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Tallahassee, Florida 32301
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RECORDS AND
REPORTING

November 12, 1998

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 980703-TP (Easy Cellular Complaint)

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of BellSouth Telecommunications, Inc.'s Direct Testimony of Jim Maziarz, which we ask that you file in the above-captioned matter.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

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MKK/ds

cc: All parties of record
 A. M. Lombardo
 N. B. White
 William J. Ellenberg (w/o enclosures)

Sincerely,

Mary K. Keyer

Mary K. Keyer *(MK)*

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

**CERTIFICATE OF SERVICE
DOCKET NO. 980703-TP**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served
by U.S. Mail this 12th day of November, 1998 to the following:

Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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Represented by Fisher Law Firm



Mary K. Keyer (M)

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BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF JIM MAZIARZ
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 980703-TP
November 12, 1998

Q. PLEASE STATE YOUR NAME AND COMPANY NAME AND ADDRESS.

A. My name is Jim Maziarz. I am employed by BellSouth Telecommunications, Inc., as a Manager in Interconnection Services Pricing. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from Louisiana State University in Baton Rouge, Louisiana, in 1993, with a Bachelor of Science Degree in Marketing and from the University of Alabama at Birmingham in 1997, with a Master of Business Administration. I began employment with BellSouth in 1997, in Interconnection Services Pricing as a contract negotiator. My responsibilities include negotiating local interconnection and resale agreements with Alternative Local Exchange Carriers (ALECs).

Q. HAVE YOU TESTIFIED PREVIOUSLY?

1

2 A. No.

3

4 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

5

6 A. The purpose of my testimony is to address BellSouth's position that
7 BellSouth applied the appropriate wholesale discount rates to resold
8 residential and business telecommunications services pursuant to the
9 March 3, 1997, Resale Agreement between BellSouth and Easy
10 Cellular ("Resale Agreement") between March and September 1997,
11 the time period at issue in this case. I will further address BellSouth's
12 position that the wholesale discount rates provided for in the Resale
13 Agreement did not apply to nonrecurring charges. Lastly, I will address
14 BellSouth's counterclaim in this case and provide testimony regarding
15 the past due amounts Easy Cellular owes BellSouth for services sold
16 and rendered by BellSouth to Easy Cellular under the Resale
17 Agreement.

18

19 Q. GENERALLY, WOULD YOU EXPLAIN THE PROVISIONS OF THE
20 RESALE AGREEMENT BETWEEN BELL SOUTH AND EASY
21 CELLULAR?

22

23 A. Yes. The Resale Agreement between BellSouth and Easy Cellular
24 allowed Easy Cellular, an ALEC, to resell, at the wholesale discount
25 rates established in the agreement, the tariffed local exchange and toll

1 telecommunications services of BellSouth subject to the terms and
2 conditions specifically set forth in the agreement.

3

4 Q. WHEN DID BELLSOUTH AND EASY CELLULAR SIGN THE
5 AGREEMENT THAT IS AT ISSUE IN THIS CASE?

6

7 A. The parties entered into the Resale Agreement on March 3, 1997. A
8 copy of the Resale Agreement is attached as Exhibit JM-1. On
9 February 20, 1998, the parties executed a new resale agreement which
10 included a change of Easy Cellular's operating name to Easy Phone.
11 This second agreement is not at issue.

12

13 Q. YOU TESTIFIED THAT THE MARCH 3, 1997, RESALE AGREEMENT
14 ESTABLISHED WHOLESale DISCOUNT RATES FOR RESOLD
15 RESIDENTIAL AND BUSINESS TELECOMMUNICATIONS
16 SERVICES. WHAT WERE THOSE RATES?

17

18 A. The wholesale discount rates for resold residential and business
19 telecommunications services agreed to by the parties on March 3,
20 1997, in Exhibit A of their Resale Agreement were 18% and 12%,
21 respectively.

22

23 Q. DID THE RESALE AGREEMENT AT ISSUE PROVIDE WHOLESale
24 DISCOUNT RATES FOR NONRECURRING CHARGES?

25

1 A. No. Nonrecurring charges were not addressed in the March 3, 1997,
2 resale agreement between the parties and, therefore, were not subject
3 to wholesale discounting.

4

5 Q. WHAT ARE NONRECURRING CHARGES?

6

7 A. Nonrecurring charges are one-time charges that apply for a specific
8 work activity such as installation of service, service rearrangements, or
9 service order modifications.

10

11 Q. WHY WERE NONRECURRING CHARGES NOT SUBJECT TO THE
12 WHOLESALE DISCOUNT RATES FOR TELECOMMUNICATIONS
13 SERVICES PROVIDED FOR IN THE RESALE AGREEMENT?

14

15 A. The simple and most direct answer is that nonrecurring charges are
16 not, and were not at the time the Resale Agreement was entered into
17 with Easy Cellular, considered by BellSouth to be telecommunications
18 services. Section III.A. of the Resale Agreement allowed Easy Cellular
19 to resell BellSouth's tariffed local exchange and toll telecommunications
20 services subject to the terms and conditions of the agreement. Section
21 I.C. provided that the rates for which the reseller could purchase
22 services from BellSouth for resale were at a discount of the retail rate of
23 the telecommunications services. BellSouth, both prior to and at the
24 time Easy Cellular entered into the Resale Agreement on March 3,
25 1997, did not treat nonrecurring charges as telecommunications

1 services subject to discounting. BellSouth was consistent in not
2 applying the wholesale discount rates to nonrecurring charges at that
3 time. Easy Cellular did not receive discounted rates on nonrecurring
4 charges from March until September 1997.

5

6 Q. DID EASY CELLULAR COMPLAIN TO BELLSOUTH DURING THAT
7 TIME THAT IT SHOULD HAVE RECEIVED A DISCOUNT ON
8 NONRECURRING CHARGES?

9

10 A. No. The parties never agreed to discount rates for nonrecurring
11 charges.

12

13 Q. WHAT WHOLESALE DISCOUNT RATES DID EASY CELLULAR
14 RECEIVE FROM BELLSOUTH DURING THE TERM OF ITS RESALE
15 AGREEMENT WITH BELLSOUTH?

16

17 A. Pursuant to its March 3, 1997, Resale Agreement with BellSouth, Easy
18 Cellular received an 18% and 12% discount, respectively, on resold
19 residential and business telecommunications services that were
20 activated by Easy Cellular from March to September 1997. Easy
21 Cellular received no discounts on nonrecurring charges from March to
22 September 1997, because no such discounts were provided for in the
23 parties' Resale Agreement. In September 1997, due to a BellSouth
24 internal billing error, Easy Cellular began receiving wholesale discount
25 rates of 21.83% and 16.81%, respectively, for resold residential and

1 business services, as well as for nonrecurring charges. Easy Cellular
2 continued to receive these incorrect rates until February 20, 1998, when
3 the parties executed a new resale agreement. Pursuant to its new
4 agreement, Easy Cellular is entitled to receive the 21.83% and 16.81%
5 wholesale discount rates on resold residential and business
6 telecommunications services, as well as on nonrecurring charges, and
7 has been receiving such discounts.

8

9 Q. DURING THE PERIOD FROM MARCH UNTIL SEPTEMBER 1997,
10 DID EASY CELLULAR EVER COMPLAIN TO BELLSOUTH THAT IT
11 WAS ENTITLED TO THE 21.83% AND 16.81% DISCOUNT RATES?

12

13 A. No. The parties agreed to the 18% and 12% discounts rates, which is
14 what Easy Cellular received. Easy Cellular did not complain it was
15 entitled to a greater discount at that time.

16

17 Q. HAS BELLSOUTH REQUESTED EASY CELLULAR TO REIMBURSE
18 BELLSOUTH FOR THE BILLING ERROR THAT GAVE EASY
19 CELLULAR THE HIGHER DISCOUNT RATES FROM SEPTEMBER
20 1997, TO FEBRUARY 1998, RATHER THAN THOSE TO WHICH IT
21 WAS ENTITLED UNDER THE RESALE AGREEMENT?

22

23 A. No. Although Easy Cellular and other ALECs received the higher
24 discount rates in error, BellSouth did not and will not ask any of them to
25 reimburse BellSouth for BellSouth's error.

1

2 Q. BASED ON THE TERMS OF THE RESALE AGREEMENT DATED
3 MARCH 3, 1997, BETWEEN THE PARTIES, WERE NONRECURRING
4 CHARGES FROM MARCH UNTIL SEPTEMBER 1997, SUBJECT TO
5 WHOLESALE DISCOUNTS?

6

7 A. No, they were not, for the reasons I have stated previously in my
8 testimony.

9

10 Q. IF THE COMMISSION WERE TO FIND THAT NONRECURRING
11 CHARGES WERE SUBJECT TO WHOLESALE DISCOUNTS FROM
12 MARCH UNTIL SEPTEMBER 1997, WHAT WHOLESALE
13 DISCOUNTS SHOULD BE APPLIED?

