

Hunter & Mow, P.C.

A Professional Corporation of Attorneys at Law

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September 19, 1996

961148-TI

Via Overnight Courier

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Boulevard
Gunter Building
Tallahassee, FL 32399-0850

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RECEIVED
SEP 20 1996

**Re: Application of SouthNet Telecomm Services, Inc.
for Authority to Provide Interexchange Telecommunications
Services within the State of Florida**

Dear Sir or Madam:

Enclosed herewith, on behalf of SouthNet Telecomm Services, Inc. ("SouthNet"), please find an original and six (6) copies of SouthNet's Application for Authority to Provide Interexchange Telecommunications Services within the State of Florida.

Also enclosed is a check made payable to the Florida Public Service Commission in the amount of Two Hundred Fifty Dollars (\$250.00) in payment of the requisited statutory filing fee associated with this Application.

A File/Stamp copy of SouthNet's Application is enclosed. Please return this document to our office to evidence receipt of the Application by the Florida Public Service Commission. For your convenience, an addressed, stamped envelope is also enclosed.

If you have any questions concerning this matter, please do not hesitate to contact the undersigned.

Respectfully submitted,


Charles C. Hunter

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to FAR with proof of deposit.

Initials of person who forwarded check:


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10030 SEP 20 96
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APPLICATION FORM
FOR AUTHORITY TO
PROVIDE
INTEREXCHANGE
TELECOMMUNICATION
SERVICE WITHIN THE
STATE OF FLORIDA

DOCUMENT NUMBER-DATE

10030 SEP 20 88

1988 RECORDS REPORTING

**** FLORIDA PUBLIC SERVICE COMMISSION ***

DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION

APPLICATION FORM
for
AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE
WITHIN THE STATE OF FLORIDA

Instructions

- A. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Appendix A).
- B. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. If you have questions about completing the form, contact:
- E. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6600

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6251

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

- Original Authority (New company).
- Approval of Transfer (To another certificated company).
- Approval of Assignment of existing certificate (To an uncertificated company).
- Approval for transfer of control (To another certificated company).

2. Select what type of business your company will be conducting (check all that apply):

- Facilities based carrier - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- Operator Service Provider - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- Reseller - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless Rebiller - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discount from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- Multi-Location Discount Aggregator - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.

3. Name of corporation, partnership, cooperative, joint venture or sole proprietorship:

SouthNet Telecomm Services, Inc.

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

N/A

5. National address (including street name & number, post office box, city, state and zip code).

1640 Powers Ferry Road, Building 2, Suite 150, Marietta, GA 30067

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

7. Structure of organization;

Individual Corporation
 Foreign Corporation Foreign Partnership
 General Partnership Limited Partnership
 Other, _____

8. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.

(a) Provide proof of compliance with the foreign limited partnership statute (Chapter 620.169 FS), if applicable.

(b) Indicate if the individual or any of the partners have previously been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

(d) Complaints/Inquiries from customers;

11. List the states in which the applicant:

(a) Has operated as an interexchange carrier.

Georgia

(b) Has applications pending to be certificated as an interexchange carrier.

Arizona

(c) Is certificated to operate as an interexchange carrier.

Georgia

(d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.

N/A

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

N/A

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

N/A

12. What services will the applicant offer to other certificated telephone companies: none

() Facilities. () Operators.

() Billing and Collection. () Sales.

() Maintenance.

() Other: _____

13. Do you have a marketing program?

yes

14. Will your marketing program:

- Pay commissions?
- Offer sales franchises?
- Offer multi-level sales incentives?
- Offer other sales incentives?

15. Explain any of the offers checked in question 14 (To whom, what amount, type of franchise, etc.).

See Exhibit II

16. Who will receive the bills for your service (Check all that apply)?

- Residential customers. Business customers.
- PATS providers. PATS station end-users.
- Hotels & motels. Hotel & motel guests.
- Universities. Univ. dormitory residents.
- Other: (specify) _____.

17. Please provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services, and if not who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?

yes

(b) Name and address of the firm who will bill for your service.

18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications service in Florida.

See Exhibit III

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

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

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

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

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

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should affirm that the financial statements are true and correct.

B. Managerial capability.

C. Technical capability.

19. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

See Exhibit IV

20. The applicant will provide the following interexchange carrier services (Check all that apply):

MTS with distance sensitive per minute rates

Method of access is FGA

Method of access is FGB

Method of access is FGD

Method of access is 800

MTS with route specific rates per minute

Method of access is FGA

Method of access is FGB

Method of access is FGD

Method of access is 800

MTS with statewide flat rates per minute (i.e. not distance sensitive)

Method of access is FGA

Method of access is FGB

Method of access is FGD

Method of access is 800

MTS for pay telephone service providers

Block-of-time calling plan (Reach out Florida, Ring America, etc.).

800 Service (Toll free)

- WATS type service (Bulk or volume discount)
- Method of access is via dedicated facilities
- Method of access is via switched facilities

- Private Line services (Channel Services)
(For ex. 1.544 mbs., DS-3, etc.)

- Travel Service
 - Method of access is 950
 - Method of access is 800

- 900 service

- Operator Services
 - Available to presubscribed customers
 - Available to non presubscribed customers (for example to patrons of hotels, students in universities, patients in hospitals.
 - Available to inmates

Services included are:

- Station assistance
- Person to Person assistance
- Directory assistance
- Operator verify and interrupt
- Conference Calling

21. What does the end user dial for each of the interexchange carrier services that were checked in services included (above).

MTS: "1" + area code + 7-digit telephone number

22. Other: Travel card: "1" + 800 number + 10-digit authorization code + 7-digit telephone number
800: "1" + 800 + 7-digit telephone number

**** APPLICANT ACKNOWLEDGEMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** A non-refundable application fee of \$250.00 must be submitted with the application.
5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange service.
6. **ACCURACY OF APPLICATION:** By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

UTILITY OFFICIAL:

C. William Laystrom, Jr.
Signature

9/5/96
Date

C. William Laystrom, Jr.

President
Title

(770) 937-9550
Telephone No.

**** APPENDIX A ****

CERTIFICATE TRANSFER STATEMENT

I, (TYPE NAME) _____,
(TITLE) _____, of (NAME OF COMPANY)
_____, and current
holder of certificate number _____, have reviewed
this application and join in the petitioner's request for a
transfer of the above-mention certificate.

UTILITY OFFICIAL:

_____	_____
Signature	Date
_____	/
_____	_____
Title	Telephone No.

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant please check one):

- (X) The applicant will not collect deposits nor will it collect payments for service more than one month in advance.
- () The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)

UTILITY OFFICIAL:

C. William Laystrom, Jr.
Signature

9/5/96
Date

C. William Laystrom, Jr.
President
Title

(770) 937-9550
Telephone No.

**** APPENDIX C ****

INTRASTATE NETWORK

1. **POP:** Addresses where located, and indicate if owned or leased. N/A -- Applicant is a "switchless" reseller.

1) 2)

3) 4)

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

1) 2)

NONE

3) 4)

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

1) POP-to-POP TYPE OWNERSHIP

2) NONE

4. **ORIGINATING SERVICE:** Please provide the list of exchanges where you are proposing to provide originating service within thirty (30) days after the effective date of the certificate (Appendix D).

All exchanges

5. **TRAFFIC RESTRICTIONS:** Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471 (4) (a) (copy enclosed).

N/A

6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has () or has not (X) previously provided intrastate telecommunications in Florida. If the answer is has, fully describe the following:

- a) What services have been provided and when did these services begin?

N/A

- b) If the services are not currently offered, when were they discontinued?

N/A

UTILITY OFFICIAL:

C. William Laystrom, Jr.
Signature

9/5/96
Date

C. William Laystrom, Jr.

President

Title

(770) 937-9550

Telephone No.

**** APPENDIX D ****

FLORIDA TELEPHONE EXCHANGES

AND

EAS ROUTES

Describe the service area in which you hold yourself out to provide service by telephone company exchange. If all services listed in your tariff are not offered at all locations, so indicate.

In an effort to assist you, attached is a list of major exchanges in Florida showing the small exchanges with which each has extended area service (EAS).

