

NEW APPLICATION

ORIGINAL



0000033376

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September 5, 2000

Executive Director  
Arizona Corporation Commission  
Telecommunications Division  
1200 West Washington  
Phoenix, Arizona 85007

DOCKET NO. T-03927A-00-0679

RE: EZ Phone, Inc.  
d/b/a Home Phone, Inc.

Dear Sir:

Enclosed for filing with the Commission, please find an original and ten (10) copies of the above captioned corporation's *Application and Petition for a Certificate of Convenience and Necessity to Provide Local Exchange Services as a Reseller*.

In addition, enclosed is a duplicate copy of this filing. Please date-stamp the duplicate and return in the enclosed stamped, self-addressed envelope.

Should you have any questions concerning this filing, please contact the undersigned.

Very truly yours,

EARLY, LENNON, PETERS & CROCKER, P.L.C.

Patrick D. Crocker  
PDC/pas

**FORM A**

**ARIZONA CORPORATION COMMISSION**

**Application and Petition for a Certificate of Convenience and Necessity to Provide  
Local Exchange Services as a Reseller**

Mail original plus 10 copies of completed application to:

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

| For Docket Control Only:  
| (Please Stamp Here)

If you have current applications pending in Arizona as  
an Interexchange reseller, AOS provider, or as the  
provider of other telecommunications services.

Type of Service: \_\_\_\_\_  
Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_

**DOCKET NO.**

| T-03927A-00-0679

Type of Service: \_\_\_\_\_  
Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_

| Docket No. \_\_\_\_\_

| Docket No. \_\_\_\_\_

**A. Company and Telecommunications Service Information**

(A-1) The name, address, and telephone number (including area code) of the applicant (Company):

**EZ Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310**

**Telephone: 330-253-0710  
Facsimile: 330-535-3581  
Toll Free: 888-732-0277**

(A-2) If doing business (d/b/a) under a name other than the applicant (company) name listed above, specify:

**d/b/a Home Phone, Inc.**

(A-3) The name, address, telephone number, facsimile number and Email address of the management contact.

**Daniel J. Coulter, President  
EZ Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310**

**Telephone: 330-253-0710  
Facsimile: 330-535-3581  
Toll Free: 888-732-0277**

(A-4) The name, address, telephone number, facsimile number and email address of the Attorney, if any representing the applicant:

**Patrick D. Crocker**

**Early, Lennon, Peters & Crocker, P.L.C.**

**900 Comerica Building**

**Kalamazoo, Michigan 49007**

**Telephone: 616-384-8844**

**Facsimile: 616-349-8525**

**E-mail: [TelcomAtty@aol.com](mailto:TelcomAtty@aol.com)**

(A-5) What type of legal entity is the applicant?

Sole Proprietorship

Partnership: \_\_\_ limited, \_\_\_ general, \_\_\_ Arizona, \_\_\_ Foreign

Limited liability company

Corporation: \_\_\_ "S", \_\_\_ "C", \_\_\_ non-profit, \_\_\_ Arizona, \_\_\_ **X** Foreign

Other, specify:

(A-6) Include "Attachment A." Attachment A must list names of all owners, partners, limited liability company managers, or corporate officer, and directors (specify), and indicate percentages of ownership.  
**Attached hereto as Attachment A.**

(A-7) 1. Is your company currently offering any telecommunications services in Arizona? If yes, list each service offered and provide the date that you began offering each such service in Arizona.

2. If the answer to 1. is "no", when does you company plan to begin reselling services in Arizona?

**No. Company will resell services upon authorization.**

(A-8) Include "Attachment B." Attachment B, your proposed tariff, must include proposed rates and charges for each service to be provided. State the tariff (maximum) rate as well as the price to be charged, and state other terms and conditions, including deposits, that will apply to provision of the service(s) by your company.

The Arizona Corporation Commission provides pricing flexibility by allowing competitive Telecommunications service companies to price their services at levels equal to or below the tariff (maximum) rates. The prices to be charged by the company are filed with the Commission in the form of price lists.

Note: Price list rate changes that result in rates that are lower than the tariff rate are effective upon concurrent notice to the Commission (See Rule R14-2-1109(B)(2)). See Rule R14-2-1110 for procedures to make price list changes that result in rates that are higher than the tariff rate.

**Attached hereto as Attachment B.**

(A-9) The geographic market to be served is:

statewide.

other, describe and provide a map depicting the area.



(A-16) Has the company been or is the company currently involved in any formal complaint proceedings before any State or Federal Regulatory Commission? If "yes", in which states is the company involved in such proceedings and what is the substance of these complaints. Also, provide copies of Commission orders that have resolved any of these complaints.

**Applicant has not been or is not currently involved in any formal complaint proceedings before any State or Federal Regulatory Commission.**

(A-17) Has the applicant been involved in any civil or criminal investigations related to the delivery of telecommunications services within the last five years? If "yes", in which states has the applicant been involved in investigations and why is the applicant being investigated?

**Applicant has not been involved in any civil or criminal investigations related to the delivery of telecommunications services.**

(A-18) Has the applicant had judgement entered against it in any civil matter or been convicted of criminal acts related to the delivery of telecommunications services within the last five years? If yes, list the states where judgement or conviction was entered and provide a copy of the court order.

**Applicant has had no judgement entered against it in any civil matter or been convicted of criminal acts related to the delivery of telecommunications services.**

#### B. Technical Information

(B-1) Provide the name of the company or companies whose services you resell.

**Applicant will resell the services of US West.**

(B-2) Explain what actions the applicant has taken to ensure that basic exchange service to applicant's customers will not be interrupted in the event the applicant ceases to do business.

**Applicant will negotiate and transfer customers to another carrier to guarantee service would not be interrupted.**

#### C. Financial Information

(C-1) Include "Attachment E". Attachment E **must** include a copy of your Company's balance sheet, income statement, audit report (if audited) and all related notes to these financial statements for the two most recent years your company has been in business.

**Attached hereto as Exhibit E.**

(C-2) If your Company does not have financial statements for the two most recent years, please give the date your Company began operations.

(C-3) If the balance sheets you submit do not have retained earnings accounts, please provide this account information on a separate sheet.

(C-4) If your Company is a subsidiary, please provide your Parent Company's financial statements, in addition to your Company's financial statements.

**Not applicable.**

(C-5) If your Company intends to rely on the financial resources of its Parent Company, please provide a written statement from your Parent Company attesting that it will provide complete financial backing if your Company experiences a net loss or a business failure and that it will guarantee re-payment of customers; advances, prepayments or deposits held by your Company, if for some reason, your Company cannot provide service or repay the deposits.

**Not applicable.**

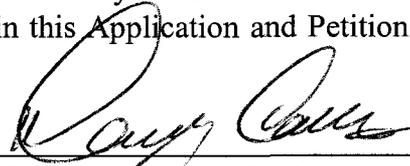
(C-6) Will your customers be required to (or have the option) to pay advances, prepayments or deposits for any of your products or services.

YES  X  (If yes, provide an explanation of how and when these customers advances prepayments or deposits will be applied or reference the terms and conditions section of your Company's tariffs with this explanation. If this information is not explained in the tariff of this application, please provide it on a separate sheet.)

**No deposit is required. Customers purchase thirty (30) days of phone service in advance.**

NO \_\_\_\_ (Note: If at a later date, your Company decides it wants to offer or require customer advances, prepayments or deposits, it must submit financial statements as part of the tariff amendment process.)

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county and/or State agency approvals have been obtained. Upon signing this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the Company will abide by Arizona State Law including the Arizona Corporation Commission Rules and Regulations. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.



