

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF COMMUNICATIONS BUREAU OF SERVICE EVALUATION

APPLICATION FORM

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

990726-II

Instructions

- ◆ This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).
- ◆ Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770**

Note: **No filing fee is required** for an assignment or transfer of an existing certificate to another certificated company.

- ◆ If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Communications
Bureau of Certification and Evaluation
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6600**

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**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF COMMUNICATIONS BUREAU OF SERVICE EVALUATION

APPLICATION FORM

DEPOSIT

DATE

for AUTHORITY TO PROVIDE

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JUN 04 1999

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WITHIN THE STATE OF FLORIDA

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99 JUN 4 1999
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Initials of person who forwarded check


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

Original certificate (new company).

Approval of transfer of existing certificate:

Example, a certificated company purchases an existing certificated company and desires to retain the authority of both certificates.

Approval of assignment of existing certificate:

Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

Approval of transfer of control:

Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

Annox, Inc.

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

Annox, Inc.

4. Official mailing address (including street name & number, post office box, city, state, zip code):

6509 Highway 41-A

P.O. Box 230

Pleasant View, TN 37146

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

None - not facility based and there is not an administrative office.

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

- Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
- Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization;

- | | |
|--|---|
| <input type="checkbox"/> Individual | <input checked="" type="checkbox"/> Corporation |
| <input type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Other _____ | |

8. If individual, provide:

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

9. **If incorporated in Florida**, provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State Corporate Registration number:**

10. **If foreign corporation**, provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State Corporate Registration number:**

_____ F97000002660 _____

11. **If using fictitious name-d/b/a**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

(a) **The Florida Secretary of State fictitious name registration number:** _____ n/a _____

12. **If a limited liability partnership**, provide proof of registration to operate in Florida:

(a) **The Florida Secretary of State registration number:** _____ n/a _____

13. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: _____ n/a _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

14. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) The Florida registration number: n/a

15. Provide **FEID Number**(if applicable): n/a

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?
() Yes () No

(b) If not, who will bill for your services?

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

(c) How is this information provided?

17. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Katherine Mauldin Hunter

Title: Attorney at Law

Address: 2251 Perimeter Park Dr.

City/State/Zip: Atlanta GA 30341

Telephone No.: 770-451-8319 Fax No.: 770-451-5096

Internet E-Mail Address: k.hunter@gte.net

Internet Website Address: none

(b) Official point of contact for the ongoing operations of the company:

Name: Dominick Marchitto

Title: President

Address: 6509 Highway 41-A

City/State/Zip: Pleasant View, TN 37146

Telephone No.: 888-576-4836 Fax No.: 615-746-9683

Internet E-Mail Address: Dom@Annox.com

Internet Website Address: _____

(c) Complaints/Inquiries from customers:

Name: Mark Linder

Title: Vice President

Address: 6509 Highway 41-A

City/State/Zip: Pleasant View, TN 37146

Telephone No.: 888 576 4836 Fax No.: 615 746 9683

Internet E-Mail Address: Mark@Annox.com

Internet Website Address: _____

18. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

Alabama; Florida; Georgia; Indiana; Kentucky;
Louisiana; North Carolina; New Jersey; South Carolina;
and Tennessee

(b) has applications pending to be certificated as an interexchange telecommunications company.

Ohio

(c) is certificated to operate as an interexchange telecommunications company.

Alabama; Florida; Georgia; Indiana; Kentucky; Louisiana;
North Carolina; New Jersey; South Carolina; and Tennessee

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

None

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

None

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

None.

19. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

None of the above have occurred during the past 15 years.

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

None.

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

a. _____ **MTS with distance sensitive per minute rates**

- _____ Method of access is FGA
- _____ Method of access is FGB
- _____ Method of access is FGD
- _____ Method of access is 800

b. _____ **MTS with route specific rates per minute**

- _____ Method of access is FGA
- _____ Method of access is FGB
- _____ Method of access is FGD
- _____ Method of access is 800

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

- _____ Method of access is FGA
- _____ Method of access is FGB
- _____ Method of access is FGD
- _____ Method of access is 800

d. _____ **MTS for pay telephone service providers**

e. _____ **Block-of-time calling plan (Reach Out Florida, Ring America, etc.).**

f. _____ **800 service (toll free)**

g. _____ **WATS type service (bulk or volume discount)**

- _____ Method of access is via dedicated facilities
- _____ Method of access is via switched facilities

h. _____ **Private line services (Channel Services)**
(For ex. 1.544 mbs., DS-3, etc.)

i. _____ **Travel service**

- _____ Method of access is 950
- _____ Method of access is 800

j. _____ **900 service**

k.

Operator services

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

l. **Services included are:**

- Station assistance
- Person-to-person assistance
- Directory assistance
- Operator verify and interrupt
- Conference calling

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

22. Submit the following:

A. Financial capability.

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer **affirming that the financial statements are true and correct** and should include:

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

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

financial institutions.

