

COMPETITIVE COMMUNICATIONS GROUP

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\$250.00  
MC

August 21, 2001

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AUG 22 2001

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011126-TL

Florida Public Service Commission  
Division of Records and Reporting  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Re: Application of Metropolitan Telecommunications of Florida, Inc., d/b/a MetTel for Certificate of Public Convenience and Necessity to Provide Intrastate Interexchange Telecommunications Services

Please find enclosed on behalf of our client, Metropolitan Telecommunications of Florida, Inc., d/b/a MetTel, an original and 6 copies of an Application for a Certificate of Public Convenience and Necessity to provide Intrastate Interexchange Telecommunications Services in the state of Florida and the application fee of \$250.00.

Please return the stamped copy of this transmittal letter in the enclosed self-addressed stamped envelope as confirmation of receipt.

Should you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

Marj Kimmett  
Regulatory Specialist  
CCG Consulting, Inc., Consultants to Applicant

Encls.

- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- LEG \_\_\_\_\_
- OPC \_\_\_\_\_
- PAI \_\_\_\_\_
- RG0 \_\_\_\_\_
- SEC \_\_\_\_\_
- SER \_\_\_\_\_
- OTH \_\_\_\_\_

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**COMPETITIVE COMMUNICATIONS GROUP**

August 21, 2001

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Florida Public Service Commission  
Division of Records and Reporting  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

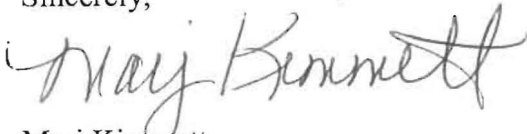
Re: Application of Metropolitan Telecommunications of Florida, Inc., d/b/a MetTel for Certificate of Public Convenience and Necessity to Provide Intrastate Interexchange Telecommunications Services

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Sincerely,



Marj Kimmett  
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Encls.

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:  


DOCUMENT NUMBER-DATE  
10322 AUG 21 2001  
FPSC-COMMISSION CLERK

01126-TI

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

- Original certificate** (new company).
- Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.
- Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
- Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

Metropolitan Telecommunications of Florida, Inc.

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

MetTel

4. Official mailing address (including street name & number, post office box, city, state, zip code):

44 Wall Street, 14th Floor

New York, NY 10005

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

None

6.

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

- Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

- ( ) **Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- (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.
- ( ) **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 resold service by enrolling unaffiliated customers.
- ( ) **Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization;

- |                           |                         |
|---------------------------|-------------------------|
| ( ) Individual            | ( ) Corporation         |
| ( X ) Foreign Corporation | ( ) Foreign Partnership |
| ( ) General Partnership   | ( ) Limited Partnership |
| ( ) Other _____           |                         |

8. **If individual**, provide:

Name: N/A

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

9. **If incorporated in Florida**, provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State Corporate Registration number:**

N/A

10. **If foreign corporation**, provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State Corporate Registration number:**

F99000005032

11. **If using fictitious name-d/b/a**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

(a) **The Florida Secretary of State fictitious name registration number:**

G99336900009

12. **If a limited liability partnership**, provide proof of registration to operate in Florida:

(a) **The Florida Secretary of State registration number:** N/A

13. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: N/A

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

14. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) **The Florida registration number:** N/A

15. Provide **F.E.I. Number** (if applicable): N/A

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?  
(  ) Yes ( ) No

(b) If not, who will bill for your services?

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

(c) How is this information provided?

\_\_\_\_\_  
\_\_\_\_\_

17. Who will receive the bills for your service?

- (X) Residential Customers                      (X) Business Customers  
(X) PATs providers                              ( ) PATs station end-users  
(X) Hotels & motels (X) Hotel & motel guests  
(X) Universities                                  (X) Universities dormitory residents  
(X) Other: (specify) Government Agencies.

18. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Marj Kimmett, Regulatory Specialist

Title: Regulatory Specialist

Address: 6811 Kenilworth Avenue, Suite 300

City/State/Zip: Riverdale, MD 20737

Telephone No.: 301-209-0264 Fax No.: 301-699-5080

Internet E-Mail Address: mkimmett@c-c-g.com

Internet Website Address: c-c-g.com

(b) Official point of contact for the ongoing operations of the company:

Name: Andoni Economou  
Title: Vice President  
Address: 44 Wall Street, 14th Floor  
City/State/Zip: New York, NY 10005  
Telephone No.: 212-607-2000 Fax No.: 212-635-5074  
Internet E-Mail Address: aeconomou@mettel.net  
Internet Website Address: mettel.net

(c) Complaints/Inquiries from customers:

Name: David Mitchell  
Title: Director of Customer Service  
Address: 44 Wall Street, 14th Floor  
City/State/Zip: New York, NY 10005  
Telephone No.: 212-607-2000 Fax No.: 212-635-5074  
Internet E-Mail Address: dmitchell@mettel.net  
Internet Website Address: mettel.net

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

Pennsylvania and New York

(b) has applications pending to be certificated as an interexchange telecommunications company.

Colorado, California, Arizona, New Hampshire  
and Arkansas



(c) is certificated to operate as an interexchange telecommunications company.  
Connecticut, Delaware, Indiana, Kansas, Kentucky, Maine,  
Massachusetts, North Carolina, Nevada, Oklahoma, Oregon,  
Rhode Island, South Carolina, Texas, Vermont, Virginia,  
Washington, Washington, D.C., and Wisconsin

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

Applicant has never been denied authority to  
operate as an interexchange telecommunications company.

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

Applicant has never had any regulatory penalties  
imposed for violations of telecommunications statutes.

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

Applicant has never been involved in any civil  
court proceedings with an interexchange carrier,  
local exchange company or any other telecommunications  
entity.

20. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No officer or stockholder has been adjudged  
bankrupt, mentally incompetent, or found guilty  
of a felony or a crime or are any such proceedings pending.

(b) an 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.

No officer or stockholder of the Applicant ha been  
affiliated with any other Florida certificated telephone  
company.

21. The applicant will provide the following interexchange carrier services  $\sqrt{\quad}$  (check all that apply):

a. X **MTS with distance sensitive per minute rates**

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

b. X **MTS with route specific rates per minute**

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

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

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

d.  **MTS for pay telephone service providers**

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

f.  **800 service (toll free)**

g.  **WATS type service (bulk or volume discount)**

- Method of access is via dedicated facilities
- Method of access is via switched facilities

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

i.  **Travel service**

- Method of access is 950
- Method of access is 800

j.  **900 service**

k.  **Operator services**

- Available to presubscribed customers
- Available to non presubscribed customers (for example, to patrons of hotels, students in universities, patients in hospitals).
- Available to inmates

I. **Services included are:**

- Station assistance
- Person-to-person assistance
- Directory assistance
- Operator verify and interrupt
- Conference calling

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

23. Submit the following:

**A. Managerial capability;** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

**B. Technical capability;** give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

**C. Financial capability.**

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer **affirming that the financial statements are true and correct** and should include:

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

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

Further, the following (which includes supporting documentation) should be provided:

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

**THIS PAGE MUST BE COMPLETED AND SIGNED**

**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:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

**UTILITY OFFICIAL:**

**ANDONI ECONOMOU**  
\_\_\_\_\_  
Print Name

  
\_\_\_\_\_  
Signature

**EXECUTIVE VICE PRESIDENT**  
\_\_\_\_\_  
Title

**08/17/2001**  
\_\_\_\_\_  
Date

**212-607-2153**  
\_\_\_\_\_  
Telephone No.

**212-635-5074**  
\_\_\_\_\_  
Fax No.

Address: **METTEL**  
\_\_\_\_\_  
**44 WALL STREET, 14TH FLOOR**  
\_\_\_\_\_  
**NEW YORK, NY 10005**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**THIS PAGE MUST BE COMPLETED AND SIGNED**


**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 provided 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.
  
- (  ) The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month.  
(The bond must accompany the application.)

**UTILITY OFFICIAL:**

**ANDONI ECONOMOU**  
\_\_\_\_\_  
Print Name

  
\_\_\_\_\_  
Signature

**EXECUTIVE VICE PRESIDENT**  
\_\_\_\_\_  
Title

**08/17/2001**  
\_\_\_\_\_  
Date

**212-607-2153**  
\_\_\_\_\_  
Telephone No.

**212-635-5074**  
\_\_\_\_\_  
Fax No.

Address: **METTEL**  
\_\_\_\_\_  
**44 WALL STREET, 14TH FLOOR**  
\_\_\_\_\_  
**NEW YORK, NY 10005**  
\_\_\_\_\_  
\_\_\_\_\_

**THIS PAGE MUST BE COMPLETED AND SIGNED**


**AFFIDAVIT**

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

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

**UTILITY OFFICIAL:**

**ANDONI ECONOMOU**  
Print Name

  
Signature

**EXECUTIVE VICE PRESIDENT**  
Title

**08/17/2001**  
Date

**212-607-2153**  
Telephone No.

**212-635-5074**  
Fax No.

Address: **METTEL**  
**44 WALL STREET, 14TH FLOOR**  
**NEW YORK, NY 10005**



**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?

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---

---

UTILITY OFFICIAL:

ANDONI ECONOMOU  
Print Name

  
Signature

EXECUTIVE VICE PRESIDENT  
Title

08/17/2001  
Date

212-607-2153  
Telephone No.

