.

2.1.4.11 The Company shall not be liable for any act or omission of any other company or companies furnishing a portion of the service, or for claims associated with service, channels, or equipment which it does not furnish, or for claims which result from the operation of Customer-provided systems, equipment, facilities or services which are interconnected with Company services.

2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company. (Cont'd)

2.1.4.12 The Company shall not be liable for the Customer's failure to fulfill its obligations to take all necessary steps including, without limitation, obtaining, installing and maintaining all necessary equipment, materials and supplies, for interconnecting the terminal equipment or communications system of the Customer, or any third party acting as its agent, to the Company's network. The Customer shall secure all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection. In addition, the Customer shall ensure that its equipment and/or system or that of its agent is properly interfaced with the Company's service, that the signals emitted into the Company's network are of the proper mode, band-width, power, data speed, and signal level for the intended use of the Customer and in compliance with the criteria set forth in Section 2.1.6 following, and that the signals do not damage Company equipment, injure its personnel or degrade service to other Customers. If the Customer or its agent fails to maintain and operate its equipment and/or system or that of its agent properly, with resulting imminent harm to Company equipment, personnel, or the quality of service to other Customers, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, the company may, upon written notice, terminate the Customer's service without liability.

2. Regulations (Cont'd)**2.1 Undertaking of the Company (Cont'd)****2.1.4 Liability of the Company. (Cont'd)****2.1.4.13 With respect to Emergency Number 911 Service:**

- (a) This service is offered as an aid in handling assistance calls in connection with fire, police and other emergencies. The Company is not responsible for any losses, claims, demands, suits or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or person for any personal injury to or death of any person or persons, and for any loss, claim or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused by: (1) mistakes, omissions, interruptions, delays, errors or other defects in the provision of this service, or (2) installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of any equipment and facilities furnishing this service.

- (b) Neither is the Company responsible for any infringement or invasion of the Right of Privacy of any person or persons, caused or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion or use of emergency 911 service features and the equipment associated therewith, or by any services furnished by the Company including, but not limited to, the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing Emergency 911 service, and which arise out of the negligence or other wrongful act of the Company, the Customer, its Users, agencies or municipalities, or the employees or agents of any one of them.

2. Regulations (Cont'd)**2.1 Undertakings of the Company (Cont'd)****2.1.4 Liability of the Company**

2.1.4.14 The Company's liability arising from errors or omissions in Directory Listings, other than charged listings, shall be limited to the amount of actual impairment to the Customer's service and in no event shall exceed one-half the amount of the fixed monthly charges applicable to exchange service affected during the period covered by the directory in which the error or omission occurs. In cases of charged Directory Listings, the liability of the Company shall be limited to an amount not exceeding the amount of charges for the charged listings involved during the period covered by the directory in which the error or omission occurs.

2.1.4.15 In conjunction with a nonpublished telephone number, as described in Section 3.4.5.3, the Company will not be liable for failure or refusal to complete any call to such telephone when the call is not placed by the number. The Company will try to prevent the disclosure of the number of such telephone, but will not be liable should such number be divulged.

2.1.4.16 When a Customer with a nonpublished telephone number, as defined herein, places a call to the Emergency 911 Service, the Company will release the name and address of the calling party, where such information can be determined, to the appropriate local governmental authority responsible for the Emergency 911 Service upon request of such governmental authority. By subscribing to service under this price list, Customer acknowledges and agrees with the release of information as described above.

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventive maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notifications requirements. With some emergency or unplanned service affecting conditions, such as outage resulting from cable damage, notification to the Customer may not be possible.

2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.6 Provision of Equipment and Facilities

2.1.6.1 The Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this price list. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.

2.1.6.2 The Company shall use reasonable efforts to maintain facilities that it furnishes to the Customer. The Customer may not, nor may the Customer permit others (except BellSouth or other LECs which the Company resells its services), to rearrange, disconnect, remove, attempt to repair or otherwise interfere with any of the facilities installed by the Company, except upon the written consent of the Company.

2.1.6.3 Equipment installed at the Customer Premises for use in connections with the services the Company offers shall not be used for any purpose other than that for which the Company or the LEC has provided it.

