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NEW APPLICATION

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DOCKET NO. T-03883A-00-0366

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

Re: Application of Local Gateway Exchange, Inc. for a Certificate of Convenience and Necessity to Provide Competitive Intrastate Telecommunications Services as a Facilities-based Interexchange Carrier.

Dear Sir/Madam:

Enclosed for filing are the original and ten (10) copies of the above-referenced application of Local Gateway Exchange, Inc. for authority to Provide Competitive Intrastate Telecommunications Services in Arizona.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it in the self-addressed, stamped envelope enclosed for this purpose.

Questions regarding this filing may be directed to me at (407) 740-8575.

Sincerely,

Connie Wightman
Consultant to Local Gateway Exchange

CW/im.

Enclosures

cc: Tom Cargal, LGEI
File: LGEI - AZ (Local)
TMS: AZL0000

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

Jim Irvine
Renz D. Jennings
Carl J. Kunasek

Chairman
Commissioner
Commissioner

DOCKET NO. T-03883A-00-0366

Docket No. _____

In the Matter of:

Application of)
Local Gateway Exchange, Inc. for a)
Certificate of Convenience and Necessity)
to Provide Local Competitive Services)
and Petition for Competitive Classification)
of Proposed Services Within the)
State of Arizona)

Application is hereby made to the Arizona Corporation Commission (the "Commission") for a Certificate of Convenience and Necessity ("CC&N") authorizing Local Gateway Exchange, Inc. ("Applicant" or "LGEI") to provide Local Competitive Telecommunications Services within the State of Arizona. This application is submitted pursuant to the Commission's new Competitive Telecommunications Rules (the "Rules), A.A.C. R14-2-1101 - - 1115. Applicant submits the following information in support of its Application:

I. INTRODUCTION

1. Applicant requests authority to provide resold services and facilities-based services. Facilities-based services generally will consist of switched services, such as intraLATA toll services and local exchange services, which are described more fully below.
2. Applicant seeks to provide competitive telecommunications services in the portions of the state currently served by U. S. West Communications Company ("U. S. West"). Applicant's service area shall be coextensive with U. S. West's service area. Attached to this application as Exhibit 1 is a request for waiver of the requirement to provide a map of the state of Arizona.

3. Applicant agrees to abide by and follow the Commission's rules concerning competitive telecommunications services.

II. DESCRIPTION OF SERVICES

4. Applicant requests authority to offer interexchange services and basic local exchange services to business and residential customers throughout Arizona in all exchanges in which competition is authorized. LGEI intends to initially resell bundled local services of incumbent local exchange carriers ("ILECs") such as U. S. West. However, the Company also seeks authority that will enable the Company to implement its own facilities, which may include, at some future date, without limitation, a switch utilizing unbundled local loops of the ILECs.

Pursuant to a requested waiver, Applicant has not included service area maps with this Application. LGEI will pursue interconnection agreements with local exchange carriers. Applicant also requests authority to resell services of other carriers, to the extent such resale is permitted, and to interconnect with other carriers for the mutual exchange of traffic.

5. Applicant will provide all Customers with access to 911 and E911 emergency services where available, and will cooperate with existing telecommunications companies, and other affected agencies and organizations, to arrange for the necessary interconnections to enable efficient completion of these calls.
6. Service to end users will be accomplished by means of connections from Applicant's network to the end user's facilities, where such connections exist or can be timely and economically constructed. Applicant will use other facilities when its own network cannot be feasibly connected to the Customer's location, and where the use of such alternative facilities is technically and economically feasible.

7. Service quality is one of the important criteria by which Customers will select and judge their local phone company. Applicant will meet the service quality standards as set forth in Rule R14 - 2 - 1114 of the Commission's Rules, and improve upon those standards when Customers so demand.
8. Applicant will offer its services pursuant to tariff, on a non-discriminatory basis. Attached as Exhibit 2 is Applicant's illustrative tariff which sets forth the terms and conditions of its proposed telecommunications services.
9. Applicant is unable to provide final rates for its services at this time because the prices for its services are heavily dependent on the potential external costs for call termination over an incumbent local exchange carrier's ("LEC's") network, which are unknown at this time.

III. INTERCONNECTION AND COMPENSATION

10. Applicant will be unable to operate unless economically feasible interconnection and compensation arrangements are established. If Customers are to fully benefit from the opportunities that arise from competition, it is necessary to establish a regulatory framework that facilitates competitive market entry and perpetuates seamless, ubiquitous telephone service.

IV. PETITION FOR COMPETITIVE CLASSIFICATION

11. If the Commission grants this application, Applicant will enter the intrastate telecommunications market with zero market share.
12. Applicant has no specific knowledge of any telecommunications providers of its proposed services currently operating in its proposed service area, other than U. S. West. However, new entrants are attempting to establish markets throughout the U.S., including Arizona.
13. For the reasons stated herein, the Applicant requests that the Commission find the proposed services set forth in Section II, Description of services, to be competitive as it pertains to the Applicant.

V. QUALIFICATIONS

A. Description of Application

14. The name and address of the Applicant is as follows:

Local Gateway Exchange, Inc.
700 N. Pearl, Suite 200
Dallas, Texas 75201
Telephone: (214) 303-1785
Facsimile: (214) 303-1312

15. All correspondence, notices, inquiries and other communications regarding this Application should be addressed to:

Connie Wightman
Consultant to Local Gateway Exchange, Inc.
Technologies Management, Inc.
210 Park Avenue, North
Winter Park, FL 32789
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

with copies provided to:

Tom Cargal, Director of Marketing
Local Gateway Exchange, Inc.
700 N. Pearl, Suite 200
Dallas, Texas 75201
Telephone: (214) 303-1571

and copy to:

Charles G. Taylor, Jr., President & CEO
700 N. Pearl, Suite 200
Dallas, Texas 75201
Telephone: (214) 303-1785

16. LGEI is organized as a corporation under the laws of Texas. The Applicant has applied for registration as a foreign corporation with the State of Arizona and will be qualified to transact business in the State of Arizona.

B. Financial Qualifications

17. As described herein, Applicant is financially qualified to offer the services proposed herein in its service territory. The Applicant has the financial support necessary to procure, install and operate telecommunications facilities and to hire and train the personnel necessary to operate those facilities. The Applicant's financial information is submitted as Exhibit 4.

C. Technical and Managerial Qualifications

18. Applicant is technically and managerially qualified to provide the proposed competitive services. LGEI intends to initially resell bundled local services of incumbent local exchange carriers ("ILECs") such as U. S. West. However, the Company also seeks authority that will enable the Company to implement its own facilities, which may include, at some future date, without limitation, a switch utilizing unbundled local loops of the ILECs.

The Company also seeks authority to resell long distance services of interexchange carriers ("IXCs") certificated in Arizona. The Company will also purchase other telecommunications and related services to create comprehensive business packages. These packages will likely

and related services to create comprehensive business packages. These packages will likely include local and long distance services. The Applicant's specific information on the Technical and Managerial competencies of the Officers of LGEI are shown in Exhibit 5.

D. Public Interest Benefits

19. As Applicant states in its description of services, all of its facilities are state-of-the-art. Authorizing Applicant to provide telecommunications services within Arizona will accelerate the deployment of a universally available public switched telecommunications network.

20. Additionally, granting Applicant authority to operate competitive telecommunications services will increase diversity in the supply of existing and future telecommunications services and products in the telecommunications market. Competitive choices, in turn, help to ensure that Customers pay only reasonable charges for local exchange telecommunications services, and will increase diversity in the supply of existing and future telecommunications services and products in the telecommunications market.

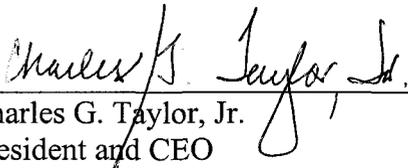
21. Grant of this Application will serve the public interest by providing to Arizona citizens the benefits resulting from competition, such as Customer choice of providers, more efficient and diverse telecommunications infrastructure, higher service quality, new and innovative services, and competitive prices.

VI. CONCLUSION

The Applicant possesses the requisite technical, financial, and managerial resources and capabilities to provide the proposed services. Additionally, Applicant has demonstrated that the services to be offered are competitive services.

Applicant respectfully requests that the Commission enter an Order: (1) granting a Certificate of Convenience and Necessity to authorize Local Gateway Exchange, Inc. to offer such services in its proposed service territory; and (2) determining that the services specified herein are "competitive telecommunications services" as they pertain to Local Gateway Exchange, Inc.

Dated this 29 of October, 1999.



Charles G. Taylor, Jr.
President and CEO

Date: October, 29, 1999

EXHIBIT 1

Local Gateway Exchange, Inc.

SERVICE AREA MAP

The Applicant intends to offer service within the same geographic boundaries as those of US West in Arizona and, therefore, requests a waiver of the requirement to provide a map.

EXHIBIT 2

Local Gateway Exchange, Inc.

ILLUSTRATIVE ARIZONA TARIFF

ILLUSTRATIVE TARIFF

REGULATIONS AND RATES for END USER

LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

LOCAL GATEWAY EXCHANGE, INC.

WITHIN ARIZONA

Issued: May 27, 2000

Effective:

Issued By:

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President and CEO

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CHECK SHEET

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

	<u>Page</u>	<u>Revision</u>			<u>Page</u>	<u>Revision</u>	
<u>Section 1</u>	1	Original	*	<u>Section 3</u>	1	Original	*
	2	Original	*		2	Original	*
	3	Original	*		3	Original	*
					4	Original	*
<u>Section 2</u>	1	Original	*		5	Original	*
	2	Original	*				
	3	Original	*	<u>Section 4</u>			
	4	Original	*		1	Original	*
	5	Original	*		2	Original	*
	6	Original	*	<u>Section 5</u>			
	7	Original	*		1	Original	*
	8	Original	*		2	Original	*
	9	Original	*		3	Original	*
	10	Original	*		4	Original	*
	11	Original	*		5	Original	*
	12	Original	*		6	Original	*
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	33	Original	*				
	34	Original	*				

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CHECK SHEET (continued)

<u>Page</u>	<u>Revision</u>		<u>Page</u>	<u>Revision</u>	
			<u>Section 8</u>		
			1	Original	*
			2	Original	*
			3	Original	*
			4	Original	*
<u>Section 6</u>			<u>Section 9</u>		
1	Original	*	1	Original	*
2	Original	*	2	Original	*
3	Original	*	3	Original	*
4	Original	*	4	Original	*
5	Original	*			
6	Original	*	<u>Section 10</u>		
			1	Original	*
			2	Original	*
			3	Original	*
<u>Section 7</u>			<u>Section 11</u>		
1	Original	*	1	Original	*
2	Original	*			
3	Original	*	<u>Section 12</u>		
4	Original	*	1	Original	*
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			7	Original	*

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EXPLANATION OF SYMBOLS

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

- (C) To signify changed regulation.
- (D) To signify discontinued rate or regulation.
- (I) To signify increased rate.
- (M) To signify a move in 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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APPLICATION OF TARIFF

This tariff contains the service offerings, rates, terms and conditions for the Company's telecommunications services offered within Arizona.

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SECTION 1.0 - DEFINITIONS

For the purpose of this tariff, the following definitions apply:

Advance payment is a part or all of a payment required before the start of service.

Automatic number identification (ANI) is the automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party Customer. The primary purpose of ANI is for billing toll calls.

Bit is the smallest unit of information in the binary system of notation.

Commission refers to the Arizona State Corporation Commission, unless otherwise indicated.

Company refers to **Local Gateway Exchange, Inc.** unless otherwise indicated.

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

Deposit is the cash or equivalent of cash security held as a guarantee for payment of the charges.

DID trunk is a form of local switched access that provides the ability for an outside party to call an internal extension directly without the intervention of an operator.

Direct inward dial (DID) is a service attribute that routes incoming calls directly to stations, by-passing a central answering point.

Direct outward dial (DOD) is a service option that allows individual station users to access and dial outside numbers directly.

End office is a location where the Company's switch is installed. The switch is assigned an NPA-NXX code and is the point of interconnection for that NPA-NXX code listed in the Local Exchange Routing Guide.

End user is a customer, joint user or any other person authorized by a Customer to use service provided under this tariff.

Exchange is a geographical area established for the rating of telecommunications.

Exchange telephone company or telephone company is any individual, partnership, association, joint-stock company, trust or corporation authorized by the state regulatory commission to provide public switched communications throughout an exchange area or between exchange areas.

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SECTION 1.0 - DEFINITIONS (continued)

Hearing impaired refers to all persons with communication impairments, including the hearing impaired, deaf, deaf/blind and speech impaired whose impairment prevents them from communicating over the telephone without the aid of a telecommunications device for the deaf.

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

IXC or interexchange carrier is a long distance telecommunications services provider that furnishes services between exchange areas.

Kilosegment - A segment is a means of measuring the volume of transmitted information. The segment size is the number of octets of call user data contained in a packet segment. The standard segment size is 64 octets. The number of segments in a packet is determined by dividing the number of octets of call user data in a packet by 64 and rounding up. A kilosegment is one thousand segments.

Local access and transport area (LATA) is a geographical area established under 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 (NECA) Tariff F.C.C. No. 4.

Local Calling is a completed call or telephonic communications between a calling station and any other station within the local service area of the calling station.

Monthly recurring charges are those monthly charges to the Customer for services, facilities or equipment which continue and are billed to the Customer each month for the duration of the service.

Nonrecurring charge (NRC) is the initial charge, usually assessed on a one-time basis, to install equipment and facilities to establish service.

Numbering plan area (NPA) is the same as an area code.

PBX means private branch exchange

Presubscription is an arrangement whereby a Customer may select and designate to the Company a carrier he or she wishes to access, without an access code, for completing intraLATA and/or interLATA toll calls. The selected carrier is referred to as the Primary Interexchange Carrier.

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SECTION 1.0 - DEFINITIONS (continued)

Recurring charges are the same as monthly recurring charges.

Service commencement date is the first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards 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 order is the written request for network services executed by the Customer and the Company. The signing of a service order by the Customer and acceptance by the Company begins the respective obligations of the parties in that order and under this tariff. The duration of the service is calculated from the service commencement date.