Further, the following (which includes supporting documentation) should be provided:

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

B. Managerial capability; give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

C. Technical capability; give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

Annox has the necessary financial capability to provide long distance service throughout Annox's territory in Florida and maintain all applicable equipment relating to long distance service. Annox has obtained and has operational the switching equipment needed to provide long distance service. Annox has used its resources to set up the necessary programming and computers to provide long distance service. Annox has an agreement with IXC Communications and Annox is an IXC certified reseller.

Annox generates gross revenue of over \$400,000 a month from the 10 states that Annox currently provides telecommunication services. Annox will meet its obligations for all leases, loans, and equipment upkeep in regards to the long distance service. Annox has been serving customers in Florida since September of 1997. Annox will continue to provide its customers excellent local phone service in addition to the long distance service Annox is proposing to now offer. Enclosed is Annox's current financial statement.

**** APPLICANT ACKNOWLEDGMENT STATEMENT ****

- 1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
- 2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
- 3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
- 4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

Walter Mark 5-28-99
 Signature Date

President (615) 746-8827 x105
 Title Telephone No.

Address: 6509 Hwy 41A PO Box 230 (615) 746-3409
Pleasant View TN 37146
 Fax No.

ATTACHMENTS:

- A - CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
- C - CURRENT FLORIDA INTRASTATE NETWORK
- D - AFFIDAVIT
 - FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES
 - GLOSSARY

CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) _____,

(Title) _____ of

(Name of Company)

and current holder of Florida Public Service Commission Certificate Number # _____

_____, have reviewed this application and join in the petitioner's request for
a:

() transfer

() assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Signature

Date

Title

Telephone No.

Address: _____

Fax No.

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

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

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

UTILITY OFFICIAL:

<i>John M. Mark</i>	<i>5-28-99</i>
Signature	Date

<i>President</i>	<i>(615) 746-8927 x105</i>
Title	Telephone No.

Address: <i>6509 Hwy 41A PO Box 230</i>	<i>(615) 746-3409</i>
<i>Pleasant View TN 37146</i>	Fax No.

**** APPENDIX C ****

CURRENT FLORIDA INTRASTATE SERVICES

Applicant has (X) or has not () previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

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

local residential phone service 8-15-97

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

UTILITY OFFICIAL:

Paul W. Mauldin

Signature

5-28-99

Date

President

Title

(615) 746-8927 x1105

Telephone No.

Address: 6509 Hwy 41A PO Box 230

(615) 746-3409

Fax No.

Pleasant View TN 37146

**** APPENDIX D ****

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

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

IDENTITY OFFICIAL:

[Handwritten Signature]

Signature

5-28-99

Date

President

Title

(615) 746-8927 x 1105

Telephone No.

Address: *6509 Hwy 41A PO Box 230*

615 746-3409

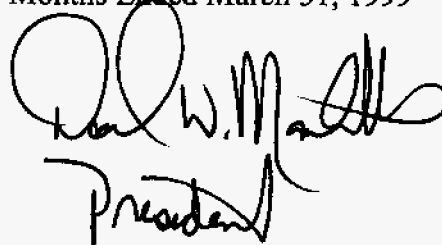
Fax No.

Pleasant View TN 37146

Annox, Inc.
(A Georgia Sub-S Corporation)
P. O. Box 230
Pleasantview, TN 37146
(615) 746-8927

Table of Contents

- Statement of Financial Position March 31, 1999
- Statement of Shareholder's Equity for the Three Months Ended March 31, 1999
- Telephone Income Statement for the Three Months Ended March 31, 1999
- Statement of Cash Flows for the Three Months Ended March 31, 1999


Paul W. Marshall
President

Annox, Inc.
(A Georgia Sub-S Corporation)
Statement of Financial Position
March 31, 1998

Assets

Current Assets

Cash	\$	190,367
Receivables from Subscribers		358,100
Equipment Deposits		96,271
Prepays		89,569
Other Receivables		1,851

Total Current Assets \$ 736,158

Property, Plant & Equipment

	\$	
Computer equipment		199,269
Furniture and fixtures		63,143
Leasehold improvements		45,480
Machinery and equipment		47,864
Vehicles		41,752
Capitalized cost phone		97,317
Capitalized computer upgrades		
Capitalized cost call center		235,684
Capitalized cost long distance		33,600

Total Property, Plant & Equipment	\$	764,111
Less : Accumulated depreciation		(194,773)

Net Property, Plant & Equipment 569,338

Total Assets \$ 1,305,496
=====

Liabilities & Shareholder's Equity

Current Liabilities

Accounts Payable	\$	10,838
Sales taxes payable		71,158
Other accrued liabilities		3,650
Current portion of long term debt		68,875
Unearned Revenue		362,659

Total Current Liabilities \$ 517,180

Long Term Liabilities

	\$	
Leases payable		279,783
Long term portion of long term debt		293,636

Total Long Term Liabilities 573,418

Shareholder's Equity

214,897

Total Liabilities & Shareholder's Equity \$ 1,305,496
=====

Annox, Inc.
 (A Georgia Sub-S Corporation)
 Statement of Shareholder's Equity
 For The Three Months Ended March 31, 1999

