SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202)424-7500
FACSIMILE (202) 424-7647

NEW YORK OFFICE
919 THIRD AVENUE
NEW YORK, NY 10022

December 23, 1998

VIA OVERNIGHT MAIL
Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0870

981974-TI

Re: Application of Hyperion Communications of Florida, LLC for Authority to Provide Interexchange Telecommunications Service in Florida

Dear Ms. Bayo:

Enclosed for filing on behalf of Hyperion Communications of Florida, LLC ("Hyperion") please find an original and twelve (12) copies of Hyperion's application for authority to provide interexchange telecommunications service in Florida. Also enclosed is a check in the amount of $250.00 to cover the application filing fee.

Please date-stamp the enclosed extra copy of this filing and return in the self-addressed, stamped envelope provided. Should you have any questions concerning this filing, please do not hesitate to contact us. Thank you very much.

Respectfully yours,

Kemal Hawa

Dana Frix
Kemal Hawa

Counsel for Hyperion Communications of Florida, LLC.

Enclosures

cc: Phil Fraga
Janet S. Livengood
Jennifer Schneider

98 DEC 28 AM 10:00

264563.1

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

Initials of person who forwarded check: KH

DOCUMENT NUMBER-DATE
14590 DEC 28 98
FPSC-RECORDS/REPORTING

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SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K STREET, N.W., SUITE 300
WASHINGTON, DC 20007

FIRST UNION NATIONAL BANK

0103887

NO.

EXACTLY*****250*DOLLARS AND*00*CENTS

DATE 12/22/98

AMOUNT $$$$$250.00

PAY TO THE ORDER OF FLORIDA PUBLIC SERVICE COMMISS

GENERAL ACCOUNT
TWO SIGNATURES REQUIRED ABOVE $10,000

DOCUMENT NUMBER-DATE
14590 DEC 28 98

FPSC-RECORDS/REPORTING

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

Hyperion Communications of Florida, LLC	)	
Request for Authority to Provide Interexchange Telecommunications Service within the State of Florida	)	Docket No. ____________

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

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

   (X) Facilities Based Carrier - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

   (X) Operator Service Provider - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.

   (X) Reseller - company has or plans to have one or more switches, but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.

   ( ) Switchless Rebiller - company has no switch or transmission facilities, but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount, but generally below the rate end users would pay for unaggregated traffic.

   (X) Multi-Location Discount Aggregator - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers the resold service by enrolling unaffiliated customers.

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

   Hyperion Communications of Florida, LLC ("Hyperion" or "Applicant")

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

   Not Applicable.

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

DDI Plaza Two
500 Thomas Street, Suite 400
Bridgeville, PA 15017-2838
Telephone: (412) 221-1888
Facsimile: (412) 221-6642

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

Hyperion's registered agent in Florida is:

The Prentice-Hall Corporation System, Inc.
1201 Hayes Street
Suite 105
Tallahassee, FL 32301

7. Structure of organization:

( )	Individual	( ) Corporation
( )	Foreign Corporation	( ) Foreign Partnership
( )	General Partnership	( ) Limited Partnership
(X)	Other, **Hyperion is a Delaware limited liability company. Please refer to Section 9 for further information.**	

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

Not Applicable.

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

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

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

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

9. If incorporated, please give:

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

Applicant is qualified to do business in the State of Florida as a foreign limited liability company. A copy of Hyperion's Certificate of Authority to Transact Business in the State of Florida is attached hereto as Exhibit 1.

Corporation charter number: **M98000000256**

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

The Prentice-Hall Corporation System, Inc.
1201 Hayes Street
Suite 105
Tallahassee, FL 32301

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

Not Applicable.

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

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

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

None.

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

A list of officers and directors of Hyperion Telecommunications Inc., ("HTI") (the parent company of Hyperion Communications of Florida, LLC) is attached hereto as Exhibit 2.

Hyperion Telecommunications of Florida, Inc., a subsidiary of HTI, holds a 20% partnership interest in MediaOne Fiber Technologies, Inc., which is certificated to provide telecommunications services in Florida.

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

(a) Application:

Dana Frix
Kemal M. Hawa
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Telephone: (202) 424-7500
Facsimile: (202) 424-7645

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

Janet S. Livengood, Esq.
Director, Legal and Regulatory Affairs
Hyperion Telecommunications, Inc.
DDI Plaza Two
500 Thomas Street, Suite 400
Bridgeville, PA 15017-2838
Telephone: (412) 220-5082
Facsimile: (412) 220-5162

(c) Tariff:

Janet S. Livengood, Esq.
Hyperion Telecommunications, Inc.
DDI Plaza Two
500 Thomas Street, Suite 400
Bridgeville, PA 15017-2838
Telephone: (412) 220-5082
Facsimile: (412) 220-5162

(d) Complaints/Inquiries from customers:

Hyperion's customer service and maintenance personnel are available 24 hours a day, 7 days a week at Hyperion's toll-free customer service number:

(800 292-2314). Hyperion will promptly respond to any customer service or maintenance inquiries. If necessary, personnel will be dispatched to respond to installation and repair requests.

11. List the states in which the applicant:

(a) Has operated as an interexchange carrier.

Hyperion is a start-up company and has not begun operations in any state as an interexchange carrier. Hyperion's parent company, HTI, through its affiliates, have operated in Arkansas, Florida, Indiana, Kansas, Kentucky, Louisiana, Maryland, Mississippi, New Jersey, New York, Pennsylvania, Tennessee, Vermont, and Virginia.

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

Hyperion has no application pending to be certificated as an interexchange carriers. Affiliates of HTI in the process of seeking authority to provide resold intrastate interexchange telecommunications services in Alabama, Connecticut, Delaware, District of Columbia, Georgia, Maine, Massachusetts, New Hampshire, North Carolina, Ohio, South Carolina, Texas, and West Virginia.

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

As a start-up company, Hyperion neither certificated nor has applied for certification to operate as an interexchange carrier in any other jurisdiction. Affiliates of HTI are authorized to provide resold intrastate, interexchange telecommunications services, by virtue of certification, registration or tariff requirements, or on an unregulated basis, in Arkansas, Florida, Indiana, Kansas, Kentucky, Louisiana, Maryland, Mississippi, New Jersey, New York, Pennsylvania, Tennessee, Vermont, and Virginia.

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

Applicant has not been denied authority to operate as an interexchange carrier.

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

None.

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

None.

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

(X) Facilities ( ) Operators
( ) Billing and Collection( ) Sales
( ) Maintenance
( ) Other ____

13. Do you have a marketing program?

Yes. However, as a start-up company, Hyperion has not fully developed its marketing plan.

14. Will your marketing program: **No, to each question following.**

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

15. Explain any of the offers checked in question 14 (to whom, what amount, type of franchise, etc.).

Not Applicable.

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

(X) Residential Customers (X) Business Customers
(X) PATS Providers (X) PATS Station End-Users
(X) Hotels and Motels (X) Hotel and Motel Guests
(X) Universities (X) Univ. Dormitory Residents
( ) Other, ________________________________

17. Please provide the following (if applicable):

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

Yes, Hyperion Communications of Florida, LLC's name will appear on bills sent to customers.

(b) Name and address of the firm who will bill for your services.

Hyperion Communications of Florida, LLC will not outsource its billing to an unaffiliated entity.

18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies: The application <u>should contain</u> the applicant's financial statements, including:

1. the balance sheet

2. income statement

3. statement of retained earnings for the most recent 3 years.

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 <u>affirm that the financial statements are true and correct</u>.

Hyperion's audited financial statements are attached hereto as Exhibit 3.

B. Managerial capability.

See Exhibit 4.

C. Technical capability.

See Exhibit 4.

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

Hyperion Communications of Florida, LLC's proposed tariff is appended hereto as Exhibit 5.

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

(X) MTS with distance sensitive per minute rates

( ) Method of access is FGA
( ) Method of access is FGB
(X) Method of access is FGD
(X) Method of access is 800

(X) MTS with route specific rates per minute

( ) Method of access is FGA
( ) Method of access is FGB
(X) Method of access is FGD
(X) Method of access is 800

(X) MTS with statewide flat rates per minute (*i.e.*, not distance sensitive)

( ) Method of access is FGA
( ) Method of access is FGB
(X) Method of access is FGD
(X) Method of access is 800

(X) MTS for pay telephone service providers

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

(X) 800 Service (toll free)

(X) WATS-type Service (bulk or volume discount)

(X) Method of access is via dedicated facilities
(X) Method of access is via switched facilities

(X) Private Line Services (channel services) (*i.e.*, 1.544 mbs., DS-3, etc.)

(X) Travel Service

- (X) Method of access is 950
- (X) Method of access is 800 and 888

(X) 900 Service

(X) Operator Services

- (X) Available to presubscribed customers
- (X) Available to non-presubscribed customers (*i.e.*, to patrons of hotels, students in universities, patients in hospitals)
- ( ) Available to inmates

Services included are:

- (X) Station assistance
- (X) Person-to-Person assistance
- (X) Directory assistance
- (X) Operator verify and interrupt
- (X) Conference calling

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

Presubscribed end-users may dial 1+ or 0+.

22. Other:

Applicant hereby respectfully requests a waiver to maintain its records outside the State of Florida.

264500.2

** APPLICANT ACKNOWLEDGMENT STATEMENT **

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of $50 is required.

2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. **APPLICATION FEE:** A non-refundable application fee of $250.00 must be submitted with the application.

5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange telephone service.

6. **ACCURACY OF APPLICATION:** By my signature below, I have authority to make this statement on behalf of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is a true and correct statement.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775-083."

UTILITY OFFICIAL: Randolph S. Fowler — 12/23/98

Randolph S. Fowler
Senior Vice President
Business Operations
Hyperion Telecommunications, Inc.

Date

412-221-1888
Telephone Number

APPENDICES

APPENDIX A	CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
APPENDIX B	INTRASTATE NETWORK
APPENDIX C	FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES

EXHIBITS

EXHIBIT 1	CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS
EXHIBIT 2	OFFICER AFFILIATES WITH FLORIDA TELEPHONE COMPANIES
EXHIBIT 3	FINANCIAL STATEMENTS
EXHIBIT 4	MANAGERIAL AND TECHNICAL QUALIFIC.TIONS
EXHIBIT 5	PROPOSED TARIFF

** APPENDIX A **

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

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

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

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

UTILITY OFFICIAL: Randolph S. Fowler — 12/23/98

Randolph S. Fowler
Senior Vice President
Business Operations
Hyperion Telecommunications, Inc.

Date: 12/23/98

(412) 221-1888
Telephone Number

**** APPENDIX B ****

INTRASTATE NETWORK

HCF seeks to provide all forms of intraexchange and interexchange services, both facilities based and resold throughout the state of Florida.[1] HCF seeks authority to provide these services utilizing a combination of its own facilities, and (where necessary) the unbundled network elements and resold facilities of other carriers.

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

   See Above.

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

   See Above.

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

   See Above.

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

   Hyperion Communications of Florida, LLC seeks authority to originate interexchange telecommunications service throughout the State of Florida.

---

[1]Please note that although Hyperion seeks authority to provide local exchange services on a statewide basis, Hyperion does not at this time seek to terminate any small or rural LEC exemption claimed by any incumbent in Florida..

**** APPENDIX B ****

INTRASTATE NETWORK (continued)

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

   Initially, Hyperion Communications of Florida, LLC will provide interexchange service only on a resale basis. The certificated carrier from which Hyperion Communications of Florida, LLC purchases services for resale will be responsible for complying with Commission Rule 25-24.471(4)(a).

6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has ( ) or has not (X) previously provided intrastate telecommunications in Florida. If the answer is has, fully describe the following:

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

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

UTILITY OFFICIAL: [signature] 12/23/98

Randolph S. Fowler
Senior Vice President
Business Operations
Hyperion Telecommunications, Inc.

Date

412-221-1888
Telephone Number

**** APPENDIX C ****

FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES

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

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

**** FLORIDA EAS FOR MAJOR EXCHANGES ****

Extended Service Area	with These Exchanges
PENSACOLA:	Cantonment, Gulf Breeze Pace, Milton Holley-Navarre.
PANAMA CITY:	Lynn Haven, Panama City Beach, Youngstown-Fountain and Tyndall AFB.
TALLAHASSEE:	Crawfordville, Havana, Monticello, Panacea, Sopchoppy and St. Marks.
JACKSONVILLE:	Baldwin, Ft. George, Jacksonville Beach, Callahan, Maxville, Middleburg, Orange Park, Ponte Vedra and Julington.
GAINESVILLE:	Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry and Waldo.
OCALA:	Belleview, Citra, Dunnellon, Forest Lady Lake (B21), McIntosh, Oklawaha, Orange Springs, Salt Springs and Silver Springs Shores.
DAYTONA BEACH:	New Smyrna Beach.

** APPENDIX C **

FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES (continued)

TAMPA:	Central	None
	East	Plant City
	North	Zephyrhills
	South	Palmetto
	West	Clearwater
CLEARWATER:	St. Petersburg, Tampa-West and Tarpon Springs.	
ST. PETERSBURG:	Clearwater.	
LAKELAND:	Bartow, Mulberry, Plant City, Polk City and Winter Haven.	
ORLANDO:	Apopka, East Orange, Lake Buena Vista, Oviedo, Windermere, Winter Garden, Winter Park, Montverde, Reedy Creek and Oviedo-Winter Springs.	
WINTER PARK:	Aopoka, East Orange, Lake Buena Vista, Orlando, Oviedo, Sanford, Windermere, Winter Garden, Oviedo-Winter Springs Reedy Creek, Geneva and Montverde.	
TITUSVILLE:	Cocoa and Cocoa Beach.	
COCOA:	Cocoa Beach, Eau Gallie, Melbourne and Titusville.	
MELBOURNE:	Cocoa, Cocoa Beach, Eau Gallie and Sebastian.	
SARASOTA:	Bradenton, Myakka and Venice.	

**** APPENDIX C ****

FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES (continued)

FT. MYERS:	Cape Coral, Ft. Myers Beach, North Cape Coral, North Ft. Myers, Pine Island, Lehigh Acres and Sanibel-Captiva Islands
NAPLES:	Marco Island and North Naples.
WEST PALM BEACH:	Boyston Beach and Jupiter.
POMPANO BEACH:	Boca Raton, Coral Springs, Deerfield Beach and Ft. Lauderdale
FT. LAUDERDALE:	Coral Springs, Deerfield Beach, Hollywood and Pompano Beach.
HOLLYWOOD:	Ft. Lauderdale and North Dade.
NORTH DADE:	Hollywood, Miami and Perrine.
MIAMI:	Homestead, North Dade and Perrine.

Hyperion Communications of Florida, LLC seeks authority to originate interexchange telecommunications services throughout the State of Florida at the rates identified in its proposed tariff attached hereto as Exhibit 4.

UTILITY OFFICIAL:

Randolph S. Fowler
Senior Vice President
Business Operations
Hyperion Telecommunications, Inc

12/23/98
Date

412-221-1888
Telephone Number

EXHIBIT 1

CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "HYPERION TELECOMMUNICATIONS OF SOUTH FLORIDA, LLC", CHANGING ITS NAME FROM "HYPERION TELECOMMUNICATIONS OF SOUTH FLORIDA, LLC" TO "HYPERION COMMUNICATIONS OF FLORIDA, LLC", FILED IN THIS OFFICE ON THE SEVENTEENTH DAY OF JULY, A.D. 1998, AT 9 O'CLOCK A.M.

Edward J. Freel

Edward J. Freel, Secretary of State

2863371 8100

981278031

AUTHENTICATION: 9202555

DATE: 07-17-98

CERTIFICATE OF AMENDMENT

OF

HYPERION TELECOMMUNICATIONS OF SOUTH FLORIDA, LLC

1. The name of the limited liability company is Hyperion Telecommunications of South Florida, LLC.

2. The Certificate of Formation of the limited liability company is hereby amended as follows: "The name of the limited liability company is Hyperion Communications of Florida, LLC."

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment as of this 16th day of July, 1998.

HYPERION TELECOMMUNICATIONS OF SOUTH FLORIDA, LLC.