(Signature of Authorized Representative)

7/27/00

(Date)

Daniel J. Coulter

(Print Name of Authorized Representative)

President

(Title)

SUBSCRIBED AND SWORN to before me this 27<sup>th</sup> day of July, 2000

  
NOTARY PUBLIC

My Commission Expires May 6, 2002

CHERIE MCGREGOR, Notary Public  
Residence - Summit County  
State Wide Jurisdiction, Ohio  
My Commission Expires May 6, 2002

**ATTACHMENT A**

**List of Corporate Officers and Directors**

**Percentage of Ownership**

**EZ PHONE, INC.**

**Officers and Directors**

Daniel J. Coulter	President & Director
William M. Wendell	Secretary, Treasurer & Director

**Percentage Ownership**

Daniel J. Coulter	40%
William M. Wendell	60%

**ATTACHMENT B**

**Proposed Tariff**

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES

APPLYING TO END-USER

COMMUNICATION SERVICES WITHIN

THE STATE OF ARIZONA

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Issued :

Effective:

Issued By: Daniel J. Coulter, President  
EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

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Akron, Ohio 44310

EXPLANATION OF SYMBOLS, REFERENCE  
MARKS, AND ABBREVIATIONS OF TECHNICAL  
TERMS USED IN THIS TARIFF

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 sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate end-user communications services by EZ PHONE, INC., d/b/a Home Phone, Inc. hereinafter referred to as the Company, to customers within the State of Arizona .

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DEFINITIONS

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Akron, Ohio 44310

DEFINITIONS

Certain terms used generally throughout this tariff are defined below.

Account Codes: Permits Centrex Stations and attendants to dial an account code number of up to eight digits when placing calls over facilities arranged for Automatic Message Accounting (AMA) recording. The account or project number must be input prior to dialing the called number.

Advance Payment: Part or all of payment required before the start of service.

DID Trunk: A form of local switched access that provides the ability for an outside party to call an internal extension directly without the intervention of the company operator.

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

Bit: The smallest unit of information in the binary system of notation.

Call Back/Camp on: Permits a station line encountering an all-trunk-busy condition the option of being notified when a trunk becomes idle.

Call Forwarding:

Call Forwarding Station: Allows calls directed to a station line to be routed to a user defined line inside or outside the customer's telephone system.

Call Forwarding System: Permits calls attempting to terminate to a busy station line to be re-directed to a predetermined line inside or outside the customer's telephone system.

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### DEFINITIONS

Call Forwarding Remote: This optional feature allows a user to activate/deactivate the Call Forwarding - All calls feature or change the forwarded to telephone number from a remote location.

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

Call Forwarding Don't Answer: Allows incoming calls to be automatically routed to a preselected station line or attendant in the same system or outside the system, when the called station is not answered after a preset number of rings. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Variable Limited: When this feature is activated by a station line user or the attendant, incoming calls to the activated station line or attendant position will be automatically routed to any other selected station line, within the same Centrex system, or to the attendant position. The attendant may also activate this feature for a station line user.

Call Forwarding Variable Unlimited: The same as Call Forwarding Variable Limited except that incoming calls may be automatically routed to a telephone number outside the Centrex system or to station lines within the same Centrex system. The attendant may not activate this feature to a telephone number outside the Centrex system for a station line user. Calls forwarded outside the Centrex system are subject to the appropriate charges for local and toll messages.

Call Hold: Allows the user to hold one call for any length of time provided that neither party goes on-hook.

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DEFINITIONS

Call Park: Allows a station line to park a call against its own line number. The parked call can be retrieved from any station line by dialing a feature code and the line number against which the call is parked.

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

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

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

Communication Services: The Company's intrastate toll and local exchange switched telephone services offered for both intraLATA and interLATA use.

Company or EZ PHONE: EZ PHONE, INC. d/b/a Home Phone, Inc., the issuer of this tariff.

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

Dial Pulse (or "DP"): The pulse type employed by rotary dial station sets.

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

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DEFINITIONS

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

Do Not Disturb: Permits the attendant to cut off a single station line and selected groups of station lines from receiving incoming and station-to-station calls.

DSX-1 Panel: Distribution equipment used to terminate and administer DSI (1.544 Mbps) circuits.

Dual Tone Multi-Frequency (or “DTMF”): The pulse type employed by tone dial station sets.

Duplex Service: Service that provides for simultaneous transmission in both directions.

Fiber Optic Cable: A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

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

In-Only: A service attribute that restricts outward dial access and routes incoming calls to a designated answer point.

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

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

Last Number Redial: Enables a station line user to redial the last called number by use of an access code rather than dialing the entire number.

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DEFINITIONS

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

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

Mbps: Megabits, denotes millions of bits per second.

Multi-Frequency or ("MF"): An inter-machine plus-type used for signalling between telephone switches, or between telephone switches and PBX/key systems.

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

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

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

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Shared: A facility or equipment system or subsystem that can be used simultaneously by several Customers.

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

System: Allows shared use of speed calling list. A control station will add, change or delete telephone numbers from the list for the group.

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

Three-Way Calling: Allows a station line user to add a third party to an existing conversation.

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

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

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REGULATIONS

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REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way information transmission between points within the State of Arizona .

Customers and users may use services and facilities provided under this tariff to obtain access to services offered by other service providers. The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.

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REGULATIONS

2.1 Undertaking of the Company (Con't)

2.1.2 Shortage of Equipment or Facilities

- (A) The Company reserves the right to limit or allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.
- (B) The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

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REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.3 Terms and Conditions

- (A) Service is provided on the basis of a minimum period of at least one month, 24-hours per day. For the purpose of computing charges in this tariff, a month is considered to have 30 days.
- (B) Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.
- (C) At the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month-to-month basis at the then current rates unless terminated by either party upon 30 days' written 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) In any action between the parties to enforce any provision of this tariff, the prevailing party shall be entitled to recover its legal fees and court costs from the non-prevailing party in addition to other relief a court may award.

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REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.3 Terms and Conditions (Cont'd)

- (E) Service may be terminated upon written notice to the Customer if:
  - 1) the Customer is using the service in violation of this tariff; or
  - 2) the Customer is using the service in violation of the law.
- (F) This tariff shall be interpreted and governed by the laws of the State of Arizona regardless of its choice of laws provision.
- (G) 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.
- (H) To the extent that either the Company or any other telephone company 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 telephone company shall join the attempt to obtain from the owner of the property access for the other party to serve a person or entity.

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REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company

- (A) The liability of the Company for damages arising out of the furnishing of its Services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts or omission, shall be limited to the extension of such allowances for interruption as set forth in 2.6. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of the Company. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of the Company's employees or agents.
- (B) The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.

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REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

- (C) The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the services the Company offers.
- (D) The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.
- (E) The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal presence, condition, location, or use of any installation so provided. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section 2.1.4(E) as a condition precedent to such installations.

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Akron, Ohio 44310

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

- (F) The Company is not liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or installation or removal thereof, unless such defacement or damage is caused by negligence or willful misconduct of the Company's agents or employees.
- (G) The Company shall be indemnified, defended and held harmless by the Customer against any claim, loss or damage arising from Customer's use of services, involving claims for libel, slander, invasion of privacy, or infringement of copyright arising from the Customer's own communications.
- (H) The entire liability for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid the Company by the Customer for specific services giving rise to the claim. No action or proceeding against the Company shall be commenced more than one year after the service is rendered.
- (I) **THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.**

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REGULATIONS

2.1 Undertaking of the Company (Cont'd)

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 is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

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REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.6 Provisions of Equipment and Facilities

- (A) The Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.
- (B) The Company shall use reasonable efforts to maintain 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.
- (C) 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.
- (D) Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than for that which it was provided by the Company.