\$957,650

	COMMON STOCK				TOTAL	
	SHARES (\$5 PAR VALUE, 500 SHARES AUTHORIZED)	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ADVANCES TO SHAREHOLDER	RETAINED EARNINGS (DEFICIT)	SHAREHOLDER'S EQUITY (DEFICIENCY)
BALANCE, December 31, 1998	100	\$500	\$19,690		\$740,748	\$760,938
DISTRIBUTIONS TO SHAREHOLDER				(519,058)		(519,058)
NET INCOME (LOSS)					(26,983)	(26,983)
BALANCE, March 31, 1999	100	\$500	\$19,690	(519,058)	\$713,765	\$214,897
	100	\$500	\$19,690	(519,058)	\$713,765	\$214,897

QJM

Annox, Inc.
(A Georgia Sub-S Corporation)
Income Statement (Telephone)
For The Three Months Ended March 31, 1999

	<u>Telephone</u>	<u>Percent</u>
Revenues	\$ 1,057,110	100.00 %
Telephone Costs	629,890	59.59
Gross Profit	<u>\$ 427,220</u>	<u>40.41 %</u>
Expenses		
Salaries & wages	134,716	12.74 %
General and administrative	115,692	10.94
Corporate overhead	56,071	5.30
Marketing	107,341	10.15
Total expenses	<u>\$ 413,820</u>	<u>39.15 %</u>
Operating income (loss)	<u>\$ 13,400</u>	<u>1.27 %</u>
Other income (expenses)		
Interest expense	\$ 10,278	0.97 %
Taxes	5,071	0.48
Depreciation	25,035	2.37
Total other income (expenses)	<u>\$ 40,384</u>	<u>3.82 %</u>
NET INCOME (LOSS)	<u><u>\$ (26,984)</u></u>	<u><u>(2.55) %</u></u>

Quill

Annox, Inc.
(A Georgia Sub-S Corporation)
Cash Flow Income Statement (Telephone)
For The Three Months Ended March 31, 1999

	<u>Telephone</u>	<u>Percent</u>
Revenues	\$ 1,057,110	100.00 %
Telephone Costs	629,890	59.59
Gross Profit	<u>\$ 427,220</u>	<u>40.41 %</u>
Expenses		
Salaries & wages	134,716	12.74 %
General and administrative	115,692	10.94
Corporate overhead	56,071	5.30
Marketing	107,341	10.15
Total expenses	<u>\$ 413,820</u>	<u>39.15 %</u>
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Total other income (expenses)	<u>\$ 40,384</u>	<u>3.82 %</u>
NET INCOME (LOSS)	<u><u>\$ (26,984)</u></u>	<u><u>(2.55) %</u></u>
Cash Flow add Backs	(26,984)	
Interest expense	10,278	
Taxes	5,071	
Depreciation	25,035	
Total expenses	<u><u>13,400</u></u>	

QJM

ANNOX, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997



**PATE, CERQUEDA,
MORGAN, GAULT
& HOLMES**

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholder
Annox, Inc.

We have audited the accompanying balance sheets of Annox, Inc. (an S corporation) as of December 31, 1998 and 1997 and the related statements of operations, shareholder's equity (deficiency) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Annox, Inc. as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Pate Cerqueda Morgan Gault + Holmes LLP
CERTIFIED PUBLIC ACCOUNTANTS
January 27, 1999

ANNOX, INC.
BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

	<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
CURRENT ASSETS			
Cash		\$ 764,659	\$ 110,975
Customer receivables		10,021	20,863
Inventory		-0-	4,784
Prepaid expenses		<u>90,144</u>	<u>-0-</u>
Total current assets		864,824	136,622
PLANT AND EQUIPMENT-NET		171,580	1,261,007
ASSETS UNDER CAPITAL LEASES - NET		304,053	140,309
OTHER ASSETS			
Intangible assets and deferred costs, net		-0-	32,710
Deposits		8,119	-0-
Restricted cash		<u>67,500</u>	<u>-0-</u>
Total other assets		<u>75,619</u>	<u>32,710</u>
		<u>\$ 1,416,076</u>	<u>\$ 1,570,648</u>
 <u>LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIENCY)</u> 			
CURRENT LIABILITIES			
Notes payable		\$ 4,127	\$ 544,028
Capital lease obligations, current portion		102,519	42,724
Accounts payable		295,169	607,225
Accrued interest		-0-	7,445
Prepaid subscriber fees		-0-	55,251
Other accrued expenses		<u>45,139</u>	<u>271,832</u>
Total current liabilities		446,954	1,528,505
LONG TERM LIABILITIES			
Notes payable		6,502	1,370,387
Capital lease obligations, less current portion		<u>201,682</u>	<u>93,966</u>
Total long-term liabilities		208,184	1,464,353
SHAREHOLDER'S EQUITY (DEFICIENCY)		<u>760,938</u>	<u>(1,422,210)</u>
		<u>\$ 1,416,076</u>	<u>\$ 1,570,648</u>

The accompanying notes are an integral part of the financial statements.