14

15 A. Were the Commission to determine that nonrecurring charges were
16 subject to wholesale discounts for telecommunications services from
17 March until September 1997, the applicable discount rates should be
18 those agreed to by the parties and provided for in the Resale
19 Agreement. Those rates are 18% for residential and 12% for business
20 telecommunications services.

21

22 Q. EASY CELLULAR CONTENDS THAT BELLSOUTH WAS ORDERED
23 BY THE FLORIDA PUBLIC SERVICE COMMISSION IN ORDER NO.
24 PSC-96-1579-FOF-TP ON DECEMBER 31, 1996, TO APPLY 21.83%
25 AND 16.81% WHOLESALE DISCOUNT RATES, RESPECTIVELY, TO

1 RESOLD RESIDENTIAL AND BUSINESS TELECOMMUNICATIONS
2 SERVICES TO ALL RESELLERS FOR RECURRING AND
3 NONRECURRING CHARGES. DO YOU AGREE?
4

5 A. No. The order referred to by Easy Cellular was issued as the result of
6 local interconnection arbitration proceedings between AT&T
7 Communications of the Southern States, Inc., MCI Telecommunications
8 Corporation, MCI Metro Access Transmission Services, Inc., and
9 BellSouth Telecommunications, Inc., and applied only to those who
10 were parties to those proceedings. Easy Cellular was not a party to
11 those proceedings and, therefore, that order did not apply to Easy
12 Cellular. Although the Commission ordered wholesale discount rates of
13 21.83% for resold residential telecommunications services and 16.81%
14 for resold business telecommunications services and these same rates
15 for nonrecurring charges, the Order applied only to those parties
16 identified in the Order. In fact, the Commission states on page 8 of
17 Order No. PSC-96-1579-FOF-TP, "Accordingly, our decision is limited
18 to AT&T's and MCI's petitions for arbitration with BellSouth."
19 Furthermore, this Commission has consistently held that decisions
20 made in arbitration proceedings are binding only upon the parties in the
21 proceedings. In Order No. PSC-98-0007-PCO-TP, page 4, the
22 Commission states, "The decisions to be made here will become part
23 of the ultimate interconnection agreements between the parties to the
24 initial negotiations and will be binding only upon them. The presence,
25 therefore, of ACSI and those who subsequently petitioned to intervene

1 in this proceeding, who are not parties to the negotiations, and will not
2 be parties to the ultimate agreements, is at odds with the Act.”
3 (emphasis added) Additionally, in Order No. PSC-97-0861-FOF-TP,
4 page 6, the Commission states, “We concur with BellSouth that our
5 ruling on resale of services restrictions in Order No. PSC-96-1579-FOF-
6 TP is inapplicable in this proceeding. First, our ruling in that order is
7 specific to the parties in Dockets Nos. 960833-TP, 960846-TP and
8 960916-TP. Therefore, we reject Telenet’s contention that we erred in
9 not applying our ruling on resale restrictions in Dockets Nos. 960833-
10 TP, 960846-TP and 960916-TP to the circumstances of this case.”

11

12 Easy Cellular’s reliance on Order No. PSC-96-1579-FOF-TP to support
13 its claim that it is entitled to higher discount rates than agreed to in its
14 Resale Agreement with BellSouth is misplaced and without merit.

15

16 Q. DID BELLSOUTH MODIFY ITS RESALE PROVISIONS IN ITS
17 STANDARD RESALE AGREEMENT FOR THE STATE OF FLORIDA?

18

19 A. Yes. BellSouth revised its Standard Resale Agreement in Florida to
20 reflect the 21.83% and 16.81% wholesale discount rates for resold
21 residential and business telecommunications services ordered for AT&T
22 and MCI by the Florida PSC in Order No. PSC-96-1579-FOF-TP, and
23 by providing wholesale discounting to nonrecurring charges. These
24 revisions were made only after the Commission denied BellSouth’s
25 motion for reconsideration of the order. These revised provisions were

1 included in the BellSouth Standard Resale Agreement to be offered on
2 a prospective basis to ALECs requesting resale negotiations.

3

4 Q. WAS EASY CELLULAR OFFERED THESE REVISED PROVISIONS
5 AT THE TIME IT EXECUTED ITS ORIGINAL RESALE AGREEMENT
6 WITH BELL SOUTH ON MARCH 3, 1997?

7

8 A. No. The Resale Agreement at issue in this docket was executed by the
9 parties on March 3, 1997, prior to BellSouth's revisions to its Standard
10 Resale Agreement.

11

12 Q. COULD EASY CELLULAR UNDER ITS MARCH 3, 1997, RESALE
13 AGREEMENT HAVE ACTED TO RECEIVE THE REVISED
14 PROVISIONS?

15

16 A. Yes. Section XVI.B. of the Resale Agreement provided:
17 In the event that BellSouth, either before or after the effective date of
18 this Agreement, enters into an agreement with any other
19 telecommunications carrier (an "Other Resale Agreement") which
20 provides for the provision within the state(s) of Florida of any of the
21 arrangements covered by this Agreement upon rates, terms or
22 conditions that differ in any material respect from the rates, terms and
23 conditions for such arrangements set forth in this Agreement ("Other
24 Terms"), BellSouth shall be deemed thereby to have offered such other
25 Resale Agreement to Reseller in its entirety. In the event that Reseller

1 accepts such offer within sixty (60) days after the Commission approves
2 such Other Resale Agreement pursuant to 47 U.S.C. 252, or within
3 thirty (30) days after Reseller acquires actual knowledge of an Other
4 Resale Agreement not requiring the approval of the Commission
5 pursuant to 47 U.S.C. 252, as the case may be, such Other Terms shall
6 be effective between BellSouth and Reseller as of the effective date of
7 such Other Resale Agreement. In the event that Reseller accepts such
8 offer more than sixty (60) days after the Commission approves such
9 Other Resale Agreement pursuant to 47 U.S.C. 252, or more than thirty
10 (30) days after acquiring actual knowledge of an Other Resale
11 Agreement not requiring the approval of the Commission pursuant to 47
12 U.S.C. 252, as the case may be, such Other Terms shall be effective
13 between BellSouth and Reseller as of the date on which Reseller
14 accepts such offer.

15

16 This provision allowed Easy Cellular to acquire the terms of other
17 agreements in their entirety.

18

19 Q. DID EASY CELLULAR NOTIFY BELLSOUTH AT ANY TIME
20 BETWEEN MARCH AND SEPTEMBER 1997, OF ITS DESIRE OR
21 INTENT TO ACCEPT THE TERMS AND CONDITIONS OF ANY
22 OTHER RESALE AGREEMENT OFFERED BY BELLSOUTH TO ANY
23 OTHER RESELLER?

24

25 A. No.

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Q. DID EASY CELLULAR CONTACT BELLSOUTH AT ANY TIME TO REVISE ITS RESALE AGREEMENT WITH BELLSOUTH TO INCLUDE DIFFERENT TERMS AND CONDITIONS, SPECIFICALLY THOSE REGARDING THE WHOLESALE DISCOUNT RATES OR THE DISCOUNTING OF NONRECURRING CHARGES?

A. Yes. Easy Cellular contacted BellSouth in February 1998, to renegotiate its resale agreement with BellSouth to include the higher discount rates and the discounting of nonrecurring charges then being offered in BellSouth's Standard Resale Agreement.

Q. DID BELLSOUTH PROVIDE EASY CELLULAR WITH THE REVISED PROVISIONS REGARDING THE 21.83% AND 16.81% DISCOUNT RATES FOR RESIDENTIAL AND BUSINESS TELECOMMUNICATIONS SERVICES, AS WELL AS FOR NONRECURRING CHARGES?

A. Yes. BellSouth and Easy Cellular executed a new resale agreement on February 20, 1998, that includes these provisions. A copy of the new resale agreement is attached as Exhibit JM-2.

Q. WHAT ACTION DOES BELLSOUTH BELIEVE THE COMMISSION SHOULD TAKE ON EASY CELLULAR'S COMPLAINT?

1 A. The Commission should dismiss Easy Cellular's complaint and affirm
2 BellSouth's position that pursuant to the March 3, 1997, Resale
3 Agreement between the parties, the correct wholesale discount rates
4 were applied to Easy Cellular's recurring charges for resold
5 telecommunications services (18% for residential and 12% for
6 business) from March until September 1997. The Commission should
7 further affirm BellSouth's position that under the March 3, 1997, resale
8 agreement between the parties, nonrecurring charges were not subject
9 to wholesale discounting.