Shared refers to a facility or equipment system that can be used simultaneously by several Customers.

Station refers to telephone equipment from or to which calls are placed.

Trunk is a communications path connecting two switching systems in a network, used in the establishment of an end to end communication.

Two-way service includes both outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

Usage based charges are rates for minutes or messages traversing over local exchange facilities.

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SECTION 2.0 - RULES AND REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to furnish communications service under the terms of this tariff with one-way and two-way information transmission originating from and terminating to points within Arizona.

2.1.2 Shortage of Equipment or Facilities

- 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 equipment and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers, from time to time, to furnish service as required at the sole discretion of the Company.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.3 Terms and Conditions

- A.** Service is provided for a minimum period of thirty days, 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 or oral 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.** Except as otherwise stated in the tariff, at the expiration of the initial term specified in each service order, or in any extension of the service order, service shall continue on a month-to-month basis at the then current rates, unless terminated by either party upon 30 days notice. 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.
- D.** This tariff shall be interpreted and governed by the laws of Arizona without regard to any choice of laws provision under a written contract or service order.

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President and CEO

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.3 Terms and Conditions (continued)

- E.** Other carriers may not 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.
- F.** To the extent that either the Company or any other carrier exercises control over available cable pairs, conduit, duct space, raceways, 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 the other carrier shall jointly attempt to obtain from the owner of the property access for the other party to serve a person or entity.
- G.** The Company reserves its rights to establish service packages specific to a particular Customer. These contracts may or may not be associated with volume or term discounts.
- H.** The Customer has no property right to the telephone number or any other call number designation associated with services furnished by the Company. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, assigned to the Customer, whenever the Company deems it necessary to do so in the conduct of its business. Nothing in this provision shall be construed to be inconsistent with number portability requirements.

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President and CEO

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.4 Limitations on Liability

- A.** In view of the fact that the Customer has exclusive control of his communications over the facilities furnished him by the Company, and other uses for which facilities may be furnished him by the Company, and because of the unavoidableness of errors incident to the services and to the use of such facilities of the Company, the services and facilities furnished by the Company are subject to the regulations and limitations specified herein.
- B.** The Company's failure to provide or maintain facilities under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, acts of God and other circumstances beyond the Company's reasonable control, subject to the interruption allowance provisions under this tariff.
- C.** Defacement of premises - No liability shall attach to the Company by reason of any defacement or damage to the Customer's premises resulting from the existence of the Company's equipment or facilities on such premises, or by the installation or removal thereof, when such defacement or damage is not the result of the negligence of the Company or its employees.
- D.** Indemnification - The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this tariff. With respect to any other claim or suit by a Customer or by any others, the Customer indemnifies and saves harmless the Company against claims, losses or suits for injury to or death of any person, or damage to any property which arises from the use, placement or presence of the Company's equipment, facilities and associated wiring of the Customer's premises and further the Customer indemnifies and saves harmless the Company against claims for libel, slander, invasion of privacy or the infringement of copyright arising directly or indirectly from the material transmitted over the facilities of the Company or the use thereof by the Customer; against claims for infringement of patents arising from combining with or using in connection with, facilities furnished by the Company and apparatus, equipment and systems provided by the Customer; and against all other claims arising out of any act or omission of the Customer in connection with the services or facilities provided by the Company. No agents or employees of other carriers shall be deemed to be agents or employees of the Company.

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President and CEO

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.4 Limitations on Liability (continued)

- E.** The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this tariff. With respect to any other claim or suit, by a Customer or any others, for damages arising out of mistakes, omissions, interruptions, delays or errors, or defects in transmission occurring in the course of furnishing service hereunder, the Company's liability, if any, shall not exceed an amount equivalent to the proportionate charge to the Customer for the period of service during which such mistake, omission, interruption, delay, error, or defect in transmission or service occurs and continues. This liability shall be in addition to any amounts that may otherwise be due to the Customer under this tariff as an allowance for interruptions. However, any such mistakes, omission, interruptions, delays, errors, or defects in transmission or service which are caused or contributed to by the negligence or willful act of the Customer, or authorized user, or joint user, or which arise from the use of Customer provided facilities or equipment shall not result in the imposition of any liability whatsoever upon the Company.
- F.** The Company shall not be liable for any damages, including usage charges, that the Customer may incur as a result of the unauthorized use of authorization codes or communications equipment. The unauthorized use of communications equipment includes, but is not limited to, the placement of calls from the Customer's premises, and the placement of calls through equipment controlled and/or provided by the Customer, that are transmitted over the Company's network without the authorization of the Customer. The Customer shall be fully liable for all such usage charges.

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President and CEO

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.4 Limitations on Liability (continued)

- G.** Directory Errors - The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this tariff. With respect to any other claim or suit, by a Customer or any others, for damages arising from errors or omissions in the making up or printing of its directories or in accepting listings as presented by Customers or prospective Customers, the Company's liability, if any, shall not exceed the amount paid for local exchange service during the period covered by the directory in which the error or omission occurred.
- H.** The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere.
- I.** The Company makes no warranties or representations, express or implied, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.
- J.** Failure by the Company to assert its rights under a provision of this tariff does not preclude the Company from asserting its rights under other provisions.

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Issued By:

Charles G. Taylor, Jr.
President and CEO

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.4 Limitations on Liability (continued)

K. With respect to Emergency Number 911 Service:

1. This service is offered solely as an aid in handling assistance calls in connection with fire, police and other emergencies. The Company is not responsible for any losses, claims, demands, suits, or any liability whatsoever, whether suffered, made instituted or asserted by the Customer or by any other party or person for any personal injury or death of any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused by : (1) mistakes, omissions, interruptions, delays, errors or other defects in the provision of service, or (2) installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of any equipment and facilities furnishing this service.
2. Neither is the Company responsible for any infringement, nor invasion of the right of privacy of any person or persons, caused or claimed to have been caused directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion or use of emergency 911 service features and the equipment associated therewith, or by any services furnished by the Company, including, but not limited to the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing emergency 911 service, and which arise out of the negligence or other wrongful act of the Company, the Customer, its users, agencies, or municipalities, or the employees or agents of any one of them.
3. When a Customer with a nonpublished telephone number, as defined herein, places a call to the emergency 911 service, the Company will release the name and address of the calling party, where such information can be determined, to the appropriate local governmental authority responsible for emergency 911 service upon request of such governmental authority. By subscribing to service under this tariff, the Customer acknowledges and agrees with the release of information as described above.

Issued: May 27, 2000

Effective:

Issued By:

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President and CEO

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period applies 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.

2.1.6 Provision of Equipment and Facilities

- A. The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes 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.
- B. 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.
- C. Equipment the Company provides or installs at the Customer premises shall not be used for any purpose other than that for which the equipment is provided.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.6 Provision of Equipment and Facilities (continued)

- D.** Except as otherwise indicated, Customer provided station equipment at the Customer's premises for use with this service shall be so constructed, maintained and operated as to work satisfactorily with the Company's facilities.
- E.** 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 under 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:
1. the through transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
 2. the reception of signals by Customer-provided equipment; or
 3. network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.7 Non-routine Installation

At the Customer's request, installation 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 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 or night hours, additional charges may apply.

2.1.8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable effort basis at the Customer's request. Special construction is 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; or
- H. in advance of its normal construction.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.1 Undertaking of the Company (continued)

2.1.9 Ownership of Facilities

Title to all facilities provided under this tariff remains in the Company, its partners, agents, contractors or suppliers.

2.2 Prohibited Uses

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

2.2.2 The Company may require applicants for service who intend to use the Company's offerings for resale or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and the Arizona State Corporation Commission's regulations, policies, orders and decisions.

2.2.3 The Company may block any signals being transmitted over its network by Customers which cause interference to the Company or other users. Customer shall be relieved of all obligations to make payments for charges relating to any blocked service and shall indemnify the Company for any claim, judgment or liability resulting from such blockage.

2.2.4 A Customer 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 nonrecurring installation charges as stated in this tariff will apply.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for:

- A. the payment of all applicable charges under this tariff;
- B. reimbursing the Company for damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer; or the 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 equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- D. obtaining, maintaining and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide communications services to the Customer from the cable building entrance or property line to the location of the equipment space described in Section 2.3.1(C). Any and all costs associated with the 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.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.3 Obligations of the Customer (continued)

2.3.1 General (continued)

- 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 employees or property might result from installation or maintenance by the Company; the Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., friable asbestos) prior to any construction or installation work;
- F.** complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1(d); and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;
- G.** not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities; and
- H.** making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.
- I.** The Customer is responsible for taking all steps necessary to cancel or otherwise discontinue any service(s) to be replaced by any Local Gateway Exchange, Inc. service(s) as described herein.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.3 Obligations of the Customer (continued)

2.3.2 Liability of the Customer

- A.** The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.
- B.** To the extent caused by any negligent or intentional act of the Customer as described in (a), preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party pursuant to this or any other tariff of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.
- C.** The Customer shall not assert any claim against any other Customer or user of the Company's services for damages resulting in whole or in part from or arising in connection with the furnishing of service under this tariff including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations, whether or not such other Customer or user contributed in any way to the occurrence of the damages, unless such damages were caused solely by the negligent or intentional act or omission of the other Customer or user and not by any act or omission of the Company. Nothing in this tariff is intended either to limit or to expand Customer's right to assert any claims against third parties for damages of any nature other than those described in the preceding sentence.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.4 Customer Equipment and Channels

2.4.1 General

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.

2.4.2 Station 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's network.
- 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 by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or 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, subject to prior Customer approval of the equipment expense.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.4 Customer Equipment and Channels (continued)

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 under Section 2.4.2(b) for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in 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.
- C. If harm to the Company's network, personnel or services is imminent, the Company reserves the right to shut down Customer's service immediately, with no prior notice required.

2.4.4 Interconnection of Facilities

- A. Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing local exchange service and the channels, facilities, or equipment of others may be provided at the Customer's expense.
- B. Service provided herein may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections.
- C. Facilities furnished under this tariff may be connected to Customer-provided terminal equipment in accordance with the provisions of this tariff.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.5 Customer Deposits and Advance Payments

2.5.1 Advance Payments

To safeguard its interests, the Company may require a Customer to make an advance payment before services and facilities are furnished. The advance payment will not exceed an amount equal to one (1) month's estimated billing, upon which the advance can be collected and subsequently rebilled. In addition, the advance payment may also include an amount equal to the estimated nonrecurring charges and recurring charges for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's next bill. Advance payments do not accrue interest. An advance payment may be required in addition to a deposit.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.5 Customer Deposits and Advance Payments (continued)

2.5.2 Deposits

- A.** To safeguard its interests, the Company may require the Customer to make a deposit to be held as a guarantee for the payment of charges under Arizona State Corporation Commission rules. A deposit may be required if the Customer's financial condition is not acceptable to the Company or is not a matter of general knowledge. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. A deposit may be required in addition to an advance payment. The deposit will not exceed an amount equal to:
1. two regular billing periods.; or
 2. the charges that would apply for the minimum payment period for a service or facility which has a minimum payment period of more than one month; except that the deposit may include an additional amount in the event that a termination charge is applicable. Such a deposit shall in no event exceed two (2) months. In addition, the Company shall be entitled to require such an applicant or Customer to pay all his or her bills within a specified period of time, and to make such payments in cash or cash equivalent. At the Company's option, such deposit may be refunded to the Customer's account at any time. The Company also reserves the right to cease accepting and processing service orders after it has requested a security deposit and prior to the Customer's compliance with this request.
- B.** Upon discontinuance of service, the Company shall promptly and automatically refund the Customer's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills including any penalties assessed for service furnished by the Company.
- C.** Deposits will accrue interest annually in accordance with Arizona State Corporation Commission rules, at a rate specified by the Arizona State Corporation Commission. Upon request of the Customer, accrued interest shall be annually credited to the Customer by deducting such interest from the amount of the next bill for service following the accrual date.
- D.** The Company shall annually and automatically refund the deposits of residential Customers who have paid bills for 12 consecutive months without having had service discontinued for nonpayment or had more than one occasion on which a bill was not paid within the period prescribed and are not then delinquent in payment.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.6 Payment Arrangements

2.6.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer.

The Customer is responsible for the payment of federal excise taxes, state and local sales and use taxes and similar taxes imposed by governmental jurisdictions, all of which shall be separately designated on the Company's invoices. The Company will not separately charge for the Arizona gross receipts tax on the Company's invoice for local services. Any taxes imposed by a local jurisdiction (e.g., county and municipal) will only be recovered from those Customers residing in the affected jurisdictions. It shall be the responsibility of the Customer to pay any such taxes that subsequently become applicable retroactively.

Certain telecommunications services, as defined in the Arizona statutes, are subject to state sales tax at the prevailing tax rates, if the services originate, or terminate in Arizona, or both, and are charged to a Customer's telephone number or account in Arizona.

2.6.2 Billing and Collection of Charges

The Customer is responsible for payment of all charges incurred by the Customer or other users for services and facilities furnished to the Customer by the Company.

- A. Nonrecurring charges are due and payable upon receipt of the Company's invoice by the Customer.
- 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 upon receipt. When billing is based upon Customer usage, usage charges will be billed monthly for the preceding billing period.
- C. When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have 30 days.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.6 Payment Arrangements (continued)

2.6.2 Billing and Collection of Charges (continued)

- D. Customer billing will begin on the service commencement date, which is the day the Company notifies the Customer 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 facility does not conform to standards under this tariff or the service order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- E. If any portion of the payment is not received by the Company within 30 days of receipt of the bill, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment, then a one-time late payment charge of 1.5% per month shall be due to the Company for past due amounts which have not previously been subject to late payment fees. If the last calendar day for remittance falls on a Sunday, legal holiday or other day when the offices of the Company are closed, the final payment shall be extended through the next business day.
- F. The Customer should notify the Company of any disputed items on an invoice within 30 days of receipt of the invoice. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Arizona State Corporation Commission in accordance with the Commission's rules of procedure.
- G. If service is disconnected by the Company under Section 2.6.3 and later re-installed, re-installation of service will be subject to all applicable installation charges. If service is suspended by the Company under Section 2.6.3 and later restored, restoration of service will be subject to the rates in Section 4.3 .

