

NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company

Attorneys at Law

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Monica Borne Haab  
EllenAnn G. Sands  
Philip R. Adams, Jr.

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Of Counsel  
Bruce C. Betzer

June 9, 2005

*Via Overnight Delivery*

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

050402-TX

RE: FONIX TELECOM, INC.

Dear Sirs:

Enclosed please find an original and six (6) copies of the Application Form for authority to provide alternative local exchange service within the State of Florida, submitted on behalf of Fonix Telecom, Inc. The requisite \$250.00 filing fee is also enclosed herewith.

Please acknowledge receipt of this filing by returning a date stamped copy of this letter in the self-addressed envelope provided.

Thank you for your assistance. Please call with any questions.

Sincerely,



Monica Borne Haab

Enclosure  
cc: Michael Britt, Fonix

Forwarded Orig Price list  
to CMP

DOCUMENT NUMBER-DATE

05575 JUN 10 08

FPSC-COMMISSION CLERK

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

**DIVISION OF REGULATORY OVERSIGHT**  
**CERTIFICATION SECTION**

**APPLICATION FORM**  
**for**  
**AUTHORITY TO PROVIDE**  
**ALTERNATIVE LOCAL EXCHANGE SERVICE**  
**WITHIN THE STATE OF FLORIDA**

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Instructions

- ◆ This form is used as an application for an original certificate and for approval of the 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 Page 12).
- ◆ 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) 413-6770**

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

**Florida Public Service Commission**  
**Division of Regulatory Oversight**  
**Certification Section**  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6480**

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APPLICATION

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

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

2. Name of company:

Fonix Telecom, Inc.

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

same

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

9350 South 150 East, Suite 700  
Sandy, Utah 84070  
Website: www.fonix.com

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

None.  
\_\_\_\_\_  
\_\_\_\_\_

**6. 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 _____                    |  |

**7. If individual, provide:**

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

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

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

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

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

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

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

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

- (a) **The Florida Secretary of State corporate registration number:**

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

(a) The Florida Secretary of State corporate registration number:

F05000003328 Proof of authority attached as Exhibit A.

**10. 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:

\_\_\_\_\_

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

(a) The Florida Secretary of State registration number:

\_\_\_\_\_

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

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

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

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

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

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

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

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

**13. 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: \_\_\_\_\_

**14. Provide F.E.I. Number(if applicable): 20-2290832**

**15. 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. Provide explanation.

No.  
\_\_\_\_\_  
\_\_\_\_\_

(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.

Yes, see Exhibit B.  
\_\_\_\_\_  
\_\_\_\_\_

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

(a) The application:

Name: Monica Borne Haab  
Title: Attorney for Applicant  
Address: 3500 N. Causeway Blvd., Suite 1442  
City/State/Zip: Metairie, Louisiana 70002  
Telephone No.: (504) 832-1984 Fax No.: (504) 831-0892  
Internet E-Mail Address: mhaab@nbglaw.com  
Internet Website Address: \_\_\_\_\_

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

Name: Michael Britt  
Title: V.P. of Regulatory & Channel Development  
Address: 9350 South 150 East, Suite700  
City/State/Zip: Sandy, UT 84070  
Telephone No.: (770) 989-9800 Fax.: (770) 989-9830  
Internet E-Mail Address: michael.britt@lecstar.com  
Internet Website Address: www.fonix.com

(c) Complaints/Inquiries from customers:

Name: Michael Britt  
Title: V.P. of Regulatory & Channel Development  
Address: 9350 South 150 East, Suite700  
City/State/Zip: Sandy, UT 84070  
Telephone No.: (770) 989-9800 Fax.: (770) 989-9830  
Internet E-Mail Address: michael.britt@lecstar.com  
Internet Website Address: www.fonix.com

**17. List the states in which the applicant:**

(a) has operated as an alternative local exchange company.

None.

(b) has applications pending to be certificated as an alternative local exchange company.

Applicant is simultaneously applying for local authority in Georgia, North Carolina, South Carolina and Tennessee.

(c) is certificated to operate as an alternative local exchange company.

None.

(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

None.

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

None.

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

None.

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**18. Submit the following:**

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

Exhibit C.

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

Exhibit D.



### C. Financial capability.

**The 10K statement of the Applicant's parent company are submitted as Exhibit E.**

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

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

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

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

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

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

**THIS PAGE MUST BE COMPLETED AND SIGNED**

**APPLICANT ACKNOWLEDGMENT STATEMENT**

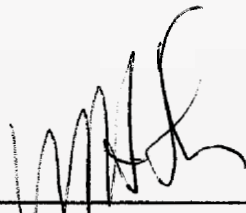
- 1. REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of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

W. Dale Smith  
**Print Name**

Senior Vice President  
**Title**

(801) 553-6600  
**Telephone No.**

  
**Signature**

02/3/05  
**Date**

(801) 553-6707  
**Fax No.**

**Address:** 9350 South 150 East, Suite 700

Sandy, UT 84070

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

**THIS PAGE MUST BE COMPLETED AND SIGNED**

**AFFIDAVIT**

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company 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:**

W. Dale Smith

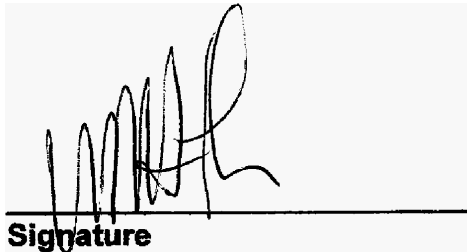
**Print Name**

Senior Vice President

**Title**

(801) 553-6600

**Telephone No.**



**Signature**

6/3/05

**Date**

(801) 553-6707

**Fax No.**

**Address:** 9350 South 150 East, Suite 700

Sandy, UT 84070

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

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

1) _____	2) _____
_____	_____
3) _____	4) _____
_____	_____

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

1) <u>softswitch - owned</u>	2) _____
_____	_____
3) _____	4) _____
_____	_____

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

<u>POP-to-POP</u>	<u>OWNERSHIP</u>
1) <u>fiber</u>	<u>leased</u>
2) _____	_____
3) _____	_____
4) _____	_____

# CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

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

- ( ) sale
- ( ) transfer
- ( ) assignment

of the above-mentioned certificate.

**UTILITY OFFICIAL:**

**Print Name** \_\_\_\_\_

\_\_\_\_\_ **Signature**

**Title** \_\_\_\_\_

\_\_\_\_\_ **Date**

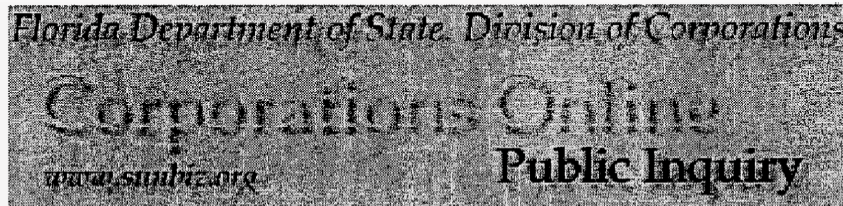
**Telephone No.** \_\_\_\_\_

**Fax No.** \_\_\_\_\_

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

# **EXHIBIT A**

CERTIFICATE OF AUTHORITY ISSUED  
BY THE FLORIDA SECRETARY OF STATE



**Foreign Profit**

**FONIX TELECOM, INC.**

**PRINCIPAL ADDRESS**

9350 SOUTH 150 EAST, SUITE 700  
SANDY UT 84070

**MAILING ADDRESS**

9350 SOUTH 150 EAST, SUITE 700  
SANDY UT 84070

**Document Number**  
F05000003328

**FEI Number**  
202290832

**Date Filed**  
05/31/2005

**State**  
DE

**Status**  
ACTIVE

**Effective Date**  
NONE

**Registered Agent**

<b>Name &amp; Address</b>
CORPORATION SERVICE COMPANY 1201 HAYS STREET TALLAHASSEE FL 32301-2525

**Officer/Director Detail**

<b>Name &amp; Address</b>	<b>Title</b>
MURDOCK, THOMAS A 9350 SOUTH 150 EAST, SUITE 700 SANDY UT 84070	PD
SMITH, W. DALE 9350 SOUTH 150 EAST, SUITE 700 SANDY UT 84070	V
JONES, JEFFREY M 9350 SOUTH 150 EAST, SUITE 700 SANDY UT 84070	S
DUDLEY, ROGER D CFO 9350 SOUTH 150 EAST, SUITE 700	TD

SANDY UT 84070

**Report Year**

**Filed Date**

[Previous Filing](#)

[Return to List](#)

[Next Filing](#)

No Events  
No Name History Information

### Document Images

Listed below are the images available for this filing.

No images are available for this filing.

**THIS IS NOT OFFICIAL RECORD; SEE DOCUMENTS IF QUESTION OR CONFLICT**

[Corporations Inquiry](#)

[Corporations Help](#)



# **EXHIBIT B**

## MANAGEMENT PROFILES

## **Thomas A. Murdock - President**

### **Highlights**

Prior to Fonix Telecom, Inc., Thomas Murdock spent 2 years as a senior executive in the telecom industry and 13 years in senior executive positions in the Speech Technology marketplace. Prior to 1992 he served over 20 years as a senior executive in the banking and finance industry in Boston Massachusetts. Mr. Murdock is a 1966 graduate of The University of Utah with a Bachelor of Science degree in Political Science.

### **Employment History**

2/2004 to Present:	Chairman of LecStar Datanet. Inc and Chairman of LecStar Telecom Inc.
1/1999 to Present:	Chairman, CEO and President of Fonix Corporation
6/1994 to 1/1999:	Founder, Executive Vice President and President of Fonix Corporation
9/1991 to 6/1994:	President of Studdert Company, Inc
11/1967 to 6/1991	Various management positions Shawmut National Corporation a large bank holding company in New England: Shawmut Bank of Boston, Coolidge Bank and Trust

### **Education**

1962- 1966	Bachelor of Science Degree in Political Science- The University of Utah
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## **Roger D. Dudley – Executive Vice President and Chief Financial Officer**

### **Highlights**

Co-Founder of Fonix Corporation. Prior to Fonix, Roger Dudley spent 15 years in the asset management, investment banking and real estate development and financing industry. The previous 5 years Mr. Dudley was employed by IBM in sales and marketing. He is married to Jane H. Dudley, they have four children.

### **Employment History**

- 1993-Present Executive Vice President and CFO, Fonix Corporation based in Salt Lake City, Utah.
- 1990-1993 Executive Vice President, Pacific American Advisors, Inc., a registered investment advisory firm based in Salt Lake City, Utah.
- 1987-1990 Vice President, Barlow Corporation, a real estate development company based in Chevy Chase, Maryland.
- 1983-1987 Vice President, Triad America, Inc., a real estate development company based in Salt Lake City, Utah.
- 1981-1983 Vice President, Berkley Capital Management, a real estate investment and management company based in New York.
- 1979-1981 Associate broker at Golder Corporation, a commercial real estate company based in Houston, Texas.
- 1973-1979 Marketing and sales representative for IBM in Salt Lake City, Utah.

## **William Dale Smith – Senior Vice President and General Manager**

### **Highlights**

Prior to Fonix Telecom, Inc., W. Dale Smith spent 5 years in the telecom industry and the previous 10 years operating his own company, D. Smith & Co., an international marketing and consulting firm. Between 1980 and 1984 he served as Deputy Secretary of the Commerce Cabinet and Commissioner of Commerce for the Development, Community Development, Department of Tourism, Department of Art and Film Development, Department of Fish and Wildlife, and Department of Parks and Recreation. He was responsible for managing global offices on four (4) continents. Prior to 1980, Mr. Smith spent 11 years with Sonoco Products Co. in positions of administration, production and executive sales, ultimately becoming regional marketing and sales manager for the Southern Region for the flexible packaging division. Mr. Smith is a 1969 graduate of Charleston Southern University with a Bachelor of Science degree in Economics and Business and Administration. He has been married for 35 plus years to Linda Young Smith and they have one son, Chad.

## **Employment History**

- 1999-Present Senior Vice President and General Manager of Fonix Telecom, Inc., and President of local Fonix CLEC providing new and traditional telephony products.
- 1985-1998 Principal in D. Smith & Company, and the Habersham Group, an international marketing and services company.
- 1980-1984 Commissioner of Commerce where primary responsibilities by legislative mandate were: development of job opportunities for state residents; attraction of capital investment in new and expanding manufacturing operations with resulting growth in state and local tax revenues and the creation of jobs for residents.
- 1969-1980 Various management positions within Sonoco Products Company

## **Education**

- 1965-1969 BS Degrees in Marketing and Economics - Charleston Southern University, SC

## **Matthew C. Sines – VP of Operations**

### **Highlights**

- 27 years of industry experience from start up to large corporation; hands on to executive.
- Unique blend of experience: Engineering, Information Technologies, Operations, Sales & Marketing.
- Strong technical skills: BPL, IP networks, VoIP, vpns, voice, data, wireless, fiber, RF, switching, network design, OSS systems design and development, project management and implementation.
- Strong leadership skills: 350 man organization performing nationwide local service implementation/support, COO role at two enterprises.

### **Employment History**

- April 2002 to Present Fonix Telecom, Inc. and local Fonix CLEC; Vice President of VoIP Sales, Information Technologies & Network Operations
- March 2000 to April 2002 EdgeConnections Inc.; Chief Operating Officer
- August 1986 to March 2000 MCI Worldcom; Information Technologies Director  
MCI Worldcom; Local Services Implementation Director

	MCI Technical Services Program Support; Senior Manager/Business Sales & Service Chief of Staff IntraLATA and International Fax Senior Product
Manager	
	Conference Calling Operations Senior Manager Regional Network Planning and Implementation
Manager	
	Network Management Center Manager Terminal Manager
April 1981 to August 1986	Satellite Business Systems Network Management Center Manager Staff Engineer
May 1978 to April 1981	Engineer

### **Education**

Master's Studies: Georgia Tech and Rutgers University  
Undergraduate: George Mason University/Northern Virginia Community College

### **Michael Britt – VP of Regulatory and Channel Development**

#### **Highlights**

Michael Britt has possesses thirteen+ years experience in the telecommunications industry including Vice President of Southern Telecom, Inc., a telecommunications company focused on full-service, wholesale telecom services in the Southeast. At the same time, he had responsibility for a small business incubator, Southern Company Energy Solutions, a company that takes a portfolio management approach to new retail mass-market business development. Previously, Mr. Britt served as the Director of Mass Market Strategy for Southern Company and as Assistant to the Vice President of Telecommunications Services. He has authored several professional articles relating to the telecom industry and has testified in congress to the Rural Caucus Telecommunications Subcommittee.

#### **Employment History**

2000–2005	VP Channel Development/Regulatory Affairs - Fonix Telecom Inc. and Fonix CLEC - Atlanta, GA
1997–2000	<i>Vice President – Southern Telecom, Inc.; Southern Company - Atlanta, GA</i>
1996-1997	<i>Asst to VP Telecommunications; Dir – Mass Market Strategy; Southern Company - Atlanta, GA</i>
1994-1996	<i>Award Winning Consulting Manager – Strategic Services – Utilities and Telecom Practices; Accenture -San Francisco, CA; Atlanta, GA</i>

- 1992-1993 *Manager – Utility and Telecom Regulatory consulting Practice; PA Consulting (formerly TB&A) - Atlanta, GA*
- 1991 *Founder & President; Global Recycled Products, Inc. - Atlanta, GA*
- 1990 *Summer Intern - International Corporate Finance; ING (NMB Bank) - Amsterdam, The Netherlands*
- 1985-1989 *Associate – Utility and Telecom Regulatory Practices; PA Consulting (TB&A acquired) - LA; Chicago; NYC*

### **Education**

- 1989-1991 University of Notre Dame South Bend, IN
- M.B.A., Finance and Management (USNews Ranking:33; WSJ: 15)
  - Graduated *Cum Laude*
- 1981-1985 University of Pennsylvania Philadelphia, PA
- B.A., English (USNews Ranking: 6)
  - Completed core requirements for Wharton School (Ranking: 3)
  - Completed credits for minor in Economics

# EXHIBIT C

## FINANCIAL DOCUMENTATION

As a start-up entity, the Applicant will rely on the financial backing of its parent company, Fonix Corporation, a publicly held corporation. As evidence of its financial capability to provide the necessary financial backing, Fonix Corporation submits its most current 10Q report.

A Letter of Guarantee from Fonix Corporation is also provided.



June 1, 2005

To Whom It May Concern:

The undersigned, a duly authorized representative of Fonix Corporation, a publicly held company incorporated in Delaware, and parent company of Fonix Telecom, Inc., does hereby make the following statement under penalty of perjury in support of Fonix Telecom, Inc.'s application for authority to operate as a telecommunications provider:

*Fonix Corporation agrees to provide financial support and backing for its subsidiary company, Fonix Telecom, Inc. in its efforts to become registered as a telecommunications service provider and to begin offering telecommunications services in the markets which it chooses to operate. Financial backing will be in an amount not to exceed \$150,000.00, and will extend for a period of twelve (12) months after certification. By example, and not by limitation, Fonix Corporation will provide Fonix Telecom, Inc. with the financial support necessary to purchase any requisite facilities and services it requires.*

Sincerely,

Thomas A. Murdock  
President of Fonix Corporation

Before me, a duly commissioned Notary Public, personally appeared Thomas A. Murdock, President of Fonix Corporation, who after being duly sworn as required by law, made the statements memorialized herein and executed this document on the 1<sup>st</sup> day of June, 2005.

Notary Public

(SEAL)

My Commission Expires:

Melissa M. Higginbotham  
Notary Public, Cobb County, Georgia  
My Commission Expires November 11, 2007



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark one)

- Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2005, or
- Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-23862

**Fonix Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**22-2994719**

(I.R.S. Employer Identification No.)

**9350 South 150 East, Suite 700**

**Sandy, Utah 84070**

(Address of principal executive offices with zip code)

**(801) 553-6600**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No .

Indicate by check mark whether the registrant is an accelerated filer (as defined in rule 12b-2 of the Exchange Act). Yes  No .

As of May 11, 2005, there were issued and outstanding 207,040,934 shares of our Class A common stock.

**FONIX CORPORATION  
FORM 10-Q**

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**Fonix Corporation and Subsidiaries**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	March 31, 2005	December 31, 2004
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 704,000	\$ 423,000
Accounts receivable	1,323,000	1,541,000
Subscriptions receivable	6,000	-
Prepaid expenses and other current assets	311,000	156,000
<b>Total current assets</b>	<b>2,344,000</b>	<b>2,120,000</b>
<b>Long-term investments</b>	<b>-</b>	<b>237,000</b>
<b>Property and equipment, net of accumulated depreciation of \$1,511,000 and \$1,456,000, respectively</b>	<b>344,000</b>	<b>236,000</b>
<b>Deposit in escrow</b>	<b>395,000</b>	<b>395,000</b>
<b>Deposits and other assets</b>	<b>1,120,000</b>	<b>1,072,000</b>
<b>Intangible assets, net of accumulated amortization of \$6,301,000 and \$5,453,000, respectively</b>	<b>10,723,000</b>	<b>12,309,000</b>
<b>Goodwill</b>	<b>2,631,000</b>	<b>2,631,000</b>
<b>Total assets</b>	<b>\$ 17,557,000</b>	<b>\$ 19,000,000</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities</b>		
Accrued liabilities	\$ 6,877,000	\$ 6,815,000
Accounts payable	5,383,000	5,225,000
Accrued payroll and other compensation	1,311,000	1,756,000
Deferred revenues	942,000	984,000
Notes payable - related parties	513,000	513,000
Current portion of notes payable	235,000	214,000
Deposits and other	203,000	193,000
<b>Total current liabilities</b>	<b>15,464,000</b>	<b>15,700,000</b>
<b>Long-term notes payable, net of current portion</b>	<b>5,484,000</b>	<b>5,358,000</b>
<b>Total liabilities</b>	<b>20,948,000</b>	<b>21,058,000</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' deficit</b>		
Preferred stock, \$0.0001 par value; 50,000,000 shares authorized;		
Series A, convertible; 166,667 shares outstanding (aggregate liquidation preference of \$6,055,000)	500,000	500,000
Series H, nonconvertible; 2,000 shares outstanding (aggregate liquidation preference of \$20,000,000)	4,000,000	4,000,000
Series I, convertible; 1,350 and 2,250 shares outstanding, respectively (aggregate liquidation preference of \$1,350,000)	1,350,000	2,250,000
Common stock, \$0.0001 par value; 800,000,000 shares authorized;		
Class A voting, 177,095,324 and 131,200,170 shares outstanding, respectively	18,000	13,000
Class B non-voting, none outstanding	-	-
Additional paid-in capital	220,989,000	217,061,000
Outstanding warrants to purchase Class A common stock	735,000	735,000
Cumulative foreign currency translation adjustment	19,000	8,000
Accumulated deficit	(231,002,000)	(226,625,000)
<b>Total stockholders' deficit</b>	<b>(3,391,000)</b>	<b>(2,058,000)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 17,557,000</b>	<b>\$ 19,000,000</b>

See accompanying notes to condensed consolidated financial statements.

**Fonix Corporation and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE LOSS**  
(Unaudited)

<u>Three Months Ended March 31,</u>	<u>2005</u>	<u>2004</u>
Revenues	\$ 4,223,000	\$ 1,925,000
Cost of revenues	2,187,000	792,000
Gross profit	2,036,000	1,133,000
Expenses:		
Selling, general and administrative	3,415,000	2,331,000
Amortization of intangible assets	1,586,000	593,000
Product development and research	520,000	799,000
Total expenses	5,521,000	3,723,000
Other income (expense):		
Interest income	13,000	5,000
Gain on forgiveness of liabilities	-	481,000
Interest expense	(742,000)	(238,000)
Gain on sale of investments	134,000	-
Other expense, net	(595,000)	248,000
Net loss	(4,080,000)	(2,342,000)
Preferred stock dividends	(297,000)	(2,986,000)
Loss attributable to common stockholders	\$ (4,377,000)	\$ (5,328,000)
Basic and diluted loss per common share	\$ (0.03)	\$ (0.08)
Net loss	\$ (4,080,000)	\$ (2,342,000)
Other comprehensive (loss) income - foreign currency translation	(11,000)	13,000
Comprehensive loss	\$ (4,091,000)	\$ (2,329,000)

See accompanying notes to condensed consolidated financial statements.

**Fonix Corporation and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

<b>Three Months Ended March 31,</b>	<b>2005</b>	<b>2004</b>
<b>Cash flows from operating activities</b>		
Net loss	\$ (4,080,000)	\$ (2,342,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock issued for interest expense related to McCormack Note	125,000	-
Accretion of discount on notes payable	185,000	66,000
Gain on sale of long-term assets	(134,000)	-
Gain on forgiveness of liabilities		(481,000)
Amortization of intangibles	1,586,000	593,000
Depreciation and amortization	37,000	33,000
Equity in net loss of affiliate	-	-
Gain on sale of affiliate	-	-
Foreign exchange loss (gain)	11,000	(13,000)
Changes in assets and liabilities, net of effects from purchase of LTEL:		
Accounts receivable	218,000	150,000
Inventory	-	3,000
Prepaid expenses and other current assets	(155,000)	(261,000)
Other assets	(48,000)	7,000
Accounts payable	158,000	(1,233,000)
Accrued payroll and other compensation	(445,000)	(2,241,000)
Other accrued liabilities	25,000	308,000
Deferred revenues	(42,000)	(67,000)
<b>Net cash used in operating activities</b>	<b>(2,559,000)</b>	<b>(5,478,000)</b>
<b>Cash flows from investing activities</b>		
Cash received in connection with LTEL acquisition	-	47,000
Proceeds from sale of long term investment	371,000	-
Payments of deposit into escrow	-	(113,000)
Purchase of property and equipment	(145,000)	(18,000)
<b>Net cash (used in) provided by investing activities</b>	<b>226,000</b>	<b>(84,000)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of Class A common stock, net	2,652,000	5,624,000
Proceeds from issuance of Series I Preferred Stock	-	3,010,000
Payment of dividend on Series H Preferred Stock	-	(100,000)
Principal payments on notes payable	(60,000)	(91,000)
Proceeds from note payable	22,000	-
<b>Net cash provided by financing activities</b>	<b>2,614,000</b>	<b>8,443,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>281,000</b>	<b>2,881,000</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>423,000</b>	<b>50,000</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 704,000</b>	<b>\$ 2,931,000</b>

See accompanying notes to condensed consolidated financial statements.

**Fonix Corporation and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
**(Unaudited)**

**Supplemental schedule of noncash investing and financing activities**

**For the Three Months Ended March 31, 2005:**

Issued 10,054,561 shares of Class A common stock in conversion of 900 shares of Series I Convertible Preferred Stock.

Issued 1,384,275 shares of Class A common stock as payment of \$250,000 of dividends on Series H Preferred Stock.

Issued 655,162 shares of Class A common stock as payment of \$124,000 interest on long-term debt.

Accrued \$47,000 of dividends on Series I Preferred Stock.

Accrued \$250,000 of dividends on Series H Preferred Stock

**For the Three Months Ended March 31, 2004:**

Issued 3,730,196 shares of Class A common stock for \$1,314,000 in subscriptions receivable.

Issued 1,463,753 shares of Class A common stock in full satisfaction of \$292,000 of liabilities.

The Company purchased all of the capital stock of LTEL Holdings Corporation for \$12,800,000. In conjunction with the acquisition, the Company acquired \$22,259,000 of assets and assumed \$9,459,000 of liabilities of LTEL Holdings Corporation by the issuance of 7,036,801 shares of Class A common stock valued at \$4,176,000, the issuance of 2,000 shares of 5% Series H nonvoting, nonconvertible preferred stock valued at \$4,000,000 and the issuance of a 5% \$10,000,000 promissory note valued at \$4,624,000.

See accompanying notes to condensed consolidated financial statements.

**Fonix Corporation and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The accompanying unaudited condensed consolidated financial statements of Fonix Corporation and subsidiaries (collectively, the "Company" or "Fonix") have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the following disclosures are adequate to make the information presented not misleading. The Company suggests that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's 2004 Annual Report on Form 10-K.

These condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) that, in the opinion of management, are necessary to present fairly the financial position and results of operations of the Company for the periods presented. The Company's business strategy is not without risk, and readers of these condensed consolidated financial statements should carefully consider the risks set forth under the heading "Certain Significant Risk Factors" in the Company's 2004 Annual Report on Form 10-K.

Operating results for the three months ended March 31, 2005, are not necessarily indicative of the results that may be expected for the year ending December 31, 2005.

**Nature of Operations** - Fonix Corporation and its subsidiaries are engaged in providing integrated telecommunications services through Fonix Telecom, Inc., and value-added speech-enabling technologies through The Fonix Speech Group. Through Fonix Telecom, Inc., the Company operates LecStar Telecom, Inc., a regional provider of telecommunications services in the Southeastern United States, and LecStar DataNet, Inc., a provider of Internet services. (LecStar Telecom, Inc., and LecStar DataNet are collectively referred to in this report as "LecStar.")

The Company offers its speech-enabling technologies including automated speech recognition ("ASR") and text-to-speech ("TTS") through The Fonix Speech Group. The Company offers ASR and TTS technologies to markets for wireless and mobile devices, computer telephony, server solutions and personal software for consumer applications. The Company has received various patents for certain elements of its core technologies and has filed applications for other patents covering various aspects of its technologies. The Company seeks to develop relationships and strategic alliances with third-party developers and vendors in telecommunications, computers, electronic devices and related industries, including producers of application software, operating systems, computers and microprocessor chips. Revenues relating to the speech-enabling technologies are generated through licensing agreements, maintenance contracts and services.

LecStar's telecommunication services include wireline voice, data, long distance and Internet services to business and residential customers. LecStar Telecom, Inc., is certified by the Federal Communications Commission in nine states—Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee—as a competitive local exchange carrier ("CLEC") to provide regulated local, long distance and international telecommunications services. LecStar DataNet, Inc., provides non-regulated telecommunication services including Internet access.

**Business Condition** - For the three months ended March 31, 2005 and 2004, the Company generated revenues of \$4,223,000 and \$1,925,000, respectively, incurred net losses of \$4,080,000 and \$2,342,000, respectively and had negative cash flows from operating activities of \$2,559,000 and \$5,478,000, respectively. As of March 31, 2005, the Company had an accumulated deficit of \$231,002,000, negative working capital of \$13,120,000, accrued liabilities of \$6,877,000, accounts payable of \$5,383,000 and accrued employee wages and other compensation of \$1,311,000. The Company expects to continue to incur significant losses and negative cash flows from operating activities through at least December 31, 2005, primarily due to significant expenditure requirements associated with continued marketing and development of its speech-enabling technologies and further developing its telecommunications services business.

The Company's cash resources, limited to collections from customers, draws on the Sixth Equity Line and loans,

**Fonix Corporation and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

have not been sufficient to cover operating expenses. As a result, payments to employees and vendors have been delayed. The Company has not been declared in default under the terms of any material agreements.

These factors, as well as the risk factors set out in the Company's Annual Report on Form 10-K for the year ended December 31, 2004, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management plans to fund future operations of the Company through revenues generated from its telecommunications operations, from cash flows from future license and royalty arrangements and with proceeds from additional issuance of debt and equity securities. There can be no assurance that management's plans will be successful.

**Net Loss Per Common Share** - Basic and diluted net loss per common share are calculated by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. As of March 31, 2005 and 2004, there were outstanding common stock equivalents to purchase 47,349,772 and 28,542,535 shares of common stock, respectively, that were not included in the computation of diluted net loss per common share as their effect would have been anti-dilutive, thereby decreasing the net loss per common share.

The following table is a reconciliation of the net loss numerator of basic and diluted net loss per common share for the three months ended March 31, 2005 and 2004:

<b>Three Months Ended March 31,</b>	<b>2005</b>		<b>2004</b>	
	<b>Amount</b>	<b>Per Share Amount</b>	<b>Amount</b>	<b>Per Share Amount</b>
Net loss	\$ (4,080,000)		\$ (2,342,000)	
Preferred stock dividends	(297,000)		(2,986,000)	
Net loss attributable to common stockholders	\$ (4,377,000)	\$ (0.03)	\$ (5,328,000)	\$ (0.08)
Weighted-average common shares outstanding	151,847,235		66,167,869	

**Imputed Interest Expens** - Interest is imputed on long-term debt obligations where management has determined that the contractual interest rates are below the market rate for instruments with similar risk characteristics.

**Comprehensive Loss** - Other comprehensive loss as presented in the accompanying condensed consolidated financial statements consists of cumulative foreign currency translation adjustments.

**Intangible Assets** - Customer base, contracts and agreements and brand names are amortized over their estimated useful lives unless they are deemed to have indefinite useful lives. For intangible assets subject to amortization, an impairment charge is recognized if the carrying amount is not recoverable and the carrying amount exceeds the fair value of the intangible asset. Intangible assets deemed to have indefinite useful lives, primarily the LecStar brand name, are not amortized, are tested for impairment on a quarterly basis and impairment is recognized if the carrying amount is not recoverable or exceeds its fair value.

**Revenue Recognition** - The Company recognizes revenue when pervasive evidence of an arrangement exists; services have been rendered or products have been delivered; the price to the buyer is fixed and determinable; and collectibility is reasonably assured. Revenues are recognized by the Company based on the various types of transactions generating the revenue. For software sales, the Company recognizes revenues in accordance with the provisions of Statement of Position No. 97-2, "Software Revenue Recognition," and related interpretations. The Company generates revenues from licensing the rights to its software products to end users and from royalties. For telecommunications services, revenue is recognized in the period that the service is provided.

For The Fonix Speech Group, revenue of all types is recognized when acceptance of functionality, rights of return, and price protection are confirmed or can be reasonably estimated, as appropriate. Revenue for hardware units delivered is recognized when delivery is verified and collection assured.



**Fonix Corporation and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

Revenue for products distributed through wholesale and retail channels and through resellers is recognized upon verification of final sell-through to end users, after consideration of rights of return and price protection. Typically, the right of return on such products has expired when the end user purchases the product from the retail outlet. Once the end user opens the package, it is not returnable unless the medium is defective.

When arrangements to license software products do not require significant production, modification or customization of software, revenue from licenses and royalties are recognized when persuasive evidence of a licensing arrangement exists, delivery of the software has occurred, the fee is fixed or determinable, and collectibility is probable. Post-contract obligations, if any, generally consist of one year of support including such services as customer calls, bug fixes, and upgrades. Related revenue is recognized over the period covered by the agreement. Revenues from maintenance and support contracts are also recognized over the term of the related contracts.

Revenues applicable to multiple-element fee arrangements are bifurcated among the elements such as license agreements and support and upgrade obligations using vendor-specific objective evidence of fair value. Such evidence consists primarily of pricing of multiple elements as if sold as separate products or arrangements. These elements vary based upon factors such as the type of license, volume of units licensed, and other related factors.

For Fonix Telecom, Inc., the Company's telecommunications revenue is comprised of two main components: (1) fees paid by business and residential subscribers of voice and data services and (2) carrier access fees. Subscriber revenues include monthly recurring charges, usage charges and non-recurring charges. Monthly recurring charges are flat monthly fees for local phone and data services. Usage charges, which primarily include long distance fees, are generally billed on a per-minute or per-call basis. Non-recurring charges are generally one-time charges for installation or changes to the subscriber's service. Carrier access fees are paid to the Company by other telecommunications carriers as compensation for originating and terminating the carriers' long distance traffic.

Deferred revenue as of March 31, 2005, and December 31, 2004, consisted of the following:

Description	Criteria for Recognition	March 31, 2005	December 31, 2004
Deferred unit royalties and license fees	Delivery of units to end users or expiration of contract	\$ 447,000	\$ 458,000
Telecom deferred revenue	Service provided for customer	495,000	526,000
Total deferred revenue		<u>\$ 942,000</u>	<u>\$ 984,000</u>

**Cost of Revenues** - Cost of revenues from telecommunications services consists mainly of billings from the incumbent local exchange carriers ("ILECs") for access to the ILEC's network. With respect to The Fonix Speech Group, cost of revenues from license, royalties, and maintenance consists of costs to distribute the product, installation and support personnel compensation, amortization and impairment of capitalized speech software costs, licensed technology, and other related costs. Cost of service revenues consists of personnel compensation and other related costs.

**Software Technology Development and Production Costs** - All costs incurred to establish the technological feasibility of speech software technology to be sold, leased, or otherwise marketed are charged to product development and research expense. Technological feasibility is established when a product design and a working model of the software product have been completed and confirmed by testing. Costs to produce or purchase software technology incurred subsequent to establishing technological feasibility are capitalized. Capitalization of software costs ceases when the product is available for general release to customers. Costs to perform consulting or development services are charged to cost of revenues in the period in which the corresponding revenues are recognized. The cost of maintenance and customer support is charged to expense when related revenue is recognized or when these costs are incurred, whichever occurs first.

**Fonix Corporation and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

**Stock-based Compensation Plans** - The Company accounts for its stock-based compensation issued to non-employees using the fair value method in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation." Under SFAS No. 123, stock-based compensation is determined as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The measurement date for these issuances is the earlier of the date at which a commitment for performance by the recipient to earn the equity instruments is reached or the date at which the recipient's performance is complete.

At March 31, 2005, the Company had stock-based employee compensation plans. The Company accounts for the plans under the recognition method and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and the related Interpretations. Under APB Opinion No. 25, compensation related to stock options, if any, is recorded if an option's exercise price on the measurement date is below the fair value of the Company's common stock, and amortized to expense over the vesting period. Compensation expense for stock awards or purchases, if any, is recognized if the award or purchase price on the measurement date is below the fair value of the Company's common stock, and is recognized on the date of award or purchase. The effect on net loss and net loss per common share if the Company had applied the fair value recognition provisions of SFAS No. 123 to employee stock-based compensation is as follows:

<b>Three Months Ended March 31,</b>	<b>2005</b>	<b>2004</b>
Net loss, as reported	\$ (4,080,000)	\$ (2,342,000)
Add back: Total stock-based employee compensation	-	-
Deduct: Total stock-based employee compensation determined under fair value based method for all awards	(22,000)	(49,000)
<b>Pro forma net loss</b>	<b>\$ (4,102,000)</b>	<b>\$ (2,391,000)</b>
Basic and diluted net loss per common share:		
As reported	\$ (0.03)	\$ (0.08)
Pro forma	(0.03)	(0.08)

**2. ACQUISITIONS**

**LecStar Acquisition** - On February 24, 2004, Fonix acquired all of the capital stock of LTEL Holdings Corporation ("LTEL") and its wholly owned subsidiaries, LecStar Telecom, Inc., and LecStar DataNet, Inc. (collectively "LecStar"). The results of LecStar's operations are included in the consolidated financial statements from February 24, 2004. LecStar is a regional provider of communications services, including wireline voice, data, long distance and Internet services, to business and residential customers in the Southeastern United States. LecStar Telecom, Inc., is certified by the Federal Communications Commission in nine states as a competitive local exchange carrier ("CLEC") to provide regulated local, long distance and international telecommunications services. LecStar DataNet, Inc., provides non-regulated telecommunications services such as Internet access.

