

WRITER'S DIRECT DIAL NUMBER

404-873-8536

WRITER'S DIRECT DIAL FACSIMILE

404-873-8537

via **FEDERAL EXPRESS**

October 17, 2001

011373-TI

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

Re: Broadslate Networks of Florida, Inc.

Dear Sir or Madam:

Enclosed please find an original and six (6) copies of the Application Form for Authority to Provide Interexchange Telecommunications Service Between Points Within the State of Florida with regard to the above-referenced company. In addition, we have enclosed our check in the amount of \$250.00 representing our filing fee for same.

Thank you for your assistance in this matter, and if you have any questions or comments, please do not hesitate to call.

Very truly yours,


Anne F. Gerry

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

Initials of person who forwarded check:


AFG:pm

Enclosures

cc: John Spilman

Donald I. Hackney, Jr., Esq.

DOCUMENT NUMBER-DATE

13215 OCT 18 01

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF TELECOMMUNICATIONS
BUREAU OF CERTIFICATION AND SERVICE EVALUATION

Application Form for Authority to Provide
Interexchange Telecommunications Service
Between Points Within the State of Florida

011373-TI

Instructions

- ◆ This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).
- ◆ Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6600**

Note: **No filing fee is required** for an assignment or transfer of an existing certificate to another certificated company.

- ◆ If you have any questions about completing this form, contact:

**Florida Public Service Commission
Division of Telecommunications
Bureau of Certification and Service Evaluation
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6600**

1. This is an application for (check one):
- Original certificate** (new company).
- Approval of transfer of existing certificate:**
Example, a certificated company purchases an existing certificated company and desires to retain the authority of both certificates.
- Approval of assignment of existing certificate:**
Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate
- Approval 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:

Broadslate Networks of Florida, Inc.

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

Broadslate Networks of Florida, Inc.

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

630 Peter Jefferson Parkway, Suite 300, Charlottesville, Virginia 22911

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

Not applicable

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.
- 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;

- | | |
|---|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Corporation |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Other _____ | |

8. **If individual**, provide:

Name: Not applicable

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:**
Not Applicable
10. **If foreign corporation**, provide proof of authority to operate in Florida:
- (a) **The Florida Secretary of State Corporate Registration number:**
Please see attached hereto at Exhibit "A" Applicant's Certificate of Authority to Operate within the State of Florida.
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:**
N/A
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:** Not applicable
15. Provide **F.E.I. Number** (if applicable): 54-2005246

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?

The customer may receive its bill in (a) a paper format, (b) via magnetic tape, (c) via computer disk, or (d) via electronic transmission.

17. Who will receive the bills for your service?

(<input checked="" type="checkbox"/>) Residential Customers	(<input checked="" type="checkbox"/>) Business Customers
() PATs providers	() PATs station end-users
() Hotels & motels	() Hotel & motel guests
() Universities	() Universities dormitory residents
() Other: (specify) _____	

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

(a) The application:

Name: Anne F. Gerry, Arnall Golden Gregory LLP

Title: _____

Address: 1201 West Peachtree Street, Suite 2800

City/State/Zip: Atlanta, GA 30309

Telephone No.: (404) 873-8536 Fax No.: (404) 873-8537

Internet E-Mail Address: anne.gerry@agg.com

Internet Website Address: www.agg.com

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

Name: John Spilman

Title: Director of Regulatory and Industry Relations

Address: 630 Peter Jefferson Parkway, Suite 300

City/State/Zip: Charlottesville, Virginia 22911

Telephone No.: (804) 220-7700 Fax No.: (804) 220-7701

Internet E-Mail Address: jls@broadslate.net

Internet Website Address: www.broadslate.net

(c) Complaints/Inquiries from customers:

Name: John Spilman

Title: Director of Regulatory and Industry Relations

Address: 630 Peter Jefferson Parkway, Suite 300

City/State/Zip: Charlottesville, Virginia 22911

Telephone No.: (804) 220-7700 Fax No.: (804) 220-7701

Internet E-Mail Address: jls@broadslate.net

Internet Website Address: www.broadslate.net

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

Applicant has operated as an interexchange telecommunications company in the states of

North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia. Additionally,

Applicant has operated as a competitive local exchange carrier in the states of Ohio,

Pennsylvania, Tennessee, Kentucky, Florida, Georgia, North Carolina, South Carolina and Virginia.

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

Applicant has no applications pending to be certificated as an interexchange telecommunications company

(c) is certificated to operate as an interexchange telecommunications company.

Applicant is certificated to operate as an interexchange telecommunications company in the States of Alabama, Delaware, Georgia, Indiana, Kentucky, Maryland, Mississippi, New Jersey, North Carolina, Ohio, South Carolina, Tennessee, Virginia, Pennsylvania and West Virginia.

(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 in any state.

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

Applicant has never had 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 civil court proceedings with an interexchange carrier, local exchange company or 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.

None of the officers, directors or any of the ten largest stockholders of Applicant have ever been adjudged bankrupt, mentally incompetent, or found guilty of any felony or crime, nor are there any pending proceedings which may result in such actions.

(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.

None of the officers, directors, or any of the ten largest stockholders of Applicant is an officer, director, partner or stockholder in any other Florida certificated telephone company.

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

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

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

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

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

c. **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
- l. **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).

Please see the draft of Applicant's tariff attached hereto.

23. Submit the following:

A. 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.*

Applicant possesses the financial resources necessary to provide reliable telecommunications services. Attached hereto at Exhibit "B" are Applicant's ultimate parent's audited financial statements, dated December 31, 2000, and Applicant's ultimate parent's unaudited Statement of Operations, Balance Sheet and Statement of Cash Flows for the eight months ending August 31, 2001. Also attached at Exhibit "B" is a letter from an officer of Applicant's ultimate parent, Broadslate Networks, Inc. ("Parent") committing to financially support the operations of Applicant in the State of Florida. Applicant's financial resources are sufficient to allow Applicant to succeed in a rapidly changing telecommunications market and to meet consumer demands for innovative telecommunications services.

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.

Applicant believes that it has the financial capability to provide the requested service throughout the State of Florida. In support of this proposition, attached hereto at Exhibit "B" are Parent's audited financial statements, dated December 31, 2000, and Parent's unaudited Statement of Operations, Balance Sheet and Statement of Cash Flows for the eight months ending August 31, 2001. Also attached at Exhibit "B" is a letter from an officer of Parent committing to financially support the operations of Applicant in the State of Florida. Applicant's financial resources are sufficient to allow Applicant to succeed in a rapidly changing telecommunications market and to meet consumer demands for innovative telecommunications services.

2. **A written explanation** that the applicant has sufficient financial capability to maintain the requested service.

Applicant believes that it will have sufficient financial capability to maintain the requested service through revenues received from the services it intends to provide and capital received from its investors. In support of this proposition, attached hereto at Exhibit "B" are Parent's audited financial statements, dated December 31, 2000, and Parent's unaudited Statement of Operations, Balance Sheet and Statement of Cash Flows for the eight months ending August 31, 2001. Also attached at Exhibit "B" is a letter from an officer of Parent committing to financially support the operations of Applicant in the State of Florida. Applicant's financial resources are sufficient to allow Applicant to succeed in a rapidly changing telecommunications market and to meet consumer demands for innovative telecommunications services.

3. A written explanation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

Applicant believes that it will have sufficient financial capability to meet any future lease or ownership obligations through revenues received from the services provided and capital received from its investors in the State of Florida. In support of this proposition, attached hereto at Exhibit "B" are Parent's audited financial statements, dated December 31, 2000, and Parent's unaudited Statement of Operations, Balance Sheet and Statement of Cash Flows for the eight months ending August 31, 2001. Also attached at Exhibit "B" is a letter from an officer of Parent committing to financially support the operations of Applicant in the State of Florida. Applicant's financial resources are sufficient to allow Applicant to succeed in a rapidly changing telecommunications market and to meet consumer demands for innovative telecommunications services.

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

Please see Exhibit "C" attached hereto.

- C. 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.

Please see Exhibit "C" attached hereto.

****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:

Signature

Earle A. MacKenzie

Title

10-17-01

Date

Telephone No. 804-220-7700

Address: 630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Fax No.: 804-200-7701

ATTACHMENTS:

- A – CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT
- B – CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
- C – CURRENT FLORIDA INTRASTATE NETWORK
- D – AFFIDAVIT

CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) _____,

(Title) _____ of

(Name of Company)

and current holder of Florida Public Service Commission Certificate Number # _____, have reviewed this application and join in the petitioner's request for a:

() transfer

() assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Signature

Date

Title

Telephone No.

Address: _____

Fax No.

CURRENT FLORIDA INTRASTATE SERVICES

Applicant **has** (X) or **has not** () previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

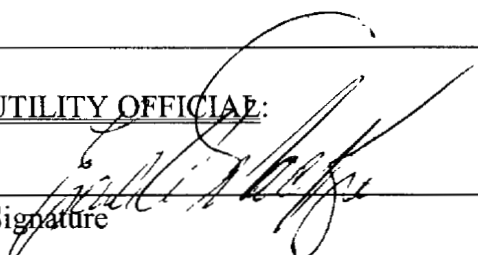
- a) What services have been provided and when did these services begin?

Applicant has provided digital subscriber line (xDSL) services to customers in the State of Florida pursuant to Applicant's ALEC Certificate Number 7334, which such certificate was issued in March 2000. Applicant's company code with the Florida Public Service Commission is TX405.

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

Not applicable.

UTILITY OFFICIAL:



Signature

10-17-01

Date

President

Title

804-220-7700

Telephone No.

Address: 630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

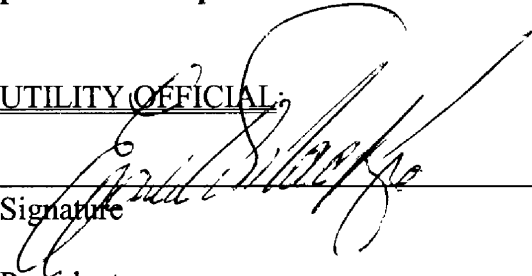
804-220-7701

Fax No.

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 resale 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:


Signature
Date 10-17-01
President 804-220-7700
Title Telephone No.
Address: 630 Peter Jefferson Parkway, Suite 300 804-220-7701
Charlottesville, Virginia 22911 Fax No.

EXHIBIT A

CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS

State of Florida



Department of State

I certify from the records of this office that BROADSLATE NETWORKS OF FLORIDA, INC., is a corporation organized under the laws of Delaware, authorized to transact business in the State of Florida, qualified on December 2, 1999.

The document number of this corporation is F99000006219.

I further certify that said corporation has paid all fees due this office through December 31, 1999, and its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Second day of December, 1999



CR2EO22 (1-99)

Katherine Harris

Katherine Harris
Secretary of State

EXHIBIT B
FINANCIAL CAPABILITY



ARTHURANDERSEN

**Broadslate Networks, Inc.
A development stage enterprise**

**Consolidated financial statements
As of December 31, 2000 and 1999,
and for the period from inception
(July 7, 1999) to December 31, 2000
Together with auditors' report**



ARTHURANDERSEN

Report of independent public accountants

To the Board of Directors of
Broadslate Networks, Inc.:

We have audited the accompanying consolidated balance sheets of Broadslate Networks, Inc. and subsidiaries (together "the Company," a Delaware corporation in the development stage) as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 2000, and for the periods from inception (July 7, 1999) to December 31, 1999 and 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Broadslate Networks, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for the year ended December 31, 2000, and for the periods from inception (July 7, 1999) to December 31, 1999 and 2000, in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Vienna, Virginia
May 30, 2001

Broadslate Networks, Inc.
A development stage enterprise

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Notes to financial statements	
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Broadslate Networks, Inc.
A development stage enterprise

Consolidated balance sheets
As of December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,028,769	\$ 5,498,352
Trade and other accounts receivable	93,994	—
Inventories	166,343	—
Prepaid expenses	116,865	11,118
Total current assets	<u>6,405,971</u>	<u>5,509,470</u>
Property and equipment:		
Network equipment and infrastructure	14,679,989	—
Collocation space improvements	3,922,228	—
Computer equipment and software	2,278,107	31,327
Furniture, fixtures and office equipment	651,891	7,730
Vehicles and maintenance equipment	362,804	—
Leasehold improvements	301,795	—
Property and equipment in service	22,196,814	39,057
Construction in progress	<u>33,719,982</u>	<u>—</u>
	55,916,796	39,057
Less— Accumulated depreciation and amortization	<u>(1,284,460)</u>	<u>(874)</u>
Property and equipment, net	<u>54,632,336</u>	<u>38,183</u>
Other assets:		
Deposits	208,225	44,473
Debt issuance costs, net	2,220,169	—
Other	143,395	—
Total other assets	<u>2,571,789</u>	<u>44,473</u>
Total assets	<u>\$ 63,610,096</u>	<u>\$ 5,592,126</u>

The accompanying notes are an integral part of these consolidated balance sheets.

Broadslate Networks, Inc.
A development stage enterprise

Consolidated balance sheets
As of December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,033,530	\$ 186,384
Accrued network costs	5,459,578	—
Accrued payroll	584,568	—
Other accrued liabilities	621,120	8,750
Current portion of notes payable (Note 2)	<u>35,412</u>	<u>—</u>
Total current liabilities	<u>9,734,208</u>	<u>195,134</u>
Long-term debt (Note 2)	<u>43,759,698</u>	<u>—</u>
Total liabilities	<u>53,493,906</u>	<u>195,134</u>
Commitments (Note 3)		
Stockholders' equity (Note 6)		
Series A redeemable preferred stock (\$0.0001 par value): authorized shares; 81,000,000 at December 31, 2000 and 1999, issued and outstanding; 81,000,000 at December 31, 2000, and 13,985,611 at December 31, 1999	34,649,533	5,899,533
Common stock (\$0.0001 par value): authorized shares; 120,000,000 at December 31, 2000 and 1999, issued and outstanding; 9,000,000 at December 31, 2000, and none at December 31, 1999	900	—
Common stock – Class B (\$0.0001 par value): authorized shares; 5,000,000 at December 31, 2000 and 1999, issued and outstanding; none at December 31, 2000, and 1,553,957 at December 31, 1999	—	155
Additional paid-in capital	100,874	4,845
Deficit accumulated during the development stage	<u>(24,635,117)</u>	<u>(507,541)</u>
Total stockholders' equity	<u>10,116,190</u>	<u>5,396,992</u>
Total liabilities and stockholders' equity	<u>\$ 63,610,096</u>	<u>\$ 5,592,126</u>

The accompanying notes are an integral part of these consolidated balance sheets.