212-635-5074  
Fax No.

Address: METTEL  
44 WALL STREET, 14TH FLOOR  
NEW YORK, NY 10005

**CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT**

## **FINANCIAL INFORMATION**

# **Manhattan Telecommunications Corporation and Subsidiaries**

**Consolidated Financial Statements  
As of December 31, 1999 and 1998 and for the  
years ended December 31, 1999, 1998 and 1997**

## **Report of Independent Accountants**

To the Board of Directors and Stockholders of  
Manhattan Telecommunications Corporation and Subsidiaries:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Manhattan Telecommunications Corporation and its subsidiaries at December 31, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States. 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 of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

June 9, 2000, except as to the second sentence of paragraph 6  
of Note 4, for which the date is June 26, 2000

# Manhattan Telecommunications Corporation and Subsidiaries

## Consolidated Balance Sheets

3

as of December 31,

	<u>1999</u>	<u>1998</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,387,223	\$ 160,347
Accounts receivable, less allowance of \$1,974,179 and 202,862, respectively	4,954,213	1,692,223
Prepaid and other current assets	<u>65,127</u>	<u>52</u>
Total current assets	7,406,563	1,852,622
Fixed assets, net	1,563,909	540,117
Deferred debt issuance costs, net	9,185,535	-
Other assets	<u>350,034</u>	<u>111,834</u>
<b>Total assets</b>	<b><u>\$ 18,506,041</u></b>	<b><u>\$ 2,504,573</u></b>
 <b>Liabilities and Stockholders' (deficit) equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 4,711,463	\$ 2,601,053
Capital lease obligations, current portion	231,051	35,040
Operating taxes payable	2,547,874	347,260
Debt financing fees payable, current portion	197,500	-
Deferred rent payable, current portion	<u>30,229</u>	<u>-</u>
Total current liabilities	<u>7,718,117</u>	<u>2,983,353</u>
Capital lease obligations, net of current portion	110,077	41,134
Debt financing fees payable, net of current portion	197,500	-
Deferred rent payable, net of current portion	79,392	-
Notes payable	<u>6,000,000</u>	<u>646,970</u>
<b>Total liabilities</b>	<b><u>14,105,086</u></b>	<b><u>3,671,457</u></b>
Redeemable warrant	151,193	-
Commitments and contingencies		
<b>Stockholders' equity (deficit)</b>		
Common stock - no par value, 2,500 shares authorized, issued and outstanding	-	-
Additional paid-in capital	10,392,495	1,253,619
Accumulated deficit	<u>(6,142,733)</u>	<u>(2,420,503)</u>
	<u>4,249,762</u>	<u>(1,166,884)</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 18,506,041</u></b>	<b><u>\$ 2,504,573</u></b>

The accompanying notes are an integral part of these financial statements

**Manhattan Telecommunications Corporation and Subsidiaries**  
**Consolidated Statements of Operations**

4

*For the years ended December 31,*

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>Revenues</b>	<u>\$ 24,478,133</u>	<u>\$ 5,414,276</u>	<u>\$ 45,341</u>
<b>Operating costs and expenses</b>			
Cost of revenues	15,075,014	3,806,560	66,704
Selling, general and administrative	11,486,197	2,968,093	821,627
Depreciation and amortization	<u>360,604</u>	<u>32,333</u>	<u>10,608</u>
<b>Total operating cost and expenses</b>	<u>26,921,815</u>	<u>6,806,986</u>	<u>898,939</u>
<b>Loss from operations</b>	(2,443,682)	(1,392,710)	(853,598)
<b>Other expense</b>			
Interest expenses	1,243,288	71,618	-
Other	35,260		
<b>Net loss</b>	<u>\$ (3,722,230)</u>	<u>\$ (1,464,328)</u>	<u>\$ (853,598)</u>

The accompanying notes are an integral part of these financial statements

**Manhattan Telecommunications Corporation and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity (Deficit)**

5

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance at January 1, 1997</b>	2,500	-	\$ 50,000	\$ (102,577)	\$ (52,577)
Contribution by stockholders	-	-	760,664	-	760,664
Redistribution of common stock, net	-	-	6,636	-	6,636
Net loss	-	-	-	(853,598)	(853,598)
<b>Balance at December 31, 1997</b>	<b>2,500</b>	<b>-</b>	<b>817,300</b>	<b>(956,175)</b>	<b>(138,875)</b>
Contribution by stockholders	-	-	394,291	-	394,291
Redistribution of common stock, net	-	-	42,028	-	42,028
Net loss	-	-	-	(1,464,328)	(1,464,328)
<b>Balance at December 31, 1998</b>	<b>2,500</b>	<b>-</b>	<b>1,253,619</b>	<b>(2,420,503)</b>	<b>(1,166,884)</b>
Redistribution of common stock, net	-	-	(740)	-	(740)
Issuance of warrants in connection with debt issuance	-	-	9,290,809	-	9,290,809
Accretion of redeemable warrants	-	-	(151,193)	-	(151,193)
Net loss	-	-	-	(3,722,230)	(3,722,230)
<b>Balance at December 31, 1999</b>	<b>2,500</b>	<b>-</b>	<b>\$ 10,392,495</b>	<b>\$ (6,142,733)</b>	<b>\$ 4,249,762</b>

The accompanying notes are an integral part of these financial statements

# Manhattan Telecommunications Corporation and Subsidiaries

## Consolidated Statements of Cash Flows

6

For the years ended December 31,

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>Cash flows from operating activities</b>			
Net loss	\$ (3,722,230)	\$ (1,464,328)	\$ (853,598)
Adjustments to reconcile net income to net cash used in operating activities			
Bad debt expense	2,605,000	750,000	-
Depreciation and amortization	372,598	32,333	12,141
Amortization of debt issuance costs	682,006	-	-
Noncash compensation	(740)	42,028	6,636
Loss on disposal of fixed assets	35,260	-	-
Changes in assets and liabilities affecting operating cash flows			
Accounts receivable	(5,866,989)	(2,396,515)	(45,709)
Prepaid expenses and other current assets	(65,075)	228	(280)
Other assets	(238,201)	(31,544)	(80,288)
Accounts payable and accrued expenses	2,110,410	2,273,858	281,319
Operating taxes payable	2,200,614	337,090	10,170
Deferred rent payable	109,621	-	-
Other liabilities	-	-	(24,000)
<b>Net cash used in operating activities</b>	<u>(1,777,726)</u>	<u>(456,850)</u>	<u>(693,609)</u>
<b>Cash flows used in investing activity</b>			
Purchases of fixed assets	(1,431,650)	(494,174)	(78,119)
<b>Net cash used in investing activity</b>	<u>(1,431,650)</u>	<u>(494,174)</u>	<u>(78,119)</u>
<b>Cash flows from financing activities</b>			
Proceeds from notes payable	8,740,000	2,550,000	-
Repayment of notes payable	(3,386,970)	(1,903,030)	-
Deferred debt issuance costs	(181,732)	-	-
Repayment of capital lease obligation	264,954	76,174	-
Proceeds from capital contributions	-	394,291	760,664
<b>Net cash provided by financing activities</b>	<u>5,436,252</u>	<u>1,117,435</u>	<u>760,664</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,226,876	166,411	(11,064)
<b>Cash and cash equivalents at beginning of period</b>	160,347	(6,064)	5,000
<b>Cash and cash equivalents at end of period</b>	<u>\$ 2,387,223</u>	<u>\$ 160,347</u>	<u>\$ (6,064)</u>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid for interest	\$ 573,484	\$ 69,984	\$ -
<b>Noncash investing activity</b>			
Acquisition of equipment under capital leases	\$ 459,681	\$ 117,025	\$ -

The accompanying notes are an integral part of these financial statements



**1. Description of Business**

Manhattan Telecommunications Corporation, doing business as Metropolitan Telecommunications, also known as MetTel (the "Company"), is a licensed competitive local exchange carrier ("CLEC") whose principal business consists of providing a complete line of local, long distance, internet and data services to businesses and residences located in New York State. The Company was incorporated in April 1996 under the laws of the state of Delaware. The consolidated financial statements include the accounts of the Company and its currently inactive subsidiaries.

**2. Summary of Significant Accounting Policies**

**Cash equivalents**

The Company considers all highly liquid investments purchased with an initial maturity of 90 days or less to be cash equivalents. The Company maintains its cash balances in highly rated financial institutions. At times, such cash balances may exceed federally insurable limits.