The following pro forma information is presented to reflect the operations of the Company and LTEL on a combined basis as if the acquisition of LTEL had been completed as of the beginning of the three-month period ended March 31, 2004:

	<b>Three Months Ended March 31, 2004</b>
Revenues	\$ 5,029,000
Net loss	\$ (3,842,000)
Basic and diluted net loss per common share	\$ (0.10)

**Empire One Telecommunications, Inc Acquisition** - On November 19, 2004, the Company signed a Merger Agreement (the "Agreement") that set forth the principal terms on which Fonix would acquire Empire One Telecommunications, Inc., ("EOT"), a Brooklyn, New York-based CLEC. EOT is a regional provider of communications services, including wireline voice, data, long distance and Internet services, to business and residential customers in 16 states and the District of Columbia. The closing of the EOT transaction (as anticipated

**Fonix Corporation and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

by the Agreement) is subject to several conditions including, among others, the completion of necessary regulatory approvals.

There can be no assurance that Fonix will complete this acquisition.

**3. GOODWILL AND INTANGIBLE ASSETS**

**Goodwill** - Goodwill relates solely to our speech-enabling business segment of The Fonix Speech Group. The carrying value of goodwill is assessed for impairment quarterly. These assessments resulted in no impairment and the carrying value of goodwill remained unchanged at \$2,631,000 for the three months ended March 31, 2005.

**Intangible Assets** - The components of other intangible assets at March 31, 2005, which all relate to Fonix Telecom, Inc., were as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer base – business	\$ 8,139,000	\$ (2,672,000)	\$ 5,467,000
Customer base – residential	6,291,000	(2,963,000)	3,328,000
Contracts and agreements	1,484,000	(666,000)	818,000
<b>Total Amortizing Intangible Assets</b>	<b>15,914,000</b>	<b>(6,301,000)</b>	<b>9,613,000</b>
Indefinite-lived Intangible Assets:			
Brand name	1,110,000	--	1,110,000
<b>Total Intangible Assets</b>	<b>\$ 17,024,000</b>	<b>\$ (6,301,000)</b>	<b>\$10,723,000</b>

Customer base amortization was \$1,300,000 during the three months ended March 31, 2005, and amortization related to contracts and agreements was \$285,000 for the same period. All amortization expense is charged to selling, general and administrative expense. At June 30, 2004, the Company recognized an impairment loss on the contracts and agreements intangible asset acquired in connection with the LecStar acquisition of \$738,000 based on estimated future cash flows. No further impairment was required at March 31, 2005.

Estimated aggregate amortization expense for the nine months ending December 31, 2004, and each of the succeeding three full years is as follows:

2005	\$ 4,815,000
2006	3,743,000
2007	1,151,000
2008	0

**4. NOTES PAYABLE**

During the first quarter of 2003, the Company entered into a promissory note with an unrelated third party converting accounts payable for outstanding lease payments of \$114,000 to a note payable. This note accrued interest at 10% annually and was paid in full during the quarter ended March 31, 2004.

In connection with the acquisition of the capital stock of LTEL in 2004, the Company issued a 5%, \$10,000,000, secured, six-year note payable to McCormack Avenue, Ltd. Under the terms of the note payable, quarterly interest-only payments were required through January 15, 2005, with quarterly principal and interest payments of \$319,000 beginning April 2005 and continuing through January 2010. Interest on the promissory note is payable in cash or, at the Company's option, in shares of the Company's Class A common stock. The note is secured by the capital stock and all of the assets of LTEL and its subsidiaries. The note was valued at \$4,624,000 based on an imputed interest rate of 25 percent per annum. The note has a mandatory prepayment clause wherein the Company is required to make prepayments in any given month where the Company receives net proceeds in excess of \$900,000 from the

**Fonix Corporation and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

Fifth Equity Line (or replacements thereof with the Equity Line Investor). The required prepayment is calculated by multiplying the net proceeds received over \$900,000 by 33%. From December 2004 through March 31, 2005, the Company had made mandatory prepayments on the note of \$415,000.

The discount on the note is based on an imputed interest rate of 25%. The unpaid principal amount of the note at March 31, 2005 was \$9,585,000. The carrying amount of the note was \$5,008,000 at March 31, 2005, was net of unamortized discount of \$4,577,000. The Company elected to make the April 15, 2005, principal and interest payment under the note in stock.

On February 28, 2003, LecStar established an asset securitization facility which provided LecStar with \$750,000. Assets securitized under this facility consist of executory future cash flows from LecStar customers in the states of Georgia, Tennessee, Florida, and Louisiana. LecStar has pledged its interest in the special purpose securitization facility, LecStar Telecom Ventures LLC, and customer accounts receivable to the lender. The Company has recorded the \$750,000 as a note payable in its consolidated financial statements. The note bears an interest rate of 6.5% and is due on February 27, 2007, with 24 equal monthly installments beginning on March 6, 2005.

The following schedule summarizes the Company's current debt obligations and respective balances at March 31, 2005, and December 31, 2004:

<u>Notes Payable</u>	<u>March 31, 2005</u>	<u>December 31, 2004</u>
5% Note payable to a company, quarterly installments of \$319,000, matures January 2010, interest imputed at 25%, net of \$4,577,000 and \$4,762,000 unamortized discount	\$ 5,008,000	\$ 4,822,000
Note payable to a company, due in monthly installments of \$23,000, interest at 6.5%, matures on January 2008, collateralized by trade accounts receivable	711,000	750,000
Note payable to related parties, interest at 12%, matures June 2005.	435,000	435,000
Note payable to a company, interest at 10%	-	-
Note payable related parties, interest at 5%, matures December 2005.	<u>78,000</u>	<u>78,000</u>
Total notes payable	6,232,000	6,085,000
Less current maturities	<u>(748,000)</u>	<u>(727,000)</u>
Long-Term Note Payable	<u>\$ 5,484,000</u>	<u>\$ 5,358,000</u>

**5. RELATED-PARTY NOTES PAYABLE**

In connection with the acquisition of certain entities in 1998, the Company issued unsecured demand notes payable to former stockholders of the acquired entities in the aggregate amount of \$1,710,000. Of the notes payable, \$78,000 remained unpaid as of March 31, 2005. During 2000, the holders of these notes made demand for payment and the Company commenced negotiating with the holders of these notes to reduce the outstanding balance. No additional demands have been made and no payments have been made by the Company to the holders of these notes.

During 2002, two executive officers of the Company (the "Lenders") sold shares of the Company's Class A common stock owned by them and advanced the resulting proceeds amounting to \$333,000 to the Company under the terms of a revolving line of credit and related promissory note. The funds were advanced for use in Company

**Fonix Corporation and Subsidiaries**  
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operations. The advances bear interest at 12 percent per annum, which interest is payable on a semi-annual basis. The entire principal, along with unpaid accrued interest and any other unpaid charges or related fees, were originally due and payable on June 10, 2003. The Company and the Lenders agreed to postpone the maturity date on several occasions. The note is presently due June 30, 2005. After December 11, 2002, all or part of the outstanding balance and unpaid interest became convertible at the option of the Lenders into shares of Class A common stock of the Company. The conversion price was the average closing bid price of the shares at the time of the advances. To the extent the market price of the Company's shares is below the conversion price at the time of conversion, the Lenders are entitled to receive additional shares equal to the gross dollar value received from the original sale of the shares. A beneficial conversion option of \$15,000 was recorded as interest expense in connection with this transaction. The Lenders may also receive additional compensation as determined appropriate by the Board of Directors.

In October 2002, the Lenders pledged 30,866 shares of the Company's Class A common stock to the Equity Line Investor in connection with an advance of \$183,000 to the Company under the Third Equity Line. The Equity Line Investor subsequently sold the pledged shares and applied \$82,000 of the proceeds as a reduction of the advance. The value of the pledged shares of \$82,000 was treated as an additional advance from the Lenders under the revolving line of credit.

During the fourth quarter of 2003, the Company made a principal payment of \$26,000 against the outstanding balance of the promissory note. At September 30, 2004 the Company entered into an agreement with the holders of the promissory note to increase the balance of the note payable by \$300,000 in exchange for a release of the \$1,443,000 of accrued liabilities related to prior indemnity agreements between the company and the note holders. The Company classified the release of \$1,443,000 as a capital contribution during the fourth quarter of 2004. The Company made principal payments against the note of \$253,000 during the year ended December 31, 2004. The remaining balance due at March 31, 2005 was \$435,000.

The unpaid balance of \$435,000 is secured by a second priority security interest in the Company's intellectual property rights. As of March 31, 2005, the Lenders had not converted any of the outstanding balance or interest into common stock.

#### **6. SERIES D CONVERTIBLE DEBENTURES**

On October 11, 2002, the Company issued \$1,500,000 of Series D 12% Convertible Debentures (the "Debentures"), due April 9, 2003, and 194,444 shares of Class A common stock to The Breckenridge Fund, LLC ("Breckenridge"), an unaffiliated third party, for \$1,500,000 before offering costs of \$118,000. The outstanding principal amount of the Debentures was convertible at any time at the option of the holder into shares of the Company's common stock at a conversion price equal to the average of the two lowest closing bid prices of the Company's Class A common stock for the twenty trading days immediately preceding the conversion date, multiplied by 90%.

In connection with the issuance of the Debentures, the Company issued, as collateral to secure its performance under the Debenture, 2,083,333 shares of Class A common stock (the "Collateral Shares"), which were placed into an escrow pursuant to an escrow agreement. Under the escrow agreement, the Collateral Shares were not released to Breckenridge unless the Company was delinquent with respect to payments under the Debenture.

The Debentures were originally due April 9, 2003. However, the Company and Breckenridge agreed in January 2003 to modify the terms of the Debentures requiring principal and interest payments from January through May 2003 totaling \$1,540,000. Additionally, the Company agreed to release 237,584 of the Collateral Shares to Breckenridge as consideration (the "Released Shares") for revising the terms of the purchase agreement. The additional shares were accounted for as an additional discount to the Debentures of \$285,000.

As part of the Debenture agreement, the Company was required to pay Breckenridge a placement fee in the amount of \$350,000 payable in stock at the conclusion of the Debenture. The Company satisfied the obligation through the issuance of 2,000,000 shares of the Company's Class A common stock valued at \$358,000, or \$0.179 per share and 377,717 shares of the Company's Class A common stock valued at \$59,000, or \$0.157 per share. The Company recorded the expense as interest expense during December 2003.

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In March 2004, the Company discovered that during 2003 an aggregate of 2,277,778 shares of Class A common stock (the "Unauthorized Shares") were improperly transferred to the Debenture holder as a result of (i) the unauthorized release from escrow of the Collateral Shares (net of the Released Shares), and (ii) the transfer to the Debenture holder of a duplicate certificate for 194,445 shares where the original certificate was not returned to the transfer agent for cancellation. The Unauthorized Shares were, therefore, in excess of the shares the Debenture holder was entitled to receive. No consideration was paid to or received by the Company for the Unauthorized Shares during 2003; therefore, the Company did not recognize the Unauthorized Shares as being validly issued during 2003 nor subsequently. Accordingly, the Company does not deem the Unauthorized Shares to be validly outstanding and the transfer of the Unauthorized Shares to the Debenture holder has not been recognized in the accompanying consolidated financial statements.

Upon discovering in March 2004 that the Unauthorized Shares had been improperly transferred to the Debenture holder, the Company attempted to settle the matter with the Debenture holder but was unable to reach a settlement. Accordingly, on May 3, 2004, the Company filed a lawsuit against the Debenture holder, alleging the improper transfer to and subsequent sale of the Unauthorized Shares by the Debenture holder. The lawsuit was subsequently dismissed without prejudice and refilled on October 12, 2004. The complaint seeks (i) a declaratory judgment that the Company may set off the fair value of the Unauthorized Shares against the value the Company owes to the Debenture holder in connection with the Series I Preferred Stock transaction (see Note 7), (ii) judgment against the Debenture holder for the fair value of the Unauthorized Shares, and (iii) punitive damages from the Debenture holder for improper conversion of the Unauthorized Shares.

#### **7. PREFERRED STOCK**

The Company's certificate of incorporation allows for the issuance of preferred stock in such series and having such terms and conditions as the Company's board of directors may designate.

**Series A Convertible Preferred Stock** - At March 31, 2005, there were 166,667 shares of Series A convertible preferred stock outstanding. Holders of the Series A convertible preferred stock have the same voting rights as common stockholders, have the right to elect one person to the board of directors and are entitled to receive a one time preferential dividend of \$2.905 per share of Series A convertible preferred stock prior to the payment of any dividend on any class or series of stock. At the option of the holders, each share of Series A convertible preferred stock is convertible into one share of Class A common stock and in the event that the common stock price has equaled or exceeded \$10 per share for a 15 day period, the shares of Series A convertible preferred stock will automatically be converted into Class A common stock. In the event of liquidation, the holders are entitled to a liquidating distribution of \$36.33 per share and a conversion of Series A convertible preferred stock at an amount equal to .0375 shares of common stock for each share of Series A convertible preferred stock.

**Series H Preferred Stock** - The Company issued 2,000 shares of 5% Series H nonvoting, nonconvertible preferred stock with a stated value of \$10,000 per share on February 24, 2004. The Series H Preferred Stock is carried at \$4,000,000 or \$2.00 per share.

Dividends on the stated value of the outstanding Series H Preferred Stock are payable at the rate of 5% per annum as and when declared by the Board of Directors. The annual dividend requirement is \$1,000,000. If dividends are declared on Fonix's common stock, as a condition of that dividend, Fonix is required to pay 3% of the aggregate amount of such dividend to the holders of the Series H Preferred Stock. Dividends on the Series H Preferred Stock are payable in cash or, at the option of Fonix, in shares of Class A common stock.

In the event of a voluntary or involuntary liquidation, dissolution or winding up of Fonix, the funds available for distribution, after payment to creditors and then to the holders of Fonix's Series A preferred stock of their liquidation payment, but before any liquidation payments to holders of junior preferred stock or common stock, would be payable to the holders of the Series H Preferred Stock (and any other subsequently created class of preferred stock having equal liquidation rights with the Series H Preferred Stock) in an amount equal to the stated value of the then outstanding Series H Preferred Stock plus any unpaid accumulated dividends thereon. The closing of any transaction or series of transactions involving the sale of all or substantially all of the assets of Fonix, LTEL or a merger, reorganization or other transaction in which holders of a majority of the outstanding voting control of Fonix do not continue to own a majority of the outstanding voting shares of the surviving corporation would be deemed to

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be a liquidation entitling the holders of the Series H Preferred Stock, at their option, to the payments described above.

Fonix has the option, but not the obligation, exercisable at any time, to redeem all or any portion of the outstanding Series H Preferred Stock. The redemption price is equal to any unpaid accumulated dividends on the redeemed shares plus a percentage of the \$10,000 per share stated value of the redeemed shares, based on the date the redemption occurs in relation to the original issuance date as follows: before the second anniversary - 102%; thereafter but before the third anniversary - 104%; thereafter but before the fourth anniversary - 106% and thereafter - 108%. If shares of Series H Preferred Stock are redeemed, additional Series H Preferred Stock dividends will be recognized on the date of redemption in an amount equal to the difference between the amount paid to redeem the shares and their original fair value at the date of issuance of \$2,000 per share.

Under the terms of the Series H Preferred Stock, the consent of the holders of 66% of the outstanding Series H Preferred Stock is required in order to:

- issue securities with any rights senior to or on parity with the Series H Preferred Stock;
- sell substantially all of Fonix's assets, grant any exclusive rights or license to Fonix's products or intangible assets (except in the ordinary course of business), or merge with or consolidate into any other entity in a transaction or series of related transactions, except during periods after the stated value of the outstanding Series H Preferred Stock is less than \$5,000,000;
- redeem any outstanding equity securities, except for previously issued options, warrants, or preferred stock, except during periods after the stated value of the outstanding Series H Preferred Stock outstanding is less than \$5,000,000; or
- make any changes in the rights, preferences, or privileges of the Series H Preferred Stock or amend the certificate of incorporation or bylaws.

**Series I Convertible Preferred Stock** - On October 24, 2003, the Company entered into a private placement of shares of its Class A common stock with The Breckenridge Fund, LLC, a New York limited liability company ("Breckenridge"). Under the terms of the private placement, Breckenridge agreed to purchase 1,043,478 shares of our Class A common stock for \$240,000 (the "Private Placement Funds").

Subsequent to the Company's receiving the Private Placement Funds, but before any shares were issued in connection with the private placement, the Company agreed with Breckenridge to rescind the private placement of the shares and to restructure the transaction. The Company retained the Private Placement Funds as an advance in connection with the restructured transaction. The Company paid no interest or other charges to Breckenridge for use of the Private Placement Funds.

Following negotiations with Breckenridge, on January 29, 2004, the Company issued to Breckenridge 3,250 shares of 8% Series I Convertible Preferred Stock (the "Series I Preferred Stock"), for an aggregate purchase price of \$3,250,000, including the Private Placement Funds which the Company had already received. The Company received the proceeds from the issuance of the Series I Preferred Stock in January 2004. The Series I Preferred Stock was issued under a purchase agreement (the "Purchase Agreement") dated as of December 31, 2003. The Series I Preferred Stock has a stated value of \$1,000 per share.

In connection with the offering of the Series I Preferred Stock, the Company also issued to Breckenridge warrants to purchase up to 965,839 shares of the Company's Class A common stock at \$0.50 per share, exercisable through December 31, 2008, and issued 2,414,596 shares of Class A common stock.

In connection with the issuance of the Series I Preferred Stock, the Company agreed to register the resale by Breckenridge of the Class A common shares issued and the Class A common shares issuable upon conversion of the Series I Preferred Stock, issuable as payment of dividends accrued on the Series I Preferred Stock and issuable upon exercise of the warrants.

Dividends on the Series I Preferred Stock are payable at the annual rate of 8% of the stated value of the shares of Series I Preferred Stock outstanding. The dividends are payable in cash or shares of our Class A common stock, at

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the Company's option. Aggregate annual dividend requirements for the Series I Preferred Stock are \$260,000. As of March 31, 2005, the Company had accrued dividends of \$304,000 on its Series I Preferred Stock.

In the event of a voluntary or involuntary liquidation, dissolution or winding up of Fonix, the funds available for distribution, after payment to creditors and then to the holders of Fonix's Series A preferred stock of their liquidation payment, but before any liquidation payments to holders of junior preferred stock or common stock, would be payable to the holders of the Series I Preferred Stock in an amount equal to the stated value of the then outstanding Series I Preferred Stock plus any unpaid accumulated dividends thereon.

The Series I Preferred Stock is convertible into shares of our Class A common stock at the lower of (i) \$0.75 per share or (ii) 87.5% of the average of the two lowest closing bid prices over the twenty trading days prior to the conversion date.

Under the terms of the purchase agreement, the Company agreed to establish an escrow account (the "Escrow Account"), into which it deposits funds which can be used for the Company's optional redemption of the Preferred Stock, or which may be used by Breckenridge to require the Company to redeem the Preferred Stock if the Company has defaulted under the purchase agreement. The Company is required to deposit into the Escrow Account 25% of any amount it receives in excess of \$1,000,000, calculated per put, under the terms of the Fifth Equity Line of Credit, or other similar equity line of financing arrangement. As of March 31, 2005, the Company had deposited \$395,000 into the escrow account in full compliance with the requirement. The escrow deposit is reflected as a long-term asset in the accompanying financial statements.

In the event that there remains in the Escrow Account amounts following either (i) the conversion of all of the outstanding shares of Preferred Stock, together with any accrued and unpaid dividends thereon, or (ii) redemption of all of the outstanding shares of Preferred Stock, together with any accrued and unpaid dividends thereon, those remaining amounts shall be released from the Escrow Account to the Company.

The Company has granted Breckenridge a first lien position on the Company's intellectual property assets as security under the Purchase Agreement. Breckenridge has agreed to release such lien upon the registration of the Company's Class A common stock becoming effective, which has occurred, and the Company depositing \$2,000,000 in the Escrow Account.

Redemption of the Preferred Stock, whether at our option or that of Breckenridge, requires the Company to pay, as a redemption price, the stated value of the outstanding shares of Preferred Stock to be redeemed, together with any accrued but unissued dividends thereon, multiplied (i) 120% for any redemption occurring between the 151st day and the second anniversary of the closing date of the issuance or (ii) 130% for any payment of the redemption price occurring on or after the second anniversary of the closing date of the issuance.

The Company allocated the proceeds from the issuance of the Series I Preferred Stock, warrants, additional shares and fee shares as follows: \$262,000 was allocated to the warrants, \$730,000 was allocated to the common shares, \$429,000 to the Series I Preferred Stock, and \$1,830,000 to a beneficial conversion option. The amounts allocated to the warrants, common shares and the beneficial conversion option resulted in a discount on the Series I Preferred Stock that was fully amortized at the date of issuance, resulting in the recognition of a dividend on the Series I Preferred Stock of \$2,821,000 on January 29, 2004. The Series I Preferred Stock was recorded as an item of stockholders' deficit with \$2,821,000 recognized as a dividend distribution related to the beneficial conversion and \$429,000 as the value of the Series I Preferred Stock.

As of March 31, 2005, the Company has issued 18,490,433 shares of the Company's Class A common stock in response to conversion requests during 2004 and 2005 for 1,900 shares of Series I Preferred Stock. As of March 31, 2005, there were 1,350 shares of Series I Preferred Stock outstanding. Subsequent to March 31, 2005 and through May 11, 2005, the Company issued an additional 3,763,343 shares of Class A common stock in conversion of 78.207 shares of Series I Preferred Stock.

The Company and Breckenridge are engaged in litigation in New York Superior Court concerning the Company's assertion that it should be allowed to offset certain claims against Breckenridge against the balance due under the Series I Preferred Stock, as more fully described in Note 10 below.



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**8. EQUITY LINES OF CREDIT**

**Fifth Equity Line of Credit** - The Company entered, as of July 1, 2003, into a fifth private equity line agreement (the "Fifth Equity Line Agreement") with the Equity Line Investor. Under the Fifth Equity Line Agreement, the Company had the right to draw up to \$20,000,000 against an equity line of credit ("the Fifth Equity Line") from the Equity Line Investor. The Company was entitled under the Fifth Equity Line Agreement to draw certain funds and to put to the Equity Line Investor shares of the Company's Class A common stock in lieu of repayment of the draw. The number of shares to be issued is determined by dividing the amount of the draw by 90% of the average of the two lowest closing bid prices of the Company's Class A common stock over the ten trading days after the put notice is tendered. The Equity Line Investor is required under the Fifth Equity Line Agreement to tender the funds requested by the Company within two trading days after the ten-trading-day period used to determine the market price.

For the three months ended March 31, 2005, the Company issued 5,480,405 shares of Class A common stock to the Equity Line Investor in full satisfaction of an outstanding put of \$668,000.

**Sixth Equity Line of Credit** - On November 15, 2004, the Company entered into a sixth private equity line agreement (the "Sixth Equity Line Agreement") with the Equity Line Investor. Under the Sixth Equity Line Agreement, the Company has the right to draw up to \$20,000,000 against an equity line of credit ("the Sixth Equity Line") from the Equity Line Investor. The Company is entitled under the Sixth Equity Line Agreement to draw certain funds and to put to the Equity Line Investor shares of the Company's Class A common stock in lieu of repayment of the draw. The number of shares to be issued is determined by dividing the amount of the draw by 90% of the average of the two lowest closing bid prices of the Company's Class A common stock over the ten trading days after the put notice is tendered. The Equity Line Investor is required under the Sixth Equity Line Agreement to tender the funds requested by the Company within two trading days after the ten-trading-day period used to determine the market price.

In connection with the Sixth Equity Line Agreement, the Company granted registration rights to the Equity Line Investor and filed a registration statement on Form S-2, which covered the resales of the shares to be issued under the Sixth Equity Line. The Company is obligated to maintain the effectiveness of the registration statement.

The Company entered into an agreement with the Equity Line Investor to terminate all previous equity lines, and cease further draws or issuances of shares in connection with all previous equity lines. As such, as of the date of this report, the only active equity line of credit was the Sixth Equity Line.

For the three months ended March 31, 2005, the Company received \$2,050,000 in funds and a subscription receivable of \$6,000 drawn under the Sixth Equity Line, less commissions and fees of \$60,000 and issued 28,320,751 shares of Class A common stock to the Equity Line Investor.

**9. COMMON STOCK, STOCK OPTIONS AND WARRANTS**

**Class A Common Stock** - During the three months ended March 31, 2005, 33,801,156 shares of Class A common stock were issued in connection with draws on the equity line (see Note 8), 10,054,561 shares were issued in conversion of 900 shares of Series I Preferred Stock, 1,384,275 shares were issued as payment of \$250,000 of Series H Preferred dividends and 655,162 shares were issued as payment of \$124,000 of interest on long-term debt.

**Stock Options** - On January 19, 2005 the Company entered into an option exchange program with its employees, wherein the Company gave eligible Fonix employees the opportunity to exchange outstanding stock options for the same number of new options to be issued at least six months and one day from the expiration of the offer. As a result of the option exchange program, the Company cancelled 414,450 options to purchase shares of the Company's Class A common stock effective February 22, 2005. The Company issued a promise to grant options on August 23, 2005, to employees who elected to tender their options. As of March 31, 2005, the Company had a total of 992,950 options to purchase Class A common stock outstanding. During the three months ended March 31, 2005, the Company granted options to employees to purchase 708,100 shares of Class A common stock, none of which were to employees participating in the option exchange program. The options have an exercise price of \$0.12

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per share, which was the quoted fair market value of the stock on the dates of grant. The options granted vest over the three years following issuance. Options expire within ten years from the date of grant if not exercised. Using the Black-Scholes pricing model, the weighted average fair value of the employee options was \$0.11 per share.

**Warrants** – As of March 31, 2005, the Company had warrants to purchase a total of 1,005,389 shares of Class A common stock outstanding that expire through 2010.

#### **10. LITIGATION, COMMITMENTS AND CONTINGENCIES**

**U.S. Department of Labor Settlement Agreement** - On March 5, 2003, the Company entered into a settlement agreement with the U.S. Department of Labor relating to back wages owed to former and current employees during 2002. Under the agreement the Company is required to pay an aggregate of \$4,755,000 to certain former and current employees in twenty-four installment payments. The first installment payment was due May 1, 2003. The remaining payments are due on the first day of each month, until paid in full. If any of the installment payments are more than fifteen days late, the entire balance may become due and payable.

The Company did not have sufficient cash to pay the first installment payment due May 1, 2003. The Company reached an agreement with the Department of Labor to extend the commencement date for installment payments to August 1, 2003 and since that time has made the required payments due under the modified agreement. On March 31, 2004, the balance due under this obligation was approximately \$914,000.

**Grenfell Litigation** - Two of the Company's subsidiaries, LecStar Telecom, Inc., and LecStar DataNet, Inc., (the "Subsidiaries") are among the defendants who have been sued in the Superior Court of Fulton County, State of Georgia, by James D. Grenfell, the former CFO of LecStar. The suit was filed in December 2003. The plaintiff in that case alleges that he has an unpaid judgment in the amount of \$1,015,000 plus interest against the former parent entities of the Subsidiaries and that the transfer of such stock and business in December 2002 was in violation of the Georgia Fraudulent Transfer statute. The plaintiff sought a preliminary injunction prior to our acquisition of the capital stock of LTEL in February 2004. The Georgia state trial court denied the plaintiff's motion for injunctive relief. The Plaintiff did not appeal. Several of the defendants in the action, including the Subsidiaries, have filed a motion to dismiss the action. As of March 28, 2005, the trial court had not ruled on that motion. LecStar Telecom, Inc. has also intervened in the underlying action relating to the judgment and has appealed the Court's order granting the judgment against the Subsidiaries' former parents. That appeal is pending before the Georgia Court of Appeals. To the extent that we or our subsidiaries are or should become proper parties to this action, and if the appeal and the motion to dismiss are denied, the Company will defend vigorously against these claims.

**First Empire Complaint** – One of the Company's subsidiaries, LTEL Holding Corporation, is among the defendants who have been sued in the Superior Court of Fulton County, State of Georgia, by First Empire Corporation and Allen B. Thomas, directly and derivatively in his capacity as shareholder of LecStar Corporation. The lawsuit was filed in July 2004. The plaintiffs in that case allege that certain of the defendants employed fraudulent and deceptive means to acquire the assets of LecStar Corporation, which included the capital stock of the Subsidiaries, LecStar Telecom, Inc. and LecStar Datanet, Inc. The plaintiffs further allege that those defendants subsequently transferred the stock of the subsidiaries to LTEL Holding Ltd., which we acquired through our subsidiary LTEL Acquisition Corporation in February 2004. The plaintiffs argue that they are entitled to recover the value that we paid for LTEL Holding Corporation under multiple legal theories including breaches of fiduciary duty, negligence, gross negligence, conversion, fraud and violation of the Georgia Securities Act. Three of the employees of the Subsidiaries have also been named as defendants in the litigation.

The Company has filed an answer in the litigation and are in the process of seeking to have a default judgment which the plaintiffs obtained against the Company set aside. The plaintiffs claim that they are entitled to the default judgment because the Company did not timely answer the complaint. However, the complaint was not properly delivered to the Company in a timely fashion, which the Company believes is an adequate basis to have the default judgment entered against the Company set aside.

The Company has not been involved in discovery in this litigation because the litigation is in the early stages. Nonetheless, the Company believes that the claims of the plaintiffs are without merit and management intends to vigorously defend against the claims of the plaintiffs.

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The principal Series H preferred stockholder has placed 300 shares of Series H Preferred Stock in escrow for a period of 12 months from the date of acquisition as protection with respect to breaches of representations and warranties of the LTEL selling stockholders, including any liability or payment that may arise from the above mentioned legal action. As a result of the filing of the First Empire Litigation, we have asserted a claim for breach of certain representations and warranties. To our knowledge, the Escrow Shares have not been released.

***Breckenridge Lawsuit*** - On May 3, 2004, the Company filed a lawsuit against The Breckenridge Fund, LLC (“Breckenridge”), alleging the improper transfer to and subsequent sale of shares of our common stock by Breckenridge. That lawsuit was subsequently dismissed without prejudice and refiled in the Third Judicial District Court of Salt Lake County, Utah, on October 13, 2004 (the “Breckenridge Lawsuit”). The complaint seeks (i) a declaratory judgment that we may set off the fair value of the Unauthorized Shares against the value we owe to Breckenridge in connection with the Series I Preferred Stock transaction, (ii) judgment against Breckenridge for the fair value of the Unauthorized Shares, and (iii) punitive damages from Breckenridge for improper conversion of the Unauthorized Shares. We also sought and obtained a temporary restraining order against Breckenridge, prohibiting them from selling any of our common stock, or alternatively requiring Breckenridge to deposit the proceeds of any such sales into an interest bearing account. Breckenridge removed the case to the United States District Court for the District of Utah, which: (1) found that the state court’s temporary restraining order had expired; and (2) declined to enter its own injunction. On March 18, 2005, the federal court dismissed the Breckenridge Lawsuit without prejudice, finding that a forum selection clause required the claims to be litigated in New York. The Company intends to litigate those claims in New York.

***First Series I Complaint*** – On November 10, 2004, Breckenridge tendered to Fonix a conversion notice, converting 16 shares of Series I Preferred Stock into 123,971 shares of common stock. In light of the temporary restraining order that had been issued by the state court in the Breckenridge Lawsuit, Fonix instructed its transfer agent to include on the share certificate a legend referencing the restraining order and the Breckenridge Lawsuit. Subsequently, Breckenridge filed a complaint against us (Supreme Court of the State of New York, County of Nassau, Index No. 015822/04) in connection with the Series I Preferred Stock (the “First Series I Complaint”). In the First Series I Complaint, Breckenridge alleges that it was improper for us to include any legends on the shares issued in connection with conversions of the Series I Preferred Stock other than those agreed to by Breckenridge in the Series I Preferred Stock purchase agreement (the “Series I Agreement”). Breckenridge also seeks liquidated damages for our failure to issue shares free of the allegedly inappropriate legend. The Complaint seeks \$4,000,000 in compensatory damages and \$10,000,000 in punitive damages. The Company has filed a motion to dismiss and intends to vigorously defend itself.

Subsequent to filing the complaint, Breckenridge moved for a temporary restraining order to prevent the Company from issuing shares with any legend other than those agreed upon by Breckenridge in the Series I Agreement. On November 18, 2004, at a hearing on Breckenridge’s motion, the court entered an order stating that we may not place any legend on shares issued to Breckenridge upon conversion of the Series I Preferred Stock other than those permitted under the Series I Agreement.

***The Security Agreement Complaint*** – On November 23, 2004, Breckenridge filed a complaint against the Company (Supreme Court of the State of New York, County of Nassau, Index No. 015185/04) alleging: (1) Fonix executed a Security Agreement and a Registration Rights Agreement in connection with the Series I Agreement pursuant to which it granted to Breckenridge a security interest in certain collateral, including Fonix’s intellectual property (the “Collateral”); (2) Fonix breached the Registration Rights Agreement and the Security Agreement; and (3) Breckenridge is entitled to damages totaling \$585,000 and possession of the Collateral. The Company has filed a motion to dismiss and intends to vigorously defend itself.

***Second Series I Complaint*** – On March 10, 2005, Breckenridge filed a complaint against the Company (Supreme Court of the State of New York, County of Nassau, Index No. 3457/05) in connection with the Series I Preferred Stock (the “Second Series I Complaint”). In the Second Series I Complaint, Breckenridge alleges that Fonix improperly failed to honor a conversion notice it tendered to us on February 25, 2005, converting 500 shares of Series I Preferred Stock into 6,180,469 shares of common stock. Breckenridge sought a temporary restraining order and preliminary injunction requiring Fonix to honor that conversion notice, and all subsequently tendered conversion notices. On March 14, 2005, the Court entered a temporary restraining order directing us to honor the

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February 25, 2005, conversion notice, and directed Breckenridge to deposit all proceeds from the sale of the converted shares to be deposited in an interest-bearing escrow account. Breckenridge subsequently agreed that it would deposit the proceeds of all converted shares into the interest-bearing escrow account pending the outcome of this litigation. The Company has filed a counterclaim against Breckenridge and intends to vigorously defend itself against the claims of Breckenridge.

**11. BUSINESS SEGMENTS**

Information related to Fonix's reportable operating business segments is shown below. Fonix's reportable segments are reported in a manner consistent with the way management evaluates the businesses. The Company identifies its reportable business segments based on differences in products and services. The accounting policies of the business segments are the same as those described in the summary of significant accounting policies. The products and services of each business segment are further described in Note 1. The Company has identified the following business segments:

*LecStar Telecom* - Telecommunications services include wireline voice, data, long distance and Internet services to business and residential customers.

*Speech* - The Company's speech-enabling technologies include automated speech recognition and text-to-speech for wireless and mobile devices, computer telephony and server solutions, and personal software for consumer applications.

*Fonix Telecom* - Telecommunications services including Voice over Internet Protocol ("VOiP") and Broadband over Power Line ("BPL") and other services including satellite television and security services to business and residential customers

The following presents certain segment information as of and for the three months ended March 31, 2005:

	LecStar Telecom	Fonix Telecom	Speech	Total
Revenues from external customers	\$ 3,906,000	\$ 7,000	\$ 310,000	\$ 4,223,000
Selling, general and administrative	1,909,000	447,000	1,059,000	3,415,000
Depreciation and amortization	1,603,000	--	20,000	1,623,000
Interest expense	418,000	--	324,000	742,000
Gain on sale of investments	134,000	--	--	134,000
Segment loss	(1,960,000)	(448,000)	(1,672,000)	(4,080,000)
Segment assets	13,866,000	--	3,691,000	17,557,000
Expenditures for segment assets	138,000	--	7,000	145,000

Revenues and assets outside the United States of America were not material. During the three months ended March 31, 2005 and 2004, the Company had no customers that exceeded 10% of total revenues.

