

RULES AND REGULATIONS
APPLYING TO ALL CUSTOMERS' CONTRACTS

	Page	
I. APPLICATION OF TARIFF	2	
II. AVAILABILITY OF FACILITIES	3	
III. CUSTOMER SERVICE AND PROTECTION	3	
A. Resolution of Disputes	4	
B. Request for Service	4	T
C. Refusal of Service	5	
D. Application of Business or Residence Rates	7	
E. Advance Payments	9	
F. Deposits	9	
G. Order of Precedence for Establishing Service	14	T
H. Billing and Payment for Service	15	
I. Suspension or Disconnection of Service	18	T
J. Cancellation of Application for Basic Service	21	T
K. Termination of Service	21	
IV. USE OF SERVICE AND FACILITIES		
A. Use of Service	22	
Unauthorized Attachments or Connections	23	
Use of Automatic Dial Announcing Devices	24	
B. Obligations of Customers	27	
C. Rights of the Company	27	
Work Performed on an Overtime Basis	27	
Work Interruption	27	
Ownership	27	
Impairment of Telephone Service	28	
Abandonment of Telephone Service	28	
Abuse of Telephone Service	28	T
Telephone Directories	29	
Telephone Numbers	30	
D. Liability of the Company	31	
V. INTERIM H.B.11 TAX ADJUSTMENT FACTOR	34	

By: Toney Prather
Title: President

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

	Page	
VI. TEXAS UNIVERSAL SERVICE FUND (TUSF) SURCHARGE	35	
VII. MUNICIPAL FRANCHISE FEES	36	N

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

I. APPLICATION OF TARIFF

The rules and regulations contained in this section apply to the service and facilities provided by the Company in the State of Texas. These rules and regulations are in addition to those contained in the Switched and Special Access Service Tariff, Long Distance Message Telecommunications Service Tariff, the Wide Area Telecommunications Tariff and the Private Line Services and Channels Tariff. When service and facilities are provided in part by the Company and in part by other connecting companies, the regulations of the Company apply to the portion of the service or facilities furnished by the Company. Failure on the part of the customer to observe these rules and regulations after due notice of such failure, automatically gives the Company the right to discontinue service to that customer.

The regulations covering the connection of equipment, accessories or facilities provided and maintained by the customer are contained in other sections of this tariff.

A. In the event of a conflict between any rate, rule, regulation or provision contained in this tariff and any rate, rule, regulation or provision contained in the tariffs of companies in which the Company concurs, the rate, rule, regulation or provision contained in this tariff shall prevail.

B. This Tariff cancels and supersedes all other tariffs of the Company issued and effective prior to the effective date shown on the individual sheets of this tariff.

C. Should there be any conflict between this tariff and the Rules and Regulations of the Public Utility Commission of Texas (the Commission), the Commission's rules shall apply unless otherwise established by the courts.

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By: Leonard Thorne
Title: President

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

II. AVAILABILITY OF FACILITIES

The Company's obligation to furnish, or continue to furnish, telecommunications service is dependent upon its ability to obtain, retain, and maintain, without unreasonable expense, suitable rights of way and facilities, and to provide for the installation of those facilities required to furnish and maintain that service.

III. CUSTOMER SERVICE AND PROTECTION

This part of the Rules and Regulations Section of the tariff provides information to telephone consumers about: resolving disputes with the Company, applying for service, the classification of business and residential rates, deposits, billing, refusal of service, disconnection of service and cancellation of service. The rules set forth below summarize the Public Utility Commission of Texas' Substantive Rules relating to Customer Service and Protection. Please refer to the Substantive Rules for additional details concerning these provisions. A complete copy of the Substantive Rules will be available for review upon request.

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

A. Resolution of Disputes

Any customer or applicant for service who wishes to dispute any action or determination of the Company under the Commission's customer service rules shall be given an opportunity for a supervisory review by the Company. If the Company is unable to provide a supervisory review immediately after a customer requests one, the Company shall arrange a review at the earliest possible date. Service shall not be disconnected pending completion of the review, but if the customer chooses not to participate in the review, the Company may disconnect service provided notice has been issued under standard disconnect procedures. Any customer who is dissatisfied with the Company's review shall be informed of his right to file a complaint and/or request a hearing before the Public Utility Commission of Texas. The results of the supervisory review must be provided in writing to the customer within ten (10) days of the review, if requested.

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B. Request for Service

Application for service, or requests from customers for additional service or changes in the grade or class of service become contracts when received by the Company and are subject to the minimum contract term, which is one month unless specified otherwise. The Company reserves the right to require application for service to be made in writing on forms supplied by it. Applicants may be required to pay a deposit at the time of application. Application for new service shall be filed in accordance with the Commission's service objective requirements. Requests for new service under special conditions shall be processed according to the conditions of this tariff.

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

B. Request for Service (Continued)

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Any general change in rates, rules or regulations modifies the terms of the contract to the extent of such change without further notice. However, if rates are increased, the customer may cancel his contract upon reasonable written notice and upon payment for all service and any contractual liability.

C. Refusal of Service

1. Compliance by Applicant

The Company may refuse to serve an applicant until the applicant complies with the state and municipal regulations and the Company's rules and regulations on file with the Commission or for the following reasons:

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a. The applicant's installation or equipment is known to be inadequate, hazardous or of such character that satisfactory service cannot be provided.

b. Except for Prepaid Local Telephone Service, service may be refused if the applicant owes a debt to any utility for the same kind of service as that applied for, including long distance charges for nonresidential applicants where the Company bills those charges to the customer pursuant to its tariffs. If the applicant's indebtedness is in dispute, the applicant shall be provided service upon complying with the deposit requirements set forth in this Section. Payment of long distance charges shall not be a condition of local exchange service for residential applicants.