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REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.6 Provisions Of Equipment and Facilities (Cont'd)

- (E) 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 other party than the Company, including but not limited to the Customer.
  
- (F) The Company shall not be responsible for the installation, operation, or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:
  - 1) the 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.

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REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.7 Non-routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the 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, and/or night hours, additional charges may apply.

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REGULATIONS

2.1 Undertaking of the Company (Cont'd)

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 efforts basis at the request of the Customer. Special construction is that construction undertaken:

- (A) where facilities are not presently available, and there is no other requirement for the facilities so constructed;
- (B) of a type other than that which the Company would normally utilize in the furnishing of its service;
- (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 which the Company would normally construct;
- (E) on an expedited basis;
- (F) on a temporary basis until permanent facilities are available;
- (G) in advance of its normal construction.

2.1.9 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the Company, its agents or contractors.

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REGULATIONS

2.2 Prohibited Uses

- (A) The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- (B) The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and Arizona Corporation Commission regulations, policies, orders, and decisions.
- (C) The Company may require a Customer to immediately shut down transmission of signals if said transmission is causing interference to others.
- (D) A customer, joint user, or authorized user may not assign in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply.

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REGULATIONS

2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for:

- (A) the payment of all applicable charges pursuant to this tariff;
- (B) damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;
- (C) providing at no charge, as specified from time to time by the Company, any needed personnel, equipment space 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;

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REGULATIONS

2.3 Obligations of the Customer (Cont'd)

2.3.1 General(Cont'd)

- (D) obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduits necessary for installation of fiber optic cable and associated equipment used to provide Communication Services to the Customer from the cable building entrance or property line to the location of the equipment space described in 2.3.1(C). Any and all costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be born entirely by, or may be charged by the Company to, the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service;
  
- (E) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation work;

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REGULATIONS

2.3 Obligation of the Customer (Cont'd)

2.3.1 General (Cont'd)

- (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 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 in which service is interrupted for such purposes.

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REGULATIONS

2.3 Obligation

2.3.2 Claim

With respect to any service or facility provided by the Company, Customers shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees for:

- (A) Any loss, destruction or damage to the property of the Company or any third party, or death or injury to persons, including, but not limited to , employees invitees of either party, to the extent caused by or resulting from negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees; or
- (B) any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from the act or omission by the Customer, including, without limitation, use of the Company's services and facilities in a manner not contemplated by the agreement between the Customer and the Company.

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REGULATIONS

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

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REGULATIONS

2.4 Customer Equipment and Channels (Cont'd)

2.4.3 Interconnection of Facilities

- (A) Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Communication Services and the Channels, facilities, or equipment of others shall be provided at the Customer's expense.
- (B) Communication Services may be connected to the services 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 that 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. All such terminal equipment shall be registered by the Federal Communications Commission Pursuant to Part 68 of Title 47, Code of Federal Regulations; and all User-provided wiring shall be installed and maintained in compliance with those regulations.
- (D) Users may interconnect communications facilities that are used in whole or in part for interstate communication to services provided under this tariff only to the extent that the user is an "End User" as defined in Section 69.2(m), Title 47, Code of Federal Regulations (1992 edition).

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REGULATIONS

2.4 Customer Equipment and Channels (Cont'd)

2.4.4 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 requirements set forth in Section 2.4.2(B) for the installation, operation, 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 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.

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REGULATIONS

2.5 Payment Arrangements

2.5.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer and to all Users authorized by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons.

(A) Taxes

The Customer is responsible for payment of all sales, use, gross receipts, excise, access or local, state and federal taxes, charges or surcharges (however designated) (excluding taxes on Company's net income) imposed on or based upon the provision, sale or use of Services.

2.5.2 Billing and Collection of Charges

- (A) Non-recurring charges are due and payable from the customer within 30 days after the invoice date, unless otherwise agreed to in advance.
- (B) The Company shall present invoices for Recurring Charges monthly to the Customer, in advance of the month in which service is provided, and Recurring Charges shall be due and payable within 30 days after the invoice date. When billing is based on customer usage, charges will be billed monthly for the preceding billing periods.
- (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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REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.2 Billing and Collection of Charges (Cont'd)

- (D) Billing of the Customer by the Company will begin on the Service Commencement Date, which is the first day following the date on which 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 set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- (E) If any portion of the payment is received by the Company after the due date, or if any portion of the payment is received by the Company in funds that are not immediately available, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the due date, multiplied by the lesser of the highest percentage allowable by the Arizona Corporation Commission or a late factor of 1.5% per month.
- (F) The Customer will be assessed a charge of twenty-five dollars (\$25.00) for each check submitted by the Customer to the Company that a financial institution refused to honor.
- (G) Customers have up to 90 days (commencing 5 days after remittance of the bill) to initiate a dispute over charges or to receive credit.
- (H) If service is disconnected by the Company in accordance with section 2.5.5 following and later restored, restoration of service will be subject to all applicable installation charges.

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REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.3 Advance Payment

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 the non-recurring charge(s) and one month's charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated non-recurring charges for the special construction and recurring charges (if any) for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's initial bill. An advance payment may be required in addition to a deposit.

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REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.4 Deposits

- (A) To safeguard its interests, the Company may require a Customer to make a deposit to be held as a guarantee for the payment of charges. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to:
- 1) two month's charges for a service or facility that has a minimum payment period of one month; or
  - 2) the charges that would apply for the minimum payment period for a service or facility that 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.
- (B) A deposit may be required in addition to an advance payment.
- (C) When service or facility is discontinued, the amount of a deposit, if any, will be applied to the Customer's account and any credit balance remaining will be refunded. Before the service or facility is discontinued, the Company may, at its option, return the deposit or credit it to the Customer's account.
- (D) Deposits held will accrue interest at a rate determined by the Company without deductions for any taxes on such deposits. Interest will not accrue on any deposit after the date on which reasonable effort has been made to return it to the Customer.

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REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.5 Discontinuance of Service

- (A) Upon nonpayment of any amounts owing to the Company, the Company may, by giving 24 hours prior written notice to the Customer, discontinue or suspend service without liability.
- (B) Upon violation of any of the other material terms or conditions for furnishing service, the Company may, by giving 30 days' prior notice in writing to the Customer, discontinue or suspend service without incurring liability if such violation continues during that period.
- (C) Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.

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REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.5 Discontinuance of Service (Cont'd)

- (D) Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.
- (E) Upon any governmental prohibition or required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.
- (F) In the event of fraudulent use of the Company's network, the Company will discontinue service without notice and/or seek legal recourse to recover all costs involved in enforcement of this provision.
- (G) Upon the Company's discontinuance of service to the Customer under Section 2.5.5(A) or 2.5.5(B), the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges that would have been payable by the Customer during the remainder of the term for which such service would have otherwise been provided to the Customer to be immediately due and payable (discounted to present value at six percent).

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REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.6 Cancellation of Application for Service

- (A) Applications for service cannot be canceled without the Company's agreement. Where the Company permits a Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- (B) Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs incurred by the Company, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service commenced (all discounted to present value at six percent).
- (C) Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred by the Company, less net salvage, applies. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general, and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.

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REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.6 Cancellation of Application for Service (Cont'd)

(D) The special charges described in 2.5.6(A) through 2.5.6(C) will be calculated and applied on a case-by-case basis.

2.5.7 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

2.6 Allowance for Interruption in Service

Interruption in service that is not due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer, will be credited to the Customer as set forth in 2.6.1 for the part of the service that the interruption affects.