**12. SUBSEQUENT EVENTS**

Subsequent to March 31, 2005 and through May 11, 2005 the Company received \$ 693,000 in funds drawn under the Sixth Equity Line and issued 26,182,267 additional shares of Class A common stock to the Equity Line Investor.

Subsequent to March 31, 2005 and through May 11, 2005, the Company issued 3,763,343 shares of its Class A common stock in conversion of 78.207 shares of Series I Preferred Stock

# EXHIBIT D

## CAPABILITY STATEMENTS

1. The Applicant, through its parent company, has sufficient financial capability to provide the requested service in the geographic area proposed to be served. This is evidenced by its assets set forth in its financial statements. Refer to 10Q provided as Exhibit C.
2. Once certified, the Applicant will establish a customer base capable of generating sufficient revenue to sustain ongoing operations. The Applicant would also have access to funding from its parent company should this become necessary.
3. The Applicant has sufficient financial backing from its parent company to meet any lease and ownership obligations.

# **EXHIBIT E**

## **TECHNICAL CAPABILITY**

The Applicant will provide resold and facilities-based local exchange service using BellSouth as its underlying service provider for resale services. Facilities provided directly by the Applicant will be equipment standard to the industry, and, therefore, its service quality will be, at a minimum, equivalent to the services offered by other facilities-based CLECs.

In addition, the Applicant's officers have extensive technical experience in the telecommunications industry, as evidence by the profiles submitted as Exhibit B.

# **EXHIBIT F**

PROPOSED LOCAL EXCHANGE PRICE LIST

## Fonix Telecom, Inc.

### Intrastate Access Service Price List

This Price List, filed with the Florida Public Service Commission, contains regulations, rates and charges applying to the provision of Access Services for connection to intrastate communications facilities for customers within the operating territory of the State of Florida by Fonix Telecom, Inc., (the "Company").

Access Services are provided by means of wire, fiber optics, radio or any other suitable technology or a combination thereof.

Not all services described in this Price List are available from every wire center. The services available from each specific wire center are listed in the National Exchange Carrier Association, Inc., Price List FCC No. 4.

This Price List is on file with the Florida Public Service Commission. Copies may be inspected during normal business hours at the following locations:

Fonix Telecom, Inc.  
9350 South 150 East  
Suite 700  
Sandy, Utah 84070  
801-553-6600

or

Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
1-850-413-6100

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Issued: June 9, 2005

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By: Michael Britt  
V. P. of Regulatory & Channel Development  
Fonix Telecom, Inc.  
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Sandy, Utah 84070



CHECK SHEET

Pages 1 to 70, inclusive, of this Price List are effective as of the date shown.

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CONCURRING, CONNECTING AND OTHER PARTICIPATING CARRIERS

CONCURRING CARRIERS

No concurring carriers

CONNECTING CARRIERS

No connecting carriers

OTHER PARTICIPATING CARRIERS

No participating carriers

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EXPLANATION OF SYMBOLS AND ABBREVIATIONS

SYMBOLS

- (C) - To signify changed regulation
- (D) - To signify discontinued rate or regulation
- (E) - To signify the correction of an error
- (F) - To signify a change in format numbering or lettering
- (I) - To signify a rate increase
- (M) - To signify matter relocated without change
- (N) - To signify new rate or regulation
- (P) - To signify a change in practice or procedure
- (R) - To signify rate reduction
- (S) - To signify reissued matter
- (T) - To signify a change in text but no change in rate or regulation

ABBREVIATIONS

- ACNA - Access Customer Name Abbreviation
- ANI - Automatic Number Identification
- BAN - Billing Account Number
- BIP - Billing Interconnection Percentage
- Bps - Bits per second
- BRI ISDN - Basic Rate Interface Integrated Services Digital Network
- CCL - Carrier Common Line
- CIC - Carrier Identification Code
- CKR - Customer Circuit Identification Record
- CO - Central Office
- CPE - Customer Premise Equipment
- EUCL - End User common Line/Line Recovery Charge
- FCC - Federal Communications Commission
- FGB - Feature Group B
- FGD - Feature Group D
- ICB - Individual Case Basis
- IDDD - International Direct Distance Dialing
- IXC - Interexchange Carrier
- Kbps - Kilobits per second
- LATA - Local Access and Transport Area
- LEC - Local Exchange Carrier
- LOA - Letter of Authorization
- Mbps - Megabits per second
- NPA - Numbering Plan Area
- NPAS - Number Portability Access Service
- PIC - Primary Interexchange Carrier
- PICC - Presubscribed Interexchange Carrier Charge/Interexchange Access Charge
- PIU - Percent Interstate Usage
- PRI ISDN - Primary Rate Interface Integrated Services Digital Network
- RSM - Remote Switching Module
- RSS - Remote Switching System
- SCP - Service Control Point
- SS7 - Signaling System 7

REFERENCE TO OTHER PRICE LISTS

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Intrastate Access Service Price List

Florida Public Service Commission Price List No. 2

Fonix Telecom, Inc.

Original Page No. 6

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Whenever a reference is made within this Price List to other Price Lists of the Company or to Price Lists of other entities, the reference is to the Price List in force as of the effective date of this Price List and to amendments thereto and successive issues thereof.

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1. APPLICATION OF PRICE LIST

- 1.1 This Price List contains regulations, rates and charges applicable to the provision of Carrier Common Line, End User Access, Interexchange Access Charge, Switched Access, and other miscellaneous services, hereinafter referred to collectively as service(s), provided to customers by the Company.
- 1.2 The operating territory of the Company comprises the geographic areas for which the Company is certified to operate in the State of Florida. These areas are specified by identification of the exchanges established by the company for the administration of communications services. Exchanges are related to the central office(s) and their corresponding NXX code(s). The NXX codes assigned to the Company's central offices are specified in the National Exchange Carrier Association, Inc., Price List FCC No. 4.
- 1.3 The provision of such services by the Company as set forth in this Price List does not constitute a joint undertaking with the customer for the furnishing of any service.

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2. GENERAL REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

- A. The Company undertakes to furnish intrastate telecommunications services pursuant to the terms of this Price List. The Company's service is available twenty-four per day, seven days per week, except as set forth in other sections of this Price List.
- B. The provision of such services by the Company as set forth in this Price List does not constitute a joint undertaking with the customer for the furnishing of any service.
- C. The Company arranges for installation, operation and maintenance of the service provided in this Price List for the customer in accordance with the terms and conditions set forth herein. Company facilities are to be used only for Company provided services or equipment.
- D. The furnishing of service under this Price List is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required, at the sole discretion of the Company.
- E. Customers and users may use services and facilities provided under this Price List to obtain access to services offered by other service providers. The Company is responsible under this Price List only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.
- F. The Company shall, for maintenance purposes, test its services only to the extent necessary to detect and/or clear trouble.
- G. Facilities utilized by the Company to provide service under the provisions of this Price List shall remain the property of the Company.
- H. The Company does not warrant that its facilities and services meet standards other than those set forth in this Price List.

2.1.2 Limitations

- A. The use and restoration of services shall be in accordance with Part 64, Subpart D, Appendix A, of the Federal Communications Commission's Rules and Regulations.
- B. Directory listings will not be furnished as a part of the services provided under this Price List.

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2. GENERAL REGULATIONS (Continued)

2.1 Undertaking of the Company (Continued)

2.1.3 Liability

- A. The Company's liability for its willful misconduct, if any, is not limited by this Price List. With respect to any other claim or suit, by a customer or by any others, for damages associated with the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of (B) through (H) following, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected. This liability for damages shall be in addition to any amounts that may otherwise be due the customer under this Price List as a credit allowance for a service interruption. No action or proceeding against the Company shall be commenced more than one year after the services rendered.
- B. The Company shall not be liable for any act or omission of any other carrier or customer providing a portion of a service, nor shall the Company for its own act or omission hold liable any other carrier or customer providing a portion of a service.
- C. The Company is not liable for damages to the customer's premises resulting from the furnishing of a service, including the installation and removal of equipment and associated wiring, unless the damage is caused by the Company's negligence.
- D. When a Customer is provided service under this Price List, the Company shall be indemnified, defended and held harmless by the customer against any claim loss or damage arising from the customer's use of services offered under this Price List, involving:
1. Claims for libel, slander, invasion of privacy, or infringement of copyright arising from the customer's own communications;
  2. Claims for patent infringement arising from the customer's acts combining or using the service furnished by the Company in connection with facilities or equipment furnished by the customer; or
  3. All other claims arising out of any act or omission of the customer in the course of using services provided pursuant to this Price List.
- E. The Company does not guarantee or make any warranty with respect to its services when used in an explosive atmosphere. The Company shall be indemnified, defended and held harmless by the customer from any and all claims by any person relating to the customer's use of the services so provided.
- F. No license under patents (other than the limited license to use) is granted by the Company or shall be implied or arise by estoppel, with respect to any service offered under this Price List. The Company will defend the customer against claims of patent infringement arising solely from the use by the customer of services offered under this Price List and will indemnify such customer for any damages awarded based solely on such claims.

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## 2. GENERAL REGULATIONS (Continued)

2.1 Undertaking of the Company (Continued)

## 2.1.3 Liability (Continued)

- G. The Company's failure to provide or maintain services under this Price List shall be excused by labor difficulties, governmental orders, civil commotion, criminal actions taken against the Company, acts of God and other circumstances beyond the Company's reasonable control. However, credit allowance for service interruptions as specified in 2.5.4 (Credit Allowance for Service Interruptions) will apply.
- H. The Company makes no warranties or representations, express or implied either in fact or by operations of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.

## 2.1.4. Provision of Services

- A. the Company will provide to the customer, upon reasonable notice, services offered in this Price List at the specified rates and charges, to the extent that such services are or can be made available with reasonable effort and after provisions have been made for the Company's Local Telephone Exchange Service. The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of a lack of facilities, or due to any other cause beyond the Company's control.
- B. In the event that the customer's request cannot be fulfilled with existing facilities and equipment or the request is not consistent with the Company's filed Price Lists, alternative designs may be provided by the Company. Additionally, the Company will work with the customer to reach an agreeable solution.
- C. Standard jacks are used where appropriate to terminate services.
- D. Except as provided for equipment and systems subject to FCC Part 68 Regulation at 47 C.F.R. Section 68.110(b), the Company may, where such action is reasonably required in the operation of its business:
  - 1. Substitute, change or rearrange any facilities used in providing service under this Price List, including, but not limited to:
    - Substitution of different metallic facilities,
    - Substitution of carrier or derived facilities for metallic facilities used to provide other than metallic facilities, and
    - Substitution of metallic facilities for carrier or derived facilities used to provide other than metallic facilities;
  - 2. Change minimum network protection criteria;
  - 3. Change operating or maintenance characteristics of facilities; or
  - 4. Change operations or procedures of the Company.

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2. GENERAL REGULATIONS (Continued)

2.1 Undertaking of the Company (Continued)

2.1.4 Provision of Services (Continued)

- E. The Company will provide the customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements, routine preventative maintenance and major switching machine change-out. Generally, such activities are not limited to a specific service, but affect any customer services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the customer to determine the notification requirements.
- F. The Company will work cooperatively with the customer to develop network contingency plans in order to maintain maximum network capability following natural or man-made disasters which affect telecommunications services.

2.1.5 Operation and Maintenance

A. Maintenance of Service

The Company shall maintain the services provided under this Price List. The customer or others may not rearrange, move, disconnect, remove or attempt to repair any facilities provided by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

B. Availability of Testing

The services provided under this Price List shall be available to the Company at times mutually agreed upon in order to permit the Company to make tests and adjustments appropriate for maintaining the services in satisfactory operating condition. Such tests and adjustments shall be completed within a reasonable time. No credit will be allowed for any interruptions involved during such tests and adjustments.

C. Interference or Impairment

The characteristics and methods of operation of any circuits, facilities or equipment provided by other than the Company and associated with the facilities utilized to provide services under this Price List shall not interfere with or impair service over any facilities of the Company, its affiliated companies or its connecting and concurring carriers involved in its services, cause damage to their plant, impair the privacy of any communications carried over their facilities or create hazards to the employees of any of them or the public.

The Company will, when possible notify the customer that temporary discontinuance of the use of a service may be required, except as provided for equipment or systems subject to FCC part 68 Rules in 47 C.F.R. section 68.108, if such characteristics or methods of operation are not in accordance with (A) preceding. Where prior notice is not practicable, nothing contained herein shall be deemed to preclude the Company's right to temporarily discontinue the use of a service if such action is reasonable under the circumstances. In case of such

## 2. GENERAL REGULATIONS (Continued)

2.1 Undertaking of the Company (Continued)

## 2.1.5 Operation and Maintenance (Continued)

## C. Interference or Impairment (Continued)

temporary discontinuance, the customer will be promptly notified and afforded the opportunity to correct the condition which gave rise to the temporary discontinuance.

During such period of temporary discontinuance, allowance for interruption of services as set forth in 2.5.4 (Credit Allowance for Service Interruptions) is not applicable.

## 2.1.6 Refusal and Discontinuance of Services

A. The Company may refuse additional applications for service or discontinue the provision of services as set forth in (1) and (2) following, unless the provisions of 2.1.5(C) (Interference or Impairment) or 2.3.2 (Connections) apply, when the customer fails to comply with:

- 2.1.5(A) (Maintenance of Service),
- 2.1.5(B) (Availability of Testing),
- 2.3.4 (Damages),
- 2.4 (Jurisdictional Report Requirements), or
- 2.5 (Billing Regulations) – including any payments to be made by the customer on the dates and times herein specified.

On thirty (30) days' written notice by Certified U.S. Mail (return receipt requested) to the person designated by that customer to receive such notices of noncompliance, the Company may:

1. Refuse additional applications for service and/or refuse to complete any pending orders for service by the noncomplying customer at any time thereafter. If the Company does not refuse additional applications for service on the date specified in the thirty (30) days' notice, and the customer's noncompliance continues, nothing contained herein shall preclude the Company's right to refuse additional applications for service to the noncomplying customer without further notice; or
2. Discontinue the provision of the services to the noncomplying customer at any time thereafter. In the case of such discontinuance, all applicable charges, including termination charges, shall become due. If the Company does not discontinue the provision of the services involved on the date specified in the thirty (30) days' notice and the customer's noncompliance continues, nothing contained herein shall preclude the Company's right to discontinue the provision of the services to the noncomplying customer without further notice.

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## 2. GENERAL REGULATIONS (Continued)

2.1 Undertaking of the Company (Continued)

## 2.1.6 Refusal and Discontinuance of Services (Continued)

## B. Interference or Impairment

When access service is provided by more than one Company, the companies involved in providing the joint service may individually or collectively deny service to a customer for nonpayment. Where the telephone companies affected by the nonpayment are incapable of effecting discontinuance of service without cooperation from the other joint providers of Switched Access Service, such other telephone companies will, if technically feasible, assist in denying the joint service to the customer. Service denial for such joint service will only include calls which originate or terminate within, or transit, the operating territory of the telephone companies initiating the service denial for nonpayment. When more than one of the joint providers must deny service to effectuate termination for nonpayment, in cases where a conflict exists in the applicable Price List provisions, the Price List regulations of the Company where the customer end office is located shall prevail for joint service discontinuance provisions.

C. If the National Exchange Carrier Association, Inc. (NECA), notifies the Company that the customer has failed to comply with the Section 8 Lifeline Assistance and universal Service Fund charges of NECA Price List FCC No. 5, including any customer's failure to make payments on the date and times specified therein, the Company may, on thirty (3) days' written notice to the customer by Certified U.S. Mail, take any of the following actions:

1. Refuse additional applications for service;
2. Refuse to complete any pending orders for service; or
3. Discontinue the provision of service to the customer. In the case of discontinuance, all applicable charges, including termination charges, shall become due.

## 2.1.7 Provision and Ownership of Telephone Numbers

The Company reserves the reasonable right to assign, designate or change telephone numbers, any other call number designations associated with access Services or the Company serving central office prefixes associated with such numbers, when necessary, in the conduct of the Company's business. Should it become necessary to make a change in such numbers, the Company will furnish to the customer, by Certified U.S. Mail on six (6) months' notice, the effective date and an explanation of the reasons for such changes.

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2. GENERAL REGULATIONS (Continued)

2.2 Assignment and Transfer of Facilities

- A. The customer may assign or transfer (e.g., mergers, acquisitions, consolidations) the use of services provided under this Price List except where there is no interruption of use or relocation of the services, such as assignment or transfer to:
1. Another customer, whether an individual, partnership, association or corporation, provided the assignee or transferee assumes all outstanding indebtedness for such services, the unexpired portion of the minimum period and the termination liability applicable to such services, if any; or
  2. A court appointed receiver, trustee or other person acting pursuant to law in bankruptcy, receivership, reorganization, insolvency, liquidation or other similar proceeding, provided the assignee or transferee assumes the unexpired portion of the minimum period and the termination liability applicable to such services, if any.
- B. In all cases of assignment or transfer, the written acknowledgment of the Company is required prior to such assignment or transfer and such acknowledgment shall be made within fifteen (15) days from the receipt of notification. The assignee or transferee (new customer) shall provide to the Company the written release of the use of such services from the assignor or transferor (former customer). All regulation, conditions and applicable charges, as set forth in this Price List, shall apply to such assignee or transferee.
- C. The assignment or transfer of services does not relieve or discharge the assignor or transferor from remaining jointly or severally liable with the assignee or transferee for any obligations existing at the time of the assignment or transfer.

2.3 Obligations of the Customer

2.3.1 Design of Customer Services

Subject to the provisions set forth in 2.1.4 (Provision of Services), the customer shall be solely responsible, at its own expense, for the overall design of its services and for any redesigning or rearrangement of its services which may be required because of changes in facilities, operations or procedures of the Company, minimum network protection criteria, operating or maintenance characteristics of the facilities.

2.3.2 Connections

Facilities furnished under this Price List may be connected to customer-provided terminal equipment in accordance with the provisions of this Price List.

2.3.3 Equipment, Space and Power

The customer shall furnish, or arrange to have furnished, to the Company, at no charge, an environment conducive to the operation of equipment, as well as the space and electrical power required by the Company to provide services under this Price List at the points of termination of such services. The selection of ac or dc power shall be mutually agreed to by the customer and the Company. The customer shall also make necessary arrangements in order that the Company will access to such spaces at reasonable times for installing, testing, repairing or removing services of the Company.

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## 2. GENERAL REGULATIONS (Continued)

2.3 Obligations of the Customer (Continued)

## 2.3.4 Damages

The customer shall reimburse the Company for damages to the Company facilities utilized to provide services under this Price List caused by the negligence or willful act of the customer or resulting from the customer's improper use of the Company facilities, or due to malfunction of any facilities or equipment provided by other than the company. Nothing in the foregoing provision shall be interpreted to hold one customer liable for another customer's actions. Upon reimbursement for damages, the Company will cooperate with the customer in prosecuting a claim against the person causing such damage. The customer shall be subrogated to the right of recovery by the Company for the damages to the extent of such payment.

## 2.3.5 Claims and Demands for Damages

The customer shall defend, indemnify and save harmless the Company from and against any suits, claims and losses or damages, including punitive damages, attorneys fees and court costs by third person, arising out of the construction, installation, operation, maintenance or removal of the customer's circuits, facilities or equipment connected to the Company's services provided under this Price List including, without limitation, Workmen's Compensation claims, actions for infringement of copyright and/or unauthorized use of program material, libel and slander actions based on the content of communications transmitted over the customer's circuits, facilities or equipment, and proceedings to recover taxes, fines or penalties for failure of the customer to obtain or maintain, in effect, any necessary certificates, permits, licenses or other authority to acquire or operate the services provided under this Price List, provided; however, the foregoing indemnification shall not apply to suits, claims or demands that are based on the tortious conduct of the customer, its officers, agents or employees.

## 2.3.6 Customer provided Reports

Customers may be required to provide certain reports in connection with the provision of access service. The specific report requirements are provided in other sections of this Price List.

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2. GENERAL REGULATIONS (Continued)

2.4 Jurisdictional Report Requirements

- A. For feature Group B or D Switched Access Service(s), where jurisdiction can be determined from the call detail, the Company will determine the projected Percent Interstate Usage (PIU) factor as follows; the projected PIU factor will be developed on a monthly basis by end office, by dividing the measured interstate originating or terminating access minutes (the access minutes where the calling number is in one state and the called number is in another state) by the total originating or terminating access minutes.
- B. For terminating access minutes, in cases where the call detail is insufficient to allow for use of measured minutes, the customer has the option of providing the Company with a projected PIU factor. Customers who provide a PIU factor shall supply the Company with an interstate percentage of FGD terminating access minutes for each account or state to which the customer may terminate traffic. If a state level PIU is provided by the customer, the percentage will be applied to all accounts to which the customer may terminate traffic within the state. If no projected PIU factor is provided, the Company will apply a 50%/50% PIU for interstate and intrastate terminating and 800 originating access minutes.
- C. Initial customer provided PIU factors must be furnished on the Access Service Request used to establish the service. All other customer provided PIU factors, including all PIU factors provided in a report update, must be furnished via a letter. IU factors provided via a letter will be kept on file, and customers can designate when such PIUs are to apply to new or existing services. Such designations may only be made for those customer provided PIU factors that have been furnished via a letter.
- D. Jurisdictional percentages must be expressed as a whole number (i.e., a number from 0 to 100).
- E. Effective on the first of January, April, July and October of each year or otherwise negotiated date, the customer may update the interstate and intrastate jurisdictional report. The customer shall forward to the Company, to be received no later than 15 days after the first of the month, a revised report showing the interstate and intrastate percentage of use for the past three months ending the last day of December, March, June and September, respectively, for each service arranged for interstate use. Except where the Company is billing according to actual use by jurisdiction, the revised report will serve as the basis for the next three months billing and will be effective on the bill date for that service. No prorating or back billing will be done based on that report. If the customer does not supply the reports for those services where reports are needed, the Company will assume the percentage to be the same as those provided previously. For those cases in which a quarterly report has never been received from the customer, the Company will assume the percentages to be the same as those calculated by the Company, as prescribed in A. and B. preceding.
- F. The customer reported projected PIU will be used for the apportionment of any monthly rates or nonrecurring charges associated with FGB or FGD Services until the end of the quarter during which the service was activated. Thereafter, a projected interstate percentage for such apportionment will be developed quarterly by the Company based on the data used to project interstate percentage of use as set forth preceding. Where call detail is insufficient to make such a determination, the customer will be requested to project an interstate percentage of use to be used by the Company for such apportionment.

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2. GENERAL REGULATIONS (Continued)

2.4 Jurisdictional Report Requirements (Continued)

- G. The customer shall keep sufficient detail from which the percent of interstate use can be ascertained and upon request of the Company make the records available for inspection. Such a request will be initiated by the Company no more than once per year. The customer shall supply the data within 30 calendar days of the Company request.

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## 2. GENERAL REGULATIONS (Continued)

2.5 Billing Regulations

## 2.5.1 Advance Payments

To safeguard its interests, the Company may require a customer to make an advance payment before services are furnished. The advance payment will be credited to the customer's initial bill. An advance payment may be required in addition to a deposit.

## 2.5.2 Deposits

- A. In order to safeguard its interest only, the Company may require a customer to make a deposit, prior to or at any time after the provision of a service to the customer, as a guarantee of the payment of rates and charges. Such deposit is to be held by the Company as a guarantee of the payment of rates and charges. The deposit may not exceed the estimated recurring charges for a two-month period.

The fact that a deposit has been made in no way relieves the Customer from complying with the Company's regulations as to the prompt payment of bills. At such time as the provision of service to the Customer is terminated, the amount of the deposit will be credited to the Customer's account and any credit balance that may remain will be refunded.

- B. At the option of the Company, such a deposit may be refunded or credited to the customer's account at any time prior to the termination of the provision of service to the customer. Should a deposit be credited to the customer's account, no interest will accrue on the deposit from the date such deposit is credited.

In the case of a cash deposit, interest will accrue at a rate that shall be equal to the current interest rate established by the Director of the public Utility Division for consumer deposits. If the deposit is made within 30 days of receipt of deposit, no interest payment will be paid. If the Company retains the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.

Payment of the interest to the customer shall be annually if requested by the customer, or at the time the deposit is returned or credited to the customer's account. The deposit shall cease to draw interest on the date it is returned or credited to the customer's account. The deposit shall cease to draw interest after the discontinuance of service.

## 2.5.3 Payment of Rates and Charges

For services provided under this Price List, the Company will bill in the following manner:

- Charges or credits due to the customer for services established or discontinued during the preceding billing period will be billed on a current basis,
- Recurring rates and charges for services to be provided during the next billing period will be billed in advance, and
- Usage charges will be billed in arrears

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## 2. GENERAL REGULATIONS (Continued)

2.5 Billing Regulations (Continued)

## 2.5.3 Payment of Rates and Charges

All bills are due when rendered (i.e., 30 days after or by the next bill date, as set forth in (A) following.

Adjustments for the quantities of services established or discontinued in any billing period beyond the minimum period set forth for services in other sections of this Price List will be prorated to the number of days or fraction thereof based on a 30-day month.

When a rate as set forth in this Price List is shown to more than two decimal places, the charges will be determined using the rate shown. The resulting amount will then be rounded to the nearest penny (i.e., rounded to two decimal places).

## A. Past Due Charges

The Company may apply a late charge if any portion of the customer's payment is received by the Company after the payment due date, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment. The late payment charge shall be applied to the portion of the payment not received by the due date, multiplied by a factor. The late factor shall be 1.5% per month. Collection procedures are unaffected by the application of the late payment charge. The late payment charge does not apply to final amounts.

## B. Billing Disputes Resolved in Favor of the Company

In the event that a billing dispute is resolved in favor of the Company, any payments withheld pending settlement of the dispute shall be subject to a late payment charge determined in accordance with (A) preceding and applied to such disputed charges. Such annual rate will be applied for each month or portion thereof that such charges were unpaid.

## C. Billing Disputes Resolved in Favor of the Customer

In the event that a billing dispute is resolved in favor of the customer, no late payment charge will apply to the disputed amount and the customer will receive a credit equal to the overcharged amount.

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2. GENERAL REGULATIONS (Continued)

2.5 Billing Regulations (Continued)

2.5.4 Credit Allowance for Service Interruptions

A. General

Service is considered to be interrupted when it becomes unusable to the customer because of (1) a failure of a facility component used to furnish service under this Price List; (2) the protective controls applied by the Company result in the complete loss of service by the customer or (3) when service is interrupted due to labor difficulties, governmental orders, civil commotion, criminal actions taken against the Company, acts of God and other circumstances beyond the Company's reasonable control. An interruption period starts when an inoperative service is reported to the Company and ends when the service is operative.

The credit allowance for an interruption or for a series of interruptions shall not exceed:

1. The applicable monthly rate, or
2. The assumed minutes of use charge

For calculating credit allowances, every month is considered to have 30 days.

B. When a Credit allowance Applies

The customer will be credited for an interruption of 30 minutes or more at the rate of 1/1440 of the monthly charges for the facility or service for each period of 30 minutes or fraction thereof that the interruption continues after the initial 30-minute interruption. No credit will be allowed for an interruption period of less than 30 minutes.

A credit for service interruptions will be applied to Switched Access Service depending upon whether or not the interruption is billed on a measured, usage sensitive basis, a credit allowance does not apply.

1. Credit Allowance for Usage Rated Services

If the service experiencing an interruption is billed based on assumed minutes of use, credit shall be allowed for an interruption of greater than 24 hours. Such credit will be at the rate of 1/30<sup>th</sup> of the assumed minutes of use charge for each period of 24 hours or fraction thereof that the interruption continues.

If the service experiencing an interruption is billed on a measured, usage sensitive basis, a credit allowance does not apply.

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2. GENERAL REGULATIONS (Continued)

2.5 Billing Regulations (Continued)

2.5.4 Credit Allowance for Service Interruptions (Continued)

2. Credit Allowance for Monthly Recurring Rated Services

For Switched Access Services with monthly recurring rates, the charges for which a credit will apply due to service interruption will be the total of all monthly rate elements associated with the transport facility per DS1 or DS3, fixed per month and per mile per month, including any monthly rated features.

No credit allowance shall be allowed for an interruption period of less than 30 minutes. The customer shall be credited for an interruption of 30 minutes or more up to, and including, 2 hours at the rate of 1/1440 of the monthly charges for the facility for each period of 30 minutes or fraction thereof that the interruption continues after the initial 30 minute outage.

In any month, as a result of the interruption, the total credit per rate element of the interrupted service may not exceed 100 percent of the monthly charge for that particular rate element.

C. When a Credit Allowance Does Not Apply

Credit allowances will not be made for the following:

1. Interruptions caused by the negligence of the customer.
2. Interruptions of a service due to the failure of equipment or systems provided by the customer or others.
3. Interruptions of a service during any period in which the Company is not afforded access to the premises where the service is terminated.
4. When the Company and the customer negotiate the release of the service for (1) maintenance purposes, (2) to make rearrangements or (3) to implement an order for a change in the service, a credit allowance does not apply during the negotiated time of release. Thereafter, a credit allowance as set forth in (A) and (B) preceding does apply.
5. Periods when the customer elects not to release the service for testing and/or repair and continues to use it on an impaired basis.

D. Temporary of A Service

In certain instances, the customer may be requested to surrender a service for purposes other than maintenance, testing or activity relating to a service order. If the customer consents, a credit allowance will be granted. The credit allowance will be determined in the same manner as a credit for service interruptions as set forth in (A) preceding.

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## 2. GENERAL REGULATIONS (Continued)

2.6 Jointly Provided Access Services

Jointly Provided Access Service occurs when a customer orders Switched Access Service to another Local Exchange Telephone Company to originate and terminate traffic to end users. The Company will utilize a multiple bill billing arrangement whereby all recurring and nonrecurring charges for services provided by each Exchange Telephone Company are billed under each company's applicable rates following industry standard Meet Point Billing Practices.

The Company accepts and adheres to the Ordering and Billing Forum, Multiple Exchange Carrier Access Billing (MECAB) and Multiple Exchange Carrier Ordering and Design (MECOD) guidelines.

The Company will handle ordering, rating and billing of Access Services under this Price List where more than one Exchange Telephone Company is involved in the provision of Access Services as follows:

- A. When FGB or FGD is ordered by a customer to an interconnection point of another Local Exchange Telephone Company connected to the Company's network, the customer must provide the original order to the Local Exchange telephone Company, and must provide a copy of the order to this company.

Each Local Exchange Telephone Company that accepts the order will provide the portion of the Switched Transport in its territory to an interconnection point with another Local Exchange Telephone Company, and will bill the service in accordance with its Price List(s). The rates for Switched transport (fixed and per mile), are determined as follows:

1. The total mileage for the service is computed using the V& H Coordinate Method set forth in National Exchange Carrier Association Price List FCC No. 4 (NECA No. 4).
  2. A billing factor called the Billing Interconnection Percentage (BIP) is determined from NECA No. 4 directly.
  3. The company's rates and charges are then multiplied by the appropriate quantity(ies) and the billing factor to obtain the charges for this company.
- B. The application of nondistance sensitive rate elements varies according to the rate structure and location of the facilities involved:
1. When rates and charges are listed on a per point of termination basis, this company's rates will be billed for the termination(s) within this company's operating territory.
  2. When rates and charges are listed on a per unit basis, e.g., multiplexing, this company's rates and charges will apply for the units located in this company's operating territory.
  3. When rates and charges are developed on an individual case basis, such rates will be developed for the portion of the service provided by this company.
  4. When rates and charges are listed on a per service basis, these rates and charges will be billed.

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2. GENERAL REGULATIONS (Continued)

2.6 Jointly Provided Access Services (Continued)

B. (Continued)

5. When rates and charges are listed on a per line or trunk installed basis, this company's rates will be billed based on the number of lines or trunks specified by the customer on is order for access service placed with this company.

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## 2. GENERAL REGULATIONS (Continued)

2.7 Definitions

Certain terms used herein are defined as follows:

Access Code

Denotes a uniform seven-digit code assigned by the Company to an individual customer. The seven-digit code has the form 101XXXX or 950-XXXX.

Access Customer Name Abbreviation (ACNA)

Denotes a three alpha character code that identifies the customer to which the Access Service bill is rendered.

Access Minutes

Denotes that usage of exchange facilities in intrastate or foreign service for the purpose of calculating chargeable usage. Access minutes are as described in Section 6 (Switched Access Service).

Access Tandem

Denotes a Company switching system that provides a concentration and distribution function for originating or terminating traffic between end offices and a customer's premises.

Answer/Disconnect Supervision

Denotes the transmission of the switch trunk equipment supervisory signal (off-hook or on-hook) to the customer's point of termination as an indication that the called party has answered or disconnected.

Billing Account Number (BAN)

Denotes a code that identifies the customer's billing account to which Access Services are billed.

Business Day

Denotes the times of day that the Company is open for business. Generally, these are 8:00 or (9:00 A.M. to 5:00 or 6:00 P.M., respectively, with an hour for lunch, Monday through Friday, resulting in a standard forty (40) hour workweek. However, Business Day hours for the Company may vary based on company policy, union contract and location.

Call

Denotes an attempt for which the complete destination code or a Carrier Access Code (e.g., 950-XXXX, 101XXXX#, 0-00-) is provided in the originating direction or a complete destination code is provided in the terminating direction.

Carrier Identification Code (CIC)

Denotes a numeric code that is assigned by Bellcore to long distance carriers for the provisioning of Feature Group B and/or D trunk side Access Service. The numeric code uniquely identifies the carrier.

Central Office

Denotes a local Company switching system where Telephone Exchange Service customer station loops are terminated for purposes of interconnection to each other and to trunks.

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REGULATIONS (Continued)

2. GENERAL

Definitions (Continued)

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Channel(s)

Denotes an electrical or photonic, in the case of fiber optic based transmission systems, communications path between two or more points of termination.

c

Common Line

Denotes a line, trunk, pay telephone line or other facility provided under the general and/or local exchange service Price Lists of the Company, terminated on a central office switch. A common line-residence is a line or trunk provided under the residence regulations of the general and/or local exchange service Price Lists. A common line-business is a line provided under the business regulations of the general and/or local exchange service Price Lists.

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Customer(s)

Denotes any individual, partnership, association, joint-stock company, trust, corporation or governmental entity or any other entity which subscribes to the services offered under this Price List, including both Interexchange Carriers (ICs) and End Users.

L

Local Office Switch

Denotes a local Company switching system where Telephone Exchange Service customer station loops are terminated for purposes of interconnection to trunks. Included are Remote Switching Modules (RSM) and Remote Switching Systems (RSS) served by a host office in a different wire center.

End User

Denotes any customer of an interstate or foreign telecommunications service that is not a carrier, except that a carrier other than a Company shall be deemed to be an "end user" when such carrier uses a telecommunications service for administrative purposes and a person or entity that offers telecommunications services exclusively as a reseller shall be deemed to be an "end user" if all resale transmissions offered by such reseller originate on the premises of such reseller.

Entrance Facility

Denotes a Switched Transport facility between a Company serving wire center and a customer premises that provides a customer with dedicated transport from the serving wire center to the customer's premises.

Exchange

Denotes a unit, generally smaller than a Local Access and Transport Area, established by the Company for the administration of communications service in a specified area which usually embraces a city, town or village and its environs. It consists of one or more central offices together with the associated facilities used in furnishing communications service within that area. One or more designated exchanges comprises a given Local Access and Transport Area.

Facility

Denotes any one of the elements of physical telephone plant that is needed to provide access service, including switching systems, cables, fiber optic and microwave radio transmission systems.

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## 2. GENERAL REGULATIONS (Continued)

## 2.7 Definitions (Continued)

the provisions of this Price List are developed based on the circumstances in each case.

Feature Group

Denotes a category of Switched Access Service differentiated by the technical characteristics, e.g., line side vs. trunk side connection at the Company entry switch.

Host Office

Denotes an electronic switching system which provides call processing capabilities for one or more Remote Switching Modules or Remote Switching Systems.

Immediately Available Funds

Denotes a corporate or personal check drawn on a bank account and funds which are available for use by the receiving party on the same day on which they are received and includes U.S. Federal Reserve bank wire transfers, U.S. Federal Reserve notes (paper cash), U.S. coins, U.S. Postal Money Orders and New York Certificates of Deposit.