10

11 Q. YOU ARE ALSO PROVIDING TESTIMONY REGARDING
12 BELLSOUTH'S COUNTERCLAIM AGAINST EASY CELLULAR, IS
13 THAT RIGHT?

14

15 A. Yes. At the time BellSouth filed its answer and counterclaim to Easy
16 Cellular's complaint in this docket on June 22, 1998, Easy Cellular was
17 past due on its obligations to BellSouth under the terms and conditions
18 of its March 3, 1997, and February 20, 1998, Resale Agreements in the
19 amount of \$139,606.02. See Exhibit JM-3 attached to this testimony.
20 As of November 12, 1998, Easy Cellular is \$271,530.39 past due in
21 payment for services owed to BellSouth. I have reviewed the most
22 current billing records dated October 22, 1998, and summarized the
23 past due charges in Exhibit JM-4.

24

25

1 Q. DOES EASY CELLULAR STILL OWE BELLSOUTH THIS PAST DUE
2 AMOUNT?

3
4 A. Yes. As of November 12, 1998, Easy Cellular was \$271,530.39 past
5 due in its payments to BellSouth for services rendered and sold to Easy
6 Cellular.

7
8 Q. WHAT ACTION DOES BELLSOUTH BELIEVE THE COMMISSION
9 SHOULD TAKE ON BELLSOUTH'S COUNTERCLAIM?

10
11 A. The Commission should act to enforce the current terms and conditions
12 of the Resale Agreements between the parties dated March 3, 1997,
13 and February 20, 1998, and direct Easy Cellular to compensate
14 BellSouth for all moneys past due at the time of this proceeding for
15 services rendered by BellSouth to Easy Cellular.

16
17 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

18
19 A. Yes.

20

21

22

23

24

25

Agreement Between BellSouth Telecommunications, Inc. and Easy Cellular, Inc. Regarding The Sale of BST's Telecommunications Services to Reseller For The Purposes of Resale

THIS AGREEMENT is by and between BellSouth Telecommunications, Inc., ("BellSouth or Company"), a Georgia corporation, and Easy Cellular, Inc. ("Reseller"), a Nevada corporation, and shall be deemed effective as of March 3, 1997.

WITNESSETH

WHEREAS, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the state of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, Reseller is an alternative local exchange telecommunications company authorized to provide telecommunications services in the state of Florida; and

WHEREAS, Reseller desires to resell BellSouth's telecommunications services; and

WHEREAS, BellSouth has agreed to provide such services to Reseller for resale purposes and pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the mutual premises and promises contained herein, BellSouth and Reseller do hereby agree as follows:

I. Term of the Agreement

A. The term of this Agreement shall be two years beginning March 3, 1997 and shall apply to all of BellSouth's serving territory as of January 1, 1996, in the state(s) of Florida.

B. This Agreement shall be automatically renewed for two additional one year periods unless either party indicates its intent not to renew the Agreement. Notice of such intent must be provided, in writing, to the other party no later than 60 days prior to the end of the then-existing contract period. The terms of this Agreement shall remain in effect after the term of the existing agreement has expired and while a new agreement is being negotiated.

C. The rates pursuant by which Reseller is to purchase services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications service. The discount rates shall be as set forth in Exhibit A, attached hereto and incorporated herein by this reference. Such discount shall reflect the costs avoided by BellSouth when selling a service for wholesale purposes.

II. Definition of Terms

A. **CUSTOMER OF RECORD** means the entity responsible for placing application for service; requesting additions, rearrangements, maintenance or discontinuance of service; payment in full of charges incurred such as toll, directory assistance, etc.

B. **DEPOSIT** means assurance provided by a customer in the form of cash, surety bond or bank letter of credit to be held by the Company.

- C. **END USER** means the ultimate user of the telecommunications services.
- D. **END USER CUSTOMER LOCATION** means the physical location of the premises where an end user makes use of the telecommunications services.
- E. **NEW SERVICES** means functions, features or capabilities that are not currently offered by BellSouth. This includes packaging of existing services or combining a new function, feature or capability with an existing service.
- F. **OTHER LOCAL EXCHANGE COMPANY (OLEC)** means a telephone company certificated by the public service commissions of the Company's franchised area to provide local exchange service within the Company's franchised area.
- G. **RESALE** means an activity wherein a certificated OLEC, such as Reseller subscribes to the telecommunications services of the Company and then reoffers those telecommunications services to the public (with or without "adding value").
- H. **RESALE SERVICE AREA** means the area, as defined in a public service commission approved certificate of operation, within which an OLEC, such as Reseller, may offer resold local exchange telecommunications service.

III. General Provisions

- A. Reseller may resell the tariffed local exchange and toll telecommunications services of BellSouth subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the following are not available for purchase: Grandfathered services; promotional and trial retail service offerings; lifeline and linkup services; contract service arrangements; installment billing options; 911 and E911 services; interconnection services for mobile service providers; legislatively or administratively mandated specialized discounts (e.g., education institution discount) and discounted services to meet competitive situation.
- B. The provision of services by the Company to Reseller does not constitute a joint undertaking for the furnishing of any service.
- C. Reseller will be the customer of record for all services purchased from BellSouth. Except as specified herein, the Company will take orders from, bill and expect payment from Reseller for all services.
- D. Reseller will be the Company's single point of contact for all services purchased pursuant to this Agreement. The Company shall have no contact with the end user except to the extent provided for herein.
- E. The Company will continue to bill the end user for any services that the end user specifies it wishes to receive directly from the Company.
- F. The Company maintains the right to serve directly any end user within the service area of Reseller. The Company will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of Reseller.

G. Reseller shall not interfere with the right of any person or entity to obtain service directly from the Company. Company shall not interfere with the right of any person or entity to obtain service from Reseller.

H. The current telephone number of an end user may be retained by the end user. If Reseller requests service for an end user that has been denied service or disconnected for non-payment by BellSouth, and the end user still has an outstanding balance with the Company, the Company will establish service for that end user through Reseller. Denied service means that the service of an end user provided by a local exchange telecommunications company, including BellSouth, has been temporarily suspended for nonpayment and subject to complete disconnection.

I. Telephone numbers are assigned to the service furnished. Reseller has no property right to the telephone number or any other call number designation associated with services furnished by the Company, and no right to the continuance of service through a particular central office. Subject to applicable federal and state law, rule or regulation or state commission order, the Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, whenever the Company deems it necessary to do so in the conduct of its business. Notwithstanding the foregoing, Reseller does not waive its right to local number portability for local resale in accordance with the requirements of the Act.

J. The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to Reseller.

K. Service is furnished subject to the condition that it will not be used for any unlawful purpose.

L. Service will be discontinued if any law enforcement agency advises that the service being used is in violation of the law.

M. The Company can refuse service when it has reasonable grounds to believe that service will be used in violation of the law.

N. The Company accepts no responsibility to any person for any unlawful act committed by Reseller or its end users as part of providing service to Reseller for purposes of resale or otherwise.

O. The Company will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with the Company's customers. Law enforcement agency subpoenas and court orders regarding end users of Reseller will be directed to Reseller. The Company will bill Reseller for implementing any requests by law enforcement agencies regarding Reseller end users.

P. The characteristics and methods of operation of any circuits, facilities or equipment provided by other than the Company shall not:

1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service;
2. Cause damage to their plant;
3. Impair the privacy of any communications; or

4. Create hazards to any employees or the public.

Q. Reseller assumes the responsibility of notifying the Company regarding less than standard operations with respect to services provided by Reseller.

R. Facilities and/or equipment utilized by BellSouth to provide service to Reseller remain the property of BellSouth.

S. White page directory listings will be provided in accordance with regulations set forth in Section A6 of the General Subscriber Service Tariff and will be available for resale.

IV. BellSouth's Provision of Services to Reseller

A. Reseller agrees that its resale of BellSouth services shall be as follows:

1. The resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.

2. To the extent Reseller is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, Reseller shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth pursuant to this Agreement in any of the states covered under this Agreement. For the purposes of this subsection, to jointly market means any advertisement, marketing effort or billing in which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by Reseller are packaged, tied, bundled, discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale arrangements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer interLATA services in that state, whichever is earlier.

3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital end users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to COCOTS customers. Shared Tenant Service customers can only be sold those telecommunications services available in the Company's A23 Shared Tenant Service Tariff.

4. Reseller is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (end users) as stated in A2 of the Company's Tariff except for backup service as indicated in the applicable state tariff Section A3.

5. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, Reseller will be notified and billing for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, back billing, and interest as described in this subsection shall apply at the Company's sole discretion. Interest at the rate of 0.000590 per day, compounded daily for the number of days from the back billing date to and including the date that Reseller actually makes the payment to the Company may be assessed.

6. The Company reserves the right to periodically audit services purchased by Reseller to establish authenticity of use. Such audit shall not occur more than once in a calendar year. Reseller shall make any and all records and data available to the Company or the Company's auditor's on a reasonable basis. The Company shall bear the cost of said audit.

B. Resold services can only be used in the same manner as specified in the Company's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of the Company in the appropriate section of the Company's Tariffs. Specific tariff features, e.g. a usage allowance per month, shall not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one end user customer except as specified in Section A23. of the Company's Tariff referring to Shared Tenant Service.