2.1.6.4 The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this price list, the responsibility of the Company shall be limited to the furnishing of facilities offered under this price list and to the maintenance and operation of such facilities. Beyond this responsibility, the Company shall not be responsible for:

- (a) the transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
- (b) the reception of signals by Customer provided equipment; or
- (c) network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.7 Non-routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on the cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

2.1.8 Ownership of Facilities

Title to all facilities provided in accordance with this price list remains in the Company, its agents or contractors.

2.2 Prohibited Uses

2.2.1 The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.

2.2.2 The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others.

2. Regulations (Cont'd)

2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for:

- (a) the payment of all applicable charges pursuant to this price list;
- (b) reimbursing the Company for damage to, or loss of, the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer's premises, unless caused by the negligence or wilful misconduct of the employees or agents of the Company. The Company will, upon reimbursement for damages, cooperate with the Customer in prosecuting a claim against the person causing such damage and the Customer shall be subrogated to the Company's right of recovery of damages to the extent of such payment.
- (c) providing at no charge, as specified from time to time by the Company, any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- (d) obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide local exchange service to the Customer from the cable building entrance or property line to the location of the equipment space described in 2.3.1(c). Any costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to, the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service;

2. Regulations (Cont'd)**2.3 Obligations of the Customer (Cont'd)****2.3.1 General (Cont'd)**

- (e) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation work;
- (f) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under section 2.3. 1(d) above; and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;
- (g) not creating or allowing to be placed or maintained any liens or other encumbrances on the Company's equipment or facilities; and
- (h) making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance for interruptions in service will be made for the period during which service is interrupted for such purposes.

2. Regulations (Cont'd)

2.3 Obligations of the Customer (Cont'd)

2.3.2 Claims

With respect to any service or facility provided by the Company, Customer shall indemnify, defend and hold harmless the Company from all claims, actions, liabilities, costs and expenses, including reasonable attorneys' fees for:

- (a) any loss, destruction or damage to property of the Company or any third party, or the death of or injury to persons, including, but not limited to, employees or invitees of either the Company or the Customer, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees; or
- (b) any claim, loss, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, without limitation, use of the Company's services and facilities in a manner not contemplated by the agreement between the Customer and the Company.

2. Regulations (Cont'd)**2.4 Customer Equipment and Channels****2.4.1 General**

A customer may transmit or receive information or signals via the facilities of the Company.

2.4.2 Station Equipment

2.4.2.1 The Customer is responsible for providing and maintaining any terminal equipment on the Customer's premises. The electric power consumed by such equipment shall be provided by, and maintained at the expense of, the Customer. All such terminal equipment must be registered with the FCC under 47 C. F. R., Part 68 and all wiring must be installed and maintained in compliance with those regulations. The Company will, where practicable, notify the Customer that temporary discontinuance of the use of a service may be required; however, where prior notice is not practicable, nothing contained herein shall be deemed to impair the Company's right to discontinue forthwith the use of a service temporarily if such action is reasonable under the circumstances. In case of such temporary discontinuance, the Customer will be promptly notified and afforded the opportunity to correct the condition which gave rise to the temporary discontinuance. During such period of temporary discontinuance, credit allowance for service interruptions as set forth in Section 2.6 following is not applicable.

2.4.2.2 The Customer is responsible for ensuring that Customer provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

2. Regulations (Cont'd)

2.4 Customer Equipment and Channels

2.4.3 Interconnection of Facilities

2.4.3.1 Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing local exchange service and the channels, facilities, or equipment of others may be provided at the Customer's expense.

2.4.3.2 Local Services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the price lists of the other communications carriers which are applicable to such connections.

2.4.3.3 Facilities furnished under this price list may be connected to Customer provided terminal equipment in accordance with the provisions of this price list.

2.4.4 Inspections

2.4.4.1 Upon reasonable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2.2 for the installation, operation, and maintenance of any Customer-provided facilities and equipment to any Company-owned facilities and equipment. No credit will be allowed for any interruptions occurring during such inspections.

2.4.4.2 If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm. The Company will, upon request 24 hours in advance, provide the Customer with a statement of technical parameters that the Customer's equipment must meet.

2. Regulations (Cont'd)

2. Regulations (Cont'd)
2.5 Payment Arrangements

2.5.1 Payment for Service

The Customer is responsible for payment of all charges for service and facilities furnished by the Company to the Customer or Authorized Users. Objections must be received by the Company within 10 days after statement of account is rendered, or the charges shall be deemed correct. Should the Customer pay the charges under protest, he may have an additional 30 days to dispute same in writing or the charges will become binding upon Customer. If an entity other than the Company imposes charges on the Company, in addition to its own internal costs, in connection with a service for which a Company Non-Recurring Charge is specified, those charges may be passed on to the Customer.