**** FLORIDA EAS FOR MAJOR EXCHANGES ****

<u>Extended Service Area</u>	<u>with</u>	<u>These Exchanges</u>
PENSACOLA:		Cantonment, Gulf Breeze Pace, Milton Holley-Navarre.
PANAMA CITY:		Lynn Haven, Panama City Beach, Youngstown-Fountain and Tyndall AFB.
TALLAHASSEE:		Crawfordville, Havana, Monticello, Panacea, Sopchoppy and St. Marks.
JACKSONVILLE:		Baldwin, Ft. George, Jacksonville Beach, Callahan, Maxville, Middleburg Orange Park, Ponte Vedra and Julington.
GAINESVILLE:		Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry and Waldo.
OCALA:		Belleview, Citra, Dunnellon,

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Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

Forest Lady Lake (B21),
 McIntosh, Oklawaha,
 Orange Springs, Salt Springs and
 Silver Springs Shores.

DAYTONA BEACH: New Smyrna Beach.

TAMPA: Central None
 East Plant City
 North Zephyrhills
 South Palmetto
 West Clearwater

CLEARWATER: St. Petersburg, Tampa-West and
 Tarpon Springs.

ST. PETERSBURG: Clearwater.

LAKELAND: Bartow, Mulberry, Plant City,
 Polk City and Winter Haven.

ORLANDO: Apopka, East Orange, Lake Buena
 Vista, Oviedo, Windermere,
 Winter Garden,
 Winter Park, Montverde, Reedy
 Creek, and Oviedo-Winter
 Springs.

WINTER PARK: Apopka, East Orange, Lake Buena Vista,
 Orlando, Oviedo, Sanford, Windermere,
 Winter Garden, Oviedo-Winter Springs
 Reedy Creek, Geneva and Montverde.

TITUSVILLE: Cocoa and Cocoa Beach.

COCOA: Cocoa Beach, Eau Gallie,
 Melbourne and Titusville.

MELBOURNE: Cocoa, Cocoa Beach, Eau Gallie
 and Sebastian.

SARASOTA: Bradenton, Myakka and Venice.

FT. MYERS: Cape Coral, Ft. Myers Beach, North Cape
 Coral, North Ft. Myers, Pine Island, Lehigh
 Acres and Sanibel-Captiva Islands.

NAPLES: Marco Island and North Naples.

WEST PALM BEACH: Boynton Beach and Jupiter.

FORM FSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-
 24.480(2).

POMPANO BEACH:

Boca Raton, Coral Springs,
Deerfield Beach and Ft.
Lauderdale.

FT. LAUDERDALE:

Coral Springs, Deerfield Beach,
Hollywood and Pompano Beach.

HOLLYWOOD:

Ft. Lauderdale and North Dade.

NORTH DADE:

Hollywood, Miami and Perrine.

MIAMI:

Homestead, North Dade and
Perrine

**** APPENDIX E ****

**** GLOSSARY ****

ACCESS CODE: The term denotes a uniform four or seven digit code assigned to an individual IXC. The five digit code has the form 10XXX and the seven digit code has the form 950-XXXX.

BYPASS: Transmission facilities that go direct from the local exchange end user to an IXC point of presence, thus bypassing the local exchange company.

CARRIERS CARRIER: An IXC that provides telecommunications service, mainly bulk transmission service, to other IXC only.

CENTRAL OFFICE: A local operating unit by means of which connections are established between subscribers' lines and trunk or toll lines to other central offices within the same exchange or other exchanges. Each three (3) digit central office code (NXX) used shall be considered a separate central office unit.

CENTRAL OFFICE CODE: The term denotes the first three digits (NXX) of the seven (7) digit telephone number assigned to a customer's telephone exchange service.

COMMISSION: The Florida Public Service Commission.

COMPANY, TELEPHONE COMPANY, UTILITY: These terms may be used interchangeably herein and shall mean any person, firm, partnership or corporation engaged in the business of furnishing communication service to the public under the jurisdiction of the Commission.

DEDICATED FACILITY: The term denotes a transmission circuit which is permanently for the exclusive use of a customer or a pair of customers.

END USER: The term denotes any individual, partnership, association, corporation, governmental agency or any other entity which (A) obtains a common line, uses a pay telephone or obtains interstate service arrangements in the operating territory of the company or (B) subscribes to interstate services provided by an IXC or uses the services of the IXC when the IXC provides interstate service for its own use.

EQUAL ACCESS EXCHANGE AREAS: EAEA means a geographic area, configured based on 1987 planned toll center/access tandem areas, in which local exchange companies are responsible for providing equal access to both carriers and customers of carriers in the most economically efficient manner.

EXCHANGE: The entire telephone plant and facilities used in providing telephone service to subscribers located in an exchange area. An exchange may include more than one central office unit.

EXCHANGE (SERVICE) AREA: The territory, including the base rate suburban and rural areas served by an exchange, within which local telephone service is furnished at the exchange rates applicable within that area.

EXTENDED AREA SERVICE: A type of telephone service furnished under tariff provision whereby subscribers of a given exchange or area may complete calls to, and receive messages from, one or more other contiguous exchanges without toll charges, or complete calls to one or more other exchanges without toll message charges.

FACILITIES BASED: An IXC that has its own transmission and/or switching equipment or other elements of equipment and does not rely on others to provide this service.

FOREIGN EXCHANGE SERVICES: A classification of exchange service furnished under tariff provisions whereby a subscriber may be provided telephone service from an exchange other than the one from which he would normally be served.

FEATURE GROUPS: General categories of unbundled tariffs to stipulate related services.

Feature Group A: Line side connections presently serving specialized common carriers.

Feature Group B: Trunk side connections without equal digit or code dialing.

Feature Group C: Trunk side connections presently serving AT&T-C.

Feature Group D: Equal trunk access with subscription.

INTEREXCHANGE COMPANY: means any telephone company, as defined in Section 364.02(4), F.S. (excluding Payphone Providers), which provides telecommunication service between exchange areas as those areas are described in the approved tariffs of individual local exchange companies.

INTER-OFFICE CALL: A telephone call originating in one central office unit or entity but terminating in another central office unit or entity both of which are in the same designated exchange area.

INTRA-OFFICE CALL: A telephone call originating and terminating within the same central office unit or entity.

INTRASTATE COMMUNICATIONS: The term denotes any communications in Florida subject to oversight by the Florida Public Service Commission as provided by the laws of the State.

INTRA-STATE TOLL MESSAGE: Those toll messages which originate and terminate within the same state.

LOCAL ACCESS AND TRANSPORT AREA: LATA means the geographic area established for the administration of communications service. It encompasses designated exchanges, which are grouped to serve common social, economic and other purposes.

LOCAL EXCHANGE COMPANY (LEC): Means any telephone company, as defined in Section 364.02(4), F.S., which, in addition to any other telephonic communication service, provides telecommunication service within exchange areas as those areas are described in the approved tariffs of the telephone company.

OPTIONAL CALLING PLAN: An optional service furnished under tariff provisions which recognizes a need of some subscribers for extended area calling without imposing the cost on the entire body of subscribers.

900 SERVICE: A service similar to 800 service, except this service is charged back to the customer based on first minute plus additional minute usage.

PIN NUMBER: A group of numbers used by a company to identify their customers.

PAY TELEPHONE SERVICE COMPANY: Means any telephone company, other than a Local Exchange Company, which provides pay telephone service as defined in Section 364.335(4), F.S.

POINT OF PRESENCE (POP): Bell-coined term which designates the

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, *and 25-24.480(2).

actual (physical) location of an IXC's facility. Replaces some applications of the term "demarcation point."

PRIMARY SERVICE: Individual line service or party line service.

RESELLER: An IXC that does not have certain facilities but purchases telecommunications service from an IXC and then resells that service to others.

STATION: A telephone instrument consisting of a transmitter, receiver, and associated apparatus so connected as to permit sending and/or receiving telephone messages.

SUBSCRIBER, CUSTOMER: These terms may be used interchangeably herein and shall mean any person, firm, partnership, corporation, municipality, cooperative organization, or governmental agency supplied with communication service by a telephone company.

SUBSCRIBER LINE: The circuit or channel used to connect the subscriber station with the central office equipment.