BY: HYPERION TELECOMMUNICATIONS, INC., its sole member

BY: Randolph S. Fowler
NAME: Randolph S. Fowler
TITLE: Senior Vice President

PGH1; 448824 1

FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

August 18, 1998

CHRISTOPHER SMITH
CSC NETWORKS
TALLAHASSEE, FL

Re: Document Number M98000000256

The Amendment to the Application of a Foreign Limited Liability Company for HYPERION TELECOMMUNICATIONS OF SOUTH FLORIDA, LLC which changed its name to HYPERION COMMUNICATIONS OF FLORIDA, LLC, a Delaware limited liability company authorized to transact business in Florida, was filed on August 18, 1998.

Should you have any questions regarding this matter, please telephone (850) 487-6051, the Registration Section.

Buck Kohr
Corporate Specialist
Division ofCorporation

Letter Number: 198A00042906

Account number: 072100000032

Account charged: 52.50

Division of Corporations - P.O. BOX 6327 -Tallahassee, Florida 32314

APPLICATION BY FOREIGN LIMITED LIABILITY COMPANY TO FILE AMENDMENT TO APPLICATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 AUG 18 PM 2:29

SECTION I (1-3 must be completed)

1. Name of limited liability company as it appears on the records of the Department of State: Hyperion Telecommunications of South Florida, LLC

2. Jurisdiction of its organization: Delaware.

3. Date authorized to do business in Florida: March 18, 1998

SECTION II (4-7 complete only the applicable changes)

4. If the amendment changes the name of the limited liability company, when was the change effected under the laws of its jurisdiction of organization? 7/17/98

5. New name of the limited liability company: Hyperion Communications of Florida, LLC

   (Name must end with the words "limited company" or the abbreviation "L.C." if not so contained in the name at present.)

6. If the amendment changes the period of duration, indicate new period of duration:
   N/A

7. If the amendment changes the jurisdiction of organization indicate new jurisdiction:
   N/A

8/11/98
Date

Hyperion Telecommunications of South Florida, L
By: [signature]
Signature of a member or the authorized representative of a member

Randolph S. Fowler
Typed or printed name
Senior Vice President

EXHIBIT 2

OFFICER AFFILIATIONS WITH FLORIDA CERTIFICATED TELEPHONE COMPANIES

The individuals listed below are officers and managers of Hyperion's parent company, HTI.

John J. Rigas	Chairman and Director
James P. Rigas	Vice Chairman, Chief Executive Officer and Director
Michael J. Rigas	Vice Chairman and Director
Timothy J. Rigas	Vice Chairman, Chief Financial Officer, Treasurer and Director
Daniel R. Milliard	President, Chief Operating Officer, Secretary and Director
Randall D. Fisher	Assistant Secretary and General Counsel
Edward E. Babcock, Jr.	Vice President, Financial
Charles R. Drenning	Senior Vice President, Engineering Operations and Director
Paul D. Fajerski	Senior Vice President, Marketing and Sales and Director
Randolph S. Fowler	Senior Vice President, Business Development and Regulatory

Hyperion Telecommunications of Florida, Inc., a subsidiary of HTI, holds a 20% partnership interest in MediaOne Fiber Technologies, Inc., which is certificated to provide telecommunications services in Florida. All individuals listed above are also directors/officers for MediaOne Fiber Technologies, Inc.

EXHIBIT 3

FINANCIAL STATEMENTS

Hyperion is financially qualified to provide facilities-based and resold local and interexchange telecommunications services in Florida. In particular, Hyperion has access to the financing and capital necessary to conduct its telecommunications operations as specified in this application. In support of this application, Hyperion, as a newly formed company, will rely upon the substantial financial resources of its parent, HTI, to provide initial capital investment and to fund operating costs. Accordingly, as Hyperion does not have separate financial statements, Petitioner has attached hereto copies of HTI's most recent SEC Form 10-K. These exhibits are being offered to demonstrate Hyperion's financial ability to provide the proposed services. With the resources of HTI, Hyperion possesses the sound financial support necessary to effectively procure, install and operate the facilities and services requested in this Petition.

INDEPENDENT AUDITORS' REPORT

Hyperion Telecommunications, Inc.:

We have audited the accompanying consolidated balance sheets of Hyperion Telecommunications, Inc. and subsidiaries as of March 31, 1997 and 1998, and the related consolidated statements of operations, of common stock and other stockholders' equity (deficiency) and of cash flows for each of the three years in the period ended March 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Hyperion Telecommunications, Inc. and subsidiaries at March 31, 1997 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 1998 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
June 10, 1998

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands except per share amounts)

	March 31, 1997	March 31, 1998
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 59,814	$230,750
Other current assets	768	4,434
Total current assets	60,582	235,184
U.S. government securities – pledged	–	70,535
Investments	44,685	50,116
Property, plant and equipment—net	53,921	250,633
Other assets—net	15,413	28,425
Total	$174,601	$634,893
LIABILITIES, PREFERRED STOCK, COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY (DEFICIENCY):		
Current liabilities:		
Accounts payable	$ 2,342	$ 11,775
Due to affiliates—net	6,081	1,442
Other current liabilities	757	4,687
Total current liabilities	9,180	17,904
13% Senior Discount Notes due 2003	187,173	215,213
12 ¼% Senior Secured Notes due 2004	–	250,000
Note payable—Adelphia	25,855	35,876
Other debt	2,647	27,687
Total liabilities	224,855	546,680
12 7/8% Senior Exchangeable Redeemable Preferred Stock	–	207,204
Commitments and contingencies (Note 7)		
Common stock and other stockholders' equity (deficiency):		
Class A Common Stock, $0.01 par value, 300,000,000 shares authorized, 338,000 and 396,500 shares outstanding, respectively	3	4
Class B Common Stock, $0.01 par value, 150,000,000 shares authorized and 32,500,000 shares outstanding	325	325
Additional paid in capital	153	179
Class A Common Stock Warrants	–	13,000
Class B Common Stock Warrants	11,087	11,087
Loans to stockholders	(3,000)	(3,000)
Accumulated deficit	(58,822)	(140,586)
Total common stock and other stockholders' equity (deficiency)	(50,254)	(118,991)
Total	$174,601	$634,893

See notes to consolidated financial statements.

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands except per share amounts)

	Year Ended March 31, 1996	1997	1998
Revenues	$ 3,322	$ 5,088	$ 13,510
Operating expenses:			
Network operations	2,690	3,432	7,804
Selling, general and administrative	3,084	6,780	14,314
Depreciation and amortization	1,184	3,945	11,477
Total	6,958	14,157	33,595
Operating loss	(3,636)	(9,069)	(20,085)
Other income (expense):			
Gain on sale of investment	—	8,405	—
Interest income	199	5,976	13,304
Interest expense and fees	(6,088)	(28,377)	(49,334)
Loss before income taxes and equity in net loss of joint ventures	(9,525)	(23,065)	(56,115)
Income tax benefit (expense)	197	(259)	—
Loss before equity in net loss of joint ventures	(9,328)	(23,324)	(56,115)
Equity in net loss of joint ventures	(4,292)	(7,223)	(12,967)
Net loss	(13,620)	(30,547)	(69,082)
Dividend requirements applicable to preferred stock	—	—	(12,409)
Net loss applicable to common stockholders	$ (13,620)	$ (30,547)	$ (81,491)
Basic and diluted net loss per weighted average share of common stock	$ (0.42)	$ (0.89)	$ (2.33)
Weighted average shares of common stock outstanding	32,500	34,421	34,986

See notes to consolidated financial statements.

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY (DEFICIENCY)

(Dollars in thousands except per share amounts)

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Class A Common Stock Warrants	Class B Common Stock Warrants	Loans to Stockholders	Accumulated Deficit	Total
Balance, March 31, 1995	$ —	$ 325	$ —	$ —	$ —	$ —	$ (14,028)	$ (13,703)
Net loss	—	—	—	—	—	—	(13,620)	(13,620)
Balance, March 31, 1996	—	325	—	—	—	—	(27,648)	(27,323)
Proceeds from issuance of Class B Common Stock Warrants	—	—	—	—	11,087	—	—	11,087
Loans to stockholders	—	—	—	—	—	(3,000)	—	(3,000)
Excess of purchase price Of acquired assets Over related party Predecessor owner's Carrying value	—	—	—	—	—	—	(627)	(627)
Issuance of Class A Common Stock bonus	3	—	153	—	—	—	—	156
Net loss	—	—	—	—	—	—	(30,547)	(30,547)
Balance, March 31, 1997	3	325	153	—	11,087	(3,000)	(58,822)	(50,254)
Issuance of Class A Common Stock Warrant	—	—	—	13,000	—	—	—	13,000
Dividend requirements Applicable to preferred Stock	—	—	—	—	—	—	(12,409)	(12,409)
Other	—	—	—	—	—	—	(273)	(273)
Issuance of Class A Common Stock Bonus	1	—	26	—	—	—	—	27
Net loss	—	—	—	—	—	—	(69,082)	(69,082)
Balance, March 31, 1998	$ 4	$ 325	$ 179	$ 13,000	$ 11,087	$ (3,000)	$(140,586)	$(118,991)

See notes to consolidated financial statements.

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	Year Ended March 31, 1996	1997	1998
Cash flows from operating activities:			
Net loss	$ (13,620)	$ (30,547)	$ (69,082)
Adjustments to reconcile net loss to net cash used in operating Activities:			
Depreciation	1,061	2,604	9,038
Amortization	123	1,341	2,439
Equity in net loss of joint ventures	4,292	7,223	12,967
Non-cash interest expense	6,088	23,467	34,038
Deferred income taxes	(206)	257	—
Gain on sale of investment	—	(8,405)	—
Issuance of Class A Common Stock bonus	—	156	27
Changes in operating assets and liabilities, net of effects of acquisitions:			
Other assets—net	(227)	(624)	(5,302)
Accounts payable and other liabilities – net	1,656	(295)	9,542
Net cash used in operating activities	(833)	(4,823)	(6,331)
Cash flows from investing activities:			
Net cash used for acquisitions	—	(5,040)	(65,968)
Expenditures for property, plant and equipment	(6,084)	(24,627)	(68,629)
Investment in fiber asset and senior secured note	—	(20,000)	—
Proceeds from sale of investment	—	11,618	—
Investments in joint ventures	(12,815)	(34,769)	(64,260)
Investments in U.S. government securities – pledged	—	—	(83,400)
Sale of U.S. government securities – pledged	—	—	15,653
Net cash used in investing activities	(18,899)	(72,818)	(266,604)
Cash flows from financing activities:			
Proceeds from issuance of preferred stock	—	—	194,522
Proceeds from sale and 'leaseback of equipment	—	—	14,876
Proceeds from debt	—	163,705	250,000
Repayments of debt	—	—	(2,326)
Proceeds from issuance of Class B Common Stock warrants	—	11,087	—
Costs associated with debt financing	—	(6,555)	(12,664)
Loans to stockholders	—	(3,000)	—
Borrowings on (repayment of) note payable—Adelphia	9,226	(25,000)	—
Advances from (to) affiliates	10,506	(2,782)	(535)
Net cash provided by financing activities	19,732	137,455	443,873
Net increase in cash and cash equivalents	—	59,814	170,936
Cash and cash equivalents, beginning of year	—	—	59,814
Cash and cash equivalents, end of year	$ —	$ 59,814	$ 230,750

See notes to consolidated financial statements.

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 1996, 1997 and 1998
(Dollars in thousands except per share amounts)

(1) The Company and Summary of Significant Accounting Policies

Organization and Business

The consolidated financial statements include the accounts of Hyperion Telecommunications, Inc. and its wholly and majority owned subsidiaries ("Hyperion" or the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation. The Company was formed in 1991 and based on outstanding common stock as of March 31, 1998, was an 88% owned subsidiary of Adelphia Communications Corporation ("Adelphia"). The remaining 12% outstanding on March 31, 1998 was owned by certain key Company officers.

On May 8, 1998, the Company issued and sold 12,500,000 shares of Class A Common Stock at a price to the public of $16.00 per share (the "IPO"). Simultaneously with the closing of the IPO, the Company issued and sold an additional 3,324,001 shares of Class A Common Stock to Adelphia at a purchase price of $15.00 per share (or an aggregate of approximately $49,900). In addition, at such closing, the Company issued 3,642,666 shares of Class A Common Stock to Adelphia in exchange for certain of the Company's indebtedness and payables owed to Adelphia at a purchase price of $15.00 per share (or an aggregate of $54,600). In addition, on June 5, 1998, the Company issued and sold 350,000 shares of Class A Common Stock at the $16.00 IPO price pursuant to the underwriters' over-allotment option in the IPO. Subsequent to the IPO and related transactions, Adelphia owns approximately 66% of the Hyperion outstanding common stock and approximately 85% of the total voting power.

The Company provides telecommunications service through its subsidiaries and joint ventures, in which it has less than a majority ownership interest. The Company's efforts have been directed primarily toward becoming an owner and manager of competitive local exchange carrier ("CLEC") business telecommunications services in selected mid-sized cities. The Company generally partners with a local cable television or utility company, whose fiber facilities are located in the market areas, to build competitive access fiber optic networks. The Company then operates the networks for a management fee. Each network provides local special access, carrier-to-carrier, and point-to-point telecommunications services to major businesses and government customers. The Company's revenues are derived from a combination of direct business telecommunication services provided by its subsidiaries and management fees from its unconsolidated joint ventures.

Joint ventures in which the Company does not have a majority interest are accounted for under the equity method of accounting.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid instruments with an initial maturity date of three months or less.

U.S. Government Securities – Pledged

U.S. Government Securities – Pledged consist of highly liquid investments which will be used to pay the first six semi-annual interest payments of the 12 1/4% Senior Secured Notes. Such investments are classified as held-to-maturity and the carrying value approximates market value.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Costs capitalized include amounts directly associated with network engineering, design and construction.

For the years ended March 31, 1996, 1997 and 1998
(Dollars in thousands except per share amounts)

Provision for depreciation of property, plant and equipment is computed using the straight-line method over the estimated useful lives of the assets beginning in the month the asset is available for use or is acquired.

The estimated useful lives of the Company's principal classes of property, plant and equipment are as follows:

Telecommunications networks	10-20 years
Network monitoring and switching equipment	5-10 years
Other	3-10 years

Revenue Recognition

The Company recognizes revenues related to management and network monitoring of the joint ventures in the month that the related services are provided. The Company recognizes revenue from telecommunications services in the month the related service is provided. Revenues on billings to customers for services in advance of providing such services are deferred and recognized when earned.

Significant Customers

During Fiscal 1998, sales to Hyperion's two largest customers, AT&T and MCI, represented 18.3% and 14.5% of total revenues, respectively.

Net Loss Per Weighted Average Share of Common Stock

The computation of basic net loss per weighted average share of common stock is based upon the weighted average number of common shares and warrants outstanding during the year. Diluted net loss per common share is equal to basic net loss per common share because the MCI Warrant discussed in Note 6 had an antidilutive effect for the periods presented; however, the MCI Warrant could have a dilutive effort on earnings per share in future periods. A warrant to purchase 731,624 shares of Class A Common Stock and Class B Common Stock Warrants to purchase 1,993,638 shares of Class B Common Stock have been included as shares outstanding for purposes of the calculation of both basic and diluted loss per share. All references in the accompanying consolidated financial statements to the number of shares of common stock have been retroactively restated to reflect the stock split (See Note 6).

Income Taxes

Deferred income taxes are recognized for the tax effects of temporary differences between financial statement and income tax bases of assets and liabilities and for loss carryforwards for which income tax benefits are expected to be realized in future years. A valuation allowance is established to reduce deferred tax assets to the net amount that management believes will more likely than not be realized.

Other Assets

Costs incurred in developing new networks or expanding existing networks, including network design, negotiating rights-of-way and obtaining legal/regulatory authorizations are deferred and amortized over five years. Pre-operating costs, included in other assets, represent certain nondevelopment costs incurred during the pre-operating phase of a newly constructed network and are amortized over five-year periods commencing with the start of operations. Deferred debt financing costs, included in other assets, are amortized over the term of the related debt. The unamortized amounts of deferred debt financing costs at March 31, 1997 and 1998 were $6,033 and $16,566, respectively. Also included in other assets at March 31, 1997 and 1998 is a Senior Secured Note (See Note 3).