Individual Case Basis (ICB)

Denotes a condition in which the regulations, if applicable, rates and charges for an offering under

Interexchange Carrier (IC) or Interexchange Common Carrier

Denotes any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged for hire in interstate or foreign communication by wire or radio, between two or more exchanges.

International Direct Distance Dialing (IDDD)

Denotes the capability of switching international calls with service prefix and address codes having more digits than are capable of being switched through a standard FGD equipped end office.

Interstate Communications

Denotes both interstate and foreign communications.

Intrastate Communications

Denotes any communications within a state subject to oversight by a state regulatory commission as provided by the laws of the state involved.

Line Side Connection

Denotes a connection of a transmission path to the line side of a local exchange switching system.

Local Access and Transport Area (LATA)

Denotes a geographic area established for the provision and administration of communications service. It encompasses one or more designated exchanges, which are grouped to serve common social, economic and other purposes.

North American Numbering Plan (NANP)

Denotes a three-digit Numbering Plan Area (NPA) code and a seven-digit telephone number made up of a three-digit Central Office code plus a four-digit station number.

Premises

Denotes a building, or a portion of a building in a multi-tenant building, or buildings on continuous property (except railroad right-of-way, etc. not separated by a public highway).

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## 2. GENERAL REGULATIONS (Continued)

## 2.7 Definitions (Continued)

Query

Denotes a request for specific information generated by a computer processor and sent to an application, i.e., a database, with a predefined set of possible responses.

Remote Switching Modules (RSM) or Remote Switching Systems (RSS)

Denotes small, remotely controlled electronic end office switches which obtain their call processing capability from an electronic switching system type Host Office. The RSM/RSS cannot accommodate direct trunks to a customer.

Service Control Point (SCP)

Denotes a transaction processor based system that provides a network interface to various data base services. For 800 Number Portability Access Service, the SCP contains routing instructions for 800 service records that were downloaded from the SMS/800.

Service Termination

Denotes the connection of Access Service at a customer premise.

Serving Wire Center

Denotes the end office from which the customer designated premises would normally obtain dial tone from the Company for Local Exchange Service purposes.

Signaling System 7 (SS7)

Denotes the signaling protocol version 7 used in the Common Channel Signaling network based on the American National Standards Institute (ANSI) standards.

Subtending End Office of an Access Tandem

Denotes an end office that has final trunk group routing through the tandem.

Tandem-Switched Transport Facility

Denotes a Switched Transport facility between a Company hub office (when multiplexing occurs at an office other than the serving wire center) and an end office that provides a customer with transport to or from the end office by routing through an access tandem.

Terminating Direction

Denotes the use of Access Service for the completion of calls from an IC premises to an End User premises.

Transmission Path

Denotes an electrical path capable of transmitting signals within the range of the service offering. A voice grade transmission path is capable of transmitting voice frequencies within the approximate range of 300 to 3000Hz. A transmission path is comprised of physical or derived channels consisting of any form or configuration of facilities typically used in the telecommunications industry.

Trunk

Denotes a communications path connecting two switching systems in a network used in the establishment of an end-to-end connection.

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2. GENERAL REGULATIONS (Continued)

2.7 Definitions (Continued)

Trunk Group

Denotes a set of trunks which are traffic engineered as a unit for the establishment of connections between switching systems in which all of the communications paths are interchangeable.

Trunk Side Connection

Denotes the connection of a transmission path to the trunk side of a local exchange switching system.

V and H Coordinates Method

Denotes a method of computing airline miles between two points by utilizing an established formula that is based on the vertical (V) and horizontal (H) coordinates of the two points.

800 Number Portability access Service (NPAS)

Denotes a service that includes toll-free access services using the following dialing plans: 800,888,877,866,855,844,833 and 822. 800, as used throughout this Price List, includes all 800-type toll-free dialing plans.

800 Service Provider

Denotes the entity that offers 800 access services to 800 subscribers.

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3. CARRIER COMMON LINE ACCESS SERVICE

3.1 General Description

- Intercept arrangements

Carrier Common Line Access Service is utilized for the provision of interstate or foreign telecommunications services and allows access to the Company common line facilities furnished to end users.

3.2 Service Provisioning

- A. Where the customer is provided trunk side Switched Access Service as specified in Section 6 (Switched Access Service), the Company will allow access to the Company common line facilities furnished to end users.
- B. The customer's facilities shall provide the necessary on-hook and off-hook supervision.
- C. The following items are not provided as part of Carrier Common Line access Service:
  - Telephone number
  - Detail billing
  - Directory listing

3.3 Rate Regulations

This section contains the specific regulations governing the rates and charges which apply for Carrier Common Line Access Service.

The specific rates and charges are set forth in 3.4 (Rates and Charges). Jurisdictional Report Requirements are set forth in 2.4 (Jurisdictional Reports). Ordering, rating and billing procedures as specified in 2.6 (Jointly provided Access Service) will apply for access services where more than one Exchange Company is involved.

3.3.1 Rate Elements

- A. Carrier Common Line Access Charges

The Carrier Common Line rate category provides for the Company common line facilities between the customer's end user and the end user's end office.

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## 3. CARRIER COMMON LINE ACCESS SERVICE (Continued)

## 3.3 Rate Regulations (Continued)

- originating 500, 700, 800 and 900 access minutes of use which are

## 3.3.2 CCL Usage Rates

Usage rates for each line or trunk are rates that apply on a per unit basis, e.g., per minute of use, when a specific rate element is used. Usage charges are accumulated over a monthly period.

Carrier Common Line Access Service rates are applied to rated minutes based upon whether the minutes are classified as originating or terminating. Originating calling permits the delivery of calls from Telephone Exchange Service locations to the customer's premises. Terminating calling permits the delivery of calls from the customer's premises to Telephone Exchange Service locations.

## A. Originating rates apply to:

- originating access minutes of use (excluding those to which terminating rates apply, as specified in (2) following): reported as minutes that terminate over a Switched Access Service that is assessed terminating Carrier Common Line Access Charges. Such originating minutes must be reported as specified in 3.3.2(C) (Percent Common Line Report).

## B. Terminating rates apply to:

- terminating access minutes of use;
- originating 500, 700, 800 and 900 access minutes of use for calls on which Carrier Common Line charges are not billed on the terminating end.

## C. Percent Common Line Report

Customers must provide the Company with a Percent Common Line Report for originating interstate 500, 700, 800 and 900 traffic to identify the percentage of common line terminated traffic. When the customer makes this report available to the Company in advance of billing, these minutes of use will be charged on the current bill as originating minutes of use.

## 3.3.3 Determining Chargeable Access Minutes

Chargeable access minutes are developed by the Company based upon recordings of customer traffic to end office or access tandem switches where recording capabilities exist. If such recordings are unavailable, the Company develops chargeable access minutes through the use of assumed, factored or imputed minutes. The regulations for determining the chargeable access minutes for Carrier Common Line Access Service are the same as those for Switched Access Service and are specified in 6.6.4 (Determining Chargeable Access Minutes).

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3. CARRIER COMMON LINE ACCESS SERVICE (Continued)

3.4 Rates and Charges

3.4.1 Carrier Common Line Access Charges

	<u>Rate per Access Minute</u>
-- Originating	\$0.000000
-- Terminating	\$0.000000

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#### 4. ORDERING OR ACCESS SERVICE

##### 4.1 General

This section contains the regulations and order related charges for Access Services provided in this Price List. These charges are in addition to applicable charges contained in other sections of this Price List. An access order is an order to provide the customer with Access Services or to provide modifications to existing services. Depending upon the services, facilities or service interval dates requested, one or more access orders may be required to provide the customer with access service.

Access orders are processed on a first come-first served basis. First come-first served shall be based upon the received time and date stamped by the Company on customer orders which contain the information as required for each respective service as delineated in this Price List. Customer orders shall not be deemed to have been received until such information is provided. When necessary, the Company will attempt to seek clarification on a verbal basis. The Company will initiate the order process within one working day of receipt of the customer's order.

##### 4.2 Access Order

###### 4.2.1 Ordering Conditions

An order for Access Service is subject to the following conditions:

- A. A customer may order any number of services of the same type and between the same premises on a single access order provided all details are for the same service (except for those for multipoint service).
- B. The customer shall provide all information necessary for the Company to provide and bill for the requested service. Such information is described in 4.2.2 (Ordering Requirements).
- C. The Company will establish a service date when the customer has provided an access order that contains the required information for each respective service. The date on which the service date is established is considered to be the application date. The Company will provide a firm order confirmation to the customer and will advise the customer of the application date and the service date.

###### 4.2.2 Ordering Requirements

When placing an order for Access Services the customer is required to provide the following information:

- Customer name and premises address(es)
- Billing name and address (when different from customer name and address)
- Customer contact name(s) and telephone number(s) for the provisioning activities of order negotiation, order confirmation, interactive design, installation and billing

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4. ORDERING FOR ACCESS SERVICE (Continued)

4.2.2 Ordering Requirements (Continued)

cannot be an end office provided by an RSS or RSM because all traffic originating from or

In addition to the information listed above, the customer shall provide, at a minimum, information for the specific services requested as described herein.

Where Access Services are jointly provided, additional regulations are set forth in 2.6 (Jointly Provided Access Services).

All trunk side connections provided in the same access group will be limited to the same features and operating characteristics.

Regulations concerning the ordering of Testing Service, Additional Labor and Additional Engineering, are contained in 4.2.4 (provision of Other Services).

A. Feature Group B (FGB) or Feature Group D (FGD) Switched Access Service

The customer shall specify the number of trunks, directionality of the service, the entry switch and the Switched Transport and Local Switching features desired. The first point of switching terminating at a remote switching office must switch through its host office. When an end office is the specified entry switch, the Company will work cooperatively with the customer to determine if direct trunking to the end office will be provided.

When the customer orders trunk quantities to an access tandem, the Company may request an estimate of the amount of traffic the customer will generate to and from each end office subtending the access tandem to assist the Company in its own efforts to project further facility requirements. Traffic estimates to end offices served by remote switching offices should be uniquely identified and not included in traffic estimates to the host. The traffic type must also be specified using the categories described in 6.4.1 (Manner of Provisioning) to enable efficient provisioning and billing functions.

B. 800 Number portability Access Service (NPAS)

Direct routing will be provided from SSP equipped end offices, i.e., end offices equipped to provide customer identification. All 800 traffic originating from end offices not equipped to provide customer identification will require routing to an access tandem where the customer identification function is available. 800 NPAS requires FGD Switched Access Service. The customer shall designate which originating FGD Switched access Service trunk groups are to be associated with 800 NPAS. Calls originating from an Area of Service in which the Customer has not ordered sufficient originating FGD Switched Access Service will be blocked.

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4. ORDERING FOR ACCESS SERVICE (Continued)

4.2.1 Access Order (Continued)

Testing Service and Additional Labor may be ordered with an access order

4.2.3 Service Provisioning Intervals

The time required to provision the service (i.e., the period between the application date and the service date) is known as the service interval. Such intervals will be established in accordance with published interval guidelines and where possible, will reflect the customer's requested service date.

Access Services will be installed during Company business days. If a customer requests that installation be done outside of normally scheduled work hours, and the Company agrees to this request, the customer will be subject to applicable charges described in 6.2 (Additional Labor).

4.2.4 Provision of Other Services

A. Testing Service and Additional Labor

Testing Service and Additional Labor may be ordered concurrently with the associated Access Services. Alternatively, with the agreement of the Company, Testing Service or Additional Labor may subsequently be added to the access order at any time, up to and including the service date for the Access Service. When added subsequently, Design Change Charges described in 4.3.2(A) (Design Change Charge) may apply.

In addition to the rates and charges specified in this Price List for Testing Service and Additional Labor, rates and charges for the associated Access Services and ordering charges contained in this section will also apply.

B. Additional Engineering

Additional Engineering is not an ordering option but will be applied to an access order when the Company determines additional engineering is necessary to accommodate a customer request. Additional engineering will only be required as specified in 6.1 (Additional Engineering). When additional engineering is required, the customer will be notified and furnished with a written statement setting forth the justification for the additional engineering as well as an estimate of the charges. If the customer agrees to the additional engineering, a firm order will be established. If, after being notified that additional engineering of Company facilities is required, the customer does not want the service or facilities, the order will be withdrawn and no charges will apply. Once a firm order has been established, the total charge to the customer for the additional engineering may not exceed the estimated amount by more than 10%.

The regulations for Additional Engineering as specified in 6.1 (Additional Engineering) and the rates and charges as specified in 6.4 (Rates and Charges) are in addition to the regulations, rates and charges specified in this section.

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## 4. ORDERING FOR ACCESS SERVICE (Continued)

## 4.3.1 Access Order Cancellations

R. An Access Order Charge will apply per order for access order cancellations as

## 4.3.1 Access Order Charges

A. An Access Order Charge applies, per access order, for the installation, addition, change, rearrangement or move of Access Services provided in this Price List (in addition to other applicable Access Service Price List charges) with the following exceptions:

- Non chargeable administrative changes where so specified in this Price List;
- Access order modifications as specified in 4.3.2 (Access Order Modification Charges);
- Complete or partial disconnection of Access Services and/or features (except when a Carrier Identification code (CIC) is deleted); and
- As specified in 5.6.2(C) (Non recurring Charges for Service Rearrangements) following.

B. An Access Order Charge will apply per order for access order cancellations as specified in 4.3.3 (Access Order Cancellation Charges).

C. Access Order Charges are specified in 4.4 (Rates and Charges).

## 4.3.2 Access Order Modification Charges

The customer may request a modification of its access order at any time prior to the service date or notification by the Company that service is available for the customer's use, whichever is later. The Company will make every effort to accommodate a requested modification when it is able to do so during normal business hours with the normal work force assigned to complete such an order. If the modification cannot be made with the normal work force during normal business hours, the Company will notify the customer. If the customer still desires the access order modification, the Company will schedule a new service date. All charges for access order modifications will apply on a per occurrence basis.

The following will be treated as a new access order (for the increased amount only) when any increase occurs in the number of:

- Switched Access Service trunks

Rate regulations for access order modification charges are specified following.

## A. Design Change Charge

The customer may request a design change to the service ordered. A design change is any change to an access order which requires engineering review. An engineering review is a review by Company personnel of the service ordered and the requested changes to determine what changes in the design, if any, are necessary to meet the changes requested by the customer. Design changes to a pending order include such things as the addition or deletion of Switched Access features, change in the type of transport termination (Switched Access only), type of channel interface or type of interface group.

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4. ORDERING FOR ACCESS SERVICE (Continued)

4.3 Rate Regulations (Continued)  
in 4.4 (Rates and Charges).

4.3.2 Access Order Modification Charges (Continued)

A. Design Change Charge (Continued)

Design changes do not include a change of customer premises, end user premises, end office switch, feature group type, or Switched channel type. Changes of this nature will require the issuance of a new access order and the cancellation of the original access order with appropriate Cancellation Charges applied.

The Company will review the requested change and notify the customer whether the change is a design change, if it can be accommodated and if a new service date is required. If a change of service date is required, the Service Date Change Charge described in (B) following will also apply.

The design Change Charge will apply on a per access order per occurrence basis, for each access order requiring a design change. Design Change Charges are specified

B. Service Date Change Charge

1. A customer may request a change in the access order service date for the installation of new services or rearrangements of existing services provided the new service date is no more than 45 calendar days beyond the original service date. When such a request is made, the Company will accordingly delay the start of service and a service Date Change Charge will apply. The application date will not change as a result of a service date change.

If a design change has been requested as described in (A) preceding, and the engineering review cannot be completed within the 45 calendar day timeframe, the new service date may exceed the original service date by more than 45 calendar days. If a service date change is necessary to accommodate a customer requested design change, both the Service Date Change Charge and the Design Change Charge apply.

In all other cases, if the customer requests a service date which exceeds the allowable service date change period previously described, the order must be cancelled by the customer. Appropriate cancellation charges will be applied. The customer must issue a new order specifying the desired service date if Access Service is still required.

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**4. ORDERING FOR ACCESS SERVICE (Continued)****4.3 Rate Regulations (Continued) -****4.3.2 Access Order Modification Charges (Continued)****B. Service Date Change Charge (Continued)**

2. A new service date may be established that is prior to the original service date if the Company determines it can accommodate the customer's request without delaying service dates for orders of other customers. If the service date is changed to an earlier date, and the Company determines that additional labor or extraordinary costs are necessary to meet the earlier service date requested by the customer, the customer will be notified by the Company that an Expedited Order Charge, as specified in C. following applies. The Expedited Order Charge is in addition to the Service Date Change Charge.
3. A Service Date Change Charge is applicable on a per order per occurrence basis for each service date changed. Service Date Change Charges are specified in 4.4 (rates and Charges).

**C. Expedited Order Charge**

If a customer desires that service be provided on an earlier date than that which has been established for the access order or the provision of the Access Service, the customer may request that service be provided on an expedited basis. If the Company determines that service can be provided on the requested date and that additional labor costs or extraordinary costs are required to meet the requested service date, the customer will be notified and will be provided with an estimate of the additional charges involved. The actual charges cannot exceed the estimate by more than 10%. If the customer instructs the Company to proceed, such additional charges will be determined and billed to the customer as follows:

1. **Additional Labor Charges.** To calculate the Additional Labor Charges, the Company will keep track of the additional labor hours used to meet the request of the customer and will bill the customer at the applicable Additional labor Charges specified in 13.4 (Rates and Charges).
2. When the request for expediting occurs subsequent to the issuance of the access order, a Service Date Change Charge as specified in (B) preceding also applies.

**D. Partial Cancellation Charge**

Any decrease in the number of the following Access Services or Arrangements ordered will be treated as a partial cancellation and the charges described in 4.3.3 (Access Order Cancellation Charges) will apply.

- Switched Access Service trunks

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**4. ORDERING FOR ACCESS SERVICE (Continued)****4.3 Rate Regulations (Continued)**

Charge will apply as specified below in addition to any other applicable charges

**4.3.3 Access Order Cancellation Charges****A. Cancellation of an Access Order**

A customer may cancel an access order at any time prior to (1) the service date or (2) notification by the Company that service is available for the customer's use, whichever is later. The cancellation date is the date the Company receives written or verbal notice from the customer that the order is to be cancelled. The verbal notice must be followed by written confirmation within 10 days.

**B. When Cancellation Charges Apply**

If a customer is unable to accept Access Service and the new service date requested is beyond the allowable service date change time period specified in 4.3.2(B)(1)(Service Date Change Charge), the access order will be cancelled. When the customer cancels an access order on or after the application date, a Cancellation specified in 4.3.2 (Access Order Modification Charges).

**1. For all Access Services, the Cancellation Charge equals:**

- The number of business days from the access order application date through the access order cancellation date (i.e., the service interval)
- multiplied by the average daily charge
- plus the access order charge.

**Notes:**

- a. The service interval is the number of business days from the access order application date through the access order cancellation application date being day 1. Service installation costs incurred by the Company start on the application date.
- b. If the customer has requested a service date change beyond the original service date, the number of business days beyond the original service date is included in the service interval.
- c. Average daily charge equals installation charges plus rearrangement charges divided by the number of days in the service interval.

**C. When Cancellation Charges Do Not Apply**

1. When a customer cancels an order for the discontinuance of service, no charges apply for the cancellation.

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4. ORDERING FOR ACCESS SERVICE (Continued)

4.3 Rate Regulations (Continued)

4.3.3 Access Order Cancellation charges (Continued)

C. When Cancellation Charges Do Not Apply (Continued)

2. When a customer cancels an access order prior to the application date, no charges apply for the cancellation.
3. If the Company or the customer misses a service date by more than 30 days, due to circumstances over which it has no direct control (i.e., acts of God, governmental requirements, work stoppages and civil commotion), the customer may cancel the access order without incurring Cancellation Charges.

4.3.4 Minimum Period Requirements

The minimum period for which access Service is provided and for which charges applicable is set forth in each section of this Price List. When Access Service is disconnected prior to the expiration of the minimum period, charges are applicable for the balance of the minimum period. A disconnect constitutes facilities being returned to available inventory. This terminology does not refer to when billing is stopped, but rather distinguishes a disconnect from a service rearrangement.

Service rearrangements may be made without a change in minimum period requirements where so specified in this Price List.

4.4 Rates and Charges

A. Access Order Charges

	<u>Charge per Access Order</u>
Switched Access Order Charge	\$0.00

B. Access Order Modification Charges

	<u>Charges per order per occurrence</u>
1. Design Change Charge	\$26.21
2. Service Date Change Charge	<u>Charges per order per occurrence per service date changed</u> \$26.21

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## 5. SWITCHED ACCESS SERVICE

- 5.1 General Description  
nonrecurring charges are contained in Section 5.6 (Rate Regulations).  
Switched Access Service provides a two-point communications path between a customer's premises and an end user's premises through the use of common terminating, common switching, Switched Transport facilities, and common subscriber plant of the Company. Switched Access Service provides for the ability to originate calls from an end user's premises to a customer's premises, and to terminate calls from a customer's premises to an end user's premises in the LATA where service is provided.

The provision of each feature group requires Switched Transport and the appropriate Local Switching functions. Switched Transport provides for the transmission facilities between the customer's premises and the end office switch where the customer's traffic is switched to originate or terminate traffic. Local Switching provides for the local end office switching and end user termination functions necessary to complete the transmission of the customer's communications over Switched Access facilities to and from the end users served by the local end office. Common Line is provisioned under Section 3 (Carrier Common Line Access Service) and Section 4 (End User Access Service). A more detailed description of the rate categories applicable to Switched Access Service, how these rate categories are applied and other service specific charges and

### 5.2 Feature Group Descriptions

Switched Access Service may be provided in two different feature group arrangements. These are generally differentiated by their technical characteristics and the manner in which an end user accesses them in originating calling, e.g., with or without an access code.

Feature groups are arranged for originating, terminating or two-way calling, based on the customer's order specifications. Originating calling permits the delivery of calls from Telephone Exchange Service locations to the customer's premise. Terminating calling permits the delivery of calls from the customer's premises to Telephone Exchange Service locations. Two-way calling permits the delivery of calls in both directions, but not simultaneously.

Following are detailed descriptions of each of the available feature groups. Each feature group is described in terms of its specific physical characteristics and calling patterns.

#### 5.2.1 Feature Group B (FGB)

##### A. General

1. FGB is provided as trunk side switching. The switch trunk equipment is provided with wink start address signaling or immediate dial pulse address signaling and answer and disconnect supervisory signaling. FGB switching is provided with multi-frequency address signaling in both the originating and terminating directions.

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## 5. SWITCHED ACCESS SERVICE (Continued)

## 5.2 Feature Group Descriptions (Continued)

uniform codes will be the assigned access numbers for all FGB Switched

## 5.2.1 Feature Group B (FGB) (Continued)

## A. General (Continued)

2. The Company will establish a trunk group or groups for the customer at end office switches or access tandem switches where FGB switching is provided.
3. When all FGB switching arrangements are discontinued at an end office or in a LATA, an intercept announcement is provided. This arrangement provides, for a maximum period of 90 days, an announcement that the service associated with the number dialed has been disconnected.

## B. Originating FGB

1. The uniform access code for FGB switching is 950-XXXX. (The XXXX represents a unique four-digit number for each access customer.) These Access Service provided to the customer by the Company.
2. FGB is provided with multi-frequency address signaling. Except for FGB switching provided with the automatic number identification (ANI) or rotary dial station signaling arrangements, any other address signaling in the originating direction, if required by the customer, must be provided by the customer's end user using in-band tone signaling techniques. Such in-band tone address signals will not be regenerated by the Company and will be subject to the ordinary transmission capabilities of the Switched Transport provided.

## C. Terminating FGB

1. When directly routed to an end office, only those valid NXX codes served by that end office may be accessed. When routed through an access tandem, only those valid NXX codes served by end offices subtending the access tandem may be accessed. Calls will also be completed to time or weather announcement services of the Company, community information services of an information service provider and other customers' services (by dialing the appropriate digits).
2. Calls in the terminating direction will not be completed to 950-XXXX access codes, local operator assistance (0-and +), Directory Assistance (411), exchange telephone repair service, service code 911 or 101XXXXX access codes. FGB may not be switched to access another FGB or FGD in the same LATA.

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5. SWITCHED ACCESS SERVICE (Continued)

5.2 Feature Group Descriptions (Continued)

signaling up to 12 digits of the called party number dialed by the customer's

5.2.2 Feature Group D (FGD)

A. General

1. FGD is provided at Company designated end office switches whether routed directly or via Company designated electronic access tandem switches.
2. FGD is provided as trunk side switching through the use of end office or access tandem switch trunk equipment. The switch trunk equipment is provided with wink start pulsing signals and answer and disconnect supervisory signaling.
3. The Company will establish a trunk group or groups for the customer at end office switches or access tandem switches where FGD switching is provided.
4. FGD Switching is provided with in-band multi-frequency address signaling or out of band SS& signaling. With multi-frequency address signaling and SS& end user using dual tone multi-frequency or dial pulse address signals will be provided by Company equipment to the customer's premises where the Switched Access Service terminates. Such address signals will be subject to the ordinary transmission capabilities of the Switched Transport provided.

B. Originating FGD

1. The uniform access code for FGD switching is 101XXXX. (The XXXX represents a unique four-digit number for each access customer.) This uniform code will be the assigned access number for all FGD Access Service provided to the customer by the Company. When the 101XXXX access codes are used, FGD switching also provides for dialing the digit 0 for access to the customer's operator, 911 for access to the Company's emergency reporting service, or the end-of-dialing digit (#) for cut-through access to the customer's premises.

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5. SWITCHED ACCESS SERVICE (Continued)

5.2 Feature Group Descriptions (Continued)

NXX-XXXX, OR 1 + NPA + NXX-XXXX, and, when the end office is

5.2.2 Feature Group D (FGD) (Continued)

B. Originating FGD (Continued)

2. No access code is required for calls to a customer over FGD Switched Access Service if the end user's telephone exchange service is arranged for presubscription to that customer. The customer's end user is not required to dial an access code for originating 800 NPAS and 500 Access provided with FGD Switched Access Service. 800 NPAS and 500 Access calls dialed with an access code will be blocked by the Company.
3. Where no access code is required, the telephone number dialed by the customer's end user shall be a seven or ten digit number for calls in the North American Numbering Plan (NANP). For international calls outside the NANP, a seven to twelve digit number may be dialed. The form of the numbers dialed by the customer's end user is NXX-XXXX, 0 OR 1+ NXX-XXXX, NPA + equipped for International Direct Distance Dialing (IDDD), 01 + CC + NN or 011 + CC + NN.

C. Terminating FGD

1. When directly routed to an end office, only those valid NXX codes served by that office may be accessed. When routed through an access tandem, only those valid NXX codes served by end offices subtending the access tandem may be accessed. Calls will also be completed to time or weather announcement services of the Company, community information services of an information service provider, and other customer's services (by dialing the appropriate codes) when such services can be reached using valid NXX codes.
2. Calls in the terminating direction will not be completed to 950-XXXX access codes, local operator assistance (0- and 0+), Directory Assistance (411), exchange telephone repair service, service code 911 or 101XXXX access codes. FGD, in the terminating direction, may not be switched to access another FGD or FGD in the same LATA.

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## 5. SWITCHED ACCESS SERVICE (Continued)

data base translation.

## 5.3.1 800 Number Portability Access Service (800 NPAS)

## A. General

800 NPAS is an originating offering utilizing FGD trunk side Switched Access Service for the delivery of 800 calls. 800 NPAS includes all toll-free access services using the following dialing plans: 800, 888, 877, 866, 855, 844, 833 and 822. 800 NPAS allows the Company to route 800 calls to the appropriate 800 Service Provider. 800 NPAS allows end user to originate 800 calls on a 1+ basis without the use of an access code. The 800 NPAS Provider will be identified from the dialed 800 number (e.g., 1+800+NXX-XXXX or 1+888+NXX+XXXX). The 800 Service Provider has the option of receiving the dialed 800 number (e.g., 1+800+NXX+XXXX or 1+888+NXX+XXXX) or a translated ten-digit POTS number (i.e., 1+NPA+NXX+XXXX). For 800 NPAS calls outside of the North American Numbering Plan (NANP), the 800 service Provider will receive a six-digit

When an end user originates an 800 NPAS call, the Company will determine how the call is to be routed, based on the 800 number dialed. If an 800 NPAS call originates in an end office not SSP equipped to provide the customer identification function, the call will be routed to an SSP equipped access tandem. Once the 800 NPAS Provider has been identified, the 800 call, served by the Company's SSP, will be routed to the 800 Service provider's defined FGD trunk group.

800 NPAS provides the customer identification function required to determine the appropriate routing for an 800 number based on the geographic origination of the call, from a specific NPA/NXX,NPA, or LATA, up to any combination of the same.

800, as used throughout this Price List, includes 800,888,877,866,855,844,833 and 822 dialing plans. The 866, 855, 844, 833 and 822 dialing plans will be available when technically feasible and facilities permit, respectively, upon exhaust of the 800, 888 and 877 codes.

## 5.3.2 900 Access Service

All 900 Access service calls will be blocked unless 900 Access Service is specifically requested by the customer, in which case it will be routed to the tandem office.

5.4 Switched Transport

Switched Transport is provided to customers of Switched Access Services for the provision of transmission facilities between the customer's premises and end office switch(es) where the customer's traffic is switched to originate or terminate communications.

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## 5. SWITCHED ACCESS SERVICE (Continued)

## 5.4 Switched Transport (Continued)

The following facilities provide the physical route a transmission path may take in

Switched Transport provides a one-way or two-way voice frequency transmission path composed of facilities determined by the Company which permit the transport of calls in the originating direction and in the terminating direction—though not simultaneously. This voice frequency transmission path may be comprised of any form or configuration of plant capable of, and typically used in, the telecommunications industry for transmitting voice and associated telephone signals within the frequency bandwidth of approximately 300 to 3000 Hz.

Switched Transport is ordered under the Access Order provisions set forth in section 5 (Ordering for Access Service). Ordering provisions as set forth in 2.6 (Jointly Provided Access Services) will apply when more than one Exchange Telephone Company is involved in the provision of a Switched Transport facility. Rate elements for Switched Transport are defined in 5.6.1 (Rate elements). Rates and nonrecurring charges for those rate elements are located in 5.7 (Rates and Charges).

## 5.4.1 Switched Transport Facilities

transporting Switched Access communications between a customer's premises and an end office.

## A. Tandem-Switched Transport Facility

A Tandem-Switched Transport facility provides the transmission path between the access tandem and an end office and includes tandem switching functions. Tandem-Switched Transport facilities include circuits provided for the common use of all customers who have requested tandem switching (from the access tandem to the end office). Tandem-Switched Transport facilities are available for use with all Switched Access services.

5.5 Service Provisioning

## 5.5.1 Manner of Provisioning

## A. There are two major traffic categories, originating and terminating:

Originating traffic capacity within a LATA for carrying traffic from the end user to the customer.

Terminating traffic represents access capacity within a LATA for carrying traffic from the customer to the end user.

## B. Switched Access Service is ordered under the provisions specified in section 5 (Ordering for Access Service). Also included in that section are charges associated with ordering Switched Access Service.

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5. SWITCHED ACCESS SERVICE (Continued)

5.5 Service Provisioning (Continued)

5.5.2 Design and Traffic Routing of Switched Access Service

When ordering Switched Access Services, the customer must, at a minimum, specify the Switched Transport facilities to be used (Tandem-Switched Transport facility). The customer is required to specify whether the service should be provided by originating only, terminating only or two-way.

5.5.3 Design Blocking Probability

The design blocking objective for FGD will be no greater than one percent (.01) between the point of termination at the customer's premises and the end office switch.

5.5.4 Testing

Two broad categories of testing are available for Switched Access services. These are Acceptance tests and In-Service Tests.

A. Acceptance Tests

Acceptance tests are tests that are performed during the installation of a Switched Access service. These tests are cooperative tests between the Company and the customer and they are performed at the customer's request at the time of installation. There is no charge for Acceptance Testing.

The Company will test the following parameters:

- loss
- C-notched noise
- 3-tone slope
- d.c. continuity
- operational signaling

B. In-Service Testing

In-Service Tests are tests which are performed after acceptance of the Switched Access Service by the Customer. Among the types of test that can be performed are Automatic Scheduled Testing, Cooperative Schedule testing, Manual Scheduled Testing and Nonscheduled Testing. In-Service Testing will be offered, subject to availability, at the Customer's request and will be subject to rates and charges as set forth in Section 6.4.2.

## 5. SWITCHED ACCESS SERVICE

## 5.5 Service Provisioning (Continued)

## 5.5.5 Network Management

The company maintains the right to apply protective controls (i.e., those actions, such as call gapping) which selectively cancel the completion of any traffic carried over the Company's network, including that associated with a customer's Switched Access Service. Generally, such protective measures would only be taken as a result of occurrences such as failure or overload of Company or customer facilities, natural disasters, mass calling or national security demands. In the event that the protective controls applied by the Company result in the complete loss of service to the customer, the customer may be granted a credit allowance in conjunction with the regulations specified in 2.5.4 (Credit Allowance for Service Interruptions).

5.6 Rate Regulations

This section contains the specific regulations governing the rates and charges that apply for Switched Access Service.

There are three types of rates and charges that apply to the various rate elements for Switched Access Service. These are nonrecurring charges, monthly recurring rates (including fixed and per mile rates) and usage rates.

Specific rates and charges are set forth in 5.7 (Rates and Charges). Requirements for jurisdictional reporting are set forth in 2.4 (Jurisdictional Report Requirements). Ordering, rating and billing procedures as specified in 2.6 (Jointly provided Access Service) will apply for access services where more than one exchange telephone company is involved.

5.6.1 The following provides a list of the various rate elements and how the rate elements are defined.

- Common Line [described in Section 3 (Carrier Common Line Access Service) and Section 4 (End User Access Service)]
- Tandem-Switched Transport (as described in A. following)
- Local Switching (as described in B. following)
- Information surcharge (as described in C. following)

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5. SWITCHED ACCESS SERVICE (Continued)

5.6 Data Densities (Continued)

interoffice links and employed to derive the channels on the transmission

5.6.1 Rate Elements (Continued)

A. Tandem-Switched Transport

The Tandem-Switched Transport rate element provides for a Tandem-Switched Transport facility as set forth in 5.4 (Switched Transport). The Tandem-Switched Transport rate element includes the transmission facilities between the Access Tandem and an end office. Tandem-Switched Transport is composed of the following sub-elements:

Tandem-Switched Transmission provides for the transmission facilities from the access tandem to the end office where calls are switched to originate or terminate. Tandem Switching Rates are set forth in 5.7.2(C) (Tandem-Switched Transport).

1. Tandem-Switched Transmission includes the transmission medium itself (e.g., wire or fiber) as well as certain circuit equipment that is used at the ends of the medium and circuit equipment used within the network to manage the circuits at intermediate locations.
2. Host Remote Transmission provides for certain interoffice links that are provided for the common use of all customers but which are not switched through an access tandem. When both Tandem-Switched Transmission and Host Remote Transmission are applicable, mileage is measured separately.
3. Tandem Switching provides for use of the Company's access tandem.
4. Tandem multiplexing provides for the multiplexing equipment functionality on the end office side of the tandem switch.

B. Local Switching

The Local Switching rate element provides for the local end office switching and end user termination functions necessary to complete the transmission of Switched Access communications to and from the end users served by the local end office. When local switching functions are not used in the provision of a Switched Access service, local switching rates will not apply.

The Local Switching rate element provides for the following functions.

Common Switching – Local end office switching associated with the feature group switching arrangements.

Transport Termination – Line or trunk side arrangements which terminate the Local Transport facilities.

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## 5. SWITCHED ACCESS SERVICE (Continued)

## 5.6. Rate Elements (Continued)

No recurring charges are one-time charges that apply for a specific work activity (i.e.,

## 5.6.1 Rate Elements (Continued)

Line Termination – Terminations for the end-user lines terminating in the local end office.

Intercept – Termination of certain calls at a Company intercept recording. The recording tells a caller why a call, as dialed, could not be completed, and if possible, provides the new number.

## C. Information Surcharge

Information surcharge rate element provides for the maintenance and publication of telephone number listings.

## 5.6.2 Nonrecurring Charges

installation or change to an existing service). Nonrecurring charges are applicable for installation of services, installation of features, and for certain service rearrangements. In addition, an Access Order Charge may be applicable as specified in 5.3.1 (access Order Charges).