C. Reseller may resell services only within the specific resale service area as defined in its certificate.

D. Telephone numbers transmitted via any resold service feature are intended solely for the use of the end user of the feature. Resale of this information is prohibited.

E. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. Reseller is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any BellSouth name or trademark.

V. Maintenance of Services

A. Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company.

B. Reseller or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

C. Reseller accepts responsibility to notify the Company of situations that arise that may result in a service problem.

D. Reseller will be the Company's single point of contact for all repair calls on behalf of Reseller's end users.

E. Reseller will contact the appropriate repair centers in accordance with procedures established by the Company.

F. For all repair requests, Reseller accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.

G. The Company will bill Reseller for handling troubles that are found not to be in the Company's network pursuant to its standard time and material charges. The standard time and material charges will be no more than what BellSouth charges to its retail customers for the same services.

H. The Company reserves the right to contact Reseller's customers, if deemed necessary, for maintenance purposes.

VI. Establishment of Service

A. After receiving certification as a local exchange company from the appropriate regulatory agency, Reseller will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for Reseller. Such documentation shall include the Application for Master Account, proof of authority to provide telecommunications services, an Operating Company Number ("OCN") assigned by the National Exchange Carriers Association ("NECA") and a tax exemption certificate, if applicable. When necessary deposit requirements are met, the Company will begin taking orders for the resale of service.

B. Service orders will be in a standard format designated by the Company.

C. When notification is received from Reseller that a current customer of the Company will subscribe to Reseller's service, standard service order intervals for the appropriate class of service will apply.

D. The Company will not require end user confirmation prior to establishing service for Reseller's end user customer. Reseller must, however, be able to demonstrate end user authorization upon request.

E. Reseller will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services except that the Company will accept a request directly from the end user for conversion of the end user's service from Reseller to the Company or will accept a request from another OLEC for conversion of the end user's service from the Reseller to the other LEC. The Company will notify Reseller that such a request has been processed.

F. If the Company determines that an unauthorized change in local service to Reseller has occurred, the Company will reestablish service with the appropriate local service provider and will assess Reseller as the OLEC initiating the unauthorized change, the unauthorized change charge described in F.C.C. Tariff No. 1, Section 13.3.3. Appropriate nonrecurring charges, as set forth in Section A4. of the General Subscriber Service Tariff, will also be assessed to Reseller.

These charges can be adjusted if Reseller provides satisfactory proof of authorization.

	Nonrecurring Charge
(a) each Residence or Business line	\$19.41

G. The Company will, in order to safeguard its interest, require Reseller to make a deposit to be held by the Company as a guarantee of the payment of rates and charges, unless satisfactory credit has already been established. Any such deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service. Such deposit will be held in an interest bearing account.

H. Such deposit may not exceed two months' estimated billing.

L. The fact that a deposit has been made in no way relieves Reseller from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation nor does it

constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for non-payment of any sums due the Company.

J. The Company reserves the right to increase the deposit requirements when, in its sole judgment, the conditions justify such action.

K. In the event that Reseller defaults on its account, service to Reseller will be terminated and any deposits held will be applied to its account.

L. In the case of a cash deposit, interest at the rate of six percent per annum shall be paid to Reseller during the continuance of the deposit. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to Reseller by the accrual date.

VII. Payment And Billing Arrangements

A. When the initial service is ordered by Reseller, the Company will establish an accounts receivable master account for Reseller.

B. The Company shall bill Reseller on a current basis all applicable charges and credits.

C. Payment of all charges will be the responsibility of Reseller. Reseller shall make payment to the Company for all services billed. The Company is not responsible for payments not received by Reseller from Reseller's customer. The Company will not become involved in billing disputes that may arise between Reseller and its customer. Payments made to the Company as payment on account will be credited to an accounts receivable master account and not to an end user's account.

D. The Company will render bills each month on established bill days for each of Reseller's accounts.

E. The Company will bill Reseller, in advance, charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, on an individual end user account level.

F. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.

If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.

G. Upon proof of tax exempt certification from Reseller, the total amount billed to Reseller will not include any taxes due from the end user. Reseller will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.

H. As the customer of record, Reseller will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other charges of a similar nature. Company will pay all such charges on behalf of Reseller directly to the responsible regulatory agency. Except where otherwise provided by law, Reseller shall be indemnified and saved harmless by Company against any and all claims, actions, causes of action, damages, liabilities or demands (including reasonable attorney's fees) that may be made by any third party as a result of the Company paying such charges on behalf of Reseller.

I. If any portion of the payment is received by the Company after the payment due date as set forth preceding, or if any portion of the payment is received by the Company in funds that are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be the lessor of:

1. The highest interest rate (in decimal value) which may be levied by law for commercial transaction, compounded daily for the number of days from the payment due date to and including the date that Reseller actually makes the payment to the Company, or
2. 0.000590 per day, compounded daily for the number of days from the payment due date to and including the date that Reseller actually makes the payment to the Company.

J. Any switched access charges associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, the Company. No additional charges are to be assessed to Reseller.

K. The Company will not perform billing and collection services for Reseller as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within the Company.

L. Pursuant to 47 CFR Section 51.617, the Company will bill the charges shown below which are identical to the EUCL rates billed by BST to its end users.

	Monthly Rate
1. Residential (a) Each Individual Line or Trunk	\$3.50
2. Single Line Business (b) Each Individual Line or Trunk	\$3.50
3. Multi-line Business (c) Each Individual Line or Trunk	\$6.00

M. The Company will not become involved in disputes between Reseller and Reseller's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, Reseller shall contact the designated Service Center for resolution. The Company will make

every effort to assist in the resolution of the dispute and will work with Reseller to resolve the matter in as timely a manner as possible. Reseller may be required to submit documentation to substantiate the claim.

VIII. Discontinuance of Service

A. The procedures for discontinuing service to an end user are as follows:

1. Where possible, the Company will deny service to Reseller's end user on behalf of, and at the request of, Reseller. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of Reseller
2. At the request of Reseller, the Company will disconnect a Reseller end user customer.
3. All requests by Reseller for denial or disconnection of an end user for nonpayment must be in writing.
4. Reseller will be made solely responsible for notifying the end user of the proposed disconnection of the service.
5. The Company will continue to process calls made to the Annoyance Call Center and will advise Reseller when it is determined that annoyance calls are originated from one of their end user's locations. The Company shall be indemnified, defended and held harmless by Reseller and/or the end user against any claim, loss or damage arising from providing this information to Reseller. It is the responsibility of Reseller to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in the Company's disconnecting the end user's service.

B. The procedures for discontinuing service to Reseller are as follows:

1. The Company reserves the right to suspend or terminate service for nonpayment or in the event of prohibited, unlawful or improper use of the facilities or service, abuse of the facilities, or any other violation or noncompliance by Reseller of the rules and regulations of the Company's Tariffs.
2. If payment of account is not received by the bill day in the month after the original bill day, the Company may provide written notice to Reseller, that additional applications for service will be refused and that any pending orders for service will not be completed if payment is not received by the fifteenth day following the date of the notice. If the Company does not refuse additional applications for service on the date specified in the notice, and Reseller's noncompliance continues, nothing contained herein shall preclude the Company's right to refuse additional applications for service without further notice.
3. If payment of account is not received, or arrangements made, by the bill day in the second consecutive month, the account will be considered in default and will be subject to denial or disconnection, or both.
4. If Reseller fails to comply with the provisions of this Agreement, including any payments to be made by it on the dates and times herein specified, the Company may, on thirty days written notice to the person designated by Reseller to receive notices of noncompliance, discontinue the provision

of existing services to Reseller at any time thereafter. In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due. If the Company does not discontinue the provision of the services involved on the date specified in the thirty days notice, and Reseller's noncompliance continues, nothing contained herein shall preclude the Company's right to discontinue the provision of the services to Reseller without further notice.

5. If payment is not received or arrangements made for payment by the date given in the written notification, Reseller's services will be discontinued. Upon discontinuance of service on a Reseller's account, service to Reseller's end users will be denied. The Company will also reestablish service at the request of the end user or Reseller upon payment of the appropriate connection fee and subject to the Company's normal application procedures.

6. If within fifteen days after an end user's service has been denied no contact has been made in reference to restoring service, the end user's service will be disconnected.

7. Irrespective of the above, BellSouth will not exercise its rights under items 2-6 above due to nonpayment of amounts in dispute until such time that BellSouth finds that the dispute has been resolved.

IX. Liability

A. The liability of the Company for damages arising out of mistakes, omissions, interruptions, preemptions, delays errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of Reseller or willful misconduct of the Company, or of the Company in failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision shall in no event exceed an amount equivalent to the proportionate charge to Reseller for the period of service during which such mistake, omission, interruption, preemption, delay, error or defect in transmission or defect or failure in facilities occur. The Company shall not be liable for damage arising out of mistakes, omission, interruptions, preemptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the service of the Company, (1) caused by customer-provided equipment (except where a contributing cause is the malfunctioning of a Company-provided connecting arrangement, in which event the liability of the Company shall not exceed an amount equal to a proportional amount of the Company billing for the period of service during which such mistake, omission, interruption, preemption, delay, error, defect in transmission or injury occurs), or (2) not prevented by customer-provided equipment but which would have been prevented had Company-provided equipment been used.