2.6.1 Credit for Interruptions

(A) A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this tariff. An interruption period begins when the Customer reports a service, facility or circuit to be interrupted and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

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REGULATIONS

2.6 Allowances for Interruption of Service (Cont'd)

2.6.1 Credit for Interruptions (Cont'd)

- (B) For calculating credit allowances, every month is considered to have 30 days. A credit allowance for fixed recurring fees only is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive credit.
- (C) A credit allowance will be given for interruption of 30 minutes or more. Credit allowances shall be calculated as follows:

Interruptions of 24 Hours or Less

<u>Length of Interruption</u>	<u>Interruption Period To Be Credited</u>
Less than 30 Minutes	None
30 minutes up to but not including 3 hours	1/10 Day
3 hours up to but not including 6 hours	1/5 Day
6 hours up to but not including 9 hours	2/5 Day
9 hours up to but not including 12 hours	3/5 Day
12 hours up to but not including 15 hours	4/5 Day
15 hours up to but not including 24 hours	One Day

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REGULATIONS

2.6 Allowance for Interruption in Service (Cont'd)

2.6.1 Credit for Interruptions (Cont'd)

C) (Cont'd)

Two or more interruptions of 15 minutes or more during any one 24-hour period shall be considered as one interruption.

Over 24 Hours Less Than 72 Hours. Interruptions over 24 hours and less than 72 hours will be credited 1/5 day for each 3-hour period or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

Interruptions Over 72 Hours. Interruptions over 72 hours will be credited 2 days for each full 24-hour period. No more than 30 days' credit will be allowed for any one month period.

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REGULATIONS

2.6 Allowance for Interruption in Service (Cont'd)

2.6.2 Limitation on Allowances

No credit will be made for:

- (A) interruption due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company;
- (B) interruption due to the negligence of any person other than the Company, including but not limited to the Customer or other common carriers connected to the Company's facilities;
- (C) interruptions due to the failure or malfunction of non-Company equipment;
- (D) interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;
- (E) interruptions of service during a period in which the Customer continues to use the service on an impaired basis;
- (F) interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements; and
- (G) interruption of service due to circumstances or causes beyond the control of the Company.

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REGULATIONS

2.6 Allowances for Interruptions in Service (Cont'd)

2.6.3 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of 8 hours or more or cumulative service credits equaling 16 hours in a continuous 12-month period. The right to cancel service under this provision applies only to the single credit that has been subject to the outage or cumulative service credits.

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REGULATIONS

2.7 Use of Customer's Service by Others

2.7.1 Resale and Sharing

Any service provided under this tariff may be resold to or shared with other persons at the option of the Customer, subject to compliance with any applicable laws or Arizona Corporation Commission regulations governing such resale or sharing. The Customer remains solely responsible for all use of service ordered by it or billed to its telephone number(s) pursuant to this tariff, for determining who is authorized to use its services, and for notifying the Company of any unauthorized use.

2.7.2 Joint Use Arrangements

Joint use arrangements will be permitted for all services provided under this tariff. From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from the designated Customer. Without affecting the Customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

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REGULATIONS

2.8 Cancellation of Service

If a Customer cancels a Service Order or terminates service before the completion of the term for any reason whatsoever other than a service interruption (as defined in Section 2.6.1 above), the Customer agrees to pay to the Company termination liability charges, as defined below. These charges shall become due and owing as of the effective date of the cancellation or termination and be payable within the period, set forth in Section 2.5.2.

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

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

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REGULATIONS

2.9 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:

- (A) to any subsidiary, parent company or affiliate of the Company; or
- (B) pursuant to any sale or transfer of substantially all the assets of the Company; or
- (C) pursuant to any financing, merger or reorganization of the Company.

2.10 Notices and Communications

- (A) The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that the Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- (B) 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.
- (C) All notices or other communications required to be given pursuant to 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.

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REGULATIONS

2.10 Notices and Communications (Cont'd)

- (D) The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by the following procedures for giving notice set forth herein.

2.11 Operator Services Rules

- (A) The Company will enforce the following operator service rules.

A provider of intrastate operator assisted communications services must:

- 1) identify itself at the time the end-user accesses its services;
- 2) upon request, quote all rates and charges for its services to the end-user accessing its system;
- 3) arrange to have posted in plain view at each telephone location which automatically accesses the operator service provider's network and where its services are made available to the public or transient end-users:
  - (a) the operator service provider's name and address;
  - (b) bill and service dispute calling information including the operator service provider's dispute resolution phone number.
  - (c) clear and specific instructions informing the end-user how to access a local exchange telephone company operator as an alternative available to the end-user; and
  - (d) notice concerning any and all amounts to be billed by the operator services provider on behalf of any host location or third party that will appear on the operator service provider's bill for services rendered.

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REGULATIONS

2.11 Operator Services Rules (Cont'd)

(A) (Cont'd)

- 4) in instances when the provider is unable to complete the call and it requires transfer to another telephone corporation that may affect the rates and charges applicable to the telephone bill, inform the caller of the transfer and its possible effect on the applicable rates and charges, before any charges are incurred; and
- 5) in the case of such transfer, the telephone corporation or provider to which the call is transferred shall identify itself and inform the caller of the transfer's effect on the applicable rates and charges, before any charges are incurred.

(B) The Company will comply with the following provisions:

- 1) Providers of intrastate operator assisted communications services shall not take any action or enter into any arrangement that restricts end-user selection among competing interexchange telephone corporations or end-users access to competing providers of intrastate operator assisted communications services, or pay any commissions or other compensation to any entity engaged in such action or arrangement.

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APPLICATION OF RATES

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APPLICATION OF RATES

3.1 Introduction

The regulations set forth in this section govern the application of rates for services contained in other sections of this tariff.

3.2 Charges Based on Duration of Use

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply:

- (A) Calls are measured in durational increments identified for each service. All calls that are fractions of a measurement increment are rounded-up next to the whole unit.
- (B) Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s). Timing for operator service person-to-person calls start with completion of the connection to the person called or an acceptable substitute, or to the PBX station called.
- (C) Timing terminates on all calls when the calling party hangs up or the Company's network receives an off-hook signal from the terminating carrier.
- (D) Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.
- (E) All times refer to local time.

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APPLICATION OF RATES

3.3 Rates Based Upon Distance

Where charges for service are based upon distance, the following rules apply:

- (A) Distance between two points is measured as airline distance between the rate centers of the originating and terminating telephone lines. The rate center is a set of geographic coordinates, as referenced in the Local Exchange Routing Guide issued by Bellcore, associated with each NPA-NXX combination (where NPA is the area code and NXX is the first three digits of a seven-digit telephone number). Where there is no telephone number associated with an access line on the Company's network (such as a dedicated 800 or WATS access line), the Company will apply the rate center of the Customer's main billing telephone number.

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APPLICATION OF RATES

3.3 Rates Based Upon Distance (Cont'd)

(B) The airline distance between any two rate centers is determined as follows:

- 1) Obtain the "V" (vertical) and "H" (horizontal) coordinates for each rate center from the Bellcore Local Exchange Routing guide referenced in Section 3.3(A).
- 2) Compute the difference between the "V" coordinates of the two rate centers; and the difference between the two "H" coordinates.
- 3) Square each difference obtained in step (2) above.
- 4) Add the square of the "V" difference and the square of the "H" difference obtained in the step (3) above.
- 5) Divide the sum of the squares by 10. Round to the next higher whole number if any fraction is obtained.
- 6) Obtain the square root of the whole number result obtained above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage.

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SERVICE AREAS

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SERVICE AREAS

4.1 Exchange Access Service Areas

Exchange Access Service Areas (EASA) are provided (pursuant to Section 5.1) in limited geographic areas.