## A. Nonrecurring Charges for Installation of Service

## 1. Installation Charges

These nonrecurring charges apply to the installation of each feature group service (FGB and FGD), and each Switched Transport facility (Tandem-Switched Transport facility) as follows:

- For trunk side feature groups (FGB, FGD), the per trunk installation charge is applicable on a first and additional basis.
- For Switched Transport services (Tandem-Switched Transport), installation charges are applied on a first and additional basis by connection type.

## B. Nonrecurring Charges for Installation of Features

1. A nonrecurring charge applies, per Carrier Identification Code (CIC), when the following features are installed, whether concurrent with or subsequent to the installation of a trunk or trunk group.



## 5. SWITCHED ACCESS SERVICE (Continued)

5.6 Rate Regulations (Continued)

## 5.6.2 Nonrecurring Charges (Continued)

## B. Nonrecurring Charges for Installation of Features

## 1. (Continued)

- a. The nonrecurring charge for the following features applies on a per Carrier Identification Code (CIC), per end office basis. When tandem routed, the first end office charge always applies. For the Carrier Identification Code features when tandem routed, a tandem charge applies and is in addition to the end office charge.

Automatic Number Identification (fro FGD)

## Carrier Identification Code

- Establish/Add (for FGD)
- Change (for FGD)
- Delete (for FGD)
- Establish/ADD (for FGB)
- Change (for FGB)
- Delete (for FGB)

- b. When the following features are installed for a trunk group, the nonrecurring charge applies per trunk group.

Automatic Number Identification (for FGB)

Trunk Access Limitation

- c. The nonrecurring charge for the following feature applies only when the feature is ordered subsequent to the CIC installation. When applicable, the nonrecurring charge is assessed on either a per tandem or a per end office basis. When tandem routed, only the tandem charge applies. When end office routed, only the end office charge applies.

Up to 7 Digits Outpulsing (for FGB)

## C. Nonrecurring Charges for Service Rearrangements

Service rearrangements are changes to existing services which do not result in either (1) a change in the minimum period requirements, or (2) a change in the physical location of the point of termination.

Changes which result in (1) the establishment of new minimum period obligations are treated as a discontinuance of the existing service an installation of a new service and all applicable nonrecurring charges will apply. Changes in (2) the physical location of the point of termination are treated as moves and are described and charged for as specified in 5.6.8 (Moves).

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## 5. SWITCHED ACCESS SERVICE (Continued)

5.6 Rate Regulations (Continued)

## 5.6.2 Nonrecurring Charges (Continued)

## C. Nonrecurring Charges for Service Rearrangements (Continued)

A change in the customer of record (i.e., existing Access Service is provided and billed to a different entity) is considered a service rearrangement when the new customer assumes liability for all current and prior charges for the service(s) and has complied with the regulations and conditions specified in 2.2 (Assignment and Transfer of Facilities). An Access Order Charge will apply when a change of customer name or a change in billing data (name, address, contact name, or telephone number) is requested in conjunction with a change in the customer of record as described in 5.3.1 (Access Order Charges).

When a customer requests one or more of the following service rearrangements, non recurring charges will apply as follows.

1. The following administrative changes will be made without charge to the customer, except where noted:
  - Change of customer name, (i.e., the customer of record does not change but rather the customer of record changes its name)
  - Change of customer's or customer's end user premises address when the change of address is not a result of a physical relocation of the service
  - Change in billing data (name, address, contact name or telephone number)
  - Change in agency authorization
  - Change of customer's or customer's end user contact name or contact telephone number
  - Change in jurisdiction
  - Change of transport service type designation (switched to special or vice versa) that does not require a physical change to the service
2. When a customer requests the following administrative changes, a nonrecurring charge will apply on a per trunk group or per connection type basis when adding or changing the feature subsequent to the installation of the trunk. If more than one change is requested on the same Access Order, only one charge will apply per trunk group.
  - Change of Access Carrier name Abbreviation (ACNA)
  - Change of Customer Circuit Identification (CKR)
3. Except as specified in 5.6.8 following, rearrangements of Switched Transport facilities will be treated as a discontinuance of the existing service and an installation of a new service and all applicable nonrecurring charges will apply as specified in 5.7 (Rates and Charges).

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## 5. SWITCHED ACCESS SERVICE (Continued)

## 5.6 Rate Regulations (Continued)

## 5.6.2 Nonrecurring Charges (Continued)

## C. Nonrecurring Charges for Service Requirements (Continued)

4. All other changes to existing services will be treated as a discontinuance of the existing service and an installation of a new service. The nonrecurring charges described in A. preceding (Nonrecurring Charges for Installation of Service) will apply for this work activity.

## 5.6.3 Monthly Recurring and Usage Rates

Monthly rates (including fixed and per mile rates) are flat recurring rates that apply each month or fraction thereof that a specific rate element is provided. For billing purposes, each month is considered to have thirty (30) days.

Usage rates for each line or trunk are rates that apply on a per unit basis (e.g., per call, per access minute or per access minute per mile) when a specific rate element is used. Usage charges are accumulated over a monthly period.

## A. Switched Transport

## 1. Tandem-Switched Transport

Tandem-Switched Transport is provided with the following sub-elements:

- Tandem-Switched Transmission/Common Transport
- Tandem Switching

## 2. Tandem-Switched Transport

## a. Tandem-Switched Transmission/Common Transport

Tandem-Switched Transmission/Common Transport has two rates: a per access minute of use rate and a per access minute of use per mile rate. The per access minute of use rate applies to the non-distance sensitive portion of the Tandem-Switched Transport for the termination of both ends of the facility. The per access minute of use per mile rate applies to the distance sensitive portion of the Tandem-Switched Transport facility. When the mileage for tandem-Switched Transmission/common Transport is zero, the per mile rate will not apply.

## b. Tandem Switching

A per access minute of use rate applies to each Tandem-Switched Transport facility for the switching functions provided by the access tandem.

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## 5. SWITCHED ACCESS SERVICE (Continued)

5.6 Rate Regulations(Continued)

## 5.6.3 Monthly Recurring and Usage Rates (Continued)

## B. 800 Number Portability Access Service (NPAS)

The following rate elements are applicable to 800 NPAS:

## 1. 800 NPAS Query

The 800 NPAS Query rate applies per call for each 800 query received at the Company SCP that returns a valid carrier identification code providing the appropriate routing information of that call and results in the delivery of the 800 call to the customer.

## 2. Call Handling and Destination

The Call handling and Destination rate applies per Call handling and Destination query and will be in addition to the 800 NPAS Query charge.

The 800 NPAS rate elements will be billed to the customer utilizing FGD/Switched Access Service for the delivery of 800 calls.

## 5.6.4 Determining Chargeable Access Minutes

Chargeable access minutes are developed by the Company based upon recordings of customer traffic to end office or access tandem switches where recording capabilities exist. If such recordings are unavailable, the Company develops chargeable access minutes through the use of assumed minutes, recorded minutes which have been factored or imputed minutes.

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## 5. SWITCHED ACCESS SERVICE (Continued)

5.6 Rate Regulations (Continued)

## 5.6.4 Determining Chargeable Access Minutes (Continued)

## A. FGB Access Minutes

When recording originating calls over FGB, usage measurement begins when the originating FGB entry switch receives answer supervision forwarded from the customer's point of termination (indicating that the customer's equipment has answered). The measurement of originating call usage over FGB ends when the originating FGB entry switch receives disconnect supervision from either the originating end user's end office (indicating that the originating end user has disconnected), or the customer's point of termination, whichever is recognized first by the entry switch.

For terminating calls over FGB, usage measurement begins when the terminating FGB entry switch receives answer supervision from the terminating end user's end office (indicating that the terminating end user has answered). The measurement of terminating call usage over FGB ends when the terminating FGB entry switch receives disconnect from either the terminating end user's end office (indicating that the terminating end user has disconnected), or the customer's point of termination, whichever is recognized first by the entry switch.

## B. FGD Access Minutes

1. When recording originating calls over FGD with multi-frequency address signaling, usage measurement begins when the originating FGD entry switch receives the first wink supervisory signal forwarded from the customer's point of termination. The measurement of originating call usage over FGD ends when the originating FGD entry switch receives disconnect supervision from either the originating end user's end office (indicating that the originating end user has disconnected), or the customer's point of termination, whichever is recognized first by the entry switch.

For terminating calls over FGD with multi-frequency address signaling, the measurement of access minutes begins when the terminating FGD entry switch receives answer supervision from the terminating end user's end office (indicating that the terminating end user has answered). The measurement of terminating call usage over FGD ends when the terminating FGD entry switch receives disconnect supervision from either the terminating end user's end office (indicating that the terminating end user has disconnected), or the customer's point of termination, whichever is recognized first by the entry switch.

2. When recording originating calls over FGD with SS& signaling, usage measurement begins with the transmission of the initial address message by the switch for direct trunk groups and with the receipt of an exit message by the switch for tandem trunk groups. The measurement of

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## 5. SWITCHED ACCESS SERVICE (Continued)

5.6 Rate Regulations (Continued)

## 5.6.4 Determining Chargeable Access Minutes (Continued)

## B. FGD Access Minutes (Continued)

## 2. (Continued)

originating FGD call usage ends when the entry switch receives or sends a release message, whichever occurs first.

For terminating calls over FGD with SS7 signaling, the measurement of access minutes begins when the terminating recording switch receives answer supervision from the terminating end user. On directly routed trunk groups or on tandem routed trunk groups, the Company switch receives answer supervision and sends the indication to the customer in the form of an answer message. The measurement of terminating FGD call usage ends when the entry switch receives or sends a release message, whichever occurs first.

## 5.6.5 Determining Switched Transport Mileage and Charges

## A. Determining Switched Transport Mileage

The mileage to be used to determine the monthly rate for Tandem Switched Transport is calculated on the airline distance between the end office switch where the call carried by Switched Transport service originates or terminates and the Access Tandem. Where applicable, the V&H coordinates method is used to determine mileage. This method is described in the National Exchange Carrier Association, Inc., Price List FCC No. 4, Wire Center and Interconnection Information.

An exception to the mileage measurement rules is as follows:

## 1. Host-Remote

When Tandem-Switched Transport is provided to a host-remote arrangement, mileage for Tandem-Switched Transmission is calculated using the V&H coordinates of the tandem and the host office. Mileage for Host/Remote transmission is calculated using the V&H Coordinates of the host office and the remote switching system or remote switching module where the call originates or terminates.

## B. Determining Switched Transport Mileage Charges

To determine the rate to be billed, compute the mileage, and apply the rate shown in 5.7 (rates and Charges). If the calculation results in a fraction of a mile, always round up to the next whole mile before applying the rate.

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5. SWITCHED ACCESS SERVICE (Continued)

5.6 Rate Regulations (Continued)

5.6.6 Minimum Period Charges

Switched Access Service is provided for a minimum period of one month. The charge for a month or fraction thereof is equal to the applicable minimum monthly charge for the capacity.

5.6.7 Change of Feature Group Type

Changes from one type of feature group to another will be treated as a discontinuance of one type of service and a start of another.

5.6.8 Moves

Upon receipt of written notice from the customer, the Company will add, delete or change locations or features of specific lines and equipment. The Company will charge the customer a nonrecurring charge for such service on an individual case basis. In the event that in excess of 10% of the lines and equipment that were installed are deleted, customer will be subject to the Company's standard termination charges.

5.7 Rates and Charges

5.7.1 Switched Transport

A. Tandem-Switched Transport

1. Tandem-Switched Transmission/Common Transport \*

Rate per Access Minute	\$0.00000
Rate per Access Minute per Mile	\$0.00000

\*Rates are included in the Composite Rate listed under 5.7.2 B.

2. Tandem Switching\*

Rate per Access Minute	\$0.00000
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\*Rates are included in the Composite Rate listed under 5.7.2 B.

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5. SWITCHED ACCESS SERVICE (Continued)

5.7 Rates and Changes (Continued)

5.7.1 Switched Transport (Continued)

B. Feature Group Installation

Nonrecurring Charge

FGB First Trunk	\$915.00
FGB Additional trunk, each	\$100.00
FGD First Trunk	\$915.00
FGD Additional trunk, each	\$100.00

5.7.2 Local Switching

Rate per Access Minute

A. Local Switching Usage*	\$0.00000
*Rates included in Composite rate listed under 5.7.2 B.	
B. Composite Usage Local Switching Tandem Switching and Tandem Switched Transport	\$0.02950

Nonrecurring Charge

C. Common Switching Features

1. Automatic Number Identification (ANI)

FGB, per trunk group	\$62.47
FGD, first end office	\$62.47
FGD, additional end office	\$45.71

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5. SWITCHED ACCESS SERVICE (Continued)

5.7 Rates and Changes (Continued)

5.7.2 Local Switching (Continued)

C. Common Switching Features (Continued)

2. Carrier Identification Code

a. Establish or Add

FGB, first end office	\$1.93
FGB, additional end offices	\$1.93
FGB, per tandem	\$99.80
FGD, first end office	\$31.24
FGD, additional end offices	\$22.86
FGD, per tandem	\$31.24

b. Change

FGB, first end office	\$1.93
FGB, additional end offices	\$1.93
FGB, per tandem	\$43.79
FGD, first end office	\$91.79
FGD, additional end offices	\$75.04
FGD, per tandem	\$91.79

c. Delete

FGB, first end office	\$1.93
FGB, additional end offices	\$1.93
FGB, per tandem	\$31.35
FGD, first end office	\$54.45
FGD, additional end offices	\$37.70
FGD, per tandem	\$54.45

5.7.3	Information Surcharge	<u>Rate per Access</u> <u>Minute</u> \$0.000000
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5.7.4	800 Number portability Access Service (NPAS)	<u>Rate Per Query</u>
A.	800 NPAS Query	\$0.00421
B.	Call Handling and Destination	\$0.00010

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## 6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

Section 6 addresses Additional Engineering, Additional Labor and Miscellaneous Services. The specific rates and charges for these activities are set forth in section 6.4 (Rates and Charges).

For the purposes of Section 6 the terms "Basic Time," "Overtime" and "Premium Time" are defined as follows:

- Basic time – Work related efforts of the Company performed during normally scheduled working hours.
- Overtime – Work related efforts of the Company performed outside of a normally scheduled workday.
- Premium Time – Work related efforts of the Company performed outside of a normally scheduled workweek.

6.1 Additional Engineering

Additional Engineering will be provided by the Company at the request of the customer only when:

- A customer requests additional technical information after the Company has already offered routinely provided technical information.

The Company will notify the customer that Additional Engineering Charges will apply before any additional engineering is undertaken.

Additional Engineering Charges apply on a first and additional basis for each half-hour or fraction thereof. If more than one engineer is involved in the same additional engineering project, the total amount of time for all engineers involved will be aggregated prior to the distribution of time between the "First Half hour or Fraction thereof" and "Each additional Half Hour or Fraction thereof" rate categories.

6.2 Additional Labor

Additional Labor is that labor requested by the customer on a given service and agreed to by the Company as set forth in 6.2.1 through 6.2.4 following.

The Company will notify the customer that Additional Labor Charges as set forth in 6.4 (Rates and Charges) will apply before any additional labor is undertaken. Additional Labor Charges apply on a first and additional basis for each half-hour or fraction thereof. If more than one technician is involved in the same Additional Labor Project, the total amount of time for all technicians involved will be aggregated prior to the distribution of time between the "First half Hour or Fraction Thereof" and "Each additional Half Hour or Fraction Thereof" rate categories.

A call-out of a Company employee for Additional Labor at a time not consecutive with the Company's Business Day is subject to a minimum charge of four hours, i.e., when Overtime and/or Premium Time charges apply.

For Testing and maintenance Services, if the customer elects not to release a circuit during the Company's business Day, the Company will work with the customer to reach a mutually agreed upon time.

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6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES  
(Continued)

6.2 Additional Labor (Continued)

6.2.1 Overtime Installation

Overtime installation is that Company installation effort outside of normally scheduled working hours.

6.2.2 Stand By

Stand by includes all time in excess of one-half (1/2) hour during which Company personnel stand by to make installation acceptance tests or cooperative tests with a customer to verify facility repair on a given service.

6.2.3 Testing and Maintenance with Other Telephone Companies

Additional testing, maintenance or repair of facilities which connect to facilities of other telephone companies, is that which is in addition to the normal effort required to test, maintain or repair facilities provided solely by the Company.

6.2.4 Other Labor

Other Labor is that additional labor not included in 6.2.1 through 6.2.3 preceding, and labor incurred to accommodate a specific customer request that involves only labor which is not covered by any other section of this Price List.

6.3 Miscellaneous Services

6.3.1 Presubscription

A. General Description

Presubscription is an arrangement whereby an end user customer of the Company or a local service provider that resells services of the Company (herein referred to as customer) for Telephone Exchange service lines and/or trunks and Centrex lines (herein referred to as customer), or the person or persons who have legal authority to give the Company permission to place public and semipublic pay telephones on their premise(s) and who control access to or usage of the public or semipublic pay telephones, (herein referred to as agent) may select and designate to the Company an interexchange carrier (IC) to access, without dialing an access code, for interLATA interstate calls. This IC is referred to as the customer's or agent's primary IC.

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6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES  
(Continued)

6.3 Miscellaneous Services (Continued)

6.3.1 Presubscription (Continued)

A. General Description (Continued)

Each IC will have one or more access codes assigned to it for its various types of service. When a customer or agent selects an IC as its primary IC, only one access code of that IC may be incorporated into the switching system of the Company permitting access to that IC by the customer or agent without dialing an access code.

Should a customer or agent wish to use other services of the same IC it will be necessary for the customer or agent to dial the necessary access code(s) to reach that IC's other service(s).

At the time a customer or agent advises the Company of its primary IC, it will be necessary for the customer or agent to inform the Company which IC access code, if the IC has more than one access code, the customer or agent will predesignate.

B. Rate Regulations

1. If a customer or agent selects a primary IC at the time they place an order with the Company for Telephone Exchange Service, Switched Access Service, Centrex Service, or public or semipublic pay telephone service, the Company will send the customer or agent a confirmation notice identifying the primary IC selected by the customer or agent. There will be no charge for the initial selection of a primary IC nor for the identification of an IC different from that given verbally at the time the customer or agent placed the order if the customer or agent contacts the Company after confirmation to change selection. A Presubscription Change Charge will apply to any subsequent changes to the customer's or agent's primary IC.

If new customers do not make a selection when they place their order for telephone Exchange Service, Switched Access Service or Centrex Service, they will be allowed a six-month period from installation of their service to select a primary IC at no charge. New agents are required to make a selection when they place their order for public or semipublic pay telephone service. A Presubscription Change Charge will apply for any subsequent selection.

A presubscription Change Charge will apply for any change made to the customer's primary IC after the six-month period has expired.

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6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES  
(Continued)

6.3 Miscellaneous Services (Continued)

6.3.1 Presubscription (Continued)

B. Rate Regulations (Continued)

2. Single line customers or agents, or multi-line customers requesting a presubscription change to only one line will incur the per line change charge. Multi-line customers that request a presubscription change to more than one line in a single request will incur the per line change charge for the first line and the supplemental line change charge for each additional line.
3. Centrex customers have the capability to change their primary IC for a single Centrex line, multiple Centrex lines or the Centrex Group. A Centrex Group defines a group of Centrex facilities (i.e., lines, trunks, attendant features, etc.) with a common dialing pattern. A customer may have multiple Centrex Groups.

Centrex customers requesting a presubscription change to only one line will incur the per line change charge. When a Centrex customer wishes to make a Presubscription change to multiple lines and does so with a single request, the per line change charge will apply to the first line and the supplemental line change charge will apply to each additional line. Centrex customers that request a Presubscription change to their Centrex Group will incur the per Centrex Group change charge for each Centrex Group changed and a Centrex Group line change charge for each line in the Centrex Group that does not have an individual primary IC assigned to it.

4. Nonrecurring charges for Presubscription changes are set forth in 6.4.3 following. If nonrecurring charges for Presubscription exist in Company Intrastate Access Service Price Lists and the Interstate Access Service Price List, the total charge to the customer or agent will be calculated based on one half of the Intrastate charge and one half of the Interstate charge. If nonrecurring charges for Presubscription exist only in the Company's Interstate Access Services Price List, 100% of the interstate nonrecurring charges will apply.
5. the Company will make changes in the customer's or agent's primary IC assignment pursuant to an IC provided list of customers or agents accepted by the Company under a Limited Blanket Agency Agreement. Ics should obtain a signed Letter of Agency on all of their customers' or agents' PIC changes. The nonrecurring charges for post-conversion Presubscription and Presubscription change(s) will apply as set forth in 6.4.3 following.

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6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES  
(Continued)

6.3 Miscellaneous Services (Continued)

6.3.1 Presubscription (Continued)

B. Rate Regulations (Continued)

6. If a customer or agent choice discrepancy occurs, and the IC is unable to produce a Letter of Authorization (LOA), the customer's or agent's account will be credited for an amount equal to the nonrecurring Presubscription Change Charge as set forth in 6.4.3 following. The IC will be billed the applicable nonrecurring Presubscription Change Charges billed to the customer or agent resulting in the dispute as set forth in 6.4.3 following and the nonrecurring unauthorized PIC Change Charge(s) as set forth in 6.4.3 following for restoring the customer's or agent's original IC assignment. The unauthorized PIC Change Charge applies to all lines, with the exception of coin which is separately identified.
7. PIC Switchback is an option under which no investigation activities are performed by the Company when a business or residence end user customer denies requesting a PIC change previously submitted by an IC participating in PIC Switchback.

PIC Switchback is available to all ICS who participate in the Presubscription process and have a Limited Blanket Agency Agreement for submitting PIC orders on file with the Company. In addition, Ics must provide written notification to the company of their desire to participate in PIC Switchback.

When the Company is notified by a business or residence end user who denies requesting a PIC change within 90 days from when the PIC change was made and provided the IC participates in this option, the Company will restore the end user to their previous IC at not charge. Additionally, the end user will be credited the PIC change charge(s) assessed by the Company for the disputed PIC change.

The participating IC who initiated the disputed PIC change will be billed the PIC change charge(s) credited to the end user's account, as well as the PIC change charge(s) to change the end user back to their previous IC. A letter of Authorization will not be requested from the IC nor accepted at a later date under the PIC Switchback option. ICs participating in the PIC Switchback option will be assessed the applicable Presubscription Change Charge(s), as set forth in 6.4.3(A).

The Presubscription Unauthorized PIC Change rates, as set forth in 6.4.3(C), will continue to apply to ICs choosing not to participate in PIC Switchback.

This option does not relieve the IC of the FCC's requirements for verifying all PIC orders obtained by telemarketing prior to submitting orders to the Company and for instituting steps to obtain LOAs on all PIC orders submitted to the Company. In addition, the end user has the option of initiating a complaint to the FCC concerning unauthorized PIC changes.

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6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES  
(Continued)

6.3 Miscellaneous Services (Continued)

6.3.2 Maintenance of Service

- A. If trouble occurs with a customer's service, the customer should first determine whether the trouble is in the customer's own equipment and/or facilities. If the customer determines the trouble is in the Company's equipment and/or facilities, the customer should issue a trouble report to the Company.
- B. When a customer issues a trouble report to the Company for clearance and no trouble is found in the company's equipment and/or facilities, the customer shall be responsible for payment of a Maintenance of Service Charge for the period of time when Company personnel are dispatched. No charge will apply if Company personnel fail to find trouble in Company equipment and/or facilities and the trouble is actually in the equipment and/or facilities, but not discovered on the initial dispatch.
- C. The customer shall be responsible for payment of a Maintenance or Service Charge when the Company dispatches personnel, and the trouble is in equipment or communications systems provided by other than the Company or in dePrice Listed CPE provided by the Company, unless covered under a separate maintenance agreement.
- D. If the customer issues a trouble report allowing the Company access to the customer's or the customer's end user(s) premises and the Company personnel are dispatched but denied access to the premises, then the Maintenance of Service Charge will apply for the period of time that Company personnel are dispatched. Subsequently, if the Company personnel are allowed access to the premises, provisions in B. and C. preceding will apply.
- E. In B., C. or D. preceding, the Maintenance of Service Charge shall include all technicians dispatched, including technicians dispatched to other locations for purposes of testing.
- F. Maintenance of Service Charges apply on a first and additional basis for each half hour or fraction thereof. If more than one technician is dispatched in conjunction with the same trouble report, the total time for all technicians dispatched will be aggregated prior to the distribution of time between the "First Half hour or Fraction Thereof" and "Each Additional Half Hour or fraction Thereof" rate categories.
- A call-out of a Company employee at a time not consecutive with the Company's Business Day is subject to Overtime and/or Premium time.
- G. No credit allowance will be applicable for the interruption involved if the Maintenance of Service charge applies.

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V. P. of Regulatory & Channel Development  
Fonix Telecom, Inc.  
9350 South 150 East, Suite 700  
Sandy, Utah 84070

6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES  
(Continued)

6.3 Miscellaneous Services (Continued)

6.3.3 Access Services Billing

A. Access Services Billing Information

Billing for access services is done monthly. Bills for access service are rendered by each Access Customer Name Abbreviation (ACNA), by state. Both a primary and secondary bill is available to the Customer as outlined in (1) and (2) following.

Primary and secondary bills are provided to the Customer's designated billing address according to the type of media selected by the Customer.

Charges for Access Services Billing are located in Section 6.4. If charges for Access Services Billing exist in the Company's Intrastate Access Service Price Lists and its Interstate Access Service Price List, the total charge to the Customer will be calculated based on one half of the intrastate charge and one half of the interstate charge. If charges for Access services Billing exist only in the Company's Interstate Access Services Price List, full interstate charges will apply.

1. Primary Bill

One primary bill is provided to each Customer at no charge. For access billing, the Customer's primary bill may be provided by one of the following media:

- electronic data transmission
- floppy disk
- magnetic tape
- CD-ROM
- Paper

For all media other than paper, the Customer and the Company will discuss and, to the extent technically feasible, mutually agree upon the medium specifications prior to issuance of the first primary bill.

Once billing has begun, the Customer may request to change the medium on which the primary bill is provided. The Access Billing Change Charge set forth in 6.4 will apply for each request to change the medium on a per billing basis.



6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES  
(Continued)

6.3 Miscellaneous Services (Continued)

6.3.3 Access Services Billing (Continued)

A. Access Services Billing Information (Continued)

2. Secondary Bill

At the Customer's request, a secondary bill, in addition to the Customer's primary bill, will be provided. Charges for the provision of a secondary bill are set forth in Section 6.4 following.

The secondary bill will contain the same billing detail as the primary bill and may be requested in one of the following media formats;

- electronic data transmission
- floppy disk
- magnetic tape
- CD-ROM
- Paper

For all media other than paper, the Customer and the Company will discuss and, to the extent technically feasible, mutually agree upon the medium specifications prior to issuance of the first secondary bill.

Once billing has begun, the Customer may request to change the medium on which the secondary bill is provided. The Access Billing Change Charge set forth in section 6.4 will apply for each request to change the medium on a per billing basis.

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6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES  
(Continued)

6.3 Miscellaneous Services (Continued)

6.3.5 Billing Name and Address Service

A. General Description

The Company provides billing Name and Address (BNA) Service to interstate service providers. BNA Service provides the customer with billing name and address information of an end user in the Company's billing records. BNA service is not to be used for purposes other than for billing and collecting the amount due for telecommunications services from the Company's end user.

The service allows for a customer to submit the end user's ten-digit Automatic Number Identification (ANI) to the Company mechanically. The Company, upon receipt of the customer's request, will process the ANI. If the BNA information is available within the Company's billing records, the Company will produce a mechanized report of the associated BNA information in paper format.

B. Rate Regulation

This section contains the specific regulations governing the rates and charges that apply for BNA Service. Specific rates and charges are set forth in Section 6.4. Jurisdictional Reporting Requirements for BNA Service are set forth in section 2.4.

1. Base Charge

A base charge will be assessed per report requested.

2. BNA Usage

A BNA Usage rate applies on a per ten-digit ANI request basis. Each request is subject to the BNA Usage rate, regardless if the requested telephone number is available.

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6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES (Continued)

6.4 Rates and Charges

6.4.1 Additional Engineering

<u>Additional Engineering Periods</u>	<u>First Half Hour or Fraction Thereof</u>	<u>Each Additional Half Hour or Fraction Thereof</u>
Basic Time	\$66.00	\$39.79
Overtime	73.41	47.20

6.4.2 Additional Labor

<u>Additional Labor Periods</u>	<u>First Half Hour or Fraction Thereof</u>	<u>Each Additional Half Hour or Fraction Thereof</u>
A. Installation		
- Overtime	\$29.31	\$3.10
- Premium time	32.42	6.21
B. Stand-by		
- Basic Time (1)	\$0.00	\$17.91
- Overtime (1)	0.00	21.01
- Premium Time	0.00	24.12
C. Testing and Maintenance With Other Telephone Companies or Other Labor		
- Basic Time	\$44.12	\$17.91
- Overtime	47.22	21.01
- Premium Time	50.33	24.12

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6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES (Continued)

6.4 Rates and Charges (Continued)

6.4.3 Presubscription

	<u>Nonrecurring Charge</u>
A. Presubscription Change Charge	
Residence/Business:	
- per line change charge	\$1.49
- per supplemental line change charge	1.49
Centrex:	
- per group change charge	\$1.49
- per group supplemental line change charge	1.49
B. Presubscription Change Charge for Mergers/ Separation/Consolidation of Operations	
- per line change charge	\$1.49
C. Presubscription Unauthorized PIC Change Charge	
Residence/Business:	
- per line change charge	\$19.41
- per supplemental line change charge	19.41
Public and Semi-Public Coin:	
- per line change charge	\$19.41
- per supplemental line change charge	19.41

6.4.4 Maintenance of Service

<u>Maintenance of service Periods</u>	<u>Each Additional First Half Hour or Fraction Thereof</u>	<u>Half Hour or Fraction Thereof</u>
- Basic Time	\$44.12	\$17.91
- Overtime	47.22	21.01
- Premium Time	50.33	24.12

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Intrastate Access Service Price List

6. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES (Continued)

6.4 Rates and Charges (Continued)

6.4.5 Billing Name and Address Service

	<u>Rate Per Request</u>
A. Base Charge	
Per report requested	\$55.00
B. BNA Usage	
Per 10-Digit ANI Requested	\$0.20

6.4.6 Access Service Billing Information

A. Access Billing change	
Charge per billing period	\$7.25
B. Secondary Bill	
Electronic data transmission (per transmission)	\$82.76
Floppy disk (per disk)	82.76
Magnetic tape (per tape)	82.76
CD-ROM (per CD)	82.76
Paper (per invoice)	82.76

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# **EXHIBIT G**

PROPOSED ACCESS SERVICES PRICE LIST

**TELECOMMUNICATIONS SERVICES**

Applying to Intrastate Local Exchange  
Common Carrier Communications  
Services Between Points in the  
State of Florida

**AND**

**CONTAINING RULES AND REGULATIONS**

**GOVERNING SERVICE**

This tariff is on file with the Florida Public Service Commission and copies may be inspected, during normal business hours, at Fonix Telecom, Inc., 9350 South 150 East, Suite 700, Sandy, Utah 84070.

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CHECK LIST

Revised sheets as named below contain all changes from the originals tariff that are in effect on the date thereof.

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EXPLANATION OF SYMBOLS AND REFERENCE  
MARKS USED IN THIS TARIFF

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

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

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Fonix Telecom, Inc.  
9350 South 150 East, Suite 700  
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APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate end-user communications services by Fonix Telecom, Inc., hereinafter referred to as the Company, to customers within the State of Florida and those outside the service territory through interconnection with certificated interstate common carriers.

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Sandy, Utah 84070

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TARIFF FORMAT SHEET

- A. Page Numbering. Page numbers appear in the upper-right corner of the page. Pages are numbered sequentially. New pages may occasionally be added to the tariff. When a new page is added, the page appears as a decimal. For example, a new page added between pages 34 and 35 would be 34.1
- B. Page Revisions Numbers. Page Revision Numbers also appear in the upper-right corner of the page. These numbers are used to determine the most current page revision on file with the Florida Public Service Commission. For example, the Fourth Revised Page 34 cancels the Third Revised Page 34. Because of deferrals, notice periods, *etc.*, the most current page number on file with the Commission is not always the tariff page in effect. Business Customers should consult with check sheet for the page 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)
- 1.1.1.A.1.(a)(I)
- 1.1.1.A.1.(a)(I)(i)
- 1.1.1.A.1.(a)(I)(i)(1)

- D. Check List of Effective Pages. When a tariff filing is made with the Florida Public Service Commission, an updated Check List of Effective pages ("Check List") accompanies the tariff filing. The Check List lists the pages contained in the tariff, with a cross-reference to the current revision number. When new pages 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.*). Business Customers should refer to the latest Check List to find out if a particular page is the most current page on file with the Commission.
- E. Symbols Used in This Tariff.
- (C) To signify changed listing, rule, or condition which may affect rates or charges.
  - (D) To signify discontinued material, including listing, rate, rule or condition.
  - (I) To signify an increase.
  - (L) To signify material relocated from or to another part of tariff schedule with no change in text, rate, rule or condition.
  - (N) To signify new material including listing, rate, rule or condition.
  - (R) To signify reduction.
  - (T) To signify change in wording of text but not change in rate, rule, or condition.



SECTION 1

DEFINITIONS

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Fonix Telecom, Inc.  
9350 South 150 East, Suite 700  
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DEFINITIONS

1.1 Certain terms used generally throughout this tariff are defined below.

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

Access Lines: A telephone facility which permits access to and from both the Customer's premises and the telephone exchange or serving central office.

Account: Either a Customer's physical location or individual Service represented by a unique account number within the Billing Hierarchy. Multiple Services each with a unique account number may be part of one physical location.

Accounting Code: A multi-digit code which enables a Customer to allocate charges to its internal accounts.

Additional Listing: Any listing of a name or other authorized information in connection with a Customer's telephone number in addition to that which is entitled in connection with his regular service.

Agent: A business representative, whose function is to bring about, modify, affect, accept performance of, or terminate contractual obligations between the Company, its applicants or Customer's.

Anonymous Call Rejection: The User may automatically reject incoming calls that originate from a telephone number using a blocking feature that prevents the delivery of the originating caller's telephone number.

Applicant: A person who applies for telecommunications service. Includes persons seeking reconnection of their service after Company-initiated termination.

Application for Service: The Fonix order process that includes technical, billing and other descriptive information provided by the Customer that allows Fonix to provide requested Communications Services for the Customer and Customer's Authorized Users. Upon acceptance by Fonix, the Application for Service becomes a binding contract between the Customer and Fonix for the provision and acceptance of Services.

Authorized Code: A multi-digit code that enables a Customer to access Fonix's network and enables Fonix to identify the Customer's use for proper billing. Also called a Personal Identification Code or PIN.

Authorized User: A person, firm or corporation which is authorized by the Company to be connected to the service of the Customer or joint user.

Automatic Number Identification (ANI): Allows the automatic transmission of a caller's billing account telephone number to a local exchange company interexchange carrier or a third party subscriber. The primary purpose of ANI is to allow for billing of toll calls.

"B" Channels: The 64 kbps channels on a PRI circuit that are available for Customer information.

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DEFINITIONS1.1 (Cont'd)

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 Customers to combine multiple accounts and Services into a single billing structure. Customers can choose whether to have all Services invoiced together, invoiced separately, or in any combination thereof. In addition the Customer may specify where the invoices are to be sent and who is to receive them.

Bit: An abbreviation of binary digit that is the smallest unit of information in a binary notation system.

Business Hours: The phrase "business hours" means the time after 8:30 A.M. and before 5:30 P.M., Monday through Friday, excluding holidays.

Business Office: The phrase "business office" means the primary location where the business operations of Fonix are performed and where a copy of Fonix's tariff is made available for public inspection. The address of the business office is 9350 South 150 East, Suite 700, Sandy, Utah, 84070.

Business Service: Determination as to whether or not a Customer's service should be classified as Business will be based on the character or use to be made of the service. The practice of advertising a telephone number in newspapers, business cards, or on trucks shall be a contributing, but not an exclusive factor in determining the classification of service. Service will be classified as Business service where the use is primarily or substantially of a business, professional, institutional, or otherwise occupational nature.

Call Block: Allows customers to prevent the customer's name and number from appearing on the called party's Caller ID telephone or display unit. Call Block feature must be activated by the customer on a call by call basis.

Called Station: The terminating point of a call (*i.e.*, the called number).

Call Forwarding: Permits the customer to forward (transfer) all incoming calls to another telephone number, and to restore it to normal operations.