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c. The applicant refuses to make a deposit if required under these rules.

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

C. Refusal of Service (Continued)

1. Compliance by Applicant (Continued)

d. The applicant applies for service at a location where another customer received, or continues to receive, service and the Company bill is unpaid at that location and the Company can prove that the change in identity is made to avoid or evade payment of a bill. The applicant may request a supervisory review if the Company determines that the applicant intends to deceive the Company and refuses to provide service.

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2. Applicant's Recourse

In the event that the Company refuses to serve an applicant under the provisions of these rules, the Company must inform the applicant of the basis of its refusal and that the applicant may file a complaint with the Commission and, if eligible, of the availability of Prepaid Local Telephone Service.

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3. Insufficient Grounds for Refusal to Serve

The Company shall not refuse service to a present customer or applicant because of:

a. Delinquency in payment for service by a previous occupant of the premises to be served;

b. Failure to pay for merchandise, or charges for nonutility service purchased from the Company;

c. Failure to pay a bill to correct previous underbilling more than six months prior to the date of application, unless underbilling is the result of theft of service;

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

C. Refusal of Service (Continued)

**3. Insufficient Grounds for Refusal to Serve
(Continued)**

d. Violation of the Company's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others, or with other services such as communication services, unless the customer has first been notified and been afforded a reasonable opportunity to comply with said rules;

e. Failure to pay a bill of another customer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and

f. Failure to pay a bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a telephone bill.

g. Failure of a residential applicant to pay for long distance charges.

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APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

D. Application Of Business Or Residence Rates

1. Business rates apply at the following locations:

a. In offices, stores, factories, and all other places of a strictly business nature.

b. In boarding houses (except as noted below), offices of hotels, halls and offices of apartment buildings, quarters occupied by clubs, or lodges, public, private or parochial schools, colleges, hospitals, libraries, churches, and other similar institutions, except in churches and lodges as specified below.

c. At residence locations when the customer has no regular business telephone, and the use of the service either by himself, members of his household or his guests, or parties calling him can be considered as more of a business than a residential nature. This fact might be indicated by some form of advertising, or when such business use is not typically characteristic of residential telephones usage and occurs during times when, in compliance with the law or established custom, business places are ordinarily closed.

d. At residential locations where the service is located in a shop, office or other place of business.

e. In college fraternity houses where the members lodge within the house.

f. At any location where the location and expected usage of telephone service at that location are indicative of a business, trade or profession.

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APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

D. Application of Business or Residence Rates (Continued)

2. Residence rates apply at the following locations:

a. In a private residence where business listings are not provided. (Normally a location is characterized as a residence if it has both kitchen and bathroom facilities.)

b. In private apartments of hotels, rooming houses or boarding houses where service is confined to the customer's use and which are not advertised as a place of business.

c. In the place of residence of a clergyman, physician, nurse or other medical practitioner, provided the office is located in their residence and is not a part of an office building. In any such cases the listing may indicate the customer's profession, but only in connection with an individual name. If listings of firms or partnerships, etc., or additional listings of persons not residing in the same household are desired, business rates apply.

d. In a private stable or garage when strictly a part of a domestic establishment.

e. In churches where the service is not accessible for public use as in a clergyman's study.

f. In fire department dormitories or sleeping quarters where the telephone number is not published, and the telephone is not available for use by the general public.

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APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

E. Advance Payments

When making application for service, the applicant may be required to pay at the time the application is accepted the service connection charge, if applicable, and the first month's charges for exchange service, excluding charges for local messages in excess of the monthly guarantee on Pay Telephone Access Service. This provision does not apply if a deposit is collected. In all cases, the regular monthly charges for service are payable as specified in this tariff. The provisions of this paragraph affect the initial payment only and not the subsequent billing and collecting practices as elsewhere provided in this tariff.

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F. Deposits

The following provisions summarize the principal features of the Commission's Substantive Rules on deposits. In addition, the Company will furnish applicants who may be required to pay a deposit with written information about deposits by giving the customer a copy of "Your Rights as a Customer" brochure. Section 23.43 of the Commission Substantive Rules provides additional details concerning this provision.

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1. Requirements for Residential Applicants

a. The Company may require a residential applicant for service to establish satisfactory credit, but establishment of credit shall not relieve the customer from complying with rules for prompt payment of bills. The credit history of spouses established during the last 12 months of shared service prior to their divorce will be equally applied to both spouses for 12 months immediately after their divorce.

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APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

F. Deposits (Continued)

1. Requirements for Residential Applicants (Continued)

b. Subject to the following conditions, a residential applicant shall not be required to pay a deposit:

1) If the residential applicant has been a customer of any telephone company within the last two years and is not delinquent in payment of any such telephone service account and during the last twelve (12) consecutive months of service did not have more than one occasion in which a bill for such service was paid after becoming delinquent and never had service disconnected for nonpayment.

2) If the residential applicant furnishes a letter of credit history from the applicant's previous utility. T
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3) If the residential applicant demonstrates a satisfactory credit rating by appropriate means including, but not limited to, the production of generally acceptable credit cards, letters of credit from similar utilities, letters of reference, or the names of credit references which may be quickly and inexpensively contacted by the Company, or ownership of substantial equity that is easily liquidated. T

4) The residential applicant is sixty-five (65) years of age or older and does not have an outstanding account balance incurred within the last two years with the Company or another utility for the same type of service. TM
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c. The Company may require an initial deposit from residential customers if: the customer has on more than one occasion during the last 12 consecutive months of service been delinquent in paying a bill for telephone service, or if the customer's service was disconnected for nonpayment. Alternatively, the customer may furnish a satisfactory written guarantee to secure payment of bill in lieu of a cash deposit. T

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

F. Deposits (Continued)

1. Requirements for Residential Applicants (Continued)

c. (Continued)

The customer may be required to pay the initial deposit within ten days after issuance of a written disconnection notice that requests such deposit. Instead of an initial deposit, the customer may pay the total amount due on the current bill by the due date of the bill, provided the customer has not exercised this option in the previous 12 months.