ANNOX INC.
 STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
REVENUES		
Telephone revenues	\$ 2,742,160	\$ 682,720
OPERATING EXPENSES	<u>3,892,764</u>	<u>1,873,897</u>
OPERATING INCOME (LOSS)	(1,150,604)	(1,191,177)
OTHER INCOME (EXPENSES)		
Interest - net	(165,284)	(17,758)
Depreciation and amortization	(79,574)	(290,739)
Other income	<u>5,078</u>	<u>-0-</u>
Total other income (expenses)	<u>(239,780)</u>	<u>(308,497)</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	(1,390,384)	(1,499,674)
DISCONTINUED OPERATIONS		
Income (loss) from discontinued cable operations	(326,531)	129,615
Gain from sale of cable system	<u>4,871,869</u>	<u>-0-</u>
INCOME FROM DISCONTINUED OPERATIONS	<u>4,545,338</u>	<u>129,615</u>
NET INCOME (LOSS)	<u>\$ 3,154,954</u>	<u>\$(1,370,059)</u>

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
 STATEMENTS OF SHAREHOLDER'S EQUITY (DEFICIENCY)
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>COMMON STOCK</u>		<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>ADVANCES TO SHAREHOLDER</u>	<u>RETAINED EARNINGS (DEFICIT)</u>	<u>TOTAL SHAREHOLDER'S EQUITY (DEFICIENCY)</u>
	<u>SHARES (\$5 PAR VALUE, 500 SHARES AUTHORIZED)</u>	<u>AMOUNT</u>				
BALANCE, DECEMBER 31, 1996	100	\$ 500	\$ 19,690	\$ (127,998)	\$ 410,911	\$ 303,103
DISTRIBUTIONS TO SHAREHOLDER				127,998	(483,252)	(355,254)
NET INCOME (LOSS), 1997	—	—	—	—	<u>(1,370,059)</u>	<u>(1,370,059)</u>
BALANCE, DECEMBER 31, 1997	100	500	19,690	-0-	(1,442,400)	(1,422,210)
DISTRIBUTIONS TO SHAREHOLDER					(971,806)	(971,806)
NET INCOME (LOSS), 1998	—	—	—	—	<u>3,154,954</u>	<u>3,154,954</u>
BALANCE, DECEMBER 31, 1998	<u>100</u>	<u>\$ 500</u>	<u>\$ 19,690</u>	<u>\$ -0-</u>	<u>\$ 740,748</u>	<u>\$ 760,938</u>

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 3,154,954	\$(1,370,059)
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	402,026	501,180
Amortization	48,638	21,606
(Gain) Loss on disposal of cable system	(5,072,449)	114
Change in subscriber receivables	10,842	(13,193)
Change in inventory	4,784	-0-
Change in prepaid expenses	(90,144)	14,349
Increase in restricted cash	(67,500)	-0-
Change in accounts payable	(312,056)	326,767
Change in accrued liabilities	<u>(289,389)</u>	<u>24,351</u>
Total adjustments	<u>(5,365,248)</u>	<u>875,174</u>
Net cash provided by (used in) operating activities	<u>(2,210,294)</u>	<u>(494,885)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to plant and equipment	(99,138)	(158,779)
Proceeds from sale of cable system	5,900,000	-0-
Change in deposits	(8,119)	43,468
Disposal of intangible assets and deferred costs	<u>32,710</u>	<u>-0-</u>
Net cash provided by (used in) investing activities	<u>5,825,453</u>	<u>(115,311)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes	(2,738,786)	(4,505)
Distributions to shareholder	(971,806)	(355,254)
Payments on capital lease obligations	(85,883)	(20,348)
Proceeds from borrowing	<u>835,000</u>	<u>1,100,000</u>
Net cash provided by (used in) financing activities	<u>(2,961,475)</u>	<u>719,893</u>
NET INCREASE IN CASH	653,684	109,697
CASH, BEGINNING OF YEAR	<u>110,975</u>	<u>1,278</u>
CASH, END OF YEAR	<u><u>\$ 764,659</u></u>	<u><u>\$ 110,975</u></u>

The accompanying notes are an integral part of the financial statements.

ANNOX, INC.
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ 256,912</u>	<u>\$ 127,983</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of vehicle by incurring debt	<u>\$ -0-</u>	<u>\$ 17,430</u>
Acquisitions of equipment by capital leases	<u>\$ 253,394</u>	<u>\$ 157,038</u>

The accompanying notes are an integral part of the financial statements .

ANNOX, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Nature of Business - Annox, Inc. (the "Company") was formed (under the name of Cable USA, Inc.) in April 1986 by Tom Linder, Jr. (the "sole shareholder") to develop, operate and market cable television systems. In September 1998 all cable assets were sold and the cable business was discontinued.