2.5.1.1 Taxes: The Customer is responsible for the payment of any sales, use, gross receipts, excise, access or other local, state and federal taxes, charges or surcharges (however designated) excluding taxes on the Company's net income imposed on or based upon the provision of Local Exchange Service, all of which shall be separately designated on the Company's invoices. Any taxes imposed by a local jurisdiction (e.g. County and municipal taxes) will only be recovered from those Customers residing in the affected jurisdictions. It shall be the responsibility of the Customer to pay any such taxes that subsequently become applicable retroactively.

2.5.2 Billing and Collection of Charges

Bills will be rendered monthly to Customer.

2.5.2.1 All service, installation, monthly Recurring Charges and Non Recurring Charges are due and payable on the first day of the month after the billing date and shall be delinquent on the 6th day of that month (or the following day if the 6th falls on a Sunday or Federal Holiday).

2.5.2.2 The Company shall present bills for Recurring Charges monthly to the Customer, in advance of the month for which service is provided.

2.5.2.3 For new customers or existing customers whose service is disconnected, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have 30 days.

2.5.2.4 A \$15.00 charge will be assessed for checks with insufficient funds or non-existing accounts.

2. Regulations (Cont'd)**2.5 Payment Arrangements (Cont'd)****2.5.3 Disputed Bills**

The Customer shall notify the Company of any disputed items on a bill within 5 days of receipt of the bill. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Florida Public Service Commission in accordance with the Commission's rules of procedure.

2.5.3.1 The date of the dispute shall be the date the Company receives sufficient documentation to enable it to investigate the dispute.

2.5.4 Advance Payments

To safeguard its interests, the Company may require a Customer to make Processing Application Fee before services and facilities are furnished. This fee will not exceed an amount equal to the Non-Recurring Charge(s) and one month's charges for the service or facility.

2.5.5 Deposits

2.5.5.1 Applicants shall not be required to pay a security deposit prior to receiving service.

2.5.5.2 An Escrow Account shall be maintained by Company, with a bank of its selection, into which shall be placed monies which shall be available to reimburse any Customer who does not receive services for which Customer has paid in advance. Such Escrow Account shall be governed by an Escrow Agreement on file with the Public Service Commission.

2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.6 Discontinuance of Service

2.5.6.1 Upon nonpayment of any amounts owing for regulated service, and after 5 days written notice from the delinquent date, the Company may discontinue or suspend service without incurring any liability. Notice of this disconnect policy shall be plainly printed on the Customer Service Agreement under the heading: "IMPORTANT INFORMATION; RETAIN FOR YOUR RECORDS."

2.5.6.2 Upon violation of any of the other material terms or conditions for furnishing service, the Company may, by giving 10 days' prior notice in writing to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.

2.5.6.3 Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.

2.5.6.4 Upon any governmental prohibition, or required alteration of the services to be provided or any violation of any applicable law or regulation, the Company may immediately discontinue or suspend service without incurring any liability.

2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.6 Discontinuance of Service (Cont'd)

2.5.6.5 The Company may discontinue the furnishing of any and/or all service(s) to a Customer, without incurring any liability:

2.5.6.5.1 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. The Company may discontinue service pursuant to this sub-section 2.5.6.5.1 (a-f) if:

- (a) The Customer refuses to furnish information to the Company regarding the Customer's credit-worthiness, its past or current use of common carrier communications services or its planned use of service(s); or
- (b) The Customer provides false information to the Company regarding the Customer's identity, address, credit-worthiness, past or current use of common carrier communications service(s); or
- (c) The Customer uses, or attempts to use, service with the intent to avoid the payment, either in whole or in part, of the charges set forth herein for the service by:
 - (c.1) Using or attempting to use service by rearranging, tampering with, or making connections to the Company's service not authorized by this price list; or
 - (c.2) Using tricks, schemes, false or invalid numbers, false credit devices, electronic devices; or
 - (c.3) Any other fraudulent means or devices; or

2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.6 Discontinuance of Service (Cont'd)

- (d) Use of service in such a manner as to interfere with the service of other users; or
- (e) Use of service for unlawful purposes.

