NETWORK ELEMENTS

4. General Regulations

4.1 Undertaking of the Telephone Company

4.1.1 Scope

(A) The Telephone Company shall, where facilities permit, provide:

(i) Termination of IntraLATA calls from end users of TC-provided local exchange services to the subscribers of the Telephone Company or end users of other TCs, or termination where both the originating TC and the terminating TC interconnect to the Telephone Company at a Telephone Company Tandem, or termination where the originating TC local exchange service end user is assigned a telephone number residing within a TC NXX code or a Telephone Company NXX code where the TC has purchased unbundled switching from the Telephone Company and the Telephone Company's or other TC's local exchange service subscriber is assigned a telephone number residing within a Telephone Company NXX code or that TC's NXX code, and where both exchange services bear NPA-NXX designations corresponding to the same LATA; and

(ii) Payment for termination of local calls to NXXs served on the network of a TC on a reciprocal basis for the termination of local calls originating on the network of a TC to NXXs served on the network of the Telephone Company.

4.1.2 Limitations

(A) A TC, its customer or authorized user may not assign, or transfer the service without the written consent of the Telephone Company. The Telephone Company will permit a TC to transfer its existing service to another TC if the existing TC has paid all charges owed to the Telephone Company. When physical or software network changes are involved, such a transfer will be treated as a disconnection of existing service and installation of new service, and nonrecurring service order, installation charges set forth in this section will apply. (T)

(B) Subject to availability of facilities, the services offered herein will be provided to TCs on a first-come, first-served basis.

(C) Automatic Number Identification (ANI) information and its SS7 equivalent relating to a telephone subscriber, where available under any provision of this section or under reciprocal arrangements under which a TC completes traffic originated from a Telephone Company end user, is provided to the TC or its customer (ANI recipient) under the following terms and conditions:

(1) The ANI recipient or its designated billing agent may use or transmit ANI information to third parties for billing and collection, routing, screening, ensuring network performance, and completion of a telephone subscriber's call or transaction, or for performing a service directly related to the telephone subscriber's original call or transaction.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.1 Undertaking of the Telephone Company (Cont'd)
4.1.2 Limitations (Cont'd)
(C) (Cont'd)

(2) The ANI recipient or its designated billing agent is prohibited from utilizing ANI information to establish marketing lists or to conduct outgoing marketing calls, unless the ANI recipient obtains the prior written consent of the telephone subscriber permitting the use of its ANI information for such purposes. The foregoing provisions notwithstanding, no ANI recipient or its designated billing agent may utilize ANI information if prohibited elsewhere by law.

(3) The ANI recipient or its designated billing agent is prohibited from reselling, or otherwise disclosing ANI information to any other third party for any use other than those listed in Paragraph 1, above, unless the ANI recipient obtains the prior written consent of the subscriber permitting such resale or disclosure.

(4) A TC must make reasonable efforts to adopt and apply procedures designed to provide reasonable safeguards against the potential abuse of ANI consistent with the aforementioned requirements.

(5) Violation of any of the foregoing terms and conditions by any ANI recipient other than a TC shall result, after a determination through the Commission's complaint process, in suspension of the transmission of ANI by the Telephone Company until such time as the Commission receives written confirmation from the ANI recipient that the violations have ceased or have been corrected. If the Commission determines that there have been three or more separate violations in a 24 month period, delivery of ANI to the offending party shall be terminated under terms and conditions determined by the Commission.

(6) Violation of any of these terms and conditions by a TC may result in Commission prosecution of penalty and enforcement proceedings pursuant to Sections 24, 25 and 26 of the Public Service Law.

(D) Services purchased by TC and other carriers out of other Telephone Company Tariffs will be provided at tariffed rates for those services until the Company receives an order in writing to disconnect those services.

(E) No retroactive changes or declarations will be accepted with respect to the rating, re-rating, or reclassification of existing services.

(F) The exchange of any intraLATA traffic, not involving carriage by an interexchange carrier, between two or more TCs and a TC and any Independent Telephone Company (ITC) at the Telephone Company provided Meet Point B Arrangements as set forth in PSC NY No. 8--COMMUNICATIONS Tariff is provided under Transit Tandem Service as set forth in PSC NY No. 8--COMMUNICATIONS Tariff.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.1 Undertaking of the Telephone Company (Cont'd)

4.1.3 Liability
(See Section 14)

4.1.4 Notwithstanding any other provision of this Tariff, listings services provided to a TC purchasing services under this Tariff, for the TC's customers, will be governed by the terms, provisions, and regulations (including those related to rates) set forth in Section 5.1.5 of this Tariff.. (N)

4.1.5 Installation, Maintenance and Termination of Unbundled Network Elements

(A) In order to protect the Telephone Company's facilities and personnel and the services furnished to other TCs by the Telephone Company from potentially harmful effects, the signals applied to the Telephone Company's service shall be such as not to cause damage to the facilities of the Telephone Company. Any special interface equipment necessary to achieve the compatibility between facilities of the Telephone Company and the channels or facilities of others shall be provided at the TC's expense.