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2. Requirements for Non-Residential Applicants

If the credit of a non-residential applicant for service has not been established satisfactorily to the Company, the applicant may be required to make a deposit.

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3. Deposit for Temporary or Seasonal Service and for Weekend Residences

The Company may require a deposit sufficient to reasonably protect it against the assumed risk for temporary or seasonal service or service to a weekend residence. These requirements will be applied in a uniform and non-discriminatory manner and will be subject to refund guidelines as outlined in the deposit refund section.

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4. Reestablishment of Credit

Every applicant who previously has been a customer of a telephone company and whose service has been discontinued for nonpayment of bills or theft of service shall be required before service is rendered to pay all amounts due the Company or execute a deferred payment agreement, if offered, and reestablish credit. The Company will state the amount of utility service received but not paid for and any other charges required as a condition of service restoration.

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

F. Deposits (Continued)

5. Amount of Deposit for Permanent Residential and Non-Residential Service

a. Initial Deposit - Except for Prepaid Local Telephone Service, the required deposit shall not exceed an amount equivalent to one-sixth (1/6) of the estimated annual billings which may include charges that are in the Company's tariffs. For non-residential applicants and customers, the deposit amount may include long distance charges only where the Company bills those charges to the customer. For residential applicants and customers, estimated billings to determine the deposit amount shall not include long distance charges unless those charges appear in Company's tariffs. To determine the amount of any deposit permitted in this Tariff, no revenue from non-tariffed products or services may be used.

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APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

F. Deposits (Continued)

5. Amount of Deposit for Permanent Residential and Non-residential Service(Continued)

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b. Additional Deposit Requirements

1) Residential Customers: During the first 12 months of service, if actual usage is three times estimated usage (or three times average usage of most recent three bills) and current usage exceeds \$150 and 150% of the security held, a new deposit requirement may be calculated. An additional deposit may also be required if actual billings of a residential customer are at least twice the amount of the estimated billings after two billing periods and a suspension or disconnection notice has been issued for the account within the previous 12 months. The Company may require an additional deposit to be made within 10 days after issuance of written notice of suspension or disconnection and requested additional deposit, or, in lieu of additional deposit, the customer may elect to pay total amount due by the due date of the bill provided the customer has not exercised this option in the previous 12 months. The Company may disconnect service if the additional deposit or the current usage payment is not paid within ten days of request.

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2) Non-Residential Customers: If actual billings are at least twice the amount of the estimated billings, and a suspension or disconnection notice has been issued on a bill within the previous 12-month period, a new deposit may be required to be made within 10 days after issuance of written notice of suspension or disconnection and requested additional deposit. The Company may disconnect service if the additional deposit or the current usage payment is not paid within ten days of the request.

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

F. Deposits (Continued)

3. Guarantees of Residential Customer Accounts

a. A guarantee between the Company and a guarantor must be in writing and shall be for no more than the amount of deposit the Company would require on the applicant's account. The amount of the guarantee shall be clearly indicated in the signed agreement.

b. The guarantee shall be voided and returned to the guarantor according to the refund of deposit guidelines in this Tariff.

c. Upon default by a residential customer, the guarantor shall be responsible for the unpaid balance of the account up to the amount agreed to in the written agreement. The Company shall provide written notification to the guarantor of the customer's default, the amount owed, and the due date for the amount owed.

1) The guarantor will have 16 days from the date of notification to pay the amount owed on the defaulted account. If the sixteenth day falls on a holiday or weekend, the due date shall be the next workday.

2) The Company may transfer the amount owed on the defaulted account to the guarantor's own service bill provided the guaranteed amount owed is identified separately on the bill.

d. The Company may disconnect service to the guarantor for nonpayment of the guaranteed amount only if the disconnection was included in the terms of the written agreement and only after proper notice.

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APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

F. Deposits (Continued)

4. Interest on Deposits

a. The Company will pay interest on customer deposits at an annual rate at least equal to that set by the Commission on December 1 of the preceding year, pursuant to Texas Utilities Code Annotated §183.003 (Vernon 1998) (relating to Rate of Interest).

b. Payment of the interest to the customer shall be annually if requested by the customer or at the time the deposit is returned or credited to the customer's account.

c. The deposit shall earn interest from the date paid and shall cease to draw interest on the date it is returned or credited to the customer's account.

d. If the deposit is returned or credited to the customer within 30 days of receipt, no interest payment shall apply.

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

F. Deposits (Continued)

5. Refund of Deposit

a. If service is not connected or after disconnection of service, the Company shall promptly void and return to the guarantor all letters of guarantee on the account or provide written documentation that the contract has been voided or refund the customer's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished. A transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless in accordance with these rules.

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b. When the customer has paid bills for service for twelve (12) consecutive residential billings or for twenty-four (24) consecutive non-residential billings without having service disconnected for nonpayment and without having more than two occasions on which a bill was delinquent, and when the customer is not delinquent in the payment of current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the customer in the form of cash or credit to a customer's bill or void the guarantee or provide written documentation that the contract has been voided. If the customer does not meet these refund criteria, the deposit and interest may be retained.

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G. Order of Precedence for Establishing Service

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Applications for service in a particular exchange will be completed in accordance with the chronological order of their receipt depending upon the availability of facilities. Where facilities are limited, the following order of precedence shall apply:

1. Application for new business service shall be given priority over applications for residence service.

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APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

G. Order of Precedence for Establishing Service (Continued)

- 2. All others.