2.5.6.5.2 Immediately, upon written notice to a Customer who has failed to pay any sum within 5 days of the date the account became delinquent;

2.5.6.5.3 Ten (10) days after sending the Customer written notice of noncompliance with any provision of this price list if the noncompliance is not corrected within that ten (10) day period; or

2.5.6.6 The suspension or discontinuance of service(s) by the Company pursuant to this Section does not relieve the Customer of any obligation to pay the Company for charges due and owing for service(s) furnished during the time of or up to suspension or discontinuance.

2.5.6.7 Upon the Company's discontinuance of service to the Customer under Section 2.5.6.1 or 2.5.6.2, all applicable charges, including termination charges, shall become due. This is in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this price list.

2. Regulations (Cont'd)**2.6 Allowances for Interruptions of Service**

2.6.1 Credit for Interruptions: When the use of service or facilities furnished by the Company is interrupted due to any cause other than the negligence or willful act of the Customer, or the operation or failure of the facilities or equipment provided by the Customer, a pro rata adjustment of the monthly Recurring Charges subject to interruption will be allowed for the service and facilities rendered useless and inoperative by reason of the interruption whenever said interruption continues for a period of 24 hours or more from the time the interruption is reported to or known to exist by the Company, except as otherwise specified in the Company's price lists. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the monthly recurring Charges specified hereunder for Local Line or Local Truck Service and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit. Credit allowances for service outages that exceed 24 hours in duration will be rounded up to the next whole 24 hours.

2.6.2 Limitations on Allowances

No credit will be made for:

- (a) interruptions due to the negligence of, or noncompliance with the provisions of this price list by, the Customer;
- (b) interruptions due to the negligence of any person using the Company's facilities with the Customer's permission;
- (c) interruptions due to the failure or malfunction of non-Company equipment;
- (d) interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;
- (e) interruptions of service during a period in which the Customer continues to use the service on an impaired basis;

2. Regulations (Cont'd)

2.6 Allowances for Interruptions of Service (Cont'd)

- (f) interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- (g) interruption of service due to circumstances or causes beyond the control of the Company.

2.7 Cancellation of Service

2.7.1 Cancellation of Application for Service

- 2.7.1.1 Applications for service are noncancellable unless the Company otherwise agrees. Where the Company permits Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- 2.7.1.2 Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of service ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.
- 2.7.1.3 The special charges described in 2.7.1.1 and 2.7.1.2 will be calculated and applied on a case-by-case basis.

2. Regulations (Cont'd)**2.7 Cancellation of Service (Cont'd)****2.7.2 Cancellation of Service by a Customer**

If a Customer cancels a Service Order or terminates services before the completion of the term, which in no event will exceed 30 days, for any reason whatsoever other than a service interruption (as defined in 2.6.1 above), Customer agrees to pay to Company the following sums which shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in 2.5.2, all costs, fees and expenses incurred in connection with:

- 1) all Non-Recurring Charges reasonably expended by Company to establish service to Customer, plus
- 2) any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus
- 3) all Recurring Charges specified in the applicable price list for the balance of the then current term.

2.8 Transfer and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties (a) to any subsidiary, parent company or affiliate of the Company; (b) pursuant to any sale or transfer of substantially all the assets of the Company; or (c) pursuant to any financing, merger or reorganization of the Company.

2. Regulations (Cont'd)

2.9 Notices and Communications

- 2.9.1 The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- 2.9.2 The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.
- 2.9.3 All notices or other communications required to be given pursuant to this price list will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following deposit of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

3. Service Description

3.1 Local Exchange Service: The Company's Local Telephone Service provides a Customer with the ability to connect to the Company's switching network which enables the Customer to:

- place or receive calls to any calling Station in the local calling area, as defined herein;
- access basic 911 Emergency Service if available in the Customer's area;
- place or receive calls to 800 telephone numbers.

The Company's service cannot be used to originate calls to other telephone companies caller-paid information services (e.g., 900, 976). Calls to those numbers and other numbers used for caller-paid information services will be blocked by the Company's switch.

3.1.2 Local Line: Local Line provides the Customer with a single, voice-grade communications channel. Each Local Line will include a telephone number.