(B) The network elements provided under this section shall be maintained by the Telephone Company. The TC or others may not rearrange, move, disconnect, remove or attempt to repair any facilities provided by the Telephone Company, other than by connection or disconnection to any equipment or the TC's side of the interface.

(C) The Telephone Company may, upon notification to the TC, at a reasonable time, make such tests and inspections as may be necessary to determine that the requirements regarding the equipment and interconnections are being complied with.

(D) If warranted the Telephone Company may take immediate action as necessary to protect its facilities and personnel from harm and will promptly notify the TC of the need for protective action. In the event that the TC fails to advise the Telephone Company within 10 days after such notice is received or within the time specified in the notice that corrective action has been taken, the Telephone Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities and personnel from harm. The Telephone Company will, upon request 24 hours in advance, provide the TC with a statement of technical parameters that the TC's equipment must meet.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.1 Undertaking of the Telephone Company (Cont'd)

4.1.6 Changes and Substitutions

The Telephone Company may, where such action is reasonably required in the operation of its business, (A) substitute, change or rearrange any facilities used in providing service under this section, (B) change minimum protection criteria, (C) change operating or maintenance characteristics of facilities or (D) change operations or procedures of the Telephone Company. If such substitution, change or rearrangement materially affects the operating characteristics of the facility, the Telephone Company will use its best efforts to provide 90 day notice of changes to the TC in writing. Reasonable time will be allowed for any redesign and implementation required by the change in operating characteristics. In such a case, the Telephone Company is not responsible for any additional costs incurred by the TC as result of such changes or substitutions.

4.1.7 Refusal and Discontinuance of Service

(A) If a TC fails to comply with the rules and regulations of this section, including any payments to be made by it on the dates and times herein specified, the Telephone Company may, on thirty (30) days written notice by Overnight Delivery or Certified U.S. Mail to the TC, with a copy to the Commission, refuse additional applications for service and/or refuse to complete any pending orders for service by the non-complying TC at any time thereafter. If the Telephone Company does not refuse additional applications or pending orders for service on the date specified in the thirty (30) days notice, and the TC's noncompliance continues, nothing contained herein shall preclude the Telephone Company's right to refuse additional applications for service to the non-complying TC without further notice.

(B) If a TC fails to comply with the rules and regulations of this section, including any payments to be made by it on the dates and times herein specified, the Telephone Company may, on thirty (30) days written notice by Overnight Delivery or Certified U.S. Mail, with a copy to the Commission, discontinue the provision of existing services to the non-complying TC at any time thereafter. In the case of such discontinuance, all applicable charges, including termination charges, shall become due. If the Telephone Company does not discontinue the provision of the services involved on the date specified in the thirty (30) days notice, and the TC's noncompliance continues, nothing contained herein shall preclude the Telephone Company's right to discontinue the provision of the services to the non-complying TC without further notice.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.1 Undertaking of the Telephone Company (Cont'd)
4.1.7 Refusal and Discontinuance of Service (Cont'd)

(C) The Telephone Company reserves the right to refuse an application for service made by a present or former TC, its majority or minority owners or affiliates, who is indebted to the Telephone Company for service previously furnished, until the indebtedness is satisfied. In the event that service is connected for a TC who is indebted to the Telephone Company for service previously furnished to such TC, the service may be terminated by the Telephone Company unless the TC satisfies the indebtedness within thirty (30) days after written notification, with a copy to the Commission.

(D) Discontinuance of Network Elements for Cause
The Telephone Company may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

(1) Upon non-payment of any sum owing to the Telephone Company for more than thirty (30) days beyond the date of rendition of the bill service or upon violation of any terms or conditions governing the furnishing of service under this section, the Telephone Company may, on thirty (30) days advance notice in writing to the TC, without incurring any liability, discontinue the furnishing of new or existing service under this section.

(2) Without notice, in the event of a violation of any regulation governing the service under this section;

(3) Without notice, in the event of a violation of any law, rule or regulation of any government authority having jurisdiction over the service; or

(4) The Telephone Company is prohibited from furnishing services by order of a court or other government authority having jurisdiction.