B. The Company shall be indemnified and saved harmless by Reseller against any and all claims, actions, causes of action, damages, liabilities, or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) of whatever kind or nature that may be made by any third party as a result of the Company's furnishing of service to Reseller, unless such claim is made based on the gross negligence or willful misconduct of the Company.

C. The Company shall be indemnified, defended and held harmless by Reseller and/or the end user against any claim, loss or damage arising from the use of services offered for resale involving:

1. Claims for libel, slander, invasion of privacy or infringement of copyright arising from Reseller's or end user's own communications.

2. Claims for patent infringement arising from acts combining or using Company services in connection with facilities or equipment furnished by the end user or Reseller.

3. All other claims arising out of an act or omission of Reseller or its end user in the course of using services.

D. Reseller accepts responsibility for providing access for maintenance purposes of any service resold under the provisions of this Tariff. The Company shall not be responsible for any failure on the part of Reseller with respect to any end user of Reseller.

X. Treatment of Proprietary and Confidential Information

A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall either be in writing or other tangible format and clearly marked with a confidential, private or proprietary legend, or, when the Information is communicated orally, it shall also be communicated that the Information is confidential, private or proprietary. The Information will be returned to the owner within a reasonable time. Both parties agree that the Information shall not be copied or reproduced in any form. Both parties agree to receive such Information and not disclose such Information. Both parties agree to protect the Information received from distribution, disclosure or dissemination to anyone except employees of the parties with a need to know such Information and which employees agree to be bound by the terms of this Section. Both parties will use the same standard of care to protect Information received as they would use to protect their own confidential and proprietary Information.

B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

XI. Resolution of Disputes

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the applicable state Public Service Commission for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by that Public Service Commission concerning this Agreement.

XII. Limitation of Use

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

XIII. Waivers

Any failure by either party to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

XIV. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia, without regard to its conflict of laws principles.

XV. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

XVI. More Favorable Provisions

A. The parties agree that if —

1. the Federal Communications Commission ("FCC") or the Commission finds that the terms of this Agreement are inconsistent in one or more material respects with any of its or their respective decisions, rules or regulations, or
2. the FCC or the Commission preempts the effect of this Agreement, then, in either case, upon such occurrence becoming final and no longer subject to administrative or judicial review, the parties shall immediately commence good faith negotiations to conform this Agreement to the requirements of any such decision, rule, regulation or preemption. The revised agreement shall have an effective date that coincides with the effective date of the original FCC or Commission action giving rise to such negotiations. The parties agree that the rates, terms and conditions of any new agreement shall not be applied retroactively to any period prior to such effective date except to the extent that such retroactive effect is expressly required by such FCC or Commission decision, rule, regulation or preemption.

B. In the event that BellSouth, either before or after the effective date of this Agreement, enters into an agreement with any other telecommunications carrier (an "Other Resale Agreement") which provides for the provision within the state(s) of Florida of any of the arrangements covered by this Agreement upon rates, terms or conditions that differ in any material respect from the rates, terms and conditions for such arrangements set forth in this Agreement ("Other Terms"), BellSouth shall be deemed thereby to have offered such other Resale Agreement to Reseller in its entirety. In the event that Reseller accepts such offer within sixty (60) days after the Commission approves such Other Resale Agreement pursuant to 47 U.S.C. § 252, or within thirty (30) days after Reseller acquires actual knowledge of an Other Resale Agreement not requiring the approval of the Commission pursuant to 47 U.S.C. § 252, as the case may be, such Other Terms shall be effective between BellSouth and Reseller as of the effective date of such Other Resale Agreement. In the event that Reseller accepts such offer more than sixty (60) days after the Commission approves such Other Resale Agreement pursuant to 47 U.S.C. § 252, or more than thirty (30) days after acquiring actual knowledge of an Other Resale Agreement not requiring the approval of the Commission pursuant to 47 U.S.C. § 252, as the case may be, such Other Terms shall be effective between BellSouth and Reseller as of the date on which Reseller accepts such offer.

C. In the event that after the effective date of this Agreement the FCC or the Commission enters an order (a "Resale Order") requiring BellSouth to provide within the state(s) of Florida any of the arrangements covered by this agreement upon Other Terms, then upon such Resale Order becoming final and not subject to further administrative or judicial review, BellSouth shall be deemed to have offered such arrangements to Reseller upon such Other Terms, in their entirety, which Reseller may only accept in their entirety, as provided in Section XVI.E. In the event that Reseller accepts such offer within sixty (60) days after the date on which such Resale Order becomes final and not subject to further administrative or judicial review, such Other Terms shall be effective between BellSouth and Reseller as of the effective date of such Resale Order. In the event that Reseller accepts such offer more than sixty (60) days after the date on which such Resale Order becomes final and not subject to further administrative or judicial review, such Other Terms shall be effective between BellSouth and Reseller as of the date on which Reseller accepts such offer.

D. In the event that after the effective date of this Agreement BellSouth files and subsequently receives approval for one or more intrastate tariffs (each, a "Resale Tariff") offering to provide within the state(s) of Florida any of the arrangements covered by this Agreement upon Other Terms, then upon such Resale Tariff becoming effective, BellSouth shall be deemed thereby to have offered such arrangements to Reseller upon such Other Terms, which Reseller may accept as provided in Section XVI.E. In the event that Reseller accepts such offer within sixty (60) days after the date on which such Resale Tariff becomes effective, such Other Terms shall be effective between BellSouth and Reseller as of the effective date of such Resale Tariff. In the event that Reseller accepts such offer more than sixty (60) days after the date on which such Resale Tariff becomes effective, such Other Terms shall be effective between BellSouth and Reseller as of the date on which Reseller accepts such offer.

E. The terms of this Agreement, other than those affected by the Other Terms accepted by Reseller, shall remain in full force and effect.

F. **Corrective Payment.** In the event that --

1. BellSouth and Reseller revise this Agreement pursuant to Section XVI.A, or
2. Reseller accepts a deemed offer of an Other Resale Agreement or Other Terms, then BellSouth or Reseller, as applicable, shall make a corrective payment to the other party to correct for the difference between the rates set forth herein and the rates in such revised agreement or Other Terms for substantially similar services for the period from the effective date of such revised agreement or Other Terms until the date that the parties execute such revised agreement or Reseller accepts such Other Terms, plus simple interest at a rate equal to the thirty (30) day commercial paper rate for high-grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000.00 as regularly published in *The Wall Street Journal*.

XVII. Notices

A. Every notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to:

BellSouth Telecommunications, Inc.
OLEC Account Team
3535 Colonnade Parkway, Room E4E1
Birmingham, Alabama 35243

Easy Cellular, Inc.
Richard Pollara, President
8625 West Sahara Ave.
Las Vegas, Nevada 89117

or at such other address as the intended recipient previously shall have designated by written notice to the other party.

B. Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

XVIII Amendments

This Agreement may be amended at any time upon written agreement of both parties.

XIX Entire Agreement

This Agreement sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

BellSouth Telecommunications, Inc.

BY: 
Signature

NAME: Jerry D. Hendrix
Printed Name

TITLE: Director

Easy Cellular, Inc.

BY: 
Signature

NAME: Richard Pollara
Printed Name

TITLE: President

EXHIBIT "A"

APPLICABLE DISCOUNTS

The telecommunications services available for purchase by Reseller for the purposes of resale to Reseller end users shall be available at the following discount off of the retail rate.

<u>STATE</u>	<u>RESIDENCE</u>	DISCOUNT	<u>BUSINESS</u>
ALABAMA	10%		10%
FLORIDA	18%		12%
GEORGIA	20.3%		17.3%
KENTUCKY	10%		8%
LOUISIANA	11%		10%
MISSISSIPPI	9%		8%
NORTH CAROLINA	12%		9%
SOUTH CAROLINA	10%		9%
TENNESSEE	11%		9%

Agreement Between BellSouth Telecommunications, Inc. and Easy Phone, Inc. Regarding The Sale of BellSouth Telecommunications Services to Easy Phone, Inc. For The Purposes of Resale

THIS AGREEMENT is by and between **BellSouth Telecommunications, Inc.**, ("BellSouth" or "Company"), a Georgia corporation, and **Easy Phone, Inc.** ("Reseller") formerly doing business as Easy Cellular, Inc., a Nevada corporation, and shall be deemed effective as of February 20, 1998.