PUBLIC UTILITY COMMISSION OF TEXAS
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H. Billing and Payment For Service

DEC 25 '09 DOCKET 37704

- 1. Customer Responsibility

The customer is responsible for ^{CONTROL #} payment of all charges for services furnished him, including charges for service originated or accepted at his access line. In addition, the customer is responsible for any charges which may be applicable to a guarantee of deposit as provided in Subparagraph F.1.b.2. above.

- 2. Disputed Bills

In the event of a dispute between a customer and the Company over any bill for utility service, the Company shall make an appropriate investigation and report the results to the customer. The Company may not suspend or disconnect service for nonpayment of disputed amounts pending completion of the review, however the customer remains responsible for all non-disputed amounts. In the event the dispute is not resolved, the Company shall inform the customer of the Public Utility Commission's complaint procedures. If the customer files a complaint with the Commission, a customer's service shall not be suspended or disconnected for nonpayment of the disputed portion of the bill until the Commission completes its informal complaint resolution process and informs the customer of its conclusions. If payment of some portion of the disputed amount is then required, the customer shall have ten days from the date when the Commission issued its findings to pay the outstanding bill before it will be considered delinquent.

In addition, local service will not be disconnected for nonpayment of disputed information services 800 or 900 number charges. However, the Company may implement involuntary blocking of Pay-per-call Information Service for making calls to 900 numbers if you do not pay legitimate 900 number charges. Customer complaints regarding 800 or 900 number service should be disputed with the information service provider billing you for the information service. Customers can file a complaint with the FCC if they cannot resolve the disputed amounts with the information service provider.

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

H. Billing and Payment for Service (Continued)

3. Payment Date

The customer shall pay all charges for local exchange service monthly in advance. Toll service is billed in arrears. Payment is due on or before the due date which is sixteen (16) days after issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date. The postmark, if any, on the envelope of the bill or the issuance date on the bill if there is no postmark on the envelope shall constitute proof of the date of issuance. If the bill is not paid by the due date, the Company may discontinue service after ten (10) days written notice to the customer in accordance with applicable Commission Substantive Rules.

4. Late Payment Fee

a. A one-time charge not to exceed five percent (5%) may be made on delinquent residential or business bills. The 5% fee on residential or business bills may not be applied to any balance to which the fee was applied in a previous bill and shall apply only on undisputed amounts or if the dispute is resolved in favor of the Company. The Company, when providing any service to the state, including service to an agency in any branch of government, shall not assess a fee, penalty, interest, or other charge to the state for delinquent payment of a bill.

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b. Any applicant or one for whom an application is made, owing the Company for service furnished under a former contract, shall pay or make satisfactory arrangements for paying any bill outstanding and unpaid before any additional service will be furnished.

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RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

H. Billing and Payment for Service (Continued)

5. Billing Adjustment for Over-Billing

a. If billings for telephone service are found to differ from the Company's lawful rates for the services purchased by the customer, the Company shall calculate a billing adjustment.

b. If charges are found to be higher than the Company's tariffs, the correction shall be made for the entire period of the over-billing. If the Company corrects the over-billing within three billing cycles of the error, the Company need not pay interest on the overcharge. Otherwise, interest shall be paid on the amount of the overcharge at the rate set by the Commission on December 1 of each year. Interest on overcharges shall accrue from the date of payment or the date of the bill in error. All interest shall be compounded monthly based on the annual rate.

6. Billing Adjustment for Under-Billing

a. If charges are found to be lower than the Company's tariffs, or if the Company failed to bill the customer for service, the Company may back bill the customer. The Company may disconnect service if the customer fails to pay charges arising from under-billing. Unless under-billing is a theft of service by customer, the Company:

1. shall not collect charges that extend more than six months from the date the error was discovered;

2. if the under-billing is \$50.00 or more, shall offer the customer a deferred payment plan option for the same length of time as that of the under-billing;

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CONTROL # _____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

H. Billing and Payment for Service (Continued)

6. Billing Adjustment for Under-Billing (Continued)

a. (Continued)

3. shall not charge interest on under-billed amounts. Otherwise, interest on under-billed amounts shall be compounded monthly based on the rate set by the Commission on December 1 of each year and shall accrue from the day the customer is found to have first tampered, bypassed, or diverted the service.

7. Adjustments of Charges for Service Interruptions

In the event a customer's service is interrupted other than by the negligence or willful act of the customer and remains out of order for twenty-four (24) hours or longer after access to the premises is made available and after the customer reports to the Company that the service is out of order, the Company shall make an appropriate adjustment to the customer's bill.

8. Deferred Payment Plans

A Deferred Payment Plan is a written arrangement between the Company and a customer in which the customer agrees to pay an outstanding bill in installments that extend beyond the due date of the next bill. All deferred payment plans shall be in writing. A deferred payment plan may include a 5% penalty for late payment but shall not include a finance charge.

If a residential customer, including a guarantor of any residential customer expresses an inability to pay all of his or her bill and has not been issued more than two suspension or disconnection notices at any time during the preceding twelve (12) months, he or she may request a Deferred Payment Plan with the Company.

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Title: President

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PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED

JUN 13 '00 DOCKET 22550

CONTROL # _____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

H. Billing and Payment for Service (Continued)

8. Deferred Payment Plans (Continued)

A customer may request a Deferred Payment Plan by visiting the Company's business office or by contacting the Company by phone. The Company will be responsible for providing the customer with a copy of the signed Deferred Payment Agreement. The Company is not required to enter into a Deferred Payment Plan with any customer who is lacking sufficient credit or a satisfactory payment history for previous service if the customer has had service with the Company for less than three months. The Company shall not refuse customer participation in a Deferred Payment Plan on the basis of race, nationality, religion, color, sex or marital status.