SWITCHING CENTER: Location at which telephone traffic, either local or toll, is switched or connected from one circuit or line to another. A local switching center may be comprised of several central office units.

TRUNK: A communication channel between central office units or entities, or private branch exchanges.

ATTACHMENTS:

- A - CERTIFICATE TRANSFER STATEMENT
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
- C - INTRASTATE NETWORK
- D - FLORIDA TELEPHONE EXCHANGES and EAS ROUTES
- E - GLOSSARY

EXHIBIT I
Response to Application Question No. 10

(1) Who will serve as liaison with the Commission in regard to

(a) the application:

Charles C. Hunter
Hunter & Mow, P.C.
1620 I Street, N.W.
Suite 701
Washington, D.C. 20006
Telephone: (202) 293-2500
Facsimile: (202) 293-2571

(b) Office Point of Contact for the ongoing operations of the company:

Robert Morris, General Manager
SouthNet Telecomm Services, Inc.
1640 Powers Ferry Road
Building 2, Suite 150
Marietta, GA 30067
Telephone: (770) 937-9550
Facsimile: (770) 937-9303

(c) Tariff:

Charles C. Hunter
Hunter & Mow, P.C.
1620 I Street, N.W.
Suite 701
Washington, D.C. 20006
Telephone: (202) 293-2500
Facsimile: (202) 293-2571

(d) Complaints/Inquiries from customers:

Robert Morris, General Manager
SouthNet Telecomm Services, Inc.
1640 Powers Ferry Road
Building 2, Suite 150
Marietta, GA 30067
Telephone: (770) 937-9550
Facsimile: (770) 937-9303

EXHIBIT II
Response to Application Question No. 15

**MARKETING COMPENSATION STRUCTURE
OF
SOUTHNET TELECOMM SERVICES, INC.**

SouthNet Telecomm clearly recognizes that acquiring and retaining customers is the fundamental basis of its business. The Company has therefore developed a number of marketing strategies to facilitate a continuing stream of new customers. In this regard, SouthNet directs significant effort toward telemarketing performed by in-house employees.

SouthNet sales representative employees receive a salary; in addition, each sales representative also earns commissions based upon the number of activated sales generated by that sales representative in excess of the Company's standard predetermined weekly sales goal. Commissions are calculated by multiplying by a set percentage the portion of a sales representative's weekly sales revenues which exceed the standard predetermined weekly sales revenue goal, with the percentage multiplier increasing as the sales revenue above the predetermined goal increases.

A.

**FINANCIAL CAPABILITY
OF
SOUTHNET TELECOMM SERVICES, INC.**

As demonstrated by the attached balance sheet, statement of operations and accumulated deficit and statement of cash flows, SouthNet has the financial resources necessary to provide interexchange telecommunications services to residents of the State of Florida. SouthNet funded commencement of the Company's service offerings in the State of Georgia with nearly \$750,000 in financial resources and intends to supplement this amount with nearly another \$700,000 during the upcoming fiscal year to facilitate the Company's geographic expansion of its service offerings into the State of Florida. The Company estimates that its first year revenues will exceed \$1.5 million and that by 1988, annual revenues may top \$20 million.



Gross, Duke & Nelson, P.C.

Certified Public Accountants

William E. Gross, CPA*
David A. Duke, CPA**
Dean R. Nelson, CPA
Charlotte L. Parker, RPA
Richard S. Limbird, CPA, P.C.
Janet C. Dennisson, CPA
Dionne M. Elliott, CPA

To The Board of Directors of
Southnet Telecomm Services, Inc.:

We have compiled the accompanying balance sheet of Southnet Telecomm Services, Inc. as of June 30, 1996 and the related statements of operations and accumulated deficit, and cash flows for the six months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, with the consent of its shareholders, has elected under the Internal Revenue code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Gross, Duke & Nelson, P.C.

August 27, 1996



Division for CPA Firms AICPA

Balance Sheet
of
SOUTHNET TELECOM SERVICES, INC.
(as of June 30, 1996)

SOUTHNET TELECOMM SERVICES, INC.

BALANCE SHEET

JUNE 30, 1996

ASSETS

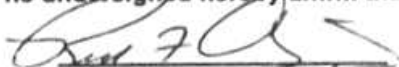
CURRENT ASSETS:	
Cash	\$ 84,237
Accounts receivable, net of allowance for doubtful accounts of \$23,530	253,977
Inventory	<u>38,338</u>
Total Current Assets	<u>374,552</u>
PROPERTY AND EQUIPMENT:	
Vehicle	17,334
Furniture and equipment	<u>43,547</u>
	60,881
Less accumulated depreciation	<u>(7,038)</u>
	<u>53,843</u>
OTHER ASSETS:	
Deposits	101,494
Deferred equipment cost, net of accumulated amortization of \$48,181	184,408
Organization costs, net of accumulated amortization of \$4,172	<u>23,876</u>
	<u>309,778</u>
Total Assets	<u>\$ 738,173</u>

LIABILITIES AND CAPITAL DEFICIENCY

CURRENT LIABILITIES:	
Accounts payable	\$ 59,915
Accrued liabilities	64,054
Current portion of notes payable	<u>6,222</u>
Total Current Liabilities	130,191
NOTES PAYABLE, less current portion	18,038
LOANS FROM STOCKHOLDERS, 9%	<u>1,109,195</u>
Total Liabilities	<u>1,257,424</u>
CAPITAL DEFICIENCY:	
Common stock, \$1 par value; 1,000,000 shares authorized; 6,670 shares issued and outstanding	6,670
Accumulated deficit	<u>(525,921)</u>
	<u>(519,251)</u>
Total Liabilities and Capital Deficiency	<u>\$ 738,173</u>

See Accountant's Compilation Report.

The undersigned hereby affirm that this financial statement is true and correct.


Chief Executive Officer


Chief Financial Officer

**Statement of Operations and Accumulated Deficit
of
SOUTHNET TELECOM SERVICES, INC.
(for the six month period ended June 30, 1996)**

SOUTHNET TELECOMM SERVICES, INC.

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 1998

REVENUE:	
Cellular, paging and accessories	\$ 469,882
Other	<u>10,689</u>
Total Revenue	<u>480,571</u>
COST OF SALES	<u>342,912</u>
GROSS PROFIT	<u>137,659</u>
OPERATING EXPENSES:	
Sales and marketing	201,946
General and administrative	217,307
Interest	43,469
Depreciation and amortization	<u>7,280</u>
Total Operating Expenses	<u>470,002</u>
NET LOSS	(332,343)
BEGINNING ACCUMULATED DEFICIT	<u>(193,578)</u>
ENDING ACCUMULATED DEFICIT	<u>\$ (525,921)</u>

See Accountant's Compilation Report.

The undersigned hereby affirm that this financial statement is true and correct.


Chief Executive Officer


Chief Financial Officer

Statement of Cash Flows
of
SOUTHNET TELECOM SERVICES, INC.
(for the six month period ended June 30, 1996)

SOUTHNET TELECOMM SERVICES, INC.

STATEMENT OF CASH FLOWS


FOR THE SIX MONTHS ENDED JUNE 30, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (332,343)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	51,910
(Increase) decrease in:	
Accounts receivable	(214,097)
Inventory	101
Deferred equipment cost	(168,861)
Deposits	(45,000)
Increase in:	
Accounts payable	38,873
Accrued liabilities	<u>49,796</u>
Net Cash Used In Operating Activities	<u>(619,621)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(19,971)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from notes payable	9,519
Repayment of notes payable	(2,226)
Issuance of common stock	1,670
Loans from stockholders	<u>700,000</u>
Net Cash Provided By Financing Activities	<u>708,963</u>
NET INCREASE IN CASH	69,371
CASH, BEGINNING OF YEAR	<u>14,866</u>
CASH, END OF PERIOD	<u>\$ 84,237</u>

See Accountant's Compilation Report.

The undersigned hereby affirm that this financial statement is true and correct.