Asset Impairments

The Company reviews the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Measurement of any impairment would include a comparison of estimated future operating cash flows anticipated to be generated during the remaining life of the assets with their net carrying value. An impairment loss would be recognized as the amount by which the carrying value of the assets exceeds their fair value.

Financial Instruments

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of accounts receivable. Concentration of credit risk with respect to accounts receivable is limited due to the dispersion of the Company's customer base among different customers and geographic areas.

The Company's financial instruments include cash and cash equivalents, Note payable—Adelphia, Senior Secured Notes, Senior Discount Notes and Redeemable Preferred Stock. The carrying value of the Note payable—Adelphia approximated its fair value at March 31, 1997. The fair value of the Note payable – Adelphia exceeded the carrying value by $11,443 at March 31, 1998. The fair value of the Senior Secured Notes exceeded carrying value by approximately $31,250 at March 31, 1998. The fair value of the Redeemable Preferred Stock exceeded the carrying value by approximately $15,688 at March 31, 1998. The fair value of the Senior Discount Notes exceeded the carrying value by approximately $3,647 and $35,649 at March 31, 1997 and 1998, respectively. The fair value of the Note payable—Adelphia was estimated based upon the terms in comparison with other similar instruments. The fair value of the Senior Discount Notes, the Senior Secured Notes and the Redeemable Preferred Stock were based upon quoted market prices.

Non-cash Financing and Investing Activities

Capital leases entered into during the fiscal year ended March 31, 1998 totaled $24,500 (See Note 5). Dividend requirements applicable to preferred stock were satisfied by the issuance of an additional 6,860 shares of such preferred stock in January 1998 (See Note 5). See Note 4 for discussion of non-cash investing activities.

Use of Estimates in the Preparation of Financial Statements

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

Recent Accounting Pronouncements

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," and SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information," have been issued and are effective for fiscal years beginning after December 15, 1997. SFAS No. 130 defines comprehensive income and outlines certain reporting and disclosure requirements related to comprehensive income. SFAS No. 131 requires certain disclosures about business segments of an enterprise, if applicable. The adoption of SFAS No. 130 and SFAS No. 131 is not expected to have any effect on the Company's financial statements or disclosures.

(Dollars in thousands except per share amounts)

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," has been issued and is effective for fiscal quarters beginning after June 15, 1999. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities", has been issued and is effective for fiscal years beginning after December 15, 1998. SOP 98-5 provides guidance on the financial reporting of start up costs and organization costs. It requires such costs to be expensed as incurred. Management of the Company has not evaluated the impact of SFAS 133 or SOP 98-5.

Reclassification

For the fiscal years ended March 31, 1996 and 1997, certain amounts have been reclassified to conform with the March 31, 1998 presentation.

(2) Property, Plant and Equipment

Property, plant and equipment consists of the following:

	March 31, 1997	March 31, 1998
Telecommunications networks	$ 12,236	$ 50,421
Network monitoring and switching equipment	19,301	130,283
Fiber asset under construction (Note 3)	11,500	11,500
Construction in process	14,978	66,075
Other	1,131	6,605
	59,146	264,884
Less accumulated depreciation	(5,225)	(14,251)
Total	$ 53,921	$250,633

(3) Investment in Fiber Asset and Senior Secured Note

On February 20, 1997, the Company entered into several agreements regarding the leasing of dark fiber in New York state in furtherance of its strategy to interconnect its networks in the northeastern United States. Pursuant to these agreements and in consideration of a payment of $20,000, the Company received a $20,000 Senior Secured Note bearing interest at 22 1/2% (subject to reduction upon early repayment of principal) due February 2002 (subject to early redemption options), from Telergy, Inc. ("Telergy") and a fully prepaid lease from a Telergy affiliate for an initial lease term of 25 years (with two additional ten-year extensions) for 24 strands of dark fiber installed or to be installed in a New York fiber optic telecommunications backbone network. The Company has included $11,500 and $8,500 in Property, Plant and Equipment and Other Assets, respectively, as the allocation of the $20,000 payment between the fiber asset and the Senior Secured Note. The allocation reflects the Company's estimate of the relative fair values of the assets acquired.

During Fiscal 1998, construction of the fiber has continued and no repayments have been received on the Senior Secured Note. On April 16, 1998, the Senior Secured Note was amended to mature on January 20, 1999.

(Dollars in thousands except per share amounts)

(4) Investments

The equity method of accounting is used to account for investments in joint ventures in which the Company owns less than a majority interest. Under this method, the Company's initial investment is recorded at cost and subsequently adjusted for the amount of its equity in the net income or loss of its joint ventures. Dividends or other distributions are recorded as a reduction of the Company's investment. Investments in joint ventures accounted for using the equity method reflect the Company's equity in their underlying net assets.

The Company's nonconsolidated investments are as follows:

	Ownership Percentage	March 31, 1997	March 31, 1998
MediaOne Fiber Technologies (Jacksonville)	20.0%	$ 7,330	$ 7,979
Multimedia Hyperion Telecommunications (Wichita)	49.9%	3,306	3,900
Louisville Lightwave	100.0%(1)	4,683	—
NewChannels Hyperion Telecommunications (Albany)	—%(2)	924	—
NewChannels Hyperion Telecommunications (Binghamton)	—%(2)	504	—
NHT Partnership (Buffalo)	100.0%(1)(3)	4,717	—
NewChannels Hyperion Telecommunications (Syracuse)	100.0%(4)	4,215	—
Hyperion of Harrisburg	100.0%(1)	5,246	—
MediaOne of Virginia (Richmond)	37.0%	7,018	7,212
New Jersey Fiber Technologies (New Brunswick)	100.0%(1)	3,340	—
PECO-Hyperion (Philadelphia)	50.0%	10,750	21,150
PECO-Hyperion (Allentown, Bethlehem, Easton, Reading)	50.0%	—	1,750
Lexington Lightwave	100.0% (1)	2,311	—
Hyperion of York	50.0%	1,402	3,500
Entergy Hyperion Telecommunications of Louisiana	50.0%	—	3,000
Entergy Hyperion Telecommunications of Mississippi	50.0%	—	3,275
Entergy Hyperion Telecommunications of Arkansas	50.0%	—	3,550
Baker Creek Communications	49.9%(5)	—	10,009
Other	Various	949	1,323
		56,695	66,648
Cumulative equity in net losses		(12,010)	(16,532)
Total Investments		$ 44,685	$ 50,116

(1) As discussed below, the Company consummated agreements on Feburary 12, 1998 which increased its ownership to 100% in these networks.

(2) As discussed below, the Company consummated an agreement effective September 12, 1997 which eliminated its interest in these networks. The previous ownership percentages in the Albany and Binghamton networks were 50% and 20% respectively.

(3) As discussed below, the Company consummated an agreement which increased its ownership in the Buffalo network to 60% from 40% and accordingly has consolidated this investment effective September 12, 1997.

(4) As discussed below, the Company consummated an agreement which increased its ownership in the Syracuse network to 100% from 50% and accordingly has consolidated this investment effective September 12, 1997.

(5) On March 24, 1998, the Federal Communications Commission ("FCC") completed the auction of licenses for Local Multipoint Distribution Service. The Company, through Baker Creek Communications, was the successful bidder at a net cost of $25,600 for 232 31-GHz licenses, which cover approximately 30% of the nation's population -- in excess of 90 million people in the eastern half of the United States. The Company funded $10,000 of such purchase in January 1998, and is committed to provide further funding to consummate such purchase upon the granting of such licenses by the FCC.

(Dollars in thousands except per share amounts)

Summarized unaudited combined financial information for the Company's investments accounted for using the equity method of accounting, excluding the entities involved in the acquisition of the Company's partners' interests in the Louisville, Buffalo, Syracuse, Harrisburg, New Jersey and Lexington networks and the elimination of the Company's interest in the Albany and Binghamton networks described below as of and for the periods presented, is as follows:

	March 31,	
	1997	1998
Current assets	$ 3,442	$ 7,476
PP&E-net	95,372	153,495
Non-current assets	1,851	13,454
Current liabilities	3,668	13,422
Non-current liabilities	30,584	58,004

	Year Ended March 31,		
	1996	1997	1998
Revenues	$ 3,279	$ 7,251	$ 11,999
Net loss	(4,238)	(9,881)	(19,923)

On May 16, 1996, the Company sold its 15.7% interest in TCG of South Florida for approximately $11,618 resulting in a pre-tax gain of $8,405. Amounts related to TCG of South Florida included in the Company's equity in net loss of joint ventures for the years ended March 31, 1996 and 1997 were $778 and $221, respectively.

On August 1, 1996, the Company purchased additional general and limited partnership interests in Hyperion of Tennessee for approximately $5,000, which increased the Company's ownership of Hyperion of Tennessee to 95%.

On September 12, 1997, the Company consummated an agreement with Time Warner Entertainment – Advance/Newhouse ("TWEAN") to exchange interests in four New York CLEC networks. As a result of the transaction, the Company paid TWEAN $7,630 and increased its ownership in the networks serving Buffalo and Syracuse, New York to 60% and 100%, respectively, and eliminated its interest in the Albany and Binghamton networks, which became wholly owned by TWEAN.

On February 12, 1998, the Company purchased additional partnership interests in Louisville Lightwave (Louisville and Lexington), NHT Partnership (Buffalo), New Jersey Fiber Technologies and Hyperion of Harrisburg. As a result, the Company's ownership in these networks increased to 100%. The aggregate purchase price was comprised of approximately $45,000 in cash and a warrant for 731,624 shares of the Company's Class A Common Stock. (See Note 6.) In addition, Hyperion paid certain amounts related to fiber lease financings upon consummation of the purchase of the additional partnership interests.

All of the acquisitions described above were accounted for using the purchase method. Accordingly, the financial results of each acquisition have been included in the Company's consolidated financial statements from the date acquired.

(Dollars in thousands except per share amounts)

The following unaudited financial information of the Company assumes that the August 1, 1996, September 12, 1997 and February 12, 1998 transactions had occurred on April 1, 1995.

	Year Ended March 31,		
	1996	1997	1998
Revenues	$ 5,701	$ 8,495	$ 17,919
Net loss	(20,579)	(38,744)	(80,004)
Net loss applicable to common stockholders	(20,579)	(38,744)	(92,413)
Net loss per weighted average share of common stock	(0.62)	(1.10)	(2.59)

On December 1, 1997, the Company announced that it had entered into a partnership agreement with Allegheny Energy to provide CLEC services. Allegheny Energy has agreed to construct fiber optic networks for the Company through one of its affiliates which will partner with the Company in most, if not all, of the contemplated networks. Allegheny Energy is an investor owned utility providing electricity in portions of Maryland, Ohio, Pennsylvania, Virginia and West Virginia.

(9) Financing Arrangements

Note payable - Adelphia

The Company has an unsecured credit arrangement with Adelphia which had no repayment terms prior to April 15, 1996. On April 15, 1996, $25,000 of the proceeds from the sale of the 13% Senior Discount Notes (the "Senior Discount Notes") and Class B Common Stock Warrants discussed below were used to repay a portion of this obligation. Interest expense and fees on this credit arrangement were based upon the weighted average cost of unsecured borrowings of Adelphia during the corresponding periods. Interest at 11.28% per annum plus fees was charged on the Note payable-Adelphia for the years ended March 31, 1995 and 1996. The total amount of interest converted to note principal through April 15, 1996 was $9,007.

Effective April 15, 1996, the remaining balance due on the Note payable-Adelphia is evidenced by an unsecured subordinated note due April 16, 2003. This obligation bears interest at 16.5% per annum with interest payable quarterly in cash; by issuing additional subordinated notes; or a combination of cash and additional subordinated notes, all of which is at the Company's option. Interest accrued through March 31, 1998 on the amount outstanding to Adelphia totaled $10,020 and is included in due to affiliates—net. On May 8, 1998, the Note payable - Adelphia and all accrued interest was converted into shares of Class A Common Stock simultaneously with the closing of the IPO (See Note 1).

13% Senior Discount Notes and Class B Common Stock Warrants

On April 15, 1996, the Company issued $329,000 of 13% Senior Discount Notes due April 15, 2003 and 329,000 warrants to purchase an aggregate of 1,993,638 shares of its Class B Common Stock. Proceeds to the Company, net of discounts, commissions, and other transaction costs were approximately $168,600. Such net proceeds were used to pay $25,000 of the Note payable—Adelphia discussed above, to make loans of $3,000 to certain key Company officers (see Note 6) and to fund the Company's capital expenditures, working capital requirements, operating losses and its pro-rata investments in joint ventures. Use of proceeds from the Senior Discount Notes also included the repayment of amounts related to capital expenditures, working capital requirements, operating losses and pro-rata investments in joint ventures totaling $12,800 incurred during the period from January 1, 1996 to April 15, 1996. These amounts had been funded during the same time period through advances from Adelphia.

Prior to April 15, 2001, interest on the Senior Discount Notes is not payable in cash, but is added to principal. Thereafter, interest is payable semi-annually commencing October 15, 2001. The Senior Discount Notes are unsecured and are senior to the Note payable—Adelphia and all future subordinated indebtedness. On or before April 15, 1999 and subject to certain restrictions, the Company may redeem, at its option, up to 25% of the aggregate principal amount of the Senior Discount Notes at a price of 113% of the Accreted Value (as defined in the Indenture). On or after April 15, 2001, the Company may redeem, at its option, all or a portion of the Senior Discount Notes at 106.5% which declines to par in 2002, plus accrued interest.

The holders of the Senior Discount Notes may put the Senior Discount Notes to the Company at any time at a price of 101% of accreted principal upon the occurrence of a Change of Control (as defined in the Indenture). In addition, the Company will be required to offer to purchase Senior Discount Notes at a price of 100% with the proceeds of certain asset sales (as defined in the Indenture).

The Indenture stipulates, among other things, limitations on additional borrowings, issuance of equity instruments, payment of dividends and other distributions, repurchase of equity interests or subordinated debt, sale—leaseback transactions, liens, transactions with affiliates, sales of Company assets, mergers and consolidations.

The Class B Common Stock Warrants are exercisable at $0.00308 per share, upon the earlier of May 1, 1997 or a Change of Control. Unless exercised, the Class B Common Stock Warrants expire on April 1, 2001. The number of shares and the exercise price for which a warrant is exercisable are subject to adjustment under certain circumstances. As of March 31, 1998, no warrants have been exercised.

If the Senior Discount Notes had been issued on April 1, 1995, interest expense would have been approximately $27,796 for the year ended March 31, 1996.

12 ¼% Senior Secured Notes

On August 27, 1997, the Company issued $250,000 aggregate principal amount of 12 ¼% Senior Secured Notes due September 1, 2004 (the "Senior Secured Notes"). The Senior Secured Notes are collateralized through the pledge of the common stock of certain of its wholly-owned subsidiaries. Of the proceeds to the Company of approximately $244,000, net of commission and other transaction costs, $83,400 was invested in U.S. government securities and placed in an escrow account for payment in full when due of the first six scheduled semi-annual interest payments on the Senior Secured Notes as required by the Indenture. The remainder of such proceeds will be used to fund the acquisition of increased ownership interests in certain of its networks, for capital expenditures, including the construction and expansion of new and existing networks, and for general corporate and working capital purposes.

Interest is payable semi-annually commencing March 1, 1998. The Senior Secured notes rank *pari passu* in right of payment with all existing and future senior Indebtedness (as defined in the Indenture) of the Company and will rank senior in right of payment to future subordinated indebtedness of the Company. On or before September 1, 2000 and subject to certain restrictions, the Company may redeem, at its option, up to 25% of the aggregate principal amount of the Senior Secured Notes at a price of 112.25% of principal with the net proceeds of one or more Qualified Equity Offerings (as defined in the Indenture). On or after September 1, 2001, the Company may redeem, at its option, all or a portion of the Senior Secured Notes at 106.125% of principal which declines to par in 2003, plus accrued interest.