**Revenue recognition**

Revenue is recognized in the period in which the service is provided. All costs related to services provided are expensed as incurred. Unbilled revenue included in accounts receivable represents revenue for earned services which will be billed in the subsequent month and totalled \$1,278,514 and \$423,190 as of December 31, 1999 and 1998, respectively.

**Fair value of financial instruments**

Statement of Financial Accounting Standard ("SFAS") No. 107 "Disclosure about Fair Value of Financial Instruments," requires disclosure of fair value about certain financial instruments, whether or not reported on the balance sheet. The Company's financial instruments include cash, accounts receivable and accounts payable which are carried at cost that approximates fair value because of the short term nature of these instruments.

The carrying value of the Company's borrowings under its line of credit and credit facility agreement approximate fair value as the interest rate is the Company's available market interest rate.

**Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect 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. Changes in such estimates could affect amounts reported in future periods. Estimates are used when accounting for the allowance for doubtful accounts, fixed asset depreciable lives, and the deferred tax valuation allowance, among others.

**Fixed Assets**

Depreciation is calculated using the straight-line method over the estimated useful lives of the related asset, generally three to five years. Amortization of leasehold improvements is provided over the straight-line method over the shorter of the estimated useful life or the lease term. The costs of additions and betterments are capitalized, and repairs and maintenance costs are charged to operations in the periods incurred.

**Software Development Costs**

Certain costs incurred in the development of internal use software are capitalized in accordance with the Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" and are amortized over their useful life of 3 years.

**Long-lived assets**

The Company reviews for the impairment of long-lived assets whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated, undiscounted, future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. If such assets are considered impaired, the amount of the impairment loss recognized is measured as the amount by which the carrying value of the asset exceeds the fair value of the asset. To date, the Company has identified no such impairment losses.

**Significant Risks and Uncertainties**

The Company has experienced net operating losses and negative cash flow since its inception. To date, the Company has funded its operations with capital contributions and external financing through debt issuance. The Company's growth anticipates substantial capital expenditures. The Company's ability to fund these expenditures will be dependent upon the Company raising additional financing. Failure to raise sufficient capital could compel the Company to delay or modify some of its expansion plans and/or capital expenditures. However, management believes that the Company's current cash resources and credit facility together with expected revenue growth will be sufficient to fund the Company's operations for the next twelve months.

The Company is dependent on Bell Atlantic as sole provider of the local telecommunications service which the Company provides to its customers. Accordingly, a negative impact on the operations of Bell Atlantic could adversely affect the Company.

**Advertising costs**

The Company expenses the costs of advertising in the period in which the costs are incurred. Advertising expenses were \$49,761, \$10,367 and \$1,509 for the years ended December 31, 1999, 1998 and 1997, respectively.

**Income taxes**

The Company recognizes deferred taxes by the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for differences between the financial statement and tax basis of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

**Comprehensive Income**

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income". This statement requires companies to classify items of their comprehensive income by their nature in the financial statements and display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of a statement of financial position. SFAS No. 130 is effective for financial statements issued for fiscal years beginning after December 15, 1997. The Company adopted SFAS No. 130 in fiscal year 1998. There was no difference between net income and comprehensive income for the years ended December 31, 1999 and 1998.

**Segment Reporting**

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", which established standards for reporting information about operating segments in annual financial statements. It also establishes standards for related disclosures about products and services, geographic areas and major customers. SFAS No. 131 was adopted by the Company in fiscal year 1998. Adoption of SFAS No. 131 had no impact on the Company's results of operations, financial position or cash flow as the Company operates only in the landline telecommunications segment.

**Recent Accounting Pronouncements**

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivatives and Hedging Activities" ("SFAS 133"), which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company does not expect the adoption of this statement to have a significant impact on the Company's results of operations, cash flow or financial position.

In December 1999, the Staff of the Securities and Exchange Commission released Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition". SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements. The Company is in the process of determining the effects of the additional guidance provided by SAB 101 on the Company's financial statements.

**3. Fixed Assets**

Fixed assets consist of the following:

	December 31,	
	1999	1998
Computer equipment	\$ 622,658	\$ 238,496
Furniture and fixtures	198,839	19,206
Leasehold improvements	124,561	36,489
Capitalized software costs	948,933	288,867
	<u>1,894,991</u>	<u>583,058</u>
Less: accumulated depreciation and amortization	(331,082)	(42,941)
Total net fixed assets	<u>\$ 1,563,909</u>	<u>\$ 540,117</u>

Included in computer equipment are \$476,706 and \$117,025 of assets under capital lease at December 31, 1999 and 1998, respectively.

#### **4. Notes Payable**

##### **Line of Credit**

In September 1998, the Company entered into a line of credit agreement with a financial institution under which it could borrow up to \$1,000,000. The line of credit was collateralized by receivables, equipment and certain real property. The Company repaid the line in full in May 1999.

##### **Credit Facility Agreement**

In May 1999, the Company entered into a credit facility with a financial institution. The credit line allows for up to \$5,000,000 to be drawn down subject to a formula based on eligible accounts receivable cash collections. As additional consideration, the Company granted to the financial institution a warrant to purchase 7.5% of the Company's then outstanding common stock (see Note 5).

In December 1999, the credit facility was amended and increased to \$9,000,000 and can be increased up to \$12,000,000 upon the Company meeting certain financial performance benchmarks. As additional consideration, the Company granted the financial institution warrants to purchase an additional 5.5% of the Company's outstanding common stock (see Note 5). At December 31, 1999, \$6,000,000 of Notes were drawn down under the facility. The Notes mature on April 30, 2002. The Notes bear interest at a variable rate selected by the borrower equal to prime rate plus 7% per annum or the adjusted LIBOR plus 8.5% per annum. In addition, there is 6.5% of interest that is deferred. The deferred interest is not payable in the event that the lender exercises the warrant referred to above.

The Company incurred origination fees of \$395,000, which have been recorded as a deferred asset and are being amortized over the life of the loan. The Company also pays annual commitment fees of 0.5% on the unused amount of the facility. At December 31, 1999, the Company was eligible to draw an additional \$1,300,000 under the facility based on the value of eligible accounts receivable cash collections.

The credit facility is collateralized by receivables, inventories, equipment and certain real property and is guaranteed by certain stockholders, but is subordinate to capitalized lease obligations. Under the terms of the agreement, the Company is required to maintain certain financial conditions, number of access lines and level of customer turnover. The agreement also prohibits the Company from incurring certain additional indebtedness, limits certain investments, advances or loans and restricts substantial asset sales, capital expenditures and cash dividends.

At December 31, 1999, the Company was in violation of the covenant to have customer turnover percentage below a certain level, for which they obtained a waiver of default from the applicable lender on June 26, 2000. In addition, on June 26, 2000, the covenants related to the number of access lines and level of customer turnover were modified to make them less restrictive.

## **5. Warrants**

In May 1999, in connection with the execution of the May 1999 credit facility agreement, the Company granted fully vested warrants to the financial institution. Upon exercise of the warrant, the financial institution may acquire 187.5 shares (7.5%) of the Company's issued and outstanding shares of no par value, common stock at an exercise price of \$.01 per share. The warrant is exercisable through April 2009. If the warrant is exercised, the financial institution shall forgo the collection of deferred interest which is accruing on the outstanding balance of the debt at a rate of 6.5%. At December 31, 1999 the deferred interest on the debt was approximately \$151,193.

In December 1999, as a result of the amendment of the credit facility agreement, the Company issued additional warrants to the lender to acquire up to 157.62 shares (5.5%) of the Company's issued and outstanding no par common stock. At December 31, 1999, 114.63 shares of no par value common stock relating to this amendment had vested. The remaining 42.99 shares vest only upon the increase in the available line of credit to \$12 million. The warrant is exercisable through April 2009.

The grant of the warrants was considered for accounting purposes to be an additional debt issuance cost. The fair value of the warrants on the date of issuance was recorded as a deferred asset and is being amortized into the statement of operations as interest expense over the life of the Notes.

## **6. Related Party Transactions**

### **General and administrative**

The Company received legal and consulting services from a firm in which an executive officer of the Company is a principal stockholder. These expenses aggregated approximately \$212,000, \$163,000 and \$110,250 in 1999, 1998 and 1997, respectively.

During 1997, the Company expensed approximately \$60,500 of legal fees paid to officers of the Company.

### **Capital Contributions**

During 1998 and 1997, certain officers performed services for the Company for which they were not compensated. Such contributions are not recorded in the financial statements.

### **Common stock redistribution**

During 1997 and 1998, 161.29 and 34.56 shares of common stock were granted to officers of the Company. At the date of each grant, no additional shares of the Company stock were authorized to be granted. Accordingly, each existing stockholder made a pro-rata constructive transfer to the officers. The Company recorded compensation expense for the fair value of the redistributed shares.

In 1999, 3.85 shares of vested common stock were returned to the Company in connection with a severance agreement. The returned shares were redistributed on a pro-rata basis to the existing shareholders. The Company recorded a credit for the amount of compensation expense previously recognized in connection with the initial grant of these shares.