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.6 Payment Arrangements (continued)

2.6.3 Returned Check Charge

A service charge equal to \$10.00 will be assessed under Arizona law for all checks returned by a bank or other financial institution for: insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank or other financial institution.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.7 Disconnection and Reconnection

2.7.1 Service may be discontinued or refused for any of the following reasons:

- A.** As requested by the Customer.
- B.** When a telephone bill becomes delinquent.
- C.** When the Customer misrepresents his or her identity for the purpose of obtaining telephone service.
- D.** When the Customer violates any rule of the Company, and the violation adversely affects the safety of the Customer or other persons, or the integrity of the telephone system.
- E.** When the Customer causes or permits unauthorized interference with or use of telephone service situated on or about the Customer's premises.
- F.** For refusal to provide reasonable access to the Company for the purpose of inspection and maintenance of equipment owned by the Company.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.7 Disconnection and Reconnection (continued)

2.7.2 Notice of Discontinuance of Service

- A. The Customer shall be given five (5) days written notice before initial discontinuance of service, unless the discontinuance is upon Customer's request or involves a dangerous condition, violation of Company's rules or unauthorized interference or use of services in which case service may be discontinued immediately.
- B. Notice shall be sent to the account name and address. Accurate records shall be kept as to the mailing date and service of notice is complete upon this mailing date.

2.7.3 Restoration of Service

- A. Upon the Customer's request, an employee of the Company shall restore service promptly when (a) the cause of disconnection of service has been eliminated, or (b) applicable restoration charges have been paid, or (c) satisfactory credit arrangements have been made. Refer to Service Fees Rate Schedule for Restoration charge.
- B. At all times, every reasonable effort shall be made to restore service on the restoration day requested.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.7 Disconnection and Reconnection (continued)

2.7.3 Disputes

- A.** If a Customer advises Company's office prior to the date of proposed discontinuance that all or any part of any billing as rendered is in dispute, or that the Company's reasons for discontinuance are factually invalid, Company shall:
1. Immediately record the date, time, and place the complaint is made.
 2. Postpone discontinuance until a full investigation is completed and the dispute found to be invalid.
 3. Investigate the dispute promptly and completely.
 4. Attempt to resolve the dispute informally in a manner mutually satisfactory to both parties.
- B.** In attempting to resolve the dispute in a mutually satisfactory manner, Company may employ telephone communications, personal meetings, formal or informal hearings, onsite visits or any other technique reasonably conducive to settlement of the dispute.
- C.** In the event that a dispute is not resolved to the satisfaction of the Customer after a full investigation, the Customer shall be advised by the company of formal and informal proceedings available before the Commission. Service may then be discontinued if proper notice has been given.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.7 Disconnection and Reconnection (continued)

- 2.7.4** If the Customer orders service requiring special facilities dedicated to the Customer's use and then cancels his order before service begins, or prior to completion of the minimum period, or before completion of some other period mutually agreed upon by the Customer and Company, the Customer will be charged for the nonrecoverable portions of expenditures or liabilities expended on behalf of the Customer by Company and not fully reimbursed. If, based on the order, if construction has either begun or been completed, but no service provided, the nonrecoverable cost of such construction shall be charged to the Customer. Such charges shall be based on the percentage of work completed.
- 2.7.5** When service has been discontinued for failure to maintain credit as specified above, service will be restored after the service charge has been collected from the Customer.
- 2.7.6** Company reserves the right to cancel service to any Customer who uses or permits the use of obscene, profane or grossly abusive language over the Company's facilities, and who, after a five (5) day notice fails, neglects or refuses to cease and refrain from such practice or to prevent the same, and to remove its property from the premises of such person.
- 2.7.7** Service is furnished subject to the condition that the service will not be used for an unlawful purpose. Service will be discontinued if any law enforcement agency, acting within its apparent jurisdiction, advises in writing that such service is being used in violation of law and that a formal charge has been filed by competent authority against the Customer. Before discontinuing service to such Customer Company shall give to Customer no less than three days written notice of its intention to do so. Company will refuse to furnish service when it has reasonable grounds to believe that such service will be used in violation of law.
- 2.7.8** Company may refuse to furnish service to an applicant for service and may discontinue service to a Customer if any of the facilities, appliances, or apparatus on Customer's premise are found to be unsafe or causing harm to Company's facilities, and may refuse to furnish service until the applicant or Customer shall have remedied the condition.
- 2.7.15** Service is furnished subject to the conditions that there will be no abuse or fraudulent use of the service. Company may refuse to furnish or deny service to any person, firm, or corporation, who, over the facilities furnished by the Company, abuses or fraudulently uses the service.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.8 Interconnection

2.8.1 Service furnished by Company may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by Company. Service furnished by Company is not part of a joint undertaking with such other companies. Any special interface equipment or facilities necessary to achieve compatibility between the facilities of Company and other participating carriers shall be provided at the Customer's expense.

2.8.2 Interconnection with the facilities or services of other carriers shall be under the applicable terms and conditions of the other carrier's tariffs. The Customer is responsible for taking all necessary legal steps for interconnecting his Customer-provided terminal equipment or communications systems with Company's facilities. Customer shall secure all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.9 Cancellation of Application for Service

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

2.10 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.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.11 Cancellation of Service/Termination Liability

If a Customer cancels a service order or terminates services before the completion of the term or where the Customer breaches the terms in the service contract, the Customer may be requested by the Company to pay to Company termination liability charges, which are 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 under Section 2.6.2.

2.11.1 Termination Liability

Customer's termination liability for cancellation of service shall be equal to:

- A. all unpaid nonrecurring charges reasonably expended by the Company to establish service to Customer, plus;
- B. any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by the Company on behalf of Customer, plus;
- C. all recurring charges specified in the applicable service order for the balance of the then current term discounted at the prime rate announced in the Wall Street Journal on the third business day following the date of cancellation;
- D. minus a reasonable allowance for costs avoided by the Company as a direct result of Customer's cancellation.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.12 Customer Liability for Unauthorized Use of the Network

Unauthorized use of the network occurs when a person or entity that does not have actual, apparent, or implied authority to use the network, obtains the Company's services provided under this tariff.

2.12.1 The Customer is liable for the unauthorized use of the network obtained through the fraudulent use of a Company calling card, if such a card is offered by the Company, or an accepted credit card, provided that the unauthorized use occurs before the Company has been notified.

2.12.2 A Company calling card is a telephone calling card issued by the Company at the Customer's request, which enables the Customer or authorized user to place calls over the network and to have the charges for such calls billed to the Customer's account.

An accepted credit card is any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as a renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.

2.12.3. The Customer must give the Company written or oral notice that an unauthorized use of a Company calling card or an accepted credit card has occurred or may occur as a result of loss or theft.

2.12.4 The Customer is responsible for payment of all charges for calling card services furnished to the Customer or to users authorized by the Customer to use service provided under this tariff, unless due to the negligence of the Company. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, the Customer's employees, or the public.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.13 Transfers and Assignments

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

2.14 Allowances for Interruptions in Service

2.14.1 General

- A. A credit allowance will be given when service is interrupted, except as specified in Section 2.14.2 following. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- B. An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.14 Allowances for Interruptions in Service (continued)

2.14.1 General (continued)

- C. If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, or refuses access to its premises for test and repair by the Company, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.
- D. The Customer shall be responsible for the payment of service charges as 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.

2.14.2 Limitations of Allowances

No credit allowance will be made for any interruption in service:

- A. due to the negligence of or noncompliance with the provisions of this tariff by any person or entity other than the Company, including but not limited to the Customer;
- B. due to the failure of power, equipment, systems, connections or services not provided by the Company;
- C. due to circumstances or causes beyond the reasonable control of the Company;
- D. during any period in which the Company is not given full and free access to its facilities and equipment for the purposes of investigating and correcting interruptions;

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.14 Allowances for Interruptions in Service (continued)

2.14.2 Limitations of Allowances (continued)

- E.** 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;
- F.** that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and
- G.** that was not reported to the Company within 30 days of the date that service was affected.
- H.** A service will not be deemed to be interrupted if a Customer continues to voluntarily make use of the such service. If the service is interrupted, the Customer can get a service credit, use another means of communications provided by the Company (under Section 2.14.3), or utilize another service provider;

2.14.3 Use of Another Means of Communications

If the Customer elects to use another means of communications during the period of interruption, the Customer must pay the charges for the alternative service used.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.14 Allowances for Interruption in Service (continued)

2.14.4 Application of Credits for Interruptions in Service

- A. If a Customer's service is interrupted other than by the negligence or willful act of the Customer, and it remains out of order for eight normal working hours or longer after access to the premises is made available and after being reported to be out of order, appropriate adjustments or refunds shall be made to the Customer, when such adjustment exceeds \$1.00. The amount of adjustment or refund shall be determined on the basis of the known period of interruption, generally beginning from the time the service interruption is first reported. The refund to the Customer shall be a pro rata part of the month's flat rate charges for the period of days and that portion of the service facilities rendered useless or inoperative. The refund may be accomplished by a credit on a subsequent bill for the service.
- B. For calculating credit allowances, every month is considered to have 30 days.

2.15 Listing and Billing Name Rule

When the Customer provides a listing name or a name that will appear in Caller ID systems, the Company reserves the right to suppress names that are intentionally misleading or offensive. The Company will notify the Customer before suppressing the name or prior to initiating service to make alternative arrangements. If the Customer is dissatisfied with the Company's determination, the Customer has the right to appeal the Arizona State Corporation Commission for a decision.

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SECTION 2.0 - RULES AND REGULATIONS (continued)

2.16 Notices and Communications

- 2.16.1** The Customer shall designate on the service order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- 2.16.2** The Company shall designate on the service order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.
- 2.16.3** Except as otherwise stated in this tariff, all notices or other communications required to be given under this tariff 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.
- 2.16.4** 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.

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SECTION 3.0 - SERVICE AREAS

3.1 Exchange Service Areas

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by US West.

3.1.1 List of Exchange Areas and Local Calling Areas

Exchange Area	Exchange Area Included in the Local Calling Area
Agua Fria	Agua Fria, Black Canyon, Buckeye, Cave Creek, Circle City, Deer Valley, Fort McDowell, Higley, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition
Ash Fork	Ash Fork, Cameron, Flagstaff, Munds Park and Williams
Bisbee	Bisbee, Douglas, Sierra Vista, Tombstone and (Elfrida)[1]
Black Canyon	Black Canyon, Agua Fria, Buckeye, Cave Creek, Circle City, Deer Valley, Fort McDowell, Highley, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition
Cameron	Cameron, Ash Fork, Flagstaff, Munds Park and Williams
Camp Verde	Camp Verde, Cottonwood and Sedona
Casa Grande	Casa Grande, Coolidge, Eloy, Florence and Maricopa
Cave Creek	Cave Creek, Agua Fria, Black Canyon, Buckeye, Circle City, Deer Valley, Fort McDowell, Highley, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition
Chino Valley	Chino Valley, Humbolt and Prescott
Circle City	Circle City, Agua Fria, Black Canyon, Buckeye, Cave Creek, Deer Valley, Fort McDowell, Highly, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition

[1] denotes other company exchanges

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SECTION 3.0 - SERVICE AREAS

3.1 Exchange Service Areas

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3.1.1 List of Exchange Areas and Local Calling Areas

Exchange Area	Exchange Area Included in the Local Calling Area
Coolidge	Coolidge, Casa Grande, Eloy, Florence and Maricopa
Coronado	Coronado, Green Valley, Marana, Robles, Tubac, Tucson and Vail
Cottonwood	Cottonwood, Camp Verde and Sedona
Deer Valley	Deer Valley, Agua Fria, Black Canyon, Buckeye, Cave Creek, Circle City, Fort McDowell, Higley, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition
Douglas	Douglas, Bisbee, Sierra Vista, Tombstone and (Elfrida)[1]
Eloy	Eloy, Casa Grande, Coolidge, Florence and Maricopa
Flagstaff	Flagstaff, Ash Fork, Cameron, Munds Park and Williams
Florence	Florence, Casa Grande, Coolidge, Eloy and Maricopa
Fort McDowell	Fort McDowell, Agua Fria, Black Canyon, Buckeye, Cave Creek, Circle City, Deer Valley, Higley, New River, Paradise Valley, Phoenix, Metropolitan Exchange and Superstition
Globe	Globe, Miami and (San Carlos)[1]
Green Valley	Green Valley, Coronado, Marana, Robles, Tubac, Tucson and Vail

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SECTION 3.0 - SERVICE AREAS

3.1 Exchange Service Areas

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by US West.

3.1.1 List of Exchange Areas and Local Calling Areas

Exchange Area	Exchange Area Included in the Local Calling Area
Higley	Higley, Agua Fria, Black Canyon, Buckeye, Cave Creek, Circle City, Deer Valley, Fort McDowell, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition
Joseph City	Joseph City and Winslow
Marana	Marana, Coronado, Green Valley, Robles, Tubac, Tucson and Vail
Maricopa	Maricopa, Casa grande, Coolidge, Eloy and Florence
Miami	Miami, Globe and (San Carlos)[1]
Munds Park	Munds Park, Ash Fork, Cameron, Flagstaff and Williams
New River	New River, Agua Fria, Black Canyon, Buckeye, Cave Creek, Circle City, Deer Valley, Fort McDowell, Higley, Paradise Valley, Phoenix Metropolitan Exchange and Superstition
Nogales	Nogales and Patagonia
Paradise Valley	Paradise Valley, Agua Fria, Black Canyon, Buckeye, Cave Creek, Circle City, Deer Valley, Fort McDowell, Higley, New River, Phoenix Metropolitan Exchange and Superstition
Patagonia	Patagonia and Nogales

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SECTION 3.0 - SERVICE AREAS

3.1 Exchange Service Areas

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by US West.