The Company has agreements with BellSouth and Ameritech to resell local telephone service as a switchless reseller. At the end of 1998 the Company was certified and offering telephone service in nine states. The remaining fixed assets are used in operating as a telephone service reseller.

- b. Plant and Equipment - Plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

Cable distribution system	10 years
Vehicles	5 years
Equipment and computers	5-10 years
Furniture and fixtures	7-10 years
Leasehold improvements	10-39 years

Upon sale or retirement of plant and equipment, the cost and related accumulated depreciation amounts are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations. Repairs and maintenance charges which do not increase the useful lives of the assets are charged to operations as incurred.

The Company capitalizes direct labor, materials and related overhead costs incurred in the construction of its cable distribution systems.

- c. Installation Revenues - Revenues obtained from the connection of subscribers to the cable television system are less than related direct selling costs and are recognized currently.
- d. Income Taxes - The Company has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S Corporation are taxed on the Company's taxable income. Therefore, no provisions or liability for federal income taxes has been included in the accompanying financial statements.
- e. Cash Equivalents - For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.
- f. Inventory - Inventory consists of spare parts, cable and other items needed to extend the cable system. The inventory is stated at cost.

ANNOX, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- g. Concentration of Credit Risk - The Company maintains cash balances at financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of December 31, 1998 and 1997 the Company had uninsured cash balances of \$763,481 and \$19,571, respectively.
- h. Reclassification of Amounts - Certain prior year's balances were reclassified to conform to the current year presentation.
- i. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- j. Fair Value of Financial Instruments: The Company evaluates the fair value of its financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of debt and other financial instruments are considered to approximate fair value.

2. PLANT AND EQUIPMENT

Plant and equipment at December 31, 1998 and 1997 consist of the following:

	<u>1998</u>	<u>1997</u>
Cable distribution system	\$ -0-	\$4,803,407
Vehicles	41,752	178,741
Equipment and computers	145,149	240,411
Furniture and fixtures	43,570	23,989
Leasehold improvements	<u>45,480</u>	<u>-0-</u>
	275,951	5,246,548
Less accumulated depreciation	<u>104,371</u>	<u>3,985,541</u>
Plant and equipment - net	<u>\$ 171,580</u>	<u>\$1,261,007</u>

ANNOX, INC.
 NOTES TO FINANCIAL STATEMENTS (continued)
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

3. INTANGIBLE ASSETS AND DEFERRED COSTS

Intangible assets and deferred costs at December 31, 1998 and 1997 consist of the following:
 All franchises were sold with cable system.

	1998	1997
Deferred financing costs	\$ -0-	\$ 20,000
Franchise costs	-0-	30,889
	-0-	50,889
Less accumulated amortization	-0-	18,179
Intangible assets and deferred costs, net	\$ -0-	\$ 32,710

4. NOTES PAYABLE

Notes payable at December 31, 1998 and 1997 are summarized as follows:

	1998	1997
Heritage Bank	\$ -0-	\$1,300,000
Westberg Media Capital	-0-	600,000
Installment note	10,629	14,415
Total Notes Payable	\$ 10,629	\$1,914,415

Note payable GMAC secured by a vehicle to be paid in monthly installments with interest at 9.75% per annum, due March 2001.

Future maturities of long term debt are as follows:

1999	\$ 4,127
2000	4,891
2001	1,611
	\$ 10,629

ANNOX, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

5. LEASE COMMITMENTS

The following is a summary of assets under Capital Leases on December 31:

	1998	1997
Equipment and computers	\$ 345,444	\$ 133,062
Furniture and fixtures	23,976	23,976
	369,420	157,038
Less Accumulated Amortization	65,367	16,729
	\$ 304,053	\$ 140,309

The Company leases furniture, computers and other equipment under capital leases. The leases are non-cancelable. At the expiration of the lease terms, the Company may purchase the items for \$1 each. Amortization is computed by the straight-line method and has been included in amortization. As of December 31, 1998 and 1997 the gross amount of assets recorded under capital leases totaled \$369,420 and \$157,038, respectively. Amortization expense related to those assets totaled \$48,638 and \$16,729 at December 31, 1998 and 1997.

Future minimum lease payments, including principal and interest, are as follows for the years ending December 31:

1999	\$140,665
2000	119,878
2001	86,473
2002	31,698
2003	4,442
Total minimum lease payments	383,156
less amount representing interest	78,955
Present value of minimum lease payments	\$304,201

Total rental expense charged to operations for month to month leases was \$33,862 and \$22,624, respectively for the years ended December 31, 1998 and 1997.

6. RESTRICTED CASH

The Company has a certificate of deposit at Heritage Bank of \$67,500 that secures an irrevocable stand by letter of credit of \$135,000 to Southern Bell as a guarantee of its phone charges.

Attachment III

In 1986, Tom Linder, Jr. founded Annox, Inc. to build, operate and sell small cable television systems. Since that time the Company has built fifteen systems in Georgia and Tennessee. Over the years fifteen of these systems were sold for a total of \$32 million.