Chief Executive Officer


Chief Financial Officer

B.
MANAGERIAL CAPABILITY
OF
SOUTHNET TELECOMM SERVICES, INC.

SouthNet's management has the experience, training, education and other qualifications necessary to provide interexchange telecommunications services to the residents of the State of Florida. Ronald F. Anderegg, Chairman of the Board of SouthNet, possesses extensive managerial experience, having been responsible in his latest corporate position for generating over \$230 million in annual sales, and for the oversight of 2,500 employees, in 76 locations in 19 states East of the Mississippi. Mr. Anderegg has successfully implemented large-scale business plans and marketing strategies, grown start-up enterprises into substantial consumer service businesses, and effectively managed corporate growth.

C. William Laystrom, Jr., President of SouthNet, possesses a broad-based business background and has utilized his knowledge and experience in building and expanding his reputation as a businessman in the State of Florida. Mr. Laystrom has also offered his business expertise to the residents of the State of Florida, and in particular Broward County, of which Mr. Laystrom is a native. Actively interested in matters of concern to Florida citizens on both the local and state level, Mr. Laystrom is also closely involved with numerous community organizations including the Association for Retarded Citizens Broward, Inc., Riverwalk Fort Lauderdale, Inc., and Project Horizon.

Robert A. Morris, SouthNet's General Manager, has significant experience navigating fledgling service provider companies through their initial start-up phases and leading those companies to positions as major market participants. In his most recent corporate position, Mr. Morris, after opening a regional market for the company, expanded the regional operations base to an annual revenues of \$12 million and increased annual revenues 500% in a five year period. In this position, Mr. Morris was responsible for the supervision of more than 100 employees.

Mr. Morris has held the front-line position in establishing SouthNet as a full-service telecommunications reseller. In addition to being integrally involved in the development and implementation of SouthNet's marketing strategy, Mr. Morris has been instrumental in the formulation of SouthNet's business plan and has instituted, and overseen since the Company's inception, all of SouthNet's major internal systems operations.

SouthNet's management team have leveraged substantial expertise in the field of marketing and business development to implement SouthNet's business plan, developed on a premise of providing a comprehensive service offering which will provide customers with a single source of supply and an integrated bill for cellular, paging and long distance telephone service and have set the Company on a course which is anticipated to result in first year revenues in excess of \$1.5 million. At the Company's current development pace, annual revenues are expected to exceed \$20 million in 1998.

C.

**TECHNICAL CAPABILITY
OF
SOUTHNET TELECOMM SERVICES, INC.**

SouthNet currently operates as a "switchless" non-facilities-based interexchange resale carrier, providing presubscribed "1+", 800 and calling card telecommunications services, throughout the State of Georgia, serving primarily residential and small business customers. SouthNet also provides cellular radio telephone and radio paging services to Georgia residents. SouthNet's business philosophy -- making available to consumers an integrated offering of interexchange, cellular and paging services and consistently maintaining an elevated level of service integrity -- has attracted a significant customer base to the Company. SouthNet has succeeded in positioning itself as a single, convenient answer to customers' dynamic communications needs and is actively cultivating long-term customer relations through the provision of diversified service offerings and superior customer support. Indeed, since initiating service in the State of Georgia less than a year ago, SouthNet has amassed a customer base well into the thousands -- a feat which the Company attributes, in significant measure, to its solid commitment to service quality and personalized customer service. It is SouthNet's intention to make available to residents of the State of Florida the same integrated telecommunications service offerings and superior customer service it currently provides to residents of the State of Georgia.

EXHIBIT IV
Response to Application Question No. 19

**PROPOSED FLORIDA TELECOMMUNICATIONS TARIFF
OF
SOUTHNET TELECOMM SERVICES, INC.**

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applying to resale common carrier telecommunications service provided by SouthNet TeleComm Services, Inc. (hereinafter, "Company") originating and terminating at locations within the State of Florida. This tariff is on file with the Florida Public Service Commission and copies may be inspected during normal business hours at the Company's principal place of business.

Issued: September 19, 1996

Effective:

By:

C. William Laystrom, Jr.
President
SouthNet TeleComm Services, Inc.
1640 Powers Ferry Road
Marietta, GA 30067

CHECK SHEET

The Title Page and Pages 1 through 41 inclusive, of this tariff are effective as of the date shown.

<u>Page</u>	<u>Number of Revisions Accept as Indicated</u>
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2	ORIGINAL
3	ORIGINAL
4	ORIGINAL
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6	ORIGINAL
7	ORIGINAL
8	ORIGINAL
9	ORIGINAL
10	ORIGINAL
11	ORIGINAL
13	ORIGINAL
14	ORIGINAL
15	ORIGINAL
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21	ORIGINAL
22	ORIGINAL
23	ORIGINAL
24	ORIGINAL
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28	ORIGINAL
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30	ORIGINAL
31	ORIGINAL
32	ORIGINAL

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33	ORIGINAL
34	ORIGINAL
35	ORIGINAL
36	ORIGINAL
37	ORIGINAL
38	ORIGINAL
39	ORIGINAL
40	ORIGINAL
41	ORIGINAL

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 SouthNet TeleComm Services, Inc.
 1640 Powers Ferry Road
 Marietta, GA 30067

CONCURRING, CONNECTING, OTHER PARTICIPATING CARRIERS

CONCURRING CARRIERS

No concurring carriers

CONNECTING CARRIERS

No connecting carriers

PARTICIPATING CARRIERS

No participating carriers

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President
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EXPLANATION OF SYMBOLS AND ABBREVIATIONS

When changes are made to any tariff page, a revised page will be issued canceling the tariff page affected. Changes will be identified on the revised page(s) through the use of the following symbols:

- (D) - To signify deletion or discontinuance;
- (I) - To signify change resulting in an increase to a Customer's bill;
- (M) - To signify material has moved from another location in the tariff without change;
- (N) - To signify new items in tariff;
- (R) - To signify change resulting in a reduction in rate or change;
- (T) - To signify a change in Text or Regulation but no Change in Rate or Charge.

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TARIFF FORMAT

Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between Pages 14 and 15 would be Page 14.1.

Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Florida Public Service Commission. For example, the 4th Revised Page 14 cancels the 3rd Revised Page 14. Because of the various suspension periods, deferrals and other procedures, the Florida Public Service Commission follows in its tariff approval process, the most current page number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the page currently in effect.

Paragraph Numbering Sequence - There are nine levels of paragraph coding:

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1.(a).
- 2.1.1.A.1.(a).1.
- 2.1.1.A.1.(a).1.(i).
- 2.1.1.A.2.(a).1.(i).1.

Check Sheets - When a tariff filing is made with the Florida Public Service Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the pages contained in the tariff, with a cross reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing

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SOUTHNET TELECOMM SERVICES, INC.

PSC Tariff
ORIGINAL SHEET 10

are designated by an asterisk ("*"). The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Florida Public Service Commission.

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SECTION 2 - TERMS AND ABBREVIATIONS

- 2.1 **ACCESS:** The connection between Customer's location to an interexchange switching center.
- 2.2 **ACCESS LINE:** An arrangement from an LEC or other Common Carrier, using either Dedicated or Switched Access, which connects a Customer Premises and Company's Point of Presence.
- 2.3 **ACCOUNT CODE:** A numerical code, assigned to Customer, to enable the Company to identify users of the Service by Customer and to bill for usage of that Service by Customer. Multiple Account Codes may be assigned to Customer to identify individual users or groups of users.
- 2.5 **AUTHORIZATION CODE:** A predefined series of numbers to be dialed by the Customer or End User upon access to the Company's system to notify the caller and validate the caller's authorization to use the services provided. All authorization codes shall be the sole property of Company and no subscriber shall have any property or other right or interest in the use of any particular authorization code. Customer is responsible for charges incurred through the use of his or her assigned Authorization Code. Automatic numbering identification (ANI) may be used as or in connection with the authorization code.
- 2.6 **AUTOMATIC NUMBER IDENTIFICATION:** A type of signalling provided by a local exchange telephone company which automatically identifies the local exchange line from which a call originates.
- 2.7 **CALL:** A completed connection established between a Calling Station and one or more Called Stations.
- 2.8 **CALL UNIT:** The measured period of a Call which is either Initial or Incremental.