3.1.1 List of Exchange Areas and Local Calling Areas

Exchange Area	Exchange Area Included in the Local Calling Area
Phoenix Metropolitan	Phoenix Metropolitan Exchange, Agua Fria, Black Canyon, Buckeye, Cave Creek, Circle City, Deer Valley, Fort McDowell, Higley, New River, Paradise Valley and Superstition
Pima	Pima and Safford
Prescott	Prescott, China Valley and Humboldt
Robles	Robles, Coronado, Green Valley, Marana, Tubac, Tucson and Vail
Safford	Safford and Pima
Sedona	Sedona, Camp Verde and Cottonwood
Sierra Vista	Sierra Vista, Bisbee, Douglas, Tombstone and (Elfrida)[1]
Tubac	Tubac, Coronado, Green Valley, Marana, Robles, Tucson and Vail
Tucson	Tucson, Coronado, Green Valley, Marana, Robles, Tubac and Vail
Vail	Vail, Coronado, Green Valley, Marana, Robles Tubac and Tucson
Wellton	Wellton and Yuma

[1] denotes other company exchanges

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SECTION 3.0 - SERVICE AREAS

3.1 Exchange Service Areas

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by US West.

3.1.1 List of Exchange Areas and Local Calling Areas

Exchange Area	Exchange Area Included in the Local Calling Area
Wickenburg	Wickenburg, Yarnell and (Aguila)[1]
Williams	Williams, Ash Fork, Cameron, Flagstaff and Munds Park
Winslow	Winslow and Joseph City
Yarnell	Yarnell, Wickenburg and (Aguila)[1]
Yuma	Yuma and Wellton

[1] denotes other company exchanges

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SECTION 4.0 - SERVICE CHARGES AND SURCHARGES

4.1 Service Order and Change Charges

Nonrecurring charges apply to process service orders for new service, for changes in service and for changes to the Customer's primary interexchange carrier (PIC) code.

	Nonrecurring Charges	
	<u>Business</u>	<u>Residence</u>
Service Order new service, per primary line	\$56.00	\$46.50
Service Order, new service, per secondary line	\$56.00	\$46.50
PIC change, per primary line, trunk or port	\$ 5.00	\$ 5.00
PIC change, each additional line, trunk or port	\$ 5.00	\$ 5.00
Customer Requested Service Change	\$27.50	\$10.00
Trouble Isolation Charge	\$80.00	\$80.00

4.2 Maintenance Visit Charges

Maintenance visit charges apply when the Company dispatches personnel to a Customer's premises to perform work necessary for installing new service, effecting changes in service or resolving troubles reported by the Customer when the trouble is found to be caused by the Customer's facilities.

Maintenance visit charges will be credited to the Customer's account in the event trouble is not found in the Company facilities, but the trouble is later determined to be in those facilities.

The time period for which the maintenance visit charges is applied will commence when Company personnel are dispatched at the Customer premises and end when work is completed. The rates for maintenance of service vary by time per Customer request.

Premises Visit Charge, per Visit	\$25.00
Duration of time, per technician	
	<u>Rate</u>
Initial 30 minutes	\$60.00
Each additional 15 minute increment	\$25.00

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SECTION 4.0 - SERVICE CHARGES AND SURCHARGES (continued)

4.3 Restoration of Service

A restoration charge applies to the restoration of suspended service and facilities because of nonpayment of bills and is payable at the time that the restoration of the suspended service and facilities is arranged. The restoration charge does not apply when, after disconnection of service, service is later re-installed.

	Nonrecurring Charge	
	<u>Business</u>	<u>Residence</u>
Per Occasion	\$16.00	\$16.00

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SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS

5.1 General

5.1.1 Services Offered

The following network services are available to all Customers.

Standard Local Service
PBX Trunk Service
Direct Inward Dial (DID) Service
Optional Calling Features
Listing Services (including Nonpublished and Non-list Services)
Directory Assistance
Operator Services
Special Construction and Arrangements
Access to 911 and toll services

5.1.2 Application of Rates

All services offered in this tariff are subject to service order and change charges where the Customer requests new services or changes in existing services, as well as indicated nonrecurring and monthly recurring charges.

5.1.3 Restrictions

Local service is offered for originating and terminating local calls. Service may not be used for originating or terminating non-local calls without paying applicable access charges and/or toll charges.

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SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS (continued)

5.2 Standard Local Service

The Standard Local Service provides a Customer with a single, analog, voice-grade telephonic communications channel which can be used to place or receive one call at a time. Standard Local Service lines are provided for the connection of Customer-provided wiring and FCC Part 68 approved devices.

An optional per line hunting feature is available for multiline Customers which routes a call to an idle station line in a prearranged group when the called station line is busy. Where facilities permit, more than one type of optional hunting arrangement may be provided.

Local exchange service lines and trunks are provided on a single party (individual) basis only. No multi-party lines are provided. Local calling service is available on a flat rate basis.

Standard Local Service provides a Customer with the ability to connect to the Company switching network which enables the Customer to:

- (a) place or receive calls to any calling station in the local calling area;
- (b) access 911 and/or Enhanced 911 Emergency Service;
- (c) access the interexchange carrier selected by the Customer for interLATA, intraLATA, interstate or international calling;
- (d) access Operator Services;
- (e) access Directory Assistance for the local calling area;
- (f) place or receive calls to 800 telephone numbers;
- (g) access Telephone Relay Service;
- (h) directory listing of the main telephone number.

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SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS (continued)

5.3 PBX Trunk Service

Basic PBX Trunk Service provides a Customer with a single, voice-grade telephonic communications channel which can be used to place or receive one call at a time. Basic trunks are provided for connection of Customer-provided private branch exchanges to the public switched telecommunications network. Each basic PBX trunk is provided with touch tone signaling and may be configured into a hunt group at no additional charge with other Company-provided basic PBX trunks. The signal is an analog signal at the voice grade level.

PBX Trunk Service provides a Customer with a single, voice-grade telephonic communications channel which can be used to place or receive one call at a time. Trunks are provided for connection of Customer provided PBXs or other station equipment to the public switched telecommunications network.

PBX Trunks are available to Customers as inward, outward or two-way combination trunks where services and facilities permit.

5.4 Direct Inward Dialing (DID) Service

Direct inward dialing (DID) permits calls incoming to a PBX system or other Customer premises equipment to be routed to a specific station without the assistance of an attendant. DID calls are routed directly to the station associated with the called number. DID service as offered by the Company provides the necessary trunks, telephone numbers, and out-pulsing of digits to enable DID service at a Customer's location. DID service requires special PBX software and hardware not provided by the Company. Such hardware and software is the Customer's responsibility.

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SECTION 5.0 - NETWORK SERVICE DESCRIPTIONS (continued)

5.5 Optional Calling Features

The features listed in this are offered to Customers either under the Standard Local Service, Enhanced Local Service or as options. For the option service price lists see Section 6.

5.5.1 Feature Descriptions

- A. Call Block** allows the end-user to automatically block incoming calls from up to twelve end user pre-selected telephone numbers programmed into the feature's screening list. Callers whose numbers have been blocked will hear a recorded message stating that their call has been blocked. The end user controls when the feature is active, and can add or remove calling numbers from the feature's screening list.
- B. Call Forwarding Busy Line - Basic** permits the forwarding of incoming calls when the end-user's line is busy. The forwarded number is fixed by the end-user service order.
- C. Call Forwarding Don't Answer - Basic** permits the forwarding of incoming calls when the end-user's line remains unanswered after a pre-designated ringing interval. The ringing interval before forwarding and the forward-to number are fixed by the service order.
- D. Call Forwarding Variable** permits the end-user to automatically forward (transfer) all incoming calls to another telephone number, and to restore it to normal operation. The end-user must dial an activation code from his/her exchange line along with the forward-to number, and the forward-to-number must answer the call in order to turn the feature on. A separate code is dialed by the end-user to deactivate the feature.
- E. Call Forwarding - Remote Access** permits the end-user to automatically forward (transfer) all incoming calls to another telephone number, and to restore it to normal operation at their discretion. The end-user must dial an activation code along with the forward-to number to turn the feature on. A separate code is dialed by the end-user to deactivate the feature. Feature activation may be performed from the end-user's exchange line or remotely from some other line. Remote access requires the end-user to 1) dial a special access number 2) enter their seven-digit telephone number and 3) enter a personal identification number prior to forwarding their calls.

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SECTION 5.0 - NETWORK SERVICE DESCRIPTIONS (continued)

5.5 Optional Calling Features (continued)

5.5.1 Feature Descriptions (continued)

- F. Call Return** allows the Customer to return a call to the last incoming call whether answered or not. Upon activation, it will re-dial the number automatically and continue to check the number every 45 seconds for up to 30 minutes if the number is busy. The Customer is alerted with a distinctive ringing pattern when the busy number is free. When the Customer answers the ring, the call is then completed.
- G. Call Tracing** allows the tracing of nuisance calls to a specified telephone number suspected of originating from a given local office. The tracing is activated upon entering the specified dial code. The originating telephone number, outgoing trunk number or terminating number, and the time and date are generated for every call to the specified telephone number can then be identified to appropriate authorities. The service is rated on a per call traced basis.
- H. Call Waiting - Basic** provides a tone signal to indicate to a Customer already engaged in a telephone call that a second caller is attempting to dial in. It permits the Customer to place the first call on hold, answer the second call and then alternate between both callers. Cancel Call Waiting is provided with the feature and allows a Call Waiting end-user to disable the Call Waiting feature for the duration of a single outgoing telephone call. Cancel Call Waiting is activated by dialing a special code prior to placing a call, and is automatically deactivated when the Customer disconnects from the call.

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SECTION 5.0 - NETWORK SERVICE DESCRIPTIONS (continued)

5.5 Optional Calling Features (continued)

5.5.1 Feature Descriptions (continued)

- I. Call Waiting - Deluxe** allows the end-user to control the treatment applied to incoming calls while the Customer is off-hook on an existing call. This feature includes the capabilities of Call Waiting Basic plus additional call treatment options. Treatment options offered with Call Waiting Deluxe include:

Answer the waiting call and placing the first party on hold;
Answer the waiting call and disconnecting from the first party;
Forward the waiting caller to another location (e.g., voice mailbox or telephone answering service)
Call Name Delivery

Full use of Call Waiting Deluxe requires specialized CPE not provided by the Company. It is the responsibility of the Customer to provide the necessary CPE. The end-user must have Caller ID Basic or Deluxe for display of calling party identification information for waiting calls. The end-user must have a Call Forwarding Don't Answer feature active in order to forward a waiting call to another location.

- J. Caller ID - Basic** permits the end-user to view a directory number of the calling party on incoming telephone calls. Information is displayed on a specialized CPE not provided by the Company. The feature also provides the date and time of each incoming call. It is the Customer's responsibility to provide the necessary CPE.
- K. Caller ID - Deluxe** permits the end-user to view a directory name and directory number of the calling party on incoming telephone calls. Information is displayed on a specialized CPE not provided by the Company. The feature also provides the date and time of each incoming call. It is the responsibility of the Customer to provide the necessary CPE. In some situations, the calling party's city and state may be displayed rather than a directory name, depending on available call data.

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SECTION 5.0 - NETWORK SERVICE DESCRIPTIONS (continued)

5.5 Optional Calling Features (continued)

5.5.1 Feature Descriptions (continued)

- L. Calling Number Delivery Blocking** prevents the delivery, display and announcement of the end-user's directory number and directory name on all calls dialed from an exchange service equipped with this option. When active, the end-user's telephone name and number will not appear on the called party's Caller ID CPE or be disclosed in another way. The feature is available on a per call basis. With per call Calling Number Delivery Blocking, it is necessary for the end-user to dial an activation code prior to placing the call.
- M. Multiple Directory Number Distinctive Ringing** - This feature allows an end user to determine the source of an incoming call from a distinctive ring. The end user may have up to three additional numbers assigned to a single line (i.e. Distinctive Ringing - First Number and Distinctive Ringing - Second Number). The designated primary number will receive a normal ringing pattern, other numbers will receive distinctive ringing patterns. The pattern is based on the telephone number that the calling party dials.
- N. Preferred Call Forwarding** permits the end-user to automatically forward to another number calls received from up to twelve end-user pre-selected telephone numbers programmed into the features screening list. The end-user controls when the feature is active, the forward-to number and can add or remove calling numbers from the feature's screening list.

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SECTION 5.0 - NETWORK SERVICE DESCRIPTIONS (continued)

5.5 Optional Calling Features (continued)

5.5.1 Feature Descriptions (continued)

- O. Repeat Dialing** permits the end-user to have calls automatically re-dialed when the first attempt reaches a busy number. The line is checked every 45 seconds for up to 30 minutes and alerts the Customer with a distinctive ringing pattern when the busy number and the Customer's line are free. The Customer can continue to make and receive calls while the feature is activated. The following types of calls cannot be reached using Repeat Dialing:

calls to 800 service numbers
calls to 900 service numbers
calls preceded by an interexchange carrier access code
International Direct Distance Dialed calls
calls to Directory Assistance
calls to 911

- P. Speed Calling** permits the Customer to place calls to other telephone numbers by dialing a one or two digit code rather than the complete telephone number. The feature is available as either an eight code list or a 30 code list. Code lists may include local and toll telephone numbers. The Customer has the ability to add telephone numbers to or remove them from the a speed calling list without the Company's help.

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SECTION 5.0 - NETWORK SERVICE DESCRIPTIONS (continued)

5.5 Optional Calling Features (continued)

5.5.1 Feature Descriptions (continued)

- Q. Three-Way Calling** permits the end-user to add a third party to an established connection. When the third party answers, a two-way conversation can be held before adding the original party for a three-way conference. The end-user initiating the conference controls the call and may disconnect the third party to reestablish the original connection or establish a connection to a different third party. The feature may be used on both outgoing and incoming.

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SECTION 5.0 - NETWORK SERVICE DESCRIPTIONS (continued)

5.6 Listing Services

For each Customer of Company-provided exchange service, the Company shall list the Customer's main billing telephone number in the directory published by the dominant local exchange carrier in the area at no additional charge. At a Customer's option, the Company will arrange for additional listings for an additional charge.

5.6.1 Nonpublished Service

This optional service provides for suppression of printed and recorded directory listings. A Customer's name and number do not appear in printed directories or Directory Assistance Bureau records.

5.6.2 Nonlisted Service

This optional service provides for suppression of printed directory listings only. Parties may still obtain the Customer's number by calling the Directory Assistance Bureau.