**7. Income Taxes**

The Company accounts for income tax under the provisions of SFAS No. 109, "Accounting for Income Taxes". SFAS 109 requires an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements. The Company had approximately \$2,144,500 and \$1,278,000 of net operating loss carryforwards for federal income tax purposes at December 31, 1999 and 1998, respectively. The net operating loss carryforwards will begin to expire in the year 2016 if not utilized. The Company has recorded a valuation allowance equal to the net deferred tax assets at December 31, 1999 and 1998, due to the uncertainty of future operating results. The valuation allowance will be reduced at such time as management believes it to be more likely than not that the net deferred tax assets will be realized.

The components of the net deferred tax asset as of December 31, 1999 and 1998 consist of the following:

	1999	1998
Deferred tax assets:		
Net federal and state operating loss carryforwards	\$ 1,486,421	\$ 757,263
Property and equipment		3,741
Allowance for doubtful accounts	<u>671,221</u>	<u>68,973</u>
Gross deferred tax asset	2,157,642	829,977
Deferred tax liabilities:		
Property and equipment	(271,533)	
Less: Valuation allowance	<u>(1,886,109)</u>	<u>(829,977)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

**8. Commitments**

**Operating and Capital leases**

The Company leases office facilities and equipment under operating leases expiring through 2009. The company also leases telephone and other office equipment under capital leases expiring through 2001. Future minimum lease payments due under noncancellable operating leases and capital leases were as follows:

	<u>Operating</u>	<u>Capital</u>
Year ending December 31,		
2000	\$ 758,548	\$ 263,023
2001	648,487	122,288
2002	495,813	-
2003	456,041	-
2004	471,703	-
Thereafter	1,991,556	-
Total minimum lease payments	<u>\$ 4,822,148</u>	<u>385,311</u>
Less: amount representing interest		(44,183)
Present value of future minimum lease payments		341,128
Less: current portion		(231,051)
Capital lease obligations, net of current portion		<u>\$ 110,077</u>

Rent expense for the years ended December 31, 1999, 1998 and 1997 was approximately \$222,000, \$110,000 and \$110,000, respectively.

In March 2000, the Company entered into a new operating lease for additional office space. Future minimum lease payments under this lease aggregate approximately \$1,945,000.

**Employment agreements**

In the normal course of business, The Company has entered into employment agreements with certain of its officers. These agreements call for aggregate payments over the next four years of \$375,000 per year. Upon attaining certain performance requirements, these individuals are eligible for a defined bonus.

**General and administrative**

In April 1999, the Company entered into a three-year agreement to receive legal services from a related party. Under the terms of this agreement, the Company is required to pay weekly fees of \$4,000 (see Note 6).

## **9. Contingencies**

### **Litigation**

There are various claims, lawsuits and pending actions against the Company incidental to the operations of its business. It is the opinion of management, after consultation with counsel, that the ultimate resolution of such claims, lawsuits and pending actions will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

### **Other**

The Company is subject to state public utilities commission, Federal Communications Commission and court decisions as they relate to the interpretation and implementation of the Telecommunications Act, the interpretation of CLEC interconnection agreements in general and the Company's interconnection agreements in particular. In some cases the Company may be bound by the results of ongoing proceedings of these bodies or the legal outcomes of other contested interconnection agreements that are similar to the Company's agreements. The Company cannot estimate the effect, if any, of these proceedings.

## **10. Subsequent events**

On May 22, 2000 the Company amended its Certificate of Incorporation to increase the number of authorized shares of common stock from 2,500 to 5,000. Concurrently, the Company declared a stock dividend of 0.085 of a share of common stock for each share of common stock outstanding.

In March of 2000, the Company drew down an additional \$2,000,000 of its available credit facility.



ATTESTATION

We, Marshall Aronow, Chief Executive Officer of Manhattan Telecommunications Corporation, and Frank Lazzara, Chief Financial Officer of Manhattan Telecommunications Corporation attest that, to the best of their knowledge, the enclosed unaudited financial statements of Manhattan Telecommunications Corporation dated April 30, 2001 are true and correct.



Marshall Aronow, Chief Executive Officer

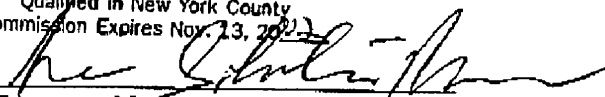


Frank Lazzara, Chief Executive Officer

Subscribed and sworn to before me, this 20 day of August, 2001.

My commission expires: Nov. 13, 2002

ANNA SOKOLIN MAIMON  
Notary Public, State of New York  
No. 02S06050723  
Qualified in New York County  
Commission Expires Nov. 13, 2002

  
(SEAL) Notary Public

**Manhattan Telecommunications Corporation****Consolidated Balance Sheet****4 months ending  
Apr. 30, 2001****ASSETS****Current Assets:**

Cash & Cash Equivalents	264,997
Accounts Receivable, net	5,599,486
Prepaid & Other Current Assets	232,488

<b>Total Current Assets</b>	<b>6,096,971</b>
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Fixed Assets, net	5,935,382
Other Assets, net	7,770,453
<b>Total Assets</b>	<b>19,802,807</b>

**LIABILITIES AND CAPITAL****Current Liabilities:**

Accounts Payable & Accrued Expenses	6,610,731
Current Portion of Lease Payment	112,365
Operating Taxes Payable	5,387,732

<b>Total Current Liabilities</b>	<b>12,110,828</b>
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Equipment Lease Obligation, net of Current	780,340
Origination Fee - LT	197,500
Debt Financing Fees Payable, net of Current	-
Deferred Rent Payable, net of Current	206,347
Notes Payable, net of Current	15,025,000

<b>Total Liabilities</b>	<b>28,320,015</b>
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Redeemable Warrant	916,604
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**Capital**

Common Stock	-
Paid-in Capital	9,627,084
Retained Earnings	(16,471,065)
Net Income	(2,589,831)

<b>Total Capital</b>	<b>(9,433,812)</b>
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<b>Total Liabilities &amp; Capital</b>	<b>19,802,807</b>
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**Unaudited - For Management Purposes Only**

**Manhattan Telecommunications  
Consolidated Statement of Operations**

	<b>Current Month</b>	<b>Four Months End 4/30/01</b>		
<b>Revenues</b>	4,019,768		15,271,425	
<b>Operating costs and expenses</b>				
<b>Cost of revenues</b>	2,269,950	56%	8,150,703	53%
<b>Selling, general and administrative</b>	1,612,857	40%	7,361,325	48%
<b>Total operating cost and exp.</b>	3,882,807		15,512,028	
<b>EBITDA</b>	136,961	3%	(240,603)	-2%
<b>Depreciation &amp; Amortization</b>	(160,302)	-4%	(522,342)	2%
<b>Interest expense</b>	(147,979)	-4%	(578,762)	-4%
<b>Interest Amortization</b>	(306,412)	-8%	(1,225,650)	-8%
<b>Net loss</b>	(477,733)	-12%	(2,567,357)	-17%

Unaudited - For Management Purposes Only

## **FINANCIAL QUALIFICATION SUMMARY**

Metropolitan Telecommunications of Florida, Inc., d/b/a MetTel  
Financial Qualifications

The Applicant is financially qualified to render its proposed telecommunications services in Florida. In particular, Applicant has access to the financing and capital necessary to conduct its telecommunications operations as specified in this Application. The Applicant will rely on its parent corporation as a third party to support its financial ability to provide the services covered in this Application.

The Applicant, has sufficient financial capability to maintain the proposed telecommunications service. The Applicant will strictly monitor its expenses; institute effective cost controls; and keep its selling, general, and administrative (“SG&A”) expenses as a percent of gross revenues equal to if not better than the industry average.

As a result of the foregoing, as well as effective capital management measures the Applicant intends to implement, the Applicant will have the ability to meet its lease or ownership obligations.

The Applicant expects to develop and maintain profitable growth. Thus, the Applicant asserts that it has the financial resources necessary to operate as an interexchange telecommunications service provider in Florida.

## **MANAGERIAL AND TECHNICAL EXPERTISE**

### **Technical Managers**

*Aizik Leibovitch* has served as the Chief Technology Officer (CTO) for MetTel since the launch of MetTel's New York telephone operation in 1996. Mr. Leibovitch will serve as the CTO for Metropolitan Telecommunications of California, Inc. Mr. Leibovitch has been responsible for developing and maintaining MetTel's comprehensive customer account management and billing systems for the New York and New Jersey operations. These systems integrate front-end applications (which allow order provisioners and the billing department to access customer information and process customer requests) with back-end billing systems. As evidence of his experience and expertise these systems are able to receive and process call detail records from incumbent local providers and long distance carriers, update MetTel's internal customer databases, and generate individual retail invoices, Carrier Access billing, PUC compliance reports and internal tracking reports. Mr. Leibovitch earned a MS in Mathematics from Uzghorod State University, Russia, a MS in Computer Science from New York University, and a MPH in Computer Science from New York University.