(5) In the event of fraudulent use of the Telephone Company's network, including but not limited to fraudulent end user orders for transfer of service, and fraudulent transmission and misrepresentation of interLATA traffic on TC or local trunks, the Telephone Company may discontinue service without notice and/or seek legal recourse to recover all costs involved in enforcement of this provision.

(E) In an action in a court to collect or attempt to collect any charges or other amounts due to Carrier under this tariff, if the Carrier asks the Court to award attorneys' fees, the Court may award the party which substantially prevails in the action (Carrier or Customer) any attorneys' fees and expenses reasonably incurred in that action, provided, however, that attorneys' fees and expenses may not be awarded against a party under this provision if the court finds that the position taken by that party had an objectively reasonable, good faith basis and was not inconsistent with established principles of law. (C)

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.1 Undertaking of the Telephone Company (Cont'd)

4.1.8 Coordination with Respect to Network Contingencies and Network Management
The Telephone Company intends to work cooperatively with the TC industry to develop network contingency plans in order to be prepared to maintain maximum network capability following natural or man-made disasters which affect telecommunications services.

The Telephone Company will use its best efforts to administer its network to ensure the provision of acceptable service levels to all telecommunications users of the Telephone Company's network services. Generally, service levels are considered acceptable only when both the TC and the Telephone Company are able to establish connections with little or no delay encountered within their respective networks. The Telephone Company maintains the right to apply protective controls, i.e., those actions, such as call gapping, which selectively cancel the completion of traffic, over any traffic carried over its network, including that associated with all TC NET-I Services. Generally, such protective measures would only be taken as a result of occurrences such as failure or overload of Telephone Company or TC facilities, natural disasters, mass calling or national security demands.

4.1.9 Provision of Telephone Numbers
The Telephone Company reserves the right to assign, designate or change its telephone numbers, serving end offices or tandems, rate centers, or any other call number designations associated with NET-I Services provided to TCs, or the Telephone Company serving central office prefixes associated with such numbers, when necessary in the conduct of its business.

4.1.10 Qualification of Customer to Purchase Under this Tariff
Only a person authorized by law and the New York Public Service Commission to be a TC may purchase services under this Tariff. This section is not intended to enlarge, restrict, or otherwise affect any provision of law relating to such authority.

As a condition of purchasing services offered in this Tariff, the customer authorizes the Telephone Company to disclose the customer’s identity and the fact that the customer is making such purchases to the Director of Communications of the New York State Department of Public Service.

NETWORK ELEMENTS

4. General Regulations (Cont'd)

4.2 Use

4.2.1 Interference or Impairment

(A) The characteristics and methods of operation of any circuits, facilities or equipment provided by other than the Telephone Company and associated with the facilities utilized to provide services under this section shall not interfere with or impair service over any facilities of the Telephone Company, cause damage to their plant, impair the privacy of any communications carried over their facilities, create hazards to the employees of any of them or the public, or tend to injuriously affect the efficiency of the Telephone Company's personnel, plant, property or service. The characteristics and methods of operation shall comply with accepted and normal industry standards.

(B) The Telephone Company will, where practicable, notify the TC that temporary discontinuance of the use of a service may be required; however, where prior notice is not practicable, nothing contained herein shall be deemed to preclude the Telephone Company's right to temporarily discontinue forthwith the use of a service if such action is reasonable under the circumstances. Conditions that could warrant a temporary discontinuance of service may include, but are not limited to, a network emergency such as a fire or smoke condition. In case of such temporary discontinuance, the TC will be promptly notified and afforded the opportunity to correct the condition which gave rise to the temporary discontinuance.

4.2.2 Unlawful Use
The service provided under this Tariff shall not be used for an unlawful purpose.

4.3 Obligations of the TC

4.3.1 Treatment of the Telephone Company Property and Damages
Any facility, equipment, or labor provided or used by the TC or its vendor which utilizes the property of the Telephone Company or terminates on the Telephone Company property, must comply with Telephone Company vendor approval and certification standards.

The TC is required to reimburse the Telephone Company for any loss of, or damage to, Telephone Company facilities or equipment on the TC's premises or caused by the TC, including loss or damage caused by owners, agents, employees or independent contractors of the TC, if the loss or damage is caused by any gross negligence or willful misconduct on the part of the TC.

The TC will be liable for damages to the facilities of the Telephone Company caused by gross negligence or willful acts of its officers, employees, agents or contractors of the TC.