5.7 Directory Assistance

Provides for identification of telephone directory numbers, via an operator or automated platform. Customers are given a maximum of 2 listings per each call to Directory Assistance.

5.8 Operator Services

Provides for live or automated operator treatment when a Customer dials "0." Operator services can be used to help the Customer route or bill a call. Billing options include, but are not limited to, bill to originating telephone number, calling card, collect or to a third party.

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SECTION 5.0 - NETWORK SERVICE DESCRIPTIONS (continued)

5.10 Miscellaneous Services

5.10.1 Pay Per Call Blocking/Unblocking

This service provides the option of blocking, or subsequent unblocking, all 900 and 976 calls on a per line basis. The Company will provide for per-line blocking where the Company's switching facilities permit.

5.10.2 Presubscription Services

This service provides for the presubscription of local exchange lines provided by the Company to the intraLATA and interLATA long distance carriers selected by the Customer.

5.10.3 Vanity Telephone Numbers

At the request of the Customer, the Company may assign a telephone number with the last four digits selected by the Customer. The assignment is subject to availability of a particular number and subject to the terms and conditions under Section 2.1.3 H.

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SECTION 6.0 - LOCAL SERVICES PRICE LIST

6.1 Standard Local Service

Recurring charges for Standard Local Service are billed monthly in advance. Nonrecurring charges for installation or rearrangement of service are billed on the next month's bill immediately following work performed by the Company. The applicable local exchange and their calling scopes are described in Section 3 of this tariff. A nonrecurring charge applies as listed in Section 4 of this tariff.

6.1.1 Flat Rate Service

	<u>Business</u>	<u>Residential</u>
Standard Local Service, per line		
Initial Line	\$33.03	\$13.43
Additional Line	\$33.03	\$13.43
Hunting, per line	See Sec. 6.6.2	
Touchtone Dialing, per line	\$ 0.00	\$ 0.00

6.1.2 Message Rate Service

	<u>Business</u>	<u>Residential</u>
Initial Line	N/A	\$8.60
Additional Line	N/A	\$8.60

6.1.3 Message Rate Service Usage Charge

	<u>Business</u>	<u>Residential</u>
Per Message	N/A	\$0.20

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SECTION 6.0 - LOCAL SERVICES PRICE LIST (continued)

6.2 PBX Trunk Service

An optional per trunk hunting feature is available for Customers which routes a call to the next idle trunk in a prearranged group (see Section 6.5).

PBX trunks may also be equipped with DID capability and DID number blocks for additional charges (see Section 6.3). Prices are determined by total number of trunks and term commitment. No discount applies for under 2- trunks used for less than 36 months.

6.2.1 PBX Trunk Flat Rate

	<u>Nonrecurring Charge</u>	<u>Monthly Rate</u>
Digital Trunks Per Trunk Per DS-1 Arrangement	See Analog Trunks Below	
Analog Trunks		
- Two-Way Trunk	\$ 56.00	\$38.51
- Two-Way/4 Wire with E & M Signaling, DID, and Hunting	\$ 66.00	\$77.51
- One-Way Trunk Outgoing only	\$ 56.00	\$38.51
- One-Way Trunk Ingoing only	\$ 56.00	\$38.51
- One Way Trunk Ingoing with Hunting for DID	\$ 66.00	\$46.51
- TTT - LD Terminal	\$127.00	\$17.16

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SECTION 6.0 - LOCAL SERVICES PRICE LIST (continued)

6.3 Direct Inward Dialing (DID) Service

DID permits calls incoming to a PBX system or other CPE to be routed to a specific station without the assistance of an attendant. DID calls are routed directly to the station associated with the called number. DID service as offered by the Company provides the necessary trunks, telephone numbers, and out-pulsing of digits to enable DID service at a Customer's location. DID service requires special PBX software and hardware not provided by the Company. Such hardware and software is the Customer's responsibility.

The following charges apply to Customers subscribing to DID service provided by the Company. These charges are in addition to recurring and nonrecurring charges for PBX Trunks as shown in Section 6.2. The Customer will be charged for the number of DID Number Blocks regardless of the number of DID numbers used from the available block of numbers.

DID Number Blocks	Nonrecurring Charges	Monthly Recurring Charge - Month-to-Month
Each DID Sequential Number	\$1.00	\$0.15
Each Block of 20 Sequential DID numbers	\$20.00	\$3.00
DID Block Comprise Charge Removal of Number from Sequential Block	\$450.00	N/A
Temporary Removal of Number from Sequential Block	\$50.00	N/A
DID Change Charge Per Change of Number of Digits Outpulsed	\$50.00	N/A
DID Trunk Terminations	\$64.00	\$50.00

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SECTION 6.0 - LOCAL SERVICES PRICE LIST (continued)

6.4 Optional Calling Features (continued)

6.4.1 Optional Calling Features

The features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability. Certain features may not be available with all classes of service. Transmission levels for calls forwarded or calls placed or received using optional calling features may not be acceptable for all some uses in some cases.

The following optional calling features are offered to Customers on a monthly basis. Customers are allowed unlimited use of each feature. No usage sensitive charges apply. Multiline Customers must order the appropriate number of features based on the number of lines which will have access to the feature. A nonrecurring charge applies.

A. Monthly Recurring Charges

Optional Calling Features	Monthly Rate	Monthly Rate
	Business	Residence
Call Block	\$4.50	\$4.50
Call Forwarding Busy Line - Basic	\$3.00	\$0.30
Call Forwarding Don't Answer - Basic	\$4.00	\$0.90
Call Forwarding Busy and Don't Answer	\$5.50	\$1.10
Call Forwarding Variable	\$4.80	\$3.00
Call Forwarding Remote Access	\$7.75	\$3.95
Call Return (or \$0.75 per use)	\$3.00	\$2.95
Call Tracing (rate is per call traced)	\$2.00	\$2.00
Call Waiting	\$7.50	\$5.00

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SECTION 6.0 - LOCAL SERVICES PRICE LIST (continued)

6.4 Optional Calling Features (continued)

6.4.1 Optional Calling Features (continued)

A. Monthly Recurring Charges (continued)

Optional Calling Features	Monthly Rate	Monthly Rate
	Business	Residence
Caller ID - Basic (w/number)	\$7.50	\$5.50
Caller ID - Deluxe (w/name and number)	\$7.95	\$5.95
Calling Number Delivery Blocking (rate is per call)	\$0.00	\$0.00
Multiple Directory Number Distinctive Ringing	\$1.00	\$1.00
Repeat Dialing (or \$0.75 per use)	\$3.50	\$2.50
Speed Calling (8-code)	\$3.00	\$2.00
Speed Calling (30-code)	\$4.50	\$3.50
Three Way Calling (or \$0.75 per use)	\$4.00	\$3.50

B. Nonrecurring Charge

A one time nonrecurring Charge applies \$13.00

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SECTION 6.0 - LOCAL SERVICES PRICE LIST (continued)

6.5 Other Charges

6.5.1 End-User Common Line (EUCL) Recovery Charge

	<u>Monthly Rate</u>
Single Line Residential Customer, per line	\$ 3.50
Each Additional Residential Line	\$ 6.07
Single Line Business Customer, per line	\$ 3.50
Multiline Business Line or Trunk, each	\$ 8.25

6.5.2 Hunting Line Service

The following charges apply to each Standard Local Line Service line arranged for hunting.

	<u>Nonrecurring Charge</u>	<u>Monthly Rate</u>
Series Hunting	\$13.00	\$8.00
Circle Hunting	\$13.00	\$3.00
Preferential Hunting	\$13.00	\$1.00

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SECTION 7.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES

7.1 Directory Listings

7.1.1 General

The following rules apply to standard listings in light face type in the white pages (alphabetical section) of the telephone directory and to the directory assistance records of the Company.

Only information necessary to identify the Customer is included in these listings. The Company may use abbreviations in listings. The Company may reject a listing it judges to be objectionable. A name made up by adding a term such as company, shop, agency, works, etc. to the name of a commodity or service will not be accepted as a listing unless the Customer is legally doing business under that name.

A name may be repeated in the white pages only when only when a different address or telephone number is used.

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SECTION 7.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES (continued)

7.1 Directory Listings (continued)

7.1.2 Standard Listing

A standard listing includes a name, designation, address and telephone number of the Customer. It appears in the white pages of the telephone directory and in the Company's directory assistance records.

7.1.3 Free Listings

One listing for each individual line service, auxiliary line or PBX system are provided at no additional charge to the Customer.

7.1.4 Rates for Additional Listings

The following rates and charges apply to additional listings requested by the Customer over and above those free listings provided under Section 7.1.3

Type of Listing	Monthly Charge	
	Business	Residential
- Each Additional Listing	\$3.00	\$1.50
- Alternate Listings	\$3.00	\$1.50

These rates pertain to Customers who establish new service or to existing Customers who add or change their nights, sundays, or holidays' listings or listings indented under calling instructions.

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SECTION 7.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES (continued)

7.2 Nonpublished Service

7.2.1 General

Nonpublished service means that the Customer's telephone number is not listed in the directory, nor does it appear in the Company's directory assistance records.

7.2.2 Regulations

This service is subject to the rules and regulations for E911 service, where applicable.

The Company will complete calls to a nonpublished number only when the caller dials direct or gives the operator number. No exceptions will be made, even if the caller says it is an emergency.

When the Company agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Company is not liable for any damages that might arise from publishing a nonpublished number in the directory or disclosing it to some. If, in error, the telephone number is published in the directory, the Company's only obligation is to credit or refund any monthly charges the Customer paid for nonpublished service.

The Customer indemnifies (i.e., promises to reimburse the Company for any amount the Company must pay as a result of) and save the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of a nonpublished service or the disclosing of said number to any person.

7.2.3 Rates and Charges

There is a monthly charge for each nonpublished service. This charges does not apply if the Customer has other listed service at the same location; if the Customer lives in a hotel, boarding house or club with listed service; or if the service is installed for a temporary period.

Business	\$1.80
Residential	\$1.90

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SECTION 7.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES (continued)

7.3 Nonlisted Service

7.3.1 General

Nonlisted service means that the Customer's telephone number is not listed in the directory, but it does appear in the Company's directory assistance records.

7.3.2 Regulations

This service is subject to the rules and regulations for E911 service, where applicable.

The Company will complete calls to a nonlisted number.

When the Company agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Company is not liable for any damages that might arise from publishing a nonlisted number in the directory or disclosing it to some. If, in error, the telephone number is listed in the directory, the Company's only obligation is to credit or refund any monthly charges the Customer paid for nonlisted service.

The Customer indemnifies (i.e., promises to reimburse the Company for any amount the Company must pay as a result of) and save the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of a nonlisted service or the disclosing of said number to any person.

7.3.3 Rates and Charges

There is a monthly charge for each nonlisted service. This charges applies if the Customer has other listed service at the same location; if the Customer lives in a hotel, boarding house or club with listed service; or if the service is installed for a temporary period.

Business	\$1.45
Residential	\$1.90

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SECTION 7.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES (continued)

7.4 Directory Assistance Services

7.4.1 Directory Assistance

A directory assistance charge applies per local directory assistance call. The Customer may make two requests for a telephone number per call. The directory assistance charge applies regardless of whether the directory assistance operator is able to supply the requested number. Single line Customers will receive a three-call allowance for local directory assistance. Multiline Customers get two additional calls to local directory assistance at no charge per month per line, up to the first twenty-five (25) additional lines and one month per line over twenty-five lines.

Each local directory assistance call	\$0.59
Each long distance directory assistance call	\$0.85
Each directory assistance- call completion	\$1.50 plus applicable toll charges

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SECTION 8.0 - LOCAL OPERATOR SERVICES

8.1 General

The Company's Local Operator Assisted Calling is available for use by presubscribed Customers as well as transient end users served from aggregated locations. Calls are billed in one minute increments, with additional per call charges reflecting the level of operator assistance and billing arrangement requested by the Customer.

8.2 Local Operator Assisted Services

8.2.1 Operator Service Call Types

- A. **Customer Dialed Calling/Credit Card Call** charge applies in addition to local usage charges for station to station calls billed to an authorized calling card or commercial credit card. The Customer must dial the destination telephone number and card number where the capability exists for the Customer to do so.
- B. **Operator Dialed Calling/Credit Card Call** charge applies in addition to local usage charges for station to station calls billed to an authorized calling card or commercial credit card and the operator dials the destination telephone number at the request of the Customer.
- C. **Operator Station** charges apply in addition to local usage charges for non-person-to-person calls placed using the assistance of a Company operator and billed to the originating line, collect, to a third party, by deposit of coins in pay telephones, or via some method other than a calling card or commercial credit card.
- D. **Person-to-Person** rates apply in addition to local usage charges for calls placed with the assistance of a Company operator to a particular party at the destination number. This charge applies regardless of billing method, including but not limited to billing to the originating line, a calling card, commercial credit card, collect, by deposit of coins in pay telephones, or to a third party. Charges do not apply unless the specified party or an acceptable substitute is available.

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SECTION 8.0 - LOCAL OPERATOR SERVICES (continued)

8.2 Local Operator Assisted Services (continued)

8.2.2 Available Billing Arrangements

- A. **Bill to Line** is a billing arrangement whereby the originating caller may bill the charges for a call to the Company-provided local exchange line from which the call is placed. The terms and conditions of the Company apply to payment arrangements.
- B. **Calling Card** is a billing arrangement whereby the originating caller may bill the charges for a call to an approved local exchange carrier issued calling card. The terms and conditions of the local exchange carrier apply to payment arrangements.
- C. **Collect Billing** - A billing arrangement whereby the originating caller may bill charges for a call to the called party, provided the called party agrees to accept the charges. The terms and conditions of the called party's local exchange company apply to payment arrangements.
- D. **Third Party Billing** - A billing arrangement by which the charges for a call may be billed to a telephone number that is different from the calling number and the called number. The terms and conditions of the third party's local exchange company apply to payment arrangements.

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SECTION 8.0 - LOCAL OPERATOR SERVICES (continued)

8.2 Local Operator Assisted Services (continued)

8.2.3 Partially Automated Surcharge

This charge applies to Operator assisted Station to Station calls (including those billed to calling cards) where the Customer dials the terminating number, and elects to have the operator handle billing, each.