Service will not be disconnected to a customer that enters into a Deferred Payment Plan and pays all current bills and the agreed upon amount of the outstanding bill. The customer shall not be required to pay more than one-third of the total amount of the outstanding bill. If a customer does not fulfill the terms of a Deferred Payment Agreement, the Company shall have the right to disconnect after a disconnection notice is issued stating that the customer has not met the terms of the plan. However, the Company may renegotiate the deferred payment plan agreement before disconnection. If the customer did not sign the deferred payment plan and is not otherwise fulfilling the terms of the plan and the customer was previously provided a disconnection notice for the outstanding amount, no additional notice is required before disconnection.

Every deferred payment plan shall state the length of time covered by the plan, the total amount to be paid, and the specific amount of each installment.

9. Residential Partial Payments

Residential service payments shall first be allocated to basic local telephone service.

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Title: President

FOR COMMISSION STAMP
PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED
JUN 13 '00 DOCKET 22550
CONTROL # _____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

I. Suspension or Disconnection of Service

1. Suspension or Disconnection of Service with Notice

Proper notice consists of a separate mailing or hand delivery at least ten (10) days prior to the stated date of suspension or disconnection, with the words "suspension notice" or "disconnect notice" prominently displayed on the notice. The notice shall be provided in English and Spanish. The Company will not issue a suspension or disconnection notice earlier than the first day a customer's bill becomes delinquent.

If mailed, the cutoff day may not fall on a holiday or weekend but on the next work day after the tenth day. For residential customers, the notice shall indicate the specific amount owed for tariffed local telephone services required to maintain basic local telephone service. The notice will also notify customers that if they need assistance paying their bill, or are ill and unable to pay their bill, they may be able to make some alternative payment arrangement or establish a deferred payment plan by contacting the Company. Telephone service may be suspended or disconnected after proper notice for any of the following reasons:

a. failure to pay a bill for charges that are in the Company's tariff, including long distance charges for nonresidential customers only if the Company bills those charges to the customer, or make deferred payment arrangements by the date of suspension or disconnection;

b. Violations of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or relating to the operation of nonstandard provided equipment, if a reasonable attempt has been made to notify the customer, and the customer has been afforded a reasonable opportunity to remedy the situation;

c. Failure to comply with the Company's deposit or guarantee arrangements.

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PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED
JUN 13 '00 DOCKET 22550
CONTROL # _____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

I. Suspension or Disconnection of Service (Continued)

1. Suspension or Disconnection of Service with Notice
(Continued)

d. failure to comply with the terms of a deferred payment agreement except for Prepaid Local Telephone Service;

e. failure of the guarantor to pay the amount guaranteed, when the Company has a written agreement, signed by the guarantor, that allows for disconnection of the guarantor's service for nonpayment; and

f. avoidance of toll blocking by incurring long distance charges after toll blocking was implemented by the Company due to nonpayment of long distance charges.

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Title: President

FOR COMMISSION STAMP

PUBLIC UTILITY COMMISSION OF TEXAS APPROVED		
JUN 13 '00	DOCKET	22550
CONTROL # _____		

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

I. Suspension or Disconnection of Service (Continued)

2. Suspension or Disconnection of Service without Notice (Continued)

a. Telephone service may be disconnected without notice under either of the following conditions:

1) where service is connected without authority by a person who has not made application for service;

2) where service was reconnected without authority after termination for nonpayment; or

3) where there are instances of tampering with the utility company's equipment, evidence of theft of service, or other acts to defraud the utility.

3. Suspension or Disconnection Prohibited

a. The Company may not suspend or disconnect service for any of the following reasons:

1) failure to pay for any charges that are not provided for in the Company's tariffs;

2) failure to pay for a different type or class of service unless charges were included on the bill at the time service was initiated;

3) failure to pay charges arising from underbilling that is more than six months before the current billing, except for theft of service;

4) failure to pay disputed charges until a determination is made on the accuracy of the charges; or

5) failure of a residential customer to pay long distance charges.

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FOR COMMISSION STAMP

PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED
JUN 13 '00 DOCKET 22550
CONTROL # _____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

I. Suspension or Disconnection of Service (Continued)

4. Disconnection on holidays or weekend.

Unless a dangerous condition exists, or unless the customer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when Company personnel are not available to the public for the purpose of making collections and reconnecting service.

5. Disconnection due to abandonment.

The Company may not abandon a customer or a certificated service area without written notice to its customers therein and all similar neighboring companies, and without approval from the Commission.

6. Collection costs.

The customer is responsible for all collection costs, including attorney's fees, incurred by the Company as a result of any breach of contract by the customer.

7. Disputes.

In the event of a dispute between a customer and the Company, the Company shall not disconnect service pending completion of a supervisory review of the dispute as provided in Part III. paragraph A. above.

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Title: President

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PUBLIC UTILITY COMMISSION OF TEXAS APPROVED		
JUN 13 '00	DOCKET	22550
CONTROL # _____		

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

I. Suspension or Disconnection of Service (Continued)

8. Suspension and Disconnection for Ill and Disabled

The Company will not suspend or disconnect service at the permanent residence of a delinquent customer if that customer establishes that such action will prevent the customer from summoning emergency medical help for someone who is seriously ill residing at that residence. The customer, before the stated date of suspension or disconnection, shall have the person's attending physician contact the Company and submit a written statement. The customer is required to enter into a deferred payment plan. The prohibition against suspension or disconnection shall last 63 days from the issuance of the bill or a shorter period agreed upon by the Company and the customer or physician.

9. Residential Customer Payment Allocation

When a residential customer makes a payment related to basic local telephone service suspension or disconnection, the payment shall first be allocated to basic local telephone service. If services are bundled, the rate of basic local telephone service shall be the Company's charge for stand-alone basic local telephone service.