The holders of the Senior Secured Notes may put them to the Company at any time at a price of 101% of principal upon the occurrence of a Change of Control (as defined in the Indenture). The Indenture stipulates, among other things, limitations on additional borrowing, payment of dividends and other distributions, repurchase of equity interests, transactions with affiliates and the sale of assets.

If the Senior Secured Notes had been issued on April 1, 1996, interest expense would have been approximately $59,002 and $61,754 for the years ended March 31, 1997 and 1998, respectively.

12 7/8% Senior Exchangeable Redeemable Preferred Stock

On October 9, 1997, the Company issued $200,000 aggregate liquidation preference of 12 7/8% Senior Exchangeable Redeemable Preferred Stock due October 15, 2007 (the "Preferred Stock"). Proceeds to the Company, net of commissions and other transaction costs, were approximately $194,500. Such proceeds will be used to fund the acquisition of increased ownership interests in certain of its networks, for capital expenditures, including the construction and expansion of new and existing networks, and for general corporate and working capital purposes.

Dividends are payable quarterly commencing January 15, 1998 at 12 7/8% of the liquidation preference of outstanding Preferred Stock. Through October 15, 2002, dividends are payable in cash or additional shares of Preferred Stock at the Company's option. Subsequent to October 15, 2002, dividends are payable in cash. The Preferred Stock ranks junior in right of payment to all indebtedness and other obligations of the Company, its subsidiaries and joint ventures. On or before October 15, 2000, and subject to certain restrictions, the Company may redeem, at its option, up to 35% of the initial aggregate liquidation preference of the Preferred Stock originally issued with the net cash proceeds of one or more Qualified Equity Offerings (as defined in the Certificate of Designation) at a redemption price equal to 112.875% of the liquidation preference per share of the Preferred Stock, plus, without duplication, accumulated and unpaid dividends to the date of redemption; provided that, after any such redemption, there are remaining outstanding shares of Preferred Stock having an aggregate liquidation preference of at least 65% of the initial aggregate liquidation preference of the Preferred Stock originally issued. On or after October 15, 2002, the Company may redeem, at its option, all or a portion of the Preferred Stock at 106.438% of the liquidation preference thereof declining to 100% of the liquidation preference in 2005, plus accrued interest. The Company is required to redeem all of the shares of Preferred Stock outstanding on October 15, 2007 at a redemption price equal to 100% of the liquidation preference thereof, plus, without duplication, accumulated and unpaid dividends to the date of redemption.

The holders of the Preferred Stock may put the Preferred Stock to the Company at any time at a price of 101% of the liquidation preference thereof upon the occurrence of a Change of Control (as defined in the Certification of Designation). The Certificate of Designation stipulates, among other things, limitations on additional borrowings, payment of dividends and other distributions, transactions with affiliates and the sale of assets.

The Company may, at its option, on any dividend payment date, exchange in whole, but not in part, the then outstanding shares of Preferred Stock for 12 7/8% Senior Subordinated Debentures due October 15, 2007 (the "Exchange Debentures"). Interest, redemption and registration rights provisions of the Exchange Debentures are consistent with the provisions of the Preferred Stock.

(Dollars in thousands except per share amounts)

If the Preferred Stock had been issued on April 1, 1996, dividend requirements applicable to preferred stock would have been approximately $27,000 and $30,671 for the years ended March 31, 1997 and 1998, respectively.

Long Term Lease Facility

On December 31, 1997, the Company consummated an agreement for a $24,500 long term lease facility with AT&T Capital Corporation. The lease facility provides financing for certain of the Operating Companies' switching equipment. Included in the lease facility is the sale and leaseback of certain switch equipment for which the Company received $14,876.

Other Debt

Other debt consists primarily of capital leases entered into in connection with the acquisition of fiber leases for use in the telecommunications networks and the long term lease facility described above. The interest rate on such debt ranges from 7.5% to 15.0%.

Maturities of debt for the five years after March 31, 1998 are as follows:

1999	$ 2,599
2000	2,980
2001	2,922
2002	2,142
2003	3,459

(6) Common Stock and Other Stockholders' Equity

Hyperion's authorized capital stock consists of 300,000,000 shares of Class A Common Stock, par value $0.01 per share, 150,000,000 shares of Class B Common Stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share. On May 8, 1998, Hyperion completed the IPO (See Note 1).

Common Stock

Shares of Class A Common Stock and Class B Common Stock are substantially identical, except that holders of Class A Common Stock are entitled to one vote per share and holders of Class B Common Stock are entitled to 10 votes per share on all matters submitted to a vote of stockholders. The Class B Common Stock is convertible into one share of Class A Common Stock. In the event a cash dividend is paid, the holders of the Class A and the Class B Common Stock will be paid an equal amount.

Prior to the IPO, certain key company officers (the "Officers") were parties to a stockholder agreement, as amended (the "Stockholder Agreement") with Adelphia. The Stockholder Agreement provided, among other things, (i) that upon the earlier of (a) the termination of employment of any of the officers or (b) after October 7, 1998, such officers may put their shares to Adelphia for fair market value, unless such put rights are terminated as a result of the registration of the Company's Common Stock under the Securities Act of 1933 (the "Securities Act") and (ii) for certain buy/sell and termination rights and duties among Adelphia and the Officers. The Stockholder Agreement terminates automatically upon the date when the Company's Common Stock is registered under the Securities Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Adelphia also agreed to vote its shares in the Company to elect each officer to the Board of Directors of the Company as long as such person is both an employee and a stockholder of the Company.

The Company also entered into Term Loan and Stock Pledge Agreements ("Loan Agreements") with each of the Officers. Pursuant to the Loan Agreements, each Officer borrowed $1.0 million from the Company. Each of these loans accrued interest at the average rate at which the Company could invest cash on a short-term basis, was secured by a pledge of the borrower's Common Stock in the Company, and would mature upon the earlier of (i) October 8, 1998 or (ii) the date when the Company's Common Stock is registered under the Securities Act and the Officers have the right to sell at least $1.0 million worth of their shares. Each Loan Agreement also provided that any interest accruing on a loan from the date six months after the date of such loan would be offset by a bonus payment when principal and interest thereon are due and which would include additional amounts to pay income taxes applicable to such bonus payment.

Pursuant to agreements among the Company, Adelphia and the Officers, simultaneous with the consummation of the IPO, (i) the Stockholder Agreement and Loan Agreements terminated, (ii) the Officers each repaid the $1 million borrowed from the Company pursuant to the Loan Agreements plus accrued interest thereon by each selling 66,667 shares of Class B Common Stock to Adelphia and using the proceeds therefrom to repay such loans and (iii) the Company has paid or will pay to the Management Stockholders bonus payments in the amount of interest accruing on the Loans from the date six months after the date of the Loan Agreements and any additional amounts necessary to pay income taxes applicable to such bonus payments.

On April 8, 1998, the Board of Directors of the Company approved a 3.25-for-one stock split of its Class A and Class B Common Stock payable to stockholders of record on April 28, 1998. The stock split was effected in the form of a dividend of 2.25 shares for every outstanding share of common stock.

All references in the accompanying consolidated financial statements to the number of shares of common stock and the per value have been retroactively restated to reflect the stock split on April 28, 1998.

Warrants

Class A Common Stock Warrant

On February 12, 1998, the Company consummated an agreement with Lenfest Telephony, Inc. ("Lenfest") whereby Lenfest received a warrant to obtain 731,624 shares of Class A Common Stock of the Company (the "Lenfest Warrant") in exchange for its partnership interest in the Harrisburg, Pennsylvania network. The Lenfest Warrant was exercised during May 1998 for no additional consideration.

Class B Common Stock Warrants

The Class B Common Stock warrants were issued on April 15, 1996 in connection with the issuance of the Senior Discount Notes (See Note 5).

MCI Warrant

On June 13, 1997, the Company entered into agreements with MCImetro Access Transmission Services, Inc. (together with its affiliate, MCI Communications, "MCI"). Pursuant to this agreement the Company is designated MCI's preferred provider for new and user dedicated access circuits and of conversions of end user dedicated access circuits as a result of conversions from the incumbent LEC in the Company's markets. Hyperion also has certain rights of first refusal to provide MCI with certain telecommunications services. Under this arrangement, the Company issued a warrant to purchase 913,380 shares of Class A Common Stock for $6.15 per share to MCI (the "MCI Warrant") representing 2 ½% of the Common Stock of the Company on a fully diluted basis. MCI could receive additional warrants, to purchase up to an additional 6% of the shares of the Company's Class A Common Stock, on a fully diluted basis, at fair value, if MCI meets certain purchase volume thresholds over the term of the agreement.

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In connection with the IPO and the related over-allotment option, the Company and MCI entered into an agreement that provides as follows with respect to the MCI Warrant and MCI's right to receive additional MCI warrants as a result of the IPO (the "Additional MCI Warrants"): (i) the Additional MCI Warrants issued with respect to the shares sold to the public in the IPO, the over-allotment option and with respect to the Adelphia Shares will have an exercise price equal to the lower of $6.15 per share or the price per share to the public in the IPO (the "IPO Price"), and (ii) Adelphia has agreed to purchase from MCI the MCI Warrant and the Additional MCI Warrants for a purchase price equal to the number of Class A Common Stock shares issuable under the warrants being purchased times the IPO Price minus the underwriting discount, less the aggregate exercise price of such warrants. Furthermore, in consideration of the obligations undertaken by Adelphia to facilitate the agreements between MCI and Hyperion, Hyperion has agreed to pay to Adelphia a fee of $500,000 and the Adelphia Warrant, which expires three years after its issuance, to purchase 200,000 shares of Class A Common Stock at an exercise price equal to the IPO Price.

Long-Term Incentive Compensation Plan

On October 3, 1996, the Board of Directors and stockholders of the Company approved the Company's 1996 Long-Term Incentive Compensation Plan (the "1996 Plan"). The 1996 Plan provides for the grant of (i) options which qualify as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, (ii) options which do not so qualify, (iii) share awards (with or without restrictions on vesting), (iv) stock appreciation rights and (v) stock equivalent or phantom units. The number of shares of Class A Common Stock available for issuance initially was 5,687,500. Such number is to increase each year by 1% of outstanding shares of all classes of the Company's Common Stock, up to a maximum of 8,125,000 shares. Options, awards and units may be granted under the 1996 Plan to directors, officers, employees and consultants. The 1996 Plan provides that incentive stock options must be granted with an exercise price of not less than the fair market value of the underlying Common Stock on the date of grant. Options outstanding under the Plan may be exercised by paying the exercise price per share through various alternative settlement methods. On March 4, 1997, April 1, 1997 and April 1, 1998, the Company issued 338,000 shares, 58,500 shares and 58,500, respectively, of Class A Common Stock to Daniel R. Milliard pursuant to his employment agreement with the Company. As of March 31, 1998, no other stock options, stock awards, stock appreciation rights or phantom stock units have been granted under the Plan.

In April 1998 and in recognition for valuable past service to the Company and as an incentive for future services, the Company authorized the issuance under the 1996 Plan to each of John J. Rigas, Michael J. Rigas, Timothy J. Rigas and James P. Rigas of (i) stock options (the "Rigas Options") covering 100,000 shares of Class A Common Stock, which options will vest in equal one-third amounts on the third, fourth and fifth year anniversaries of grant (vesting conditioned on continued service as an employee or director) and which shall be exercisable at the IPO price and (ii) phantom stock awards (the "Rigas Grants") covering 100,000 shares of Class A Common Stock, which phantom awards will vest in equal one-third amounts on the third, fourth and fifth year anniversaries of grant (vesting conditioned on continued service as an employee or director). Also in April 1998, pursuant to the then existing Stockholder Agreement, the Company authorized the issuance under the 1996 Plan to the Officers of stock options (the "Management Stockholder Options") covering 13,047 shares of Class A Common Stock with exercise price and vesting terms identical to the Rigas Options. In addition to the Rigas Options, the Rigas Grants, the Management Stockholder Options and the stock options or share awards to be issued to Daniel R. Milliard under his employment agreement, the Company currently expects to issue under the 1996 Plan stock options, restrictive stock grants, phantom stock awards or other awards to other 1996 Plan participants covering up to a total of 325,000 shares of Class A Common Stock during fiscal 1999.

(Dollars in thousands except per share amounts)

(7) Commitments and Contingencies

The Company rents office space, node space and fiber under leases with terms which are generally less than one year or under agreements that are generally cancelable on short notice. Total rental expense under all operating leases aggregated $1,210, $1,103, and $1,236 for the years ended March 31, 1996, 1997 and 1998, respectively.

The minimum future lease obligations under the noncancelable operating leases as of March 31, 1998 are approximately:

Period ending March 31,	
1999	$ 112
2000	60
2001	23
2002	11
2003	2
Thereafter	—

Certain investors in two of the joint ventures have the right after a specified period of time to sell their interest to the Company. Under one agreement, the sales price represents the investor's aggregate capital contribution less distributions plus interest accrued at the prime rate. The Company's obligation under this commitment at March 31, 1998 was approximately $4,252. The sales price under the second agreement is equal to the fair market value of such investor's interest.

The Company has entered into employment agreements with certain key Company officers, the terms of which expire on October 20, 1998, as amended. The employment agreements provide for base salary, benefits and bonuses payable if specified management goals are attained. In addition, the employment agreements contain noncompetition and nondisclosure provisions.

The Company has entered into an employment agreement with the President of the Company, the terms of which expire on March 31, 2001, unless extended by the Company for additional one year periods. The employment agreement provides for base salary, benefits, stock options or stock grants and cash and stock bonuses payable if specified management goals are attained as established annually by the Board of Directors. In addition, the employment agreement contains noncompetition and nondisclosure provisions.

The telecommunications industry and Hyperion are subject to extensive regulation at the federal, state and local levels. On February 8, 1996, President Clinton signed the Telecommunications Act of 1996 (the "Telecommunications Act"), the most comprehensive reform of the nation's telecommunications laws since the Communications Act of 1934. Management of Hyperion is unable to predict the effect that the Telecommunications Act, related rulemaking proceedings or other future rulemaking proceedings will have on its business and results of operations in future periods.

(Dollars in thousands except per share amounts)

(8) Related Party Transactions

The following table summarizes the Company's transactions with related parties:

		March 31,	
	1996	1997	1998
Revenues:			
Management fees	$ 1,950	$ 2,600	$ 3,809
Network monitoring fees	446	604	977
Special access fees	651	540	500
Total	$ 3,047	$ 3,744	$ 5,286
Expenses:			
Interest expense and fees	$ 6,088	$ 4,731	$ 5,997
Allocated corporate costs	417	1,199	1,656
Fiber leases	1,022	738	47
Total	$ 7,527	$ 6,668	$ 7,700

Management fees from related parties represent fees received by the Company from its unconsolidated joint ventures for the performance of financial, legal, regulatory, network design, construction and other administrative services.

Network monitoring fees represent fees received by the Company for technical support for the monitoring of each individual joint venture's telecommunications system.

Special access fees represent amounts charged to joint ventures for use of the network of a wholly owned subsidiary of the Company.

Interest income charged on certain affiliate receivable balances with joint ventures was $199, $230 and $617 for the periods ended March 31, 1996, 1997, and 1998 respectively.

Interest expense and fees relate to the Note payable—Adelphia (See Note 5).

Allocated corporate costs represent costs incurred by Adelphia on behalf of the Company for the administration and operation of the Company. These costs include charges for office space, corporate aircraft and shared services such as finance activities, information systems, computer services, human resources, and taxation. Such costs were estimated by Adelphia and do not necessarily represent the actual costs that would be incurred if the Company was to secure such services on its own.

Fiber lease expense represents amounts paid to various subsidiaries of Adelphia for the utilization of existing cable television plant for development and operation of the consolidated operating networks.

During the year ended March 31, 1997, the Company purchased from Adelphia for approximately $6,485, Adelphia's historical cost to acquire the assets, certain fiber that had previously been leased from Adelphia. Because the entities involved in the transaction are under the common control of Adelphia, the excess of the purchase price of the assets over the predecessor owner's net book value was charged to accumulated deficit.