8.2.4 Rates for Local Operator Assisted Services

	<u>Per call charge</u>
Customer dialed calling/credit card	\$0.50
Operator dialed calling/credit card	\$0.85
Operator station	
Billed collect	\$1.30
Billed to third party	\$1.30
Billed to line	\$1.30
Person-to-person	\$3.50

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SECTION 8.0 - LOCAL OPERATOR SERVICES (continued)

8.3 Busy Line Verification and Line Interrupt Service

Upon request of a calling party the Company will verify a busy condition on a designated local service line. The operator will determine if the line is clear or in use and report to the calling party. At the request of the Customer, the operator will interrupt the call on the busy line. Busy Line Interruption is only permitted in cases where the calling party indicates an emergency exists and requests interruption.

No charge will apply when the calling party advises that the call is to or from an official public emergency agency. Busy Verification and Interrupt Service is furnished where and to the extent that facilities permit.

The Customer shall identify and save the Company harmless against all claims that may arise from either party to the interrupted call or any person.

	<u>Per call</u>
Local Busy Line Verification	\$1.50
Local Line Interruption	\$3.00
Long Distance Busy Line Verification	\$6.50
Long Distance Line Interruption	\$6.50

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SECTION 9.0 - TOLL SERVICES (continued)

9.3 InterLATA Operator Assisted Services

**9.3.1 Operator Dialed Calling Card Station &
 Customer Dialed Calling Card Station Per Minute Usage Charges**

Rate Mileage	DAY		EVENING		NIGHT/WEEKEND	
	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period
All	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000

9.3.2 Operator Station Per Minute Usage Charges

Rate Mileage	DAY		EVENING		NIGHT/WEEKEND	
	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period
0 - 10	\$0.3000	\$0.1700	\$0.2100	\$0.1300	\$0.1800	\$0.1100
11 - 22	\$0.4000	\$0.2200	\$0.2800	\$0.1600	\$0.2300	\$0.1300
23 - 55	\$0.4500	\$0.2700	\$0.3100	\$0.1900	\$0.2500	\$0.1600
56 - 124	\$0.5200	\$0.3300	\$0.3500	\$0.2300	\$0.2900	\$0.1900
125 - 292	\$0.5300	\$0.3600	\$0.3500	\$0.2500	\$0.2900	\$0.2100
293+	\$0.5800	\$0.3800	\$0.3900	\$0.2600	\$0.3300	\$0.2200

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SECTION 9.0 - TOLL SERVICES (continued)

9.3 InterLATA Operator Assisted Services (continued)

9.3.3 Person-to Person Per Minute Usage Charges

Rate Mileage	DAY		EVENING		NIGHT/WEEKEND	
	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period
0 - 10	\$0.4600	\$0.3300	\$0.2900	\$0.2100	\$0.2300	\$0.1600
11 - 22	\$0.6600	\$0.4800	\$0.4200	\$0.3100	\$0.3300	\$0.2400
23 - 55	\$0.7500	\$0.6000	\$0.5100	\$0.4000	\$0.4000	\$0.3100
56 - 124	\$0.9100	\$0.7500	\$0.6100	\$0.4900	\$0.5000	\$0.4000
125 - 292	\$0.9600	\$0.8100	\$0.6600	\$0.5500	\$0.5300	\$0.4500
293+	\$1.0300	\$0.9000	\$0.7100	\$0.5900	\$0.5800	\$0.4800

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SECTION 9.0 - TOLL SERVICES (continued)

9.3 Operator Assisted Toll (continued)

9.3.5 Per Call Service Charges

The following per-call charges apply in addition to the per minute usage rates when applicable. These charges apply in all rate periods.

Service Charge Per Call	<u>LEC Card</u>	<u>Credit Card</u>
Customer Dialed Calling Card	\$0.95	\$1.50
Customer Dialed Credit Card	\$0.95	\$1.50
Operator Dialed Calling Card	\$0.95	\$1.50
Operator Dialed Credit Card	\$0.95	\$1.50
Operator Station		
Billed Collect	\$2.30	
Billed to Third Party	\$2.30	
Person-to-Person		
All Billing Methods	\$4.50	
Operator Dialed Surcharge		
Customer Dialed	\$1.50	
Operator Dialed	\$1.50	

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SECTION 10.0 - MISCELLANEOUS SERVICES

10.1 Carrier Presubscription

10.1.1 General

Carrier presubscription is a procedure where a Customer designates the carrier which the Customer wants to use for intraLATA and interLATA toll calls, where available. Such calls are automatically directed to the designated carrier, without the need to dial 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.

10.1.2 Presubscription Options - Customers may select the same carrier or separate carriers for intraLATA and interLATA long distance. The following options for long distance presubscription are offered where available. Availability may be limited based on the capabilities of the Customer's serving central office:

- Option A:** Customer selects the Company as the presubscribed carrier for IntraLATA and InterLATA toll calls subject to presubscription.
- Option B:** Customer may select the Company as the presubscribed carrier for IntraLATA calls subject to presubscription and some other carrier as the presubscribed carrier for interLATA toll calls subject to presubscription.
- Option C:** Customer may select a carrier other than the Company for intraLATA toll calls subject to presubscription and the Company for interLATA toll calls subject to presubscription.
- Option D:** Customer may select a carrier other than the Company for both intraLATA and interLATA toll calls subject to presubscription

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SECTION 10.0 - MISCELLANEOUS SERVICE (continued)

10.1 Carrier Presubscription (continued)

10.1.2 Presubscription Options (continued)

Option E: Customer may select two different carriers, neither being the Company for intraLATA and interLATA toll calls. One carrier to be the Customers' primary intraLATA interexchange carrier. The other carrier to be the Customer's primary interLATA interexchange carrier.

Option F: Customer may select 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.

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SECTION 9.0 - MISCELLANEOUS SERVICES (continued)

10.1 Carrier Presubscription (continued)

10.1.3 Rules and Regulations

Customers will retain their primary interexchange carrier until they request that their dialing arrangements be changed.

Customers may select either Options A, B, C, D or E for intraLATA presubscription. Option F allows the Customer to decline to choose an intraLATA carrier.

Customers may change their selected option or presubscribed toll carrier at any time subject to charges specified in 10.1.5.

10.1.4 Presubscription Procedures

A new Customer will be asked to select intraLATA and interLATA toll carriers at the time the Customer places an order for local exchange service. The Company will process the Customer's order for service. All new Customer's initial requests for intraLATA toll service presubscription will be provided free of charge.

If a new Customer is unable to select at the time it places an order for local exchange service, the Company will direct the Customer to the local telephone directory to select a carrier. Until the Customer informs the Company of its choice of primary toll carrier, the Customer will not have access to long distance services on a presubscribed basis, and will be required to dial a carrier access code to route all toll calls.

10.1.5 Presubscription Changes

After a Customer's initial selection of a presubscribed toll carrier, any change in the Customer's intraLATA or interLATA carriers will incur a PIC change charge under Section 4.1.

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11.0 - PROMOTIONAL OFFERINGS, VOLUME AND TERM DISCOUNTS

11.1 Special Promotions

The Company may from time to time engage in special promotional trial service offerings of limited duration (not to exceed 90 days on a per Customer basis for non-optional, recurring charges) designed to attract new Customers or to increase Customer awareness of a particular tariff offering. Requests for promotional offerings will be presented to the Commission for its review in accordance with rules and regulations established by the Commission, and will be included in the Company's tariff as an addendum to the Company's price lists.

11.2 Term Discounts

Discounts as listed below are available where the Customer agrees to a one year or three year term. If the Customer is unable to complete the term, then a termination charge is assessed as liquidated damages. Written contracts are required for this discount to apply.

<u>term</u>	<u>discount</u>
one year	1.5 percent
three years	3.0 percent

11.3 Volume Discount

An additional discount for an account based upon monthly revenue paid is also available and will be automatically applied where the Customer has agreed to a term discount. Paid monthly revenues is used as a surrogate for volume and includes all services billed and paid on the Customer's account. The discount will be applied the month following receipt of the Customers check. The discount amounts are as follows:

<u>monthly revenue paid</u>	<u>discount</u>
greater than \$ 500.00	1.0 percent
greater than \$1,000.00	1.5 percent
greater than \$2,500.00	2.0 percent

No volume discount will be paid unless the Customer's payments have been current for at least three months, except upon the initiation of service the discount may begin upon the second month if the Customer's payment record is current.

11.4 Discounts

The Company may, from time to time as reflected in the price list, offer additional discounts based on monthly volume, monthly revenue commitment or time-of-day .

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12.0 - SPECIAL CONSTRUCTION OR ARRANGEMENTS

12.1 Special Charges

12.1.1 Application of Special Charges

Special charges may apply in addition to the usual service connection charges and monthly rates when unusual investment or expense will be incurred by the Company. Special charges will apply when:

- A. conditions require or the Customer request the provision of special equipment or unusual or nonstandard methods of plant construction, installation or maintenance or a move of the Company's facilities;
- B. the Customer's location requires the use of costly private right-of-way; and
- C. the proposed service is of a temporary nature, and the plant to be placed would not be useful to the Company in the general conduct of its business after that service was discontinued.

12.1.2 Customer Requirements for Special Charges

- A. Temporary Construction - The Customer shall be charged the estimated cost of construction and removal of the plant which would not be of value to the Company, less the estimated net recovery value of the material used. The Company may require the Customer to pay the cost of construction plus the cost of removal, less salvage, for temporary construction performed in advance of permanent construction or to provide temporary service.
- B. The Company shall retain title to all plant constructed, as specified within this tariff, provided wholly or partially at the Customer's expense.
- C. When attachments are made to poles of other companies, instead of providing construction for which the Customer would be charged under the provisions of this section, the Customer shall pay the Company's cost for such attachments.
- D. The Customer is required to pay the construction charges made by another telephone company providing facilities to connect with the facilities of the Company.

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12.0 - SPECIAL CONSTRUCTION OR ARRANGEMENTS (continued)

12.2 Special Construction

12.2.1 Construction on Private Property

- A. The Company will furnish an average amount of entrance and distribution facilities, provided the facilities are of the standard type normally furnished for the particular location or kind of service.
- B. If additional entrance or distribution facilities are required, or if conditions require special equipment, maintenance or methods of construction, if the installation is for a temporary purpose, or if for any other reason, the construction costs are excessive as compared with the revenue to be derived from the project, the applicant may be required to pay for costs over and above the costs applicable for a normal installation.
- C. The Customer will provide the Company upon request and without charge written permission for the placement of the Company's facilities on his property.
- D. The Customer is responsible for providing satisfactory entrance to the building and space for mounting any necessary network protection equipment.

12.2.2 Temporary Service

Where plant construction is required to provide any temporary service or facility, or where it is necessary to place temporary construction in advance of permanent construction in order to meet the Customer's requirements, the Company may require the applicant to pay the nonrecoverable costs of the temporary construction or to contract for service beyond the initial period, or both.

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12.0 - SPECIAL CONSTRUCTION OR ARRANGEMENTS (continued)

12.2 Special Construction (continued)

12.2.3 Service Provided to Movable Premises

- A.** When telephone service is provided to movable premises by means of aerial plant, the Customer shall provide a clearance pole if the Company considers it necessary. The clearance pole must comply with the Company's specifications. The Customer shall place, own and maintain the pole. However, if the Customer elects and the Company agrees, the Company will place, own and maintain the pole and bill the Customer the cost of placing the pole.
- B.** Where plant construction is required to provide any service or facility to a movable premises, and it is necessary to place temporary construction in advance of permanent construction to meet the Customer's requirements, the Company may require the applicant to pay the non-recoverable costs of the temporary construction or to contract for service beyond the initial period, or both.

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12.0 - SPECIAL CONSTRUCTION OR ARRANGEMENTS (continued)

12.2 Special Construction (continued)

12.2.4 Service to Residential and Commercial Developments

The construction charges, allowances and provisions previously specified in this section contemplate the extension of facilities into areas of normal growth and development. Where facilities are to be extended into new areas of residential or commercial real estate development which, in the Company's opinion, are of a promotional or speculative nature, the Company may require an advance payment equal to all or a portion of the costs of such construction, depending on the circumstances in each case. This advance payment will be payable prior to the start of construction.

- A. The Company and the developer may enter into a contractual agreement that provides for the periodic refund of portions of the deposit as Customers in the development receive telephone service, and other terms of the contract are met. The contract will specify the estimated number of telephone Customers expected to receive service within the area and the time required to complete the project (not to exceed five years). The contract will provide that the construction charge be re-computed to reflect regular tariff allowances, design changes made by the developer, damage to telephone facilities by persons other than Company employees or agents or unusual construction requirements. Periodic refunds to the developer will be adjusted accordingly.

- B. The applicant for telephone service to a development is required to provide the Company, at his own expense, the necessary easements for installation and maintenance of telephone facilities, clear the ground where facilities are to be installed according to Company specifications and request installation of telephone facilities at an appropriate time during construction of the project to avoid unnecessary costs to the Company.

Issued: May 27, 2000

Effective:

Issued By:

Charles G. Taylor, Jr.
President and CEO

AZL0000

12.0 - SPECIAL CONSTRUCTION OR ARRANGEMENTS (continued)

12.2 Special Construction (continued)

12.2.5 Underground Service Connections

When a Customer requests that underground service connections be installed instead of aerial facilities which would ordinarily be used, or when aerial facilities are used to provide service, and the Customer subsequently requests that facilities be placed underground, the following regulations apply:

- A. the Customer shall pay the cost on constructing and maintaining underground conduits which will be built according to Company specifications;
- B. any ducts required in the underground conduit by the Company to furnish service shall be reserved for its exclusive use;
- C. if a Customer requests that cable be installed in a trench, the trench shall be constructed and back filled under the Company's supervision at the Customer's expense;
- D. the Company will maintain and replace cable installed in conduit where the Company has inspected and approved the conduit. The Company will repair or replace cable in conduit or trench necessitated by damage caused by the Customer or his representatives, only at the Customer's expense; and
- E. the Company may replace existing aerial facilities with underground facilities in connection with planned projects or during its normal operations. If a Customer requests the removal and replacement of existing aerial facilities with underground facilities prior to the time of normal replacement, the Customer will be responsible for the expense incurred by the Company in making the replacement.