*Olkesandr Citkin* has served as the Chief Information Officer (CIO) for MetTel since the launch of MetTel's New York telephone operation in 1996. Mr. Citkin will serve as the CIO for Metropolitan Telecommunications of California, Inc. Mr. Citkin has been responsible for developing, and maintaining MetTel's customer service front-end systems, and integrating these systems with MetTel's back-end systems for the last four years. The integration allows MetTel's customer account managers and customer service representatives to access a customer's complete account history. Mr. Citkin has also been responsible for maintaining MetTel's Automated Ordering Center ("AOC"), an automatic system that provides a direct link with Verizon's OSS for MetTel's east cost operations and simultaneously updates MetTel's internal customer databases. Mr. Citkin will be responsible for the expansion of MetTel's "AOC" as it is linked with other incumbents like Qwest and SBC Communications as MetTel expands into other states. This system processes approximately 90% of MetTel's New York and New Jersey orders for conversions, feature changes, SNPs and restorals of service. Currently, Mr. Citkin is overseeing the development of the second version of AOC to incorporate refinements that will allow MetTel to process customer service requests on an automated basis with greater efficiency. As evidence of Mr. Citkin's experience and expertise Mr. Citkin also created the communications programs that allow MetTel to receive and process call detail records and other billing information from incumbent providers, long distance carriers, banking institutions, payment centers and collection agencies. As MetTel's service offerings increase, Mr. Citkin is primarily responsible for creating and implementing the front-end and back-end systems to accommodate the provision of these new services. For example, Mr. Citkin's group recently customized MetTel's IVR system to allow customer service representatives to process credit card payments without having access to the customer's credit card information. This is one example of the technological advancements being developed by MetTel's IT department that are designed to protect the consumer's interests. Mr. Citkin earned a BS in Mathematics from Uzghorod State University, Russia, a MS in Mathematics from Uzghorod State University, Russia, and a Ph.D. Computer Science from the Institute for Mathematics and Computer Science, Academy of Sciences, Russia.

### **Operational Managers**

*Marshall Aronow* and *Andoni Economou*, Co-Chief Operating Officers (COO), are primarily responsible for MetTel's strategic planning, including the procurement of third party financing for future expansion. Both Mr. M. Aronow and Mr. Economou will serve as COO's for Metropolitan Telecommunications of California, Inc. Mr. M. Aronow and Mr. Economou have supervised 150 employees and managed daily telephone operations in MetTel's New York corporate office for the last four years. The Customer Service Department consists of a Director of Customer Service, an Assistant Director of Customer Service, 8 Customer Service Supervisors and over 70 Customer Service Representatives. The Order Provisioning Department consists of a Director of Provisioning, 4 Provisioning Managers, 2 Line Supervisors, a Trouble Resolution Department and a New Line Provisioning Department. Utilization of the UNE platform requires the development and constant refinement of systems for tracking customer information, measuring employee productivity and monitoring Verizon's implementation of the UNE Platform. To achieve these goals, Mr. M. Aronow and Mr. Economou work closely with the heads of MetTel's customer service, provisioning and information technology departments on a daily basis to create integrated systems. As a demonstration of Mr. M. Aronow and Mr. Economou's telephony experience and expertise, below is a list of projects Mr. M. Aronow and Mr. Economou oversaw for the launch of MetTel's New York and New Jersey operations and continue to oversee for expansion into other states:

- ◆ a proprietary retail customer billing system and related Service Optimization Processor, a program for combining retail features in the most cost-effective manner for the customer;
- ◆ CTS, a customer database tracking system;
- ◆ Automatic Ordering Center, which uses an EDI interface to communicate with Verizon's systems and allows for high-volume order processing;
- ◆ the Interactive Voice Response system, which provides account information and customer payments;
- ◆ an off-sight electronic customer payment processing system;
- ◆ telemarketing and third-party sales verification procedures;
- ◆ internal tracking and monitoring systems.

The development of integrated systems has allowed Mr. M. Aronow and Mr. Economou to track employee productivity and create solutions to increase customer satisfaction. Mr. M. Aronow earned a B.A. from Hunter College. Mr. Economou earned a B.A. from Fordham University and a J.D. from Rutgers University Law School.



*David Aronow*, Co-President, heads the legal department and represents MetTel before the New York State Public Service Commission where the company launched its first telephone operations in 1996. Mr. D. Aronow will serve as Co-President for Metropolitan Telecommunications of California, Inc. Mr. D. Aronow has been responsible for monitoring MetTel's relationship with Verizon f.k.a. Bell Atlantic under the UNE platform for the last four years and will be responsible for monitoring MetTel's relationships with other incumbent service providers as MetTel launches in other states. MetTel relies on the incumbent LEC to provide installation and repair expertise for implementation of the UNE platform. Personnel in the Order Provisioning Department are responsible for monitoring all work performed by the incumbent LEC on behalf of MetTel to ensure customer satisfaction.

In addition, Mr. D. Aronow has been and will continue to be primarily responsible for the deployment of MetTel's facilities. As part of MetTel's New York launch, Mr. D. Aronow obtained Verizon's certification for SS7 interconnection between Verizon and MetTel's CISCO Signaling Controller SC2200, which permits MetTel to provide local access services to an affiliated ISP, MetConnect. This was the first such SS7 certification in North America. Mr. D. Aronow and his staff are responsible for overseeing all aspects of procurement, interconnection, set up, delivery and technical support of MetTel's physical interconnection with Verizon.

Mr. D. Aronow earned a B.A. from Hunter College and a J.D. from New York Law School.

*Joseph Aronow* is MetTel's General Counsel. Mr. J. Aronow oversees the development of new business opportunities and provides guidance to MetTel's in-house legal staff. Mr. J. Aronow has acted as MetTel's General Counsel since the launch of MetTel's New York operation in 1996. Mr. J. Aronow will serve as Metropolitan Telecommunications of California, Inc.'s General Counsel. Mr. J. Aronow earned a B.S. from Brooklyn University and a J.D. from Brooklyn Law School.

*Frank Lazzara*, Chief Financial Officer, has been responsible for internal accounting operations and controls for MetTel's New York and New Jersey telephone operations for the last four years. In addition, he is responsible for retail credits, collections and enforcement. Mr. Lazzara will service as CFO for Metropolitan Telecommunications of California, Inc. As MetTel's operations grew into other states, Mr. Lazzara coordinated the shift from an internal manual customer payment processing system to an off-sight, electronic payment-processing system handled by a banking institution. Similarly, as part of MetTel's internal operations, he coordinated the shift from a manual enforcement system to a predominately automated enforcement system for suspending, terminating and restoring service. Mr. Lazzara earned a B.B.A. from Pace University.

## **INITIAL TARIFF**

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This Tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Metropolitan Telecommunications of Florida, Inc., d/b/a MetTel, with principal offices at 44 Wall Street, 14<sup>th</sup> Floor, New York, NY 10005. This Tariff applies for services furnished within 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.

Service is provided by means of wire, radio, terrestrial, or satellite facilities or any combination thereof, as specified herein.

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Issued: August 22, 2001

Effective:

Issued by:

David Arronow, President  
MetTel  
44 Wall Street, 14th Floor  
New York, New York 10005

INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

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

**CHECK SHEET**

<u>Sheet</u>	<u>Revision</u>	<u>Sheet</u>	<u>Revision</u>
1	Original	26	Original
2	Original	27	Original
3	Original	28	Original
4	Original	29	Original
5	Original	30	Original
6	Original	31	Original
7	Original	32	Original
8	Original	33	Original
9	Original	34	Original
10	Original	35	Original
11	Original	36	Original
12	Original	37	Original
13	Original	38	Original
14	Original	39	Original
15	Original	40	Original
16	Original	41	Original
17	Original		
18	Original		
19	Original		
20	Original		
21	Original		
22	Original		
23	Original		
24	Original		
25	Original		

Issued: August 22, 2001

Effective:

Issued by:

David Arronow, President  
 MetTel  
 44 Wall Street, 14th Floor  
 New York, New York 10005

INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

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INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

CONCURRING CARRIERS

None

CONNECTING CARRIERS

None

OTHER PARTICIPATING CARRIERS

None

REGISTERED SERVICE MARKS

None

REGISTERED TRADEMARKS

None

EXPLANATION OF SYMBOLS

- (D) Delete or Discontinue
- (I) Change Resulting in an Increase to a Customer's Bill
- (M) Moved from another Tariff Location
- (N) New
- (R) Change Resulting in a Reduction to a Customer's Bill
- (T) Change in Text or Regulation but no Change in Rate or Charge

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TARIFF FORMAT SHEET

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

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INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 1: GENERAL**

1.1 Application of Tariff

- A. This Tariff contains the regulations and rates applicable to the provision of Intrastate Message Telecommunications Service by Metropolitan Telecommunications of Florida, Inc. d/b/a MetTel, hereafter referred to as the "Company", from its points of presence in the State of Florida to domestic points, as specified herein. Service is furnished subject to the availability of facilities and subject to transmission, atmospheric and like conditions.
- B. The provision of such service by the Company as set forth in this Tariff does not constitute a joint undertaking with the Customer for the furnishing of any service.