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SERVICE AREAS

4.2 Calling Areas

Geographically-defined Local Calling Areas<sup>1</sup> are associated with each Exchange Access Service provided pursuant to Section 5.1 Exchange Access Services.

**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, Higley, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition
Buckeye	Buckeye, Agua Fria, Black Canyon, Cave Creek, Circle City, Deer Valley, Fort McDowell, Higley, 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

[1] () denotes other company exchanges.

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<sup>1</sup> Rates and rate plans for Local and IntraLATA Calling Area calls placed over Company-provided Exchange Access Services are set forth in Section 8.

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SERVICE AREAS

4.2 Calling Areas (Cont'd)

**EXCHANGE AREA**

**EXCHANGE AREA  
INCLUDED IN THE LOCAL CALLING AREA**

Cave Creek	Cave Creek, Agua Fria, Black Canyon, Buckeye, Circle City, Deer Valley, Fort McDowell, Higley, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition
Chino Valley	Chino Valley, Humboldt and Prescott
Circle City	Circle City, Agua Fria, Black Canyon, Buckeye, Cave Creek, Deer Valley, Fort McDowell, Higley, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition
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

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SERVICE AREAS

4.2 Calling Areas (Cont'd)

**EXCHANGE AREA**

**EXCHANGE AREA  
INCLUDED IN THE LOCAL CALLING AREA**

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

Higley

Higley, Agua Fria, Black Canyon, Buckeye, Cave Creek, Circle City, Deer Valley, Fort McDowell, New River, Paradise Valley, Phoenix Metropolitan Exchange and Superstition

Humboldt

Humboldt, Chino Valley and Prescott

Joseph City

Joseph City and Winslow

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SERVICE AREAS

4.2 Calling Areas (Cont'd)

**EXCHANGE AREA**

**EXCHANGE AREA  
INCLUDED IN THE LOCAL CALLING AREA**

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

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SERVICE AREAS

4.2 Calling Areas (Cont'd)

**EXCHANGE AREA**

**EXCHANGE AREA  
INCLUDED IN THE LOCAL CALLING AREA**

Patagonia	Patagonia and Nogales
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, Chino 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]
Superstition	Superstition, Agua Fria, Black Canyon, Buckeye, Cave Creek, Circle City, Deer Valley, Fort McDowell, Higley, New River, Paradise Valley and Phoenix Metropolitan Exchange
Tombstone	Tombstone, Bisbee, Douglas, Sierra Vista and (Elfrida)[1]
Tubac	Tubac, Coronado, Green Valley, Marana, Robles, Tucson and Vail

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SERVICE AREAS

4.2 Calling Areas (Cont'd)

**EXCHANGE AREA**

**EXCHANGE AREA  
INCLUDED IN THE LOCAL CALLING AREA**

Tucson	Tucson, Coronado, Green Valley, Marana, Robles, Tubac and Vail
Vail	Vail, Coronado, Green Valley, Marana, Robles Tubac and Tucson
Wellton	Wellton and Yuma
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

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EXCHANGE ACCESS SERVICE

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EXCHANGE ACCESS SERVICE

5.1 General

Exchange Access Service provides a Customer with a telephonic connection to, and a unique telephone number address on the public switched telecommunications network. Each Exchange Access Service enables users to:

- (A) receive calls from other stations on the public switched telecommunications network;
- (B) access other services offered by the Company as set forth in this tariff;
- (C) access certain interstate and international calling services provided by the Company;
- (D) access (at no additional charge) the Company's operators and business office for service related assistance;
- (E) access (at no additional charge) emergency services by dialing 0- or 9-1-1; and
- (F) access services provided by other common carriers that purchase the Company's Switched Access services as provided under the Company's Federal and State tariffs, or that maintain other types of traffic exchange arrangements with the Company.

Each Exchange Access Service is available on a "full" service basis, whereby service is delivered to a demarcation/connection block at the customer's premises.

The following Exchange Access Services are offered:

Basic Line Service

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EXCHANGE ACCESS SERVICE

5.2 Basic Line Service

Basic Line Service provides a Customer with a single, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Basic Lines are provided for connection of Customer-provided single station sets or facsimile machines to the public switched telecommunications network. Each Basic Line may be configured into a hunt group with other Company-provided Basic Lines. Each Basic Line may be provided with the following standard features which can be added at the Customer's option:

Call Waiting	Call Return
Call Forwarding	Caller I.D.
Three-Way Conference Calling	Unpublished Number
Speed Dialing	

Non-recurring and monthly recurring rates per Basic Line apply as follows:

	<u>Non-Recurring</u>	<u>Monthly Recurring</u>
Basic Local Exchange Service -Each Line		\$49.00
Application fee	\$40.00	
Call Waiting		\$ 5.00
Call Forwarding		\$ 5.00
3-Way Calling		\$ 5.00
Speed Dialing		\$ 5.00
Call Return		\$ 5.00
Caller I.D. One time set up fee	\$10.00	\$10.00
Unpublished number		\$ 5.00

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EXCHANGE ACCESS SERVICE

5.3 Key Line Service

Reserved for future use.

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EXCHANGE ACCESS SERVICE

5.4 Basic Trunk Service

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EXCHANGE ACCESS SERVICE

5.5 DID Trunk Service

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EXCHANGE ACCESS SERVICE

5.6 Digital Trunk Service

Reserved for future use.

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EXCHANGE ACCESS SERVICE

5.7 Centrex Service

Reserved for future use.

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EXCHANGE ACCESS SERVICE

5.7 Centrex Service (Cont'd)

Reserved for future use (Cont'd)

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EXCHANGE ACCESS SERVICE

5.7 Centrex Service (Cont'd)

Reserved for future use (Cont'd)

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EXCHANGE ACCESS SERVICE

5.7 Centrex Service (Cont'd)

Reserved for future use (Cont'd)

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EXCHANGE ACCESS OPTIONAL FEATURES

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EXCHANGE ACCESS OPTIONAL FEATURES

6.1 Directory Listings

For each Customer of Company-provided Exchange Access Service(s), the Company shall arrange for the listing of the Customer's main billing telephone number<sup>2</sup> in the directory(ies) published by the dominant Local Exchange Carrier in the area at no additional charge.

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<sup>2</sup> For Customers with multiple premises served by the Company, the Company will arrange for a listing of the main billing telephone number at each premise.

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EXCHANGE ACCESS OPTIONAL FEATURES

6.2 Direct Inward Dial (DID) Service

Reserved for future use.

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EXCHANGE ACCESS OPTIONAL FEATURES

6.3 Main Number Retention

Reserved for future use.

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EXCHANGE ACCESS OPTIONAL FEATURES

6.4 Accounting Codes

Reserved for future use.

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EXCHANGE ACCESS OPTIONAL FEATURES

6.5 Authorization Codes

Reserved for future use.

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EXCHANGE ACCESS OPTIONAL FEATURES

6.6 Vanity Number Service

Reserved for future use.

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RESOLD LOCAL EXCHANGE SERVICE

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RESOLD LOCAL EXCHANGE SERVICE

7.1 Reserved for future use.

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LOCAL CALLING SERVICE

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LOCAL CALLING SERVICE

8.1 Reserved for future use.

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LOCAL CALLING SERVICE

8.2 Reserved for future use.

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INTRALATA CALLING SERVICE

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INTERLATA CALLING SERVICE

9.1 Reserved for future use.

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d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

MISCELLANEOUS SERVICES

---

Issued :

Effective:

Issued By: Daniel J. Coulter, President  
EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

MISCELLANEOUS SERVICES

10.1 Operator Services

Reserved for future use.