Early in its history, Annox began putting cable television services into the public housing communities of the cities they served. At the time, many cable television companies by passed public housing. Because Annox built successful cable experience with public housing residents, it followed naturally to offer them pre-paid telephone service. Today Annox is the only pre-paid telephone service provider concentrating on service to residents of public housing.

In 1996, Annox began offering local telephone services. Today service is offered in nine states in corporation with both BellSouth and Ameritech. The Company is known among public housing residents for having lower prices than its competitors and for efficient customer service. Annox is a participating member of national and state public housing organizations.

Tom Linder, Jr. is the Chief Executive Officer and the major stock holder of the Company. Mr. Linder is educated as an attorney and has served as State Budget Officer for the State of Georgia. He also served as Executive Director of Governor Jimmy Carter's program to reduce the number of state agencies in Georgia from 350 to 20. Before founding Annox (formerly Cable USA, Inc.), he was president of Cable South, a small cable television company.

Dominick W. Marchitto is President and General Manager of the Company. Mr. Marchitto is a Certified Public Accountant, licensed in the State of Tennessee. Before coming to Annox, he was the managing partner for a regional CPA firm. In addition, Mr. Marchitto has extensive training and experience in the local, regional and national level of managing divisions and departments, handling both operations and sales. He is a graduate of the University of North Alabama and has extensive graduate work at Georgia State University and Tennessee State University.

Mark Linder is Vice President of the Company and General Manager of the telephone operations. After graduation from Austin Peay State University, he began working with Annox in 1987. Mr. Linder has gained experience in both cable television and telephone operations. He is a professional call center manager.

Renee' Trubee is the Vice President of MIS for the Company. Ms. Trubee started with Annox in November of 1997 and has a degree in computer science from Tennessee Technological University. Before coming to Annox, Ms. Trubee was a team leader for a company developing manufacturing software. Prior to that, she had experience with a major EDI company in creating EDI software and supporting customer's for that software.

Linda Weitman joined Annox in July 1998, as controller. She is a Summa Cum Laude graduate of Campbell University in North Carolina. Ms. Weitman brings with her eighteen years of experience in all aspects of general accounting and management.

Additional staff includes administrative, marketing and call center operations personnel.

Thomas M. Linder, Jr
1925 W Paces Ferry Rd.
Atlanta, GA 30327

Education:

University of Georgia – AB degree, 1963
Samford University – Juris Doctor degree, 1966

Experience:

1986 – 1999 Chief Executive Officer and stockholder of Annox, Inc. The company built, operated and sold fifteen cable television systems in Georgia and Tennessee. Presently the Company provides pre-paid local and long distance telephone service to customers in nine states.

1983 – 1985 President of Cable South. This cable company developed nine cable television systems in North Carolina.

1978 – 1982 President of Linder International. This company imported and exported agricultural products.

1974 – 1977 Executive Vice President of International Cities Corporation. This company developed major hotel, retail and office developments in Georgia, Florida, Tennessee.

1971 – 1974 Budget Director and Executive Director of Governor Jimmy Carter's program to reduce state agencies in Georgia from 350 to 20.

1969 – 1971 Executive Director of the Middle Georgia Planning and Development Commission.

Community Activities:

Member of Alabama and American Bar Associations.

Former board member of Atlanta Salvation Army (wife presently serves).

Founding board member of the Small Cable Business Association (national trade group).

Co-Founder with wife, Jan, of Shepherd Cove. This organization provides assistance in various forms to pastors of Christian churches on an interdenominational basis.

Elder of Mt. Paran Church of Atlanta.

Personal:

Born August 12, 1937

Wife – Jan Linder

Sons – Mark Linder and Scott Johnson

Military Service – Honorable discharge from United States Marine Corp. June 1962.

DOMINICK W. MARCHITTO

662 Cumberland Hills Drive
Hendersonville, Tennessee 37075

Phone: (615) 264-0859 E-Mail: DMmarchitto@aol.com

OBJECTIVE To provide leadership within a growing company.

STRENGTHS

- A seasoned professional with excellent organizational and management skills.
- A team player highly competent in accounting, finance, taxation, sales and operations.
- A proactive leader who operates with enthusiasm and integrity in all matters.

Experience

Executive Vice President, General Manager, ANNOX, INC., Pleasant View, Tennessee
March 1998 - present

Retired: September 1996 thru March 1998

Managing Partner, MARCHITTO & GUENTHER, CPA's, Goodlettsville, Tennessee, 1979 – 1996

- Developed the practice into a viable service organization serving a diverse group of clients.
- Directed the conversion from manual to highly computerized working environment.
- Assisted clients with needs in tax planning and compliance, audits and systems development, budgeting, strategic planning, capital expenditure justification, loan packages and management consulting.
- Coached clients in growing their businesses.