1.2 Definitions

Certain terms used throughout this Tariff are defined as follows:

A. Access Code

A sequence of numbers that, when dialed, connect the caller to the Provider of Operator Services associated with that sequence.

B. Aggregator

Any person that, in the ordinary course of its operations, makes telephones available to the public or to transient users of its premise, for intrastate telephone calls using a Provider of Operator Services.

C. Application for Service

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

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INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

SECTION 1: GENERAL, (Cont'd)

1.2 Definitions (Cont'd)

D. Authorization Code

A numerical code, one or more of which may be assigned to a Customer to enable the Company to identify the origin of the user or individual users or groups of users on one account so that the Company may rate and bill the call.

E. Commission

Florida Public Service Commission

F. Common Carrier

A company or entity providing telecommunications services to the public.

G. Company

Metropolitan Telecommunications of Florida, Inc. d/b/a MetTel, unless the context indicates otherwise.

H. Consumer

A person initiating any intrastate telephone call.

I. Customer

Any individual, partnership, association, trust, corporation, cooperative or governmental agency or other entity which utilizes the services provided by the Company on a subscription basis. A Customer, as set forth herein, is responsible for the payment of charges and for compliance with all applicable terms of the Company's Tariff.

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INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

SECTION 1: GENERAL, (Cont'd)

1.2 Definitions (Cont'd)

J. Customer Provided Equipment

Terminal Equipment or facilities provided by persons other than the Company and connected to the Company's services and/or facilities.

K. Dialed Access

An arrangement whereby a Customer uses the public switched network facilities of a local exchange telephone company to access the terminal of the Company.

L. Domestic Message Telecommunications Service (MTS)

The term "Domestic Message Telecommunications Service" denotes the furnishing of station-to-station direct dial Intrastate switched network services to the Customer for the completion of long distance voice and dial up low speed data transmissions over voice grade channel from the Company's points of presence to domestic points as specified herein.

M. Equal Access

Has the meaning given that term in Appendix B of the Modification of Final Judgment entered August 24, 1982, in United States v. Western Electric, Civil Action No. 82-0192 (United States District Court, District of Columbia), as amended by the Court in its orders issued prior to October 17, 1990.

N. Equal Access Code

An access code that allows the public to obtain an Equal Access connection to the carrier associated with that code.

O. Local Exchange Carrier (LEC)

A telephone company which furnishes local exchange services.



INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

SECTION 1: GENERAL (Cont'd)

1.2 Definitions (Cont'd)

P. Measured Usage Charge or Measured Charge

A charge assessed on a per-minute basis in calculating all or a portion of the charges due for a completed call over the Company's facilities.

Q. Other Common Carrier

The term "Other Common Carrier" denotes a common carrier, other than the Company, providing domestic or international communications service to the public.

R. Premise

The space designated by a Customer as its place or places of business for provision of service or for its own communications needs.

S. Service

The offerings by the Company to the Customer under this Tariff.

T. Telecommunications

The transmission of voice communications or, subject to the transmission capabilities of the service, the transmission of data, facsimile, signaling, metering, or any other form of intelligence.

INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 2: RULES AND REGULATIONS**

2.1 Undertaking of the Company

A. Scope

The Company is a carrier providing intrastate domestic communications services to Customers for their direct transmission of voice, data and other types of telecommunications within the United States as described in this Tariff.

B. Limitations

1. The services provided pursuant to this Tariff are offered subject to the availability of facilities and the other provisions of this Tariff.
2. The Company does not undertake to transmit communications or messages, but rather furnishes facilities, service and equipment for such transmissions by the Customer.
3. The Company retains the right to deny service to any Customer which fails to comply with the rules and regulations of this Tariff, or other applicable rules, regulations or laws.

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INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 2: RULES AND REGULATIONS, (Cont'd)**

2.2 Obligations of the Customer

- A. All Customers assume general responsibilities in connection with the provision and use of the Company's service. General responsibilities are described in this section. When facilities, equipment, and/or communication systems provided by others are connected to the Company's facilities, the Customer assumes the additional responsibilities as set forth in Section 2.2, herein.
- B. The Customer is responsible for the payment of all charges for any and all services or facilities provided by the Company to the Customer.
- C. Subject to availability, the Customer may use specific codes to identify the users groups on its account and to allocate the cost of its service accordingly. The numerical composition of such codes shall be set forth by the Company to assure compatibility with the Company's accounting and automation systems and to avoid duplication of such specific codes.
- D. The Company reserves the right to discontinue the use of any code provided to the Customer and to substitute another code for such Customer's use.
- E. The Customer shall indemnify and save harmless the Company from and against all loss, liability, damage and expense, including reasonable counsel fees, due to claims for libel, slander, or infringement of copyright or trademark in connection with any material transmitted by the Customer using the Company's services; and any other claim resulting from any act or omission of the Customer to the use of the Company's facilities.
- F. Nothing contained herein, or in any other provision of this Tariff, or in any marketing materials issued by the Company shall give any Customer or person any ownership interest or proprietary right in any particular code issued by Company; provided, however, that a Customer that continues to subscribe to Company's services will be provided a replacement code in the event such Customer's initial code is canceled.

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**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.2 Obligations of the Customer (Cont'd)

- G. The Customer shall reimburse the Company for damages to the Company's facilities caused by any negligence or willful act or acts on the part of the Customer.
- H. The Customer shall pay and hold the Company harmless from the payment of all charges for service ordered by the Customer from the Local Exchange Carriers or other entities for telecommunications services and/or facilities connecting the Customer and the Company.
- I. In the event a suit is brought by the Company, or an attorney is retained by the Company to collect any bill or enforce the terms of this Tariff against a Customer, that Customer shall be responsible for payment of all reasonable attorney's fees, court costs, costs of investigation and any and all other related costs and expenses incurred by the Company in connection therewith.
- J. The Customer understands that the services are furnished subject to the condition that there will be no abuse, fraudulent and/or illegal use thereof. Such activity includes, but is not limited to:
  - 1. Using the service for any purpose which is in violation of any law.
  - 2. Obtaining or attempting to obtain services through any scheme, false representation and/or use of any fraudulent means or devices whatsoever with the intent to avoid payment, in whole or in part, of charges for services, or assisting any other person or firm in such regard.
  - 3. Attempting to, or actually obtaining, accessing, altering, or interfering with the communications and/or information by rearranging, tampering with or making any connection with any facilities of the Company or assisting any other person or firm in such regard.

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**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.2 Obligations of the Customer (Cont'd)

J. (cont'd.)

4. Using the services in a manner that interferes unreasonably with the use of service by one (1) or more other Customers.
  5. Using the service to convey information deemed to be obscene, salacious, or prurient, to impersonate another person with fraudulent or malicious intent, to call another person or persons so frequently, at such times, or in such a manner as to annoy, abuse, or harass, or to convey information of a nature or in a manner that renders such conveyance unlawful.
- K. The Customer, not the Company, shall be responsible for compliance with FCC Rules, 47 C.F.R. Part 68, and for all maintenance of such equipment and/or facilities.
- L. The Customer must subscribe to the Company's Local Service for a period no less than three (3) months in order to be eligible to subscribe to the Company's Toll Service.
- M. The Customer must be current in payment of all invoices for a consecutive period no less than three (3) months in order to subscribe to the Company's Toll Service.

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INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.3 Liabilities of the Company

- A. Except as stated in this Section 2.3, the Company shall have no liability for damages of any kind arising out of or related to events, acts, rights or privileges contemplated in this Tariff.
- B. The liability of the Company for damages resulting in whole or in part from or arising in connection with the furnishing of service under this Tariff, including, but not limited to, mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations shall not exceed an amount equal to the charges under this Tariff applicable to the specific call (or portion thereof) that was affected. No other liability shall attach to the Company.
- C. The Company shall not be liable for any failure of performance hereunder due to causes beyond its control, including, but not limited to: (1) acts of God, fires, flood or other catastrophes; (2) any law, order, regulation, directive, action or request of the United States Government, or any other government, including state and local governments having jurisdiction over the Company, or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of said governments, or of any civil or military authority; or (3) national emergencies, insurrections, riots, wars or other labor difficulties.
- D. The Company shall not be liable for any act or omission of any other entity furnishing facilities, equipment, or services used by a Customer, with the Company's services. In addition, the Company shall not be liable for any damages or losses due to the failure or negligence of any Customer or due to the failure of Customer provided equipment, facilities or services.