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(9) Income Taxes

Adelphia and its corporate subsidiaries (including the Company) file a consolidated federal income tax return. For financial reporting purposes, current and deferred income tax assets and liabilities are computed on a separate company basis. The net operating loss carryforwards and the valuation allowance are adjusted for the effects of filing a consolidated income tax return, similar to provisions of the Internal Revenue Code. At March 31, 1998, the Company had net operating loss carryforwards for federal income tax purposes of $86,177 expiring through 2013.

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and (b) operating loss carryforwards.

The Company's net deferred tax asset included in other assets - net is comprised of the following:

	March 31, 1997	March 31, 1998
Deferred tax assets:		
Differences between book and tax basis of intangible assets	$ 197	$ 188
Net operating loss carryforwards	11,539	33,918
Investment in partnerships	2,793	—
Other	50	77
Total	14,579	34,183
Valuation allowance	(12,356)	(17,379)
Total	2,223	16,804
Deferred tax liabilities:		
Differences between book and tax basis of property, plant and Equipment	2,186	12,959
Investment in partnerships	—	3,808
Total	2,186	16,767
Net deferred tax asset	$ 37	$ 37

The net change in the valuation allowance for the years ended March 31, 1997 and 1998 was an increase of $1,897 and $5,023, respectively.

Income tax benefit (expense) for the years ended March 31, 1996, 1997 and 1998 is as follows:

	March 31, 1996	March 31, 1997	March 31, 199
Current	$ (9)	$ (2)	$ —
Deferred	206	(257)	—
Total	$ 197	$ (259)	$ —

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A reconciliation of the statutory federal income tax rate and the Company's effective income tax rate is as follows:

	March 31,		
	1996	1997	1998
Statutory federal income tax rate	35.0%	35.0%	35.0%
Change in valuation allowance	(34.6)	(34.6)	(35.0)
State taxes, net of federal benefit and other	1.0	(1.2)	—
Income tax benefit (expense)	1.4%	(0.8)%	—%

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(10) Quarterly Financial Data (unaudited)

The following tables summarize the financial results of the Company for each of the quarters in the years ended March 31, 1997 and 1998:

	Three Months Ended			
	June 30, 1996	September 30, 1996	December 31, 1996	March 31, 1997
Revenues	$ 1,102	$ 1,175	$ 1,334	$ 1,477
Operating expenses:				
Network operations	859	728	752	1,093
Selling, general and administrative	1,027	1,164	2,545	2,044
Depreciation and amortization	695	886	1,002	1,362
Total	2,581	2,778	4,299	4,499
Operating loss	(1,479)	(1,603)	(2,965)	(3,022)
Other income (expense):				
Gain on sale of investment	8,405	—	—	—
Interest income	1,433	1,696	1,190	1,657
Interest expense and fees	(6,169)	(7,108)	(7,482)	(7,618)
Income (loss) before income taxes and equity in net loss of joint ventures	2,190	(7,015)	(9,257)	(8,983)
Income tax (expense) benefit	(3)	120	63	(437)
Income (loss) before equity in net loss of joint ventures	2,187	(6,895)	(9,194)	(9,420)
Equity in net loss of joint ventures	(1,636)	(1,362)	(2,145)	(2,080)
Net income (loss)	$ 551	$ (8,257)	$ (11,339)	$ (11,500)
Basic and diluted net loss per weighted average share of common stock	$ 0.02	$ (0.24)	$ (0.33)	$ (0.33)
Weighted average shares of common stock Outstanding (in thousands)	34,206	34,492	34,492	34,492

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 1996, 1997 and 1998
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(10) Quarterly Financial Data (unaudited), continued

	Three Months Ended			
	June 30, 1997	September 30, 1997	December 31, 1997	March 31, 1998
Revenues	$ 1,520	$ 2,187	$ 4,983	$ 4,820
Operating expenses:				
Network operations	1,180	1,426	2,657	2,541
Selling, general and administrative	2,380	2,879	3,840	5,215
Depreciation and amortization	1,372	2,311	3,344	4,450
Total	4,932	6,616	9,841	12,206
Operating loss	(3,412)	(4,429)	(4,858)	(7,386)
Other income (expense):				
Interest income	763	1,463	5,725	5,353
Interest expense and fees	(8,077)	(11,087)	(16,770)	(13,400)
Loss before income taxes and equity in net loss of joint ventures	(10,726)	(14,053)	(15,903)	(15,433)
Income tax expense	—	—	—	—
Loss before equity in net loss of joint ventures	(10,726)	(14,053)	(15,903)	(15,433)
Equity in net loss of joint ventures	(2,540)	(3,886)	(2,858)	(3,683)
Net loss	(13,266)	(17,939)	(18,761)	(19,116)
Dividend requirements applicable to preferred Stock	—	—	(5,794)	(6,615)
Net loss applicable to common stockholders	$ (13,266)	$ (17,939)	$ (24,555)	$ (25,731)
Basic and diluted net loss per weighted average share of common stock	$ (0.38)	$ (0.51)	$ (0.70)	$ (0.73)
Weighted average shares of common stock Outstanding (in thousands)	34,890	34,890	34,890	35,272

EXHIBIT 4

MANAGERIAL AND TECHNICAL QUALIFICATIONS

Hyperion is managerially and technically qualified to provide facilities-based and resold local and interexchange services in the state of Florida. Attached hereto is a description of the management experience of HTI's key personnel, demonstrating that Hyperion has sufficient telecommunications experience to provide the proposed services.

Furthermore, by employing state-of-the art technology, Hyperion's services will be equal, if not superior, in quality to the services of other certificated telecommunications service providers. In connection with its operations, Hyperion will install a digital 5 ESS switch configured as both a tandem and end office switch. The switch will be connected to end users, end offices and tandems, and interexchange carrier networks via transmission facilities provided by other carriers. Hyperion's switching and network systems will feature advanced common channel signaling (sometimes referred to as "CCS" or "SS7") and database capabilities. Attached hereto is a description of HTI's technical qualifications, demonstrating that Hyperion has the requisite technical experience to provide the proposed services.

MANAGERIAL AND TECHNICAL QUALIFICATIONS OF HYPERION COMMUNICATIONS OF FLORIDA, LLC's MANAGEMENT TEAM

Charles R. Drenning

Since October 1996, Mr. Drenning has served as HTI's Senior Vice President of Engineering Operations. He has also been a Director of the Company since October 1991. Prior to joining Hyperion as Vice President of Engineering Operations, he was a District Sales manager for Penn Access Corporation, a competitive access provider in Pittsburgh, Pennsylvania.

Mr. Drenning began his career with AT&T as a member of the technical staff of Bell Laboratories in Columbus, Ohio. His seven years of research work at the laboratories included both hardware and software development for central office switching equipment. In total, Mr. Drenning served 22 years with AT&T where he served in a number of executive level positions including Sales, Marketing, Accounting, Data Processing, Research and Development, and Strategic Planning.

He holds a B.S. in Electrical Engineering and an M.S. in Computer Information Science from Ohio State University. He is a member of the Pennsylvania Technical Institute of IEEE.

Paul D. Fajerski

Mr. Fajerski has served as HTI's Senior Vice President, Carrier Sales effective September1997, and was Senior Vice President, Marketing and Sales from 1991 to 1997. He also has been a Director of the Company since October 1991. Prior to joining Hyperion as Vice President of Marketing and Sales, Mr. Fajerski was a District Sales Manager for Penn Access Corporation, a competitive access provider in Pittsburgh, Pennsylvania. In addition, Mr. Fajerski has over 13 years of experience with AT&T and the Bell System where he served in a number of executive level positions in Sales and Marketing.

Mr. Fajerski holds a B.S. in Business Administration from the College of Steubenville.

MANAGERIAL AND TECHNICAL QUALIFICATIONS OF HYPERION COMMUNICATIONS OF FLORIDA, LLC's MANAGEMENT TEAM

Randolph S. Fowler

Mr. Fowler is currently Senior Vice President of Business Operations of HTI. Since October 1996, he has served as Senior Vice President of Business Development and Regulatory Affairs, and he has been a Director of the Company since October 1991. Prior to joining Hyperion as Vice President, Mr. Fowler was Vice President of Marketing for Penn Access Corporation, a competitive access provider in Pittsburgh, Pennsylvania. He previously served for four years as Director of Technology Transfer and Commercial Use of Space in two NASA-sponsored technology transfer programs. In addition, Mr. Fowler served over 17 years with AT&T and the Bell System, where he held numerous executive level positions in the areas of Sales and Marketing, Operations, Human Resources, Business Controls, and Strategy Development.

Mr. Fowler holds a B.S. in Business Administration from the University of Pittsburgh. He has developed and taught courses in Marketing, Network Management, and Regulation for the University of Pittsburgh's Graduate Program in Telecommunications.

Daniel Milliard

Mr. Milliard is President, Chief Operating Officer, Secretary, and a Director of HIT, as well as Senior Vice President, Secretary, and a Director of Adelphia Communications Corporation and its other subsidiaries. Mr. Milliard has been with Adelphia since 1982, and served as outside general counsel to Adelphia's predecessors from 1979 to 1982. Currently, Mr. Milliard spends substantially all of his time on concerns of Hyperion Telecommunications, Inc. In all, Mr. Milliard has over 17 years of experience in all facets of telecommunications, including Business Development, Marketing, Sales, and General Management.

After graduating from the American University in 1970 with a B.S. degree in Business Administration, Mr. Milliard received an M.A. degree in Business from Central Missouri State University in 1971, where he was an Instructor in the Department of Finance, School of Business and Economics, from 1971-1973. He received his Juris Doctor degree from the University of Tulsa School of Law in 1976.

As an active community member, Mr. Milliard is on the Board of Directors of Citizens Bank Corp., Inc. in Coudersport, Pennsylvania, and is President of the Board of Directors of the Charles Cole Memorial Hospital.

EXHIBIT 5

PROPOSED TARIFF

HYPERION COMMUNICATIONS OF FLORIDA, LLC

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES

APPLYING TO INTRALATA TOLL TELECOMMUNICATIONS SERVICES

WITHIN THE STATE OF FLORIDA

This tariff applies to the IntraLATA Toll Telecommunications Services furnished by Hyperion Communications of Florida, LLC ("Company") between one or more points in the State of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business, DDI Plaza Two, 500 Thomas Street, Suite 400, Bridgeville, Pennsylvania 15017.

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CHECK SHEET

The pages of this tariff are effective as of the date shown. The original and revised pages named below contain all changes from the original tariff and are in effect on the date shown.

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EXPLANATION OF SYMBOLS

A revision of a Tariff page is coded to designate the type of change from the previous revision. These symbols, which appear in the right-hand margin of the page, are used to signify:

C - Change in Regulation

D - Discontinued rate or regulation

I - Increased rate

M - Moved from another tariff location

N - New rate or regulation

R - Reduction in a rate or charge

T - Changed in text but no change in rate or regulation

EXPLANATION OF TERMS

ASCII

American Standard Code for Information Interchange. An eight-level code for data transfer adopted by the American Standards Association.

ASYNCHRONOUS

Transmission in which each information character is individually synchronized usually by the use of start-stop elements. The gap between each character is not of a fixed length.

AUTHORIZED USER

A person, corporation or other entity who is authorized by the Company's customer to utilize service provided by the Company to the customer. The customer is responsible for all charges incurred by an Authorized User.

CALL INITIATION

The point in time when the exchange network facility are initially allocated for the establishment of a specific call.

CALL TERMINATION

The point in time when the exchange network facility allocated to a specific call is released for reuse by the network.

CENTRAL OFFICE

An operating office of the Company where connections are made between telephone exchange lines.

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EXPLANATION OF TERMS (Cont'd)

CENTRAL OFFICE LINE

A line providing direct or indirect access from a telephone or switchboard to a central office. Central office lines subject to PBX rate treatment are referred to as central office trunks.

CHANNEL

A point-to-point bi-directional path for digital transmission. A channel may be furnished in such a manner as the Company may elect, whether by wire, fiber optics, radio or a combination thereof and whether or not by means of single physical facility or route. One 1.544 Mbps Service is equivalent to 24 channels.

CHANNEL CONVERSION

The termination of 1.544. Mbps Service at a customer's location with conversion of the digital signal to 24 analog voice grade circuits. Channel Conversion can be furnished by the customer.

CHANNEL SERVICE UNIT ("CSU")

The equipment located at the customer's premises which terminates each 1.544 Mbps Digital Loop and performs such functions as proper termination of facilities, regeneration of signals, recognition and correction of signal format errors and provides remote loop-back capability.

COMMUNICATIONS SYSTEMS

Channels and other facilities which are capable of two-way communications between subscriber-provided terminal equipment or Telephone Company stations, even when not connected to exchange and message toll communications service.

EXPLANATION OF TERMS (Cont'd)

COMMISSION

Florida Public Service Commission.

COMPANY

Hyperion Communications of Florida, LLC, unless otherwise clearly indicated from the context.

CUSTOMER

The person, firm, corporation, or other entity which orders service pursuant to this Tariff and utilizes service provided under Tariff by the Company. A customer is responsible for the payment of charges and for compliance with all terms of the Company's Tariff.

CUSTOMER PREMISES EQUIPMENT ("CPE")

Equipment provided by the customer for use with the Company's services. CPE can include a station set, facsimile machine, key system, PBX, or other communication system.

DEMARCATION POINT

The physical dividing point between the Company's network and the customer.

DIRECT INWARD DIAL ("DID")

A service attribute that routes incoming calls directly to stations, by-passing a central answer point.

DIRECT OUTWARD DIAL ("DOD")

A service attribute that allows individual station users to access and dial outside numbers directly.

EXCHANGE

An area, consisting of one or more central office districts, within which a call between any two points is a local call.

EXCHANGE ACCESS LINE

A central office line furnished for direct or indirect access to the exchange system.

EXCHANGE SERVICE

The provision to the subscriber of access to the exchange system for the purpose of sending and receiving calls. This access is achieved through the provision of a central office line (exchange access line) between the central office and the subscriber's premises.

FINAL ACCOUNT

A customer whose service has been disconnected who has outstanding charges still owed to the Company.

FLAT RATE SERVICE

The type of exchange service provided at a monthly rate with an unlimited number of calls within a specified primary calling area.

GROUND START

Describes the signaling method between the PBX/key system interface and the Company's switch. It is the signal requesting service.

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EXPLANATION OF TERMS (Cont'd)

INCOMING SERVICE GROUP

Two or more central office lines arranged so that a call to the First line is completed to a succeeding line in the group when the first line is in use.

INTERFACE

That point on the premises of the subscriber at which provision is made for connection of facilities provided by someone other than the Company to facilities provided by the Company.

INTEROFFICE MILEAGE

The segment of a line which extends between the central offices serving the originating and terminating points.

INTERRUPTION

The inability to complete calls, either incoming or outgoing or both, due to Company facilities malfunction or human errors.

JOINT USER

A person, firm, or corporation which uses the telephone service of a subscriber as provided in Section 1 of the Tariff.

LINK

The physical facility from the network interface on an end-user's or carrier's premises to the point of interconnection on the main distribution frame of the Company's central office.

EXPLANATION OF TERMS (Cont'd)

LEASED CHANNEL

A non-switched electrical path used for connection of equipment furnished by the subscriber to equipment furnished by the subscriber or the Company for a specific purpose.

LOCAL CALL

A call which, if placed by a customer over the facilities of the Company, is not rated as a toll call.

LOCAL CALLING AREA

The area, consisting of one or more central office districts, within which a subscriber for exchange service may make telephone calls without a toll charge.

LOCAL SERVICE

Telephone exchange service within a local calling area.

LOOP START

Describes the signaling between the terminal equipment or PBX/key system interface and the Company's switch. It is the signal requesting service.

LOOPS

Segments of a line which extend from the serving central office to the originating and to the terminating point.

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EXPLANATION OF TERMS (Cont'd)

MESSAGE RATE SERVICE

A type of exchange service provided at a monthly rate with an additional charge for local calling based on the usage of the local network. One completed call is equal to one message.

MOVE

The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises.

MULTI-FREQUENCY ("MF")

An inter-machine pulse-type used for signaling between telephone company switches, or between telephone company switches and PBX/key systems.

NETWORK CONTROL SIGNALING

The transmission of signals used in the telecommunications system which perform functions such as supervision (control, status and changing signals), address signaling (e.g. dialing), calling and called number identification, audible tone signals (call progress signals indicating re-order or busy conditions, alerting) to control the operation of switching machines in the telecommunications system.