Issued: May 27, 2000

Effective:

Issued By:

Charles G. Taylor, Jr.
President and CEO

AZL0000

12.0 - SPECIAL CONSTRUCTION OR ARRANGEMENTS (continued)

12.3 Special Service Arrangements

12.3.1 General

- A.** If a Customer's requirements cannot be met by regular service arrangements, the Company will provide, where practical, special service arrangements at charges equal to the estimated cost of furnishing such facilities. These special service arrangements will be provided if the provision of such arrangements are not detrimental to any other services furnished under the Company's tariffs.

- B.** If any type of qualifying special assembly device is subscribed to by more than three Customers, the Company shall file the offering as a general service offering in the appropriate tariff section.

Issued: May 27, 2000

Effective:

Issued By:

Charles G. Taylor, Jr.
President and CEO

AZL0000

12.0 - SPECIAL CONSTRUCTION OR ARRANGEMENTS (continued)

12.3 Special Service Arrangements (continued)

12.3.2. Rates

- A. Rates for special service arrangements are equivalent to the estimated costs of furnishing the special service arrangements.
- B. Estimated costs, which consist of an estimate of the total cost to the Company of providing the special service arrangement, may include the following:
 - 1. cost of maintenance;
 - 2. cost of operation;
 - 3. depreciation on the estimated installed cost of any facilities used to provide the special service arrangement based on anticipated useful service life less estimated net salvage value;
 - 4. general administration expenses, including taxes on the basis of average charges for these items;
 - 5. any other item of expense associated with the particular special service arrangement; and
 - 6. an amount, computed on the estimated installed cost of the facilities used to provide the special service arrangement, for return on investment.
- C. The estimated installed cost described above will include the costs of equipment and materials provided or used, plus estimated labor costs, including the cost of installation, engineering, supervision, transportation, rights-of-way, in addition to other items chargeable to the capital accounts.
- D. Special service arrangement rates are subject to revision depending on changing costs.
- E. If and when a special service arrangement becomes a tariffed offering, the tariffed rate or rates will apply from the date of tariff approval.
- F. The rates for special service arrangements may be monthly rental or termination agreement with or without an installation charge; or an installation charge only.

Issued: May 27, 2000

Effective:

Issued By:

Charles G. Taylor, Jr.
President and CEO

AZL0000

EXHIBIT 3

Local Gateway Exchange, Inc.

ARTICLES OF INCORPORATION
AND ARIZONA SECRETARY OF STATE AUTHORITY

JIM IRVIN
COMMISSIONER-CHAIRMAN

TONY WEST
COMMISSIONER

CARL J. KUNASEK
COMMISSIONER



ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
EXECUTIVE SECRETARY

JOANNE C. MACDONNELL
DIRECTOR, CORPORATIONS DIVISION

CT CORPORATION SYSTEM
3225 N CENTRAL AVE
PHOENIX, AZ 85012

RE: LOCAL GATEWAY EXCHANGE, INC.
File Number: F-0875213-4

We are pleased to notify you that your Application for Authority to transact business in Arizona was approved and filed on May 12, 1999.

You must publish a copy of your Application for Authority. The publication must be in a newspaper of general circulation in the county of the known place of business in Arizona, for three (3) consecutive publications. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the File Date.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, on the anniversary of the date of incorporation. Each year, a preprinted Annual Report Form will be mailed to you prior to the due date of the report.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Very truly yours,

THERESA TITTLE
Examiner
Corporations Division
Arizona Corporation Commission

CF:07
Rev: 4/97

EXPEDITED
AZ CORP. COMMISSION
DELIVERED

F-0875213-4

MAY 12 1999

FILED BY Jeri Little
TERM _____
DATE 5/12/99

LOCAL GATEWAY EXCHANGE, INC.

APPLICATION FOR AUTHORITY
TO TRANSACT BUSINESS IN ARIZONA

The name of the corporation is: Local Gateway Exchange, Inc., a Texas Corporation.

- x We are a foreign corporation applying for authority to transact business in the state of Arizona.
1. The exact name of the foreign corporation is Local Gateway Exchange, Inc. otcs~
 2. The name of the state, province and country in which the foreign corporation is incorporated is Texas.
 3. The foreign corporation was incorporated on the 16th day of March, 1999, and the period of its duration is perpetual.
 4. The street address of the principal office of the foreign corporation in the state, province or country of its incorporation is 4935 Victor Street, Dallas, Texas 75214.
 5. The name and street address of the statutory agent for the foreign corporation in Arizona is CT Corporation System, 3225 North Central Avenue, Phoenix, Arizona 85012.
 - 5.a. The Annual Report and general correspondence should be mailed to the address specified above in section 4.
 6. The purpose of the corporation is to engage in any and all lawful business in which corporations may engage in the state, province or country under whose law the foreign corporation is incorporated, with the following limitations, if any: None.
 7. The names and usual business addresses of the current directors and officers of the foreign corporation are: Charles G. Taylor, Jr., President, Secretary, Treasurer and Sole Director.
 8. The foreign corporation is authorized to issue 10,000 shares, itemized as follows: 10,000 shares of common stock at par value of \$1.00 per share.
 9. The foreign corporation has issued 1,000 shares, itemized as follows: 1,000 shares of common stock at par value of \$1.00 per share.
 10. The character of business the foreign corporation initially intends to conduct in Arizona is telecommunications.

DATED: this 19th day of March, 1999.

Local Gateway Exchange, Inc.

Executed By: Charles G. Taylor, Jr.
Charles G. Taylor, Jr., President

ACCEPTANCE OF APPOINTMENT BY STATUTORY AGENT:

The undersigned hereby acknowledges and accepts the appointment as statutory agent of this corporation effective this 22nd day of March, 1999.

Toni Albery
Signature

Toni Albery
Assistant Secretary
[Print Name]



The State of Texas

SECRETARY OF STATE

IT IS HEREBY CERTIFIED that the attached is/are true and correct copies of the following described document(s) on file in this office:

LOCAL GATEWAY EXCHANGE, INC.
FILE NO. 1527505-00

ARTICLES OF INCORPORATION

MARCH 16, 1999



IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, on April 1, 1999.

Elton Bomer
Secretary of State

DAE

ARTICLES OF INCORPORATION
OF
LOCAL GATEWAY EXCHANGE, INC.

FILED
In the Office of the
Secretary of State of Texas
MAR 16 1999
Corporations Section

The undersigned, acting as incorporator of a corporation under the Texas Business Corporation Act, as amended (the "Act"), hereby adopts the following Articles of Incorporation for such corporation.

ARTICLE ONE

NAME

The name of the corporation is LOCAL GATEWAY EXCHANGE, INC. (the "Corporation").

ARTICLE TWO

PERIOD OF DURATION

The period of duration of the Corporation is perpetual.

ARTICLE THREE

PURPOSES AND POWERS

Section 1. Purposes. The purposes for which the Corporation is organized are to transact any and all lawful business for which corporations may be incorporated under the Act.

Section 2. Powers. Subject to any specific written limitations or restrictions imposed by the Act, by other law, or by these Articles of Incorporation, and solely in furtherance thereof, but not in addition to the limited purposes set forth in Section 1 of this Article, the

2025 RELEASE UNDER E.O. 14176

Corporation shall have and exercise all of the powers specified in the Act, which powers are not inconsistent with these Articles.

ARTICLE FOUR

CAPITALIZATION, PREEMPTIVE RIGHTS AND VOTING

Section 1. Authorized Shares. The aggregate number of shares of capital stock which the Corporation shall have authority to issue is 10,000 shares of Common Stock of the par value of ONE DOLLAR (\$1.00) per share, constituting aggregate capital stock of TEN THOUSAND DOLLARS (\$10,000.00). The shares shall be designated as Common Stock and shall have identical rights and privileges in every respect. The shares shall be subject to any restrictions contained in agreements by the shareholders.

Section 2. Preemptive Rights. No holder of shares of capital stock of the Corporation shall, as such holder, have any right to purchase or subscribe for any capital stock of any class which the Corporation may issue or sell, whether or not exchangeable for any capital stock of the Corporation of any class or classes, whether issued out of unissued shares authorized by these Articles of Incorporation as originally filed or by any amendment thereof, or out of shares of capital stock of the Corporation acquired by it after the issue thereof; nor shall any holder of shares of capital stock of the Corporation, as such holder, have any right to purchase, acquire or subscribe for any securities which the Corporation may issue or sell whether or not convertible into or exchangeable for shares of capital stock of the Corporation of any class or classes, and whether or not any such securities have attached or appurtenant thereto warrants, options or other instruments which entitle the holders thereof to purchase, acquire or subscribe for shares of capital stock of any class or classes.

Section 3. Voting. In the exercise of voting privileges, each holder of shares of the capital stock of the Corporation shall be entitled to one (1) vote for each share held in his name on the books of the Corporation. In all elections of Directors of the Corporation, cumulative voting is expressly prohibited. As such, each holder of shares of capital stock of the Corporation entitled to vote at the election of Directors shall have the right to vote, in person or by proxy, all or any portion of such shares for or against each individual Director to be elected and shall not be entitled to vote for or against any one Director more than the aggregate number of shares held by such holder which are entitled to vote on the election of Directors. With respect to any action to be taken by the Shareholders of the Corporation as to any matter, the affirmative vote of the holders of a majority of the shares of the capital stock of the Corporation entitled to vote thereon and represented in person or by proxy at a meeting of the Shareholders at which a quorum is present shall be sufficient to authorize, affirm, ratify or consent to such action. Any action required by the Act to be taken at any annual or special meeting of Shareholders may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holder or holders or shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holders of all shares entitled to vote on the action were present and voted.

ARTICLE FIVE

COMMENCEMENT OF BUSINESS

The Corporation shall not commence business until it has received for the issuance of its shares of Common Stock consideration of the value of at least ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) consisting of any tangible or intangible benefit to the Corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the Corporation.

ARTICLE SIX

REGISTERED AGENT AND OFFICE

Section 1. Registered Office. The address of the initial registered office of the Corporation is 901 Main Street, Suite 2814, Dallas, Texas 75202.

Section 2. Registered Agent. The name of the initial registered agent of the Corporation at such address is Charles G. Taylor, Jr.

ARTICLE SEVEN

DIRECTORS

Section 1. Initial Board of Directors. The business and affairs of the Corporation shall be managed by or be under the direction of the Board of Directors of the Corporation. The initial Board of Directors shall consist of one (1) member who need not be a resident of the State of Texas or Shareholders of the Corporation. The number of Directors of the Corporation may from time to time be changed in accordance with the Bylaws of the Corporation and the Act.

Section 2. Names and Addresses. The name and address of the person who is to serve as Director until the first annual meeting of Shareholders or until his successors are elected and qualified, or until his earlier death, resignation, or removal is as follows:

<u>Name</u>	<u>Address</u>
Charles G. Taylor, Jr.	901 Main Street Suite 2814 Dallas, Texas 75202

Section 3. Limitations on Liability of Directors. No Director of the Corporation shall be personally liable to the Corporation or its Shareholders for monetary damages for an act or omission in the Director's capacity as a Director; provided, however, that the foregoing provision shall not eliminate or limit the liability of a Director to the extent a Director is found liable for (a) a breach of the Director's duty of loyalty to the Corporation or its Shareholders, (b) an act or omission not in good faith that constitutes a breach of duty of the Director to the Corporation or an act or omission that involves intentional misconduct or a knowing violation of the law, (c) a transaction from which the Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's office, or (d) an act or omission for which the liability of the Director is expressly provided by an applicable statute.

If the Texas Miscellaneous Corporation Laws Act or other applicable provision of Texas law hereafter is amended to authorize further elimination or limitation of the liability of Directors, then the liability of a Director of the Corporation, in addition to the limitation on the personal liability provided herein, shall be limited to the fullest extent permitted by the Texas Miscellaneous Corporation Laws Act or other applicable provision of Texas law as amended.

Any repeal or modification of this Section 3 by the Shareholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Director of the Corporation existing at the time of such repeal or modification.

ARTICLE EIGHT

SPECIAL POWERS OF BOARD OF DIRECTORS

In furtherance of, and not in limitation of the powers and authorities conferred under the Act, the Board of Directors is expressly authorized:

1. To make, alter, amend and rescind the Bylaws of the Corporation; to fix, adjust and maintain from time to time the amount to be reserved as working capital; and to authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

2. From time to time, to determine whether and to what extent and at what times and places and under what conditions and provisions the accounts and books of the Corporation shall be maintained and made available for inspection of any Shareholder, and no Shareholder shall have any right to inspect any account or books or records of the Corporation, except as provided in the Act, or authorized by the Board of Directors.

3. If the Bylaws so provide, to designate two or more of their number to constitute an executive committee, which committee shall, as provided in said resolution or in the Bylaws of the Corporation, have and exercise any or all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, except to the extent that the Act requires a particular matter to be authorized by the Board of Directors.

ARTICLE NINE

ADDITIONAL POWERS IN BYLAWS

The Corporation may in its Bylaws confer powers and authorities upon the Board of Directors in addition to the foregoing and to those expressly conferred upon them by the Act.

ARTICLE TEN

TRANSACTIONS WITH INTERESTED DIRECTORS AND OFFICERS

No contract or transaction between the Corporation and one or more of its Directors or Officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the Directors or Officers of the Corporation are directors, officers or partners, or have a financial interest, shall be void or voidable solely by reason of such relationship, or solely because the Director or Officer is present at or participates in the meeting of the Board of Directors of the Corporation or committee thereof that authorizes the contract or transaction, or solely because his or their votes are counted for such purposes, if any one of the following conditions are met:

1. The material facts concerning the relationship or interest of the Director or Officer and the material facts concerning the contract or transaction are disclosed or are known to the Board of Directors of the Corporation or the committee thereof that considers the contract or transaction, and the Board of Directors of the Corporation or committee thereof in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or
2. The material facts concerning the relationship or interest of the Director or Officer and the material facts concerning the contract or transaction are disclosed or are known to the

Shareholders of the Corporation entitled to vote thereon, and the contract or transaction is specifically approved in good faith by the Shareholders of the Corporation at any annual or special meeting of Shareholders called for that purpose; or

3. The contract or transaction is fair to the Corporation at the time it is authorized, approved or ratified by the Board of Directors of the Corporation, a committee thereof, or the Shareholders of the Corporation.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting or the Board of Directors of the Corporation or of a committee thereof that authorizes such contract or transaction.