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Issued :

Effective:

Issued By: Daniel J. Coulter, President  
EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

MISCELLANEOUS SERVICES

10.1 Operator Services (Cont'd)

Reserved for future use.

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Issued :

Effective:

Issued By: Daniel J. Coulter, President  
EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

MISCELLANEOUS SERVICES

10.2 Busy Line Verify and Line Interrupt Service

Reserved for future use.

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Issued :

Effective:

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EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

MISCELLANEOUS SERVICES

10.2 Busy Line and Line Verification Interrupt Service (Cont'd)

Reserved for future use.

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Issued :

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EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

MISCELLANEOUS SERVICES

10.3 Service Implementation

Reserved for future use.

10.4 Restoration of Service

Reserved for future use.

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Issued :

Effective:

Issued By: Daniel J. Coulter, President  
EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

SPECIAL ARRANGEMENTS

---

Issued :

Effective:

Issued By: Daniel J. Coulter, President  
EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

SPECIAL ARRANGEMENTS

11.1 Special Construction

11.1.1 Basis For Charges

Where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company.

11.1.2 Termination Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of the customer.

- (A) The termination liability period is the estimated service life of the facilities provided.
- (B) The amount of the maximum termination liability is equal to the estimated amounts for:
  - 1) Cost installed of the facilities provided including estimated costs for rearrangements of existing facilities and/or construction of new facilities as appropriate, less net salvage. Cost installed includes the cost of:
    - (a) equipment and materials provided or used,
    - (b) engineering, labor and supervision,
    - (c) transportation, and
    - (d) rights-of-way;
  - 2) license preparation, processing, and related fees;

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Issued :

Effective:

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d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

SPECIAL ARRANGEMENTS

11.1 Special Construction (Cont'd)

11.1.2 Termination Liability (Cont'd)

(B) (Cont'd)

- 3) tariff preparation, processing, and related fees;
- 4) cost of removal and restoration, where appropriate; and
- 5) any other identifiable costs related to the specially constructed or rearranged facilities.

(C) The applicable termination liability method for calculating the unpaid balance of a term obligation. The amount of such charge is obtained by multiplying the sum of the amounts determined as set forth in Section 13.1.3(B) preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in section 13.1.3(B) preceding shall be adjusted to reflect the redetermined estimate net salvage, including any reuse of the facilities provided. This product is adjusted to reflect applicable taxes.

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Issued :

Effective:

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d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

SPECIAL ARRANGEMENTS

11.2 Individual Case Basis (ICB) Arrangements

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

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Issued :

Effective:

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EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

SPECIAL ARRANGEMENTS

11.3 Temporary Promotional Programs

The Company may establish temporary promotional programs wherein it may waive or reduce non-recurring or recurring charges, to introduce present or potential Customers to a service not previously received by the Customers.

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Issued :

Effective:

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EZ PHONE, INC.  
d/b/a Home Phone, Inc.  
1095 Home Avenue  
Akron, Ohio 44310

**ATTACHMENT C**

**Resale Agreement**

**ATTACHMENT E**

**Financial Statements**

**EZ Phone Inc.**  
**Balance Sheet**  
**Period: 12-99 As of: 12/31/1999**

07-00-225  
Date 08/08/00 10:47am

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**ASSETS**

**CURRENT ASSETS**

**CASH AND EQUIVALENTS**

0000000000	Regular Checking	48,014.83
0000000000	Payroll Checking	1,769.43
		-----
<b>TOTAL CASH AND EQUIVALENTS</b>		<b>49,784.26</b>

**RECEIVABLES**

0000000000	Accounts Receivable-Trade	16,661.95
0000000000	Accounts Receivable-Other	2,175.10
		-----
<b>TOTAL RECEIVABLES</b>		<b>18,837.05</b>

**OTHER CURRENT ASSETS**

0000000000	Prepaid DJC	7,500.00
0000000000	Deposits Refundable	2,280.00
		-----
<b>TOTAL OTHER CURRENT ASSETS</b>		<b>9,780.00</b>

<b>TOTAL CURRENT ASSETS</b>		<b>78,401.31</b>
-----------------------------	--	------------------

**NON-CURRENT ASSETS**

**LAND/BUILDINGS/EQUIPMENT**

0000000000	Machines & Equipment	4,755.58
0000000000	Less: Accumulated Depreciation	(2,377.80)
0000000000	Organization Cost	500.00
0000000000	Less: Accumulated Depreciation	(300.00)
0000000000	Leaseholds	4,000.00
0000000000	Less: Accumulated Depreciation	(2,000.00)
		-----
<b>TOTAL LAND/BUILDINGS/EQUIPMENT</b>		<b>4,577.78</b>

**DEFERRED ASSETS**

<b>TOTAL DEFERRED ASSETS</b>		<b>0.00</b>
------------------------------	--	-------------

**OTHER ASSETS**

<b>TOTAL OTHER ASSETS</b>		<b>0.00</b>
---------------------------	--	-------------

<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,577.78</b>
---------------------------------	--	-----------------

<b>TOTAL ASSETS</b>		<b>82,979.09</b>
---------------------	--	------------------

LIABILITIES & OWNERS EQUITY

LIABILITIES

CURRENT LIABILITIES

0000000000	Accounts Payable-Other	6,728.86
0000000000	Overhead Payable	14,480.09
0000000000	Rent Payable	14,000.00
0000000000	Sales Tax Payable	1,480.12
ARAAAA0000	Sales Tax Payable	16.06
ARSURC0000	Sales Tax Payable	(0.08)
CAAAAA0000	Sales Tax Payable	(2,079.57)
CAAAAA0100	Sales Tax Payable	7,298.07
CALOSA0100	Sales Tax Payable	532.31
KYAAAA0000	Sales Tax Payable	3,064.53
KYSURC0000	Sales Tax Payable	61.41
TNAAAA0000	Sales Tax Payable	3,687.59
TNCHAT0100	Sales Tax Payable	1.06
TNDAVI0100	Sales Tax Payable	7.97
TNHAMIO100	Sales Tax Payable	3.81
TNHARR0100	Sales Tax Payable	(1.12)
TNKNOX0100	Sales Tax Payable	13.88
TNMADIO100	Sales Tax Payable	1.38
TNSEVI0100	Sales Tax Payable	1.12
TNSHEL0100	Sales Tax Payable	13.19
TNSTAT0100	Sales Tax Payable	509.86
USAAAA0000	Sales Tax Payable	3,280.79