3.1.2.1 Standard Features: Each Local Line Customer is provided with only basic local telephone service.

3.1.2.2 Optional features:

- Call Hold
- Call Forwarding
- Call Return
- Call Waiting
- Caller ID
- Class of Service
- Conference Three-Way
- Speed Call
- Unpublished Number

3.1.2.3 Local Line Rates and Charges: A Local Line

Customer will be charged applicable Non-Recurring Charges, monthly Recurring Charges and usage charges as specified in Sections 3.1.2.3.1, 3.1.2.3.2 and 3.1.2.3.4, respectively.

3. Service Description

3.1 Local Exchange Service (Cont'd)

3.1.2 Local Line

3.1.2.3 Local Line Rates and Charges (Cont'd)

3.1.2.3.1 Non-Recurring Charges

Processing/Application Fee \$40.00

3.1.2.3.2 Recurring Charges

Local Line - Live Charge \$49.00 Monthly

3.1.2.3.3 Optional Features:

Call Waiting \$5.00

Call Forwarding \$5.00

Three-Way Calling \$5.00

Unpublished Number \$5.00

Speed Dial \$5.00

Call Return \$5.00

All above options \$20.00

Caller ID \$10.00

Caller ID Set Up Fee \$10.00

3. Service Description (Cont'd)

3.2 Directory Listings

The Company shall provide for a single directory listing, termed the primary listing, in the telephone directory published by the dominant exchange service provider in the Customer's exchange area of the Station number which is designated as the Customer's main billing number.

3.2.1 The Company reserves the right to limit the length of any listing in the directory by the use of abbreviations when, in its judgment, the clearness of the listing or the identification of the Customer is not impaired thereby. Where more than one line is required to properly list the Customer, no additional charge is made.

3.2.2 The Company may refuse a listing which is known not to constitute a legally authorized or adopted name, obscenities in the name, or any listing which, in the opinion of the Company, is likely to mislead or deceive calling persons as to the identity of the listed party, or is a contrived name used for advertising purposes or to secure a preferential position in the directory or is more elaborate than is reasonably necessary to identify the listed party. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.

3.2.3 In order for listings to appear in an upcoming directory, the Customer must furnish the listing to the Company in time to meet the directory publishing schedule.

3.2.4 Directory listings are provided in connection with each Customer service as specified herein.

3.2.5 Non-Recurring Charges: Non-Recurring Charges associated with Directory Listings are as follows:

	Non-Recurring
Primary Listing (one number)	N/C

3.2.6 Recurring Charges: Monthly Recurring Charges associated with Directory Listings are as follows:

	Monthly
Primary Listing (one number)	N/C

3. Service Description (Cont'd)

3.3 **Emergency Services (Enhanced 911):** Allows Customers to reach appropriate emergency services including police, fire and medical services. Enhanced 911 has the ability to selectively route an emergency call to the primary E911 provider so that it reaches the correct emergency service located closest to the caller. In addition, the Customer's address and telephone information will be provided to the primary E911 provider for display at the Public Service Answering Point (PSAP).

4. Promotional Offerings

4.1 **Promotional Offerings:** The Company, from time to time, may make promotional offerings of its services which may include waiving or reducing the applicable charges for the promoted service. The promotional offerings may be limited as to the duration, the date and times of the offerings and the locations where the offerings are made.

GERRY, FRIEND & SAPRONOV, LLP

ATTORNEYS AT LAW
SUITE 1450
THREE RAVINIA DRIVE
ATLANTA, GEORGIA 30346-2131

DEPOSIT

DATE

D 826

AUG 10 1998

(770) 390-9500
FACSIMILE (770) 395-0000
EMAIL: gflaw@gflaw.com

August 7, 1998

via UPS OVERNIGHT

Florida Public Service Commission
Div. of Communications, Certification
& Compliance Section
2440 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866

981014-TX

Re: Dial Tone, Inc.'s Application to Provide Alternative Local Exchange Service Within the State of Florida (the "Application")

Dear Sir/Madam:

Enclosed are the original and seven (7) copies of the Application. Please file the Application in your usual fashion and return one file-stamped copy to us in the enclosed envelope.

In addition, enclosed is a check in the amount of \$250.00 to cover the filing fee.

If you have any questions or comments, please call.

Sincerely,

DOCUMENT NUMBER - DATE
08439 AUG 10 98
FPSC-RECORDS/REPORTING

GERRY, FRIEND & SAPRONOV, LLP
(770) 390-9500
THREE RAVINIA DRIVE, SUITE 1450
ATLANTA, GA 30346-2131

SUNTRUST BANK, ATLANTA
ATLANTA, GA
64-10810

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