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1640 Powers Ferry Road
Marietta, GA 30067

-
- 2.9 **CALLED STATION:** The terminating point of a Call (*i.e.*, the called number).
- 2.10 **CALLING CARD:** A billing arrangement which bills the charge for an MTS Call to the Main Billing Number of a Customer.
- 2.11 **CALLING STATION:** The origination point of a Call (*i.e.*, the calling number).
- 2.12 **COMMON CARRIER:** A company or entity providing telecommunications services to the public.
- 2.13 **COMPANY:** SouthNet TeleComm Services, Inc.
- 2.14 **COMPANY'S POINT OF PRESENCE:** Location of the serving central office associated with access to the Company's network.
- 2.15 **CUSTOMER:** A Person who orders and/or is furnished the Service under the provisions and regulations of this Tariff and who is responsible for the payment of all charges therefor and for complying with the terms and conditions set forth in this Tariff.
- 2.16 **CUSTOMER PREMISES:** A location, on property owned, leased or otherwise controlled by Customer, that is designated by Customer for the provision of the Service to the Customer pursuant to this Tariff.
- 2.17 **CUSTOMER-PROVIDED EQUIPMENT:** Telecommunications equipment provided by a Customer used to originate Calls using the Service located at the originating location.

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President
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1640 Powers Ferry Road
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-
- 2.18 **DEDICATED ACCESS:** A non-switched circuit connecting the Customer's location to the Underlying Carrier's switch with no intermediate switching functions by the LEC.
- 2.19 **DS0:** A form of private line service offered at digital signal level 0 and providing a 64 Kbps signal.
- 2.20 **DS1:** A form of private line service offered at digital signal level 1 and providing a 1.544 Mbps signal.
- 2.21 **END USER:** Any person, firm, partnership, corporation or other entity which uses the service of the Company under the terms and conditions of this tariff. The End User is responsible for payment unless the charges for the service utilized are paid by the Customer.
- 2.22 **HOLIDAYS:** Company recognizes the following holidays: New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Christmas Day.
- 2.23 **INCOMPLETE CALL:** Any Call as to which voice transmission between the Calling and the Called Station is not established (*i.e.*, busy, no answer).
- 2.24 **INCREMENTAL CALL UNIT:** The minimum additional period after an additional Call Unit for which charges are incurred for completed Calls and, except as otherwise provided in this Tariff, equals six (6) seconds.
- 2.25 **INITIAL CALL UNIT:** The minimum period for which charges are incurred for completed Calls and, except as otherwise provided in this Tariff, equals eighteen (18) seconds.
- 2.26 **KBPS:** Kilobits per second.
- 2.27 **KHZ:** Kilohertz.
- 2.28 **LOCAL EXCHANGE CARRIER or LEC:** A franchised telephone company which provides local exchange and local exchange access services.

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C. William Laystrom, Jr.
President
SouthNet TeleComm Services, Inc.
1640 Powers Ferry Road
Marietta, GA 30067

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- 2.29 **MAIN BILLING NUMBER:** A telephone number assigned to a Customer to which Customer charges are billed.
- 2.30 **MBPS:** Megabits per second.
- 2.31 **MHZ:** Megahertz.
- 2.32 **NONRECURRING CHARGES:** One-time charges payable to Company for installation, modification and discontinuance of the Service under this Tariff.
- 2.33 **OFF-PEAK:** The time period extending from 7:00 P.M. up to, but not including, 7:00 A.M. local time Monday through Friday, plus all day Saturday and Sunday and Holidays.
- 2.34 **PEAK:** The time period extending from 7:00 A.M. up to, but not including, 7:00 P.M. local time Monday through Friday.
- 2.35 **PERSON:** A natural being, firm, organization, partnership, association, corporation, or entity.
- 2.36 **SERVICE:** The Message Telecommunications Services provided by Company pursuant to this Tariff.
- 2.37 **SOUTHNET TELECOMM SERVICES, INC.:** SouthNet
- 2.38 **SWITCHED ACCESS:** A circuit connecting the Customer's location to its destination via LEC switching facilities.
- 2.39 **UNDERLYING CARRIER:** The carrier(s) on whose network(s) Company provides the Service to Customers.

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C. William Laystrom, Jr.
President
SouthNet TeleComm Services, Inc.
1640 Powers Ferry Road
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SECTION 3 - GENERAL RULES AND REGULATIONS**3.1. UNDERTAKING OF COMPANY**

- 3.1.1. Scope.** Company undertakes to provide Message Telecommunications Service in accordance with the terms and conditions set forth in this Tariff. The Service is furnished for communications originating and terminating at points within the State of Florida.
- 3.1.2. Agency.** Company may act as an agent for Customer in connection with the implementation and maintenance of the Service.
- 3.1.3. Routing.** Company will maintain sole and absolute discretion over the routing of Calls originated by Customer pursuant to this Tariff and the channels and/or service components used to provide the Service. Company will maintain sole and absolute discretion over the selection of the Underlying Carrier over whose network Calls originated by Customer pursuant to this Tariff will be carried and shall be under no obligation to notify customers of any change in the Underlying Carrier.

3.2. AVAILABILITY OF SERVICE

Company's obligation to furnish the Service is dependent upon its ability to obtain, retain and maintain access to suitable facilities without unreasonable expense and is subject to transmission, atmospheric and like limitations. Service may be temporarily refused or limited due to limitations in system capacity or to other circumstances beyond Company's control. Service to any or all Customers may be temporarily interrupted or curtailed due to equipment modifications, upgrades, relocations, repairs, or similar activities necessary for the proper or improved operation of Service.

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President
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3.3. USE OF SERVICE

- 3.3.1. Authorized Use.** The Service may be used solely to transmit communications of Customer in a manner consistent with the terms of this Tariff and the policies and regulations of the Florida Public Service Commission. Service is furnished for the transmission of voice communications, but may also be used for data, facsimile, signaling, metering, or other similar communications, subject to the transmission capabilities of the Service and the laws of the State of Florida, and the rules and regulations of the Florida Public Service Commission.
- 3.3.2. Limitations.** The Service is furnished subject to the condition that it will be used only for authorized and lawful purposes by Customer. Customer may not use the Service for any unauthorized or unlawful purpose.
- 3.3.3. Compatibility.** Customer's use of the Service shall not interfere with or impair Company's ability to provide the Service to other Customers, cause damage to Company's equipment or resold equipment, impair the privacy of communications over Company's system or create hazards to the employees of any company or the public.
- 3.3.4. Modifications.** Customer may not rearrange, disconnect, remove, modify or attempt to repair or permit others to rearrange, disconnect, remove, modify or attempt to repair any Company facility without the prior written consent of Company.

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President
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1640 Powers Ferry Road
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3.3.5. **Assignment.** Customer may transfer or assigned the right to receive Service under this tariff, including the right to use any associated telephone number(s), to a new Customer, provided that (i) the Customer notifies the Company in writing of the proposed transfer or assignment to the new Customer and the date upon which the transfer or assignment will become effective, and (ii) the new Customer notifies the Company in writing, prior to the proposed effective date of the transfer or assignment, that the new Customer agrees to assume all obligations of the former Customer as of the time of transfer or assignment proposed by the former Customer, including (1) all outstanding indebtedness for service or otherwise under this tariff up to and including the date of transfer or assignment and (2) the unexpired portion of any applicable minimum payment period commitment(s) undertaken by the former Customer. The transfer or assignment does not relieve or discharge the former Customer from remaining jointly and severally liable with the new Customer for any obligations existing at the time of transfer or assignment.

3.3.6. **Property Rights.** Customer will obtain no property right or interest in the use of any specific type of facility, service connection, equipment, number, process or code. All right, title and interest to such items will remain, at all times, solely with Company.

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By:

C. William Laystrom, Jr.
President
SouthNet TeleComm Services, Inc.
1640 Powers Ferry Road
Marietta, GA 30067

3.4. LIMITATIONS ON SERVICE

3.4.1. Rights of Company.

(i) Company reserves the right to refuse, limit the use of or interrupt the Service without incurring liability to Customer (i) for nonpayment by Customer of any amounts due Company, (ii) for provision by Customer of insufficient or fraudulent billing information, (iii) for violation by Customer of this Tariff or of applicable laws, rules or regulations, (iv) by reason of an order of a court or governmental authority, or (v) if the Company deems such refusal necessary to protect itself or third parties against fraud or to otherwise protect its personnel, agents or services.