NETWORK CONTROL SIGNALING UNIT

The terminal equipment furnished, installed and maintained by the Telephone Company for the provision of network control signaling.

ON-NET

Telecommunications services which are transported exclusively over facilities installed by the Company rather than the facilities of another carrier.

EXPLANATION OF TERMS (Cont'd)

PBX

A private branch exchange.

PORT

A connection to the switching network with one or more voice grade communications channels, each with a unique network address (telephone number) dedicated to the customer. A port connects a link to the public switched network.

PREMISES

The space occupied by a customer or authorized user in a building or buildings or contiguous property not separated by a public right of way.

PRIVATE BRANCH EXCHANGE SERVICE

Service providing facilities for connecting central office trunks and tie lines to PBX stations, and for interconnecting PBX station lines by means of a switchboard or dial apparatus.

RATE CENTER

A geographic reference point with specific coordinates on a map used for determining mileage when calculating changes.

REFERRAL PERIOD

The time frame during which calls to a number which has been changed will be sent to a recording which will inform the caller of the new number.

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EXPLANATION OF TERMS (Cont'd)

RESALE OF SERVICE

The subscription to communications service and facilities by one entity and the reoffering of communications service to others (with or without "adding value") for profit.

SERVING CENTRAL OFFICE

The central office from which local service is furnished.

STATION

Each telephone on a line and where no telephone associated with the line is provided on the same premises and in the same building, the first termination in station key equipment or a jack for use with a portable telephone.

SUSPENSION

Suspension of service for nonpayment is interruption of outgoing service only. Suspension of service at the subscriber's request is interruption of both incoming and outgoing service.

SYNCHRONOUS

Transmission in which there is a constant time interval between bits, characters or events.

T-1 SYSTEM

A type of digital carrier system transmitting voice or data at 1.544 Mbps. A T-1 carrier can handle up to 24 multiplexed 64 Kbps digital voice/data channels. A T-1 carrier system can use metallic cable, microwave radio or optical fiber as transmission media.

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EXPLANATION OF TERMS (Cont'd)

TELEPHONE GRADE LINES

Lines furnished for voice transmission or for certain signaling purposes.

TERMINATION OF SERVICE

Discontinuance of both incoming and outgoing service.

TIE LINE

A dedicated line connecting two switchboards or dial systems.

TOLL CALL

Any call extending beyond the local exchange of the originating caller which is rated on a toll schedule by the Company.

TONE DIAL SIGNALING ("TD")

An electronic signal emitted by the circuitry of Touch-Tone-type push-button dials to represent a dialed digit.

TWO WAY

A service attribute that includes DOD for outbound calls and can also be used to carry inbound calls to a central point for processing.

USER

A customer, joint user, or any other person authorized by a customer to use service provided under this Tariff.

APPLICATION OF TARIFF

Section 1 - APPLICATION OF TARIFF

1.1 Application of Tariff

This Tariff sets forth the service offerings, rates, terms and conditions applicable to interexchange telecommunications services provided by Hyperion Communications of Florida, LLC, as follows:

The furnishing of interexchange communications services to customers within the State of Florida.

1.1.1 Service Territory

Hyperion Communications of Florida, LLC will provide service within the State of Florida.

1.1.2 Availability

Service is available where facilities permit.

GENERAL RULES AND REGULATIONS

Section 2 - GENERAL RULES AND REGULATIONS

2.1 USE OF FACILITIES AND SERVICE

2.1.1 Obligation of the Company

In furnishing facilities and service, the Company does not undertake to transmit messages, but furnishes the use of its facilities to its customers for communications. The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way information transmission between points within the State of Florida.

a. The Company reserves the right to limit or to 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.

b. The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

The Company's obligation to furnish facilities and service is dependent upon its ability (a) to secure and retain, without unreasonable expense, suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment; (b) to secure and retain, without unreasonable expense, suitable space for its plant and facilities in the building where service is or will be provided to the customer; or (c) to secure reimbursement of all costs where the owner or operator of a building demands relocation or rearrangement of plant and facilities used in providing service therein. The rates set forth in this Tariff apply only to On-net services.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICE (Cont'd)

2.1.1 Obligation of the Company (Cont'd)

The Company shall not be required to furnish, or continue to furnish, facilities or service where the circumstances are such that the proposed use of the facilities or service would tend to adversely affect the Company's plant, property or service.

The Company reserves the right to refuse an application for service made by a present or former customer who is indebted to the Company for service previously rendered pursuant to this Tariff until the indebtedness is satisfied.

Whenever facilities are not immediately available to furnish service to all applicants, the order of precedence, by categories, will continue to be that followed under the Civilian Production Administration Utilities Order U-2, as amended August 7, 1946.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICE (Cont'd)

2.1.2 Limitations on Liability

2.1.2.1 The liability of the Company for damages arising out of the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or 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 this tariff. 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.

2.1.2.2 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; any 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 civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICE (Cont'd)

2.1.2 Limitations on Liability (Cont'd)

2.1.2.3 The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the services the Company offers.

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

2.1.2.5 The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds 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, damage, 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 presence, condition, location, or use of any installation so provided. 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.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICE (Cont'd)

2.1.2 Limitations on Liability (Cont'd)

2.1.2.6 The Company is not 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 negligence or willful misconduct of the Company's agents or employees.

2.1.2.7 The Company is not liable for any claims for loss or damages involving:

(a) Breach in the privacy or security of communications transmitted over the Company's facilities;

(b) Injury to property or injury or death to persons, including claims for payments made under Worker's Compensation law or under any plan for employee disability or death benefits arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected or to be connected to the Company's facilities;

(c)Any representations made by Company employees that do not comport, or that are inconsistent, with the provisions of this tariff;

(d)Any act or omission in connection with the provision of 911, E911 or similar services;

(e)Any noncompletion of calls due to network busy conditions.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICE (Cont'd)

2.1.2 Limitations on Liability (Cont'd)

2.1.2.8 The Company shall be indemnified, defended held harmless by the Customer against any claim, loss, or damage arising from Customer's use of services, involving claims for libel, slander, invasion of privacy, or infringement of copyright arising from the Customer's own communications.

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

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICE (Cont'd)

2.1.3 Use Of Service

Any service provided under this Tariff may be resold to or shared (jointly used) with other persons at the customer's option. The customer remains solely responsible for all use of service ordered by it or billed to its telephone number(s) pursuant to this Tariff, for determining who is authorized to use its service, and for promptly notifying the Company of any unauthorized use. The customer may advise its customers that a portion of its service is provided by the Company, but the customer shall not represent that the Company jointly participates with the customer in the provision of the service.

2.1.4 Use and Ownership of Equipment

The Company's equipment, apparatus, channels and lines shall be carefully used. Equipment furnished by the Company shall remain its property and shall be returned to the Company whenever requested. within a reasonable period following the request, in good condition, reasonable wear and tear accepted. The customer is required to reimburse the Company for any loss of, or damage to, the facilities or equipment on the customer's premises, including loss or damage caused by agents, employees or independent contractors of the customer through any negligence.

2.1.5 Directory Errors

In the absence of gross negligence or willful misconduct and except for the allowances stated below, no liability for damages arising from errors or mistakes in or omissions of directory listings, or errors or mistakes in or omissions of listings obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICE (Cont'd)

2.1.5 Directory Errors (Cont'd)

An allowance for errors or mistakes in or omissions of published directory listings or for errors or mistakes in or omissions of listings obtainable from the directory assistance operator shall be given as follows:

1. Free Listings: For free or no-charge published directory listings, credit shall be given at the rate of two times the monthly tariff rate for an additional or charge listing for each individual, auxiliary or party line, PBX trunk or Centrex attendant loop affected, for the life of the directory or the charge period during which the error, mistake or omission occurs.

2. Charge Listings: For additional or charge published directory listings, credit shall be given at the monthly tariff rate for each such listing for the life of the directory or the charge period during which the error, mistake or omission occurs.

3. Operator records: For free or charge listings obtainable from records used by the directory assistance operator, upon notification to the Company of the error, mistake or omission in such records by the subscriber, the Company shall be allowed a period of three business days to make a correction. If the correction is not made in that time, credit shall be given at the rate of 2/30ths of the basic monthly rate for the line or lines in question for each day thereafter that the records remain uncorrected. (Where Centrex attendant loops are involved, credit shall be given at the rate of 2/30ths of the basic monthly rate for PBX trunks.)

4. Credit limitation: The total amount of the credit provided for the preceding paragraphs 1, 2, and 3 shall not exceed, on a monthly basis, the total of the charges for each charge listing plus the basic monthly rate, as specified in paragraph 3, for the line or lines in question.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICE (Cont'd)

2.1.5 Directory Errors (Cont'd)

5. Definitions: As used in Paragraphs 1, 2, 3, and 4 above, the terms "error," "mistake" or "omission" shall refer to a discrepancy in the directory listing or directory assistance records which the Company has failed to correct and where the error affects the ability to locate a particular subscriber's correct telephone number. The terms shall refer to addresses only to the extent that an error, mistake or omission of an address places the subscriber on an incorrect street or in an incorrect community.

6. Notice: Such allowances or credits as specified in Paragraphs 1, 2, and 3 above, shall be given upon notice to the Company by the subscriber that such error, mistake or omission has occurred; provided, however, that when it is administratively feasible for the Company to have knowledge of such error, mistake or omission, the Company shall give credit without the requirement of notification by the subscribers.

2.1.6 Blocking of Service

The Company's facilities can not be used to originate calls to other telephone company or Information Provider caller-paid information services. This includes, but is not limited to, calls to NPA 900, NXX 976, NXX 970, and other NXXs assigned to these services. Calls to those numbers and other numbers used for caller-paid information services will be blocked by the Company.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.2 MINIMUM PERIOD OF SERVICE

The minimum period of service is one month except as otherwise provided in this Tariff. The customer must pay the regular tariffed rate for the service they subscribe to for the minimum period of service. If a customer disconnects service before the end of the minimum service period, that customer is responsible for paying the regular rates for the remainder of the minimum service period. When the service is moved within the same building, to another building on the same premises, or to a different premises entirely, the period of service at each location is accumulated to calculate if the customer has met the minimum period of service obligation.

If service is terminated before the end of the minimum period of service as a result of condemnation of property, damage to property requiring the premises to be abandoned, or by the death of the customer, the customer is not obligated to pay for service for the remainder of the minimum period.

If service is switched over to a new customer at the same premises after the first month's service, the minimum period of service requirements are assigned to the new customer if the new customer agrees in writing to accept them. For facilities not taken over by the new customer, the original customer is responsible for the remaining payment for the minimum service period in accordance with the terms under which the service was originally furnished.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICE RENDERED

2.3.1 Responsibility for All Charges

Any applicant for facilities or service may be required to sign an application form requesting the Company to furnish the facilities or service in accordance with the rates, charges, rules and regulations from time to time in force and effect. The customer is responsible for all local and toll calls originating from the customer's premises and for all calls charged to the customer's line where any person answering the customer's line agrees to accept such charge.

2.3.2 Deposits

Subject to special provisions as may be set forth below and in Sections 2.10 and 2.11 of this Tariff, any applicant or customer whose financial responsibility is not established to the satisfaction of the Company may be required to deposit a sum up to an amount equal to the total of the estimated local service and intraLATA toll charges for up to two months for the facilities and service. If the minimum period of service for the requested facilities and service is more than one month, as specified in this Tariff, the customer may also be required to deposit a sum up to an amount equal to the total charges for service for the minimum service period less any connection charge paid by the customer.

The fact that a deposit has been made shall in no way relieve the applicant or customer from complying with the Tariff regulations for the prompt payment of bills on presentation. Each applicant from whom a deposit is collected will be given a certificate of deposit and circular containing the terms and conditions applicable to deposits, in accordance with the Rules and Regulations of the Commission pertaining to customer deposits.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICE RENDERED (Cont'd)

2.3.2 Deposits (Cont'd)

a. Interest on Deposits

Simple interest at the rate specified by the Commission shall be credited or paid to the customer while the Company holds the deposit.

b. Inadequate Deposit

If the amount of a deposit is proven to be less than required to meet the requirements specified above, the customer shall be required to pay an additional deposit upon request.

c. Return of Deposit

When a deposit is to be returned, the customer may request that the full amount of the deposit be issued by check. If the customer requests that the full amount be credited to amounts owed the Company, the Company will process the transaction on the billing date and apply the deposit to any amount currently owed to the Company, and return any remaining amount of the deposit to the customer by check.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICE RENDERED (Cont'd)

2.3.3 Payment of Charges

Charges for facilities and service, other than usage charges, are due monthly in advance. All other charges are payable upon request of the Company. Bills are due on the due date shown on the bill and are payable at any business office of the Company, by U.S. Mail, or at any location designated by the Company. Notwithstanding the due date specified on the bill, payment will be considered timely if payment is received by the Company within twenty (20) days of the date of transmittal of the bill in the case of residential customers, and fifteen (15) days of the date of transmittal of the bill in the case of business customers. If objection is not received by the Company within three months after the bill is rendered, the items and charges appearing thereon shall be determined to be correct and binding upon the customer. A bill will not be deemed correct and binding upon the customer if the Company has records on the basis of which an objection may be considered, or if the customer has in his or her possession such Company records. If objection results in a refund to the customer, such refund will be with interest at the greater of the unadjusted customer deposit rate or the applicable late payment rate, if any, for the service classification under which the customer was billed. Interest will be paid from the date when the customer overpayment was made, adjusted for any changes in the deposit rate or late payment rate, compounded monthly, until the overpayment is refunded. Notwithstanding the foregoing, no interest will be paid by the Company on customer overpayments that are refunded within 30 days after the overpayment is received by the Company.

Where an objection to the bill involves a superseded service order, the items and charges appearing on the bill shall be deemed to be correct and binding upon the customer if objection is not received by the Company within two months after the bill is rendered.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICE RENDERED (Cont'd)

2.3.4 Return Check Charge

When a check which has been presented to the Company by a customer in payment for charges is returned by the bank, the customer shall be responsible for the payment of a Returned Check Charge of $10.00.

2.3.5 Late Payment Charges

a. Customer bills for telephone service are due on the due date specified on the bill. A customer is in default unless payment is made on or before the due date specified on the bill. If payment is not received by the customer's next billing date, a late payment charge of 1.25% will be applied to all amounts previously billed under this Tariff, excluding one month's local service charge, but including arrears and unpaid late payment charges.

b. Late payment charges do not apply to those portions (and only those portions) of unpaid balances that are associated with disputed amounts. The customer may dispute bills either orally or in writing. Undisputed amounts on the same bill are subject to late payment charges if unpaid and carried forward to the next bill.

c. Late payment charges do not apply to final accounts.

d. Late payment charges do not apply to government agencies of the State of Florida. These agencies are required to make payment in accordance with applicable state law.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICE RENDERED (Cont'd)

2.3.6 Customer Overpayments

The Company will provide interest on customer overpayments that are not refunded within 30 days of the date the Company receives the overpayment. An overpayment is considered to have occurred when payment in excess of the correct charges for service is made because of erroneous Company billing. The customer will be issued reimbursement for the overpayment, plus interest, or, if agreed to by the customer, credit for the amount will be provided on the next regular Company bill. The rate of interest shall be the greater of the customer deposit interest rate or the Company's applicable Late Payment Charge.

Interest shall be paid from the date when overpayment was made, adjusted for any changes in the deposit rate or late payment rate, and compounded monthly, until the date when the overpayment is refunded. The date when overpayment is considered to have been made will be the date on which the customer's overpayment was originally recorded to the customer's account by the Company.

2.4 INSTALLATION SERVICE

The Company provides a Half-Day Installation Plan, which offers customers half-day appointments (i.e., morning/afternoon or a rolling interval) for connection of Commission regulated service involving a customer premise visit.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.5 ACCESS TO CUSTOMER'S PREMISES

The customer shall be responsible for making arrangements or obtaining permission for safe and reasonable access for Company employees or agents of the Company to enter the premises of the customer or any joint user or customer of the customer at any reasonable hour for the purpose of inspecting, repairing, testing or removing any part of the Company's facilities.