NETWORK ELEMENTS

4. General Regulations (Cont'd)

4.3 Obligations of the TC

4.3.2 Ownership of Facilities and Theft

Facilities utilized by the Company to provide service under the provisions of this section shall remain the property of the Company. Such facilities shall be returned to the Company by the TC within a reasonable period following the request in as good condition as reasonable wear will permit. (T) (T)

4.3.3 Availability for Testing

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

4.3.4 Balance

All signals for transmission over the services provided under this section shall be delivered by the TC balanced to ground except for ground start* and duplex (DX). (C)

4.3.5 Design of TC Services

The TC shall be solely responsible, at its own expense, for the overall design of its services and for any redesigning or rearrangement of its services which may be required because of changes in facilities, operations or procedures of the Company, minimum protection criteria or operating or maintenance characteristics of the facilities. (T)

4.3.6 References to the Company (T)

The TC may advise its end users that certain services are provided by the Company in connection with the service the TC furnishes to end users; however, the TC shall not represent that the Company jointly participates in the TC's services or otherwise use the name of the Company, its parent corporation, subsidiaries or affiliates in any advertising or other marketing efforts, without express written consent of the Company. (T) (T) (T) (T)

4.3.7 Claims and Demands for Damages

(See Section 14)

* Ground start may not be provided over fiber facilities and is only available where suitable facilities exist. (N)

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.3 Obligations of the TC (Cont'd)

4.3.8 Coordination with Respect to Network Contingencies

The TC shall, in cooperation with the Telephone Company, coordinate in planning the actions to be taken to maintain maximum network capability following natural or man-made disasters which affect telecommunications services.

The TC has an obligation to use its best efforts to administer its network to ensure the provision of acceptable service levels to all telecommunications users of its network services. Generally, service levels are considered acceptable only when both the TC and the Telephone Company are able to establish connections with little or no delay encountered within their respective networks. The Telephone Company continues to maintain the right to apply protective controls as described in Section 4.1.8 preceding.

4.3.9 Provision of Records

A TC may combine toll, interLATA, interexchange and cellular and other wireless traffic originating within the TC's own network, on the same trunk groups (combined trunks) as used for terminating local traffic under this section.

If the TC terminates toll, interLATA, interexchange, cellular or other wireless traffic and other intraLATA access traffic using the same trunk group as it uses for terminating local traffic, the TC must provide to the Telephone Company usage percentages of the local traffic on the combined trunk groups.

This can be done in one of two ways:

The TC can provide Calling Party Number (CPN) through SS7 signaling on a per call basis where available and technically feasible without material impairment of service performance for all traffic terminated on combined trunk groups;

If the per call usage is not available, the TC must provide, on request with sufficient advance notification from the Telephone Company, all terminating call detail records for each month requested, in the standard industry format for all local traffic terminated on the combined trunk groups, and a summary of those records by traffic type broken down by end office which shows the development of the local usage percentage.

In addition, when the TC uses combined trunk groups to deliver traffic to the Telephone Company, the TC must work cooperatively with the Telephone Company to review the call records and provide them in a format and via the medium of information exchange selected by the Telephone Company.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.3 Obligations of the TC (Cont'd)
4.3.9 Provision of Records (Cont'd)

Where the local usage percentages provided by the TC are found, upon review, to be incorrect, the Telephone Company may rerate the traffic based on accurate information and the TC will be backbilled or credited those amounts for a period retroactive to the date that the incorrect local usage percentage was reported, but not to exceed 24 months. Such backbilled amounts are subject to a late payment penalty and payment shall be made in immediately available funds, within 31 days from receipt of bill or by the following bill date, whichever is a shorter period. Interest will not apply to credited amounts which result from incorrect local usage percentages reported by the TC.

The TC may separate its local traffic from all other traffic through the use of separate trunk groups, CIC codes and billing accounts. If the TC chooses this option, no requirements regarding provision of call detail records will apply, except as noted in Section 4.3.10 following.

The Telephone Company will rate and bill all terminating traffic on the combined trunk groups for which it has not received complete call detail records or CPN in a timely manner under its appropriate switched access State and/or Federal tariffs.

4.3.10 Traffic Classification and Report Requirements

(A) Review

When the TC chooses to separate its local traffic from all other traffic it terminates to the Telephone Company through the use of separate trunk groups, the TC shall keep sufficient detail from which the Telephone Company can verify that only that TC's local traffic is terminated on the TC's trunks purchased out of this section. Such detail must be retained for a period of at least one prior year, and upon request of the Telephone Company or its authorized agent the TC shall make such records available for inspection. Such a request will be initiated by the Telephone Company no more than once every six months, except that when the TC's terminating traffic increases by greater than 75% from the prior month, the Telephone Company may request an immediate review. The TC shall supply the data within 30 calendar days of the Telephone Company request. If the TC fails to demonstrate the accuracy and reasonableness of its traffic routing upon review, the Telephone Company may determine the rates that should have been applied and may backbill or credit the TC based upon those factors. Backbilled amounts are subject to a late payment penalty and payment shall be made in immediately available funds, within 31 days from receipt of bill or by the following bill date, whichever is a shorter period. Interest will not apply to credited amounts.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.3 Obligations of the TC (Cont'd)

4.3.11 Other Obligations

(A) It is the obligation of the TC to properly size and order trunk groups for the termination of its traffic by end office or access tandem, and by service where appropriate.