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**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.4 Service Orders

The Customer must place an application for service with the Company to initiate, cancel or change the services provided pursuant to this Tariff. All applications for services must be in writing and provide, at a minimum, the following information:

- A. Customer's name(s), telephone number(s) and address(es). In the case of a corporation or partnership, a designated officer or agent shall be named as the contact person for such corporation or partnership.
- B. Name(s), address(es) and telephone number(s) of person(s) to whom notices from the Company to the Customer shall be addressed, if different from (A) above.
- C. The amount of toll service usage the Customer was billed for the two (2) months immediately preceding the request for service if such information is applicable and available.

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**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.5 Charges and Payments for Service or Facilities

A. Deposits

The Company does not require a deposit from the Customer.

B. Advance Payments

For Customers whom the Company feels an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and if necessary a new advance payment will be collected for the next month.

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**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.5 Charges and Payments for Service or Facilities (Cont'd)

C. Description of Payment and Billing Periods

1. Service is provided and billed on a monthly basis. Service continues to be provided and billed on a monthly basis until canceled by the Customer through notice given to the Company.
2. When billing functions are performed by a Local Exchange Carrier (LEC), commercial credit card company or others, the payment conditions and requirements of such LECs apply, including any applicable interest.
3. In the event a LEC, commercial credit card company or others ceases efforts to collect any amounts associated with the Company's charges, the Company may bill the Customer or the called party directly, and may utilize its own billing and collection procedures which shall be consistent with all applicable statutes, rules and regulations.

D. Taxes, Gross Revenue, Gross Income, and Gross Earnings Surcharges

1. Sales tax is covered by State statute and other applicable taxes may be covered by State or Federal statutes. Such taxes may be included on Customer bills in accordance with any applicable rules of the state or federal regulatory authority.
2. In addition to all recurring, non-recurring, minimum, usage, surcharges or special charges, the Customer identified in this Tariff shall also be responsible for and shall pay all applicable federal, state and local taxes or surcharges, including sales, use, excise, gross earnings, and gross income taxes. All such taxes shall be separately shown and charged on bills rendered by Company or its billing agent. Sales and use taxes shall be applied to all charges and shall also be applied to all applicable gross earnings, gross revenue and gross income taxes.

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**SECTION 2: RULES AND REGULATIONS (Cont'd)**

2.5 Charges and Payments for Service or Facilities (Cont'd)

E. Payment and Late Payment Charge

1. Payment will be due as specified on the Customer bill. Commencing after that due date, a late charge of up to the highest interest rate allowable by law will be applied to all amounts past due.
2. Collection procedures and the requirement for an advance payment are unaffected by the application of a late payment charge. The late payment charge does not apply to unpaid balances associated with disputed amounts. Undisputed amounts on the same bill are subject to the late payment charge if unpaid and carried forward to the next bill.
3. Service may be denied or discontinued at the Company's discretion for nonpayment of amounts due the Company past the due date as specified in 2.5.E.1. Restoration of service will be subject to all applicable installation charges.

F. Returned Check Charge

In cases where the Company issues direct bills to Customers, and payment by check is returned for insufficient funds, or is otherwise not processed for payment, there will be a charge as set forth herein. Such charge will be applicable on each occasion when a check is returned or not processed.

G. Suspension or Termination for Nonpayment

In the event of nonpayment of any bill rendered or any required deposit, the Company may, after written notice, suspend service to the Customer.

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**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.5 Charges and Payments for Service or Facilities (Cont'd)

H. Credit Allowances/Service Interruptions

1. Credit for interruption of service will be allowed only when the interruption is caused by or occurs in the Company's facilities or equipment owned, provided and billed for by the Company. A credit allowance is not applicable for any period during which Customer cannot utilize the service, except for such period where the service is interrupted by the Company for access to its facilities for the purposes of investigating and clearing troubles and/or maintenance.
2. Credit allowances for interruption of service or equipment starts when the Customer notifies the Company of the interruption and ceases when the operation has been restored and an attempt has been made to notify the Customer by the Company.
3. The Customer shall notify the Company of interruptions of service or equipment and make reasonable attempts to ascertain that the interruption is not caused by Customer provided equipment or Customer provided facilities, any act, or omission of the Customer, or in wiring or equipment connected to the Customer's terminal.
4. Only those portions of the service or equipment operation disabled will be credited.
5. Any credit provided to the Customer under this Tariff shall be determined in accordance with the provisions of Section 2.5.I.

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**SECTION 2: RULES AND REGULATIONS (Cont'd)**

2.5 Charges and Payments for Service or Facilities (Cont'd)

I. Service Interruption Measurement

1. In the event of an interruption of service that exceeds the minimum requirements set forth in this paragraph, the Company shall make a credit allowance at the Customer's request for a pro rata adjustment of all service charges billed by the Company for services rendered inoperative by the interruption. The credit allowance will be computed by dividing the duration of the service interruption measured in twenty-four (24) hour days, from the time the interruption is reported to the Company, by a standard thirty (30) day month, and then multiplying the result by the Company's fixed monthly charges for each interrupted service.

A period of time less than six (6) hours shall not be credited. In no case shall the credit exceed the total monthly charges. No adjustments will be made for periods of noncontinuous interruptions, and no other liability shall attach to the Company in consideration of such interruption to service.

2. A credit allowance will not be given for interruptions caused by the negligence or willful act of the Customer, or interruptions caused by failure of equipment or service not provided by the Company.

INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.6 Termination or Denial of Service by the Company

- A. The Company may, immediately and without notice to the Customer, and without liability of any nature, temporarily deny, terminate, or suspend service to any Customer:
1. In the event such Customer or its agent: (a) willfully damages the Company equipment, interferes with use of the Company's service by other Customers of the Company; (b) unreasonably places capacity demands upon the Company's facilities or service; or (c) violates any statute or provision of law, or any rule or regulation of any state or federal regulatory agency relating to communications; or (d) otherwise fails to comply with the provisions of this Tariff or applicable law; or
  2. In the event a Customer becomes insolvent, is the subject of any formal legal proceeding commenced in a court involving a voluntary or involuntary petition or proceeding in bankruptcy, seeks protection or relief from creditors in a formal legal proceeding after a filing for such relief, or executes an assignment for the benefit of creditors; or
  3. In the event that the Company determines that any service is being used fraudulently or illegally, whether by a Customer or its agent.

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INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.7 Special Services

A. General

For the purpose of this Tariff, Special Services are deemed to be any service requested by the Customer and provided by the Company for which there is no prescribed rate in this Tariff. Special Services charges will be developed on an individual case basis (ICB) and may be established by contract between the Company and the Customer. Such contract or ICB rates will be filed with the Commission for its approval if required by applicable rules and regulations.

B. When Applicable

Special Services rates apply in the following circumstances:

1. If at the request of the Customer, the Company obtains facilities not normally used by the Company to provide service to its Customer;
2. If at the request of the Customer, the Company provides technical assistance not normally required to provide service;
3. Where special signaling, conditioning, equipment, or other features are required to make Customer provided equipment compatible with the Company's service;
4. When, at the specific request of the Customer, installation by the Company or its agent and/or routine maintenance is performed outside of the regular business hours.
5. If installation and/or routine maintenance is extended beyond normal business hours at the request of the Customer and these circumstances are not the fault of the Company, Special Service charges may apply. Such circumstances include, but are not limited to, stand-by in excess of one (1) hour, weekend, holiday or night time cut-over, and additional installation testing in excess of the normal testing required to provide service.

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INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 2: RULES AND REGULATIONS** (Cont'd)

2.7 Special Services (Cont'd)

C. Cancellation

If a Customer orders service requiring special facilities dedicated to the Customer's use and then cancels its order before the service begins, before completion of any minimum service periods associated with such special facilities ordered by the Company or before completion of some other period mutually agreed upon by the Customer and the Company, a charge will be made to the Customer for the nonrecoverable portions of expenditures or liabilities incurred expressly on behalf of the Customer by the Company and not fully reimbursed by installation and monthly charges. If, based on such an order, any construction has either begun or been completed, but no such service provided, the nonrecoverable cost of such construction shall be borne by the Customer.

2.8 Special Pricing Arrangements

Customized Service packages and competitive pricing arrangements at negotiated rates may be furnished on a case-by-case basis in response to requests by Customers for proposals or for competitive bids. Special Pricing Arrangements offered under this Tariff will be provided to the Customer pursuant to contract. Unless otherwise specified, the regulations for such arrangements are in addition to the applicable regulations and prices in other sections of the Tariff. Specialized rates or charges will be made available to similarly situated Customers on a non-discriminatory basis. Such contracts will be filed with the Commission for approval if required by applicable rule or regulation.

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**SECTION 2: RULES AND REGULATIONS (Cont'd)**

2.9 Special Construction

All rates and charges quoted in this Tariff provide for the furnishing of a service when suitable facilities are available or where the construction of the necessary facilities does not involve unusual costs. When the revenue to be derived from the service does not warrant the Company assuming the unusual costs of providing the necessary construction, the Customer may be required to pay all or a portion of such costs and to contract for the service for a sufficient period to warrant the construction, depending upon the circumstances in each case. The Company's charges for such special construction shall follow the same guidelines for establishing charges for Special Services as described in Section 2.7 of this Tariff.