10. Toll Blocking

The Company may toll block a residential customer for the nonpayment of long distance charges. In addition, the Company shall toll block a residential customer at the request and expense of a long distance carrier due to the nonpayment of long distance charges provided that the Company notifies the customer within 24 hours of initiating toll blocking. Where technically capable, toll blocking shall allow access to toll-free numbers and the Company shall not apply toll blocking in an unreasonably preferential, prejudicial, or discriminatory manner.

By: Toney Prather
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PUBLIC UTILITY COMMISSION OF TEXAS	
APPROVED	
JUN 13 '00 DOCKET	2 2 5 5 0
CONTROL #	_____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

III. CUSTOMER SERVICE AND PROTECTION (Continued)

J. Cancellation of Application for Basic Service

When the customer cancels an application for service prior to the start of installation of service, or prior to the start of special construction, no charge applies. When installation of service has been started prior to the cancellation, a cancellation charge equal to the minimum service charges shall apply. Where special construction has been started prior to the cancellation, a charge equal to the cost incurred in the special construction, less net salvage, applies. Installation or special construction for a customer is considered to have started when the Company incurs any expense in connection with the installation which would not otherwise have been incurred.

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K. Termination of Service

The customer may terminate service prior to the expiration of the initial contract period after giving notice to the Company, and after payment of the termination charges given below, in addition to all charges due for service which has been furnished.

1. In the case of service for which the initial contract period is one month, the charges are due for the balance of the initial month.

2. Service may be terminated after the expiration of the initial contract period after notifying the Company and payment of charges due to the date of termination of the service as provided elsewhere in this tariff.

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PUBLIC UTILITY COMMISSION OF TEXAS		
APPROVED		
JUN 13 '00	DOCKET	22550
CONTROL # _____		

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES

A. Use of Service

1. Local exchange telephone service, as distinguished from Pay Telephone Access Service, is furnished only for use by the customer, his family, employees or business associates, or persons residing in the customer's household, except as the use of customer service may be extended to Pay Telephone Access Service, or to guests of a Hotel-Motel. The Company has the right to refuse to install customer service or to permit such service to remain on the premises of a public character, except for Pay Telephone Access Service, when the service is so located that the public in general or patrons of the customer may make use of the service. At such locations, however, customer service may be installed, provided the service is so located that it is not accessible for public use. C

2. The customer is responsible for payment of all charges incurred, regardless of whether such charges are associated with his usage, or that of any of his authorized users.

3. Local residence exchange service may not be resold or used to provide access to resold or shared customer premises key equipment. Local business exchange service may not be resold or used to provide access to resold or shared customer premises key or switching equipment, intraLATA Long Distance Message Telecommunications Service and intraLATA Wide Area Telecommunications Service.

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APPROVED
JUN 13 '00 DOCKET 22550
CONTROL # _____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

A. Use of Service (Continued)

4. Transmitting Messages - The Company does not transmit messages but offers the use of its facilities for communications between its customers.

5. Use of Lines of Other Companies - When suitable arrangements can be made, lines of other telephone companies may be used in establishing connections to points not reached by the Company's lines. In establishing connections with the lines of other companies, the Company is not responsible or liable for any action of the Connecting Company.

6. Unauthorized Attachments or Connections - No equipment, accessory, apparatus, circuit or device shall be attached to or connected with Company facilities except as provided in this Tariff. In case any such unauthorized attachment or connection is made, the Company shall have the right to remove or disconnect the same, to suspend service during the continuance of said attachment or connection or to disconnect service. The customer shall be held responsible for the cost of correcting any impairment of service caused by the use of such attachments or connections and shall be billed for each service call made to his premises because of the use of such attachments or connections.

7. Except as otherwise provided in this Tariff, nothing herein shall be construed to permit the use of a device to interconnect any Company-owned line or channel with any other communications line or channel of the Company or of any other person.

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FEB 06 '92 DOCKET	10223
CONTROL # _____ TARIFF CLERK	

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

A. Use of Service (Continued)

8. Use of Automatic Dial Announcing Devices

The Company complies with Commission's Substantive
Rules relating to Automatic Dial Announcing Devices. N
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JUN 13 '00	DOCKET	22550
CONTROL # _____		

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

D
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APPROVED
JUN 13 1970 DOCKET 22550
CONTROL # _____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

D

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PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED

JUN 13 '00 DOCKET 22550

CONTROL # _____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

B. Obligations of Customers

1. Alterations - The customer agrees to notify the Company promptly in writing whenever alterations or new construction on premises owned or leased by him will necessitate changes in the Company's facilities, and the customer agrees to pay the Company's current costs for such changes.

2. Use of Commercial Power - Unless specifically provided otherwise in this tariff, when commercial power is used for the operation of customer provided premises equipment, the customer provides the necessary power wiring, power outlets and commercial power and assumes all responsibility for the safe condition of the power wiring, power outlets and commercial power.

C. Rights of the Company

1. Work Performed on an Overtime Basis - The charges specified in this Tariff do not contemplate work being performed by Company employees at a time when overtime wages apply due to the request of the customer. If the customer requests that overtime labor be performed, an additional charge, based on the additional costs involved, applies.

2. Work Interruption - The charges specified in this Tariff do not contemplate work once begun being interrupted by the customer. If the customer interrupts work once begun, an additional charge, based on the additional costs involved, applies.

3. Ownership - Any facilities on the customer's premises furnished by the Company shall be and remain the property of the Company, whose agents and employees have the right to enter said premises at any reasonable hour for the purpose of installing, terminating, inspecting, maintaining or repairing service, and making collections from pay telephones.