(B) The TC's facilities shall provide the necessary on-hook, off-hook, answer and disconnect supervision.

(C) Signaling for connections provided under this section will use CCS/SS7 protocol where available or Multi Frequency (MF) signaling protocol where CCS/SS7 signaling is not available or where the use of CCS/SS7 is deemed inappropriate by the Telephone Company.

(D) Where the TC orders terminating service under this section to the Telephone Company's end office or tandem switch, for Meet Point A, Meet Point B or Meet Point C Interconnection respectively (under the PSC NY No. 8--COMMUNICATIONS Tariff, it is the responsibility of the TC to provide the transport facility from the TC's network to the point of termination at the Telephone Company location. At the TC's option, the Telephone Company will provide this transport facility where facilities are available under Dedicated Transport as set forth in PSC NY No. 8--COMMUNICATIONS Tariff. The TC also has the option of using an alternative transport facility provider other than the Telephone Company for this purpose, as long as separate trunk groups and billing account identities are maintained.

4.3.12 Reciprocal Obligations for TCs Receiving Traffic From the Telephone Company

(A) The TC has an obligation to update in a timely and accurate manner industry publications such as the Local Exchange Routing Guide (LERG), NECA No. 4 Tariff, etc. These publications must be provided or updated prior to activation of a TC NXX code in the Telephone Company network, in accordance with Central Office Code Guidelines.

(B) The TC must make available to the Telephone Company at least one point of termination per NPA in every LATA where the TC has an NXX code that may receive terminating traffic from the Telephone Company.

(C) Consistent with Commission end user local call rating policies, an NXX code cannot extend beyond existing geographic NPA boundaries in a given LATA, except for the offering of foreign exchange services.

4.3.13 Revenue Accounting Office (RAO) Obligations

The TC must obtain a valid RAO number with a Centralized Message Data Systems (CMDS) host for that RAO for each of its NXXs in order to permit the exchange of usage data associated with Alternate Billing Services (ABS) (e.g., third party billed) or carrier access billing under Tandem Subtending Arrangements. The RAO and the data transfers must comply with standard industry Exchange Message record (EMR) format. Upon request, the Telephone Company will provide RAO sharing under contract.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.3 Obligations of the TC (Cont'd)

4.3.14 Tandem Subtending Arrangements (TSA)

At the TC's option, the TC may subtend the Telephone Company access tandem(s). The Telephone Company will provide separate trunk terminations to the TC at Telephone Company access tandems for the origination and termination of carrier access calls between an interexchange carrier and a TC. These calls will be billed under appropriate sections of either the appropriate State or Federal Tariffs when more than one Exchange Telephone Company is involved depending on the jurisdiction of each call. The preferred billing method will be the single bill multiple tariff option, using the New York Intrastate Access Settlement Pool, Inc., or its successor, as the billing vendor. If this is not mutually agreed upon, other billing options may be utilized. Call detail records recorded by both parties will be sent to the vendor for processing. The vendor will also collect and disburse the revenue in accordance with each Company's access tariffs. Vendor expenses will be charged in proportion to revenues. The TC must provide the Telephone Company with the V&H location of each NPA-NXX for which the TC requests TSA. The Telephone Company will determine the appropriate serving access tandem for the origination and termination of carrier access calls based on the NPA-NXX of the TC's end user.

In addition, a TC must update industry documents (e.g., LERG) to reflect such an arrangement after the Telephone Company's concurrence. The TC must establish separate trunk groups for traffic handled under TSA. Separate trunk groups under TSA may be arranged on the same DS1 facility only when the total capacity required by the TC for its total traffic at that access tandem does not exceed the DS1 level. It is the TC's responsibility to order trunks for this arrangement. The Telephone Company will work with the TC to help determine, install and test the trunks for this purpose. The TC must provide a summary of call detail records in standard EMR industry format to the billing vendor for calls exchanged or completed under these arrangements which are recorded at their switches. The Telephone Company will provide Recording Service in association with TSA when it provides SSP functions to the TC or makes terminating access records. Recording Service includes recording of call details, assembly, editing, formatting, and sorting of detailed call records and transmission of these call records to the billing vendor in the standard industry format via suitable transmission medium mutually agreed to by the TC, the Telephone Company and the billing vendor. (C)

The Telephone Company, the TC and the billing vendor will work cooperatively in investigating claims or reconciling recorded information in routine record tracking. In the absence of gross negligence or willful misconduct, no liability for damages to the purchasing TC shall attach to the Telephone Company for its action or conduct of its employees in providing Recording Service.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.3 Obligations of the TC (Cont'd)

4.3.15 Other Carriers
The TC must establish and maintain its own business relationships with interexchange carriers, cellular carriers, other independent and local exchange carriers for purposes of provisioning, billing and the conduct of general business.