Broadslate Networks, Inc.
A development stage enterprise

Consolidated statements of operations
For the year ended December 31, 2000, and for the periods from inception
(July 7, 1999) to December 31, 2000 and 1999

	<u>2000</u>	<u>Period from inception (July 7, 1999) to December 31, 1999</u>	<u>Period from inception (July 7, 1999) to December 31, 2000</u>
Revenues	\$ 51,396	\$ —	\$ 51,396
Operating expenses:			
Network and operations	11,714,090	80,104	11,794,194
Sales and marketing	6,011,070	—	6,011,070
General and administrative	5,400,438	416,580	5,817,018
Depreciation and amortization	<u>1,365,816</u>	<u>874</u>	<u>1,366,690</u>
Total operating expenses	<u>24,491,414</u>	<u>497,558</u>	<u>24,988,972</u>
Loss from operations	<u>(24,440,018)</u>	<u>(497,558)</u>	<u>(24,937,576)</u>
Interest income (expense):			
Interest income	314,335	—	314,335
Interest expense and other	<u>(1,893)</u>	<u>(9,983)</u>	<u>(11,876)</u>
	<u>312,442</u>	<u>(9,983)</u>	<u>302,459</u>
Net loss	<u>\$ (24,127,576)</u>	<u>\$ (507,541)</u>	<u>\$ (24,635,117)</u>

The accompanying notes are an integral part of these consolidated statements.

Broadslate Networks, Inc.
A development stage enterprise

Consolidated statements of stockholders' equity
For the year ended December 31, 2000 and for the periods from inception
(July 7, 1999) to December 31, 2000 and 1999

	<u>Series A Preferred Stock</u>		<u>Class B Common Stock</u>		<u>Common Stock</u>		<u>Additional paid-in capital</u>	<u>Deficit accumulated during the development stage</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Initial capitalization (July 7, 1999)	—	\$ —	1,553,957	\$ 155	—	\$ —	\$ 4,845	\$ —	\$ 5,000
Issuance of series A preferred stock, net	13,985,611	5,899,533	—	—	—	—	—	—	5,899,533
Net loss	—	—	—	—	—	—	—	(507,541)	(507,541)
Balance, December 31, 1999	13,985,611	5,899,533	1,553,957	155	—	—	4,845	(507,541)	5,396,992
Conversion of class B common stock to common stock	—	—	(1,553,957)	(155)	9,000,000	900	(745)	—	—
Issuance of common stock warrants	—	—	—	—	—	—	96,774	—	96,774
Issuance of series A preferred stock, net	67,014,389	28,750,000	—	—	—	—	—	—	28,750,000
Net loss	—	—	—	—	—	—	—	(24,127,576)	(24,127,576)
Balance, December 31, 2000	81,000,000	\$ 34,649,533	—	\$ —	9,000,000	\$ 900	\$ 100,874	\$ (24,635,117)	\$ 10,116,190

Broadslate Networks, Inc.
A development stage enterprise

Consolidated statements of cash flows
For the years ended December 31, 2000 and 1999

	2000	Period from inception (July 7, 1999) to December 31, 1999	Period from inception (July 7, 1999) to December 31, 2000
Cash flows from operating activities:			
Net loss	\$ (24,127,576)	\$ (507,541)	\$ (24,635,117)
Adjustments to reconcile net loss to net cash used in operating activities—			
Depreciation and amortization	1,365,816	874	1,366,690
Net changes in operating assets and liabilities:			
Increase in trade and other accounts receivable	(93,994)	—	(93,994)
Decrease in inventories	91,707	—	91,707
Increase in prepaid expenses	(105,747)	(11,118)	(116,865)
Increase in deposits	(163,752)	(44,473)	(208,225)
Increase in accounts payable	2,847,146	186,384	3,033,530
Increase in accrued payroll	584,568	—	584,568
Increase in other current liabilities	612,370	8,750	621,120
Net cash used in operating activities	<u>(18,989,462)</u>	<u>(367,124)</u>	<u>(19,356,586)</u>
Cash flows from investing activities:			
Purchase of property and equipment	(14,530,994)	(39,057)	(14,570,051)
Increase in accrued network costs	5,459,578	—	5,459,578
Purchases of certificates of deposit	(143,395)	—	(143,395)
Net cash used in investing activities	<u>(9,214,811)</u>	<u>(39,057)</u>	<u>(9,253,868)</u>
Cash flows from financing activities:			
Proceeds from short-term notes payable to stockholder	—	1,050,000	1,050,000
Re-payments of short-term notes payable to stockholder	—	(50,000)	(50,000)
Proceeds from vehicle notes payable	114,559	—	114,559
Re-payments of vehicle notes payable	(7,470)	—	(7,470)
Payments of debt issuance costs	(122,399)	—	(122,399)
Proceeds from Common Stock Issuance	—	5,000	5,000
Proceeds from Series A redeemable preferred stock issuance, net	<u>28,750,000</u>	<u>4,899,533</u>	<u>33,649,533</u>
Net cash provided by financing activities	<u>28,734,690</u>	<u>5,904,533</u>	<u>34,639,223</u>
Net increase in cash and cash equivalents	530,417	5,498,352	6,028,769
Cash and cash equivalents:			
Beginning	5,498,352	—	—
Ending	<u>\$ 6,028,769</u>	<u>\$ 5,498,352</u>	<u>\$ 6,028,769</u>
Supplemental schedule of non-cash investing and financing activities:			
Issuance of Series A preferred stock in settlement of note payable to stockholder	<u>\$ —</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Assets acquired by assumption of debt under Lucent credit facility—			
Inventories	<u>\$ 258,050</u>	<u>\$ —</u>	<u>\$ 258,050</u>
Property and equipment	<u>\$ 41,343,289</u>	<u>\$ —</u>	<u>\$ 41,343,289</u>
Debt issuance costs	<u>\$ 2,180,000</u>	<u>\$ —</u>	<u>\$ 2,180,000</u>
During 2000, 1,553,957 shares of Class B Common Stock were converted into 9 million shares of common stock.			
Supplemental disclosure of cash flow information:			
Cash paid for interest	<u>\$ 10,643</u>	<u>\$ 1,233</u>	<u>\$ 11,876</u>

The accompanying notes are an integral part of these consolidated statements.

Broadslate Networks, Inc.

A development stage enterprise

Notes to financial statements

December 31, 2000 and 1999

1. Nature of operations and summary of significant accounting policies:

Broadslate Networks, Inc. (the Company) was incorporated in Delaware on July 7, 1999 and commenced operations in August 1999. The Company provides dedicated high-speed digital communications and Internet access services to businesses in markets throughout the mid-Atlantic and southeastern United States using digital subscriber line (DSL) technology. Through December 31, 2000, the Company was considered a development stage company in accordance with Statement of Financial Accounting Standards No. 7. Accordingly, the Company's financial statements are presented as those of a development stage enterprise. The Company came out of the development stage during the second quarter of 2001.

The Company's operations are subject to significant risks and uncertainties including competitive, financial, developmental, operational, growth and expansion, technological, regulatory, and other risks associated with an emerging business.

At the Company's current stage of development, economic uncertainties exist regarding successful acquisition of additional debt and equity financing and ultimate profitability of the Company's proposed services. The Company will require substantial additional capital resources to complete construction of its network and to sustain its operations until it generates positive cash flow.

The Company's significant accounting policies are as follows:

Principles of consolidation – The accompanying consolidated financial statements include the transactions and balances of Broadslate Networks, Inc. and its wholly owned subsidiaries, including Broadslate Operations, Inc., Broadslate Networks of Alabama, Inc., Broadslate Networks of Delaware, Inc., Broadslate Networks of Florida, Inc., Broadslate Networks of Georgia, Inc., Broadslate Networks of Indiana, Inc., Broadslate Networks of Kentucky, Inc., Broadslate Networks of Louisiana, Inc., Broadslate Networks of Maryland, Inc., Broadslate Networks of Mississippi, Inc., Broadslate Networks of New Jersey, Inc., Broadslate Networks of North Carolina, Inc., Broadslate Networks of Ohio, Inc., Cardinal Communications of Pennsylvania, Inc., Broadslate Networks of South Carolina, Inc., Broadslate Networks of Tennessee, Inc., Broadslate Networks of Virginia, Inc., and Broadslate Networks of West Virginia, Inc. All significant intercompany transactions and balances have been eliminated.

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

Revenue recognition – Revenue is derived primarily from monthly recurring service charges to customers and is recognized in the month the service is provided. The Company expenses the direct costs of activating and providing service to customers as incurred.

Cash and cash equivalents – Cash and cash equivalents include all highly liquid investments with a maturity of three months or less at the date of purchase.

Inventories – Inventories are stated at the lower of cost or market and consist of customer premise equipment. Costs are recorded using the “first-in, first-out” method.

Property and equipment – Property and equipment are recorded at cost and depreciated using the straight-line method over the following estimated useful lives:

Network equipment and infrastructure	5 years
Computer equipment and software	3 to 5 years
Furniture, fixtures and office equipment	5 to 7 years
Vehicles and maintenance equipment	3 to 5 years
Leasehold improvements	Lesser of 15 years or the life of the lease

Collocation space improvements represent payments to telecommunications carriers for infrastructure improvements within their central offices to allow the Company to install its equipment, which in turn allows the Company to interconnect with the carrier’s network. These payments are amortized over their estimated useful lives of five years.

Construction in progress includes costs for the construction of the Company’s DSL network. These costs include equipment costs, engineering and other installation costs, and collocation space improvement costs. The Company capitalizes interest related to construction in progress activities. Interest capitalized for the year ended December 31, 2000, totaled \$366,693. When the assets are placed in service, the Company transfers the assets to the appropriate property and equipment category and depreciates these assets over their respective estimated useful lives. Repairs and maintenance costs are expensed as incurred.

Long-lived assets – Statement of Financial Accounting Standards No. 121, “Accounting for the Impairment of Long-Lived Assets to be Disposed of,” requires that long-lived assets and certain intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or their fair value less costs to sell.

In 2000, the Company modified its business plan to exclude certain markets that it originally planned to enter. Related to this modification, the Company recognized an impairment loss of approximately \$3.8 million related to collocation space improvements in those markets. The impairment loss is included in network and operations expense in the accompanying consolidated statements of operations.

Other assets – As of December 31, 2000, other assets include amounts held in certificates of deposit of approximately \$143,000. Such amounts collateralize letters of credit required under certain facility leases.

Debt issuance costs – Debt issuance costs consist of fees and debt issuance costs associated with the Company's vendor credit facility. These amounts are being amortized over the term of the related credit facility, using the straight line method which approximates the effective interest method.

Income taxes – The Company uses the liability method of accounting for income taxes, as set forth in Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities and net operating loss carryforwards, all calculated using presently enacted tax rates.

Key suppliers – The Company is dependent on certain suppliers for network and customer premises equipment used to provide its services. The Company has generally been able to obtain an adequate supply of equipment, and the Company believes that there are alternative suppliers for the equipment used to provide its services. However, an extended interruption in the supply of equipment currently obtained from the Company's vendors could adversely affect the Company's business and results of operations.

Comprehensive income – SFAS No. 130, "Reporting of Comprehensive Income" requires "comprehensive income" and the components of "other comprehensive income" to be reported in the financial statements and/or notes thereto. Since the Company does not have any components of "other comprehensive income," reported net income is the same as "comprehensive income" for the years ended December 31, 2000 and 1999.

New Statements of Financial Accounting Standards – In June 1999, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 137, Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB Statement No. 133, which deferred implementation of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities until January 1, 2001. SFAS No. 133 requires all derivative instruments to be carried on the balance sheet at fair value. Changes in the fair value of derivatives must be recognized in the Company's consolidated statements of operations when they occur; however, there is an exception for derivatives that qualify as hedges as defined by SFAS No. 133. As of December 31, 2000, the Company had no derivative instruments or any other financial contracts that contained embedded derivatives.

In March 2000, the FASB issued FASB Interpretation No. 44 ("FIN 44"), Accounting for Certain Transactions Involving Stock Compensation—an Interpretation of Accounting Principles Board Opinion No. 25. FIN 44, the provisions of which became effective July 1, 2000, provided guidance for certain issues that arose in applying APB No. 25. The adoption of FIN 44 did not have a material effect on the Company's consolidated financial statements.

2. Long-term debt:

Long-term debt consists of the following at December 31:

	<u>2000</u>
Vendor Credit Facility:	
Borrowings and accrued interest under Lucent Credit Facility	\$ 3,103,375
Network equipment purchases refinanced on a long-term basis subsequent to December 31, 2000, pursuant to Lucent Credit Facility	40,677,964
Note payable with bank, due September 2003, payable in monthly installments of \$2,096, including interest at 8.99%, secured by vehicles	61,082
Note payable with bank, due October 2003, payable in monthly installments of \$1,538, including interest at 8.99%, secured by vehicles	<u>46,007</u>
Total	43,888,428
Less— Current maturities	(35,412)
Less— Unamortized discount on vendor debt	<u>(93,318)</u>
Total long-term debt	<u>\$ 43,759,698</u>

In September 2000, Broadslate Operations, Inc., (the Borrower), a subsidiary of the Company entered into a \$80 million credit facility with Lucent Technologies (Lucent) to finance approximately \$57 million of Lucent network equipment and related services with the remaining \$23 million for general corporate purposes. The amount available for general corporate purposes is limited to 40 percent of the amount used to purchase network equipment. Concurrent with the equity financing described in Note 8, this credit facility was amended (the Facility). Among other matters, the amendment extended the maturity of the facility by one year, clarified certain covenant definitions and modified certain financial covenants.