WITNESSETH

WHEREAS, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, Reseller is or seeks to become an alternative local exchange telecommunications company authorized to provide telecommunications services in the state of Florida; and

WHEREAS, Reseller desires to resell BellSouth's telecommunications services; and

WHEREAS, BellSouth has agreed to provide such services to Reseller for resale purposes and pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the mutual premises and promises contained herein, BellSouth and Reseller do hereby agree as follows:

I. Term of the Agreement

- A. The term of this Agreement shall be two years beginning February 20, 1998 and shall apply to all of BellSouth's serving territory as of January 1, 1998 in the state of Florida; and
- B. This Agreement shall be automatically renewed for two additional one year periods unless either party indicates its intent not to renew the Agreement. Notice of such intent must be provided, in writing, to the other party no later than 60 days prior to the end of the then-existing contract period. The terms of this Agreement shall remain in effect after the term of the existing agreement has expired and while a new agreement is being negotiated.

The rates pursuant by which Reseller is to purchase services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications service. The discount rates shall be as set forth in Exhibit A, attached hereto and incorporated herein by this reference. Such discount shall reflect the costs avoided by BellSouth when selling a service for wholesale purposes.

II. Definition of Terms

- A. **CUSTOMER OF RECORD** means the entity responsible for placing application for service; requesting additions, rearrangements, maintenance or discontinuance of service; payment in full of charges incurred such as non-recurring, monthly recurring, toll, directory assistance, etc.
- B. **DEPOSIT** means assurance provided by a customer in the form of cash, surety bond or bank letter of credit to be held by the Company.

- C. END USER means the ultimate user of the telecommunications services.
- D. END USER CUSTOMER LOCATION means the physical location of the premises where an end user makes use of the telecommunications services.
- E. NEW SERVICES means functions, features or capabilities that are not currently offered by BellSouth. This includes packaging of existing services or combining a new function, feature or capability with an existing service.
- F. OTHER LOCAL EXCHANGE COMPANY (OLEC) means a telephone company certificated by the public service commissions of the Company's franchised area to provide local exchange service within the Company's franchised area.
- G. RESALE means an activity wherein a certificated OLEC, such as Reseller subscribes to the telecommunications services of the Company and then reoffers those telecommunications services to the public (with or without "adding value").
- H. RESALE SERVICE AREA means the area, as defined in a public service commission approved certificate of operation, within which an OLEC, such as Reseller, may offer resold local exchange telecommunications service.

III. General Provisions

- A. Reseller may resell the tariffed local exchange and toll telecommunications services of BellSouth contained in the General Subscriber Service Tariff and Private Line Service Tariff subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the exclusions and limitations on services available for resale will be as set forth in Exhibit B, attached hereto and incorporated herein by this reference.

BellSouth shall make available telecommunications services for resale at the rates set forth in Exhibit A to this agreement and subject to the exclusions and limitations set forth in Exhibit B to this agreement. It does not however waive its rights to appeal or otherwise challenge any decision regarding resale that resulted in the discount rates contained in Exhibit A or the exclusions and limitations contained in Exhibit B. BellSouth reserves the right to pursue any and all legal and/or equitable remedies, including appeals of any decisions. If such appeals or challenges result in changes in the discount rates or exclusions and limitations, the parties agree that appropriate modifications to this Agreement will be made promptly to make its terms consistent with the outcome of the appeal.

- B. Reseller may purchase resale services from BellSouth for their own use in operating their business. The resale discount will apply to those services under the following conditions:
 - 1. Reseller must resell services to other end users.
 - 2. Reseller must order services through resale interfaces, i. e., the LCSC and/or appropriate Resale Account Teams.
 - 3. Reseller cannot be an alternative local exchange telecommunications company for the single purpose of selling to themselves.
- C. The provision of services by the Company to Reseller does not constitute a joint undertaking for the furnishing of any service.

- D. Reseller will be the customer of record for all services purchased from BellSouth. Except as specified herein, the Company will take orders from, bill and expect payment from Reseller for all services.
- E. Reseller will be the Company's single point of contact for all services purchased pursuant to this Agreement. The Company shall have no contact with the end user except to the extent provided for herein.
- F. The Company will continue to bill the end user for any services that the end user specifies it wishes to receive directly from the Company.
- G. The Company maintains the right to serve directly any end user within the service area of Reseller. The Company will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of Reseller.
- H. Neither Party shall interfere with the right of any person or entity to obtain service directly from the other Party.
- I. Current telephone numbers may normally be retained by the end user. However, telephone numbers are the property of the Company and are assigned to the service furnished. Reseller has no property right to the telephone number or any other call number designation associated with services furnished by the Company, and no right to the continuance of service through any particular central office. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, whenever the Company deems it necessary to do so in the conduct of its business.
- J. The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to Reseller.
- K. Service is furnished subject to the condition that it will not be used for any unlawful purpose.
- L. Service will be discontinued if any law enforcement agency advises that the service being used is in violation of the law.
- M. The Company can refuse service when it has grounds to believe that service will be used in violation of the law.
- N. The Company accepts no responsibility to any person for any unlawful act committed by Reseller or its end users as part of providing service to Reseller for purposes of resale or otherwise.
- O. The Company will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with the Company's customers. Law enforcement agency subpoenas and court orders regarding end users of Reseller will be directed to Reseller. The Company will bill Reseller for implementing any requests by law enforcement agencies regarding Reseller end users.
- P. The characteristics and methods of operation of any circuits, facilities or equipment provided by any person or entity other than the Company shall not:
 - 1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service;
 - 2. Cause damage to their plant;
 - 3. Impair the privacy of any communications; or
 - 4. Create hazards to any employees or the public.

- Q. Reseller assumes the responsibility of notifying the Company regarding less than standard operations with respect to services provided by Reseller.
- R. Facilities and/or equipment utilized by BellSouth to provide service to Reseller remain the property of BellSouth.
- S. White page directory listings will be provided in accordance with regulations set forth in Section A6 of the General Subscriber Service Tariff and will be available for resale.
- T. BellSouth will provide customer record information to Reseller provided Reseller has the appropriate Letter(s) of Authorization. BellSouth may provide customer record information via one of the following methods: US mail, fax, or by electronic interface. BellSouth will provide customer record information via US mail or fax on an interim basis only.
 - 1. Reseller agrees to compensate BellSouth for all BellSouth incurred expenditures associated with providing such information to Reseller. Reseller will adopt and adhere to the BellSouth guidelines associated with each method of providing customer record information.
 - 2. All costs incurred by BellSouth to develop and implement operational interfaces shall be recovered from Reseller who utilize the services.
- U. BellSouth will provide certain selected messaging services to Reseller for resale of messaging service without the wholesale discount.
- V. BellSouth's Inside Wire Maintenance Plans may be made available for resale at rates, terms and conditions as set forth by BellSouth and without the wholesale discount.
- W. All costs incurred by BellSouth for providing services to Reseller that are not covered in the BellSouth tariffs shall be recovered from the Reseller(s) who utilize those services.

IV. BellSouth's Provision of Services to Reseller

- A. Reseller agrees that its resale of BellSouth services shall be as follows:
 - 1. The resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.
 - 2. To the extent Reseller is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, Reseller shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth pursuant to this Agreement in any of the states covered under this Agreement. For the purposes of this subsection, to jointly market means any advertisement, marketing effort or billing in which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by Reseller are packaged, tied, bundled, discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale arrangements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer interLATA services in that state, whichever is earlier.
 - 3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital end users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to Independent Payphone

Provider (IPP) customers. Shared Tenant Service customers can only be sold those telecommunications services available in the Company's A23 Shared Tenant Service Tariff.

4. Reseller is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (end users) as stated in A2 of the Company's Tariff except for backup service as indicated in the applicable state tariff Section A3.
 5. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, Reseller will be notified and billing for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, back billing, and interest as described in this subsection shall apply at the Company's sole discretion. Interest at a rate as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff for the applicable state, compounded daily for the number of days from the back billing date to and including the date that Reseller actually makes the payment to the Company may be assessed.
 6. The Company reserves the right to periodically audit services purchased by Reseller to establish authenticity of use. Such audit shall not occur more than once in a calendar year. Reseller shall make any and all records and data available to the Company or the Company's auditors on a reasonable basis. The Company shall bear the cost of said audit.
- B.** Resold services can only be used in the same manner as specified in the Company's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of the Company in the appropriate section of the Company's Tariffs. Specific tariff features, e.g. a usage allowance per month, shall not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one end user customer except as specified in Section A23. of the Company's Tariff referring to Shared Tenant Service.
- C.** Reseller may resell services only within the specific resale service area as defined in its certificate.
- D.** Telephone numbers transmitted via any resold service feature are intended solely for the use of the end user of the feature. Resale of this information is prohibited.
- E.** No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. Reseller is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any BellSouth name or trademark.

V. Maintenance of Services

- A.** Reseller will adopt and adhere to the standards contained in the applicable BellSouth Work Center Interface Agreement regarding maintenance and installation of service.
- B.** Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company.
- C.** Reseller or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.
- D.** Reseller accepts responsibility to notify the Company of situations that arise that may result in a service problem.