TOTAL SHORT TERM PAYABLES

53,101.33

OTHER CURRENT LIABILITIES

TOTAL OTHER CURR. LIABILITIES

0.00

TOTAL CURRENT LIABILITIES

53,101.33

LONG TERM DEBT

TOTAL LONG TERM DEBT

0.00

TOTAL LIABILITIES

53,101.33

SHAREHOLDER EQUITY

0000000000	Issued Common Stock	80,500.00
0000000000	Retained Earnings	(75,663.86)
0000000000	YTD Net Income	25,041.62

TOTAL SHAREHOLDER EQUITY

29,877.76

**EZ Phone Inc.**  
**Income Statement**  
**For the Period 12/01/1999 Through 12/31/1999**

07-00-225  
Date 08/08/00 10:55am

Page 1

		<u>Current Period</u>		<u>Year-to-Date</u>	
		<u>PTD</u>			
<u>OPERATING INCOME</u>					
0000000000	Monthly Phone Income	89,298.71	81.47	912,100.47	81.55
0000000000	Application Income	11,285.00	10.30	96,468.72	8.63
0000000000	Call Waiting Income	3,216.75	2.93	39,413.10	3.52
0000000000	Call Forwarding Income	57.16	0.05	574.97	0.05
0000000000	3-Way Calling Income	379.13	0.35	6,077.39	0.54
0000000000	Unpublished Number Income	328.50	0.30	3,797.77	0.34
0000000000	Speed Dailing Income	10.00	0.01	154.66	0.01
0000000000	Call Return Income	214.23	0.20	3,264.07	0.29
USAAAA0000	Call Return Income	4.72	0.00	0.00	0.00
0000000000	Caller Id Income	1,783.00	1.63	20,215.51	1.81
0000000000	Caller Id Setup Fee	265.00	0.24	2,760.60	0.25
0000000000	Area Calling	12.00	0.01	27.00	0.00
0000000000	Reconnection Income	2,365.00	2.16	27,274.65	2.44
0000000000	Repair Service	0.00	0.00	294.10	0.03
0000000000	Local Toll Calls	94.49	0.09	1,878.99	0.17
0000000000	Directory Assisted Calls	124.00	0.11	2,181.50	0.20
0000000000	Long Distance	165.00	0.15	1,285.73	0.11
0000000000	Freight/Service Charges	0.00	0.00	307.96	0.03
0000000000	Miscellaneous Income	0.00	0.00	341.54	0.03
<b>GROSS OPERATING INCOME</b>		<b>109,602.69</b>	<b>100.00</b>	<b>1,118,418.73</b>	<b>100.00</b>
<u>COST OF GOODS SOLD</u>					
0000000000	Monthly Access Expense	58,796.15	53.64	513,133.22	45.88
0000000000	Long Distance Charges	272.46	0.25	894.03	0.08
0000000000	Referral Cost	5.00	0.00	25.00	0.00
<b>COST OF GOODS AVAILABLE</b>		<b>59,073.61</b>	<b>53.90</b>	<b>514,052.25</b>	<b>45.96</b>
<b>COST OF GOODS SOLD</b>		<b>59,073.61</b>	<b>53.90</b>	<b>514,052.25</b>	<b>45.96</b>
<b>GROSS PROFIT</b>		<b>50,529.08</b>	<b>46.10</b>	<b>604,366.48</b>	<b>54.04</b>
<u>OPERATING EXPENSES</u>					
<b>TOTAL SALARY RELATED EXPENSE</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<u>GENERAL EXPENSES</u>					
0000000000	Advertising	2,105.28	1.92	13,467.74	1.20
0000000000	Legal Fees	0.00	0.00	2,273.65	0.20
0000000000	Professional Fees	0.00	0.00	13,185.71	1.18
0000000000	Bad Debts	24,018.06	21.91	207,363.99	18.54
0000000000	Bank Service Charges	102.22	0.09	1,939.81	0.17
0000000000	Kentucky Phone Surcharge	0.00	0.00	173.85	0.02
0000000000	Arkansas Phone Surcharge	0.00	0.00	1.56	0.00
0000000000	Commissions	6,905.00	6.30	29,355.00	2.62
0000000000	Dues and Subscriptions	(230.00)	-0.21	49.65	0.00
0000000000	Depreciation	1,710.05	1.56	2,626.68	0.23
0000000000	Amort/Organizational Expense	100.00	0.09	100.00	0.01
0000000000	Entertainment	0.00	0.00	106.25	0.01

Current Period

Year-to-Date

PTD

0000000000	Travel	0.00	0.00	1,278.66	0.11
0000000000	Phone System Expense	2,981.36	2.72	9,586.47	0.86
0000000000	Rent	2,000.00	1.82	52,000.00	4.65
0000000000	Lease	0.00	0.00	3,573.70	0.32
0000000000	Telephone	231.82	0.21	4,344.38	0.39
0000000000	Electric	456.81	0.42	6,386.67	0.57
0000000000	Insurance-General	0.00	0.00	1,038.91	0.09
0000000000	Office Overhead	15,000.00	13.69	187,480.09	16.76
0000000000	Licenses	0.00	0.00	40.00	0.00
0000000000	Repair & Maintenance-Office	0.00	0.00	48.00	0.00
0000000000	Repair & Maintenance-Equip	0.00	0.00	128.17	0.01
0000000000	Repair & Maintenance-Computer	0.00	0.00	170.98	0.02
0000000000	Office Supplies	3,243.69	2.96	17,382.59	1.55
0000000000	Taxes	0.00	0.00	0.25	0.00
0000000000	Taxes Franchise	0.00	0.00	3,791.41	0.34
0000000000	Postage	2,000.00	1.82	16,261.22	1.45
0000000000	Miscellaneous	0.00	0.00	33.00	0.00
TOTAL OPERATING EXPENSES		60,624.29	55.31	574,188.39	51.34
NET OPERATING INCOME		(10,095.21)	-9.21	30,178.09	2.70
<u>OTHER INCOME</u>					
TOTAL OTHER INCOME		0.00	0.00	0.00	0.00
<u>OTHER EXPENSES</u>					
0000000000	Interest-General	0.00	0.00	4,757.61	0.43
0000000000	Miscellaneous	378.86	0.35	378.86	0.03
TOTAL OTHER EXPENSES		378.86	0.35	5,136.47	0.46
NET INCOME BEFORE TAX		(10,474.07)	-9.56	25,041.62	2.24
NET INCOME AFTER TAX		(10,474.07)	-9.56	25,041.62	2.24

**EZ Phone Inc.**  
**Balance Sheet**  
**Period: 12-98 As of: 12/31/1998**

07-00-225  
 Date 08/08/00 10:48am

Page 1

**ASSETS**

**CURRENT ASSETS**

**CASH AND EQUIVALENTS**

0000000000	Regular Checking	9,099.35
		-----
<b>TOTAL CASH AND EQUIVALENTS</b>		<b>9,099.35</b>

**RECEIVABLES**

0000000000	Accounts Receivable-Trade	13,515.57
		-----
<b>TOTAL RECEIVABLES</b>		<b>13,515.57</b>

**OTHER CURRENT ASSETS**

0000000000	Deposits Refundable	280.00
		-----
<b>TOTAL OTHER CURRENT ASSETS</b>		<b>280.00</b>

<b>TOTAL CURRENT ASSETS</b>		<b>22,894.92</b>
-----------------------------	--	------------------

**NON-CURRENT ASSETS**

**LAND/BUILDINGS/EQUIPMENT**

0000000000	Machines & Equipment	4,755.58
0000000000	Less: Accumulated Depreciation	(951.12)
0000000000	Leaseholds	4,000.00
0000000000	Less: Accumulated Depreciation	(800.00)
		-----
<b>TOTAL LAND/BUILDINGS/EQUIPMENT</b>		<b>7,004.46</b>

**DEFERRED ASSETS**

<b>TOTAL DEFERRED ASSETS</b>		<b>0.00</b>
------------------------------	--	-------------

**OTHER ASSETS**

<b>TOTAL OTHER ASSETS</b>		<b>0.00</b>
---------------------------	--	-------------

<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,004.46</b>
---------------------------------	--	-----------------

<b>TOTAL ASSETS</b>		<b>29,899.38</b>
		=====

**LIABILITIES & OWNERS EQUITY**

**LIABILITIES**

**CURRENT LIABILITIES**

0000000000	Accounts Payable-Trade	169.07
0000000000	Workers' Compensation	(23.00)
0000000000	Sales Tax Payable	(214.98)
ARAAAA0000	Sales Tax Payable	5.85
CAAAAA0100	Sales Tax Payable	2,187.68
CALOSA0100	Sales Tax Payable	560.42
KYAAAA0000	Sales Tax Payable	6,729.75
TNAAAA0000	Sales Tax Payable	1,156.80
TNCHAT0100	Sales Tax Payable	2.40
TNDAVI0100	Sales Tax Payable	22.79
TNHAMI0100	Sales Tax Payable	9.38
TNHARR0100	Sales Tax Payable	1.25
TNHEND0100	Sales Tax Payable	(0.30)
TNKNOX0100	Sales Tax Payable	13.43
TNMADI0100	Sales Tax Payable	4.00
TNSEVI0100	Sales Tax Payable	1.12
TNSHEL0100	Sales Tax Payable	4.96
TNSTAT0100	Sales Tax Payable	373.84
USAAAA0000	Sales Tax Payable	(156.81)