2.6 TELEPHONE SURCHARGES/TAXES

2.6.1 General

In addition to the rates and charges applicable according to the rules and regulations of this Tariff, various surcharges and taxes may apply to the customer's monthly billing statement. The Customer is responsible for payment of any fees (including franchise and right-of-way fees), charges, surcharges and taxes (however designated) (including without limitation sales, use, gross receipts, excise, access or other taxes but excluding taxes on the Company's net income) imposed by any local, state, or federal government on or based upon the provision, sale or use of Network Services. Fees, charges, and taxes imposed by a city, county, or other political subdivision will be collected only from those Customers receiving service within the boundaries of that subdivision.

2.7 [RESERVED FOR FUTURE USE]

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE

2.8.1 Suspension or Termination for Nonpayment

In the event that any bill rendered or any deposit required is not paid, the Company may suspend service or terminate service until the bill or the required deposit has been paid. If service is suspended or terminated for nonpayment, the customer will be billed a Connection Charge as well as any payment due and any applicable deposits upon reconnection.

a. Termination shall not be made until at least 20 days after written notification has been mailed to the billing address of the customer.

b. Suspension will not be made until at least 8 days after written notification has been mailed to the customer.

Telephone service shall only be suspended during the hours between 8:00 AM and 4:00 PM, Monday through Thursday. It shall not be suspended or terminated for nonpayment on weekends, public holidays, other federal and state holidays proclaimed by the President or the Governor, or on days when the main business office of the Company is not open for business, or during the periods from December 23rd through December 26th or December 30th through January 1st.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.3 Verification of Nonpayment

Telephone service shall not be suspended or terminated for nonpayment of a bill rendered or a required deposit unless:

a. The Company has verified, in a manner approved by the Commission, that payment has not been received at any office of the Company or at any office of an authorized collection agent through the end of the period indicated in the notice; and

b. The Company has checked the customer's account on the day that suspension or termination is to occur to determine whether payment has been posted to the customer's account as of the opening of business on that day.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.4 Termination For Cause Other Than Nonpayment

a. General

The Company, after notice in writing to the customer and after having given the customer an appropriate opportunity to respond to such notice, may terminate service and sever the connection(s) from the customer's premises under the following conditions:

1. in the event of prohibited, unlawful or improper use of the facilities or service, or any other violation by the customer of the rules and regulations governing the facilities and service furnished, or

2. If, in the judgment of the Company, any use of the facilities or service by the customer may adversely affect the Company's personnel, plant, property or service. The Company shall have the right to take immediate action, including termination of the service and severing of the connection, without notice to the customer when injury or damage to telephone personnel, plant, property or service is occurring, or is likely to occur, or

3. in the event of unauthorized use, where the customer fails to take reasonable steps to prevent the unauthorized use of the facilities or service received from the Company, or

4. in the event that service is connected for a customer who is indebted to the Company for service or facilities previously furnished, that service may be terminated by the Company unless the customer satisfies the indebtedness within 20 days after written notification. See Section 2.10.7 regarding Deferred Payment Agreements.

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2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.4 Termination For Cause Other Than Nonpayment (Cont'd)

b. Prohibited, Unlawful or Improper Use of the Facilities or Service

Prohibited, unlawful or improper use of the facilities or service includes, but is not limited to:

1. The use of facilities or service of the Company without payment of tariff charges;

2. Calling or permitting others to call another person or persons so frequently or at such times of the day or in such manner as to harass, frighten, abuse or torment such other person or persons;

3. The use of profane or obscene language;

4. The use of the service in such a manner such that it interferes with the service of other customers or prevents them from making or receiving calls;

5. The use of a mechanical dialing device or recorded announcement equipment to seize a customer's line, thereby interfering with the customer's use of the service;

6. Permitting fraudulent use.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.4 Termination For Cause Other Than Nonpayment (Cont'd)

c. Abandonment or Unauthorized Use of Facilities

1. If it is determined that facilities have been abandoned, or are being used by unauthorized persons, or that the customer has failed to take reasonable steps to prevent unauthorized use, the Company may terminate telephone service.

2. In the event that telephone service is terminated for abandonment of facilities or unauthorized use and service is subsequently restored to the same customer at the same location:

a. No charge shall apply for the period during which service had been terminated, and

b. Reconnection charges will apply when service is restored. However, no charge shall be made for reconnection if the service was terminated due to an error on the part of the Company.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.4 Termination For Cause Other Than Nonpayment (Cont'd)

d. Change in the Company's Ability to Secure Access

Any change in the Company's ability (a) to secure and retain suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment or (b) to secure and retain suitable space for its plant and facilities in the building where service is provided to the customer may require termination of a customer's service until such time as new arrangements can be made. No charges will be assessed the customer while service is terminated, and no connection charges will apply when the service is restored.

2.8.5 Emergency Termination of Service

The Company will immediately terminate the service of any customer, on request, when the customer has reasonable belief that the service is being used by an unauthorized person or persons. The Company may require that the request be submitted in writing as a follow-up to a request made by telephone.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.9 ADDITIONAL PROVISIONS APPLICABLE TO BUSINESS CUSTOMERS

2.9.1 Application of Rates

a. Business rates as described in this Tariff apply to service furnished:

1. In office buildings, stores, factories and all other places of a business nature;

2. In hotels, apartment houses, clubs and boarding and rooming houses except when service is within the customer's domestic establishment and no business listings are provided; colleges, hospitals and other institutions; and in churches except when service is provided to an individual of the clergy for personal use only and business service is already established for the church at the same location;

3. At any location when the listing or public advertising indicates a business or a profession;

4. At any location where the service includes an extension which is at a location where business rates apply unless the extension is restricted to incoming calls;

5. At any location where the customer resells or shares exchange service;

b. Public Access Line service is classified as business service regardless of the location.

c. The use of business facilities and service is restricted to the customer, customers, agents and representatives of the customer, and joint users.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.9 ADDITIONAL PROVISIONS APPLICABLE TO BUSINESS CUSTOMERS (Cont'd)

2.9.2 Telephone Number Changes

When a business customer requests a telephone number change, the referral period for the disconnected number is 90 days.

The Company reserves all rights to the telephone numbers assigned to any customer. The customer may order a Customized Number where facilities permit for an additional charge as specified in Section 5.11 of this Tariff.

When service in an existing location is continued for a new customer, the existing telephone number may be retained by the new customer only if the former customer consents in writing, and if all charges against the account are paid or assumed by the new customer.

2.9.3 Deposits

Deposits will be returned to a business customer upon cancellation of service or after one year, whichever event occurs first, unless the customer is delinquent in payment, in which case the Company will continue to retain the deposit until the delinquency is satisfied. If a service is involuntarily discontinued, the deposit is applied against the final bill, and any balance is returned to the customer.

2.9.4 Dishonored Checks

If a business customer who has received a notice of discontinuance pays the bill with a check that is subsequently dishonored, the account remains unpaid and the Company is not required to issue any additional notice before disconnecting service.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS

2.10.1 Application of Rates

Residential rates as described in this Tariff apply to service furnished in private homes or apartments (including all parts of the customer's domestic establishment) for domestic use. Residential rates also apply in college fraternity or sorority houses, convents and monasteries, and to the clergy for domestic use in residential quarters.

Residential rates do not apply to service in residential locations if the listing indicates a business or profession. Residential rates do not apply to service furnished in residential locations if there is an extension line from the residential location to a business location unless the extension line is limited to incoming calls.

The use of residential service and facilities is restricted to the customer, members of the customer's domestic establishment, and joint users.

2.10.2 Telephone Number Changes

When a residential customer requests a telephone number change, the referral period for the disconnected number is 90 days.

The Company reserves all rights to any telephone number assigned to a customer for local service. The customer may order a Customized Number where facilities permit for an additional charge as specified in this Tariff.

When service in an existing location is continued for a new customer, the existing number may be retained by the new customer only if the former customer consents in writing, and if all charges against the account are paid or assumed by the new customer.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.3Deposits

a. General

Except as provided in (b) following, the Company may require a deposit, as described in Section 2.3.2 of this Tariff, from a residential customer who is applying for service if the customer: 1) has had service terminated for nonpayment once within the preceding six-month period, or 2) is delinquent in payment. A customer is delinquent in payment if that customer has received two consecutive telephone bills without making payment of at least one-half the total arrears due on the due date of the second bill. A customer is not considered delinquent, however, if an amount in dispute is not paid before the dispute is resolved.

An existing customer is an applicant for service who was a customer of the Company within twelve months of making the request, provided that prior service was not terminated for nonpayment, unless service is requested within 10 days of such termination for nonpayment. Applicants for residential service and existing residential customers are permitted to pay deposits in installments over a period not to exceed 6 months.

A new customer is an applicant for service who has not been a customer of the Company within twelve months of making the request for service. A new customer shall not be required to post a security deposit as a condition of receiving telephone service.

A seasonal customer is an individual who applies for and receives telephone service periodically each year, intermittently during the year or at other regular intervals scheduled at the time of application. A seasonal customer may be required to post a deposit.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.3 Deposits (Cont'd)

b. Customers Exempt from Deposits

1. A new customer or existing customer who is 62 years of age or older shall be exempt from any deposit requirement unless such person's telephone service was terminated for nonpayment during the preceding six months. Proof of age will be required from any person claiming exemption from deposit requirements because of age. If the proof requested by the Company is not received within 30 days from the date service is connected, or 30 days from the date that verification of age is requested from an existing customer, the Company may suspend or terminate service unless the customer pays the required deposit. Any new customer or existing customer 62 years of age or older shall be permitted to pay a deposit in installments over a period not to exceed 12 months.

2. The Company shall not require any person it knows to be a recipient of public assistance, supplemental security income or additional state payments to post a deposit.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.3 Deposits (Cont'd)

c. Recent Payment History

A customer who has a recent payment history (within the preceding twelve months) with the Company are entitled to service without payment of a deposit unless their records indicate that they are delinquent in payment or have had service terminated for nonpayment. A customer who still owes money to the Company for residential service on a prior account shall be offered a deferred payment plan provided that the customer had service for three months and was not terminated for nonpayment during that period. (See Deferred Payment Agreements, 2.10.7 below.)

New deposits from a residential customer is reviewed after the first 3 monthly bills have been rendered; if too much has been taken, the excess is returned. The entire deposit is returned to a residential customer after 1 year, unless the customer is delinquent in payment, in which case the Company may continue to retain the deposit until the delinquency is satisfied. If the service is discontinued, the deposit is applied against the final bill, and any balance is returned to the customer.

2.10.4 Installment Billing For Nonrecurring Charges

A residential customer may elect to pay service connection and other nonrecurring charges associated with a service order in monthly installments for up to a 12-month period. When installment billing is requested, all nonrecurring charges associated with a given service order will be included in the calculation of the monthly installment.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.4 Installment Billing For Nonrecurring Charges (Cont'd)

Installment billing is subject to the following restrictions:

a. Installment billing may be used only by residential customers;

b. Charges will be billed in the number of installments of equal dollar amounts as requested by the customer up to a maximum of 12 installments over the course of 12 months;

c. A customer may not pay a portion of the charges and then request installment billing for the remaining charges;

d. More than one installment plan may be in effect for the same customer at the same time;

e. If a customer disconnects service during the installment payment period, all unbilled charges will be included in the final bill rendered;

f. A customer may elect to pay the unbilled charges before the expiration of the installment plan;

g. Installment billing payments will continue even when an account is temporarily suspended;

h. No interest or carrying charges will be applied to the outstanding balance during the instalment period.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.5 Adjusted Payment Schedule

A customer on a fixed income (e.g., pension and public assistance) shall be offered the opportunity to pay his or her bills on a reasonable schedule that is adjusted for periodic receipt of income.

2.10.6 Suspension or Termination for Nonpayment

a. Suspension/termination notices may not be issued until at least 25 days after the date of the bill. Bills must be mailed to the customer no later than 6 business days after the date of the bill.

b. After issuing the written notification in accordance with the terms of this Tariff, at least one attempt shall be made during non-working hours to contact the residential customer by telephone before the scheduled date of suspension/termination.

c. Suspension/termination may occur only between the hours of 8 a.m. and 4 p.m. Monday through Thursday, provided that such day or the following day is not a public holiday or a day on which the main office is closed. In addition, service may not be disconnected during the periods of December 23 through the 26 and December 30 through January 2.

d. Telephone service may be suspended or terminated for nonpayment of the undisputed portion of a disputed bill or deposit if the customer does not pay the undisputed portion after being asked to do so. Suspended or terminated residential service shall be reconnected within 24 hours following payment or within 24 hours of the end of circumstances beyond the Company's control which delay the reconnection. The Commission may direct that service be reconnected in less than 24 hours.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.7 Deferred Payment Agreements

Service will not be suspended or terminated unless the customer has been advised that a deferred payment plan can be arranged. An existing residential customer with three or more months service and for whom service has not been terminated for nonpayment is eligible for Deferred Payment Arrangements (DPA). Final notice of suspension/termination will advise the customer of deferred payment arrangements and will include, in bold print, a notice that assistance in reaching an agreement may be obtained from the Commission. The DPA notice will be mailed no less than six days before termination of total service.

A Deferred Payment Agreement will be for a period agreed to by both the customer and the Company.

If the Company believes that the customer has the resources to pay the bill, it shall notify both the customer and the Commission in writing of the reasons for its belief. The Commission shall make the final determination as to whether a DPA should be provided. A customer with medical emergencies and a customer who is elderly, blind or disabled shall be exempt from such eligibility criteria.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.8 Dishonored Checks

When a check received from a residential customer is dishonored, the company shall make two attempts, one outside of normal business hours, to contact the customer within 24 hours. The customer shall be given an additional 24 hours to pay before suspension/termination. The additional notice will be given provided that the customer has not submitted a dishonored check within the past 12 months.

2.10.9 Suspension or Termination - Abandonment

Suspension/termination of residential service for abandonment or unauthorized use may occur only after the Company makes a reasonable attempt to determine occupancy or authorized use, or the customer takes reasonable steps to prevent unauthorized use. A notice must be sent to the customer seven days before such suspension or termination. The notification requirement is waived when previous mailings are returned by the Post Office or the company is advised that a new customer has moved into the location.

2.10.10 Suspension or Termination - Medical Emergencies

In the event of a medical emergency, an additional 30 days will be allowed for a residential customer before suspension or termination. A medical certificate must be supplied. The medical emergency status may be extended beyond 30 days upon submission of specified documentation. During the emergency, the customer will be able to defer payment of monthly charges up to an amount specified by the Commission until the emergency ceases or it is determined that the customer has the ability to pay the charges. Charges in any month in excess of the amount specified are due by the due date of the bill.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.11 Suspension or Termination - Elderly, Blind or Disabled

An additional 20 days will be allowed before suspension or termination may occur when:

a. the customer is known to or identified to the Company as being blind or disabled;

b. the customer is 62 years of age or older, and all other residents of the customer's household are: under 18 years of age, over 62 years of age, blind or disabled.

In cases where service has been suspended or terminated and the Company subsequently learns that the customer is entitled to the protection established herein, the Company shall within 24 hours of such notification restore service for an additional 20 days and make a diligent effort to contact in person an adult resident at the customer's premises for the purpose of devising a payment plan.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.12 Backbilling for Residential Customers

The Company shall not charge a residential customer for previously unbilled service or adjust upward a bill previously rendered when the period for the unbilled service or billing adjustment is more than twenty-four months prior to the mailing of the bill or the upward adjustment unless the conduct of the customer caused or contributed to the failure of the Company to render timely accurate billing. Unless the customer causes the late billing, the Company shall explain the reason for the late billing and shall advise the customer that suspension/termination of service is not permitted for charges billed in excess of six months after the service was provided. The customer will be given the opportunity to pay the charges under an installment plan on a schedule equal in time to the length of the backbilling period.