The Facility is available for two years (the "Availability Period") during which the Borrower may make one draw request in any single calendar month. Such requests shall be in an aggregate amount that is not less than \$1.0 million. As borrowings occur, the Borrower can select from various interest rate options. Depending on the option selected, borrowings accrue interest, beginning April 1, 2001, at the LIBOR rate plus 4.5 percent per annum or the prime rate plus 3.5 percent per annum. The interest rate is subject to a reduction if the Company achieves certain financial results. Borrowings under the Facility may be prepaid at any time without penalty and are subject to mandatory prepayments based upon excess cash flow or upon receipt of a specified amount from the sale of the Company's debt or equity securities as defined in the Facility.

Amounts borrowed under the Facility, including interest accrued during the Availability Period, are to be repaid in equal quarterly installments, beginning on March 30, 2004 and ending on December 31, 2008, the maturity of the facility.

The Company incurred a commitment fee of 2.5 percent (\$2.0 million) upon the initial borrowing under the Facility. The Facility also includes a commitment fee, payable quarterly, equal to 1.5 percentage of the unused available commitment. The percentage ranges from 1.0 percent to 1.5 percent depending on the unused commitment amount.

Amounts borrowed under the facility are guaranteed by the Company and its wholly owned subsidiaries and are secured by a perfected first priority lien on all assets of the Company and its wholly owned subsidiaries.

In conjunction with the Facility, the Company issued Lucent warrants to purchase 1,370,588 shares of the Company's common stock (par value \$0.0001 per share) with an exercise price of \$0.43 per share. The Company reserved 1,370,588 shares of common stock for issuance pursuant to the warrant. The warrants expire five years from the date of issuance and are currently exercisable. The fair value of the warrants was estimated to be \$96,774 using the Black-Scholes option pricing model. This amount has been recorded as a debt discount and will be amortized to interest expense over the life of the Facility.

The Facility contains various restrictive covenants, including negative covenants, related to additional indebtedness, investments and use of collateral. The Facility also contains financial covenants related to revenues, capital expenditures, and debt ratios. Among other restrictions, the Company shall not permit the ratio of Consolidated Indebtedness, as defined, to Total Capitalization to exceed the following:

<u>Period</u>	<u>Ratio</u>
June 30, 2001 to March 31, 2002	.61 to 1
On or after April 1, 2002	.58 to 1

The Company shall also not permit consolidated gross revenues to be less than the following amounts:

<u>Quarter ended</u>	<u>Revenues</u>
June 30, 2002	\$ 3,800,000
September 30, 2002	\$ 5,000,000
December 31, 2002	\$ 6,200,000
March 31, 2003	\$ 8,500,000
June 30, 2003	\$ 9,700,000
September 30, 2003	\$ 11,000,000
December 31, 2003	\$ 12,300,000
March 31, 2004	\$ 15,400,000
June 30, 2004	\$ 17,100,000
September 30, 2004	\$ 18,700,000
December 31, 2004	\$ 20,300,000

The interest rates in effect at December 31, 2000 on the Company's borrowing under the Facility ranged from 11.13 percent to 11.19 percent.

In addition, the Company had payables due to Lucent for network equipment purchases and related services totaling approximately \$40.7 million at December 31, 2000, which have been refinanced in 2001 on a long term basis with borrowings pursuant to the Facility and classified as long-term debt in the consolidated balance sheet as of December 31, 2000.

Long-term debt maturities for amounts borrowed at December 31, 2000, and the \$40.7 million 2001 borrowing discussed above for 2001, 2002, 2003, 2004, 2005 and thereafter are \$35,412, \$38,730, \$32,947, \$8,756,268, \$8,756,268 and \$26,268,803, respectively.

3. Commitments:

The Company leases office space, facilities space and equipment under various operating leases. Future minimum lease payments by year under the terms of such noncancellable leases are as follows:

<u>Year ending December 31</u>	
2001	\$ 1,353,000
2002	1,421,000
2003	1,376,000
2004	1,352,000
2005	1,266,000
Thereafter	<u>19,000</u>
	<u>\$ 6,787,000</u>

Rental expense under operating leases totaled approximately \$363,100 and \$8,400 for the year ended December 31, 2000, and the period from inception (July 7, 1999) to December 31, 1999, respectively.

Other

The Company has entered into collocation and interconnection agreements. The agreements generally have terms of one to two years and are subject to certain renewal and termination provisions by either party generally upon 30 day notification. The Company anticipates that it will renew such agreements beyond their initial terms.

4. Related party transactions:

In 1999, prior to closing the Series A redeemable preferred stock purchase agreement, the Company entered into two short-term notes payable with a Series A investor to fund working capital. The Company borrowed \$50,000 and \$1,000,000 in August and November, respectively. The \$50,000 note was paid in full with proceeds from the November borrowing and the \$1,000,000 note was settled through the issuance of Series A redeemable preferred stock in December 1999. The Company paid interest to the investor related to these borrowings totaling \$9,983 (\$8,750 in 2000 and \$1,233 in 1999).

5. Income taxes:

The Company's gross deferred tax assets and liabilities were comprised of the following at December 31:

	<u>2000</u>	<u>1999</u>
Gross deferred tax asset:		
Net operating loss carryforwards	\$ 8,961,230	\$ 103,948
Start-up costs	98,321	124,225
Other	152,719	1,021
Asset impairment	<u>718,346</u>	<u>—</u>
	9,930,616	229,194
Gross deferred tax liability:		
Depreciation	<u>(416,059)</u>	<u>(392)</u>
	9,514,557	228,802
Valuation allowance	<u>(9,514,557)</u>	<u>(228,802)</u>
Net deferred taxes	<u>\$ —</u>	<u>\$ —</u>

The Company has provided a valuation allowance for the full amount of the net deferred tax asset, since management cannot determine as of December 31, 2000, that these future benefits will more likely than not be realized.

At December 31, 2000, the Company had approximately \$9 million of federal and state net operating loss carryforwards that begin to expire in 2019.

The provision for (benefit from) income taxes reconciles to the statutory federal tax rate as follows at December 31:

	<u>2000</u>	<u>1999</u>
Statutory federal tax rate	35%	34.0%
State income tax, net of federal benefit	3.6	3.6
Permanent differences	(1)	7.5
Other	—	—
Deferred tax asset valuation allowance	<u>(38.5)</u>	<u>(45.1)</u>
	<u>—%</u>	<u>—%</u>

6. Stockholders' equity:

Common stock

The Company has been authorized by the Board of Directors to issue up to 120,000,000 shares of common stock, par value \$.0001 per share. The Company was initially capitalized in 1999 through the issuance of 1,000 shares of common stock to the founders of the company for \$5,000. The Company amended its Articles of Incorporation to reclassify and convert the 1,000 shares of common stock to 1,553,957 shares of Class B convertible stock. Per its terms, upon the issuance of the Series A redeemable preferred stock, the conversion rate of the Class B convertible stock to common stock was adjusted so that the Founders retained the same ownership percentage in the Company, on a fully diluted basis, as their ownership percentage prior to the preferred stock issuance. As of

December 31, 2000, all of the Class B stock had been converted into common stock. The holders of common stock are entitled to one vote for each share held. Dividends may be paid on common stock at such times and in such amounts as the Board of Directors shall determine. The common stock held by the Company's Founders is restricted pursuant to the terms of the preferred stock agreement. The Company has the right to repurchase a percentage (65.625 percent as of December 31, 2000) of the 9 million shares held by the Founders upon their termination of employment during the first four years of service. The percentage of stock subject to repurchase decreases 1.87 percent on January 1, 2000, and on the first day of each month thereafter during employment.

Series A redeemable convertible preferred stock

The Company has been authorized by the Board of Directors to issue up to 81,000,000 shares of \$0.001 par value, Series A redeemable convertible preferred stock (Series A stock). The Company issued 67,014,388 and 13,985,611 shares of Series A stock during 2000 and 1999 respectively, at a price of \$0.43 per share. The preferred stock was issued in exchange for cash as well as fulfillment of a note. During 1999, the Company issued 2,331,002 shares of Series A stock in fulfillment of the \$1,000,000 note payable to an investor. Each share of preferred stock may be converted at any time, at the option of the holder, into one share of common stock. The preferred stockholders are entitled to one vote per share held as each share of preferred stock is convertible into common. The preferred stockholder is entitled to participate in all dividends that are declared and paid on common stock. The preferred stock is redeemable at the original issuance price upon the written request of the shareholder at any time on or after December 17, 2004. The preferred stockholders are entitled to a liquidation preference equal to the original issuance price, plus declared but unpaid dividends before any assets are distributed to the common stockholders.

7. Stock options:

In January 2000, the Company's Board of Directors adopted the 2000 Stock Option Plan (the "Plan") under which employees can be granted incentive stock options. A total of 10,000,000 shares of common stock are reserved for issuance upon the exercise of options granted pursuant to the Plan.

Options vest over a four-year period and are exercisable once vested for ten years from the grant date. Management and the Board of Directors believe that all options have been granted at an exercise price equal to the fair value of the Company's stock at the date of the grant.

A summary of activity under the Plan as of December 31, 2000, is as follows:

	<u>Number of Shares</u>	<u>Weighted average exercise price</u>
Outstanding, beginning of year	—	\$ —
Granted	8,382,500	0.15
Forfeited	<u>(2,155,000)</u>	<u>0.15</u>
Outstanding, end of year	6,227,500	0.15
Exercisable, end of year	—	0.15

As permitted under Financial Accounting Standard No. ("FAS 123"), "Accounting for Stock-Based Compensation" the Company measures compensation expense for its stock-based employee compensation plan using the intrinsic value method prescribed by Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees" and provides pro forma disclosures of net income as if the fair value-based method prescribed by FAS 123 had been applied in measuring compensation expense.

If compensation expense had been recognized based on the fair value of the options at the grant dates, in accordance with FAS 123, the results of operations for the year ended December 31, 2000 would have been as follows:

Net loss:

As reported	\$ (24,127,576)
Pro forma	\$ (24,279,842)

The weighted-average fair value of options granted to employees during the year ended December 31, 2000, was \$0.15 per share. The weighted-average remaining contractual life of options outstanding at December 31, 2000, was 9.29 years.

The Company computed, for pro-forma disclosure purposes, the value of all options granted during the year ended December 31, 2000, using the Black-Scholes Option pricing model with the following assumptions:

Risk-free interest rate	5.24% – 6.59%
Expected life	10 years
Volatility	0%
Dividend rate	0%
Vesting period	4 years

8. Subsequent events:

During January 2001, the Company borrowed \$12.3 million pursuant to the working capital component of the Lucent Credit Facility.

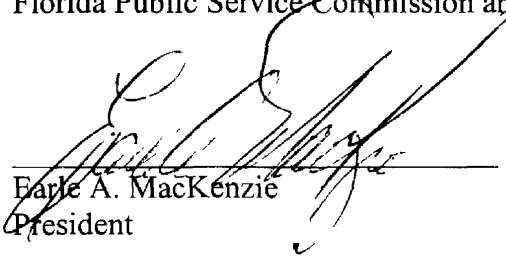
On May 30, 2001, the Company closed on an arrangement to sell Series B Preferred Stock to a group of investors. Pursuant to the arrangement, the investors have committed to invest \$36 million in exchange for shares of Series B Preferred Stock at a price of \$0.43 per share when requested by the Company. The Company requested and received \$18.3 million on May 30, 2001.

In addition, beginning January 1, 2002, and subject to the Company achieving certain financial and operational results, the investors have agreed to purchase in two tranches an additional \$24 million of Series B Preferred Stock at \$0.43 per share.

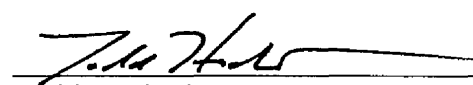
In March 2001, the Company determined to abandon certain collocation space which resulted in a write-down of the collocation space improvements of approximately \$790,000 in 2001.

AFFIDAVIT

By the signatures below, the undersigned officers of Broadslate Networks, Inc., attest that the unaudited Statement of Operations, Balance Sheet and Statement of Cash Flows for the eight months ending August 31, 2001 submitted with this application before the Florida Public Service Commission are true and correct.