2.10 Inspection, Testing and Adjustment

- A. The Company may, upon reasonable notice, make such tests and inspections as may be necessary to investigate the installation, operation or maintenance of the Customer's or the Company's equipment or connecting facilities. The Company may interrupt service at any time, without penalty or liability to itself, where necessary to prevent improper use of service, equipment, facilities, or connections.
- B. Upon reasonable notice, the facilities and equipment provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary for its maintenance in a condition satisfactory to the Company. No interruption allowance will be granted for the time during which such tests and adjustments are made, unless such interruption exceeds four (4) hours in length.

2.11 Certificate of Public Convenience and Necessity

Any Customer of the Company reselling or rebilling interexchange telecommunications services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission.



INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 3: DESCRIPTION OF SERVICE**

3.1 Service Points

- A. The Company provides originating service from domestic points in the United States to domestic points identified in this Tariff.
- B. The Company provides terminating service from domestic points identified in this Tariff to domestic points in the United States.

3.2 Measurements

A. Time-of-Day Rate Period

Peak - Monday through Friday – 7:00 a.m. to 5:59 p.m.\*

Off-Peak – Monday through Friday, Weekends and Holidays – 6:00 p.m. to 6.59 a.m. \*

\* to, but not including

B. Availability of Service

The service is available at the rates listed in Section 4, through subscription to any of the domestic message telecommunication service offerings available from the Company. Each of these offerings utilize the same rate schedules but have different rates and billing increments for each of the rate schedules.

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**SECTION 3: DESCRIPTION OF SERVICE** (Cont'd)

3.3 Timing of Calls

- A. 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.
- B. For station to station calls, call timing begins when a connection is established between the calling telephone and the called telephone station.
- C. 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.
- D. 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 Metropolitan Telecommunications of Florida, Inc. d/b/a MetTel operator.
- E. Calls originating in one time period and terminating in another will be billed the rates in effect at the beginning of each minute.
- F. There shall be no charges for uncompleted calls.

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**SECTION 3: DESCRIPTION OF SERVICE** (Cont'd)

3.4 Computation of Distance

- A. All calls are rated on the basis of airline mileage locations of the caller and the called party, regardless of the call's routing.
- B. Airline mileage is obtained by using the "V" and "H" coordinates assigned to each point. To determine the airlines distance between any two cities, the airline mileage is determined as follows:
  - 1. Obtain the "V" and "H" coordinates for each city.
  - 2. Obtain the difference between the "V" coordinates of each of the cities. Obtain the difference between the "H" coordinates.
  - 3. Square each difference obtained in step 2, above.
  - 4. Add the square of the "V" difference and the "H" difference obtained in step 3, above.
  - 5. Divide the number obtained in step 4 by 10. Round to the next higher whole number if any fraction is obtained.
  - 6. Obtain the square root of the whole number obtained in step 5 above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage.

3.5 Method of Applying Rates

- A. Calls that begin in one rate period and terminate in another will be billed for the entire call duration at the rate applicable at the commencement of the call.
- B. Unless specified otherwise in this Tariff, the duration of each call for billing purposes will be rounded off to the nearest higher billing increment.

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**SECTION 3: DESCRIPTION OF SERVICE** (Cont'd)

3.6 Special Rates for Handicapped Individuals

- A. Directory Assistance - No charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company will charge the prevailing Tariff rates for every call in excess of 50 within a billing cycle.
- B. Hearing and Speech Impaired Persons – Intrastate toll message rates for TDD users shall be Off-Peak rates for Peak time calls.
- C. Telecommunications Relay Service – For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 50 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.

3.7 Promotional Discounts

The Company may from time to time offer promotional discounts. Such discounts will be for a specified period of time, will not exceed published rates, and will be offered to all qualifying Customers on a non-discriminatory basis, under any rules prescribed by the Commission. These promotions will be approved by the Florida Public Service Commission with specific starting and ending dates, and be made part of this Tariff.

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SECTION 3: DESCRIPTION OF SERVICE (Cont'd)

3.8 Dialed Domestic Message Telecommunications Services

- A. Dialed Domestic Message Telecommunications Services are measured use, full time services and are offered on a monthly basis, utilizing intrastate communications facilities. When appropriate access arrangements exist, these switched services are available on a presubscription (Equal Access) basis. Otherwise, the services require that a Customer access the Company's network via an alternative access code arrangement such as "950-XXXX" plus the Customer's security code, a toll-free "1-800" telephone number with the Customer's security code, or via "1-0-1-XXXX" access code.
- B. Depending upon the service option chosen by the Customer, the charges for the use of such domestic intrastate communications facilities may be based upon the time of day, the total minutes of use and/or the distance of each call.
- C. All Customers shall be charged the rates identified in Section 4.2.A for Residential Customers and in Section 4.2.B for Business Customers.

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**SECTION 3: DESCRIPTION OF SERVICE** (Cont'd)

3.9 Operator Services

- A. Collect Calls A call for which charges are billed, not to the originating telephone number, but to the destination or termination telephone number.
- B. Third Party Calls A call for which charges are billed, not to the originating telephone number, but to a third party telephone number which is neither the originating nor the terminating telephone number.
- C. Calling Card Calls A call for which charges are billed, not to the originating telephone number, but to a telephone calling card issued either by a local exchange or long distance telephone company for this purpose.
- D. Person-to-Person Calls A call placed under the stipulation that the caller will speak only to a specific called party. Such a call is not completed until either the specific party named by the caller is contacted, or the caller agrees to speak to a different party. Any of the types of calls described in paragraphs A through C above, may optionally be placed on a person-to-person basis. The caller must arrange with the operator to make a person-to-person call; otherwise, all calls will be treated as station-to-station.
- E. Application of Rate Tables

The total charge for each completed operator assisted call consists of the following charge elements: a measured usage charge dependent on the duration, distance and time of day of the call; a fixed Operator Service Charge, as set forth in Section 4.2 C., following, which will be dependent on the type of billing selected (i.e., calling card, third party or other) and/or the completion restriction selected (i.e., station-to-station or person-to-person); and the usage charge element is specified as a rate per minute which applies to each minute of duration, with fractional minutes of use thereafter counted as one (1) full minute.

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**SECTION 3: DESCRIPTION OF SERVICE** (Cont'd)

3.9 Operator Services (Cont'd)

F. Timing of Calls

Collect Calls - Timing begins when the called party accepts the responsibility for payment.

Person-to-Person Calls (other than Collect) - Timing begins when the designated party comes on the line, or when the caller agrees to speak with a substitute party.

All other Calls - Timing begins when the called station is answered, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection

3.10 Calling Card Service

Calling Card Service permits Customers which have arranged for a Company-issued calling card to make calling card calls throughout the domestic United States through the use of a specific "1-800" telephone number provided by the Company. See Section 4.2.D, herein for rates.

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## INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 4: RATES AND CHARGES**4.1 Returned Check Charge

Customers whose payment by check is returned for insufficient funds, or is otherwise not processed for payment, will be subject to a returned check charge. Such charge will be applicable on each occasion when a check is returned or not processed.

Per Occasion                      \$ 20.00

4.2 Rate SchedulesA. Residential Direct Dial Service Rates

Mileage	Peak		Off-Peak	
	First 30 Seconds	Each Additional 6 Seconds	First 30 Seconds	Each Additional 6 Seconds
292	0.0750	0.0150	0.0638	0.0128

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INTRASTATE MESSAGE TELECOMMUNICATIONS SERVICE

**SECTION 4: RATES AND CHARGES** (Cont'd)

4.2 Rate Schedules (Cont'd)

B. Business Direct Dial Service Rates

Mileage	Peak		Off-Peak	
	First 30 Seconds	Each Additional 6 Seconds	First 30 Seconds	Each Additional 6 Seconds
292	0.1245	0.0249	0.0934	0.0187

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**SECTION 4: RATES AND CHARGES** (Cont'd)

4.2 Rate Schedules (Cont'd)

C. Operator Service Surcharges

1. Directory Assistance (Allowance 2)  
\$ 0.95
2. Directory Assistance – Individuals with Disabilities  
  
No charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company will charge the prevailing Tariff rates for every call in excess of 50 within a billing cycle.
2. Non-Automated (Calling Card, Collect, Third Party, Station to Station)  
\$ 1.75 per call
3. Automated (Calling Card, Collect, Third Party, Station to Station)  
\$ 0.80 per call
4. Customer Dial (Calling Card, Collect, Third Party, Station to Station)  
\$ 2.50 per call
5. Operator Dial (Calling Card, Collect, Third Party, Station to Station)  
\$ 0.60 per call
6. Person to Person (Calling Card, Collect, Third Party, Station to Station)  
\$ 3.25 per call
7. Station Charge  
\$ 0.25

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**SECTION 4: RATES AND CHARGES** (Cont'd)

4.2 Rate Schedules (Cont'd)

D. Calling Card Rates

Reserved for Future Use

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