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE

Interruptions in service, which are not due to the negligence of, or non-compliance with the provisions of this Tariff by the Customer, or the operation or malfunction of the facilities, power, or equipment provided by the Customer, will be credited to the Customer as set forth below for the part of the service that the interruption affects. A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this Tariff.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (Cont'd)

2.11.1 Credit for Interruptions

a. An interruption period begins when the Customer reports a service, facility, or circuit to be interrupted and releases it for testing and repair. An interruption period ends when the service, facility, or circuit is operative. 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.

b. For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.

c. When main service is interrupted for a period of at least 24 hours, the Company, after notice by the customer, shall apply the following schedule of allowances except in situations provided in 2.11.1.(d).

A credit allowance will be given, upon request of the customer to the business office, for interruptions of 24 hours or more. Credit allowances will be calculated as follows:

i. 1/30th of the monthly rate for each of the first three full 24-hour periods during which the interruption continues after notice by the customer to the Company if the out-of service extends beyond a minimum of 24 hours.

ii. 2/30ths of the monthly rate for each full 24-hour period beyond the first three 24-hour periods referred to in 2.22.1(c)(i).

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (Cont'd)

2.11.1 Credit for Interruptions (Cont'd)

d. When service is interrupted for a period of at least 24 hours due to storms, fires, floods or other conditions beyond the control of the Company, an allowance of 1/30 of the tariff monthly rate for all services and facilities furnished by the Company rendered inoperative or substantially impaired shall apply for each full 24 hours during which the interruption continues after notice by the customer to the Company.

e. Credit to Customer

Credits attributable to any billing period for interruptions of service shall not exceed the total charges for that period for the service and facilities furnished by the Company rendered useless or substantially impaired.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (Cont'd)

2.11.1 Credit for Interruptions (Cont'd)

f. "Interruption" Defined

For the purpose of applying this provision, the word "interruption" shall mean the inability to complete calls either incoming or outgoing or both due to equipment malfunction or human errors. "Interruption" does not include and no allowance shall be given for service difficulties such as slow dial tone, circuits busy or other network and/or switching capacity shortages. Nor shall the interruption allowance apply where service is interrupted by the negligence or willful act of the subscriber or where the Company, pursuant to the terms of the Tariff, suspends or terminates service because of nonpayment of bills due to the company, unlawful or improper use of the facilities or service, or any other reason covered by the Tariff. No allowance shall be made for interruptions due to electric power failure where, by the provisions of this Tariff, the subscriber is responsible for providing electric power. Allowance for interruptions of message rate service will not affect the subscriber's local call allowance during a given billing period.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (Cont'd)

2.11.2 Limitations on Credit Allowances

No credit allowance will be made for:

a. interruptions due to the negligence of, or non-compliance with the provisions of this Tariff, by any party other than the Company, including but not limited to the customer, authorized user, or other common carriers connected to, or providing service connected to, the service of the Company or to the Company's facilities;

b. interruptions due to the failure or malfunction of non-Company equipment, including service connected to customer provided electric power;

c. 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;

d. 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;

e. interruptions of service due to circumstances or causes beyond the control of the Company.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.12 AUTOMATIC NUMBER IDENTIFICATION

2.12.1 Regulations

The Company will provide Automatic Number Identification (ANI) associated with an intrastate service, by tariff, to any entity (ANI recipient), only under the following terms and conditions:

a. The ANI recipient or its designated billing agent may use or transmit ANI information to third parties for billing and collection, routing, screening, ensuring network performance, and completion of a telephone subscriber's call or transaction, or for performing a service directly related to the telephone subscriber's original call or transaction, or for performing a service directly related to the telephone subscriber's original call or transaction.

b. The ANI recipient may offer to any telephone subscriber with whom the ANI recipient has an established customer relationship, a product or service that is directly related to products or service previously purchased by the telephone subscriber from the ANI recipient.

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

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.12 AUTOMATIC NUMBER IDENTIFICATION (Cont'd)

2.12.1 Regulations (Cont'd)

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

e. Violation of any of the foregoing terms and conditions by any ANI recipient other than a Telephone Corporation shall result, after a determination through the Commission's complaint process, in suspension of the transmission of ANI by the Telephone Corporation until such time as the Commission receives written confirmation from the ANI recipient that the violations have ceased or have been corrected. If the Commission determines that there have been three or more separate violations in a 24 month period, delivery of ANI to the offending party shall be terminated under terms and conditions determined by the Commission.

2.12.2 Terms and Conditions

Violation of any of the foregoing terms and conditions by a Telephone Corporation may result in Commission prosecution of penalty and enforcement proceedings.

CONNECTION CHARGES

Section 3 - CONNECTION CHARGES

3.1 CONNECTION CHARGE

3.1.1 General

The Connection Charge is a nonrecurring charge which applies to the following: (a) the installation of a new service; (b) the transfer of an existing service to a different location; (c) a change from one class of service to another at the same or a different location; or (d) restoral of service after suspension or termination for nonpayment. Connection Charges are listed with each service to which they apply.

The connection Charge is comprised of two charges:

a. Service Order;
b. Premises Visit

Both charges may not be applicable in all cases.

The general application of these charges is as follows:

a. A Service Order charge applies per customer order for all work or services ordered to be provided at one time, on the same premises, for the same customer. The charge recovers the cost of receiving, recording, and processing a customer's request for service.

	Business	Residence
First	$50.40	$NOC
Additional	$10.80	$NOC

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Section 3 - CONNECTION CHARGES (Cont'd)

3.1 CONNECTION CHARGE (Cont'd)

3.1.1 General (Cont'd)

b. A Premises Visit charge applies per customer order when the company must dispatch an employee to complete a customer-requested installation or service change. Only one charge applies per customer order.

	Business	Residence
First (per 15 min. increment)	$25.20	$NOC
Add'l. (per 15 min. increment)	$25.20	$NOC

3.1.2 Exceptions to the Charge

a. No charge applies for a change to a service for which a lower monthly rate applies, made within 90 days after any general rate increase, if a lower grade of service is offered in the customer's exchange.

b. No charge applies for one change in the class of residence service, provided that the change is ordered within 90 days of the initial connection of the customer's exchange service.

c. The Company may from time to time waive or reduce the charge as part of a promotion.

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Section 3 - CONNECTION CHARGES (Cont'd)

3.2 RESTORAL CHARGE

A restoral charge applies each time a service is reconnected after suspension or termination for nonpayment but before cancellation of the service, as deemed in Section 1 of this Tariff.

	Business	Residence
First	$75.60	$NOC
Additional	$36.00	$NOC

3.3 MOVES, ADDS AND CHANGES

The Company alone may make changes in the location of its lines and equipment. When it is found that a move or change of such lines or equipment has been made by others, the Connection Charge for the underlying service will apply as if the work had been done by the Company.

The customer will be assessed a charge for any move, add or change of a Company service. Move, Add and Change are defined as follows:

Move: The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises.

Add: The addition of a vertical service to existing equipment and/or service at one location.

Change: Change - including rearrangement or reclassification - of existing service at the same location.

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Section 3 - CONNECTION CHARGES (Cont'd)

3.3 MOVES, ADDS AND CHANGES (Cont'd)

		Move	Add	Change
Residence Charge per:				
	First	$NOC	$NOC	$NOC
	Additional	$NOC	$NOC	$NOC
Business Charge per:		Move	Add	Change
	First	$75.60	$75.60	$75.60
	Additional	$36.00	$36.00	$36.00

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Section 3 - CONNECTION CHARGES (Cont'd)

3.4 RECORD ORDER CHARGE

A Record Order Charge applies for work performed by the Company in connection with receiving, recording, and processing customer requests for the following.

a. addition of directory listings

b. change in listed name

c. change of address

d. change of billing party

e. change in listed service to non-published service, not involving a change of telephone number.

A Record Order Charge does not apply when a Service Order charge also applies.

	Business	Residence
First	$50.40	$NOC
Additional	$10.80	$NOC

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Section 3 - CONNECTION CHARGES (Cont'd)

3.5 CHARGES ASSOCIATED WITH PREMISES VISIT

3.5.1 Terms and Conditions

The customer may request an estimate or a firm bid before ordering wire installation work to be done. When an estimate is provided, the estimate is not binding on the Company and the charge to be billed will be based on the actual time and materials charges incurred. When a firm bid is provided at customer request, the charge to be billed is the amount quoted to the customer for the work requested.

Inside Wire charges apply per service call when billable premises work is performed on noncomplex premises wire and jacks. Residence and Business charges may differ. Such charges are due and payable when billed.

Noncomplex wire, jacks and materials include:

- 2 to 6 pair inside wire
- Faceplates
- RJ11C, RJ14C, RJ11W and RJ14W type station jacks
- Staples, screws, nail, tape, connectors, etc.

Section 3 - CONNECTION CHARGES (Cont'd)

3.5 CHARGES ASSOCIATED WITH PREMISES VISIT

3.5.2 Trouble Isolation Charge

When a visit to the customer's premises is necessary to isolate a problem reported to the Company but identified by the Company's technician as attributable to customer-provided equipment or inside wire, a separate charge applies in addition to all other charges for the visit.

	First	Additional
Trouble Isolation Charge		
Per Premises Visit, Residence: (per 15 min. increment)	$NOC	$NOC
Per Premises Visit, Business: (per 15 min. increment)	$25.20	$25.20
Inside Wire Installation and Maintenance Charge		
Per Premises Visit, Residence: (per 15 min. increment)	$NOC	$NOC
Per Premises Visit, Business: (per 15 min. increment)	$25.20	$25.20

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Section 3 - CONNECTION CHARGES (Cont'd)

3.5 CHARGES ASSOCIATED WITH PREMISES VISIT (Cont'd)

3.5.3 Inside Wire Maintenance and Installation

The customer may provide inside wiring for single-line station equipment or may elect to have the Company's technicians install or maintain inside wire.

a. Inside Wire Installation Charge

Charge to be billed will be based on the actual time and materials charges incurred when a customer requests new wire and jack installation or requests existing wire and jack moves, changes, removals, rearrangements, replacements or pre-wiring.

b. Inside Wire Maintenance Charge

The Inside Wire Maintenance Charge applies when a customer requests wire and jack maintenance. Charge to be billed will be based on the actual time and materials charges incurred when a customer requests maintenance of wiring.

3.6 PRIMARY INTEREXCHANGE CARRIER CHANGE CHARGE

The customer will incur a charge each time there is a change in the long distance carrier associated with the customer's line after the initial installation of service.

Business	Residence
$5.00	$NOC

INTRALATA TOLL USAGE AND MILEAGE CHARGES

Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES

4.1 GENERAL

4.1.1 Description

IntraLATA toll service is furnished for communication between telephones in different local calling areas within a particular LATA in accordance with the regulations and schedules of charges specified in this tariff. The toll service charges specified in this section are in payment for all service furnished between the calling and called telephone, except as otherwise provided in this Tariff.

IntraLATA toll calling includes the following types of calls: direct dialed, calling card, collect, 3rd number billed, special toll billing, requests to notify of time and charges, person to person calling and other station to station calls.

4.1.2 Classes of Calls

Service is offered as two classes: station to station calling and person to person calling.

a. Station to Station Service is that service where the person originating the call dials the telephone number desired or gives the Company operator the telephone number of the desired telephone station or system.

b. Person to Person Service is that service where the person originating the call specifies to the Company operator a particular person to be reached, a particular mobile unit to be reached, or a particular station, department or office to be reached. The call remains a person to person call when, after the telephone, mobile telephone, or PBX system has been reached and while the connection remains established, the person originating the call requests or agrees to talk to any person other than the person specified, or to any other agreed upon alternate.

Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

4.2 TIMING OF CALLS

4.2.1 Unless otherwise indicated, all calls are timed in one minute increments and all calls which are fractions of a minute are rounded up to the next whole minute.

4.2.2 For station to station calls, call timing begins when a connection is established between the calling telephone and the called telephone station.

4.2.3 For person to person calls, call timing begins when connection is established between the calling person and the particular person, station or mobile unit specified or an agreed alternate.

4.2.4 Call timing ends when the calling station "hangs up," thereby releasing the network connection. If the called station "hangs up" but the calling station does not, chargeable time ends when the network connection is released either by automatic timing equipment in the telephone network or by the Company operator.

4.2.5 Calls originating in one time period as defined in Section 4.3 and terminating in another will be billed the rates in effect at the beginning of each minute.

4.2.6 All times refer to local time.

Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

4.3 TIME PERIODS DEFINED

Unless otherwise indicated in this Tariff, the following time periods apply.

Day, Evening and Night/Weekend Rates Apply as Follows:

(1)	Day:	8:00 a.m. to 5:00 p.m., Monday through Friday
(2)	Evening:	5:00 p.m. to 10:00 p.m., Monday through Friday
(3)	Night/Weekend:	10:00 p.m. to 8:00 a.m., All Days 8:00 a.m. to 10:00 p.m., Saturday and Sunday

4.4 REGULATIONS AND COMPUTATION OF MILEAGE

Calls for which rates are mileage sensitive are rated on the airline distance between the originating rate center and the terminating rate center.

4.4.1 Originating Rate Center

A customer's primary local exchange number includes an NXX code that is associated with a specific rate center. The originating point of all calls charged to that customer's account shall be the location of the customer's rate center.

4.4.2 Terminating Rate Center

The terminating point for all calls shall be the location of the local rate center associated with the called number.

Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

4.4 REGULATIONS AND COMPUTATION OF MILEAGE (Cont'd)

4.4.3 Calculation of Mileage

Usage charges for all mileage sensitive products are based on the airline distance between serving wire centers associated with the originating and terminating points of the call. The serving wire centers of a call are determined by the area codes and exchanges of the origination and destination points.

The distance between any two rate centers is determined as follows:

Airline mileage, where mileage is the basis for rating calls, is obtained by using the "V" and "H" coordinates assigned to each rate center and contained in NECA FCC Tariff No. 4 or successor tariffs. To determine the airline distance between any two locations, proceed as follows:

a. Obtain the "V" and "H" coordinates for each location. The "V" coordinate is the first four digits in the "VH" column. The "H" coordinate is the next four digits.

b. Obtain the difference between the "V" coordinates of each of the locations. Obtain the difference between the "H" coordinates.

c. Square each difference obtained in step b., above.

d. Add the square of the "V" difference and the "H" difference obtained in step c., above.

e. Divide the sum of the square by 10. Round to the next higher whole number if any fraction is obtained.

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

4.4 REGULATIONS AND COMPUTATION OF MILEAGE (Cont'd)

4.4.3 Calculation of Mileage (Cont'd)

f. Obtain the square root of the whole number result obtained above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage.

Formula:

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

4.5 CALL CHARGES

Rates are based on the duration of the call as measured according to Section 4.2 above, time of day rate period of the call as described in Section 4.3 and the airline mileage between points of the call as described in Section 4.4. In addition, where live or automated operator assistance is required for call completion or billing, a per call service applies.

Charges for all classes of calls may be to the calling station, to the called station when the called party agrees to accept the charges, to an authorized telephone number which is not the called station or the calling station (3rd number billing), or to an authorized calling card.

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

4.5 CALL CHARGES (Cont'd)

4.5.1 Usage Charges:

	PEAK*		OFF PEAK**	
		Each		Each
	Initial	Add'l	Initial	Add'l
MILEAGE	Minute	Minute	Minute	Minute
0-10	$0.0249	$0.0249	$0.0200	$0.0200
11-16	$0.0249	$0.0249	$0.0200	$0.0200
17-22	$0.0249	$0.0249	$0.0200	$0.0200
23-30	$0.0249	$0.0249	$0.0200	$0.0200
31-40	$0.0249	$0.0249	$0.0200	$0.0200
41-55	$0.0249	$0.0249	$0.0200	$0.0200
56-70	$0.0249	$0.0249	$0.0200	$0.0200
71+	$0.0249	$0.0249	$0.0200	$0.0200

Peak Period is Monday thru Friday from 7:00 am to 7:00 pm.

Off Peak Period is Monday thru Friday from 7:00 pm to 7:00 am and all day weekends.

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

4.5 CALL CHARGES (Cont'd)

4.5.2 Per Call Service Charges

The following service charges apply to intraLATA toll calls for which live or automated operator assistance is provided for call completion and/or billing.

Operator Station to Station	$ 1.30
Person to Person	$ 3.50
3rd Number Billing	$ 1.75
Collect Calls	$ 1.75
All other Operator Assistance	$ 1.75

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