Earle A. MacKenzie
President



Todd Hochrein
Chief Financial Officer

Broadslate Networks, Inc.
Statement of Operations
For the Eight Months Ending August 31, 2001

	August Actual	August Budget	Variance F/(U)	YTD Actual	YTD Budget	Variance F/(U)
Revenues:						
Service Revenue	\$427,434	\$641,770	(214,336)	\$1,967,544	\$3,038,660	(1,071,116)
Other Revenue	134,062	53,291	80,771	575,008	385,183	189,825
Credits & Concessions	(19,202)	(9,627)	(9,575)	(135,325)	(45,580)	(89,745)
Net Revenues	<u>542,294</u>	<u>685,434</u>	<u>(143,140)</u>	<u>2,407,227</u>	<u>3,378,263</u>	<u>(971,036)</u>
Unbundled Network Element Costs						
Email & Web Hosting Costs	(66,689)	(79,685)	12,996	(262,629)	(378,683)	116,054
	(17,970)	0	(17,970)	(51,935)	0	(51,935)
Gross Profit	<u>\$ 457,635</u>	<u>\$ 605,749</u>	<u>\$ (148,114)</u>	<u>\$ 2,092,663</u>	<u>\$ 2,999,580</u>	<u>\$ (906,917)</u>
Operating Expenses:						
Sales & Marketing:						
Media Expenses	250,273	131,879	(118,394)	650,779	558,044	(92,735)
Production Expenses	40,391	6,240	(34,151)	143,310	49,920	(93,390)
Other Advertising Expenses	0	16,907	16,907	1,351	135,253	133,902
Sales Promotion	71,830	61,566	(10,264)	628,121	521,357	(106,764)
Direct Marketing	42,054	7,207	(34,847)	126,576	57,653	(68,923)
Marketing Research & Studies	0	15,600	15,600	68,035	124,800	56,765
Events	7,757	5,200	(2,557)	49,370	41,600	(7,770)
Public Relations	1,375	5,200	3,825	5,382	41,600	36,218
Internal Promotion	0	0	0	500	0	(500)
Modem Expense	198,917	223,755	24,838	954,534	1,112,493	157,959
Non-Recurring Loop Costs	123,524	51,679	(71,845)	614,248	268,733	(345,515)
Sales & Marketing:	<u>736,121</u>	<u>525,233</u>	<u>(210,888)</u>	<u>3,242,206</u>	<u>2,911,453</u>	<u>(330,753)</u>
Payroll and Related Expenses:						
Salaries, Wages and Commissions	1,100,882	1,046,512	(54,370)	8,373,220	8,432,495	59,275
Employee Benefits	137,510	189,514	52,004	1,165,406	1,377,606	212,200
Other Employment Costs	72,683	93,413	20,730	613,918	951,767	337,849
Travel and Entertainment	65,734	84,733	18,999	639,808	835,705	195,897
Payroll and Related Expenses:	<u>1,376,809</u>	<u>1,414,172</u>	<u>37,363</u>	<u>10,792,352</u>	<u>11,597,573</u>	<u>805,221</u>
Facilities:						
Rent & Leases	574,411	597,820	23,409	4,717,399	4,681,950	(35,449)
Insurance	17,963	31,048	13,085	51,728	93,143	41,415
Repairs & Maintenance	110,733	144,270	33,537	565,898	575,684	9,786
Network Costs	625,068	677,500	52,432	4,692,732	4,790,600	97,868
Vehicles	-	6,400	6,400	3,108	56,000	52,892
Other Facilities Expenses	(150)	4,750	4,900	5,893	24,088	18,195
Utilities	1,889	9,100	7,211	13,576	69,500	55,924
Facilities:	<u>1,329,914</u>	<u>1,470,888</u>	<u>140,974</u>	<u>10,050,334</u>	<u>10,290,965</u>	<u>240,631</u>
General and Administrative:						
Telecommunications	60,643	50,422	(10,221)	381,940	383,846	1,906
Computer & Data Processing Expenses	7,217	-	(7,217)	99,919	-	(99,919)
Licenses and Fees	650	-	(650)	1,724	-	(1,724)
Bank Charges	2,071	8,003	5,932	13,012	40,684	27,672
Bad Debt Expense	53,880	-	(53,880)	101,990	-	(101,990)
Professional Services	206,090	266,681	60,591	1,398,896	1,521,008	122,112
Outside Services	3,567	-	(3,567)	30,093	-	(30,093)
Supplies	5,149	25,673	20,524	152,033	202,301	50,268
Taxes	116,892	88,528	(28,364)	585,212	606,447	21,235
Other Corporate Expenses	2,735	40,790	38,055	13,552	198,407	184,855
Other G&A Expenses	(12,155)	11,745	23,900	120,932	61,075	(59,857)
General and Administrative:	<u>446,739</u>	<u>491,842</u>	<u>45,103</u>	<u>2,899,303</u>	<u>3,013,768</u>	<u>114,465</u>
Depreciation and Amortization:						
Depreciation	483,274	844,331	361,057	3,752,143	6,143,469	2,391,326
Amortization	177,125	-	(177,125)	1,316,095	-	(1,316,095)
Depreciation and Amortization:	<u>660,399</u>	<u>844,331</u>	<u>183,932</u>	<u>5,068,238</u>	<u>6,143,469</u>	<u>1,075,231</u>
Total Operating Expenses	<u>4,549,982</u>	<u>4,746,466</u>	<u>196,484</u>	<u>32,052,433</u>	<u>33,957,228</u>	<u>1,904,795</u>
Other (Income) and Expense:						
Interest Income	(36,367)	-	36,367	(306,741)	-	306,741
Interest Expense	440,013	702,754	262,741	2,216,608	5,065,421	2,848,813
Other (Income) and Expense	-	-	-	789,943	-	(789,943)
Other (Income) and Expense:	<u>403,646</u>	<u>702,754</u>	<u>299,108</u>	<u>2,699,810</u>	<u>5,065,421</u>	<u>2,365,611</u>
Net Loss	<u>\$ 4,495,993</u>	<u>\$ 4,843,471</u>	<u>\$ 347,478</u>	<u>\$ 32,659,580</u>	<u>\$ 36,023,069</u>	<u>\$ 3,363,489</u>
EBITDA (Negative)	<u>\$ 3,431,948</u>	<u>\$ 3,296,386</u>	<u>\$ (135,562)</u>	<u>\$ 24,891,532</u>	<u>\$ 24,814,179</u>	<u>\$ (77,353)</u>

Broadslate Networks, Inc.
Balance Sheet
For the Eight Months Ending August 31, 2001

	<u>Actual</u>	<u>August Budget</u>	<u>Variance</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,921,381	\$ 7,240,165	\$ 4,681,216
Accounts receivable	508,658	623,869	(115,211)
Due from employees	12,651	-	12,651
Inventory	1,261,361	261,795	999,566
Prepaid expenses	494,216	-	494,216
Total current assets	<u>14,198,267</u>	<u>8,125,829</u>	<u>6,072,438</u>
Property and equipment:			
Furniture, fixtures and office equipment	1,009,416	1,107,866	(98,450)
Computer equipment and software	2,817,503	2,896,019	(78,516)
Vehicles and maintenance equipment	419,493	444,493	(25,000)
Leasehold improvements	543,316	541,573	1,743
Collocation space improvements	6,774,862	7,282,756	(507,894)
Network infrastructure	2,332,573	3,239,925	(907,352)
Network equipment	26,086,043	27,003,809	(917,766)
Construction in process:			
Network equipment	15,692,099	21,408,504	(5,716,405)
Collocation space improvements	5,005,072	4,001,604	1,003,468
Engineering, furnish & installation	2,788,755	4,197,169	(1,408,414)
Network infrastructure	1,700,872	-	1,700,872
Total property and equipment	<u>65,170,004</u>	<u>72,123,718</u>	<u>(6,953,714)</u>
Less: Accumulated depreciation	(6,126,230)	(7,427,929)	1,301,699
Net property and equipment	<u>59,043,774</u>	<u>64,695,789</u>	<u>(5,652,015)</u>
Other assets:			
Deposits	172,555	2,688,654	(2,516,099)
Debt origination fee	1,738,090	-	1,738,090
Debt issuance cost	310,439	-	310,439
	<u>2,221,084</u>	<u>2,688,654</u>	<u>(467,570)</u>
Total assets	<u>\$ 75,463,125</u>	<u>\$ 75,510,272</u>	<u>\$ (47,147)</u>
LIABILITIES & SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 695,632	\$ 7,022,131	\$ (6,326,499)
Accrued payroll	719,833	-	719,833
Accrued network costs	4,930,424	-	4,930,424
Payroll taxes payable	6,205	-	6,205
Other taxes payable	1,554,339	-	1,554,339
Total current liabilities	<u>7,906,433</u>	<u>7,022,131</u>	<u>884,302</u>
Long-term liabilities:			
Notes payable	110,603	-	110,603
Vendor credit facility	69,972,749	74,395,019	(4,422,270)
Total long-term liabilities	<u>70,083,352</u>	<u>74,395,019</u>	<u>(4,311,667)</u>
Total liabilities	<u>77,989,785</u>	<u>81,417,150</u>	<u>(3,427,365)</u>
Shareholders' equity:			
Series A preferred stock	34,750,000	54,751,308	(20,001,308)
Series A preferred stock issuance costs	(100,467)	-	(100,467)
Series B preferred stock	20,000,000	-	20,000,000
Common stock	21,734	-	21,734
Paid-in capital - warrants	96,774	-	96,774
Accumulated deficit	(24,635,117)	(24,635,117)	-
Current year net loss	(32,659,584)	(36,023,069)	3,363,485
Total stockholders' equity (deficit)	<u>(2,526,660)</u>	<u>(5,906,878)</u>	<u>3,380,218</u>
Total liabilities and shareholders' equity (deficit)	<u>\$ 75,463,125</u>	<u>\$ 75,510,272</u>	<u>\$ (47,147)</u>

Broadslate Networks, Inc.
Statement of Cash Flows
For the Eight Months Ending August 31, 2001

	August			YTD		
	Actual	Budget	Variance	Actual	Budget	Variance
Cash flows from operating activities:						
Net loss	(\$4,495,993)	(\$4,843,471)	\$347,478	(\$32,659,580)	(\$36,023,069)	\$3,363,489
Adjustments to reconcile net loss to net cash used in operating activities:						
Loss on write-off of collocation space improvements	0	0	0	789,939	0	789,939
Depreciation and amortization	660,399	844,331	(183,932)	5,068,238	6,143,469	(1,075,231)
Capitalized interest expense - vendor credit facility	437,593	693,579	(255,986)	2,048,118	4,956,363	(2,908,245)
(Increase) decrease in inventory	(806,791)	(38,039)	(768,752)	(1,095,018)	(95,452)	(999,566)
(Increase) decrease in other current assets	141,400	(50,763)	192,163	(804,666)	(529,875)	(274,791)
Change in current assets	(665,391)	(88,802)	(576,589)	(1,899,684)	(625,327)	(1,274,357)
Change in current liabilities	(509,092)	(149,971)	(359,121)	(1,792,363)	(2,712,076)	919,713
(Decrease) increase in accounts payable	(545,627)	(149,971)	(395,656)	(2,337,542)	(2,712,076)	374,534
(Decrease) increase in accrued network costs	(112,981)	0	(112,981)	(529,154)	0	(529,154)
(Decrease) increase in other accrued liabilities	149,516	0	149,516	1,074,333	0	1,074,333
Net cash used in operating activities	<u>(4,572,484)</u>	<u>(3,544,334)</u>	<u>(1,028,150)</u>	<u>(28,445,332)</u>	<u>(28,260,640)</u>	<u>(184,692)</u>
Cash flows from investing activities:						
Purchase of property & equipment	(875,839)	(4,319,713)	3,443,874	(17,361,059)	(20,319,627)	2,958,568
(Increase) decrease in collocation CIP	(43,141)	3,627,982	(3,671,123)	7,317,908	4,112,705	3,205,203
(Increase) decrease in deposits	0	0	0	35,670	0	35,670
Net cash used in investing activities	<u>(918,980)</u>	<u>(691,731)</u>	<u>(227,249)</u>	<u>(10,007,481)</u>	<u>(16,206,922)</u>	<u>6,199,441</u>
Cash flows from financing activities:						
Proceeds from issue of preferred stock	0	0	0	20,000,000	20,000,000	0
Proceeds from issue of common stock	16,734	0	16,734	16,734	0	16,734
Payments of debt issuance costs	0	0	0	(54,828)	0	(54,828)
Increase in vendor credit facility	1,904,791	1,629,021	275,770	24,236,610	25,678,958	(1,442,348)
Proceeds from notes payable	0	0	0	32,310	0	32,310
Payments on notes payable	(3,749)	0	(3,749)	(28,796)	0	(28,796)
Net cash provided by financing activities	<u>1,917,776</u>	<u>1,629,021</u>	<u>288,755</u>	<u>44,202,030</u>	<u>45,678,958</u>	<u>(1,476,928)</u>
Net (decrease) increase in cash and cash equivalents	(3,573,688)	(2,607,044)	(966,644)	5,749,217	1,211,396	4,537,821
Cash and cash equivalents:						
Beginning	15,495,069	9,847,209	5,647,860	6,172,164	6,028,769	143,395
Ending	<u>\$11,921,381</u>	<u>\$7,240,165</u>	<u>\$4,681,216</u>	<u>\$11,921,381</u>	<u>\$7,240,165</u>	<u>\$4,681,216</u>

BROADSLATE NETWORKS, INC.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

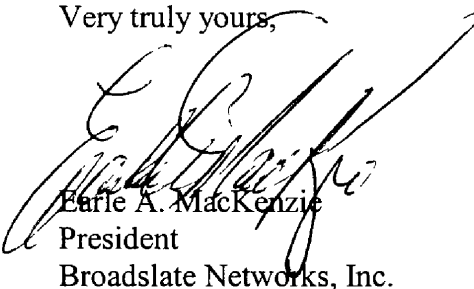
October 12, 2001

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Dear Sir or Madam:

I am President of Broadslate Networks, Inc. Please take this letter as verification and confirmation that Broadslate Networks, Inc. will provide sufficient financial resources as necessary to support the operations in the State of Florida of Broadslate Networks of Florida, Inc. Please let me know if I may be of additional assistance.

Very truly yours,



Earle A. MacKenzie
President
Broadslate Networks, Inc.

EXHIBIT C

TECHNICAL AND MANAGERIAL CAPABILITY

TECHNICAL AND MANAGERIAL CAPABILITY

Earle A. MacKenzie, President

Earle A. MacKenzie is President of Broadslate Networks, Inc. (“Broadslate”). Mr. MacKenzie has extensive experience in the telecommunications industry, most recently as Chief Operating Officer of Digital Television Services, Inc. (“Digital”). Digital was the second largest franchisee of DIRECTV, providing service in nine rural franchise areas covering 1.7 million households. In this capacity he developed operating strategies, integrated acquisitions and managed the day-to-day operations of Digital. Prior to Digital, Mr. MacKenzie was President of Essex Communications Consulting and Essex Communications Partners (collectively, “Essex”), which provided consulting services to the telecommunications industry. Essex primary business was building and managing rural cellular properties, and Mr. MacKenzie’s duties included the preparation of business plans, securing of financing, construction of the systems, setting up of the local organizations, development of distribution channels and management of the ongoing operations.

From 1984 until 1990, Mr. MacKenzie held various key management positions with Contel Cellular, Inc. (“Contel Cellular”), including Senior Vice President Finance and Administration. In this capacity, Mr. MacKenzie’s responsibilities included managing the Accounting, Treasury, Human Resources, Information Services, Credit and Collections, Planning/Budgeting, Acquisitions, Federal and state regulatory and Industry Relations departments. During the period that Mr. MacKenzie was Vice President Marketing and Sales at Contel Cellular (May 1987 – February 1990), the company grew from fewer than 10,000 customers in 7 markets to 120,000 customers with revenues of

\$170,000,000. Mr. MacKenzie played key roles in taking Contel Cellular public in April 1988 and in the completion in 1989 of a \$1.3 billion acquisition from McCaw Communications.