Call Forwarding Busy: Allows incoming calls to a busy station to be routed to a pre-selected station line or attendant within the same system or outside the system. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Flexible Delivery: The User may direct incoming telephone calls to the Customer's idle telephone number to be routed to a User-defined telephone number such as voice mail, or to a telephone number where the telephone call will be answered.

Call Forwarding Flexible Delivery with Audio: the User may direct incoming calls to the Customer's idle telephone number to be routed to a User-defined telephone number such as voice mail, or to a telephone number where the call will be answered. The User will hear the name of each caller routed to the User-defined telephone number.

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## DEFINITIONS

### 1.1 (Cont'd)

Call Forwarding No Answer: Allows incoming calls to be automatically routed to a pre-selected station line or attendant in the same system or outside the system or outside the system, when the called station is not answered after a preset number of rings. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Preferred: The User may direct specified incoming telephone calls to the Customer's telephone number to be routed to a User-defined telephone number.

Call Forwarding Remote Access: The User may activate or deactivate the Call Forwarding feature remotely from any capable telephone line or equipment.

Calling Area: A specific geographic area designated for the purpose of applying a specified rate structure.

Calling Station: The originating point of a call (*i.e.*, the calling number).

Call Pickup: Allows a station line to answer incoming calls to another station line within a defined call pickup group. Call pickup is provided on individual station lines within a customer group.

Call Return: The User may return the last call to the Customer's telephone number by dialing a one or two-digit code.

Call Selector: Distinctive ringing patterns indicate to the User specific telephone numbers of incoming calls.

Call Tracing: The User may automatically trace the last call received and ascertain the calling number, time the call was received, and the time the trace was activated.

Call Transfer: Allows a station line user to transfer any established call to another station line inside or outside the customer group without the assistance of the attendant.

Call Waiting: Permits a line in the talking state to be alerted by a tone when another call is attempting to complete to the line. Audible ringing is returned to the originating line. The Service also provides a hold feature that is activated by a switchhook flash.

Call Waiting Deluxe: This service includes the Call Waiting feature plus additional call disposition options, including answering the waiting telephone call while placing the first party on hold, answering the waiting telephone call and ending the call with the first party, directing the waiting call to hold via a recording and forcing the waiting call to another location (e.g. voice mail).

Caller ID: Displays name and number of the calling party on a special display telephone or display unit.

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DEFINITIONS1.1 (Cont'd)

Caller ID Block: Blocking of Caller ID is free of charge to the Customer and is available to residential and business customers who are served by appropriately equipped central offices. Prevents the delivery of the Customer's telephone number and name to called parties within the Customer's serving area.

Caller ID Deluxe: The User may view on a display unit the name and telephone number of calling parties and the date and time of incoming calls.

Cancel Call Waiting: Allows the customer to cancel the Call Waiting feature on a call-by-call basis. This can be done before the customer places a call (or during a conversation if the customer also subscribes to Three Way Calling).

Carrier: The term "Carrier" means Fonix Telecom, Inc. Fonix Telecom, Inc., is referred to as Fonix or Company in this tariff.

Carrier Identification Code (CIC): A number assigned to any entity purchasing Feature Group B and/or D services. These codes are used with Feature Group B access as 950-CCCC, where CCCC equals Carrier Identification Code, and casual calling with 101CCCC.

Central Office: A switching unit in a telephone system which provides service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting customer lines and trunks or trunks only. There may be more than one central office in a building or exchange.

Central Office Disconnect: Allows a call to be disconnected via answer supervision.

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: Florida Public Service Commission.

Communication Services: The Company's intrastate toll and local exchange switched telephone services.

Company or Fonix : Fonix Telecom, Inc., the issuer of this tariff.

Company Point of Connection: The physical point at which Company's facilities terminate and are connected to the customer's facilities.

Credit(s): "Credit(s)" has the meaning set forth in Section 2.26 hereof.

Credit Allowance(s): "Credit Allowances" has the meaning set forth in Section 2.26 hereof.

Credit Limit: "Credit Limit" means a credit limit placed on Customer's monthly consumption of Services pursuant to Section 2.7.5.

Customer-Provided Equipment: Telecommunications equipment provided by a Customer used to originate calls using Fonix's Service located at the originating location.

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## DEFINITIONS

### 1.1 (Cont'd)

Customer or Subscriber: The person, firm or corporation that orders service and is responsible for the payment of charges and compliance with the Company's regulations.

"D" Channel: The 64 kbps channel on a PRI circuit that is reserved for call control and signaling of the "B" channels.

Day: The term "day" means 8:30 A.M. to, but not including 5:00 P.M. local time at the originating city, Monday - Friday, excluding Company specific holidays.

Dedicated Access Line (DAL): A dedicated communications channel that terminates on a general access port provided by Fonix and has the capacity of a voice grade circuit.

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

Dialed Number Identification Service (DNIS): Designates the digits to be outpulsed for each toll free number terminating to a dedicated access facility. DNIS allows a Customer to receive calls to multiple toll free numbers on the same dedicated access facility.

Digital Subscriber Line (DSL): A standard allowing digital broadband transmission at rates of up to 1.544 mbps per second and standard voice grade service to occur simultaneously over a twisted copper pair for distances of up to 18,000 feet.

Digital Transmission: Information transmitted in the form of digitally encoded signals.

Direct Dialed Call: A call requiring no operator assistance.

Direct Inward Dial (or "DID"): A service attribute that routes incoming calls directly to stations, by-passing a central answering point.

Direct Outward Dial (or "DOD"): A service attribute that allows individual station users to access and dial outside numbers directly.

Distinctive Ring 1: The User may add one (1) additional telephone number to a single line.

Distinctive Ring 2: The User may add two (2) additional telephone numbers to a single line.

Dual Tone Multi-Frequency (or "DTMF"): The signaling type employed by tone dial station sets.

Entrance Facility: The physical circuit arrangement that connects an Entrance Site to a Fonix Point-of-Presence

Entrance Site: A location of Fonix transmission facilities from which Services can be provided for a Customer to any other Entrance Site or Point-of Presence.

Evening: The term "evening" means 5:00 P.M. to, but not including, 11:00 P.M. local time at the originating city.

## DEFINITIONS

### 1.1 (Cont'd)

Exchange Area: A geographically defined area wherein the telephone industry through the use of maps or legal description sets down specified area where individual telephone exchange companies hold themselves out to provide communications services.

Exemption Certification: A written notification provided by the Customer certifying that Customer's dedicated facility should be exempted from the monthly Special Access Surcharge because (a) the facility terminates in a device not capable of interconnecting Fonix's Service with the local exchange network or (b) the facility is associated with a Switched Access Service that is subject to Carrier Common Line Charges.

Facility (or Facilities): An item or items of communications plant or equipment used to provide or connect to Fonix Services.

FCC: Federal Communications Commission.

Florida Relay Center (Dual party Relay Service for TDD): The Florida Relay Center permits hearing and speech impaired users of Telecommunications Devices for the Deaf (TDD) to communicate with users or ordinary telephones. Communications take place by relaying conversations (Voice to TDD and TDD to voice). These calls are between one party who must communicate by means of a TDD and another who communicates by means of an ordinary telephone.

Government Authority: "Governmental Authority" means any judicial, administrative, or other federal, state or municipal governmental authority (including without limitation the Commission and the FCC) having jurisdiction over the Company or the provision of Services hereunder.

Hierarchy: See Billing Hierarchy.

Holiday: The term "holiday" includes New Year's Day (January 1<sup>st</sup>), Memorial Day (last Monday in May), Independence Day (July 4<sup>th</sup>), Labor Day (1<sup>st</sup> Monday in September), Thanksgiving Day (4<sup>th</sup> Thursday in November), and Christmas Day (December 25<sup>th</sup>). When holidays fall on Saturdays or Sundays, the holiday rate applies unless a larger discount would normally apply.

Hunting: Routes a call to an idle station line in a prearranged group when the called station line is busy.

ICB: "Individual Case Basis"

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

Individual Line Station: Allows a station line user to add, change or delete telephone numbers from a speed calling list. The list is dedicated to the individual station line user.

Integrated Services Digital Network (ISDN): A dedicated or switched (where available) originating and terminating service providing end-to-end digital connection for the simultaneous

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**DEFINITIONS**1.1 (Cont'd)

transmission of voice, data, video, imaging, fax and other communication services over multiple channels which have been combined to provide a single transmission path.

Interexchange Carrier IXC: A common carrier that provides long distance domestic and international communication services to the public.

Interruption: "Interruption" means the disruption of, or removal of a circuit from, Service such that the Service becomes unusable by User for a continuous period of thirty (30) minutes or more.

Invoice Point: A level in the billing hierarchy at which accounts are grouped together (aggregated) for the purpose of billing the Business Customer.

Joint User: A person, firm or corporation which is designated by the Customer as a user of Local Exchange Service furnished to the Customer and to whom a portion of the charges for the services will be billed under a joint user arrangement as specified herein.

Kbps: Kilobits per second, denotes thousands of bits per second.

LEC: A Carrier authorized by a state Governmental Authority to provide communications service within one or more domestic local telephone exchanges.

Fonix Central Office (LCO): Fonix switching Center.

Local Access Transport Area ("LATA"): A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C. C. No. 4.

Local Access Facility: The channel provided by the local telephone company (or other local service provider) to connect the Point-of-Presence to a Business Customer location.

Local Exchange Carrier or ("LEC"): Denotes any individual partnership, association, joint-stock company, trust or corporation engaged in providing switched communication within an exchange.

Location: A physical premises to or from which Fonix provides Service. In instances where a Customer obtains Service from Fonix at multiple locations, each of these locations will be designated as either "associated" or "non-associated." An "associated" location is a location that a Customer owns or leases, or that is occupied by a business enterprise in which the Customer has an equity interest of twenty (20) percent or more or which is occupied by a franchisee of the Customer. All locations other than "associated" locations will be considered "non-associated."

Mbps: Megabits, denotes millions of bits per second.

Minimum Annual or Monthly Commitment (MAC or MMC): The amount of Service that the Customer commits to purchase during each year or each month or a promotional offering. The Business Customer's MAC/MMC includes charges for all Services identified in the Customer's agreement as contributory, after all applicable discounts. The MAC/MMC does not include non-



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DEFINITIONS1.1 (Cont'd)

usage charges, such as taxes, interest, surcharges, access facilities charges and other charges associated with access, fixed recurring charges, installation charges, and other non-recurring charges.

Minimum Service Period (MSP): The minimum period of time during which Customer takes Services under this Tariff.

Multi-Frequency or ("MF"): Tone signaling used between telephone switches, or between telephone switches and PBX/key systems.

N/A: Not Applicable

N/C: No Charge.

NXX: The designation for the first three digits of a local telephone number where N represents 2-9 and X represents 0-9.

Night/Weekend: The words "night/weekend" mean 11:00 P.M. to but not including, 8:00 A.M. Local time in the originating city, all day on Saturday, and all day Sunday except from 5:00 P.M. to, but not including 11:00 P.M.

Non-Business Hours: The phrase "non-business hours" means the time period after 5:30 P.M. and before 8:30 A.M., Monday through Friday, all day Saturday, Sunday, and on holidays.

Normal Work Hours: The time after 8:30 A.M. and before 5:30 P.M. Monday through Friday, excluding Fonix observed Holidays.

North American Dial Plan (NADP): The method of identifying calls in the public network of North America, called World Numbering Zone 1. The calls are identified by their NPA (area code) – NXX (exchange) – XXXX (station number) format.

NPA: An area code, otherwise called numbering plan area.

Off-Network Access Line (Off-Net): A facility leased by Fonix and used in common by Customers to enter or exit the Fonix system. Off-Net is also known as switched Service.

On-Network Access Line (On-Net): A facility that connects a Business Customer location directly to the Fonix network for entrance or exit. On-Net is also known as dedicated Service.

Other Common Carrier (OCC): The term "other common carrier" denotes a specialized or other type of common carrier authorized by the Federal Communications Commission to provide domestic or international communications service.

Other Providers: Any Carriers or other service providers whose services or facilities are connected to, or used by, the Company in providing the Services.

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**DEFINITIONS**1.1 (Cont'd)

Performance Failure: any disruption, degradation, or failure of Service, including without limitation any Interruption (but excluding Scheduled Interruptions), any installation failure or delay, or any mistake, delay, omission, error or other defect in the Service or in the provision thereof.

Permanent Virtual Circuit ("PVC"): A virtual point-to-point (non-switched) logical link between two specific en points over which packetized (frames data can be transmitted according to defined service characteristics.

Point of Presence: Fonix's physical presence where Fonix maintains intercity communications channels and local distribution facilities for the purpose of providing its Services.

Prepaid Calling Card: A calling card or other tangible item which (i) contains an Authorization Code and an Access code, (ii) is supplied by the Company or its Agents, and (iii) permits a User to use the Services of the Company up to an amount prepaid to (or up to a credit limit pre-established by the Customer with) the Company.

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

PRI Group: The number of "B" channels that are controlled by a primary "D" channel.

Primary "D" Channel: The main "D" channel in a PRI group that controls the signaling for all the "B" channels in the PRI group.

Primary Interexchange Carrier (PIC): The interexchange carrier to which a switched access line is pre-subscribed.

Privacy Identifier: Provides the User subscribing to the Caller ID feature with the ability to identify unavailable, unknown, blocked and private numbers.

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

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

Regulation(s): Any and all law(s), rule(s), regulation(s) (including without limitation those set in this Tariff), orders(s), policy or policies, ruling(s), judgment(s), decree(s) or other determination(s) which are made by the Commission or any other Governmental Authority or which arise under any federal, state, or local statute, utility code, or ordinance, and which are applicable to the Services or to any provision of this Tariff.

Remote Call Forwarding: Automatically redirects all incoming calls to a customers' number to a pre-designated number.

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DEFINITIONS1.1 (Cont'd)

Repeat Dialing: Automatically redials the telephone number of the last outgoing call. If the number being called is busy, Automatic Recall will alert the customer with a special ring when the line becomes clear.

Repeat Dialing: Automatically redials the telephone number of the last outgoing call. If the number being called is busy, Automatic Recall will alert the customer with a special ring when the line becomes clear.

Resale Tariff(s): The Tariff(s) of one or more Other Providers.

Residential Service: Service will be classified as residential service where the business use, if any, is merely incidental and where the major use is of a social or domestic nature.

Resp Org (Responsible Organization): The entity responsible for managing and administering Business Customers' toll free records in the 800 Service Management System (SMS/800). The SMS/800 recognizes one Resp Org for each toll free number.

Return Call: Allows customer to automatically return the last incoming call (whether the call was answered or missed). If the number being called back is busy, Automatic Callback will alert the customer with a special ring when the line becomes clear.

Ring Down: A preprogrammed line such as those used in hotels or airports that automatically dials a pre-designated number when the caller goes off-hook.

Scheduled Interruption: An Interruption which has been scheduled by the Company in advance for maintenance, testing, or other administrative purposes.

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

Service(s): Fonix's regulated common carrier communications service(s) provided under this Tariff.

Service Order: The written request for Network Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

800 Service Management System (SMS/800): The centralized operations support system used to create and update toll free records that are then downloaded to Service Control Points ("SCPs") for processing toll free service calls. The system is used by Resp Org to manage and administer toll free records.

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DEFINITIONS1.1 (Cont'd)

Speed Calling: Permits a station line user to dial selected numbers by using fewer digits than normally required. This is accomplished through the assignment of abbreviated codes to frequently called numbers. The speed calling list is customer-changeable.

Speed Calling 8: The User may call up to a maximum of eight (8) seven (7) or ten (10) digit telephone numbers by dialing an abbreviated code.

Speed Calling 30: The User may call up to a maximum of thirty (30) seven (7) or ten (10) digit telephone numbers by dialing an abbreviated code.

Subscriber: The term "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.

TDD: A Telecommunications Device for the Deaf

Telecommunications: "Telecommunications" means the transmission of voice communications or, subject to the transmission capabilities of the Service, the transmission of data, facsimile, video, signaling, metering or any other form of intelligence.

Termination: Discontinuance of (to discontinue) Services, either at Customer's request, or by the Company in accordance with Regulations.

Third Party Billing Companies: Collectively, any clearinghouses, LECs, Other Providers, credit card companies or other third parties who bill Customers for Services on the Company's behalf.

Three Way Calling: Allows Customer to have a conference call with two other parties at different numbers. With this service, the Customer can initiate calls to both parties or add another party to an established call.

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

T-1: A 1.544 Mbps digital transmission system equivalent to 24 voice frequency circuits/channels.

Toll Restriction: An exchange service that prohibits the completion of billable toll calls.

Two Way: A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

Underlying Carrier: A provider of interstate telecommunications services from whom Fonix acquires services that it resells to Customers.

Unpublished Number: The Customer may refuse a listing of its name, street address, and telephone number in the telephone directory published by the dominant exchange service provider in the Customer's exchange area.

DEFINITIONS

1.1 (Cont'd)

User or End User: A Customer, Joint User, or any other person authorized by a Customer to use service provided under this tariff.

Voice Mail: The User may retrieve messages from incoming calls that were stored while the User was unavailable.

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By: Michael Britt  
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SECTION 2

REGULATIONS

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REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

- A. The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way information transmission from, to, or between points within the State of Florida.
- B. Customers and users may use services and facilities provided under this tariff to obtain access to services offered by other service providers. The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.
- C. The Company may act as a 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 Company's network. The customer shall be responsible for all charges due for such service arrangements.
- D. The Company's services and facilities are available twenty-four (24) hours per day, seven (7) days per week.

2.1.2 Limitations

- A. The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.
- B. The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.
- C. The services hereunder are offered only where technically and where operationally practical for the Company.
- D. The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission nor for failure to establish connections.
- E. The Company reserves the right to refuse service to Customers due to insufficient or invalid charging information.
- F. The Company may block calls that are made to certain countries, cities, or central office exchanges, or use certain authorization codes as the Company, in its sole discretion, deems reasonably necessary to prevent unlawful or fraudulent use of service or consumption of services in excess of the customer's credit limit (if any).



## 2.1 Undertaking of the Company (Cont'd)

### 2.1.2 Limitations (Cont'd)

G. The Company will use reasonable efforts to maintain the facilities and equipment that it furnishes to the Customer. The Company 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 the Customer. Company 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.

### 2.1.3 Terms and Conditions

- A. Service, unless otherwise specified, is provided on the basis of a minimum period of at least one month, 24 hours per day. For the purpose of computing charges in this tariff, a month is considered to have 30 days.
- B. Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.
- C. At the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall, unless otherwise specified, continue on a month-to-month basis at the then current rates unless terminated by either party upon 30 days' written notice.
- D. At the expiration of the initial term for each pre-paid service order, or any extension thereof, service shall continue on a day-to-day basis at the ten current rates through the last day for which service is paid for in advance. Failure to pay for an extension of service before the last day of the current period for which services have been paid for in advance shall constitute an authorization by the customer to immediately terminate service without further notice.
- E. Service may be interrupted without notice and terminated upon written notice to the Customer if:
1. the Customer is using the service in violation of this tariff; or
  2. the Customer is using the service in violation of the law.
- F. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.
- G. No other telephone company may interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company.

2.1 Undertaking of the Company (Cont'd)

2.1.3 Terms and Conditions (Cont'd)

H. To the extent that either the Company or any other telephone company exercises control over available cable pairs, conduit, duct space, raceway, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its customers. At the reasonable request of either party, the Company and other telephone company shall jointly attempt to obtain from the owner of the property access for the other party to serve a person or entity.

I. This tariff shall be interpreted and governed by the laws of the State of Florida.

2.1.4 Liability of the Company

A. The liability of the Company for damages arising out of the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by act or omission, shall be limited to the allowances for Interruption of Service as set forth in 2.8. The extension of such allowances for interruption shall be the sole remedy of the customer and the sole liability of the Company.

B. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of the Company's employees or agents.

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

D. The Company does not guarantee nor make any warranty with respect to installations it provides for use in an atmosphere that is explosive, prone to fire, dangerous or otherwise unsuitable for such equipment. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suit, or other action, or any liability whatsoever, whether suffered, made instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided.

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2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

- D. (contd.) The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section 2.1.4(E) as a condition precedent to such installations.
- E. When the facilities of other carriers are used in establishing connections to points not reached by the Company's facilities, the Company is not liable for any act or omission of the other carrier(s). The Customer will indemnify and save harmless the Company from any third-party claims for such damages referred to in Section 2.1.4.D.
- F. In no event will the Company be responsible for consequential damages or lost profits suffered by a Customer as a result of interrupted or unsatisfactory service. Company will not be liable for claims or damages resulting from or caused by: (i) Customer's fault, negligence or failure to perform Customer's responsibilities; (ii) claims against Customer by any other party; (iii) any act or omission of any other party; or (iv) equipment or service furnished by a third party.
- G. The Company shall be indemnified, defended and held harmless by the Customer against any claim, loss or damage arising from Customer's use of services, involving claims for libel, slander, invasion of privacy, or infringement of copyright arising from the Customer's own communications.
- H. The entire liability for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid the Company by the Customer for the specific services giving rise to the claim. No action or proceeding against the Company shall be commenced more than one year after the service is rendered.
- I. **The Company makes no warranties or representations, express or implied either in fact or by operation of law, statutory otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.**
- J. The Company 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 the Company on such Customer's premises or by the installation or removal, when such defacement or damage is not the result of the Company negligence. No agents or employees of other participating carriers shall be deemed to be agents or employees of the Company without written authorization. The Customer will indemnify and save harmless the Company from any claims of the owner of the Customer's premises or other third party claims for such damages.
- K. The Company is not liable for any damages, including usage and toll charges, the Customer may incur as a result of the unauthorized use of its telephone facilities. Unauthorized use of the Customer's facilities includes, but is not limited to, the placement of calls from the Customer's premises, and the placement of calls through Customer-provided equipment that are transmitted or carried on the Company's network. The Company may work with Customers to recommend possible solution to reduce unauthorized use of their facilities. However, the Company does not

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## 2.1 Undertaking of the Company (Cont'd)

### 2.1.4 Liability of the Company (Cont'd)

- K.(contd.) 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.
- L. Where there is a connection via Customer-provided terminal equipment or Customer-provided communications systems, the point of demarcation shall be defined as the Company facility that provides interconnection. The Company 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.
- M. In no event will the Company be liable for protection of Customer's transmission facilities or equipment from unauthorized access, or for any unauthorized access to or alteration, theft or destruction of Customer's data files, programs, procedure or information through accident, fraudulent means or devices or any other method.
- N. The Company will not be responsible if any changes in its service cause hardware or software not provided by the Company to become obsolete, require modification or alteration, or otherwise affect the performance of such hardware or software.

### 2.1.5 Disclaimer

The Company will have no liability whatsoever to Customer, its employees, agents, subcontractors, or assignees, or to any other person for (i) damages arising out of any Other Providers' Performance Failure, (ii) any act or omission of any third party furnishing equipment, facilities or service to any User in connection with this Tariff or with the Services, or (iii) any other act or omission of any Other Provider, User, or third party related to the use or provision of Services hereunder.

**THE COMPANY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE FOR OR IN CONNECTION WITH THE USE OR PROVISION OF SERVICES PROVIDED HEREUNDER.**

### 2.1.6 Notification of Service-Affecting Activities

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

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## 2.1 Undertaking of the Company (Cont'd)

### 2.1.7 Provision of Services, Equipment and Facilities

A User may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A User may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

- A. The company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of, and compliance by the Customer with the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.
- B. The Company shall use reasonable efforts to maintain the facilities and equipment that it furnished to the Customer. 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 the Company, except upon the written consent of the Company.
- C. The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby diminish the technical operating parameters of the service provided the Customer.
- D. Equipment the Company provides to or installs at the Customer's premises for use in connection with the services that the Company offers shall not be used for any purpose other than that for which it was provided by the Company.
- E. The Customer shall be responsible for the payment of service charges set forth herein for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.
- F. The Company shall not be responsible for the installation, operation, or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for: the transmission of signals by Customer-provided equipment or for the quality of, or defects in, such transmission; or the reception of signals by Customer-provided equipment.

### 2.1.8 Non-routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the

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**2.1 Undertaking of the Company (Cont'd)****2.1.8 Non-routine Installation (Cont'd)**

Company will apply. If installation is started during regular business hours, but at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, an/or night hours, additional charges may apply for which the customer will be responsible.

**2.1.9 Special Construction**

Subject to the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. The Company shall have sole discretion to decide whether or not to undertake special construction on a case-by-case basis. Special construction is that construction undertaken:

- A. where facilities are not presently available, and there is no other requirement for the facilities so constructed;
- B. of a type other than that which the Company would normally utilize in the furnishing of its services;
- C. over a route other than that which the Company would normally utilize in the furnishing of its services;
- D. in a quantity greater than that which the Company would normally construct;
- E. on an expedited basis;
- F. on a temporary basis until permanent facilities are available;
- G. involving abnormal costs;
- H. in advance of its normal construction

**2.1.10 Ownership of Facilities**

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

The Customer has no property right in the telephone number or any other call number designation associated with the Company's services. The Company may change such numbers, or the central office code designation associated with such numbers, or both, assigned to the Customer, whenever the Company, in its sole discretion deems it necessary to do so in the conduct of its business.

## 2.2 Prohibited Uses

### 2.2.1 General

- A. The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- B. The Company 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 law and Florida Public Service Commission regulations, policies, orders, and decisions.
- C. A Customer, joint user, or authorized user may not assign or transfer in any manner the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply.

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## 2.3 Obligations of the Customer

### 2.3.1 General

The Customer shall be responsible for:

- A. The payment of all applicable charges pursuant to this tariff;
- B. Damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer, the non compliance by the Customer with these regulations, or by fire or theft or other casualty on the Customer premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;
- C. Providing at no charge, as specified from time to time by the Company, any needed personnel, equipment, space or power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- D. Obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduits necessary for installation of copper or fiber optic cable and associated equipment used to provide communication services to the Customer from the building entrance or property line to the location of the equipment space described in 2.3.1 (c). Any and all costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by or may be charged by the Company to the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service;
- E. Providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation work by the Company;
- F. Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of company facilities and equipment on any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1(D);
- G. Not creating, or allowing to be placed, any liens or other encumbrances on the Company's equipment or facilities;
- H. Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes;

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## 2.3 Obligations of the Customer (Cont'd)

### 2.3.1 General (Cont'd)

- I. Securing its telephone equipment against being used to place fraudulent calls using the Company's service. The Customer shall be responsible for payment of all applicable charges for services provided by the Company and charged to the Customer's accounts, even where those calls are originated by fraudulent means either from Customer's premises or from remote locations. In addition, the Customer shall be responsible for all calls charged by fraudulent means to the Customer's prepaid calling card;
- J. Verifying in writing if requested by the Company 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 Company's services. If the verification (i.e., a letter of authorization) cannot be produced within five (5) calendar days of the request, the presubscription of the Customer's locations shall be considered unauthorized;
- K. Not using the Company's name, logo or trademark in any promotional materials, contracts, tariffs, service bills, etc., without expressed written authorization from the Company. The Customer shall not use the Company name, logo or trademark in any sales activities. The Customer is prohibited from using Company's name or trademark on any of the Customer's products or services; and
- L. Not assigning or transferring any of its rights or services ordered without the prior written consent of Company.

### 2.3.2. Claims

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

- A. Any loss, destruction or damage to the property of the Company or any third party, or death or injury to person, 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; and
- 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 the Company's services and facilities in a manner not contemplated by the agreement between the Customer and the Company.
- C. Company 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 Company's service, against claims for infringement of patents arising from, combining with, or using in connection with, service, Company's apparatus and systems of the Customer; against all other claims arising out of any act or omission of the member in connection with Company's service.

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**2.3 Obligations of the Customer (Cont'd)****2.3.2 Claims (Cont'd)**

The Customer shall be liable for:

1. Loss due to theft, fire, flood, or other destruction of Company's equipment or facilities on Customer's premises.
2. Reimbursing Company for damages to facilities or equipment caused by the negligence or willful acts of the Customer's officers, employees, agents or contractors.
3. **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 telephonic equipment unless Company specifically authorized said visit or repairs in advance of the occurrence and Company agrees in advance to accept the liability for said repairs or visit.**
4. Payment for all Company service charges incurred through usage or direct action on the part of the Customer.

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## 2.4 Customer Equipment and Channels

### 2.4.1 Customer-Provided Equipment

- A. Terminal equipment on the User's premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the User. The User is responsible for the provision of wiring or cable to connect its terminal equipment to the Company Point of Connection.
- B. 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, and injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.
- C. **The Customer is responsible for taking all necessary legal steps for interconnecting** the Customer-provided equipment or communications systems with Company'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 Company, except upon the written consent of Company. The equipment Company provides or installs at the Customer premises for use in connection with the service Company offers shall not be used for any purpose other than for which it was provided.
- D. If the Customer fails to maintain the equipment and/or system properly, with resulting imminent harm to Company personnel or the quality of service to other Customers, Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, Company may, upon written notice, terminate the Customer's service.

### 2.4.2 Interconnection of Facilities

- A. Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company and the channels, facilities, or equipment of others shall be provided at the Customer's expense.
- B. Communication services may be connected to the services for 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 that are applicable to such connections.
- C. Facilities furnished under this tariff may be connected to Customer-Provided equipment in accordance with the provisions of this tariff. All such equipment shall be registered by the Federal Communications Commission pursuant to Part 68 of Title 47, Code of Federal Regulations; and all User-provided wiring shall be installed and maintained in compliance with those regulations.

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## 2.4 Customer Equipment and Channels (Cont'd)

### 2.4.2 Interconnection of Facilities (Cont'd)

- D. Users may interconnect communications facilities that are used in whole or in part for interstate communications to services provided under this tariff only to the extent that the User is an "End User" as defined in Section 69.2 (m), Title 47, Code of Federal Regulations, (1992 edition).
- E. In instances where Company is connecting its service to the Customer's own Customer-provided communications system or equipment or to any service or equipment provided by others, the Customer must ensure that the equipment or system must provide answer supervision upon the delivery of the call to the switching equipment or to the equipment connected to the communications system. When service is directly connected to a communications system at a Customer's premises, answer supervision must be provided when the call terminates in or passes through the first Customer premise equipment on that communications system, such as, but not limited to when a call is (1) answered by a local station; (2) answered by an attendant; (3) routed to a recorded announcement; or (4) routed elsewhere by the switching system.
- F. The Customer shall ensure that the equipment and/or system is properly interfaced with Company's facilities or services; that the signals emitted into Company's network are of the proper mode, bandwidth, power, signal level or other technical parameters for the intended use of the Customer and in compliance with the criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel or degrade service to other Customers. If the FCC or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, Company will permit such equipment to be connected with its channels without the use of protective interface devices.

### 2.4.3 Inspections

- A. Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2 (B) for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring and the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.
- B. If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.

## 2.5 Application for Service

2.5.1 Applicants wishing to obtain service may apply for service orally with company or pursuant to a completed and signed written service order. The Company reserves the right to require applicants to complete and sign a Letter of Authorization for the Company to provide service.

### 2.5.2 Cancellation of Application for Service

- A. Applications for service cannot be canceled without the Company's agreement. Where the company permits a customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- B. Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs incurred by the Company, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges other levy against the Company that would have been chargeable to the Customer had service commenced (all discounted to present value at six percent).
- C. **Where the Company incurs any expense in connection with special construction, or** where special arrangements of facilities or equipment have begun before the Company receives a cancellation notice, a charge equal to the costs incurred by the Company, 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 installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.
- D. The special charges described in 2.5.2 (A) through 2.5.2 (C) will be calculated and applied on a case-by-case basis.

### 2.5.3 Changes in Service Requested

If the customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service the Customer's installation fee shall be adjusted accordingly.

### 2.5.4 Service Commencement and Acceptance

Charges for services will commence as of the service commencement date. The Company shall notify the Customer when services ordered pursuant to an accepted service order are scheduled to be ready for use. Customer may refuse to accept such services only if such services fail to substantially comply with the specifications (if any) therefore set forth in the service order or in this tariff.

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## 2.6 Third Party Billing – Policy and Procedures

- A. Authorization for any charges for service provided to a customer by a third party will be obtained in advance from the end-user customer through one of the following formats:
1. A voice recording of the entire and actual conversation with the end-user customer.
  2. A written and signed document.
  3. Independent third party verification.
- B. Written authorization will be requested in a clear and conspicuous manner, containing, at a minimum, the following:
1. Date
  2. Name and telephone number
  3. Question and answer to ensure that the end-user customer is qualified to make the requested changes and to authorize billing.
  4. Question and answer regarding the end-user customer's age, to ensure that authorization is provided by an of-age end-user customer.
  5. Explanation of the product/service being offered.
  6. Explanation of all applicable charges.
  7. Explicit end-user customer acknowledgment that said charges will be assessed via the telephone bill.
  8. Explanation of how a service or product will appear on the telephone bill.
  9. Description of how the charge will appear on the telephone bill.
  10. Information related to whom to call (and the appropriate toll-free telephone number) for inquiries.
- C. Authorization will be retained for a period of not less than 2 years. Upon request, the authorization will be made available in a timely manner.
- 2.6.1 The Company does not now, nor does it intend to, offer third party billing. However, should third party billing become available in the future, Company will follow precisely all Federal Communications Commission guidelines with regard to anti-cramming.
- 2.6.2 The Company does not accept third-party billing to be passed on its customers. Third-party billing entities may request Billing Name and Address (BNA) information at a fee, which is passed on to the third-party billing entity to include on their original billing.

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## 2.7 Payment Arrangements

### 2.7.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer and to all Users authorized by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons.

- A. The Customer is responsible for payment of any sales, use, gross receipts, excise, access or other local, state and federal taxes, charges or surcharges (however designated) (excluding taxes on Company's net income) imposed on or based upon the provision, sale or use of Network Services by, or required by, any local, state or federal agency.
- B. Bills are due and payable on the due date of the monthly bill, but no less than fourteen (14) days after the date of the postmark on the bill. Bills may be paid at Company offices or with authorized agents. Payment made in the Company's night depository, if any, shall be deemed received on the next full business day.
- C. Payments for Prepaid services are due before the commencement of any service period. Payments for extensions to prepaid services are due no later than the last day of the period that is to be extended. Payments for prepaid services may be made by activation of a prepayment card purchased from authorized agents. Prepayment cards represent a receipt for the prepayment of services a specified service period and an invoice for the extension of prepaid services following the expiration of the then current service period. Payments made at the night depository of an authorized third party shall be deemed received on the next full business day.
- D. A late payment charge, as described below, may be applied if payment is not received by the Telephone Company on or before the due date, which will be prominently displayed on the Customer's bill. The Company shall credit payments within twenty-four (24) hours of receipt to avoid assessing late payment charges incorrectly.
- E. A late payment charge of 1.5 % is applied to each Customer's bill when the previous month's bill has not been paid in full, leaving an unpaid balance carried forward. The late payment charge is included in the total amount due on the current bill.

### 2.7.2 Billing and Collection Charges

- A. Non-recurring charges are due and payable from the customer within 14 days after the invoice date.
- B. The Company shall present invoices for Recurring Charges monthly to the Customer, in advance of the month in which service is provided, and Recurring Charges shall be due and payable within 14 days after the invoice date.
- C. When service does not begin on the first day of the billing period, or end on the last day of the billing period, the charge for the fraction of the billing period in which service was furnished will be calculated on a pro-rata basis.

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## 2.7 Payment Arrangements (Cont'd)

### 2.7.2 Billing and Collection Charges (Cont'd)

For this purpose, every billing period is considered to have 30 days.

- D. Billing of the Customer by the Company will begin on the service Commencement Date, which is the first day that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- E. The Customer will be assessed a charge of twenty five dollars (\$25.00 for each check submitted by the Customer to the Company that a financial institution refuses to honor.
- F. Customers have up to 90 days (commencing 5 days after remittance of the bill) to initiate a dispute over charges or to receive credits.
- G. If service is disconnected by the Company in accordance with section 2.7.5 following and later restored, restoration of service will be subject to payment of all amounts due, including interest, and all applicable charges for reconnection and installation.