4.3.16 Alternate Billed Calls
Carriers purchasing services out of this tariff, are responsible for billing and collecting revenues for alternatively billed calls (ABC) such as calling card, billed to third party, and collect calls charged to their customers which utilize the Telephone Company's network. The Telephone Company is responsible for billing and collecting revenues for such calls charged to its customers when the TC's network is used. Both parties are responsible for providing the other party with call details in industry standard format (Exchange Method Record) in order to accomplish this. Exchange of data and settlements for out-of-region calls is accomplished using the industry CMDS and CATS settlement process. Exchange of data and settlements for in-region calls may be accomplished through participation in the New York Intrastate Access Settlement Pool, Inc. ABC Settlement Services Agreement (or its successor), or through a mutual Billing and Collection Agreement between the TC and the Telephone Company

NETWORK ELEMENTS

4. General Regulations (Cont'd)

4.4 Payment Arrangements and Credit Allowances

4.4.1 Payment of Rates, Charges and Deposits

(A) The Telephone Company may require a TC, which has a proven history of late payments or whose parent company or holding company has a proven history of late payments to the Telephone Company, or which does not have established credit, to make a deposit prior to or at any time after the provision of a service under this section. Any such deposit will be held by the Telephone Company as a guarantee of the payment of rates and charges. A deposit required under this section may not exceed the actual or estimated rates and charges for the service for a two month period. Payment of a deposit does not relieve the TC from its obligations to comply with the Telephone Company's regulations regarding the prompt payment of bills. At such time as the provision of the service to the TC is terminated, the amount of the deposit will be credited to the TC account and any credit balance which may remain will be refunded. Such a deposit will be refunded or credited to the account when the TC has established credit or, in any event, after the TC has established a one-year prompt payment record at any time prior to the termination of the service to the TC. In case of a cash deposit, for the period the deposit is held by the Telephone Company, the TC will receive interest at the same percentage rate as that set forth in Section 4.4.1(B)(3). The interest rate will be applied for the number of days from the date the TC deposit is received by the Telephone Company to and including the date such deposit is credited to the TC's account or the date the deposit is refunded by the Telephone Company. Should a deposit be credited to the TC's account, as indicated above, no interest will accrue on the deposit from the date such deposit is credited to the TC's account.

(B) The Telephone Company shall bill on a current basis all charges incurred by and credits due to the TC under this Section attributable to services established, discontinued or performed during the preceding billing period. In addition, the Telephone Company may bill in advance charges for all services to be provided during the ensuing billing period except for charges associated with service usage which will be billed in arrears and in accordance with Sections 4.3.9 and 4.3.10 preceding, may backbill for prior billing periods for charges or credits arising out of inaccurate local usage percentages. The bill day (i.e., the billing date of a bill for a TC for service under this section), the period of service each bill covers, and the payment date will be as follows:

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.4 Payment Arrangements and Credit Allowances (Cont'd)
4.4.1 Payment of Rates, Charges and Deposits (Cont'd)
(B) (Cont'd)

(1) The Telephone Company will establish a bill day each month for each TC account. The bill will cover non-usage sensitive service charges for the ensuing billing period for which the bill is rendered, any known unbilled non-usage sensitive charges for prior periods and unbilled usage charges for the period beginning with the last bill day and extending up to, but not including, the current bill day. Any known unbilled usage charges for prior periods and any known unbilled adjustments will be applied to this bill. Payment for such bills is due as set forth in (2) following. If payment is not received by the payment date, as set forth in (2) following, in immediately available funds, a late payment penalty will apply as set forth in (3) following.

(2) All bills dated as set forth in (1) preceding for service provided to the TC by the Telephone Company are due within thirty-one (31) days (payment date) after the bill day or by the next bill date (i.e., same date in the following month as the bill date), whichever is the shortest interval, except as provided herein, and are payable in immediately available funds. If such payment date would cause payment to be due on a Saturday, Sunday or Legal Holiday, payment for such bills will be due from the TC as follows:

- If such payment date falls on a Sunday or on a Legal Holiday which is observed on a Monday, the payment date shall be the first non-Holiday day following such Sunday or Legal Holiday.
- If such payment date falls on a Saturday or on a Legal Holiday which is observed on Tuesday, Wednesday, Thursday or Friday, the payment date shall be the last non-Holiday day preceding such Saturday or Legal Holiday.