- E. Reseller will be the Company's single point of contact for all repair calls on behalf of Reseller's end users. The parties agree to provide one another with toll-free contact numbers for such purposes.
- F. Reseller will contact the appropriate repair centers in accordance with procedures established by the Company.
- G. For all repair requests, Reseller accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.
- H. The Company will bill Reseller for handling troubles that are found not to be in the Company's network pursuant to its standard time and material charges. The standard time and material charges will be no more than what BellSouth charges to its retail customers for the same services.
- I. The Company reserves the right to contact Reseller's customers, if deemed necessary, for maintenance purposes.

VI. Establishment of Service

- A. After receiving certification as a local exchange company from the appropriate regulatory agency, Reseller will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for Reseller. Such documentation shall include the Application for Master Account, proof of authority to provide telecommunications services, an Operating Company Number ("OCN") assigned by the National Exchange Carriers Association ("NECA") and a tax exemption certificate, if applicable. When necessary deposit requirements are met, the Company will begin taking orders for the resale of service.
- B. Service orders will be in a standard format designated by the Company.
- C. When notification is received from Reseller that a current customer of the Company will subscribe to Reseller's service, standard service order intervals for the appropriate class of service will apply.
- D. The Company will not require end user confirmation prior to establishing service for Reseller's end user customer. Reseller must, however, be able to demonstrate end user authorization upon request.
- E. Reseller will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services except that the Company will accept a request directly from the end user for conversion of the end user's service from Reseller to the Company or will accept a request from another OLEC for conversion of the end user's service from Reseller to the other LEC. The Company will notify Reseller that such a request has been processed.
- F. If the Company determines that an unauthorized change in local service to Reseller has occurred, the Company will reestablish service with the appropriate local service provider and will assess Reseller as the OLEC initiating the unauthorized change, the unauthorized change charge described in F.C.C. Tariff No. 1, Section 13. Appropriate nonrecurring charges, as set forth in Section A4. of the General Subscriber Service Tariff, will also be assessed to Reseller. These charges can be adjusted if Reseller provides satisfactory proof of authorization.
- G. In order to safeguard its interest, the Company reserves the right to secure the account with a suitable form of security deposit, unless satisfactory credit has already been established.
 - 1. Such security deposit shall take the form of an irrevocable Letter of Credit or other forms of security acceptable to the Company. Any such security deposit may be held during the

continuance of the service as security for the payment of any and all amounts accruing for the service.

2. If a security deposit is required, such security deposit shall be made prior to the inauguration of service.
3. Such security deposit may not exceed two months' estimated billing.
4. The fact that a security deposit has been made in no way relieves Reseller from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for non-payment of any sums due the Company.
5. The Company reserves the right to increase the security deposit requirements when, in its sole judgment, circumstances so warrant and/or gross monthly billing has increased beyond the level initially used to determine the security deposit.
6. In the event that Reseller defaults on its account, service to Reseller will be terminated and any security deposits held will be applied to its account.
7. In the case of a cash deposit, interest at a rate as set forth in the appropriate BellSouth tariff shall be paid to Reseller during the continuance of the security deposit. Interest on a security deposit shall accrue annually and, if requested, shall be annually credited to Reseller by the accrual date.

VII. Payment And Billing Arrangements

- A. When the initial service is ordered by Reseller, the Company will establish an accounts receivable master account for Reseller.
- B. The Company shall bill Reseller on a current basis all applicable charges and credits.
- C. Payment of all charges will be the responsibility of Reseller. Reseller shall make payment to the Company for all services billed. The Company is not responsible for payments not received by Reseller from Reseller's customer. The Company will not become involved in billing disputes that may arise between Reseller and its customer. Payments made to the Company as payment on account will be credited to an accounts receivable master account and not to an end user's account.
- D. The Company will render bills each month on established bill days for each of Reseller's accounts.
- E. The Company will bill Reseller, in advance, charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, to Reseller.
- F. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.
 1. If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday,

Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.

- G. Upon proof of tax exempt certification from Reseller, the total amount billed to Reseller will not include any taxes due from the end user. Reseller will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.
- H. As the customer of record, Reseller will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other charges of a similar nature.
- I. If any portion of the payment is received by the Company after the payment due date as set forth preceding, or if any portion of the payment is received by the Company in funds that are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff.
- J. Any switched access charges associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, the Company. No additional charges are to be assessed to Reseller.
- K. The Company will not perform billing and collection services for Reseller as a result of the execution of this Agreement. Requests by the Reseller for assistance with billing services should be referred to the appropriate entity or operational group within the Company.
- L. Pursuant to 47 CFR Section 51.617, the Company will bill Reseller end user common line charges identical to the end user common line charges the Company bills its end users.
- M. In general, the Company will not become involved in disputes between Reseller and Reseller's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, Reseller shall contact the designated Service Center for resolution. The Company will make every effort to assist in the resolution of the dispute and will work with Reseller to resolve the matter in as timely a manner as possible. Reseller may be required to submit documentation to substantiate the claim.

VIII. Discontinuance of Service

- A. The procedures for discontinuing service to an end user are as follows:
 - 1. Where possible, the Company will deny service to Reseller's end user on behalf of, and at the request of, Reseller. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of Reseller.
 - 2. At the request of Reseller, the Company will disconnect a Reseller end user customer.
 - 3. All requests by Reseller for denial or disconnection of an end user for nonpayment must be in writing.
 - 4. Reseller will be made solely responsible for notifying the end user of the proposed disconnection of the service.

5. The Company will continue to process calls made to the Annoyance Call Center and will advise Reseller when it is determined that annoyance calls are originated from one of their end user's locations. The Company shall be indemnified, defended and held harmless by Reseller and/or the end user against any claim, loss or damage arising from providing this information to Reseller. It is the responsibility of Reseller to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in the Company's disconnecting the end user's service.

B. The procedures for discontinuing service to Reseller are as follows:

1. The Company reserves the right to suspend or terminate service for nonpayment or in the event of prohibited, unlawful or improper use of the facilities or service, abuse of the facilities, or any other violation or noncompliance by Reseller of the rules and regulations of the Company's Tariffs.
2. If payment of account is not received by the bill day in the month after the original bill day, BellSouth may provide written notice to Reseller that additional applications for service will be refused and that any pending orders for service will not be completed if payment is not received by the fifteenth day following the date of the notice. In addition BellSouth may, at the same time, give thirty days notice to the person designated by Reseller to receive notices of noncompliance, discontinue the provision of existing services to Reseller at any time thereafter.
3. In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due.
4. If BellSouth does not discontinue the provision of the services involved on the date specified in the thirty days notice and Reseller's noncompliance continues, nothing contained herein shall preclude BellSouth's right to discontinue the provision of the services to Reseller without further notice.
5. If payment is not received or arrangements made for payment by the date given in the written notification, Reseller's services will be discontinued. Upon discontinuance of service on a Reseller's account, service to Reseller's end users will be denied. The Company will also reestablish service at the request of the end user or Reseller's upon payment of the appropriate connection fee and subject to the Company's normal application procedures. Reseller's is solely responsible for notifying the end user of the proposed disconnection of the service.
6. If within fifteen days after an end user's service has been denied no contact has been made in reference to restoring service, the end user's service will be disconnected.

IX. Liability

- A. The liability of the Company for damages arising out of mistakes, omissions, interruptions, preemptions, delays errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of Reseller, or of the Company in failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision shall in no event exceed an amount equivalent to the proportionate charge to Reseller for the period of service during which such mistake, omission, interruption, preemption, delay, error or defect in transmission or defect or failure in facilities occur. The Company shall not be liable for damage arising out of mistakes, omission, interruptions, preemptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the service of the Company, (1) caused by customer-provided equipment (except where a contributing cause is the malfunctioning of a Company-provided connecting arrangement, in which event the liability of the Company shall not exceed an amount equal to a

proportional amount of the Company billing for the period of service during which such mistake, omission, interruption, preemption, delay, error, defect in transmission or injury occurs), or (2) not prevented by customer-provided equipment but which would have been prevented had Company-provided equipment been used.

- B. The Company shall be indemnified and saved harmless by Reseller against any and all claims, actions, causes of action, damages, liabilities, or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) of whatever kind or nature that may be made by any third party as a result of the Company's furnishing of service to Reseller.
- C. The Company shall be indemnified, defended and held harmless by Reseller and/or the end user against any claim, loss or damage arising from the use of services offered for resale involving:
 - 1. Claims for libel, slander, invasion of privacy or infringement of copyright arising from Reseller's or end user's own communications.
 - 2. Claims for patent infringement arising from acts combining or using Company services in connection with facilities or equipment furnished by the end user or Reseller.
 - 3. All other claims arising out of an act or omission of Reseller or its end user in the course of using services.
- D. Reseller accepts responsibility for providing access for maintenance purposes of any service resold under the provisions of this Tariff. The Company shall not be responsible for any failure on the part of Reseller with respect to any end user of Reseller.