(ii) Company may refuse, limit the use of or interrupt the Service without incurring liability to Customer when necessitated by conditions beyond its control.

(iii) Company may discontinue providing Service under this tariff, without incurring liability to Customer, to any Customer which has been determined to be reselling or rebilling the Service without benefit of a Certificate of Public Convenience and Necessity, validly obtained from the Florida Public Service Commission, authorizing Customer to operate as an interexchange carrier.

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By:

C. William Laystrom, Jr.
President
SouthNet TeleComm Services, Inc.
1640 Powers Ferry Road
Marietta, GA 30067

3.4.2. **Authorizations.** The Service shall be provided only when all requisite authorizations have been obtained from appropriate governing bodies.

3.5. **LIABILITY OF COMPANY**

3.5.1. **Limitations.** Company's liability, if any, for damages associated with the ordering, installation (including delays associated therewith), provisioning, termination, maintenance, repair or restoration of the Services or associated facilities under this Tariff, or arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission occurring in the course of furnishing the Services hereunder and not caused by the negligence or intentional acts of the Customer, shall be limited as follows. Other than for its gross negligence or willful misconduct, the Company shall have no further liability, other than amounts that may be due the Customer under this Tariff as a credit allowance. but in no event shall exceed an amount equivalent to the Initial Call Unit provided under this Tariff for the long distance call for the period during which the Service was interrupted. With respect to the Services, the Company hereby disclaims, without limitation, all warranties not stated in this Tariff, whether express, implied or statutory, and in particular disclaims all implied warranties of merchantability or fitness for a particular purpose.

Issued: September 19, 1996

Effective:

By:

C. William Laystrom, Jr.
President
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Marietta, GA 30067

3.5.2. Other Carriers.

(i) Company shall not be liable for any act or omission of any other company or companies furnishing a portion of the Service, or for damages associated with Service, channels or equipment which it does not furnish, or for damages which result from the operation of Customer-provided systems, equipment, facilities or Services which are interconnected with Company's Service. The liability of any Underlying Carrier to Customer or any End-User shall be limited by the tariffs pursuant to which such carrier provides network Services. No agents or employees of such Underlying Carrier(s) shall be deemed to be agents or employees of Company without written authorization from the Company.

(ii) Company shall not be liable for damages caused by services, channels, equipment, or wiring which it does not furnish.

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(iii) Company shall not be liable for the failure of any services or facilities provided by other carriers to Company and resold by Company to Customer. Any liability of such other carriers to Customer or others arising from the resale by Company or use by Customer or others of such services or facilities hereunder will be limited by the tariffs pursuant to which such carriers provide such facilities or services.

3.5.3. Responsibility of Company. Company shall not be responsible for the installation, operation or maintenance of any Customer-Provided Equipment or facilities. Where Customer-Provided Equipment or facilities are used in conjunction with the Service furnished pursuant to this Tariff, the responsibility of Company shall be limited to the furnishing, and the maintenance and operation in the proper manner, of the Service under this Tariff and shall not include responsibility for the quality of, or defects in, the signal that are caused by the Customer-Provided Equipment or facilities. Subject to the above, Company shall not be responsible for the through transmission of signals generated by, the reception of signals by, or network control signalling where such signalling is performed by Customer-Provided Equipment or facilities.

3.5.4. Indemnification.

(i) Customer shall indemnify and hold Company harmless against all claims, liability, losses or damages arising from the use of the Service involving:

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(a) Claims for libel, slander, invasion of privacy, infringement of copyright or unauthorized use of any trademark, trade name or service mark arising out of the material, data, information, or other content transmitted for Customer by Company pursuant to this Tariff; violation of any other literary, intellectual, artistic, dramatic, or musical rights; violation of the right to privacy; or any other rights whatsoever relating to or arising from message content or the transmission thereof;

(b) Any unauthorized or unlawful use by Customer of the Service or any equipment or facilities associated therewith;

(c) Any violation by Customer of, or failure by Customer to perform its obligations under, this Tariff; or

(d) All other claims arising out of any act or omission of Customer in connection with the Service provided by Company under this Tariff.

(ii) Company shall not be liable for, and Customer shall indemnify and hold Company harmless from, any and all losses, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by Customer or by any other party or person, for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the equipment or premises of Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use

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of equipment or wiring provided by Company, when such installation, operation, failure to operate, maintenance, condition, use or location is not the direct result of Company's gross negligence or willful misconduct.

3.5.5. **Consequential or Special Damages.** Company's liability for its gross negligence or willful misconduct is not limited by this Tariff. Regardless of the form of action, whether in contract, indemnity, warranty, strict liability or tort, including, without limitation, negligence of any kind whether active or passive, Company shall not be liable for any indirect, incidental, consequential, reliance, special or punitive damages, including, without limitation, damages for lost profits, of any kind or nature whatsoever, arising out of the provision or interruption of the Services provided under this Tariff absent a determination of gross negligence or willful misconduct in a judicial or administrative proceeding.

3.5.6. **Explosive Atmosphere.** Company does not guarantee or make any warranty with respect to the use of the Service in an explosive atmosphere. Company shall be indemnified, defended, and held harmless by Customer against all claims, losses or damages by any person relating to Service when used in an explosive atmosphere.

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- 3.5.7. **Independent Contractor.** Company's relationship with any underlying carrier that may provide facilities to Company for resale to Customer is that of an independent contractor and Company and any such underlying carrier shall not be deemed to be partners or joint venturers by virtue of this relationship. No agents or employees of other carriers shall be deemed to be agents or employees of Company.
- 3.5.8. **Implied License.** No license under patents, copyrights, trademarks, or trade secrets is granted to Customer by Company, or shall be implied or arise by estoppel, with respect to the Service.
- 3.5.9. **Force Majeure.** Company's failure to provide or maintain the Service will be excused by fire, flood or other catastrophes; national emergencies, civil commotions, insurrections, riots, wars or labor difficulties; any law, order, regulation, directive, action or request of the State of Florida, or any other government, including federal, state, and local governments having jurisdiction over Company to terminate calls within such jurisdictions, or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of said governments, or of any civil or military authority; preemptions of existing services to restore service in compliance with Section 64, Subpart D, of the Federal Communications Commission's Rules and Regulations; Acts of God; or outages due to circumstances beyond Company's reasonable control, including the failure of services or facilities provided by other carriers and resold by Company hereunder.

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- 3.5.10. **Notice.** Company shall not be liable for damages or statutory penalties or be obligated to make any adjustment, refund or cancellation of charges unless Customer has notified the Company of any dispute concerning charges, or the basis of any claim for damages, within thirty (30) calendar days after an invoice is rendered or the occurrence giving rise to such dispute or claim. Any such notice must set forth sufficient facts to provide Company with a reasonable basis upon which to evaluate Customer's claim.

3.6. **OBLIGATIONS OF CUSTOMER**

Customer shall be responsible for meeting the following obligations in a timely manner and in accordance with procedures established by Company:

- 3.6.1. **Payment of Bills/Compliance with Regulations.** Customer shall be responsible for the payment of all charges for the Service and compliance with all provisions of this Tariff.
- 3.6.2. **Placement of Orders.** Customer shall be responsible for placing all necessary orders for the Service. Where special or dedicated DS1 or other levels of direct, non-switched exchange access is required, Customer shall itself provide itself, arrange for or direct Company to arrange for the provision of such access by the appropriate LEC or competitive access provider. In the event that Customer directs Company to arrange for such access, Customer shall provide Company with all necessary documentation, including, but not limited to, letters of authorization.

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3.6.3. Entry.

(a) Customer shall make Company-provided facilities on Customer Premises available upon reasonable notice from Company (which notice shall be in writing, except in emergency situations), for such tests, adjustments, and inspections as may be necessary to maintain such facilities in satisfactory condition or to determine whether the requirements of this Tariff are being complied with in the installation, operation and maintenance of Customer's or Company's equipment.

(b) Customer shall permit or obtain permission for Company employees and agents to enter Customer Premises at any hour under mutually agreeable arrangements for the purpose of maintaining or repairing Company-provided facilities.