(3) Further, if any portion of the payment is received by the Telephone Company after the payment date as set forth in (2) preceding, or if any portion of the payment is received by the Telephone Company in funds which are not immediately available to the Telephone Company, then a late payment penalty shall be due to the Telephone Company. The late payment penalty shall be the portion of the payment not received by the payment date times a late factor. The late factor shall be the lesser of:

- the highest interest rate (in decimal value) which may be levied by law for commercial transactions, for the number of days from the payment date to and including the date that the TC actually makes the payment to the Telephone Company, or
- 0.0005 per day, simple interest, for the number of days from the payment date to and including the date that the TC actually makes the payment to the Telephone Company.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.4 Payment Arrangements and Credit Allowances (Cont'd)
4.4.1 Payment of Rates, Charges and Deposits (Cont'd)
(B) (Cont'd)

(4) In the event that a billing dispute occurs concerning any charges billed to the TC by the Telephone Company the following regulations will apply.

- The first day of the dispute shall be the date on which the TC furnishes the Telephone Company the account number under which the bill has been rendered, the date of the bill and the specific items on the bill being disputed.

- The date of resolution shall be the date on which the Telephone Company completes its investigation of the dispute, notifies the TC of the disposition and, if the billing dispute is resolved in favor of the TC, applies the credit for the amount of the dispute resolved in the TC's favor to the TC's bill, including the disputed amount penalty credit and/or late payment penalty credit, as appropriate.

- If a billing dispute is resolved in favor of the Telephone Company, any payments withheld pending resolution of the dispute shall be subject to the late payment penalty as set forth in (3) preceding. Further, the TC will not receive a disputed amount penalty credit and/or a late payment penalty credit.

- If a TC disputes a bill within three months of the payment date and pays the total billed amount on or before the payment date, and the billing dispute is resolved in favor of the TC, the TC will receive a credit for a disputed amount penalty from the Telephone Company for the period starting with the date of payment and ending on the date of resolution. The credit for a disputed amount penalty shall be as set forth following.

- If a TC disputes a bill within three months of the payment date and pays the total billed amount after the payment date and the billing dispute is resolved in favor of the TC, the TC will receive a credit for a disputed amount penalty from the Telephone Company for the period starting with the date of payment and ending on the date of resolution. The credit for a disputed amount penalty shall be as set forth following. In addition, the late payment penalty applied to the disputed amount resolved in the TC's favor as set forth in (3) preceding be will credited.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.4 Payment Arrangements and Credit Allowances (Cont'd)
4.4.1 Payment of Rates, Charges and Deposits (Cont'd)
(B) (Cont'd)
(4) (Cont'd)

- If a TC disputes a bill within three months of the payment date and does not pay the disputed amount or does not pay the billed amount (i.e., the nondisputed and disputed amount), and the billing dispute is resolved in favor of the TC, the TC will not receive a credit for a disputed amount penalty from the Telephone Company. The late payment penalty applied to the disputed amount resolved in the TC's favor as set forth in (3) preceding will be credited.

- If a TC disputes a bill after three months from the payment date and pays the total billed amount on or before the dispute date or after the dispute date but prior to the date of resolution, and the billing dispute is resolved in favor of the TC, the TC will receive a credit for a disputed amount penalty from the Telephone Company for the period starting with the date of dispute (if the payment was received before or on the dispute date) or the date of payment (if the payment was received after the dispute date) and ending on the date of resolution. The credit for a disputed amount penalty shall be as set forth following.

  The TC will not receive a credit for the late payment penalty applied to the disputed amount resolved in the TC's favor if the payment was received on or before the dispute date. If the payment was received after the dispute date but prior to the date of resolution, the TC will receive a credit for a late payment penalty applied to the disputed amount resolved in the TC's favor times a late payment penalty factor for the period starting with the date of dispute and ending on the date of payment. The penalty factor shall be as set forth in (3) preceding.

- If a TC disputes a bill after three months from the payment date and does not pay the disputed amount or does not pay the billed amount (i.e., the nondisputed amount and disputed amount) and the billing dispute is resolved in favor of the TC, the TC will not receive a credit for a disputed amount penalty from the Telephone Company. The TC will receive a credit for the late payment penalty applied to the disputed amount resolved in the TC's favor times a late payment penalty factor for the period starting with the date of dispute and ending on the date of resolution. The penalty factor shall be as set forth in (3) preceding.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.4 Payment Arrangements and Credit Allowances (Cont'd)
4.4.1 Payment of Rates, Charges and Deposits (Cont'd)
(B) (Cont'd)
(4) (Cont'd)

The disputed amount penalty shall be the disputed amount resolved in the TC's favor times a penalty factor. The penalty factor shall be the lesser of:

- The highest interest rate (in decimal value) which may be levied by law for commercial transactions for the number of days from the first date to and including the last date of the period involved, or
- 0.0005 per day for the number of days from the first date to and including the last date of the period involved.