Terminal Manager, RYDER TRUCK LINES, INC., Miami and Atlanta, 1973 – 1979

- Selected as one of only four management trainees hired in 1973.
 - Trained at highest levels of management functions for sales, operations, maintenance, finance and administration.
 - District sales manager all of South Florida.
 - Terminal manager for the largest and most profitable Class 1 terminal in the company.
 - Assistant terminal manager for the largest Class 1 breakbulk terminal in the company.
-

Dominick W. Marchitto

Page Two

Regular Officer, UNITED STATES ARMY, 1969 – 1973

- Trained as an Airborne Ranger Infantry Officer.
- Platoon Leader/Executive Officer of a Rifle Company, 82d Airborne Division, Ft. Bragg, NC
- Commanded a Rifle Company and a Headquarters Company and served as a Battalion Operations Officer on the DMZ in Republic of Korea.
- Honorably discharged as a Captain.

EDUCATION

Bachelor of Science

University of North Alabama, Florence, Alabama, 1965 – 1969

- Majors -- Chemistry & History

Special Student

Georgia State University, Atlanta, Georgia, 1979 – 1980

- Major – Accounting

Graduate Student

Tennessee State University, Nashville, Tennessee, 1980 – 1981

- Graduate study in accounting (completed 18 hours)

Continuing Education

- Complete a minimum of forty hours formal continuing education annually.

PROFESSIONAL

- Certified Public Accountant since 1981.
- Member of American Institute of Certified Public Accountants and Tennessee Society of Certified Public Accountants.
- Tennessee Department of Commerce Insurance License.
- United States Coast Guard Near Coastal 100 Ton Master's License.

PERSONAL

- Married four children.
- Enjoy boating, running and reading.
- Excellent health.

Mark Linder

- Education** 1988 - 1992 Austin Peay State University Clarksville, TN
- B.A., Speech Communications and Marketing
- Work experience** 1996 - to present Annox Inc. Pleasant View, TN
- Vice President Operations**
- Managed the hiring, training, and continuous development of 4 supervisors and 25 customer service agents in a call center environment. Signed up the first customer Annox, Inc. had in 1996
- 1994 - 1997 Annox Cable Pleasant View, TN
- Sales Manager, Cable Television**
- Increased customer base managing team of door to door sales people. Also worked as service technician and cable installer.
- 1992 - 1994 Seminole Finance Tampa, Fl.
- Sales Representative**
- Received company's highest sales award for weekly performance 10 times in same year within a sales team of 10 representatives.
- 1984- 1990 Annox Inc. N.Carolina, Georgia, Tenn.
- Sales Representative, Cable Construction, Service Tech.**
- Worked in all areas of service and sales within the organization while attending night school.
- Interests** Tres Dias (De Colores), golf, all types of fishing

'Night Out on the Town' award for Client Support.

AtlantaStaff, Inc Atlanta, GA.
June 1991- Associate Programmer - Contracted to General Electric Information
Mar. 1994 Services Brentwood office listed above.
Supervisors at GEIS: Gary Henson and Kent Schwab
Visual C/C++, Watcom C/C++ Dos, SAS C(IBM MVS/3270) EDI
programming. Developed regression test. Other tools - Foxpro, ISPF,
JCL. Started as tester for job experience before completing college.

References Available on Request

Linda C. Weitman
303 Hillman Drive, Clarksville, TN 37040
Home Phone (931-552-5343)

Objective

To obtain a challenging and responsible position with a progressive organization offering an opportunity for growth and advancement.

Education

Bachelor of Business Administration with major in Accounting; Campbell University, Buies Creek, North Carolina 1987-1990.

- GPA of 3.8/4.0 overall
- Earned the honor of Summa Cum Laud
- Effectively completed a Business Communication course
- Have general knowledge of Microsoft word, Excel and Quicken

Experience

1998 to Present Comptroller

Annox, Inc. Pleasant View, TN 37146

Prepared financial statements, reconcile all assets, liability and cash accounts; prepare sales tax returns, business license, and property tax returns, update all asset logs and capital expenditures, and supervise AR/AP and payroll process.

1997 – 1998 Comptroller

Larson Enterprises, Clarksville, TN 37040

Prepared thirteen sets of financial statements, reconcile all assets, liability and cash accounts; prepare sales tax returns, business license property tax returns; update all asset logs and capital expenditures.

1991 – 1997 Staff Accountant

Radar Business Systems, Nashville, TN

Record and post all money (averaging \$2,000,000 monthly) to A/R; prepare and input journal entries relating to A/R, cash posting, payroll, bank statements and adjustments for financial statements; reconcile all cash accounts receivable and liability for nineteen locations; prepare sales tax returns for twenty-one states, update and validate business license and property tax returns for seven locations; assisted new locations in developing and implementing new accounting and computer procedures; obtain and calculate necessary information for 350 employees and download into ADP system; complete month-end billing for larger customers and process al month-end procedures.

1982 – 1990 Bookkeeper/Manager/Sales

Heritage Jewelers, Fayetteville, NC

Trained, developed and supervised four employees; handled payroll, daily deposits and sales reports; managed approximately 150 account receivables, bad debts, and collections; posted invoices and 50 to 60 account payables to ledgers; completed physical inventory for millions of dollars of merchandise; attended buying shows and purchase merchandise for store.