ARTICLE ELEVEN

INDEMNIFICATION

Section 1. Mandatory Indemnification and Advancement of Expenses. Each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitratve or investigative, any appeal in such action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding ("Proceeding"), by reason of the fact that he is or was a Director or Officer of the Corporation, or who, while a Director or Officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the Act against all judgments, penalties (including excise and similar taxes), fines,

settlements, and reasonable expenses (including attorneys' fees) actually incurred by such person in connection with such Proceeding. Such right shall be a contract right and shall include the right to require advancement by the Corporation of reasonable expenses (including attorneys' fees) incurred in defending any such Proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of such Proceeding shall be made by the Corporation only upon delivery to the Corporation of a written affirmation by such person of his good faith belief that he has met the standard of conduct necessary for indemnification under the Act and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it should be ultimately determined that such person has not satisfied such requirements.

Section 2. Nature of Indemnification. The indemnification and advancement of expenses provided for herein shall not be deemed exclusive of any other rights permitted by law to which a person seeking indemnification may be entitled under any Bylaw, agreement, vote of Shareholders or disinterested Directors or otherwise, and shall continue as to a person who has ceased to be a Director or Officer of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 3. Insurance. The Corporation shall have power to purchase and maintain insurance or another arrangement on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any

such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article Eleven or the Act.

ARTICLE TWELVE

AMENDMENT OF BYLAWS

The Shareholders of the Corporation hereby delegate to the Board of Directors the power to adopt, alter, amend or repeal the Bylaws of the Corporation. Such power shall be vested exclusively in the Board of Directors and shall not be exercised by the Shareholders.

ARTICLE THIRTEEN

POWER TO CALL SPECIAL SHAREHOLDERS' MEETINGS

Special meetings of the Shareholders of the Corporation may be called by the President of the Corporation, the Board of Directors or holders of not less than ten percent (10%) of all the shares entitled to vote at the proposed special meeting of the Shareholders.

ARTICLE FOURTEEN

AMENDMENTS

The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation or in its Bylaws in the manner now or hereafter prescribed by the Act or these Articles of Incorporation, and all rights conferred on Shareholders herein are granted subject to this reservation.

ARTICLE FIFTEEN

CAPTIONS

The captions used in these Articles of Incorporation are for convenience only and shall not be construed in interpreting the provisions hereof.

ARTICLE SIXTEEN

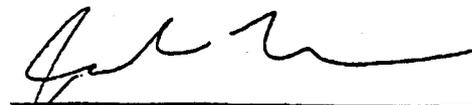
INCORPORATOR

The name and address of the Incorporator are as follows:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY, STATE</u>
Joshua Mond	901 Main Street Suite 2500	Dallas, Texas 75202-3714

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 16th day of March, 1999.

INCORPORATOR:



Joshua Mond

EXHIBIT 4

Local Gateway Exchange, Inc.

FINANCIAL STATEMENTS

Local Gateway Exchange, Inc.
Balance Sheet

As of
31-Dec-1999

= ASSETS =

Current Assets

Cash	53,442
Accounts Receivable (net of \$0 and \$87 Allowance for Doubtful Accounts, respectively)	-
Prepaid Items	-
Total Current Assets	<u>53,442</u>

Fixed Assets

Furniture & Fixtures	10,000
Computer Equipment	78,801
Billing Software	150,661
Less: Accumulated Depreciation	-
Net Fixed Assets	<u>239,462</u>

Other Assets

Start-up Costs	232,118
Less: Accumulated Amortization	-
Loans Receivable	20,502
Total Other Assets	<u>252,620</u>

TOTAL ASSETS 545,524

= LIABILITIES AND STOCKHOLDER'S EQUITY =

Current Liabilities

Accounts Payable	124,308
Accrued Liabilities & Taxes	216
Total Current Liabilities	<u>124,524</u>

Long Term Liabilities

Loans from Shareholder	210,000
Other Loans	210,000
Total Long Term Liabilities	<u>420,000</u>

Stockholder's Equity

Capital Stock, Common - 10,000 Shares of \$1 Par Value Authorized, 1,000 Shares Issued and Outstanding	1,000
Retained Earnings (Deficit)	-
Total Stockholder's Equity	<u>1,000</u>

= Prepared Without Audit =
= See Accountant's Compilation Report =

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY 545,524

Local Gateway Exchange, Inc.
Statement of Cash Flows

For the Short
Year Ended,
31-Dec-1999

OPERATING ACTIVITIES

Net Income (Loss)	-
Adjustments to Reconcile Net Income to	
Net Cash Provided (Used) by Operations	
Amortization and Depreciation	-
Increase in Current Assets	-
Increase in Current Liabilities	-
Net Cash Provided (Used) by Operating Activities	<u>-</u>

INVESTING ACTIVITIES

Purchases of Fixed Assets	(239,462)
Payment of Start-up Costs	(232,118)
Loans to Others	(20,502)
Net Cash (Used) by Investing Activities	<u>(492,082)</u>

FINANCING ACTIVITIES

Sale of Stock	1,000
Increase in Current Liabilities	124,524
Loans from Shareholder	210,000
Loans from Others	210,000
Net Cash Provided by Financing Activities	<u>545,524</u>

NET CASH PROVIDED (USED), FOR PERIOD ENDING 53,442

Cash, March 19, 1999 and December 31, 1999, Respectively -

= Prepared Without Audit =
= See Accountant's Compilation Report =

Cash, December 31, 1999 and February 29, 2000, Respectively 53,442

**Local Gateway Exchange, Inc.
Statement of Income (Loss)****For the Short
Year Ended,
31-Dec-1999**

Revenue - Local and Long Distance	-
Cost of Goods Sold	-
Gross Margin	-
Sales, General & Administrative	
Payroll	-
Rent	-
Sales Expense	-
Legal	-
Office and Other	-
Total Sales, General & Administrative	-
Net (Loss) Before Other Income and Expenses	-
Other Expenses	
Depreciation	-
Amortization	-
Total Other Expenses	-
	= Prepared Without Audit =
	= See Accountant's Compilation Report =
NET (LOSS)	-

EXHIBIT 5

Local Gateway Exchange, Inc.

TECHNICAL AND MANAGERIAL QUALIFICATIONS

**LOCAL GATEWAY EXCHANGE, INC.
KEY MANAGEMENT EMPLOYEES**

WILLIAM D. SAVAGE

William D. Savage has accepted a position with Local Gateway Exchange, Inc. as Chief Operating Officer. As such, he is responsible for all operational aspects of the company, to include regulatory, customer service, provisioning, direct billing, CABS billing, collections, credit, facilities and network.

From December 1998 to April 1999 Mr. Savage was a telecommunications consultant. Some of his clients were Pacific Gateway Exchange, Asian American Association, Pricenet USA.Com, ROX Communications, USA Talks, Inc. He advised clients on back office operations with emphasis on provisioning, CARE processing, direct and LEC billing, credit, collections, marketing, sales, regulatory and customer service.

From January 1997 to December 1998 Mr. Savage was the Executive Vice President of Operations for Performance Telecom (PT) and Performance Capital Management (PCM) in Newport Beach, California. He was responsible for PT operations including sales, marketing, billing, provisioning, customer service, information systems, regulatory and carrier relations. PT was a switchless reseller offering a full array of telecommunications products and services. PT's employment of technologies in their back office processing utilized automated systems for customer support to a level unmatched in the industry.

PCM is a debt recovery company deriving its revenues by collecting from large portfolios of delinquent credit card debt. At PCM Mr. Savage was responsible for operations including administration, accounting, portfolio management, systems support, collection and legal compliance collection activities.

Prior to PT and PCM, Mr. Savage was Vice President of Operation at National Telephone & Communications, Inc. (NTC) in Irvine, California. Mr. Savage was instrumental in taking NTC's revenue in 1994 of \$11 million to \$106 million in 1996. Mr. Savage's development and implementation of innovative telecommunication's order provisioning, accurate billing, leading edge information systems and significant reductions of long distance bad debt, all contributed to NTC having 10 profitable quarters through 1996. NTC's back office operation was a model which many telecommunication resellers strive to emulate and established Mr. Savage as a leader in the operation's field.

Prior to NTC, Mr. Savage was Vice President of Customer Service and Administration at Excel Telecommunications in Dallas, Texas. Mr. Savage played a key role in Excel's legendary growth from a \$5 million company in 1991, when he arrived, to a \$150 million company in 1994. Excel became profitable

in 1993 and has increased income every year since. Mr. Savage brought to Excel the structure and systems that established quality customer service, rapid provisioning and increased collections. Excel's bad debt for residential and business long distance service was reduced from more than 20% in 1991 to less than 4% in 1994. Mr. Savage's organizational and systems support provided the linchpin for Excel's phenomenal sustained growth rate of 2.5% a week.

The foundation of his telecommunications experience was developed at Allnet Communication Services, Inc. in Bingham Farms, Michigan. For 5 years at Allnet, Mr. Savage held key senior management positions in customer service, corporate training, LEC processing as a project manager for information systems. Mr. Savage has been on the forefront of developing systems to process large volumes of data between the LEC, underlining carrier and the reseller. Accuracy, accountability, automation and speed are the hallmarks of the processes he has put in place. The results of his data processing systems have been rapid provisioning of customers; dynamic, fast, accurate billing programs with relatively low operational costs.

Mr. Savage has attended Ferris State University, holds a BA in History from Michigan State University, a M.Ed. from the College of William and Mary and a MS in Systems Management from the University of Southern California.

CHARLES G. TAYLOR, JR.

Charles G. Taylor, Jr. (Mr. Taylor) is the founder, president and CEO of Local Gateway Exchange, Inc. (LGE). LGE has been founded on March 16, 1999 to provide competitive local exchange company (CLEC) services to business and residential customers in the Southwestern United States. It is currently in the start-up phase of operations, including acquisition of necessary regulatory approvals from the FCC and state PUC/PSCs, negotiation of interconnection agreements with Incumbent Local Exchange Carriers (ILECs), and set-up of operational support systems (OSS) necessary to support the offering of CLEC, IXC and Internet services to its prospective customers. Mr. Taylor will be responsible for all sales, operations and financing activities of LGE. He additionally is responsible for the recruitment of quality management talent for LGE and has to date successfully recruited William D. Savage as COO and Raymond S. Waters as Vice President, Networks.

Mr. Taylor has been the Senior Vice President of Pacific Gateway Exchange, Inc. (PGEX) and its wholly-owned subsidiary, International Exchange Communications, Inc. (IECOM) from September, 1996 to March, 1999. Mr. Taylor has been responsible for the development of a retail account base for PGE and IECOM across the United States. His responsibilities included development of OSS to support retail end-users, development of quality, honest sales and marketing programs focused on acquisition of international-calling oriented customers, and deployment of PGE/IECOM's equal access network across the United States. PGEX/IECOM was one of the first companies in the nation to provide third party verification procedures on all sales, whether residential or business customers. It has been proactive in promoting high quality sales practices with all of its distribution channels. From the inception of marketing in September, 1997, PGE/IECOM has grown its retail account base from zero to over \$2 million in monthly revenues.

Prior to joining PGEX from October, 1990 to September, 1996, Mr. Taylor was the president and chief operating officer of Matrix Telecom, Inc. (Matrix) in Ft. Worth, Texas. Mr. Taylor was responsible for all operations of Matrix including accounting, customer service, network, information systems and regulatory affairs. Matrix grew from a zero revenue base at inception in 1990 to over \$70,000,000 per annum, when Mr. Taylor joined PGEX. Matrix has enjoyed a reputation for providing quality interexchange services to customers at a fair price. Included in those services were long distance (1+/011+), calling card, and enhanced 800 services. During his tenure at Matrix, he was an active participant in the Ordering & Billing Forum (OBF) and worked diligently with regulatory agencies on the development of third party verification procedures to promote quality sales and marketing practices.

From 1988 to October, 1990, Mr. Taylor served as a founding officer and CFO of VarTec Telecom, Inc. Mr.

Taylor was responsible for billing, information systems and accounting. Additionally, he was responsible for mergers and acquisitions and was a catalyst in VarTec entering into the casual access (10.10.XXX or 10.XXX) long distance business. During his tenure as CFO, VarTec grew from a Texas-based interexchange carrier to a prominent nationwide carrier. VarTec today is the predominant provider of casual access long distance in the U.S with its renowned "Dime Line" program with annual revenues in excess of \$1 billion.

Mr. Taylor has a Bachelor of Science in Accounting from Lamar University in Beaumont, Texas where he graduated with Honors in May of 1983. He is a member of Beta Gamma Sigma, a nationwide collegiate honor society. In June, 1984, he earned his designation as a Certified Public Accountant from the State of Texas. He continues today as a CPA in good standing with the Texas State Board of Public Accountancy and a member of the Texas Society of CPAs. Mr. Taylor worked in the public accounting profession from 1982 to 1988. Prior to 1982, he spent five years in an accounting management position with American Natural Resources Co., a regulated natural gas transmission company. ANR is now a subsidiary of Coastal Petroleum in Houston, TX.

RAYMOND S. WATERS, Jr.

Mr. Waters acts as an independent consultant for LGEI to establish domestic operation to serve resellers and retail en users. He has established the Company's procedures and systems for order entry, billing and customer service. Mr. Waters has over 20 years experience in the telecommunications industry, encompassing operations, human resources, engineering, strategic planning, marketing/product management, and profit and loss responsibility and he is uniquely experienced in the application of technology.

EXHIBIT 6

Local Gateway Exchange, Inc.

CURRENTLY APPROVED STATE LISTING

LGEI is certified to provide competitive local exchange services in California, Nevada, Oregon, New York and Texas. Additionally LGEI has an application pending before state regulatory bodies in Colorado and New Jersey. Applications are being prepared for Maryland and Washington.