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PUBLIC UTILITY COMMISSION OF TEXAS APPROVED	
FEB 06 '92 DOCKET	10223
CONTROL # _____ TARIFF CLERK	

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

C. Rights of the Company (Continued)

4. Impairment of Telephone Service - When the general telephone service to the public is impaired by a customer's use of telephone service, or service directly incident thereto, the Company shall have the right to require the customer to contract with the Company for such additional facilities as may be necessary in the Company's judgment to remove the cause of said impairment, or if the customer refuses this requirement or will not remedy the situation, to discontinue service completely.

5. Abandonment of Telephone Service - The Company may discontinue service which has been abandoned.

6. Abuse of Telephone Service - After giving the customer a reasonable opportunity to remedy the situation and after giving proper notice, the Company may discontinue service which is used:

a. In such a way that interferes with the service of other telephone users;

b. For any purpose other than as a means of communication;

c. To communicate profane or obscene language;

d. For a call or calls, anonymous or otherwise, if made in a manner which reasonably could be expected to frighten, abuse, torment or harass another;

e. In any fraudulent or unlawful manner; or

f. In manner which violates any of the Company's lawful regulations.

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APPROVED

FEB 06 '92 DOCKET 10223

CONTROL # _____
TARIFF CLERK

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

C. Rights of the Company (Continued)

6. Abuse of Telephone Service - After giving the customer a reasonable opportunity to remedy the situation and after giving proper notice, the Company may discontinue service which is used: (Continued)

g. To obtain a customer's listed name, address or telephone number from Directory Assistance for any purpose other than to facilitate the making of a telephone call.

7. Telephone Directories - The Company normally publishes telephone directories annually.

a. Distribution - The Company distributes to its customers without charge such directory information as in its opinion is generally necessary for the efficient use of the service. However, the Company will not charge for the distribution of the first two copies of its directory per access line. Any additional directories or information requested by a customer will be furnished without additional charge if the Company agrees, that such provisions will make the customers use of telephone service more efficient. Other directories will be furnished at the Company's discretion at a reasonable rate.

b. Ownership - Directories regularly furnished to customers are the property of the Company, are loaned to customers to aid in the use of telephone service, and are to be returned to the Company upon request. Customers must not deface or mutilate directories. The Company has the right to make a charge for directories issued in replacement of directories destroyed, defaced or mutilated while in possession of customers.

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FEB 06 '92	DOCKET 10223
CONTROL NO. _____	
TARIFF NUMBER _____	

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

C. Rights of the Company (Continued)

8. Telephone Numbers - The Company reserves the right to change the telephone number or numbers assigned to a customer or the central office designation associated with such telephone number or numbers, or both, as reasonably appropriate in the conduct of its business. The customer has no property right in any number or central office designation assigned by the Company.

a. All nonassigned telephone numbers in central offices serving more than 300 customer access lines will be intercepted unless otherwise approved by the Commission.

b. Disconnected residence telephone numbers will not be reassigned for 30 days, and disconnected business numbers will not be reassigned, unless requested by the customer, for 30 days or the life of the directory, whichever is longer, unless no other numbers are available to provide service to new customers.

c. If a telephone number is a working number and is incorrectly listed in the Company's directory, the number will be changed at no charge upon request by the customer assigned the incorrect number. If the incorrect number is not a working number and is a usable number, the customer's number shall be changed to the listed number at no charge if the customer requests.

d. When additions or changes in plant or changes to any other local exchange carrier operations necessitate changing telephone numbers to a group of customers, at least 30 days' written notice will be given to all customers so affected even though the addition or changes may be coincident with a directory issue.

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FEB 06 '92	DOCKET 10223
CONTROL # _____	
TARIFF CLERK	

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

D. Liability of the Company

1. Given the customer's exclusive control of his communications over Company-provided facilities, and of the other uses for which Company facilities may be furnished, and because errors incident to the service and the use of facilities are unavoidable, the services and facilities furnished by the Company are subject to the terms, conditions and limitations specified herein.

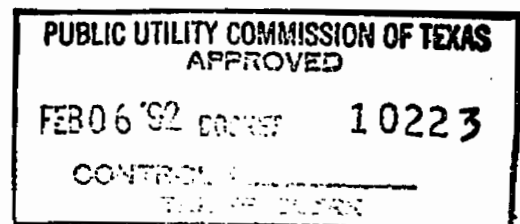
2. The Company's failure to provide or maintain facilities under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, acts of God and other circumstances beyond the Company's control, subject to the interruption allowance provisions by this tariff.

3. Defacement of Premises - No liability shall attach to the Company by reason of any defacement or damage to the customer's premises resulting from the existence of the Company's facilities on such premises, or by the installation or removal thereof, when such defacement or damage is not the result of the sole negligence of the Company or its employees.

4. Errors - The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this Tariff. With respect to any other claim or suit, by a customer or any others, for damages arising from errors or omissions in the making up or printing of its directories or in accepting listings as presented by customers or prospective customers, the Company's liability, if any, shall not exceed the amount paid for local exchange service during the period covered by the directory in which the error or omission occurred.

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Title: President



RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

D. Liability of the Company (Continued)

5. Interruptions of Service - In the event a customer's service is interrupted by other than the negligence or willful act of the customer, and it remains out of order for twenty-four (24) hours or longer after access to the premises is made available and after being reported to be out of order, appropriate adjustments or refunds shall be made to the customer. The amount of adjustment or refund shall be determined on the basis of the known period of interruption, generally beginning from the time the service interruption is first reported. The refund to the customer shall be the pro rata part of the month's flat rate charges for the period of days and that portion of the service facilities rendered useless or inoperative. The refund may be accomplished by a credit on a subsequent bill for telephone service. No allowance for interruption of service will be made for any period in which such service interruption is caused by malfunction or failure of customer-owned equipment.