From October 1977 to April 1984, Mr. MacKenzie was with the Eastern Region – Telephone Operations of Contel Corporation, rapidly advancing in key managerial positions. Prior to his time with Contel Corporation, Mr. MacKenzie was a Senior Accountant with Arthur Andersen & Co.

Mr. MacKenzie is a certified public accountant and has a B.A. in Business Administration from the College of William and Mary.

Walter M. Zirkle, Vice President and Secretary

Walter M. Zirkle is Vice-President and Secretary of Broadslate. Mr. Zirkle (41) served as President – Virginia Operations for CFW Communications (NASDAQ: CFWC), a regional telecommunications holding company based in Waynesboro, VA until June 1999. In that position he was responsible for the operations for all of CFW's business lines including wireless, wireline, cable and internet services. Mr. Zirkle joined CFW in 1996 as Vice-President and Chief Operating Officer for CFW Wireless, a wholly owned subsidiary of CFW Communications. In that position, he was responsible for the startup and development of CFW's PCS business. CFW's PCS business currently has a franchise area of 5M pops, operates nearly 300 cell sites and serves approximately 25,000 customers in Virginia and West Virginia. Prior to joining CFW he was a founder and principal in Essex Communications Partners, Inc., a telecommunications management and consulting firm serving the wireless industry. Essex provided turnkey development solutions for the rural cellular marketplace and telecommunications consulting services to the investment banking community. Essex was formed in early 1991.

Mr. Zirkle began his career in 1980 as member of the Eastern Region network design staff with Contel Corporation in Dulles, Virginia. He went on to serve as Planning

Manager for Contel Cellular beginning in 1984, when the cellular industry and Contel Cellular got its start. In that role, he oversaw the planning and development of Contel Cellular's initial markets. Mr. Zirkle became Director of Operations for Contel's Virginia Telephone Operations in 1989 where he was responsible for all customer, operator and access services as well as network maintenance operations. He left Contel in 1990 concurrent with GTE's acquisition of the company.

Mr. Zirkle received a BSEE Degree from Virginia Military Institute in 1980.

Donald A. Doering, Treasurer

Donald A. Doering, Treasurer of Broadslate, has over sixteen years of successful management experience in the communications industry with a focus on the formation and development of wired and wireless communications businesses. Mr. Doering is Chief Financial Officer of Columbia Capital, LLC. Prior to joining Columbia, Mr. Doering was Vice President at Digital Television Services ("Digital"), a direct-to-home satellite service provider with total assets in excess of \$200 million and annual revenues in excess of \$80 million. His responsibilities included raising equity and debt capital to fund business acquisitions and working capital needs for this start-up business. His principal duties included strategic business and financial planning; finance; treasury; financial reporting; tax compliance; risk management; information systems and employee benefits. As one of the initial senior management employees of Digital, Mr. Doering helped Digital develop into a leading provider of DIRECTV satellite television services, serving over 145,000 subscribers in ten states.

From December 1989 to April 1996, Mr. Doering was Vice President at Sterling Cellular. In this capacity, Mr. Doering's primary responsibility was to develop and implement the financial and administrative infrastructure to operate over twenty

independent cellular businesses. His principal duties included acquisition analysis; all treasury functions; strategic and financial planning; procurement of financing; debt compliance; financial reporting; tax compliance; subscriber administration; customer services; information systems development and support, employee benefits and facilities. With Mr. Doering's assistance, the company grew from a start up to over 30,000 customers and over \$35 million in revenue over a three year period.

From 1984 to 1989, Mr. Doering worked at Contel Cellular, first as Controller and later as General Manager. As one of Contel Cellular's first employees, Mr. Doering's responsibilities as Controller included development of financial control policies and procedures for the company's headquarters and numerous field locations. In his capacity as Controller, Mr. Doering's developed and implemented financial reporting package for Contel Cellular and its over twenty subsidiaries. Mr. Doering was promoted to General Manager at Contel Cellular where he was responsible for the in-market operations of Contel Cellular's Evansville, Indiana and Owensboro, Kentucky cellular properties. His duties included developing distribution channels, product analysis and procurement, pricing, public relations, systems maintenance, customer operations and office administration.

Prior to joining Contel Cellular, Mr. Doering was a Senior Accountant with Arthur Andersen & Co. Mr. Doering is a Certified Public Accountant, and has a B.A. of Business Administration from the University of Virginia.

John L. Spilman, Manager Regulatory & Carrier Relations

John L. Spilman is the Manager Regulatory & Carrier Relations at Broadslate. Mr. Spilman has over 11 years of experience in the telecommunications industry, most recently as the Project Manager directing CFW Communication's (CFW) CLEC implementation efforts. CFW is a regional Integrated Communications Provider (ICP) offering Local, Long Distance, Digital PCS, Cable TV, Internet Access, and Information Services to subscribers in Virginia and West Virginia. From 1997 to 1999, Mr. Spilman was CFW's Project Manager responsible for launching long distance resale services and partial facilities-based CLEC services in parts of Virginia and West Virginia. In this capacity Mr. Spilman directed multi-functional long distance and CLEC implementation teams, spearheaded the carrier relations effort, negotiated wholesale carrier services agreements and interconnection agreements and designed the service provisioning and repair processes. In 1996 Mr. Spilman worked in Regulatory Affairs at CFW and was responsible for federal and state tariff filings and compliance with federal and state regulations.

From 1988 until 1993 Mr. Spilman worked for Centel Corporation (Centel), and from 1993 until 1996 for Sprint Corporation (Sprint) following the 1993 Sprint/Centel merger. Mr. Spilman held management positions in various functional areas of the local telephone division including Market Planning, Regulatory Affairs, Customer Service – Outside Plant Repair, Total Quality Management (TQM), and Contract Administration.

Mr. Spilman received a B.A. in Economics from Randolph-Macon College in Ashland, Virginia.

FORM OF TARIFF

Interexchange Services Tariff

REGULATIONS AND SCHEDULE OF CHARGES

APPLICABLE TO

END USERS

FOR INTEREXCHANGE SERVICES

WITHIN THE STATE OF FLORIDA

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of services and facilities for telecommunications services provided by Broadslate Networks of Florida, Inc., with principal offices 630 Peter Jefferson Parkway, Suite 310, Charlottesville, Virginia 22911. 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, Monday through Friday, 9:00 AM until 5:00 PM, local time.

Toll Free Number for Principle Office: 877-200-7020

Issued: _____

Issued By:

Earle A. MacKenzie
President

Broadslate Networks, Inc.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Effective: _____

Interexchange Services Tariff

CHECK SHEET

Sheets 1 through 36, inclusive of this tariff are effective as of the date shown. Revised sheets as named below contain all changes from the original tariff that are in effect on the date thereof.

Sheet number revisions, made pursuant to a specific filing, are indicated by *.

<u>Sheet</u>	<u>Number of Revisions Except as Indicated</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original
24	Original
25	Original

Issued: _____

Issued By:
Earle A. MacKenzie
President

Effective: _____

Broadslate Networks, Inc.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Interexchange Services Tariff

CHECK SHEET
(Continued)

Sheets 1 through 36, inclusive of this tariff are effective as of the date shown. Revised sheets as named below contain all changes from the original tariff that are in effect on the date thereof.

Sheet number revisions, made pursuant to a specific filing, are indicated by *.

<u>Sheet</u>	<u>Number of Revisions Except as Indicated</u>
26	Original
27	Original
28	Original
29	Original
30	Original
31	Original
32	Original
33	Original
34	Original
35	Original
36	Original

Issued: _____

Issued By:
Earle A. MacKenzie
President

Effective: _____

Broadslate Networks, Inc.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Interexchange Services TariffTABLE OF CONTENTS

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Issued: _____

Issued By:

Effective: _____

Earle A. MacKenzie
PresidentBroadslate Networks, Inc.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Interexchange Services Tariff

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Issued By:
Earle A. MacKenzie
President

Effective: _____

Broadslate Networks, Inc.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Interexchange Services Tariff

SYMBOLS

Symbols Used in This Tariff.

- (D) Delete or Discontinue
- (I) Change Resulting In An Increase to a Customer's Bill
- (M) Move 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

Issued: _____

Issued By:
Earle A. MacKenzie
President

Effective: _____

Broadslate Networks, Inc.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Interexchange Services Tariff

TARIFF FORMAT SHEET

A. Sheet Numbering

Sheet numbers appear in the upper-right corner of the sheet. Sheets are numbered sequentially. New Sheets may occasionally be added to the tariff. When a new sheet is added, the sheet appears as a decimal. For example, a new sheet added between sheets 34 and 35 would be 34.1.

B. Sheet Revisions Numbers

Sheet Revision Numbers also appear in the upper-right corner of the sheet. These numbers are used to determine the most current sheet revision on file with the State Corporation Commission of the Commonwealth of Virginia. For example, the Fourth Revised Sheet 34 cancels the Third Revised Sheet 34. Because of deferrals, notice periods, etc., the most current sheet number on file with the Commission is not always the tariff sheet in effect. Customers should consult with the check sheet for the sheet currently in effect.

C. Paragraph Numbering Sequence

There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level of coding.

- 1.
- 1.1
- 1.1.1
- 1.1.1.A.
- 1.1.1.A.1.
- 1.1.1.A.1.(a)

D. Check List of Effective Sheets

When a tariff filing is made with the FPSC, an updated Check List of Effective Sheets ("Check List") accompanies the tariff filing. The Check List lists the sheets contained in the tariff, with a cross-reference to the current revision number. When new sheets are added, the Check List 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 the Check List if these are the only changes made to it (i.e., the format, etc.). Customers should refer to the latest Check List to find out if a particular sheet is the most current sheet on file with the FPSC.

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Earle A. MacKenzie
President

Effective: _____

Broadslate Networks, Inc.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Interexchange Services Tariff

APPLICATION OF TARIFF

This tariff sets forth Broadslate Network of Florida, Inc.'s (referred to herein as "Broadslate" or "Company") intrastate rates and rules applicable to the provisioning of interexchange services to Customers within the State of Florida.

The rates and rules contained in this tariff apply only to the services furnished by Broadslate and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone Company or other common carrier for use in accessing the services of Broadslate.

SEVERABILITY

In the event that any one or more of the provisions contained in this Tariff shall for any reason be held to be invalid, illegal or unenforceable in any respect under the laws of the jurisdiction governing the entire Tariff, such invalidity, illegality or unenforceability shall not affect any other provision of this Tariff, and this Tariff shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

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Interexchange Services Tariff

SECTION 1 - DEFINITIONS

Access Arrangement

Any equipment or access facility necessary to connect the Customer's voice/data/video equipment to a Broadslate Point-of-Presence for transmission purposes.

Access Line

An arrangement which connects the Customer's location to the Company's network switching center.

Account

Either a Customer's physical location or individual service represented by a unique account number within the billing hierarchy.

Application for Service

The Broadslate order process that includes technical, billing and other descriptive information provided by the Customer that allows Broadslate to provide requested communications services for the Customer and Customer's authorized users.

Upon acceptance by Broadslate, the application for service becomes a binding contract between the Customer and Broadslate for the provision of acceptance of Services.

Authorized User

A person, firm, or corporation, who is authorized by the Customer to be connected to the service of the Customer.

Authorization Code

A numerical code, one or more of which are available to a Customer to enable him/her to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the Customer for billing purposes.

Bandwidth

The information-carrying capability of a channel. Analog transmission usually is expressed in KHz or MHz and digital transmission in Kbps and Mbps.

Billing Hierarchy

Allows a Customer to combine multiple accounts and services into a single billing structure.

Business Customer or Customer

The person, firm, Company, corporation, or other entity, having a communications requirement of its own that is responsible for the payment of charges and for compliance with this tariff.

Business Customer-Provided Equipment

Telecommunications equipment provided by a Customer used to originate calls using Broadslate's service located at the originating location.

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Business Hours

The phrase "business hours" means the time after 8:00 A.M. and before 5:00 P.M., Monday through Friday, excluding holidays.

Business Office

The primary location where the business operations of Broadslate are performed. Broadslate's business office is located at 630 Peter Jefferson Parkway, Suite 300, Charlottesville, Virginia 22911. A copy of Broadslate's tariff is made available for public inspection at the business office. Broadslate's business office telephone number is (434) 220-7700.

Central Office

A Local Exchange Carrier's office where a Customer's lines are terminated for the purpose of offering local telephone service and to connect with interexchange carriers.

Channel or Circuit

A path for electrical or radio frequency transmission between two or more points having a bandwidth and termination of the Customer's own choosing.

Commission

The term "Commission" means the Florida Public Service Commission.

Company

The term "Company" means Broadslate Networks of Florida, Inc., which is referred to as either "Broadslate" or "Company" throughout this tariff.

Day

The term "Day" means 8:00 A.M. to 5:00 P.M. local time at the originating city, Monday through Friday, excluding Company specific holidays.

Dedicated Access Line (DAL)

A dedicated communications channel that terminates on a general access port provided by Broadslate.

Delinquent or Delinquency

An account for which payment has not been made in full on or before the last day for timely payment.

Entrance Facility

The physical circuit arrangement that connects an entrance site to a Broadslate point-of-presence.

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Entrance Site

A location of Broadslate's transmission facilities from which services can be provided for a Customer to any other entrance site of point-of-presence.

Evening

The term "Evening" means 5:01 P.M. to 11:00 P.M. local time at the originating city, Monday through Friday and all Company specific holidays.

Exchange Area

For the purposes of this tariff, the term "exchange area" is synonymous with the term "service area." An exchange or service area is a geographically defined area where individual telephone exchange companies hold themselves out to provide telecommunications services. An exchange area is defined through the use of maps or legal descriptions that set down the specified area(s).

Facility (or Facilities)

Any item or items of communications plant or equipment used to provide or connect to Broadslate services.