(c) Customer shall make Company-provided facilities available for installation, periodic maintenance or removal at all times.

3.6.4. Preservation of Rights. Customer shall provide for Company's rights under this Tariff in any and all agreements or arrangements with third parties.

3.6.5. Permits. Customer shall secure all permits, licenses, rights-of-way, services, variances and other arrangements necessary to allow for the installation and operation of the Services by Company on the Customer Premises.

3.6.6. Interconnection. Customer shall take all necessary steps for the interconnection of Customer-Provided Equipment with Company-provided facilities.

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3.6.7. Customer Premises.

(a) Customer shall ensure the physical security of all Company facilities located on Customer Premises.

(b) Customer shall provide for power, power lines and power line conditioning; conduit; heating and cooling, building space; internal and external building wiring; and entrance facilities on Customer Premises. Such Customer responsibilities shall be performed in accordance with procedures established by Company in a timely manner for the installation and operation of Company facilities located on Customer Premises.

(c) Customer shall maintain safe premises at which Company employees may install or maintain facilities of Company. Customer responsibility shall include compliance with all laws and regulations regarding the conditions at such premises, including, but not limited to the provision, installation and maintenance of sealed conduits with explosive-proof fittings between facilities furnished by Company in explosive atmospheres and points outside the hazardous area where connection may be made with the facilities of Company and installations and maintenance within the hazardous area if, in the opinion of Company, injury or damage to Company employees or property might result from installation or maintenance by Company.

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3.6.8. Cooperation.

(a) Customer shall cooperate with Company in installation, trouble determination and fault isolation.

(b) Customer shall furnish such information on a continuing basis as is required by Company to prepare, install, provide and maintain the Service.

3.6.9. Damage/Loss. Customer shall be responsible for and shall reimburse Company for damage to or loss of Company-provided facilities caused by the negligence or the willful act or omission of Customer or its officers, employees, agents or contractors.

3.6.10 Compatibility. Customer shall ensure that Customer-provided equipment and facilities are fully compatible with the Service and do not interfere with, or impair, the Services provided by Company to other customers and do not endanger the safety of Company employees or the public or damage or interfere with the proper functioning of Company's facilities.

3.6.11 Notice of Service Interruption. It shall be the obligation of Customer to notify Company of any interruption in service. Before giving such notice, Customer shall ascertain that the trouble is not being caused by any action or omission by Customer within its control, or is not in wiring or equipment, if any, furnished by Customer. Customer shall be responsible for payment of a maintenance service charge in the event that a service difficulty or trouble report results from Customer acts or omissions or Customer-provided facilities connected to the Service.

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3.7. APPLICATION FOR SERVICE, SERVICE PERIOD, PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

- 3.7.1. Application for Service.** Company may require Customer to execute an application form as a condition precedent to the initial establishment of Service. The application form shall identify the Service to be provided, indicate the locations at which the Service is to be installed, state the date on which the Service shall begin and provide a billing and a contact name and address for the Service. Company may accept additions or changes to the Service verbally or in writing. Applications for Service, including those for the installation, connection, repair, modification or termination of service, will be accepted only from Customer or an authorized agent of Customer.
- 3.7.2. Minimum Service Period.** There are no minimum service periods for the Service; Customer may cancel the Service upon ten (10) days' prior written notice to Company. No termination charges will be imposed on Customer in the event Customer terminates the Service.
- 3.7.3. Payment of Charges.** Customer shall be responsible for payment of all charges for the Service furnished to Customer, including, but not limited to charges associated with Calls originated at Customer's number(s).

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- 3.7.4. **Billing.** Message charges for the Service will be billed monthly in arrears; monthly recurring charges will be billed monthly in advance; one-time fees will be billed upon completion of the associated service. All payments for bills rendered are due in their entirety within thirty (30) days of the invoice date. If payment for service is made by a check, draft or similar instrument that is returned by a bank to the Company for any reason, a returned check charge of twenty-five dollars (\$25.00) shall be applied in addition to the total amount due.
- 3.7.5. **Late Payment.** If any portion of a payment is still outstanding thirty (30) days following the invoice date, a late payment charge may be applied. The charge is determined by applying a rate of one and one half percent (1.5%) per month (or if less, the maximum rate allowed by law) to the unpaid balance for each month or fraction thereof that such balance remains unpaid.
- 3.7.6. **Billing Entity Conditions.** If billing functions are performed on behalf of Company by local exchange telephone companies, credit card companies or others, the payment conditions and regulations of such billing entities apply, including any applicable interest and/or late payment charge conditions.
- 3.7.7. **Taxes.** In addition to the rates and charges set forth in this Tariff, Customer shall be responsible for payment of all amounts due to federal, state and local governments for all taxes, fees and other governmental impositions.

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- 3.7.8. **Disputed Charges.** Billing will be deemed to be correct and binding on Customer unless Customer notifies Company in writing of any dispute within thirty (30) days of the date of the invoice on which the disputed charges appear. Disputed charges and subsequent billings must be paid on a timely basis by Customer pending resolution of any dispute over charges.
- 3.7.9. **Credit Allowance.** Subject to Sections 3.2, 3.4, 3.5 and 3.6, Customer will receive a credit allowance for any portion of a Call which is interrupted due to poor transmission, one-way transmission or involuntary disconnection in an amount to the period for which the Call was interrupted.
- 3.7.10. **Customer Deposits.** Company does not require a deposit from customers.
- 3.7.11. **Pro-Rated Charges.** In the event that Customer terminates Service before the end of a month, Customer shall be entitled to a refund of that portion of any monthly recurring charge equal to the percentage of the days remaining in the month.

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3.8. SUSPENSION/TERMINATION OF SERVICE**3.8.1. Suspension for Cause**

(i) Company may, without incurring any liability, suspend the Service without notice to Customer if Company deems that such action is necessary to protect its personnel, facilities or services. In addition, Company may, without incurring any liability, suspend the Service ten (10) days after providing written notice to Customer of nonpayment of any sum thirty (30) days past due if payment is not received by Company within the ten (10) day period. Company may also, without incurring any liability, suspend the Service thirty (30) days after providing written notice to Customer of noncompliance with an obligation of Customer specified in this Tariff if such noncompliance is not corrected within the thirty (30) day period. Notwithstanding the above, Company may, without incurring any liability, suspend the Service after giving only such notice and opportunity to cure to Customer as are reasonably required under the circumstances, if the suspension of service is required by law, regulation or order of governmental authority with appropriate jurisdiction.

(ii) Suspension for cause does not relieve Customer of any obligation to pay charges that would otherwise be due to Company or entitle Customer to the receipt of a credit allowance. No period of suspended service will accrue toward fulfillment of any applicable minimum service period requirement.

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3.8.2. Termination for Cause

(i) Company may terminate the Service, without incurring any liability, after suspension of service for nonpayment or noncompliance with any provision of this Tariff if such nonpayment or noncompliance is not corrected within ten (10) days following the suspension of service.

(ii) Company may terminate the Service, without incurring any liability, upon the discontinuance of service to the Company by an Underlying Carrier.

(iii) Termination for cause does not relieve Customer of any obligation to pay any termination charges.

3.9. CONNECTIONS

3.9.1. Interconnection. Interconnection between Customer-Provided Equipment and Company-provided service, or between facilities or services provided to Customer by another carrier and services provided by Company, may be made by Customer at an interface point designated by Company. All terminal equipment and wiring necessary to connect to the channels at the designated interface point are provided by Customer.

3.9.2. Safeguards. In order to protect Company's facilities and personnel and the services provided by Company to other Customers from potentially harmful effects, the signals applied to Company's service shall not induce harmful voltage or currents either in the conductors or between the conductors and ground.

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3.9.3. **Operating Characteristics.** When the Services are used in connection with facilities provided by Customer, the operating characteristics of such facilities shall be such as not to interfere with any other service offered by Company. The use of such facilities shall not endanger the safety of Company employees or the public, damage or require change in or alteration of facilities of Company, interfere with the proper functioning of such facilities, or otherwise injure the public in its use of Company's services. Upon notice from Company that any facility provided by Customer is causing or is likely to cause such hazard or interference, Customer shall take such steps as shall be necessary to promptly remove or prevent such hazard or interference.