(C) Adjustments for the quantities of services established or discontinued in any billing period will be prorated to the number of days or major fraction of days based on a 30 day month. The Telephone Company will, upon request and if available, furnish such detailed information as may reasonably be required for verification of any bill.

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

(E) (Reserved for future use)

(F) Where credit adjustments apply, credit adjustments will be computed by apportioning the total intrastate usage associated with the honored claim into day, evening and night periods using the Time of Day distribution applicable to the TC. The usage is then multiplied by the appropriate day, evening and night rates.

(G) When more than one copy of the Design Layout Record or a Requesting TC bill for services provided under the provisions of this Section is furnished to the TC, ICB rates and charges based on time and materials charges apply. When employees of the Telephone Company perform the necessary work activities, the time and materials charges are calculated using Labor Rates.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.4 Payment Arrangements and Credit Allowances (Cont'd)

4.4.2 Credit Allowance for Service Interruptions

(A) General
An Interconnection service is interrupted when it becomes unusable to the TC because of a failure of a facility component used to furnish service under these terms and conditions or in the event that the protective controls applied by the Telephone Company result in the complete loss of service by the TC. An interruption period starts when an inoperative service is reported to the Telephone Company and ends when the service is operative.

(B) When a Credit Allowance Applies
In case of a service interruption to any service, allowance for the period of interruption, if not due to the negligence or fault of the TC shall be as follows:

(1) For Interconnection Services, subject to a recurring monthly rate, no credit shall be allowed for an interruption of less than 24 hours unless requested by the TC and agreed to by the Telephone Company. The TC shall be credited for an interruption of 24 hours or more at the rate of 1/30 of the recurring monthly charge for each period of 24 hours or major fraction thereof that the interruption continues due to Telephone Company fault.

(2) The credit allowance(s) for an interruption or for a series of interruptions shall not exceed the total monthly recurring charge for that service interrupted in any one monthly billing period.

(C) When a Credit Allowance Does Not Apply
No credit allowance will be made for:

(1) Interruptions caused by the negligence of the TC.

(2) Interruptions of a service due to the failure of equipment or systems provided by the TC or others.

(3) Interruptions of a service during any period in which the Telephone Company is not afforded access to the premises where the service is terminated.

(4) Interruptions of a service when the customer has released that service to the Telephone Company for maintenance purposes, to make rearrangements, or for the implementation of an order for a change in the service during the time that was negotiated with the customer prior to the release of the service. Thereafter, a credit allowance as set forth in (B) preceding applies.

(5) Interruptions of a service which continue because of the failure of the customer to authorize replacement of any element of special construction. The period for which no credit allowance is made begins on the seventh day after the customer receives the Telephone Company's written notification of the need for such replacement and ends on the day after receipt by the Telephone Company of the customer's written authorization for such replacement.

NETWORK ELEMENTS

4. General Regulations (Cont'd)
4.4 Payment Arrangements and Credit Allowances (Cont'd)
4.4.2 Credit Allowance for Service Interruptions (Cont'd)
(C) When a Credit Allowance Does Not Apply (Cont'd)

(6) Periods when the customer elects not to release the service for the testing and/or repair and continues to use it on an impaired basis.

(7) Periods of temporary discontinuance.

(8) An interrupting or a group of interruptions, resulting from a common cause, for amounts less than one dollar.

(D) Use of an Alternative Service Provided by the Telephone Company
Should the TC elect to use an alternative service provided by the Telephone Company during the period that a service is interrupted not due to the fault of the Telephone Company, the TC must pay the tariffed rates and charges for the alternative service used.

Should the TC elect to use an alternative service provided by the Telephone Company during the period that a service is interrupted due to the fault of the Telephone Company, the TC shall be responsible only for the payment of rates associated with the original service.

4.4.3 Re-establishment of Service Following Fire, Flood or Other Occurrence Not Due to the Fault of the Telephone Company
Nonrecurring Charges apply for re-establishing service.

4.4.4 Title or Ownership Rights
The payment of rates and charges by TCs for the services provided under this section does not assign, confer or transfer title or ownership rights to proposals or facilities developed or utilized, respectively, by the Telephone Company in the provision of such services.