FCC

The term "FCC" means the Federal Communications Commission.

Holiday

The term "Holiday" includes New Year's Day (January 1st), Memorial Day (last Monday in May), Independence Day (July 4th), Labor Day (1st Monday in September), Thanksgiving Day (4th Thursday in November), and Christmas Day (December 25th).

Incomplete Call

Any call where voice transmission between the calling and the called station is not established (*i.e.*, busy, no answer, etc.).

Incumbent Local Exchange Carrier (ILEC)

The term "Incumbent Local Exchange Carrier (ILEC)" means a public service Company providing local exchange telephone service in Virginia on December 31, 1995, pursuant to a certificate of public convenience and necessity.

Interconnection

The term "Interconnection" means the point of interface between local exchange carriers' networks. Interconnection can be achieved at different points of the network.

Kilobits Per Second (Kbps)

The number of one thousand bits transmitted in a one second interval.

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Local Access Facility

The channel provided by the local telephone Company (or other local service provider) to connect the point-of-presence to a Customer's location.

Local Access Transport Area ("LATA")

The phrase "Local Access Transport Area (LATA)" means a geographical area established by the U.S. District Court for the District of Columbia in United States v. Western Electric Co., Inc., 552 F.Supp. 131 (D.D.C. 1982), within which a local exchange Company provides communication services.

Local Exchange Carriers (LEC)

The term "Local Exchange Carrier (LEC)" means all certified providers of local exchange telephone service, whether incumbents or new entrants.

Location

A physical premise to or from which Broadslate provides service.

Megabits Per Second (Mbps)

The number of one million bits transmitted in a one-second interval.

Night

The word "night" means 11:01 P.M. to 7:59 A.M. local time in the originating city, Monday through Friday.

Nonbusiness Hours

The time period after 5:00 P.M. and before 8:00 A.M., Monday through Friday, all day Saturday, Sunday, and on holidays.

Normal Work Hours

The time after 8:00 A.M. and before 5:00 P.M., Monday through Friday, excluding Broadslate-observed holidays.

NPA

An area code, otherwise called Numbering Plan Area.

Permanent Virtual Circuit ("PVC")

A virtual point-to-point (non-switched) logical link between two specific end-points over which packetized (frames) data can be transmitted according to defined service characteristics.

Point of Presence

The physical presence where Broadslate maintains intercity communications channels and local distribution facilities for the purpose of providing its services.

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Premises

A building or buildings on contiguous property (except railroad rights-of-way, etc.).

Regular Billing

A standard bill sent in the normal monthly Broadslate billing cycle. This billing consists of one bill for each account assigned to the Customer with explanatory detail showing the derivation of the charges.

Residential Service

The phrase "Residential Service" means telecommunication services used primarily as nonbusiness service.

Services

Broadslate's communications services provided under this tariff, and as described in section 3 of this tariff.

Subscriber

The term "business Customer" or "Customer" is synonymous with the term "subscriber."

Switch

The term "switch" denotes an electronic device that is used to provide circuit sharing, routing, and control.

Timely Payment

A payment on a Customer's account made on or before the due date.

Weekend

The word "weekend" means all day Saturday and Sunday.

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Interexchange Services Tariff

SECTION 2 – REGULATIONS

2.1 Undertaking of the Company

- 2.1.1 Broadslate undertakes to provide its Customers with interexchange services , within the State of Florida, on the terms and conditions, regulations, and at the rates and charges specified herein.
- 2.1.2 Broadslate installs, operates, and maintains the services provided hereunder in accordance with the terms and conditions set forth within this tariff. Broadslate may act as the Customer’s agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer to allow connection of a Customer’s location to the Broadslate network. The Customer shall be responsible for all charges due for such service arrangements.
- 2.1.3 Broadslate’s services and facilities are available twenty-four (24) hours per day, seven (7) days per week. Broadslate’s services and facilities are provided on a monthly basis unless ordered on a longer term basis.

2.2 Use of Service

- 2.2.1 Services provided under this tariff may be used only for the transmission of communication in a manner consistent with the terms of this tariff and regulations of the Commission.
- 2.2.2 Services provided under this tariff shall not be used for unlawful purposes. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such services are being used in violation of the law.
- 2.2.3 Broadslate’s Customers may use the services described in this tariff for the purpose of transmitting messages.

2.3 Limitations

- 2.3.1 Service is offered subject to the availability of the necessary facilities or equipment, or both facilities and equipment, and subject to the provisions of this tariff. The obligation of Broadslate to provide service is dependent upon its ability to procure, construct, and maintain facilities that are required to meet the Customer’s order for service. Broadslate’s provision of service may require access to a Customer’s premise inside telephone closet or other areas that might not be under direct control of the Customer. Broadslate may require the consent of the building owner and/or property manager in order to provision its service. Broadslate will make all reasonable efforts to secure the necessary facilities.

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- 2.3.2 Broadslate reserves the right to limit or to allocate the use of existing facilities or additional facilities offered by Broadslate, when necessary because of lack of facilities, relevant resources, or due to causes beyond Broadslate's control. The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of Broadslate's facilities as well as facilities Broadslate may obtain from other carriers to furnish service from time to time as required at the sole discretion of Broadslate. In addition, Broadslate reserves the right to discontinue service when the Customer is using the service in violation of law or the provisions of this tariff.
- 2.3.3 Broadslate does not undertake to transmit messages, but offers the use of its facilities, when available, to its Customers for such purpose. Accordingly, Broadslate will not be liable for errors in transmission nor for failure to establish connections.
- 2.3.4 Broadslate reserves the right to refuse service to Customers due to insufficient or invalid charging information.
- 2.3.5 Broadslate may take reasonable steps, in its sole discretion, to prevent unlawful or fraudulent use of its service.
- 2.3.6 Broadslate will use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. Broadslate may substitute, change, or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided to the Customer.
- 2.3.7 Broadslate shall have the right to make necessary repairs or changes in its facilities at any time and will have the right to suspend or interrupt service temporarily for the purpose of making the necessary repairs or changes in its system. When such suspension or interruption of service for any appreciable period is necessary, Broadslate will give the Customers who may be affected reasonable notice thereof as circumstances will permit. Broadslate will make every effort to prosecute the work with reasonable diligence and if practicable at times that will cause the least inconvenience. Broadslate shall take appropriate precautions to avoid unnecessary interruption of the Customer's service when repairing or making changes to its facilities.
- 2.3.8 All facilities provided under this tariff are directly controlled by Broadslate and the Customer may not transfer or assign the use of service or facilities, except with the express written consent of Broadslate. Such transfers or assignments shall only apply where there is no interruption of the use or location of the service of the facilities. Broadslate may, after receiving any required approvals from the Public Service Commission, assign its rights, duties or any service orders (a) to its parent Company, any subsidiary, or any affiliate of the Company, (b) pursuant to any sale or transfer of the assets of the Company, or (c) pursuant to any financing, merger or reorganization of the Company. Broadslate will notify Customers of any such assignment.

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- 2.3.9 All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for services.
- 2.3.10 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission. Broadslate may require applicants for service who intend to use the Company's offerings for resale and /or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and Commission regulations, policies, orders, and decisions.
- 2.4 Liabilities of the Company
- 2.4.1 Broadslate's liability for damages arising out of mistakes, omissions, interruptions, delays, errors, or defects in the installation, provision, termination, maintenance, repair, or restoration occurring in the course of furnishing service, channels, or other facilities, and not caused by the negligence of the subscribers, commences upon activation of service. In no event shall Broadslate's liability exceed an amount equivalent to the proportionate charge to the Customer for the period of service during which such mistakes, omissions, interruptions, delays, errors or defects occur. For the purposes of computing such amount, a month is considered to have thirty (30) days.
- 2.4.2 Broadslate shall not be held liable for any act or omission of another carrier when the facilities of another carrier is used, including when the facilities of another carrier is used in establishing connections to points not reached by Broadslate's facilities. The Customer will indemnify and save harmless Broadslate from any third-party claims for such damages referred to in section 2.4.1.
- 2.4.3 In no event will Broadslate be responsible for consequential damages or lost profits suffered by a Customer as a result of interrupted or unsatisfactory service. Broadslate will not be liable for claims or damages resulting from or caused by: (i) Customer's fault, negligence or failure to perform the Customer's responsibilities; (ii) claims against the Customer by any other party; (iii) any act or omission of any other party; or (iv) equipment or service furnished by a third party.
- 2.4.4 Broadslate does not guarantee or make any warranty with respect to any equipment provided by it where such equipment is used in locations containing an atmosphere that is explosive, prone to fire, dangerous or otherwise unsuitable for such equipment. The Customer shall indemnify and hold Broadslate harmless from any and all loss, claims, demands, suits or other actions, or any liabilities whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or persons, for any personal injury or death of any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of such equipment so used.

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- 2.4.5 Broadslate is not liable for any defacement of, or damage to, the premises of a Customer resulting from the furnishing of services or the attachment of equipment, instruments, apparatus, and associated wiring furnished by Broadslate on such Customer's premises or by the installation or removal thereof, when such defacement or damage is not the result of Broadslate negligence. No agents or employees of other participating carriers shall be deemed to be agents or employees of Broadslate without written authorization. The Customer will indemnify and save harmless Broadslate from any claims of the owner of the Customer's premises or other third party claims for such damages.

- 2.4.6 Broadslate shall be excused from performance under this tariff and under the applications for service for any period, and to the extent that the Company is prevented from performing any service pursuant hereto, in whole or in part, as a result of causes beyond its control, including but not limited to: (a) delays caused by the other party or (b) Acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over Broadslate, or of any department, agency, commission, bureau, corporation, court or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; strikes, lockouts, work stoppages, or other labor difficulties; and (c) third party non-performance (including the failure of performance for reasons beyond the control of common carriers, interexchange carriers, local exchange carriers, suppliers and subcontractors), or other causes beyond its reasonable control, including failures or fluctuations in electrical equipment, and such nonperformance shall not be deemed a violation of this Tariff or of the application for service or grounds for termination of service.
Both parties retain all rights of recourse against any third parties for any failures that may create a force majeure condition for the other party.

- 2.4.7 With respect to the services, materials and equipment provided hereunder, Broadslate hereby expressly disclaims all warranties, expressed or implied, in this tariff, and in particular disclaims all warranties of merchantability and fitness for a particular purpose.

- 2.4.8 BROADSLATE MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN. Broadslate does not authorize anyone to make a warranty of any kind on its behalf and the Customer should not rely on any such statements.

- 2.4.9 Where there is a connection via Customer-provided terminal equipment or Customer-provided communications systems, the point of demarcation shall be defined as the Broadslate facility that provides interconnection. Broadslate shall not be held liable for Customer-provided access media or equipment. Any maintenance service or equipment arrangements shall be addressed on an individual case basis.

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- 2.4.10 In no event will Broadslate be liable for protection of the Customer's transmission facilities or equipment from unauthorized access, or for any unauthorized access to or alteration, theft or destruction of the business Customer's data files, programs, procedure or information through accident, fraudulent means or devices or any other method.
- 2.4.11 Broadslate will not be responsible if any changes in its service shall cause hardware or software not provided by Broadslate to become obsolete, require modification or alteration, or otherwise affect the performance of such hardware or software.
- 2.4.12 Broadslate does not guarantee availability by any such date for commencement of service to any Customer and shall not be held liable for any delays in commencing service to any Customer.
- 2.4.13 The Company shall not be liable for any damages resulting from delays in meeting any service dates due to delays resulting from normal construction procedures. Such delays shall include, but not be limited to, delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals, delays caused by third party providers (should they be involved) and delays in actual construction work.
- 2.4.14 The liability of Broadslate for errors in billing that result in overpayment by the Customer shall be limited, unless otherwise ordered by the Commission, to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.
- 2.4.15 Broadslate is not liable for any damages, including toll usage charges, the Customer may incur as a result of the unauthorized use of its telephone facilities. This unauthorized use of the Customer's facilities includes, but is not limited to , the placement of calls from the Customer premises, and the placement of call through Customer-provided equipment that are transmitted or carried on the Broadslate network. Broadslate may work with Customers to recommend possible solutions to reduce unauthorized use of their facilities. However, Broadslate does not warrant or guarantee that its recommendations will prevent all unauthorized use, and the Customer is responsible for controlling access to, and use of, its own telephone facilities.
- 2.4.16 The Company will make every reasonable efforts to reserve toll-free vanity numbers (e.g. 800, 888) on behalf of Customers, but make no guarantee or warranty that the requested toll-free numbers(s) will be available or assignable to the Customer requesting the number.
- 2.4.17 The liability of Broadslate for damages arising out of mistakes, omissions, or errors in directory listings for which a specific charge is made and not caused by the gross negligence or willful misconduct of Broadslate shall in no event exceed an amount equivalent to the proportionate charge to the customer for the period of service during which such mistake, omission, or error occurs. In the case of directory listings for which no specific charge applies, Broadslate is not liable for damages arising out of mistakes, omissions, or errors nut caused by the gross negligence or willful misconduct of Broadslate.