### 2.7.3 Disputed Bills

In case of a billing dispute between the Customer and the Company as to the correct amount of a bill, which cannot be adjusted with mutual satisfaction, the Customer can make the following arrangement:

- A. First, the Customer may make a request, and the Company will comply with the request, for an investigation and review of the disputed amount.
- B. The undisputed portion of the bill must be paid by the Due By Date shown on the bill or the service will be subject to disconnection if the Company has notified the Customer by written notice of such delinquency and impending termination.
- C. If there is still disagreement after the investigation and review by a manager of the Company, the Customer may appeal to the Florida Public Service Commission for its investigation and decision.
- D. The Company will not disconnect the Customer's service for nonpayment as long as the Customer complies with (B) and (C) above.
- E. The Company shall respond to the Commission's requests for information within 10 business days or otherwise within the number of days requested by the commission.
- F. Should the Commission's investigation conclude the Customer owes the disputed amount, the Customer shall pay the full amount due immediately to avoid disconnection of service.



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## 2.7 Payment Arrangements (Cont'd)

### 2.7.4 Deposits

- A. When a Customer or applicant fails to establish a satisfactory credit history, the Company may, in order to safeguard its interest, require a deposit to ensure payment of charges. The fact that a deposit has been made in no way relieves the applicant or Customer from complying with the Company's regulations and the prompt payment of bills on presentation.
- B. Deposits requested from current and new residential customers shall be no greater than 2½ times the estimated average monthly bill. The estimate is based on average monthly billing for the past six months to that customer, or in the event that the Customer has no previous service, the Company may use the average monthly bill for that class and type of service.
- C. Deposits will be refunded 30 days after discontinuance of service or after 12 months of timely payments, whichever comes first. A transfer of service from one premises to another within the area served by the Company shall not be deemed a termination of service by the Company if the class of service remains the same.
- D. When a service or facility is discontinued, the amount of a deposit, if any, will be applied to the Customer's account and any credit balance remaining will be refunded. Before the service or facility is discontinued, the Company may, at its option, return the deposit or credit it to the Customer's account.
- E. Deposits held will accrue interest at a rate in accordance with the rules of the Florida Public Service Commission without deductions for any taxes on such deposits. Interest will not accrue on any deposit after the date on which reasonable effort has been made to return it to the Customer.

### 2.7.5 Credit Limit

The Company may at any time and at its sole discretion, set a credit limit for any Customer's or User's consumption of services for any monthly period.

### 2.7.6 Advanced Payments

- A. Recurring Advanced Payments: The Company may, at its sole option and discretion, require that any Customer having a history of late payments for the Services or whose credit history either is unsatisfactory (in the Company's sole opinion) or is not established to the Company's reasonable satisfaction to make advance payments from time to time for future consumption of Services. The amount of each such advance payment will not exceed the lesser of (a) one (1) month's actual or estimated charges, or (b) the highest amount permitted by any applicable Regulation. The Company may, at its sole option and discretion, accept personal guarantees, bank letters of credit or surety bonds in lieu of an advance payment. Advance payments will be applied to charges for Services in the same manner as other payments. A customer may be required to continue to make advance payments in accordance with this Section until such time as its credit worthiness is established to the Company's reasonable satisfaction. The aggregate amount of any advance payment and deposit will not exceed an amount equal to two and one-half (2 ½) monthly invoice.

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## 2.7 Payment Arrangements (Cont'd)

### 2.7.6 Advanced Payments (Cont'd)

- B. Non-recurring Advanced Payments: the Company may require any Customer to make an advance payment of non-recurring charges (e.g., special construction charges) prior to consumption of services.

### 2.7.7 Discontinuance of Service

- A. The Company shall comply with any provisions of the Florida Public Service Commission rules in processing any discontinuance or suspension of residential service. Upon non-payment of any amount owing to the Company for local exchange service by a residential, customer, the Company may, after, complying with any requirements of the Rules of the Florida Public Service Commission, discontinue or suspend service.
- B. Upon nonpayment of any amount owing to the Company by a Customer, the Company may, by giving 5 days prior written notice to the Customer, discontinue or suspend service without incurring any liability.
- C. Upon violation of any of the other material terms or conditions for furnishing service, the Company may, by giving 30 days' prior notice in writing to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.
- D. Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.
- E. Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.
- F. Upon any governmental prohibition or required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.
- G. In the event of fraudulent use of the Company's network, the Company may discontinue service without notice and/or seek legal recourse to recover all costs involved in enforcement of this provision.
- H. Upon the Company's discontinuance of service to the Customer under Section 2.7.7, the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges that would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer to be immediately due and payable (discounted to present value at six percent).

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**2.7 Payment Arrangements (Cont'd)****2.7.7 Discontinuance of Service (Cont'd)**

- I. If, in the judgment of the Company, any use of the facilities or service by the Customer may adversely affect the Company's personnel, plant, property or service. The Company shall have the right to take immediate action, including termination of the service and severing of the connection, without notice to the Customer when injury or damage to telephone personnel, plant, property or service is occurring, or is likely to occur.
- J. If it is determined that facilities have been abandoned, the Company may terminate the service.
- K. In the event that service is connected for a Customer who is indebted to the Company for service or facilities previously furnished, that service may be terminated by the Company unless the Customer satisfies the indebtedness within 5 days after written notification.
- L. In the event of unauthorized use, where the Customer fails to take reasonable steps to prevent the unauthorized or fraudulent use of the facilities of service received from the Company, the Company may terminate the service. Prohibited, unlawful or improper use of the facilities or service includes, but is not limited to:
  - a) The use of facilities or service of the Company without payment of tariff charges;
  - b) Calling or permitting others to call another person or persons so frequently or at such times of the day or in such a manner as to harass, frighten, abuse or torment such other person or persons;
  - c) The use of profane or obscene language may at the company's option result in disconnection of service or limit further communication with the individual to a written communication only basis;
  - d) The use of the service in such a manner such that it interferes with the service of other customers or prevents them from making or receiving calls.

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## 2.8 Allowances for Interruptions in Service

### 2.8.1 General

Interruptions in service that are not due to the negligence of, or noncompliance with the provisions of this tariff by the Customer, or the operation or malfunction of the facilities, power or equipment provided by the Customer, will be credited to the Customer as set forth in 2.6.1 for the part of the service that the interruption affects.

### 2.8.2 Credit for Interruptions

- A. A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this Tariff. An interruption period begins when the Customer reports a service, facility or circuit to be interrupted and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.
- B. For calculating credit allowances, every month is considered to have 30 days. A credit allowance for fixed recurring fees only is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length on the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.
- C. A credit allowance will be given for interruptions of 24 hours or greater.

### 2.8.3 Limitations on Allowances

No credit allowances will be made for:

- A. **Interruptions due to the negligence** of, or noncompliance with the provisions of this tariff by, the Customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company;
- B. Interruptions due to the negligence of any person other than the Company, including but not limited to the Customer or other common carriers connected to the Company's facilities;
- C. Interruption due to the failure or malfunction of non-company equipment;
- D. Interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;
- E. Any period which may otherwise have been an interruption of service, but during which the Customer continued to use the service on an impaired basis;
- F. Interruptions of service during any period when the customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements; and

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2.8 Allowances for Interruptions in Service (Cont'd)

2.8.3 Limitations on Allowances (Cont'd)

- G. Interruption of service due to circumstances or causes beyond the control of Company.
- H. Interruption of service due to the Company's suspension or disconnection of service under the provisions of 2.7.7.

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2.9 Cancellation of Service

2.9.1 If a Customer cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in Section 2.6.1 above), the Customer agrees to pay the Company termination liability charges, as defined below. These charges shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in Section 2.7.2.

2.9.2 The Customer's termination liability for cancellation of service shall be equal to:

- A. All unpaid Non-Recurring charges reasonably expended by the Company to establish service to the Customer; plus
- B. Any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by the Company on behalf of the Customer; plus
- C. All Recurring Charges specified in the applicable Service Order Tariff for the balance of the then current term discounted to present value at six percent; plus
- D. If there is a contract for a term longer than the current billing period, all charges specified in the contract for the term of the contract; minus
- E. Reasonable allowance for costs avoided by the Company as a direct result of the Customer's cancellation.

2.10 Transfers and Assignments

2.10.1 Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the service and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties:

- A. To any subsidiary, parent company or affiliate of the Company; or
- B. Pursuant to any sale or transfer of substantially all the assets of the Company; or
- C. Pursuant to any financing, merger or reorganization of the Company.

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V.P. of Regulatory & Channel Development  
Fonix Telecom, Inc.  
9350 South 150 East, Suite 700  
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**2.11 Notices and Communications**

- 2.11.1 The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that the Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- 2.11.2 The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment of that bill.
- 2.11.3 All notices or other communications required to be given pursuant to this tariff unless otherwise noted will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following 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.
- 2.11.4 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.



2.12 Toll Service

- 2.12.1 From all stations except those equipped with coin boxes – toll messages and charges are billed in arrears. The Company may, in order to safeguard its interest, establish a toll limit. If a Customer exceeds that limit, the Customer will receive a request to pay accrued tolls to avoid a toll block being placed on the line. If a toll block is placed on the Customer's line, it will be immediately removed upon receipt of payment for the toll charges.

2.13 Optional Features: 511 and 811

- 2.13.1 Access to 511 and 811 informational services may be obtained by dialing 511 or 811. Subscriber will be billed \$.50 for each such call. The charge applies to each call regardless of whether the informational service is able to furnish the information requested.

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## 2.14 Trial Tariffs

- 2.14.1 Optional non-basic exchange services may be offered periodically on a trial basis by the Company for technical and/or marketing purposes under the terms and conditions listed below. These trials shall be for the purpose of evaluating, in an operating environment, the performance and pricing of the specific service in conjunction with other marketing and environmental factors that can influence customer demand.
- 2.14.2 Marketing and/or technical trials shall be governed by the regulations set forth in this tariff.
- 2.14.3 A marketing and/or technical trial shall not require a tariff filing. However, an advice letter shall be provided to the Public Service Commission no later than fifteen (15) days before the start of the trial which will include the following information:
1. A description of the new service proposed to be offered.
  2. The specific geographic area(s) or telephone exchange(s) in which the service will be offered.
  3. The rates and charges for the service, including any applicable range of rates within which the rates may be increased or decreased.
  4. All rules and regulations governing the offering of the trial service to customers.
- 2.14.4 A trial service may be offered to a subscriber, a group of subscribers, or to all subscribers in the classification(s) of service and the specific area(s) for which the trial service is made available. If the trial is to be limited to specific subscribers, the trial customer(s) shall be listed in the advice letter. However, a trial service may be offered at different rates to different geographical locations for the purpose of determining the appropriate rate. Rates for a trial service may also change for a specific location during the trial period to determine the appropriate rate(s).
- 2.14.5 The applicable terms and conditions for the trial services shall be determined by the Company and provide for a test period of not less than one month or more than twelve months.
- 2.14.6 The Company reserves the right to alter rates, within the specific range, with thirty (30) days notice to the Commission.

**2.15 Compliance**

The Company and Customer shall (and Customer shall cause User to) comply with all Regulations.

**2.16 Force Majeure**

The Company is excused from any Performance Failure due to causes beyond its reasonable control, including but not limited to acts of God, fire floods, other catastrophes, insurrections, national emergencies, wars, strikes, work stoppages or other labor disputes, unavailability of rights-of-way, disconnection or unavailability (through no fault of the Company) of any Other Provider's facilities or services, or any Regulation or other directive, action or request of any Governmental Authority.

**2.17 Full Force and Effect**

Should any provision or portion of this Tariff be held by a court or administrative agency of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions of this Tariff will remain in full force and effect.

**2.18 Cooperation**

Customer shall cooperate with the Company to the extent necessary for the Company to discharge its obligations hereunder and as reasonably requested by the Company.

**2.19 Governing Law**

This Tariff is to be governed by and construed in accordance with the rules and orders of the Commission and the laws of the State of Florida.

SECTION 3

SERVICE AREAS

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SERVICE AREAS

3.1 Local Service Areas

3.1.1 Fonix concurs in the local calling areas, access areas, market service areas, districts, cell brands, etc. contained in the General Subscriber Service Tariff of Incumbent Local Exchange Carriers with whom Fonix has executed an InterConnection Agreement; provided however that Fonix hereby expressly reserves the right to revoke and make void this statement of concurrence at any time.

3.1.2 Fonix has designated four Separate Rate Zones that apply to certain Services offered by the Company.

Rate Zones are defined as follows:

Zone 1 – All BellSouth local calling areas with more than 250,000 access lines and PBX trunks

Zone 2 – All BellSouth local calling areas with 100,000 to 250,000 access lines and PBX trunks.

Zone 3 – All BellSouth local calling areas with up to 100,000 access lines and PBX trunks.

Zone 4 – All other calling areas.

3.1.3 In the absence of a designated Rate Zone for any listed rate, the listed rate shall apply only to BellSouth calling areas.

SECTION 4

EXCHANGE ACCESS SERVICE

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EXCHANGE ACCESS SERVICE4.1 General

- 4.1.1 Exchange Access Service provides a Customer with a telephonic connection to and a unique telephone number address on the public switched telecommunications network. Each Exchange Access Service enables users to:
- A. place calls to and receive calls from any station in the local calling area, as defined herein,
  - B. access other services offered by the Company as set forth in this tariff,
  - C. access certain interstate and international calling services provided by the Company,
  - D. access (at no additional charge) the Company's operators and business office for service related assistance,
  - E. access (at no additional charge) emergency services by dialing 0 or 911,
  - F. access services provided by other common carriers that purchase the Company's Switched Access service as provided under the Company's Federal and State tariffs, or that maintain other types of traffic exchange arrangements with the Company,
  - G. access telephone relay service.
- 4.1.2 Each Exchange Access Service is available in "full" service basis, whereby service is delivered to a demarcation/connection block at the customer's premises.
- 4.1.3 The following Exchange Access Services are offered:
- Residential Service
  - Business Service
  - Centrex Business Service
  - Trunk Service
  - Coin Line Service (COCOT)
  - Remote Exchange Service
  - Directory Service
  - DirecTel



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## 4.2 Residential Service

- 4.2.1. Residential Service provides the Customer with a single voice-grade telephone communications channel for residential use that can be used to place or receive one call at a time. Residential Service lines are provided for connection of customer provided single line sets to the public telecommunications network. Each Residential Service line is equipped with Touch Tone service.
- 4.2.2. Each Residential Service Line may be equipped with any or all of the Calling Features listed in 5.11.
- 4.2.3. Customers may not use Residential service for business purposes, other than for incidental calls.
- 4.2.4. Fonix offers Residential Service Packages that include:
- A. Basic Service: Residential Service as defined in section 4.2.1.
  - B. 2 Feature Service: Residential Services as defined in Section 4.2.1, plus any two Calling Features listed in 5.1.1.
  - C. Full Feature Service: Residential Services as defined in Section 4.2.1, plus any or all calling features listed in 5.1.1 with no per-use charges for selected features.
  - D. Expanded Area: Includes unlimited calling within an Expanded Local Area, as defined in Bell South's Local Access Tariff, without toll or long distance charges.
  - F. Second Line: **Reduced rate for second line without features.**
- 4.2.5. Fonix offers prepaid Residential Service Packages that include:
- A. Basic: Residential Services as defined in Section 4.2.1, including Call Block.
  - B. Select: Residential Service as defined in Section 4.2.1, including Call Block plus any two Calling Features listed in 5.1.1.
  - C. Complete: Residential Service as defined in Section 4.2.1, including Call Block and plus any or all Calling Features listed in 5.1.1.
- 4.2.6. Fonix's Prepaid Residential Service prices listed in Section 8.1.1 are inclusive of all excise, access use, gross receipts or other charges or surcharges (however designated) (except state and local sales taxes) imposed by, any local, state or federal agency based upon the provision, sale or use of Network Services.

#### 4.3. Business Service

- 4.3.1. Business Service provides the Customer with a single voice-grade telephone communications channel for business use that can be used to place or receive one call at a time. Each business line is equipped with Touch Call Service.
- 4.3.2. Each Business Service line may be equipped with any or all of the Calling features listed in 5.1.1
- 4.3.3. Fonix offers Business Service choices that include:
  - A. Basic Service as defined in Section 4.3.1
  - B. Hunt – Rollover Service.
  - C. Features as defined in Section 5.1.1.
  - D. An Choice Package that includes Basic Service, Hunt – Rollover and all features listed in Section 5.1.1
  - D. Expanded Area Calling, which includes unlimited calling in the expanded local area, as defined in Bell South's Local Access Tariff, without Toll or Long Distance charges.
- 4.3.4. Fonix offers Business Services with Minimum Service Periods, including one month, one month following a six-month minimum, one year and two years.
- 4.3.5. Minimum service periods shall be renewed upon the MSP expiration date, at then prevailing rates, unless the Customer cancels or changes services within thirty days following the expiration/renewal date.

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#### 4.4 Centrex Business Service

4.4.1 Centrex Business lines provide the Customer with a single feature rich voice-grade telephone communications channel for business use that can be used to place or receive one call at a time. Centrex does not require on premises switching equipment (key systems or PBX). Switch software is partitioned to create a virtual private business network with all capabilities of a sophisticated on premises system. Each Centrex business line is equipped with Touch Tone service, which may be deleted at the Customer's option.

Each line will also be equipped with rotary hunting service. The rotary service may be either circular or straight hunting at the customer's choice.

4.4.2 Centrex Business Line provides the following features:

- Abbreviated Dialing
- Assume Dial "9"
- Call Forwarding
- Call Forwarding Busy
- Call Forwarding Group Busy
- Call Forwarding No Answer
- Call Park
- Call Pickup
- Call Transfer
- Call Waiting
- Consultation Hold
- Last Number Redial
- Permanent Hold (PH)
- Ring Again
- Speed Call 8
- Station-to-Station (Dialing)
- Three-Way Calling

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#### 4.5 Trunking

##### 4.5.1 Basic Rate Integrated Services Digital Network (BRI)

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##### 4.5.2. Primary Rate Integrated Services Digital Network (PRI)

- A. An Integrated Services Digital Network (ISDN) interface designed for high-volume data communications. Primary Rate ISDN (PRI) consists of 23 "B" channels operating at 64 Kbps each and one 64 Kbps "D" Channel used for signaling. The transmission capability of Primary Rate ISDN is nearly 1.5 Mbps.
- B. Each PRI offering includes the following:
1. Access Line - A four-wire access loop furnished between the serving wire center and the customer's premise.
  2. PRI Interface - Provides multiplexing to support up to 23 "B" Channels for transmission at 64 Kbps and one 64Kbps "D" Channel for signaling.
  3. Interoffice Channel - The channel furnished between central offices.
  4. D Channel - A 64Kbps digital signaling only channel for call establishment and control, when used with Fonix's Primary Rate ISDN service.
  5. B Channel - From 1 to 23 bi-directional synchronous channels capable of supporting 64Kbps of digital transmission. This circuit will allow switched service for either voice or data traffic transmissions at up to 64Kbps per channel.
- C. Customer will incur a monthly recurring charge based upon the PRI package that they select. The PRI packaged prices are based upon the number of "B" channels that the customer selects and the dialing options.
- D. An installation charge shall be incurred for PRI service with a minimum service period of less than two year.
- E. Fonix's business customers are responsible for providing one PRI Interface for each Fonix PRI Access line and compatible Customer Premise Equipment to interface with Fonix's PRI service and its features. Customers are responsible for all costs for coordination and/or integration of PRI service with customer's premise equipment.
- F. Customers must provide a 10 digit billing number for each PRI group.
- G. All outbound local or long distance usage rates apply to the customer, and will be itemized on the customer's monthly bill.
- H. Interoffice Channel rates are based on the airline distance between central offices.

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#### 4.5 Trunking (Cont'd)

##### 4.5.2 Primary Rate Integrated Services Digital Network (PRI) (Cont'd)

- I. Fonix's customer may choose from Direct Inward Dialing (DID) option, or Direct Outward Dialing (DOD) option, for their PRI service.

##### 4.5.3 Channelized DS-1 (CDS-1)

- A. An Integrated Services Digital Network (ISDN) interface designed for high-volume data communications. CDS-1 consists of 1 to 24 channels operating at 64 Kbps each. The transmission capability of CDS-1 is nearly 1.5Mbps.
- B. Each CDS-1 offering includes the following:
  1. Access Line – A four-wire access loop furnished between the serving wire center and the customer's premise.
  2. CDS-1 Interface- Provides multiplexing to support up to 24 Channels at 64 Kbps.
  3. Interoffice Channel – The channel furnished between central offices.
  4. DS-1 Channels – From 1 to 24 bi-directional synchronous channels capable of supporting 64-Kbps of digital transmission. This circuit will allow switched service for either voice or data traffic transmissions at up to 64Kbps per channel.
- C. Customer will incur a monthly recurring charge based upon the number of channels that the customer selects and the dialing options.
- D. An installation charge shall be incurred for PRI service with a minimum service period of less than two years.
- E. Fonix's business customers are responsible for providing one interface for each Fonix Access line and compatible Customer Premise Equipment to interface with Fonix's CDS-1 service and its features. Customers are responsible for all costs for coordination and/or integration of CDS-1 service with customer's premise equipment.
- F. **Customers must provide a 10 digit billing number for each CDS-1 group.**
- G. All outbound local or long distance usage rates apply to the customer, and will be itemized on the customer's monthly bill.
- H. Interoffice Channel rates are based on the airline distance between central offices.
- I. Fonix's customer may choose from Direct Inward Dialing (DID) option, or Direct Outward Dialing (DOD) option, for their PRI service.

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#### 4.5 Trunking (Cont'd)

##### 4.5.4 Integrated DS-1 (IDS-1)

- A. An unchannelized DS-1 interface designed for high-volume data communications providing 1.544 Mbps of integrated local and long distance voice, data and internet communications.
- B. Each IDS-1 offering includes the following:
  - 1. Access Line – A four-wire access loop furnished between the serving wire center and the customer's premise.
  - 2. IDS-1 Interface- Provides access for voice and internet connectivity.
  - 3. Interoffice Channel – The channel furnished between central offices.
  - 4. Voice Ports – From 1 to 48 voice channels with features and extended area calling.
  - 5. Dedicated Long Distance Voice Access - via Fonix's network.
  - 6. Dedicated Internet Access - via Fonix's network.
- C. Customer will incur a monthly recurring charge based upon the number of voice ports and dialing options selected..
- D. An installation charge shall be incurred for IDS-1 service with a minimum service period of less than two years.
- E. Fonix's business customers are responsible for providing one interface for each Fonix voice port and compatible Customer Premise Equipment to interface with Fonix's IDS-1 service and its features. Customers are responsible for all coordination and/or installation of IDS-1 service with customer's premise equipment.
- F. Customers must provide a 10 digit billing number for each IDS-1 group.
- G. All outbound local or long distance usage rates apply to the customer, and will be itemized on the customer's monthly bill.
- H. Interoffice Channel rates are based on the airline distance between central offices.
- I. Fonix's Customer may choose from Direct Inward Dialing (DID) option, or Direct Outward Dialing (DOD) option, for their PRI service.
- J. Fonix's Integrated DS-1 service is a bundled service offering that does not provide equal access to other carrier's long distance networks. Customers desiring access to another carrier's long distance network may be supported with additional local loops provided to the customer for that purpose at tariff rates contained herein.

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#### 4.5 Trunking ( Cont'd)

##### 4.5.5 Direct Inward Dialing (DID) to PBX System

- A. DID is a central office based service that permits incoming calls to reach customer provided Private Branch Exchanges (PBX) equipment without the assistance of an attendant or otherwise provides for unique identification of the call based on digits sent to the customer premises equipment by the central office. The central office will outpulse digits to the customer premises equipment which can further process the calls as desired.
- B. DID service is provided subject to the availability of facilities and may only be furnished from properly equipped central offices.
- C. Additional DID numbers can be reserved for future use
- D. The Company does not guarantee to provide reserved numbers in a consecutive order.
- E. The Company will be responsible for interception and administration of these numbers.
- F. The Customer shall be responsible for providing interception of calls to assigned, but unused, DID numbers by means of attendant intercept or recorded announcement service.
- G. Outgoing calls may not be placed over PBX trunks arranged for DID service.
- H. The Company shall not be responsible to the Customer if necessary changes in protection criteria or in any of the facilities, operations, or procedures of the Company render any facilities provided by a Customer obsolete or make modification of Customer's equipment necessary.

##### 4.5.6 Direct Outward Dialing (DOD)

- A. Provides recognition, by the exchange telephone network, of the capability in a PBX for direct outward dialing to an outside station without attendant assistance, usually set up with a dial "9".

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#### 4.6 Customer Owned Coin Operated Telephone (COCOT) Service

- 4.6.1 The Company provides access lines ("COCOT Lines") for connection of Aggregator-provided Pay Telephone equipment to the public switched network. COCOT Lines provide the Aggregator with a single, analog, voice-grade telephonic communications channel equipment for touchtone signaling, which can be used to place or receive one call at a time. COCOT Lines are provided on a single party (individual) basis only. No multi-party lines are provided.
- 4.6.2 Recurring charges for COCOT Lines are billed monthly in advance. Usage charges, if applicable are billed in arrears. Usage charges may apply for calls placed from the CPPT Line subscribed to by the Aggregator. No usage charges will apply to calls received by the Customer. Non-recurring charges for installation or rearrangement of service are billed on the next month's bill immediately following work performed by the Company.
- 4.6.3 COCOT Lines will be provided only to Aggregators certificated by the Florida Public Service Commission. Proof of certification is required prior to installation of service. Service will be disconnected should the Company determine that the Aggregator is no longer certified or has had certification revoked for any reason.
- 4.6.4 The Aggregator is responsible for all local and long distance usage charges billed to the COCOT Line. These charges include, but are not limited to, any operator charges for calls billed to the line on a collect or third party basis in the event that the Aggregator does not subscribe to blocking and screening features offered in this tariff.
- 4.6.5 Unless otherwise permitted by Commission rule or order, only one pay telephone instrument may be connected to each COCOT Line.
- 4.6.6 Unless otherwise permitted by Commission rule or order, 0-local operator assisted calls must be routed to the Company's operators.
- 4.6.7 Aggregators subscribing to the Company's COCOT Lines are responsible for compliance with any Commission's Regulations for Operator and Pay Telephone Services and any other rules or regulations the Commission may require.
- 4.6.8 Service is provided at Business Flat Rate Local Exchange Service rates and charges as specified in Section 8.2.1 or 8.2.2 of this tariff. Each Access Line is provided with Touch Tone signaling at no additional charge. Calls placed to Directory assistance from COCOT Lines will be billed to the Customer at rates and charges found in Section 8.2.1 of the tariff.
- 4.6.9 The following optional features are provided with Access Lines for Customer Provided Pay Telephones:
- A. Unrestricted Service: No blocking or screening provided.
  - B. Screening Option A: With this option, an Access Line is equipped with operator screening. In addition, calls to 011+ international direct distance dialed numbers outside the North American Numbering Plan are blocked.



4.6 Customer Owned Coin Operated Telephone (COCOT) Service (Cont'd)

## 4.6.9 (Cont'd)

- C. Screening Option B: With this option, an Access Line is equipped with operator screening, blocking of calls to 011+ international direct distance dialed numbers outside the North American Numbering Plan are blocked, and blocking of calls to 1+900, seven digit local, 1+ Expanded Local Calling Area, 1+ DDD and 976 calls.
- E. Screening Option C: With this option, an access Line is equipped with operator screening, blocking of calls to 011+ international direct distance dialed numbers outside the North American Numbering Plan are blocked, and blocking of calls to 1+900, 1+ expanded Local Calling Area, and 976 calls.
- F. Each COCOT Line may be equipped with Central Office Disconnect for an additional charge.
- F. Each COCOT line is also equipped with the following customized blocks at no charge:

- Third Party Billing
- Collect Call Block
- 900/976 Block
- Directory Assistance (411) Block
- Call Completion Block
- International Block

**4.7 Remote Exchange**

- 4.7.1 Remote Exchange is an inbound-only local access service furnished in an exchange area other than the one in which the subscriber's primary phone service is provided.
- 4.7.2 Subscribers to the service are provided with a local access number that is not associated with any physical local loop facilities.
- 4.7.3 Calls received on the assigned Remote Exchange number are automatically routed to a number designated by the subscriber.
- 4.7.4 Remote Exchange includes 200 minutes per month of domestic long distance minutes, measured in six-second increments.
- 4.7.5 Minutes in excess of that allotted shall be billed to the subscriber at Fonix's standard 1+ long distance business rates.
- 4.7.6 Minutes that are not used by the subscriber in any one-month period shall automatically expire.
- 4.7.7 The Minimum MSP for Remote Exchange is one year.
- 4.7.8 All long distance services furnished are subject to the terms and conditions applying to intrastate telecommunication services between two points within the state of Florida, as found elsewhere in this Tariff, and to Interstate telecommunication services as found in Fonix's Interstate Telecommunications tariff on file in Fonix's office in compliance with FCC regulations.

**4.8 DirectTel Service**

- 4.8.1 DirectTel is local access service that provides a voice bridge between the public Internet and public telephone service network's worldwide. Subscribers to the service are provided with a minimum of two local access ports and two local access numbers with no physical loop facilities.
- 4.8.2 Calls originated by the subscriber remotely via the Internet are bridged to the public telephone network through assigned ports on Fonix's local access switch facilities where calls are subsequently routed for local or long distance termination.
- 4.8.3 DirectTel services are provided to subscribers on a prepaid basis only.
- 4.8.4 Fees for DirectTel service, listed elsewhere in this Tariff are inclusive of all taxes and regulatory fees.
- 4.8.5 All DirectTel local and long distance services furnished over public service telephone networks are subject to the terms and conditions applying to intrastate telecommunication services between two points within the state of Florida, as found elsewhere in this tariff, and to interstate and or international telecommunication services as found in Fonix's Interstate and International Telecommunication tariffs on file with the FCC or in Fonix's corporate office, in compliance with FCC regulations.

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#### 4.9 Timing of Calls

The Customer's monthly charges for Services provided hereunder are based upon one or more of the following: (i) the total time the User actually uses the Services (rounded to the increments set forth in herein), (ii) certain recurring charges as set forth herein, or (iii) in the case of private Line Service, the airline mileage between the originating and the terminating rate centers of each call as calculated using the V and H coordinates set forth in AT&T's FCC Tariff No. 10 on file with the FCC, and incorporated herein by reference. The method of calculation of the airline mileage between rate centers is calculated according to the following formula.

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

10

Where V1 and H1 are the V and H coordinates of point 1, and V2 and H2 are the V and H coordinates of point 2. The mileage is rounded up to an integer value to determine the airline mileage.

SECTION 5

EXCHANGE ACCESS OPTIONAL FEATURES

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EXCHANGE ACCESS OPTIONAL FEATURES5.1 Calling Features

- 5.1.1 The following Calling Features are available to subscribers of Residential and or Business Service on an “a la carte” basis or in combination with Service Packages as outlined in 5.2.3, 5.3.3, and 5.3.5.

Anonymous Call Rejection  
Call Block  
Call Forward  
Call Forwarding Busy  
Call Forwarding Don't Answer  
Call Forwarding Flexible Delivery  
Call Forwarding Flexible with Audio  
Call Forwarding Preferred  
Call Forwarding Remote Access  
Call Return  
Call Selector  
Call Tracing  
Call Waiting With Name and Number  
Caller ID Deluxe  
Caller ID Enhanced  
Distinctive Ring 1  
Distinctive Ring 2  
Internet Call Waiting  
Message Waiting  
Message Waiting – Indicator Light  
Repeat Dialing  
Speed Calling 8  
Speed Calling 30  
Three Way Calling

## 5.1.2

- A. An installation charge is applicable to each occasion that a Custom Calling Feature is ordered. When any combination of one or more features are ordered at the same time, only one installation charge applies.
- B. A disconnection charge is applicable to each occasion that a custom calling feature is discontinued or cancelled when the cancelled feature is not replaced by a different feature.

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## 5.2 Directory Listings

- 5.2.1 For each Customer of Company-provided Exchange Access Service(s), the Company shall arrange for the listing of the Customer's name, street address and main billing telephone number in the directory(ies) published by the dominant Local Exchange Carrier in the area at no additional charge. At a Customer's option, the Company will arrange for non-published, non-listed or additional listings at monthly recurring rates listed herein.
- 5.2.2 The Company may limit the length of any listing in the directory by the use of abbreviations when, in its sole discretion, the clarity of the listing or the identification of the Customer is not impaired thereby.
- 5.2.3 The Company may, in its sole discretion, refuse a listing (i) that does not constitute Customer's legally authorized or adopted name, (ii) that contains obscenities in the name, (iii) that is likely to mislead or deceive calling persons as to the identity of the listed party, (iv) that is a contrived name used for advertising purposes or used to secure a preferential position in the directory, or (v) that is more elaborate than reasonably necessary to identify the listed party. The Company will notify Customer prior to withdrawing any listing which is found to be in violation of this subpart.
- 5.2.4 In order for listings to appear in a directory, a Customer must furnish the listing to the Company in time to meet the directory publishing schedule.

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### 5.3 Local Number Portability

Fonix shall where technically feasible, provide Residential and Business Customers to whom the Company has furnished a Local Exchange Service telephone number, and who are in compliance with Section 2.7 and 2.9, an option to “port” such number to a new provider of such service. Monthly recurring rates for local number portability will be those rates authorized by the FCC, which shall be in effect at any given time.

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5.4 Toll Restriction Service

Toll Restriction Service enables a customer, by means of Operator identification and/or screening to:

- A. Restrict outgoing toll calls from station users to only those calls that are charged to the called telephone, a third number, or a calling card account and is available where facilities permit.
- B. Prevent incoming collect and third number billed calls from being billed to the customer. Operator screening of incoming collect and third number billed calls is limited to operator service providers that access a validation database and therefore, cannot be guaranteed.

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**5.5 Vanity Number Service**

Vanity Number Service is an optional feature by which a new Customer may request a specific or unique telephone number and fax number for use with Company provided Exchange Access Service. This service provides for assignment of a customer requested telephone number other than the next available number from the assigned control list.

Vanity Number Service is furnished subject to the availability of facilities and the requirements of Exchange Access Service as defined by the Company. The Company reserves all rights to the Vanity Numbers assigned to customers and may, therefore, change them if required.

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SECTION 6

MISCELLANEOUS SERVICES

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MISCELLANEOUS SERVICES6.1 Operator Services6.1.1 Directory Assistance

Local Directory Assistance provides the calling party the telephone number of the requested party, if available, in the local calling area that is retained in the Directory Assistance Database of the Operator Services provider the Company is using and may be accessed by dialing 411. National Directory Assistance provides the calling party telephone numbers of individuals or businesses who are located outside the calling party's local Directory Assistance area and may be accessed by dialing 1+(area code) 555-1212 or 411 where available.

Customers may obtain assistance in determining telephone numbers by calling a Directory Assistance operator subject to the charges shown herein.

Directory Assistance charges apply for all requests for which the Directory Assistance facilities are used. Requests for information other than telephone numbers will be charged the same rate shown for the applicable request for telephone numbers.

A Directory Assistance call charged to a calling card or commercial calling card will be billed the appropriate operator charge, as specified in this tariff, plus the charge for Directory Assistance. A Directory Assistance Call Completion charge will apply when a customer calls Directory Assistance and the number requested is completed by the Operator.

Non-published telephone numbers are not available from Directory Assistance Service.

A credit will be given for calls to Directory Assistance when:

1. the Customer experiences poor transmission or is cut off during the call.
2. the Customer is given an incorrect telephone, or the Customer inadvertently misdials an incorrect Directory Assistance NPA.

To receive a credit, the Customer must notify the Directory Assistance operator or the Company's Customer Service Department of the problem experienced.

6.1.2 Directory Assistance Exemption

A Customer's service may be exempt from Directory Assistance charges if it is provided for the use of an individual who is unable to use a telephone directory due to visual or other physical limitations. Disabled persons may self-certify as to their physical inability to use telephone directories by providing to the Company a completed exemption form certifying the applicant's impairment. The exemption form can be obtained by contacting any Company business office at (888) 895-1997.

Residential service will be exempted when any member of a household has certified in the manner above, that he or she cannot use the directory.

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## 6.1 Operator Services

### 6.1.2 Directory Assistance Exemption (Cont'd)

A single line business service will be exempted when it is provided to a small business where the proprietor and all regular employees have certified in the manner described above, that they cannot use a directory. Upon receiving a specific request, the Company may extend this exemption to a business customer who employs a disabled individual who needs access to Directory Assistance to perform his or her job. Each month, the business customer will submit to the Company a letter stating the number of directory assistance calls made by the disabled individual. The Company, upon receipt of the letter, will credit the business customer's account for the number of directory assistance calls made by the disabled individual.