X. Treatment of Proprietary and Confidential Information

- A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall either be in writing or other tangible format and clearly marked with a confidential, private or proprietary legend, or, when the Information is communicated orally, it shall also be communicated that the Information is confidential, private or proprietary. The Information will be returned to the owner within a reasonable time. Both parties agree that the Information shall not be copied or reproduced in any form. Both parties agree to receive such Information and not disclose such Information. Both parties agree to protect the Information received from distribution, disclosure or dissemination to anyone except employees of the parties with a need to know such Information and which employees agree to be bound by the terms of this Section. Both parties will use the same standard of care to protect Information received as they would use to protect their own confidential and proprietary Information.
- B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

XI. Resolution of Disputes

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, either Party may petition the Commission for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Agreement.

XII. Limitation of Use

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

XIII. Waivers

A failure or delay of either Party to enforce any of the provisions hereof, to exercise any option which is herein provided, or to require performance of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or options, and each Party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

XIV. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia, without regard to its conflict of laws principles.

XV. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

XVI. Notices

A. Every notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to:

BellSouth Telecommunications, Inc.
CLEC Account Team
3535 Colonnade Parkway
Room E4E1
Birmingham, AL 35243

Easy Phone, Inc.
Lorinda Bucchieri, President
8625 West Sahara Avenue
Las Vegas, NV 89117

or at such other address as the intended recipient previously shall have designated by written notice to the other party.

B. Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

XVII. Amendments

This Agreement may be amended at any time upon written agreement of both parties.

XVIII. Entire Agreement

This Agreement sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter mentioned herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

BellSouth Telecommunications, Inc.
BY: [Signature]
Signature
NAME: Jerry Hendrix
Printed Name
TITLE: Director
DATE: 2/20/98

Easy Phone, Inc.
BY: [Signature]
Signature
NAME: LORINDA C. BUCCHIERI
Printed Name
TITLE: PRESIDENT
DATE: 2/20/98

**EXHIBIT A
APPLICABLE DISCOUNTS**

The telecommunications services available for purchase by Reseller for the purposes of resale to Reseller end users shall be available at the following discount off of the retail rate.

DISCOUNT*		
STATE	RESIDENCE	BUSINESS
ALABAMA	16.3%	16.3%
FLORIDA	21.83%	16.81%
GEORGIA	20.3%	17.3%
KENTUCKY	16.79%	15.54%
LOUISIANA	20.72%	20.72%
MISSISSIPPI	15.75%	15.75%
NORTH CAROLINA	21.5%	17.6%
SOUTH CAROLINA	14.8%	14.8%
TENNESSEE**	16%	16%

* In the case of a cross boundary situation, the discount which applies is the discount applicable to the location of the end user's central office.

** In Tennessee, if ALEC provides its own operator services and directory services, the discount shall be 21.56%. ALEC must provide written notification to BellSouth within 30 days prior to providing its own operator services and directory services to qualify for the higher discount rate of 21.56%.

OPERATIONAL SUPPORT SYSTEMS (OSS) RATES				
	Interactive Ordering and Trouble Maintenance System		OSS Order Charge	
	Non-Recurring Establishment Charge	Recurring Charge, per month	Charge per order (unlimited end user accounts)	Surcharge for manually placed orders, per end user account
ALABAMA	\$100.00	\$50.00	\$10.80	\$22.00
FLORIDA	\$100.00	\$50.00	\$10.80	\$22.00
GEORGIA	\$100.00	\$50.00	\$10.80	\$22.00
KENTUCKY	\$100.00	\$50.00	\$10.80	\$22.00
LOUISIANA	\$100.00	\$50.00	\$9.16	\$18.14
MISSISSIPPI	\$100.00	\$50.00	\$10.80	\$22.00
NORTH CAROLINA	\$100.00	\$50.00	\$10.80	\$22.00
SOUTH CAROLINA	\$100.00	\$50.00	\$10.80	\$22.00
TENNESSEE	\$100.00	\$50.00	\$10.80	\$22.00

EXHIBIT B
Page 1 of 2

Type of Service		AL		FL		GA		KY		LA	
		Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1	Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Contract Service Arrangements	Note 9	Note 9	Yes	Yes	Yes	No	Yes	No	Note 5	Note 5
3	Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Promotions - < 90 Days	Yes	No	Yes	No	Yes	No	No	No	Yes	No
5	Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
6	911/E911 Services (See Note 10)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
7	N11 Services (See Note 10)	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
8	AdWatch SM Svc (See Note 8)	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9	MemoryCall [®] Service	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
10	Mobile Services	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
11	Federal Subscriber Line Charges	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
12	Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Type of Service		MS		NC		SC		TN	
		Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1	Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Contract Service Arrangements	Note 5	Note 5	Note 6	Note 6	Yes	No	Yes	Yes
3	Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 3
4	Promotions - < 90 Days	Yes	No	No	No	Yes	No	No	No
5	Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 4
6	911/E911 Services (See Note 10)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	N11 Services (See Note 10)	No	No	No	No	Yes	Yes	Yes	Yes
8	AdWatch SM Svc (See Note 8)	Yes	No	Yes	No	Yes	No	Yes	No
9	MemoryCall [®] Service	Yes	No	Yes	No	Yes	No	Yes	No
10	Mobile Services	Yes	No	Yes	No	Yes	No	Yes	No
11	Federal Subscriber Line Charges	Yes	No	Yes	No	Yes	No	Yes	No
12	Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Applicable Notes:

- 1 **Grandfathered services** can be resold only to existing subscribers of the grandfathered service.
- 2 Where available for resale, **promotions** will be made available only to end users who would have qualified for the promotion had it been provided by BellSouth directly.
- 3 In Tennessee, long-term **promotions** (offered for more than ninety (90) days) may be obtained at one of the following rates:
 - (a) the stated tariff rate, less the wholesale discount;
 - (b) the promotional rate (the promotional rate offered by BellSouth will not be discounted further by the wholesale discount rate)
- 4 **Lifeline/Link Up** services may be offered only to those subscribers who meet the criteria that BellSouth currently applies to subscribers of these services. In Tennessee, Reseller shall purchase BellSouth's Message Rate Service at the stated tariff rate, less the wholesale discount. Reseller must further discount the wholesale Message Rate Service to LifeLine customers with a discount which is no less than the minimum discount that BellSouth now provides. Reseller is responsible for recovering the Subscriber Line Charge from the National Exchange Carriers Association interstate toll settlement pool just as BellSouth does today. The maximum rate that Reseller may charge for LifeLine Service shall be capped at the flat retail rate offered by BellSouth.
- 5 In Louisiana and Mississippi, all **Contract Service Arrangements** entered into by BellSouth or terminating after the effective date of the Commission Order (1/28/97 for LA and 3/10/97 for MS) will be subject to resale without the wholesale discount. All CSAs which are in place as of the effective date of the Commission order (1/28/97 for LA and 3/10/97 for MS) will not be eligible for resale.

EXHIBIT B
Page 2 of 2

- 6 In North Carolina, **Contract Service Arrangements** entered into by BellSouth before April 15, 1997, shall be subject to resale at no discount, while BellSouth CSAs entered into after that date shall be subject to resale with the discount.
- 7 Some of BellSouth's local exchange and toll telecommunications services are not available in certain central offices and areas.
- 8 AdWatchSM Service is tariffed as BellSouth[®] AIN Virtual Number Call Detail Service
- 9 In Alabama, **Contract Service Arrangements** entered into prior to Feb. 6, 1997 are not available for resale. CSAs entered into between Feb. 6, 1997 and May 13, 1997 are available for resale without a discount to the same client to whom the CSA is applicable. CSAs entered into May 14, 1997 and later are available for resale with a discount to the same client to whom the CSA is applicable.
- 10 Exclusions for N11/911/E911 are also applicable to equipment associated with the service

**BELLSOUTH
 AGING SUMMARY
 AS OF JUNE 18, 1998**

Current 1-30 31-60 61-90 > 90 TOTAL

Easy Phone Inc / D

*

256Q924219	\$33.55	\$0.00	\$0.00	\$0.00	\$0.00	\$33.55
305Q924219	(\$83.41)	(\$17.40)	\$0.00	\$0.00	\$0.00	(\$100.81)
904Q924219	\$77,839.18	\$81,814.07	\$31,418.04	\$0.00	\$0.00	\$191,071.33
954Q924219	\$50,498.89	\$26,387.27	\$0.00	\$0.00	\$0.00	\$76,886.16
Total Easy Phone Inc / D	\$128,288.21	\$108,183.94	\$31,418.04	\$0.00	\$0.00	\$267,890.23

Q Account	Past Due Amount as of November 12, 1998 (Summarized from October 22, 1998 Billing Records)
904 Q92 4239	\$121,375.91
954 Q92 4239	\$130,907.44
305 Q92 4239	\$18,924.75
256 Q92 4239	\$322.29
Total Past Due Amount:	\$271,530.39