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2.5 Obligations of the Customer

- 2.5.1 The Customer is responsible for taking all necessary legal steps for interconnecting the Customer-provided terminal equipment or communications systems with Broadslate’s facilities or services. The Customer shall secure all licenses, permits, rights-of-way and other arrangements necessary for such interconnection. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by Broadslate, except upon the written consent of Broadslate. The equipment Broadslate provides or installs at the Customer’s premises, for use in connection with the service that Broadslate offers, shall not be used for any purpose other than for which it was provided.
- 2.5.2 The Customer shall ensure that their equipment and/or system is properly interfaced with Broadslate’s facilities or services; and have the proper technical parameters for the intended use. Such equipment shall be used in compliance with the criteria set forth in this tariff.
- 2.5.3 The Customer shall be responsible for securing its equipment against being used for fraudulent purposes using Broadslate’s service. The Customer shall be responsible for payment of all applicable charges for services, and any equipment, provided by Broadslate and charged to the Customer’s accounts.
- 2.5.4 Broadslate shall be indemnified and held harmless by the Customer against claims of liable, slander, or the infringement of copyright, or for the unauthorized use of any trademark, trade name, or service mark, arising from the material transmitted over Broadslate’s network, or used in connection with Broadslate’s service.
- 2.5.5 The Customer shall be liable for loss due to theft, fire, flood, or other destruction of Broadslate’s equipment or facilities at the Customer’s premises.
- 2.5.6 The Customer shall reimburse Broadslate for damages to facilities or equipment caused by the negligence or willful acts of the Customer’s officers, employees, agents, or contractors.
- 2.5.7 The Customer is responsible for charges incurred with interconnect or local operating companies for service or service calls made to the Customer’s premises or on the Customer’s leased or owned equipment unless Broadslate specifically authorized said visit or repairs in advance of the occurrence and Broadslate agrees in advance to accept the liability for said repairs or visit.
- 2.5.8 The Customer may be required to verify in writing that it is duly authorized to order service at all locations designated by the Customer for service, and assumes financial responsibility for all locations designated by the Customer to receive Broadslate’s services. If the verification cannot be produced within five (5) calendar days of the request, the presubscription of the Customer’s locations are considered unauthorized.

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- 2.5.9 The Customer shall not use the Broadslate name, logo, or trademark in any promotional materials, contract, tariffs, price lists, service bills, etc., without expressed written authorization from Broadslate. The Customer shall not use the Broadslate name, logo or trademark in any pre-sale activities. The Customer is prohibited from using Broadslate's name or trademark on any other Customer's products or services.
- 2.5.10 Any software used to provide Broadslate's services may be proprietary and if so the Customer shall protect such software.
- 2.5.11 The Customer is responsible for providing, as specified from time to time by the Company, any needed personnel, equipment, space, and power to operate Company services and equipment installed on the premises of the Customer or authorized user, and the level of power, heating, and air conditioning necessary to maintain the proper environment on such premises.
- 2.5.12 The Customer agrees, except where the events, incidents or eventualities set forth in this sentence are the result of Broadslate's gross negligence or willful misconduct, to release, indemnify and hold harmless Broadslate against any and all loss, claims, demands, suits or other action or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or person, for any personal injury to or death of any person or persons, or for any loss of or damage to any property, whether owned by the Customer or others. The Customer shall reimburse the Company for all costs, expenses, fees incurred by the Company in its defense against such actions.

2.6 Special Construction

At the Customer's request, installation and/or maintenance may be performed outside Broadslate's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to Broadslate will apply. If installation is started during regular business hours, but at the Customer's request extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply. Subject to the agreement of Broadslate and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable effort basis at the request of the Customer. Examples of special construction is that construction undertaken:

1. Where facilities are not presently available, and there is no other requirement for the facilities so constructed; or
2. Is of a type other than that which Broadslate would normally utilize in the furnishing of its services; or
3. Over a route other than that which Broadslate would normally utilize in the furnishings of its services; or
4. In a quantity greater than that which Broadslate would normally construct; or
5. Is required on an expedited basis; or
6. Is needed on a temporary basis until permanent facilities are available; or
7. Involves abnormal costs; or is
8. Built in advance of its normal construction.

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2.7 Application for Service

- 2.7.1 A Customer desiring to obtain service may do so either verbally or in writing. If the Customer wishes to obtain service verbally, they may call Broadslate's toll-free number for sales at 800-467-5283. A Customer may submit written requests to obtain service either through the local sales office, or at Broadslate's principle office located at 630 Peter Jefferson Parkway, Suite 300, Charlottesville, Virginia, 22911. A Customer wishing to sign up for Broadslate's service may be required to complete a service order form provided by Broadslate.
- 2.7.2 A Customer wishing to cancel its service application or service may do so either verbally or in writing. Where installation of service has been started prior to a Customer's request for cancellation of an application for service, a cancellation charge equal to the costs incurred by the Company may apply.

2.8 Payment Arrangements2.8.1 Establishing Credit. Deposits and Advance Payments2.8.1.A Establishing Credit

1. Each applicant for service will be required to establish credit. Any applicant whose credit has not been duly established to the sole and exclusive satisfaction of Broadslate may be required to make a deposit to be held as a guarantee of payment of charges at the time of application.

2.8.1.B Deposits

1. Broadslate does not require a deposit from the Customer.

2.8.1.C Advanced Payments

8. 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.

2.8.2 Billing

- 2.8.2.A The Customer is responsible for the payment of all charges for facilities and services furnished by Broadslate to the Customer and to all users of the services, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons.

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- 2.8.2.B Non-recurring charges are due and payable as specified on the bill. The rates for non-recurring charges will be those in effect as of the date of the invoice.
- 2.8.2.C For billing of monthly charges, service is considered to be established upon the day in which Broadslate notifies the Customer of installation and testing of the Customer's service. A Customer's first invoice may contain monthly recurring charges from previous periods for service provided from the date of installation through the current invoice period.
- 2.8.2.D Broadslate shall present invoices for recurring charges on a monthly basis to the Customer, in advance of the month in which service is provided, and recurring charges shall be due and payable as specified on the bill. The rates for recurring charges will be those in effect as of the date of the invoice.
- 2.8.2.E When billing is based on Customer usage, charges will be billed monthly for the usage in preceding billing periods. When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have 30 days. The Customer will be billed for all usage accrued beginning immediately upon access to the service. The rates charged to a Customer for usage charges will be the rates in effect on the first day of the Customer's billing cycle.
- 2.8.2.F Bills are due and payable as specified on the bill. The due date will not be less than twenty (20) days after the date of the postmark on the bill. The Company may bill for all services rendered within 180 days of the dates during which service used.
- 2.8.2.G Bills may be paid by mail or in person at the business office of Broadslate. All charges for service are payable only in United States funds. Payments may be in the form of cash, check, money order, or cashier's check. The Customer's payments are considered prompt when received by Broadslate by the due date on the bill.
- 2.8.2.H Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

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2.8.3 Returned Checks

2.8.3.A If the Customer remits to Broadslate on more than one occasion during a twelve (12) month period a check, draft, or other instrument that is dishonored, Broadslate may refuse acceptance of future checks and place the Customer on a "cash basis," pursuant to which Broadslate has the right to refuse acceptance of anything as payment other than United States currency, United States Postal Service money orders, or cashier's check.

2.8.3.B The Customer shall be assessed a returned check charge of \$25.00 for each check submitted by the Customer to Broadslate that a financial institution refuses to honor if the face value does not exceed \$50.00, \$30.00 if the face value does exceed \$50.00 but does not exceed \$300.00, \$40.00 if the face value exceeds \$300.00 or 5% of the value of the check, which ever is greater.

2.8.4 Late Payments

2.8.4.A If any portion of the payment is not received by Broadslate, or if any portion of the payment is received by Broadslate in funds that are not immediately available, within twenty (20) days of the mail date on the bill, then the Customer's account shall be delinquent, and a late payment penalty shall be due to Broadslate. The due date shall be no earlier than thirty days (30) after the Company's invoice is mailed. The late payment penalty shall be that portion of the payment not received by the date due minus any charges billed as local taxes multiplied by the lesser of 1.5 percent or the highest interest rate which may be applied under applicable state law for commercial transactions.

2.8.5 Disputes

2.8.5.A Any disputed charge may be brought to Broadslate's attention by verbal or written notification, within one-hundred twenty (120) days of receipt of billing for those services. If the Customer does not submit a claim as previously stated, then the Customer waives all rights to filing a claim thereafter. The Customer may request an investigation into a disputed charge by a Broadslate manager. During the period that an amount is in dispute, but in no event to exceed sixty (60) days, Broadslate shall not pursue any collection procedures or assess late fees with regard to the disputed amount.

2.8.5.B Customer's may contact Broadslate either verbally or in writing at the following:

Broadslate Networks, Inc.
630 Peter Jefferson Parkway
Suite 300
Charlottesville, Virginia 22911
(434) 220-7700

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- 2.8.5.C In the case of a billing dispute between the Customer and Broadslate that cannot be settled to their mutual satisfaction, the undisputed portion and subsequent bills must be paid on a timely basis, or the service may be subject to disconnection. In the event the dispute is not resolved, Broadslate shall inform the Customer that the Customer has the option to pursue the matter with the Commission. A complaint may be submitted either verbally or in writing to the following:

Florida Public Service Commission
 2540 Shumard Oak Blvd.
 Tallahassee, Florida 32399
 Fax: 1 (800) 511 0809
 Phone: 1 (800) 342-3552
 TDD/Voice Phone: 1 (800) 955-8777

2.8.6 Notice of Termination

- 2.8.6.A Broadslate will not terminate the Customer's service for non-payment without first giving the Customer five (5) days written notice except in extreme cases.

2.9 Interruptions of Service

- 2.9.1 A credit allowance will be issued to the Customer for the interruption of service that is not due to Broadslate's testing or adjusting; an act, omission, or negligence of the Customer; the failure of channels or equipment provided by the Customer; or electric power failure where the Customer furnishes such electric power. Interruption of service is subject to the general liability provisions set forth herein. It shall be the obligation of the Customer to notify Broadslate immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer or end user shall ascertain that the trouble is not being caused by any action, omission, or negligence by the Customer within his or her control; electric power failure where the Customer furnishes such electric power; or wiring or equipment, if any, furnished by the Customer and connected to Broadslate's facilities.
- 2.9.2 At the Customer's request, a credit allowance for a continuous interruption of service for more than twenty-four hours will be made in an amount to be determined by the Company on a case by case basis. In the event the User is affected by such interruption for a period of less than twenty-four (24) hours, no adjustment will be made. No adjustments will be earned by accumulating non-continuous periods of interruption. For the purposes of this section and the amount of credit to be applied, each month shall be considered to have 30 days. Only those services that are interrupted will receive a credit.

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2.10 Restoration of Service

The use and restoration of service shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission if applicable.

A reconnection fee of \$25.00 per occurrence is charged when service is re-established for Customers who had been disconnected for non-payment.

2.11 Disconnection of Service by the Customer

2.11.1 Broadslate Customers may disconnect service at any time, following the minimum service requirement(s). Customers may notify Broadslate of their desire to disconnect either verbally or in writing.

2.11.2 Broadslate will complete service disconnections as swiftly as possible to meet the needs of the Customer. The Customer will be responsible for all charges on a pro rata basis for service(s) that are disconnected.

2.11.3 If the Customer disconnects service prior to the end of a term plan, the termination liabilities associated with the term plan will apply.

2.11.4 If the Customer accumulates undisputed past due charges, the Company reserves the right not to honor the Customer's request for a change in toll-free service to another carrier (e.g., "porting" of the toll-free number), including request for a Responsible Organization (Resp Org) change, until such time as the charges are paid in full.

2.12 Cancellation for Cause

2.12.1 Broadslate, by giving five (5) days prior written notice to the Customer or applicant, may immediately cancel the application for or discontinue service without incurring any liability. Such cancellation may occur for any of the following reasons:

2.12.1.A Non-payment of any sum due to Broadslate for service for more than 20 days beyond the date of rendition of the bill for such service. In the event Broadslate terminates service for nonpayment, the Customer may be liable for all reasonable costs of collection including reasonable court costs, expenses and attorney fees; or

2.12.1.B Non-payment of any sum due to Broadslate for service for more than 20 days beyond rendition of the bill on any Broadslate account regardless of whether the application or service being canceled is related or unrelated to the account or service for which the sum is past due; or

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- 2.12.1.C A violation of or failure to comply with, any regulation of this tariff if the noncompliance is not corrected within that five (5) day period.
- 2.12.1.D Broadslate confirms that both a phone number and mailing address are no longer valid for the Customer; or
- 2.12.1.E Broadslate is prohibited from furnishing service by order of a court or other law, rule or regulation of any government authority having jurisdiction.
- 2.12.1.F Broadslate has given the Customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.
- 2.12.2 Service may be disconnected by Broadslate without notice to the Customer for any of the following occurrences:
 - 2.12.2.A For tampering with Company equipment or service.
 - 2.12.2.B For maintenance or operation of its equipment in such a manner as to adversely affect the Company's equipment or service to others.
 - 2.12.2.C For unauthorized or illegal use of the Company's service or equipment.
 - 2.12.2.D For interfering with the service to other Customers.
 - 2.12.2.E For fraud
 - 2.12.2.F In the event of a hazardous condition at the Customer's premise.
 - 2.12.2.G For non-compliance with any provision of this tariff which results in threatening the safety of a person or the integrity of the service delivery system of the Company.
 - 2.12.2.H For issuance of an order by an administrative agency, court or governmental entity having appropriate jurisdiction to terminate service immediately.

Notwithstanding any other provision with this Section, pursuant to the issuance of an order to terminate service by any administrative agency, court or other governmental entity having appropriate jurisdiction, the Company may terminate service to the designated Customer(s), consistent with the terms and conditions of the order, specifically including those which either require notice to affected Customer(s) or require that service be terminated without such notice.

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2.12.3 Cancellation of Application of Service

Application for cancellation of service may be canceled, prior to commencement of services, subject to the following conditions:

- 2.12.3.A Where, prior to receiving notice of cancellation, the Company incurs any expense installing or preparing to install the service or in connection with special construction, or where special arrangements of facilities or equipment have begun, a charge equal to the costs incurred, less net salvage, applies. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of the installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provisions for return on investment, and any other costs associated with the special construction or arrangements.
- 2.12.3.B In no case shall the charges exceed the sum of (a) the charges for the minimum period of service ordered, including installation charges, and (b) all charges levied by other parties against the Company that would have been chargeable to the Customer had service begun.

2.12.2 The discontinuance of service(s) by Broadslate pursuant to this section does not relieve the Customer of any obligation to pay Broadslate for changes due and owing for service(s) furnished up to the time of discontinuance.

2.12.3 If Broadslate terminates service for any cause set forth above and the Customer has subscribed to service under a term plan, the Customer will be charged the termination liability associated with the term plan.