An individual, who has certified in the manner described above, may make a Directory Assistance call from any telephone and charge such calls to his or her exempt telephone number or credit card. No charge will apply to this type of call.

The Directory Assistance exemption is intended for the Customer's personal use only and is not to be used on behalf of any other individual or business or for any other improper purpose. If the Company determines that the exemption is being used for any improper purpose, the Company may revoke the exemption and impose the appropriate charges for previously and improperly made calls.

A Customer qualifying for exemption from Directory Assistance charge is also exempt from Directory Assistance Call Completion.

### 6.1.3 Operator Handled Calling Service

The Company provides access to Operator Handled Calling Services through the incumbent LEC for Customers and Users of the Company's Local and IntraLATA Toll calling services and to users accessing pre-subscribed public payphones or customer-provided stations for operator assisted calls. In addition to charges which would otherwise apply pursuant to the other Sections of this tariff, each operator handled call may be assessed a surcharge(s) as set forth within.

General Assistance: Customers may request general information from the operator, such as dialing instructions, country or city codes, area code information and customer service telephone number, without requesting the operator to complete the call.

Person-to-Person: Calls completed with the assistance of a company operator to a particular person, station, department, or PBX extension specified by the calling party. Charges may be billed to the Customer's commercial credit card or User's calling card.

Station-to-Station: Refers to calls other than person-to-person calls billed to either the end user's commercial credit card or to a calling card. Calls may be completed with or without the assistance of a Company operator.

Operator Dialed Surcharge: The end user places the call without dialing the designated number, although the capability to do it himself exists. The end user will dial "0" for local calls and long distance calls and then requests the operator to dial the called station.

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## 6.1 Operator Services (Cont'd)

### 6.1.3 Operator Handled Calling Service (Cont'd)

Billed to Calling Card: Refers to calls that are dialed by the Customer or User in accordance with standard dialing instructions and billed to a calling card.

Busy Line Verification: Upon request of a calling party, the operator will determine if the line is clear or in use and report to the calling party.

Emergency Interrupt Service: Upon request of a calling party the operator will interrupt the call on the called line only if the calling party indicates an emergency. For calls that are interrupted, both the Busy Line Verification and the Interrupt charges will apply.

Busy Line Verification and Emergency Interrupt charges will apply when:

1. the operator verifies that the line is busy;
2. the operator verifies that the line is available for incoming calls;
3. the operator verifies that the called number is busy with a call in progress and the Customer requests interruption.

No charge will apply when:

1. the calling party advises that the call is to or from an official public emergency agency;
2. under conditions other than those specified within, preceding.

Busy Line Verification and Emergency Interrupt Service are furnished where and to the extent that facilities permit. The Customer shall indemnify and save the Company harmless against all claims that may arise from either party to the interrupted call or any person.

In addition to charges which would otherwise apply pursuant to other Sections of this tariff, each operator handled call will be assessed a charge as listed herein.

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## 6.2 Carrier Presubscription

- 6.2.1 Carrier Presubscription is a procedure whereby a Customer designates to the Company the carrier which the Customer wishes to be the carrier of choice for IntraLATA and InterLATA toll calls. Such calls are automatically directed to the designated carrier, without the need to use carrier access codes or additional dialing to direct the call to the designated carrier. Presubscription does not prevent a Customer who has presubscribed to an IntraLATA or InterLATA toll carrier from using carrier access codes or additional dialing to direct calls to an alternative long distance carrier on a per call basis.
- 6.2.2 Customers of record will retain their primary interexchange carrier(s) until they request that their dialing arrangements be changed.
- 6.2.3 Customers of record or new customers may select the same carrier or separate carriers for IntraLATA and InterLATA long distance. The following options for long distance Presubscription are available:
- A. Option I: Customer may select the Company as the presubscribed carrier for IntraLATA and InterLATA toll calls.
  - B. Option II: Customer may select the Company as the presubscribed carrier for IntraLATA calls and some other carrier as the presubscribed carrier for InterLATA toll calls.
  - C. Option III: Customer may select a carrier other than the Company for IntraLATA toll calls and the Company for InterLATA toll calls.
  - D. Option IV: Customer may select the carrier other than the Company for both IntraLATA and InterLATA toll calls.
  - E. Option V: Customer may select two different carriers, neither being the Company for IntraLATA and InterLATA toll calls. One carrier to be the Customer's primary IntraLATA interexchange carrier. The other carrier to be the Customer's primary InterLATA interexchange carrier.
  - F. Option VI: Customer may select a carrier other than the Company for no presubscribed carrier for IntraLATA toll calls which will require the Customer to dial a carrier access code to route all IntraLATA toll calls to the carrier of choice for each call.
- 6.2.4 Customers may change their selected option and/or presubscribed toll carrier at any time subject to charges specified herein.
- 6.2.5 A new Customer will be asked to select IntraLATA and InterLATA toll carriers at the time the Customer places an order to establish local exchange service with the Company. The Company will process the Customer's order for service. All new Customer initial requests for IntraLATA toll service presubscription shall be provided free of charge.

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**6.2 Carrier Presubscription****6.2.5 (Cont'd)**

If a new Customer is unable to make selection at the time the new Customer places an order to establish local exchange service, the Company will read a random listing of all available IntraLATA and InterLATA carriers to aid the Customer in selection. If selection is still not possible, the Company will inform the Customer that he/she will be given 90 calendar days in which to inform the Company of his/her choice for primary toll carrier(s) free of charge. Until the Customer informs the Company of his/her choice of primary toll carrier, the Customer will not have access to long distance services on a presubscribed basis, but rather will be required to dial a carrier access code to route all toll calls to the carrier(s) of choice. Customers who inform the Company of a choice for toll carrier presubscription within the 90 day period will not be assessed a service charge for the initial Customer request.

6.2.6 Customers of record may initiate a IntraLATA or InterLATA presubscription change at any time, subject to the charges specified herein. If a Customer of record inquires of the Company of the carriers available for toll presubscription, the Company will read a random listing of all available IntraLATA carriers to aid the Customer in selection.

6.2.7 After a Customer's initial selection for a presubscribed toll carrier and as detailed in paragraph 6.2.4 above, for any change thereafter, a Record Change Charge, as set forth in Section 8 will apply. Customers who request a change in IntraLATA and InterLATA carriers with the same order will be assessed a single charge per line.



6.3 Service Implementation

Absent a promotional offering, service order charges will apply to orders to implement, change, or relocate service unless a different non-recurring charge is specified elsewhere in this tariff.

Only one service order charge will apply for any given service order.

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6.4 Restoration of Service

A restoration charge applies to the re-establishment of service and facilities suspended because of nonpayment of bills and is payable at the time that the re-establishment of the services and facilities suspended is arranged for.

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**6.5 Inside Wire Maintenance Plan**

- 6.5.1 At an additional monthly charge, Customers may add the Inside Wire maintenance Plan to their service. This plan provides for maintenance and repair of the wiring and jacks at the Customer's premises.
- 6.5.2 Fonix will locate the source of the telephone service problems in the wiring and jacks at the premises and repair basic inside telephone wire and modular jacks. Fonix does not repair defective phone cords, phones, or equipment attached to the network through these interfaces and these devices are not included under this plan.
- 6.5.3 This Plan does not cover (1) problems caused by willful damage to inside wire or jacks; (2) damage caused by Acts of god (such as fire, windstorm, flood, hurricane, lightning or other similar acts); (3) service problems in your inside wire or jacks that were obvious at the time you subscribed to the Plan; and (4) inside wire or jacks that do not meet industry standards for telecommunication.
- 6.5.4 This Plan is provided on a month-to-month basis and can be cancelled by giving oral or written notice. The minimum service commitment for this plan is one (1) month.
- 6.5.5 Key telephone systems, Private Branch Exchanges (PBX), or other non-basic telephone systems, are not eligible for this Plan.
- 6.5.6 Fonix shall not be liable for damages, including any indirect, incidental or consequential damages, that arise from: (1) any defects in materials used to maintain inside wire or jacks; or (2) defects in workmanship provided under the plan. There are no express or implied warranties, warranties of merchantability, or warranties of fitness for a specific purpose with this plan. Fonix's liability for defective materials or workmanship is limited to repair or replacement of the defective material and/or a corrective service visit.

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## 6.6 Maintenance Visit Charges

- 6.6.1 Maintenance visit charges are applicable to customers who do not elect to pay a monthly inside wire maintenance charge.
- 6.6.2 The Maintenance Visit Charge applies for time spent on a Customer's premises by a Company employee or its Agent during which it is determined that a service difficulty or trouble reported results from Customer-provided terminal equipment and/or communications systems to the telecommunications network.
- 6.6.3 The Maintenance Visit Charge will be waived if trouble is found to be in the Company's equipment (e.g., on the Company's side of the demarcation point).
- 6.6.4 The time period for which the Maintenance Visit Charge is applied will commence when Company personnel arrive at the Customer premises and end when work is completed. The rates for Maintenance of Service vary by time per Customer request, as further described in this Section.
- 6.6.5 Residential Maintenance Visit Charges applies to Residential Customers, as defined in this tariff.
- 6.6.6 Business Maintenance Visit Charges apply to all other requests for service.
- 6.6.7 The minimum charge for a Maintenance Visit Charge is one hour.
- 6.6.8 For purposes of this Section, Basic Time refers to the period when services are performed by the Company on business days during regularly scheduled work hours. Overtime refers to the period when services are performed by the Company on Business days, but outside of regularly scheduled work hours. Premium Time refers to the period when services are performed by the Company on non-business days, such as weekends and Company holidays.
- 6.6.9 The following charges may be applied:
- A. Premises Visit Charge – Applies to each trip to the customer's premise for work performed or trouble identified on the customer's side of the demarcation point. The charges also apply when no trouble is found. The Premises Visit Charge is waived if trouble is found to be in the Company's equipment (e.g. on the Company's side of the demarcation point).
  - B. Premises Labor Charge – Applies to connect or modify lines or equipment at the customer's location or to correct a trouble condition to the Customer's side of the demarcation point. Charges are based upon the time spent at the customer's premises. Premise Labor Charges apply during regularly scheduled work hours (8 a.m. to 5 p.m., Monday through Friday).
  - C. Missed Appointment Charge – Applies to each Customer's request for a premises visit when the customer or an adult consenting to the work to be done is not available to allow access for the technician.

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6.7 Telecommunications Devices for the Deaf (TDD) – Florida Relay Center (Dual Party Relay Service)

- 6.7.1 The Florida Relay Center permits hearing and speech impaired users of Telecommunications Devices for the Deaf (TDD) to communicate with users of ordinary telephones. Communications take place by relaying conversations (Voice to TDD and TDD to voice). These calls are between one party who must communicate by means of a TDD and another who communicates by means of an ordinary telephone. Messages are rated from the rate center of the calling party to the rate center of the called party.
- 6.7.2 Rates are reduced for certain calls for Customers who meet the following requirements:
- A. The Customer has certified to the Company as having a hearing or speech impairment that prevents telephone voice communication.
  - B. The Customer uses a telecommunications device for the deaf (TDD) or other non-voice equipment for telecommunications.
  - C. The Customer makes written application to the Company for the reduced TDD rates.
  - D. The Customer designates to the Company one and only one telephone number associated with that Customer's service and telecommunications device. Reduced rates apply only to calls originated from this telephone number.
  - E. The reduced rates specified in 8.8.2 following apply to all Dial Station-to-Station calls originated from the designated telephone number
  - F.. The Customer uses the Florida Relay Center which permits hearing and speech impaired customers to use a Telecommunications Device for the Deaf (TDD) to exchange telephone messages with voice customers.
- 6.7.3 Rates for certain TDD calls are reduced for an agency or business that assists hearing or speech impaired persons under the following conditions:
- A. The agency or business provides non-voice telecommunications equipment (TDD) solely for the use of hearing or speech impaired persons or persons who communicate with hearing or speech impaired persons.
  - B. The agency or business makes written applications to the Company for the reduced TDD rates.
  - C. The reduced rates are given as a credit on a subsequent bill.
  - D. The reduced rates specified in 8.8.2 following apply for all Dial Station-to-Station calls placed between TDDs.

6.7 Telecommunications Devices for the Deaf (TDD) – Florida Relay Center (Dual Party Relay Service (Cont'd))

- 6.7.4 Rates for certain TDD calls are reduced for individuals equipped with TDDs for communicating with hearing or speech impaired persons under the following conditions:
- A. The Customer uses a TDD or other non-voice equipment for communications with other TDDs or non-voice equipment.
  - B. The Customer makes written application to the Company for reduced TDD rates.
  - C. The reduced rates are given as a credit on a subsequent bill.
  - D. The reduced rates specified herein apply for all Dial Station-to Station calls placed between TDDs.

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6.8 911 Emergency Service ("911 Service")

- 6.8.1 911 Service permits Customers to reach appropriate emergency services including police, fire and medical services.
- 6.8.2 The Company undertakes no responsibility to inspect or to monitor 911 Service facilities to discover errors, defects, or malfunctions in 911 Service.
- 6.8.3 Upon the Company's transmittal of a Customer's 911 Service record, including the Customer's name, address and telephone number, to the appropriate Public Safety Agency, such agency is solely responsible for the accuracy of the Customer's street name, address, telephone number, appropriate police, fire, ambulance or other agencies' jurisdiction over such address, as well as any and all changes as they occur in the establishment of new streets, the closing or abandonment of existing streets, the modification of municipal or county boundaries, the incorporation of new cities or any other similar matter that may affect the routing of 911 Service calls to the proper Public Safety Answering Point.
- 6.8.4 By dialing 911, the 911 Service calling party waives all privacy rights afforded by non-listed and non-published Service to the extent that the Customer's telephone number, name, and address associated with the originating station location are furnished to the Public Safety Answering Point.

**6.9 Government or Regulatory Agency Imposed Fees, Charges and Assessments**

The rates for the services contained in Section 8.1 and 8.2 are exclusive of government or regulatory imposed fees, charges and assessments including, but not limited to subscriber line charges, network access, TRS, PICC, Federal and State (where applicable), Universal Service Fund Assessment, E-911, compliance with Americans with Disability Act and LNP charge. All of the charges listed herein as well as any other mandated fees, charges and assessments will be listed as separate line items on end-users invoices.

Any and all mandated fees, charges and assessments that are listed on end users invoices be in compliance with FCC and state regulatory rules.

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SECTION 7

SPECIAL ARRANGEMENTS

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## SPECIAL ARRANGEMENTS

### 7.1 Special Construction

#### 7.1.1 Basis for Charges

Where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company and may include:

- a. non-recurring type charges;
- b. recurring type charges;
- c. termination liabilities
- d. combinations thereof.

#### 7.1.2 Termination Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of the Customer.

- A. The termination liability period is the estimated service life of the facilities provided.
- B. The amount of the maximum termination liability is equal to the estimated amounts for:
  1. Cost installed of the facilities provided including estimated cost for rearrangements of existing facilities and/or construction of new facilities as appropriate, less net salvage. Cost installed includes the cost of:
    - a. **equipment and material provided** or used
    - b. engineering, labor and supervision
    - c. transportation
    - d. rights-of-way
  2. License preparation, processing, and related fees.
  3. Tariff preparation, processing, and related fees.
  4. Cost of removal and restoration, where appropriate.
  5. Any other identifiable costs related to the specially constructed or rearranged facilities.
- C. The applicable termination liability method for calculating the unpaid balance of a term obligation. The amount of such charge is obtained by multiplying the sum of the amounts determined as set forth in Section 7.1.2 (B) preceding by a factor related to the un-expired period of liability and the discount rate for return and contingencies. The amount determined in section 7.1.2 (B) preceding shall be adjusted to reflect the predetermined estimated net salvage, including any reuse of the facilities provided. This product is adjusted to reflect applicable taxes.

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## 7.2 Individual Case Basis (ICB) Arrangements

### 7.2.1 Contract Service 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 meet specialized requirements of the Customer not contemplated in this tariff, or to develop a competitive bid for a service offered under this tariff. Rates quoted in response to such 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 nondiscriminatory basis.

### 7.2.2 Special Construction

At its option, the Company may provide Customers, upon request, special construction of facilities or Services on an individual case basis ("ICB") at rates other than as set forth herein. Special construction or ICB is construction undertaken:

- A. where facilities are not presently available, and there is no other provision hereunder for the facilities to be constructed;
- B. where facilities other than those which the Company provides are requested by the Customer;
- C. where facilities are requested by the Customer over a route other than that which the Company serves;
- D. when Services are requested in a quantity greater than that which the Company would normally provide to a Customer;
- E. when Services are requested by a Customer on an expedited basis;
- F. when Services or facilities are requested on a temporary basis until such Services or permanent facilities are available.

The Charges for special construction or ICB (i) are subject to individual negotiation between the Company and the Customer, (ii) will be based upon the Company's actually incurred labor, material and other costs, and (iii) may include without limitation recurring, non-recurring, and early termination Charges.

7.3 Temporary Promotional Programs

The Company may establish temporary promotional programs wherein it may waive or reduce non-recurring or recurring charges, to introduce present or potential Customers to the Company's services.

The Company may discontinue, without notice, any promotion prior to the advertised ending date.

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SECTION 8

PRICES

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PRICES8.1 Residential

	1 Mo <u>MSP</u>	3 Mo <u>MSP</u>	1 Mo <u>Pre-Paid</u>
8.1.1 <u>Monthly Recurring Charges</u>			
Standard Services:			
<u>Zone 1</u>			
Basic Service/Basic Prepaid	16.80	16.80	56.00
Additional Lines Basic Service/Basic Prepaid	16.80	16.80	56.00
2 Feature Service/Select Prepaid	23.80	23.80	66.00
Full Feature Service/Complete Prepaid	35.22	30.99	76.00
<u>Zone 2</u>			
Basic Service/Basic Prepaid	15.70	15.70	56.00
Additional Lines Basic Service/Basic Prepaid	15.70	15.70	56.00
2 Feature Service/Select Prepaid	22.70	22.70	66.00
Full Feature Service/Complete Prepaid	35.22	30.99	76.00
<u>Zone 3</u>			
Basic Service/Basic Prepaid	14.35	14.35	56.00
Additional Lines Basic Service/Basic Prepaid	14.35	14.35	56.00
2 Feature Service/Select Prepaid	21.35	21.35	66.00
Full Feature Service/Complete Prepaid	35.22	35.22	76.00
<u>Zone 4</u>			
Basic Service/Basic Prepaid	N/A	N/A	N/A
Additional Lines Basic Service/Basic Prepaid	N/A	N/A	N/A
2 Feature Service/Select Prepaid	N/A	N/A	N/A
Full Feature Service/Complete Prepaid	N/A	N/A	N/A
Features			
Individual Features per Line as Listed in 5.1.1	3.50	3.50	0.00

8.1 Residential (Cont'd)

	<u>1 Mo MSP</u>	<u>3 Mo MSP</u>	<u>1 Mo Pre-Paid</u>
<u>8.1.1 Monthly Recurring Charges (Cont'd)</u>			
Standard Services with Expanded Area Calling:			
<u>Zone 1</u>			
Basic Service/Basic Prepaid	26.80	26.80	56.00
Additional Lines Basic Service/Basic Prepaid	26.80	26.80	56.00
2 Feature Service/Select Prepaid	33.80	37.12	66.00
Full Feature Service/Complete Prepaid	45.22	39.49	76.00
<u>Zone 2</u>			
Basic Service/Basic Prepaid	25.70	25.70	56.00
Additional Lines Basic Service/Basic Prepaid	25.70	25.70	56.00
2 Feature Service/Select Prepaid	32.70	30.13	66.00
Full Feature Service/Complete Prepaid	35.22	30.99	76.00
<u>Zone 3</u>			
Basic Service/Basic Prepaid	24.35	24.35	56.00
Additional Lines Basic Service/Basic Prepaid	24.35	24.35	56.00
2 Feature Service/Select Prepaid	31.35	31.35	66.00
Full Feature Service/Complete Prepaid	35.22	35.22	76.00
<u>Zone 4</u>			
Basic Service/Basic Prepaid	N/A	N/A	N/A
Additional Lines Basic Service/Basic Prepaid	N/A	N/A	N/A
2 Feature Service/Select Prepaid	N/A	N/A	N/A
Full Feature Service/Complete Prepaid	N/A	N/A	N/A
Features			
Individual Features Per Line As Listed in 5.1.1	3.50	3.50	0.00
<u>8.1.2 Non-Recurring Charges</u>			
Standard Services			
Installation	42.50	42.50	30.00
Installation – Each Additional Line	30.00	30.00	30.00
Record Change	20.00	20.00	20.00
Suspend/Restore Service	20.00	20.00	20.00
Premises Work Charges			
First 15 minute increment or fraction thereof	30.00	30.00	30.00
Each additional 15 minute increment or fraction thereof	25.00	25.00	25.00

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PRICES8.2 Business

	1 Mo <u>MSP</u>	1 Yr <u>MSP</u>	2 Yr <u>MSP</u>
8.2.1 <u>Monthly Recurring Charges</u>			
Standard Services			
<u>Zone 1</u>			
Simple Business Plan	32.00	31.00	30.00
Fonix Full Feature Plan 1st Line	62.00	52.00	49.00
Fonix Full Feature Plan 2nd Line	52.00	45.70	43.15
Fonix Full Feature Plan 3 <sup>rd</sup> Line	58.00	41.50	39.25
<u>Zone 2</u>			
Simple Business Plan	34.00	33.00	32.00
Fonix Full Feature Plan 1st Line	62.00	52.00	49.00
Fonix Full Feature Plan 2nd Line	52.00	47.80	45.10
Fonix Full Feature Plan 3 <sup>rd</sup> Line	58.00	43.60	41.20
<u>Zone 3</u>			
Basic Business Service	45.00	45.00	45.00
Fonix Full Feature Plan 1st Line	62.00	52.00	49.00
Fonix Full Feature Plan 2nd Line	52.00	47.80	45.10
Fonix Full Feature Plan 3 <sup>rd</sup> Line	58.00	43.60	41.20
<u>Zone 4</u>			
Simple Business Plan	N/A	N/A	N/A
Fonix Full Feature Plan 1st Line	N/A	N/A	N/A
Fonix Full Feature Plan 2 <sup>nd</sup> Line	N/A	N/A	N/A
Fonix Full Feature Plan 3 <sup>rd</sup> Line	N/A	N/A	N/A
Features			
Individual Features per Line as Listed in 5.1.1	4.00	4.00	4.00
Hunt Roll-Over Service			
Zone 1 Hunt and Roll-Over per Line	9.50	8.00	7.00
Zone 2 Hunt and Roll-Over per Line	9.50	6.00	4.50
Zone 3 Hunt and Roll-Over per Line	9.50	9.50	9.50
Zone 4 Hunt and Roll-Over per Line	N/A	N/A	N/A

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8.2 Business (Cont'd)8.2.1 Monthly Recurring Charges (Cont'd)

1 Mo	6 Mo	1 Yr	2 Yr
<u>MSP</u>	<u>MSP</u>	<u>MSP</u>	<u>MSP</u>

## Standard Services with Expanded Area Calling

Zone 1

Basic Business Service	74.00	67.60	61.20	58.00
Business Service w/ Hunt and All Features 1st Line	97.00	96.75	87.25	82.25
Business Service w/ Hunt and All Features 2nd Line	82.00	88.08	79.53	75.03
Business Service w/ Hunt and All Features 3 <sup>rd</sup> Line	88.00	79.40	71.80	67.80

Zone 2

Basic Business Service	74.00	67.60	61.20	58.00
Business Service w/ Hunt and All Features 1st Line	97.00	96.75	87.25	82.25
Business Service w/ Hunt and All Features 2 <sup>nd</sup> Line	82.00	92.41	83.39	78.64
Business Service w/ Hunt and All Features 3 <sup>rd</sup> Line	88.00	88.08	79.52	75.02

Zone 3

Basic Business Service	74.00	67.60	61.20	58.00
Business Service w/ Hunt and All Features 1st Line	97.00	96.75	87.25	82.25
Business Service w/ Hunt and All Features 2nd Line	82.00	92.41	83.39	78.64
Business Service w/ Hunt and All Features 3 <sup>rd</sup> Line	88.00	88.08	79.52	75.02

Zone 4

Basic Business Service	N/A	N/A	N/A	N/A
Business Service w/ Hunt and All Features 1st Line	N/A	N/A	N/A	N/A
Business Service w/ Hunt and All Features 2 <sup>nd</sup> Line	N/A	N/A	N/A	N/A
Business Service w/ Hunt and All Features 3 <sup>rd</sup> Line	N/A	N/A	N/A	N/A

## Features

Individual Features per Line as Listed in 5.1.1	4.00	4.00	4.00	4.00
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## Hunt Roll-over Service

Zone 1 Hunt and Roll-Over per Line	9.50	8.50	8.00	7.00
Zone 2 Hunt and Roll-Over per Line	9.50	6.00	6.00	4.50
Zone 3 Hunt and Roll-Over per Line	9.50	9.50	9.50	9.50
Zone 4 Hunt and Roll-Over per Line	N/A	N/A	N/A	N/A

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8.2 <u>Business (Cont'd)</u>	<u>1 Mo</u>	<u>6 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>
	<u>MSP</u>	<u>MSP</u>	<u>MSP</u>	<u>MSP</u>
8.2.2 <u>Non-Recurring Charges</u>				
Standard Services	50.00	50.00	0.00	0.00
Installation	30.00	30.00	0.00	0.00
Installation – Each Additional Line	15.50	15.50	15.50	15.50
Record Change	20.00	20.00	20.00	20.00
Suspend/Restore Service				
Premises Work Charges				
First 15 minute increment or fraction thereof	30.00	30.00	30.00	30.00
Each additional 15 minute increment or fraction of	25.00	25.00	25.00	25.00

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8.3 Centrex

	1 Mo <u>MSP</u>	1 Yr <u>MSP</u>	2 Yr <u>MSP</u>	3 Yr <u>MSP</u>
8.3.1 <u>Monthly Recurring Charges</u>				
This Section Intentionally Left Blank	N/A	N/A	N/A	N/A
8.3.2 <u>Non-Recurring Charges</u>				
This Section Intentionally Left Blank	N/A	N/A	N/A	N/A

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**8.4 BRI Trunk Service**

	<u>1 Mo</u> <u>MSP</u>	<u>1 Yr</u> <u>MSP</u>	<u>2 Yr</u> <u>MSP</u>	<u>3 Yr</u> <u>MSP</u>
<b>8.4.1 <u>Monthly Recurring Charges</u></b>				
This Section Intentionally Left Blank	N/A	N/A	N/A	N/A
<b>8.4.2 <u>Non-Recurring Charges</u></b>				
This Section Intentionally Left Blank	N/A	N/A	N/A	N/A

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8.5 PRI Trunk Service

	<u>1 Mo</u> <u>MSP</u>	<u>1 Yr</u> <u>MSP</u>	<u>2 Yr</u> <u>MSP</u>	<u>3 Yr</u> <u>MSP</u>
8.5.1 <u>Monthly Recurring Charges</u>				
PRI Trunk with Active D Channel	920.47	767.07	580.72	484.77
Trunk Mileage				
First Mile	ICB	ICB	ICB	ICB
Each Additional Mile	ICB	ICB	ICB	ICB
Each B Channel				
Outbound Only	N/A	N/A	N/A	N/A
Inbound Only with Hunt Roll-Over	N/A	N/A	N/A	N/A
Two Way Combination with Hunt Roll-Over	32.49	27.08	24.41	20.38
Each Block of 20 DID Numbers	3.00	3.00	3.00	3.00
8.5.2 <u>Non-Recurring Charges</u>				
PRI Trunk Installation	2,500.00	2,500.00	N/C	N/C
Initial B Channel Order	N/C	N/C	N/C	N/C
Subsequent B Channel Orders	35.00	35.00	35.00	35.00
Initial Block of 20 DID Numbers	200.00	200.00	200.00	200.00
Each Additional Block of DID Numbers	35.00	35.00	35.00	35.00

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8.6 Channelized DS-1 (CDS-1)

	<u>1 Mo</u> <u>MSP</u>	<u>1 Yr</u> <u>MSP</u>	<u>2 Yr</u> <u>MSP</u>	<u>3 Yr</u> <u>MSP</u>
8.6.1 <u>Monthly Recurring Charges</u>				
CDS-1 Trunk	ICB	ICB	ICB	ICB
Each Channel	ICB	ICB	ICB	ICB
Trunk Mileage				
First Mile	ICB	ICB	ICB	ICB
Each Additional Mile	ICB	ICB	ICB	ICB
Outbound Only	N/A	N/A	N/A	N/A
Inbound Only with Hunt Roll-Over	N/A	N/A	N/A	N/A
Two Way Combination with Hunt Roll-Over				
Each Block of 20 DID Numbers	3.00	3.00	3.00	3.00
8.6.2 <u>Non-Recurring Charges</u>				
CDS-1 Trunk Installation	2,500.00	2,500.00	N/C	N/C
Initial Channel Order	N/C	N/C	N/C	N/C
Subsequent B Channel Orders	35.00	35.00	35.00	35.00
Initial Block of 20 DID Numbers	200.00	200.00	200.00	200.00
Each Additional Block of DID Numbers	35.00	35.00	35.00	35.00

8.7 Integrated DS-1 (IDS-1)

	<u>1 Mo</u>	<u>1 Year</u>	<u>2 Year</u>	<u>3 Year</u>
	<u>MSP</u>	<u>MSP</u>	<u>MSP</u>	<u>MSP</u>
8.7.1 <u>Monthly Recurring Charges</u>				
IDS-1 Trunk	N/A	N/A	N/A	N/A
Trunk Mileage	N/A	N/A	N/A	N/A
First Mile	N/A	N/A	N/A	N/A
Each Additional Mile	N/A	N/A	N/A	N/A
Each Access Line	N/A	N/A	N/A	N/A
Outbound Only	N/A	N/A	N/A	N/A
Inbound Only with Hunt Roll-Over	N/A	N/A	N/A	N/A
Two Way Combination with Hunt Roll-Over	N/A	N/A	N/A	N/A
Each Block of 20 DID Numbers	N/A	N/A	N/A	N/A

8.7.2 Non-Recurring Charges

IDS-1 Trunk Installation	N/A	N/A	N/A	N/A
Initial Access Line	N/A	N/A	N/A	N/A
Subsequent Access Line Orders	N/A	N/A	N/A	N/A
Initial Block of 20 DID Numbers	N/A	N/A	N/A	N/A
Each Additional Block of DID Numbers	N/A	N/A	N/A	N/A

8.8 COCOT

	<u>1 Mo</u>	<u>1 Yr</u>
	<u>MSP</u>	<u>MSP</u>
8.8.1 <u>Monthly Recurring Charges</u>		
Standard Services		
<u>Zone 1</u>		
Basic COCOT Service	29.00	23.20
<u>Zone 2</u>		
Basic COCOT Service	26.00	26.00
<u>Zone 3</u>		
Basic COCOT Service	21.00	21.00
<u>Zone 4</u>		
Basic COCOT Service	N/A	N/A
8.8.2 <u>Non-Recurring Charges</u>		
Standard Services		
Installation	50.00	0.00
Installation – Each Additional Line	30.00	0.00
Record Change	15.50	15.50
Suspend/Restore Service	19.00	19.00
Premises Work Charges		
First 15 minute increment or fraction thereof	30.00	30.00
Each additional 15 minute increment or fraction thereof	25.00	25.00
8.8.3 <u>Optional Features</u>		
Screening Options		
Option A	2.04	2.04
Option B	3.14	3.14
Option C	2.09	2.09
Central Office Disconnect	N/A	N/A
Customized Blocks	N/C	N/C
8.8.4 <u>Other</u>		
Per Call Service Charge		
Origination	.30	.30
Termination	N/C	N/C

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8.9 Remote Exchange

	1 Mo	1 Yr
	<u>MSP</u>	<u>MSP</u>

8.9.1 Monthly Recurring Charges

Remote Exchange Service		
Each Access Port with Hunt Roll-Over	N/A	

8.9.2 Non-Recurring Charges

Installation – Each Port	N/A	0.00
Installation – Each Additional Port	N/A	0.00
Record Change	N/A	20.00
Suspend/Restore Service	N/A	20.00

8.10 DirectTel

	<u>1 Mo</u> <u>MSP</u>	<u>1 Yr</u> <u>MSP</u>
8.10.1 <u>Monthly Recurring Charges</u>		
DirectTel		
Each Port with Hunt Roll-Over ( 2 port Min.)	N/A	N/A
8.10.2 <u>Non-Recurring Charges</u>		
Installation – Each Port	N/A	N/A
Installation – Each Additional Port	N/A	N/A
Record Change	N/A	N/A
Suspend/Restore Service	N/A	N/A

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8.11 Collocation

1 Mo <u>MSP</u>	1 Yr <u>MSP</u>	2 Yr <u>MSP</u>	3 Yr <u>MSP</u>
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8.11.1 Monthly Recurring Charges

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8.11.2 Non-Recurring Charges

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8.12 Other Services

	<u>Residential</u>	<u>Business</u>
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8.12.1 Directory Services

Directory Listing	N/C	N/C
Additional Directory Listing	2.50	2.50
Vanity Number	N/C	N/C
Non Published Listing	4.00	4.00
Non Listed Listing	N/C	N/C

8.12.2 Operator Services

Emergency 911 Service	N/C	N/C
General Assistance	N/C	N/C
Directory Assistance	.95	.95
Directory Assistance Call Completion	.95	.95
Calling Card	.35	.35
Third Number Billing	2.50	2.50
Collect Call	2.50	2.50
Person to Person	2.50	2.50
Station to Station	2.50	2.50
Busy Line Verification	3.00	3.00
Busy Line Interrupt	3.00	3.00
TDD Rate Reduction	25%	25%

8.12.3 Miscellaneous

Inside Wiring Maintenance	4.00	4.00
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8.12.4 Surcharges and Fees

Regulatory Cost Recovery Fee – The Company will impose a Cost Recovery Fee of \$1.50 per voice line, \$2.97 per data line and \$9.90 per integrated circuit (fractional T1 and above integrated data and voice) to offset its costs incurred in complying with regulatory obligations imposed by state regulatory bodies. This charge is not a tax or fee imposed by a government entity.

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**8.13 Fonix America Unlimited Service with VoiceMail**

This offering is applicable to residential customers in Zones 1 & 2.

Customers will receive Local Telephone Service, Voicemail, Unlimited Local and 48 state Domestic Long Distance calling (excluding Alaska and Hawaii) as well as their choice of any of 11 Local Calling features for \$56.95 per month. Calling Features include the following:

Anonymous Call Rejection	Call Blocking	Call Return
Call Selector	Call Tracing	Call Waiting Deluxe
Caller ID Deluxe	Repeat Dialing	Distinctive Ring
3 Way Calling	30 Number Speed Dial	

Qualifying customers may be required to pay a deposit based on their credit history. Some forms of usage may also be limited such as International Toll and Collect or other Third Party Calling Services.

**RESTRICTIONS**

1. Plan limited to BellSouth UNE Zones 1 & 2 Florida residential customers only.
3. Callers must dial 1+ the domestic number for the call to be included without an additional charge.
4. Call detail is not provided with this plan. An additional charge of \$25.00 will apply to receive a call detail report. Allow 3-4 weeks for delivery.
5. This plan may not be used to place calls to on-line services, or Internet access services.
6. This plan cannot be used for any commercial use or for any services that do not involve a person-to-person conversation or voice messages.
7. This plan is separately billed on multi-line accounts.
8. Customer lines associated with educational institutions, (colleges, universities, etc.) are not eligible for this plan.
9. Fonix America Unlimited plan usage does not include multi-party conference calls, calls to 900 numbers, directory assistance, calling card, operator services, international calling and toll free calling services. Some or all of these services may, at Fonix's discretion, be limited.
10. If Fonix determines that usage is not consistent with typical Residential Customer usage, the Customer may be subject to an additional fee of \$0.05 per minute and the customer will be offered an alternative plan at the Company's sole discretion. For the purposes of this plan, usage that equals or exceeds 300% of the Company's average usage for customers under this or similarly constructed unlimited plans will be deemed to be inconsistent with "typical Residential unlimited usage" and subject to the overage charges described above.
11. Fonix reserves the right to bill applicable tariff rates for calls to certain terminating numbers.
12. In order to be eligible for this plan, the Company must be able to verify that the Customer meets these eligibility requirements. Customers who no longer meet eligibility requirements will not be eligible for this plan and will be contacted by the Company and offered an alternative plan.

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