TOTAL SHORT TERM PAYABLES ----- 10,847.65

OTHER CURRENT LIABILITIES

TOTAL OTHER CURR. LIABILITIES ----- 0.00

TOTAL CURRENT LIABILITIES ----- 10,847.65

LONG TERM DEBT

0000000000 Officer Loans ----- 94,894.45

TOTAL LONG TERM DEBT ----- 94,894.45

TOTAL LIABILITIES ----- 105,742.10

SHAREHOLDER EQUITY

0000000000	Paid in Capital	500.00
0000000000	Retained Earnings	(60,245.05)
0000000000	YTD Net Income	(16,097.67)

TOTAL SHAREHOLDER EQUITY ----- (75,842.72)

TOT. LIAB./SHAREHOLDER EQUITY ----- 29,899.38  
=====

**EZ Phone Inc.**  
**Income Statement**  
**For the Period 12/01/1998 Through 12/31/1998**

07-00-225  
Date 08/08/00 10:56am

Page 1

	Current Period		Year-to-Date		
	PTD				
<b><u>OPERATING INCOME</u></b>					
0000000000	Monthly Phone Income	78,686.83	84.75	555,329.28	83.56
0000000000	Application Income	6,560.00	7.07	59,602.43	8.97
0000000000	Call Waiting Income	3,214.50	3.46	24,451.76	3.68
0000000000	Call Forwarding Income	57.33	0.06	416.78	0.06
0000000000	3-Way Calling Income	633.77	0.68	3,713.55	0.56
0000000000	Unpublished Number Income	305.66	0.33	2,672.94	0.40
0000000000	Speed Dailing Income	18.50	0.02	68.31	0.01
0000000000	Call Return Income	359.13	0.39	2,400.63	0.36
0000000000	Caller Id Income	1,485.75	1.60	12,025.37	1.81
0000000000	Caller Id Setup Fee	160.00	0.17	2,565.40	0.39
0000000000	Reconnection Income	1,025.00	1.10	1,040.00	0.16
0000000000	Repair Service	60.00	0.06	60.00	0.01
0000000000	Local Toll Calls	151.92	0.16	166.58	0.03
0000000000	Directory Assisted Calls	73.86	0.08	85.36	0.01
0000000000	Returns and Allowances	0.00	0.00	(59.07)	-0.01
0000000000	Miscellaneous Income	55.16	0.06	55.16	0.01
		-----	-----	-----	-----
	<b>GROSS OPERATING INCOME</b>	<b>92,847.41</b>	<b>100.00</b>	<b>664,594.48</b>	<b>100.00</b>
<b><u>COST OF GOODS SOLD</u></b>					
0000000000	Monthly Access Expense	40,965.53	44.12	297,329.42	44.74
0000000000	Unpublished Number Fees	10.00	0.01	10.00	0.00
0000000000	Depreciation-Production Equip	0.00	0.00	100.00	0.02
		-----	-----	-----	-----
	<b>COST OF GOODS AVAILABLE</b>	<b>40,975.53</b>	<b>44.13</b>	<b>297,439.42</b>	<b>44.76</b>
		-----	-----	-----	-----
	<b>COST OF GOODS SOLD</b>	<b>40,975.53</b>	<b>44.13</b>	<b>297,439.42</b>	<b>44.76</b>
		-----	-----	-----	-----
	<b>GROSS PROFIT</b>	<b>51,871.88</b>	<b>55.87</b>	<b>367,155.06</b>	<b>55.24</b>
<b><u>OPERATING EXPENSES</u></b>					
		-----	-----	-----	-----
	<b>TOTAL SALARY RELATED EXPENSE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>GENERAL EXPENSES</u></b>					
0000000000	Advertising	2,995.25	3.23	71,244.39	10.72
0000000000	Legal Fees	1,166.38	1.26	5,827.45	0.88
0000000000	Professional Fees	0.00	0.00	3,889.82	0.59
0000000000	Bad Debts	13,184.58	14.20	141,337.98	21.27
0000000000	Bank Service Charges	119.63	0.13	2,303.94	0.35
0000000000	Commissions	1,680.00	1.81	22,919.00	3.45
0000000000	Dues and Subscriptions	0.00	0.00	10.00	0.00
0000000000	Depreciation	(41.07)	-0.04	875.56	0.13
0000000000	Entertainment	0.00	0.00	271.09	0.04
0000000000	Travel	0.00	0.00	1,150.25	0.17
0000000000	Phone System Expense	0.00	0.00	6,865.50	1.03
0000000000	Rent	5,000.00	5.39	8,000.00	1.20
0000000000	Lease	1,023.41	1.10	2,044.95	0.31
0000000000	Telephone	290.72	0.31	8,136.28	1.22
0000000000	Electric	424.62	0.46	5,916.04	0.89

**Current Period**

**Year-to-Date**

		<u>PTD</u>			
0000000000	Insurance-General	0.00	0.00	1,193.68	0.18
0000000000	Long Term Interest	0.00	0.00	296.28	0.04
0000000000	Office Overhead	15,000.00	16.16	70,000.00	10.53
0000000000	Licenses	0.00	0.00	525.00	0.08
0000000000	Repair & Maintenance-Office	835.41	0.90	2,676.62	0.40
0000000000	Repair & Maintenance-Equip	0.00	0.00	37.01	0.01
0000000000	Repair & Maintenance-Computer	52.88	0.06	179.78	0.03
0000000000	Repair & Maintenance-Telephone	1,871.78	2.02	3,476.05	0.52
0000000000	Office Supplies	426.23	0.46	5,912.50	0.89
0000000000	Taxes/Personal Property	0.00	0.00	317.66	0.05
0000000000	Taxes Franchise	0.00	0.00	800.00	0.12
0000000000	Postage	880.71	0.95	9,537.19	1.44
0000000000	Miscellaneous	0.00	0.00	150.00	0.02
<b>TOTAL OPERATING EXPENSES</b>		<b>44,910.53</b>	<b>48.37</b>	<b>375,894.02</b>	<b>56.56</b>
<b>NET OPERATING INCOME</b>		<b>6,961.35</b>	<b>7.50</b>	<b>(8,738.96)</b>	<b>-1.31</b>
<b><u>OTHER INCOME</u></b>					
0000000000	Rents	0.00	0.00	1,000.00	0.15
<b>TOTAL OTHER INCOME</b>		<b>0.00</b>	<b>0.00</b>	<b>1,000.00</b>	<b>0.15</b>
<b><u>OTHER EXPENSES</u></b>					
0000000000	Interest-General	1,263.64	1.36	8,358.71	1.26
<b>TOTAL OTHER EXPENSES</b>		<b>1,263.64</b>	<b>1.36</b>	<b>8,358.71</b>	<b>1.26</b>
<b>NET INCOME BEFORE TAX</b>		<b>5,697.71</b>	<b>6.14</b>	<b>(16,097.67)</b>	<b>-2.42</b>
<b>NET INCOME AFTER TAX</b>		<b>5,697.71</b>	<b>6.14</b>	<b>(16,097.67)</b>	<b>-2.42</b>