2.12.4 Service may also be discontinued if the Customer fails to post the deposit required by the tariff.

2.12.5 If service is disconnected for non-payment, the Customer may restore service by full payment in any reasonable manner including by personal check. However, Broadslate may refuse to accept a personal check if a Customer's check for payment of service has been dishonored, excepting bank error, within the last twelve (12) months. There is a charge for restoration of service after disconnection. If the equipment necessary for service has been removed, a complete activation fee will apply.

2.13 Notice and Communication

2.13.1 The Customer shall designate on the application for service an address to which Broadslate shall mail or deliver all notices and other communications. The Customer may also designate a separate address to which Broadslate's bills for service shall be mailed.

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- 2.13.2 Broadslate shall designate on the application for service an address to which the Customer shall mail or deliver all notices and other communications. Broadslate may also designate a separate address on each bill for service to which the Customer shall mail payment on that bill. Unless otherwise stated in this tariff or on the Customer's bill, all notices or other communication shall be made verbally or in writing to Broadslate Networks, Inc., 630 Peter Jefferson Parkway, Suite 300, Charlottesville, Virginia 22911, (434) 220-7700.
- 2.13.3 Notices and other communications of either party, and all bills mailed by Broadslate, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication, or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- 2.13.4 Broadslate or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications, or billing.
- 2.13.5 The Commission's address is:

Florida Public Service Commission
 2540 Shumard Oak Blvd.
 Tallahassee, Florida 32399
 Fax: 1 (800) 511-0809
 Phone: 1 (850) 413-6100
 TDD/Voice Phone: 1 (800) 955-8777

2.14 Title to Facilities

Title to all components of the service provided by the Company, including equipment on Customer's Premise or End-User's Premise, shall remain with the Company, unless otherwise specifically agreed with the Customer. The operating personnel, and the electric power consumed by such equipment on the premises of Customer, shall be provided by and maintained at the expense of the Customer.

2.15 Taxes, Surcharges and Utility Fees

Federal excise tax and state and local sales, use, and similar taxes are not included in the rates set forth in this tariff, and shall be billed as separate line items where applicable. The Customer shall be responsible for payment of all applicable local, state, and federal taxes, charges or surcharges, however designated, imposed on or based on the provision, sale, or use of the services rendered by the Company.

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2.15.1 Pay Telephone Surcharge

An undiscountable surcharge of \$0.284 shall apply to each call utilizing the Company's service which originates from an instrument which Broadslate identifies as a domestic Pay Telephone. Unless otherwise specified in this pricing guide, services for which a Pay Telephone Surcharge applies include, but are not limited to calls placed to a toll-free number provided by the Company with its inbound long distance service. Surcharges will be billed to the inbound long distance Customer rather than the party originating the call.

2.16 Equipment2.16.1 General

2.16.1.A Broadslate provides facilities for the use of transmitting and receiving telecommunications traffic, as provided in this tariff. A Customer may transmit any form of traffic that is compatible with Broadslate provided equipment, provided that the traffic is suitable for the subscribed type of service (*i.e.*, Analog or Digital).

2.16.1.B The Customer agrees to allow the Company to remove all Company-provided equipment from the Customer premises upon termination, interruption, or suspension of the service in connection with which the equipment was used, and for repair, replacement, or otherwise as the Company may determine is necessary or desirable. At the time of such removal, such equipment shall be in the same condition as when delivered to the Customer or installed in the Customer's premises, normal wear and tear excepted. The Customer shall reimburse the Company for any loss, cost, or damage beyond normal wear and tear. The Company shall have the right to obtain such reimbursement from the Customer deposit, if any.

2.16.1.C Any special interface equipment necessary to achieve compatibility between the facilities and the equipment of Broadslate used for furnishing Network Services and channels, facilities, or equipment of others shall be provided at Customer's expense.

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

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2.16.2 Equipment Use

2.16.2.A Equipment the Company provides or installs at the Customer's premises for use in connection with the services the Company offers shall not be used for any other purpose other than that for which the Company provided it.

2.16.2.B The Company is responsible for operating Company-provided equipment. In the event that the Customer attempts to operate any Company-provided equipment, other than as authorized by the Company, without first obtaining the Company's prior written approval, in addition to any other remedies of the Company for a breach by the Customer of the Customer's obligations hereunder, the Customer shall pay the Company for any damage to the Company-provided equipment caused or related to the Customer's improper operation of the Company-provided equipment upon receipt by the Customer of a Company invoice therefore. In no event shall the Company be liable to the Customer or any other person for interruption of the service or for any other loss, cost, or damage caused or related to the Customer's improper use of Company-provided equipment.

2.16.2.C Network Services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections.

2.16.3 Maintenance

2.16.3.A Broadslate will perform routine installation and/or maintenance at the Company's customary charges for such services. Such customary charges may vary depending upon difficulty of installation and other Customer requirements. Should the Customer report any problems with the services or equipment that require the Company to send personnel to the Customer's premises and the Company determined that such problems are the result of problems with Customer-owned equipment (rather than the fault of Broadslate), the Company may charge for such service calls to the Customer's premises.

2.16.3.B At the Customer's request, non-routine installation and/or maintenance may be performed by the Company at an additional charge. Non-routine situations include, but are not limited to, service performed outside regular business hours or in hazardous locations. In such cases, charges based on the Company's customary charges for similar effort and materials will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to weekends, holidays, and/or night hours, additional charges may apply.

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2.17 Additional Claims

2.17.1 With respect to any service or facility provided by Broadslate, Customer shall indemnify, defend and hold harmless Broadslate from and against all claims, actions, damages, liabilities, costs and expenses related to , arising from or for:

- (a) any loss, destruction or damage to property of the Company or any third party, or the death or injury to persons, including but not limited to employees or invitees of either party, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees;
- (b) any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, without limitation, use of Broadslate's services and facilities in a manner not contemplated by the agreement between Customer and Broadslate;
- (c) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Broadslate employees and agents shall be installing or maintaining Broadslate's facilities and equipment. The Customer may be required to install and maintain Broadslate facilities and equipment within a hazardous area if, in Broadslate's opinion, injury or damage to Broadslate's employees or property might result from installation or maintenance by Broadslate. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation of work; or
- (d) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to , the location of Broadslate facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under section 2.5.1; and granting or obtaining permission for Broadslate agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company.

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SECTION 3 – DESCRIPTION OF SERVICES OFFERED

3.1 Timing of Calls

3.1.1 Usage Detection

The Customer’s charge is based on the actual usage of Broadslate’s service. Usage begins when the called party picks up the receiver. When the called party picks up is determined by hardware answer supervision in which the local telephone Company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to sixty (60) second of ringing is allowed before it is billed as usage of the network. Chargeable time ends when either party hangs up, thereby releasing the network connection.

3.1.2 Billing Increments

The minimum call duration for billing purposes is 60 seconds for a connected call and calls beyond 60 seconds are billed in 30 second increments.

3.1.3. Rounding

Billing will be rounded up to the nearest penny for each call.

3.1.4. Uncompleted Calls

There shall be no charge for uncompleted calls.

3.2 Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V &H Coordinates Tape and Bell’s NECA Tariff No. 4.

Formula:

The square root of:
$$\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}$$

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3.3 Minimum Call Completion Rate

A Customer can expect a call completion rate (number of calls completed/number of calls attempted) of not less than 99% during peak use periods. Peak use periods are typically defined as Monday through Friday and between the hours of 7:00AM and 7:00PM.

3.4 Service Offerings

All voice interexchange services offerings referred to herein are provided as a bundled offering with Broadslate Data Transport Services as described in Broadslate's local exchange filing entitled "Florida Price List No. 1".

3.4.1 Outbound Direct Dial (1+) Long Distance

Outbound Direct Dial (1+) Long Distance is a dedicated or switched long distance message telecommunications service provided between points located within the State. Except as otherwise stated, dedicated Outbound Direct Dial (1+) Long Distance calls are billed in initial 60 second increments and additional increments of 30 seconds and switched Outbound Direct Dial (1+) Long Distance calls are billed in initial 30 second increments and additional increments of 30 seconds. Outbound Direct Dial (1+) Long Distance services are available to Customers who: 1) presubscribe their local access lines to the Broadslate network, 2) purchase Special Access facilities to connect their premises to Broadslate's access points or points of presence. Outbound direct dial (1+), available from originating locations within the State of Florida. Calls may be placed to locations within the state of Florida.

3.4.2 Inbound Toll-Free (e.g., 800, 888) Service

Inbound toll-free (e.g., 800, 888) service is available to Customers served from locations within the state of Florida. Toll free calls may be originated from any valid exchange located within State of Florida and terminate to the Customer's location at no charge to the calling party. The Customer is billed for the call rather than the calling party. Inbound toll-free (e.g., 800, 888) service may terminate to Customer's local exchange access lines using Switched Access termination. Customer's with larger call volumes may have inbound calls routed to Special Access facilities connecting the Customer's premise directly with the Broadslate Network.

3.4.3 Prescribed Interexchange Carrier Charge (PICC)

For Customers who select Broadslate as their Primary Interexchange Carrier, Broadslate will assess the Customer a monthly recurring charge, called a Presubscribed Interexchange Carrier Charge (PICC). This charge will be assessed on a per line basis as shown below. PICCs will not be prorated for a partial month of service and are not subject to discounts nor contribute to any monthly minimums or revenue commitments which may apply to Broadslate services subscribed to by the Customer. Credits for interruption of service as described in Section 2.9.2 and 2.9.3 of this pricing guide do not apply to PICCs.

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3.4.4 Directory Assistance

Customers must dial a toll-free access number or code to reach Broadslate's Directory Assistance Bureau. A Directory Assistance charge applies to each call to the Directory Assistance Bureau. Up to two requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call regardless of whether Directory Assistance is able to furnish the requested telephone number.

3.4.5 Account Codes

Account codes are offered as a feature of outbound long distance service. Account codes will be available in a validated and unvalidated configuration. Accounting codes are 2- to 8- digit cost tracking codes that are dialed after a Customer has dialed a long distance telephone number. The code appears on the call detail of the invoice, allowing the Customer to track costs by account code. The Customer may designate a specific account code for each employee, for a Commission, for an external Customer, etc. The accounting code may be validated or unvalidated. Customers with validated account codes activate a specific number of account codes. When the Customer dials the call, he/she is prompted to enter the account code. If the account code is not among the codes activated for the Customer, the call will not process. Unvalidated account codes allow Customers to activate all account codes within a given range. When a Customer dials a call using unvalidated account codes, they are again prompted to dial a code. The Customer must then dial a code within the range allocated to the Customer.

3.4.6 Directory Listings

Directory Listing will provide a Toll-Free Service telephone number listing that will entitle the Customer to a listing in AT&T's 411/Directory Assistance database. The listing will consist of a straight-line listing consisting of the Customer's name and Toll-Free Service telephone number.

3.5 Credits and Refunds

All requests for call credits due to bad connection, disconnection, wrong number dialed, etc. shall be made through Broadslate's business office. Broadslate will make no refund of overpayments unless the claim for such, together with proper evidence, is submitted within one (1) year from the date of alleged overpayment.

In calculating refunds, usage discounts will be adjusted based on total usage after all credits or adjustments have been applied. In the event of a billing error resulting in an over billing or overcharge to its Customers, Broadslate may refund the amount over billed or overcharged by means of a pro-rata credit to the account of all existing Customers on a date certain.

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SECTION 4 – RATES AND CHARGES4.1 Service Offerings4.1.1 Outbound Direct Dial (1+) Long Distance

Usage Rate	\$0.077 per minute
Non-verified Account Codes	\$10.00 Monthly Recurring Cost \$15.00 Non Recurring Cost
Verified Account Codes	\$10.00 Monthly Recurring Cost \$20.00 Non Recurring Cost

4.1.2. Inbound toll-free (e.g., 800, 888) service

Usage Rate	\$0.077 per minute
Toll-Free Directory Listing	\$25.00 Monthly Recurring Cost \$25.00 Non Recurring Cost

4.1.3 Directory Assistance

Usage Rate	\$1.00 per call
------------	-----------------

4.2 Other Rates and Charges

Pay Telephone Surcharge	\$0.284 per call
Presubscribed Interexchange Carrier Charge (PICC)	\$1.50 per access line, per month

4.3 Returned Check Charge

The Customer shall be assessed a returned check charge of \$25.00 for each check submitted by the Customer to Broadslate that a financial institution refuses to honor if the face value does not exceed \$50.00, \$30.00 if the face value does exceed \$50.00 but does not exceed \$300.00, \$40.00 if the face value exceeds \$300.00 or 5% of the value of the check, which ever is greater.

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SECTION 5 – SPECIAL ARRANGEMENTS

5.1 Promotional Offerings

Broadslate may make promotional offerings of its Tariffed services which may include reducing or waiving applicable charges for the promoted service. No individual promotional offering will exceed six months in duration, and any promotional offering will be extended on a non-discriminator basis to any Customer similarly classified who requests the specific offer.

Broadslate will submit its Promotions by letter to the Commission Staff outlining the promotion, listing the Tariffed item being promoted, and the promotions start and end dates in lieu of filing language in the tariff.

5.2 Special Assembly

Broadslate may provide a unique intrastate service arrangement for a Customer where no Tariffed service exists for the service. The unique service can be provided via a Special Assembly.

Broadslate will maintain records of its Special Assembly contracts for Commission review as conditions or circumstances may require.

5.3 Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service offered under this tariff. Rates quoted in response to such competitive requests may be different than those specified for such services in this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

Broadslate will maintain records of its ICB contracts for Commission review as conditions or circumstances may require.

5.4 Special Rates for the Handicapped

5.4.1 Telecommunications Relay Service

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by fifty percent (50%) off of the otherwise applicable rate for a voice non-relay 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 sixty percent (60%) off of the otherwise applicable rate for a voice non-relay 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.

5.4.2 Directory Assistance

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of 50 within the billing cycle.

Issued: _____

Issued By:
Earle A. MacKenzie
President

Effective: _____

Broadslate Networks, Inc.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Interexchange Services Tariff

Issued: _____

Issued By:
Earle A. MacKenzie
President
Broadslate Networks, Inc.
630 Peter Jefferson Parkway, Suite 300
Charlottesville, Virginia 22911

Effective: _____