6. Indemnification - The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this Tariff. With respect to any other claim or suit, by a customer or by any others, the customer indemnifies and saves harmless the Company against claims, losses or suits for injury to or death of any person, or damage to any property which arises from:

a. The use, placement or presence of the Telephone Company's facilities on the customer's premises or,

b. The use of customer-provided premises equipment, voltages or currents transmitted over the Company's facilities caused by customer-provided premises equipment.

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FEB 06 '92 DOCKET	10223
CONTROL # _____	
TARIFF CLERK	

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

IV. USE OF SERVICE AND FACILITIES (Continued)

D. Liability of the Company (Continued)

Further, the customer indemnifies and saves harmless the Company against claims for libel, slander, or the infringement of copyright arising directly or indirectly from the material transmitted over the Company's facilities or the use thereof by the customer; against claims for infringement of patents arising from, combining with or using in connection with, facilities furnished by the Company and apparatus, equipment, and systems provided by the customer; and against all other claims arising out of any act or omission of the customer in connection with the services or facilities provided by the Company.

7. Liability - The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this tariff. With respect to any other claim or suit, by a customer or any others, for damages arising out of mistakes, omissions, interruptions, delays or errors, or defects in transmission occurring during provision of telephone service, the Company's liability, if any, shall not exceed an amount equivalent to the proportionate charge to the customer for the period of service during which such mistake, omission, interruption, delay, error, or defect in transmission or service occurs and continues. This liability shall be in addition to any amounts that may otherwise be due to the customer under this tariff as an allowance for interruptions. However, any such mistakes, omissions, interruptions, delays, errors, or defects in transmission or service which are caused or contributed to by the negligence or willful act of the customer or authorized user, or joint user, or which arise from the use of customer-provided premises equipment shall not result in the imposition of any liability whatsoever upon the Company.

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Title: President

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FEB 06 '92 DOCKET	10223
CONTROL # _____	TARIFF CLERK

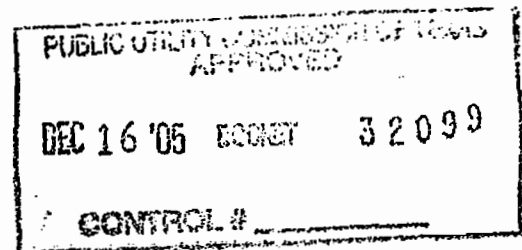
RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

V. STATE FRANCHISE TAX ADJUSTMENT FACTOR

In accordance with Substantive Rule §26.202 and pursuant to House Bill 11, Acts of 72nd Legislature, First Called Special Session 1991, the Company's 2004, 2005, and 2006 reductions in state franchise taxes will be applied against the Company's tax adjustment factor in future years for the services provided by the Company.

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-----FOR COMMISSION STAMP-----
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Title: President

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

VI. TEXAS UNIVERSAL SERVICE FUND (TUSF) SURCHARGE

A. The purpose of the Texas Universal Service Fund (TUSF) is to implement a competitively neutral mechanism that enables all residents of Texas to obtain basic telecommunications services. Because targeted financial support may be needed in order to provide and price basic telecommunications services in a manner to allow accessibility by consumers, the TUSF will assist local exchange companies (LECs) in providing these services at reasonable rates in high cost rural areas. In addition, the TUSF will reimburse the following entities: qualifying local exchange companies for revenues lost as a result of providing Lifeline and Link-Up America to qualifying low-income consumers under the Public Utility Regulatory Act; telecommunications carriers providing statewide telecommunications relay service; qualified vendors providing specialized telecommunications device distribution service for the hearing-impaired and speech-impaired; and the Texas Department of Human Services, the Texas Department for the Deaf and Hard of Hearing, the Texas Universal Service Fund administrator, and the Public Utility Commission for the costs incurred in implementing the provisions of the Public Utility Regulatory Act, Chapter 56 (relating to Telecommunications Assistance and the Universal Service Fund.)

B. The TUSF Surcharge is for recovery of the Company's TUSF assessment. The TUSF Surcharge is assessed as a percentage of the retail customer's intrastate taxable telecommunication receipts, except Lifeline and Link-Up America services, and applies to all retail customers. The TUSF assessment is calculated based on actual intrastate taxable telecommunications service receipts. In the case of a bundled offering where the amount attributable to intrastate taxable telecommunications service receipts cannot be accurately determined, 71.5% of the bundle's service charges will be allocated as intrastate telecommunications taxable receipts.

C. The TUSF Surcharge will be identified on the retail customer's bill as "Texas Universal Service" and will be assessed on every retail customer's bill, excluding Lifeline and Link-Up America services, at the assessment rate reflected in Commission Orders. The TUSF Surcharge assessment percentage may change periodically due to the assessment fund and revenue changes.

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By: Toney Prather
Title: President

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AUG 26 '01
FOR COMMISSION STAMP 60
CONTROL # _____

RULES AND REGULATIONS

APPLYING TO ALL CUSTOMERS' CONTRACTS

VII. MUNICIPAL FRANCHISE FEES - Cities of Byers and Petrolia

Residential, non-residential and point-to-point access lines provided pursuant to this tariff are subject to a municipal franchise fee as established for the city in which the end user of the access lines is located. Effective with the charges billed on or after July 1, 2009, the monthly recurring municipal charge will be equal to a monthly amount developed using criteria recommended by your local municipality with information supplied by this local certificated telecommunications provider (CTP). The fee will be assessed as a per-line-charge on the end user bill. This municipal charge results from implementation of House Bill 1777 - Telecommunications Franchise Law, which allows all municipalities to be compensated by CTPs for right-of-way usage. The fee has been developed and/or allocated across rate classifications according to local municipal guidelines.

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APPROVED

JUL - 1 '09 DOCKET 37056

CONTROL # _____

-----FOR COMMISSION STAMP-----
By: Toney Prather
Title: President