3.9.4. **Inspections.** Company may, upon reasonable notice to Customer, make such inspections, including monitoring of Customer's use of the Service, as may be necessary to determine that requirements of the Tariff are being complied with in the installation, operation and maintenance of Customer-provided facilities connected to Company facilities.

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SECTION 4 - SERVICES

4.1. GENERAL

4.1.1. Services.

(a) Southnet 1+ WATS Service: 1+ WATS service is a service offered on a per-Call basis to Customers originating Calls from locations within the State of Florida to points inside the State of Florida. MTS is accessed on a conventional "1+" pre-subscribed direct dial basis over the facilities of an LEC. MTS may be provided via Switched Access or Dedicated Access.

(b) Southnet 800 Service: 800 Service is an inbound service which permits end users to originate Calls from locations within the State of Florida to customer-designated locations inside the State of Florida. The Customer, rather than the originator of the Call, is billed for the Call.

(c) Southnet Calling Card Service: Calling Card service is a form of MTS service for which Calls are originated on a "0+" direct-dialed basis, and whereby the per-Call charges are billed to a telephone credit card associated with the Customer's Main Billing Number. SouthNet Calling Card Service is accessible through a Company-designated 800 number.

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(d) SouthNet Debit Calling Card Service: Debit Calling Card Service provides an outbound voice grade communications service for calls charged to a SouthNet Debit Card. SouthNet Debit Calling Card Service is accessed by using the SouthNet 800 number printed on the card. All calls must be charged against a SouthNet Debit Card that has a sufficient available balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted. Calls in progress will be terminated by the Company if the balance on the SouthNet Debit Card is insufficient to continue the call and the Customer fails to enter the number of another valid SouthNet Debit Calling Card prior to termination. SouthNet Debit Calling Cards are available in a variety of denominations. These prices are inclusive of all taxes. Debit Cards will be sold at prices rounded to the nearest cent.

4.1.2. Availability. The Service is available full-time, twenty-four (24) hours a day, seven (7) days a week, fifty-two (52) weeks a year.

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4.1.3. Contacts.

(a) Customer complaints, bill inquiries, new service or disconnect requests should be directed to:

SouthNet TeleComm Services, Inc.
1640 Powers Ferry Road
Marietta, GA 30067
Toll Free: 1-800-STS-3221
ATTN: Mr. Robert Morris

(b) Other contacts with Company should be directed to:

Robert Morris, General Manager
SouthNet TeleComm Services, Inc.
1640 Powers Ferry Road
Marietta, GA 30067
(770) 937-9550

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SECTION 5**RATES AND CHARGES****5.1. RATE SCHEDULE**

- 5.1.1. **General.** This section sets forth the rates and charges applicable to Message Telecommunications Service. All rates are set forth in U.S. dollars.
- 5.1.2. **Rating Methodology.** Charges for MTS Calls are applied on a per-Call basis. MTS message charges are based on time of day/day of week, and the duration of the Call.
- 5.1.3. **Billing Increments.** MTS message charges are billed in Initial and Incremental Call Units. There will be no charge for Uncompleted Calls. In computing chargeable time, call length is rounded upward to the nearest Call Unit.
- 5.1.4. **Call Timing.** Usage charges are based on the actual useage of Company's network. Chargeable time for Calls begins when the Calling and the Called Stations are connected and the LEC signals that the called party has answered. Chargeable time ends when the calling service point is terminated, thereby releasing the network connection. If the called party hands up but the calling number does not, chargeable time ends when the network connection is released by signal from the Called Station or by automatic timing equipment in the telephone network.
- 5.1.5. **Overlapping Rate Periods.** MTS Calls which extend over multiple rate periods will be charged according to the rates applicable to the time recorded in each rate period.

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- 5.1.6. **Billing Fees.** A monthly billing fee may be assessed under individual service options.
- 5.1.7. **Set-up Fees.** A one-time service fee may be assessed under individual service options.
- 5.1.8. **Credit Card Fees.** A monthly service fee and per-Call surcharges may be assessed under individual service options for credit card usage.
- 5.1.9. **Operator Service Charges.** Operator Service charges are billed by the Underlying Carrier or its agent; Company does not provide or bill for Operator Services.
- 5.1.10. **Directory Assistance Charges.** Directory Assistance charges are billed at the Underlying Carrier's rates; Company does not provide or bill for Directory Assistance.
- 5.1.11. **Toll Message Rates for TDD Users:** Intrastate toll message rates for TDD users shall be Off-Peak rates.

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5.2. SERVICE OPTION RATES**5.2.1 SouthNet 1+ WATS Service.**

	Initial Call Unit	Incremental Call Unit
Peak Rate:	\$0.096	\$0.032
Off-Peak Rate:	\$0.096	\$0.032

5.2.2 SouthNet 800 Service.

	Initial Call Unit	Incremental Call Unit
Peak Rate:	\$0.096	\$0.032
Off-Peak Rate:	\$0.096	\$0.032

A monthly recurring SouthNet 800 service charge will be assessed to the Customer at the rate of \$6.00 per 800 number per month.

5.2.3 SouthNet Calling Card Service.*

	Initial Call Unit	Incremental Call Unit
Peak Rate:	\$0.096	\$0.032
Off-Peak Rate:	\$0.096	\$0.032

* A surcharge of \$0.80 shall be assessed to the Customer for each SouthNet Calling Card call.

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- 5.2.4. **Non-Bell System Service Surcharge:** A service surcharge of \$0.50 shall be assessed to the Customer for each call originating and/or terminating at a station which is not within a Bell Operating System.
- 5.2.5 **SouthNet 800 Service Directory Assistance Listing Surcharge:** A monthly recurring charge of \$13.00 per month will be assessed to the Customer for each 800 number for which a Toll-Free Directory Assistance Listing has been obtained by the Company on behalf of the Customer.

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Writer's Direct Dial Number

Facsimile: (202) 293-2571

(202) 293-2588

September 19, 1996

Via Overnight Courier

DEPOSIT TREAS. REC. DATE

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Boulevard
Gunter Building
Tallahassee, FL 32399-0850

D377

SEP 20 '96

96 SEP 20 AM 9 20

**Re: Application of SouthNet Telecomm Services, Inc.
for Authority to Provide Interexchange Telecommunications
Services within the State of Florida**

Dear Sir or Madam:

Enclosed herewith, on behalf of SouthNet Telecomm Services, Inc. ("SouthNet"), please find an original and six (6) copies of SouthNet's Application for Authority to Provide Interexchange Telecommunications Services within the State of Florida.

Also enclosed is a check made payable to the Florida Public Service Commission in the amount of Two Hundred Fifty Dollars (\$250.00) in payment of the requisited statutory filing fee associated with this Application.

A File/Stamp copy of SouthNet's Application is enclosed. Please return this document to our office to evidence receipt of the Application by the Florida Public Service Commission. For your convenience, an addressed, stamped envelope is also enclosed.

If you have any questions concerning this matter, please do not hesitate to contact the undersigned.

Respectfully submitted,



Charles C. Hunter

Enclosures

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check

A.J.

Hunter & Mow, P.C.
A Professional Corporation of Attorneys at Law

ORIGINAL

1620 I Street, N.W.
Suite 701
Washington, D.C. 20006
(202) 293-2500

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HUNTER & MOW, P.C.
1620 I STREET, N.W., NO. 701
WASHINGTON, D.C. 20006

2030

DATE 9/19/96

65-294
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PAY TO THE ORDER OF Florida Public Service Commission

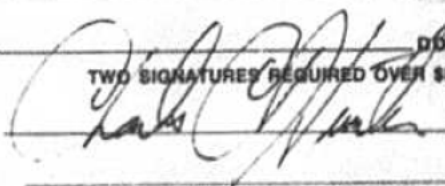
\$ 250.00

Two Hundred Fifty and 00/100

DOLLARS

 **CAPITAL BANK**
Farragut Square
815 Connecticut Ave. NW
Washington, DC 20008

TWO SIGNATURES REQUIRED OVER \$5,000.00



FOR Filing fee - 1102