Interests

Helping youth and elderly organizations, reading, various sports and Tres Dias.

References provided upon request

TITLE SHEETFLORIDA TELECOMMUNICATIONS PRICE LIST

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Annox, Inc., with principal offices at 6509 Highway 41-A, P.O. Box 230, Pleasant View, Tennessee, 37146. This tariff applies to services furnished within the State of Florida. This tariff is on file with the Florida Public Service Commission. Copies may be inspected during normal business hours at the Company's principal place of business.

Issued: April 30, 1999

Effective:

Issued by:

Dominick Marchitto
President, Annox, Inc.
6509 Highway 41-A
P.O. Box 230
Pleasant View, TN 37146

CHECK SHEET

The sheets listed below, which are inclusive of this tariff, are effective as of the date shown at the bottom of the respective sheets. Original and revised sheets as named below comprise all changes from the original price list and are currently in effect as of the date at the bottom of this page.

<u>Sheet</u>	<u>Revision Level</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original

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Pleasant View, TN 37146

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SYMBOLS SHEET

The following are the only symbols used for the purposes indicated below.:

(D) - Delete or Discontinue

(I) - Change Resulting in an Increase to a Customer's Bill

(M) - Moved from Another Tariff Location

(N) - New

(R) - Change Resulting in a Reduction to a Customer's Bill

(T) - Change in Text or Regulation But No Change in Rate or Charge

Issued: April 30, 1999

Effective:

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TARIFF FORMAT SHEET

- A. Sheet Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between Sheets 14 and 15 would be Sheet 14.1.
- B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th Revised Sheet 14 cancels the 3rd Revised Sheet 14. Because of various suspension periods, deferrals, etc., the FPSC follows in its tariff approval process, the most current sheet number on file with the Commission is not always the tariff in effect. Consult the Check Sheet for the sheet currently in effect.
- C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next highest level.
- 2.
 - 2.1.
 - 2.1.1.
 - 2.1.1.A.
 - 2.1.1.A.1.
 - 2.1.1.A.1.(a).
 - 2.1.1.A.1.(a).I.
 - 2.1.1.A.1.(a).I.(i).
 - 2.1.1.A.1.(a).I.(i).(1).
- D. Check Sheets - When a tariff filing is made with the FPSC, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page as these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages.) The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the Customer's telephone to an Annox designated switching center or point of presence.

Commission - Florida Public Service Commission.

Company or Carrier - Annox, Inc., unless otherwise clearly indicated by the context.

Customer - The person, firm, corporation or other entity which orders, cancels, amends or uses service and is responsible for payment of charges due and compliance with the Company's tariff regulations.

End User - The terms "end user" denotes an individual who places and/or accepts calls placed over the carrier's services. The end user may or may not be directly responsible for billing of calls, depending upon the payment method selected by the end user.

Holidays - The company's recognized holidays are New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

LEC - Local Exchange Company.

Local Call - Any call which, if placed by a customer over the facilities of a local exchange telephone company, would not be rated as a toll call.

Pay Per Usage Service Charges - Charges for services which incur an additional fee for each use, including, but not limited to, intraLATA and interLATA toll calls, 1+ calls, 10XXX calls, 101XXX calls, 900, 700, 555, 500, and N11 number calls, Call Return, Three-Way Calling, Repeat Digit (*69,) Audiotex Service, Dial-It 976, 915 and 556 calls, pay-per-call services, Operator Services calls, collect, and bill-to-third number calls.

Toll Call - Any call extending beyond the local exchange of the originating caller which is rated on a toll schedule by the local exchange telephone company.

Issued: April 30, 1999

Effective:

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President, Annox, Inc.
6509 Highway 41-A
P.O. Box 230
Pleasant View, TN 37146

SECTION 2 - RULES AND REGULATIONS2.1 Undertaking of Annox, Inc.

- 2.1.1 Annox provides pre-paid long distance service as an additional option for its pre-paid local exchange service customers. Local exchange service customers are never required to purchase long distance service.
- 2.1.2 Prepaid long distance service is offered in a block of 108 minutes. One or more blocks may be purchased by sending a money order to Annox's principal office in Pleasant View, TN.
- 2.1.3 To place a long distance call, the end user dials an 800 number to access the service, then dials a Personal Identification Number (PIN), and then the desired telephone number. At the beginning of each call, the customer is notified of the remaining balance of time left from the 108 minute block. There is a warning to the customer when there are two minutes time remaining before service is discontinued.

2.2 Limitations

- 2.2.1 Service is offered subject to the availability of facilities and the provisions of this tariff.
- 2.2.2 Annox reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control, or when the customer is using service in violation of the law or the provisions of this tariff.
- 2.2.3 All services provided under this tariff are directly controlled by Annox and the customer may not transfer or assign the use of the service, except with the express written consent of Annox. Such transfer or assignment shall only apply where there is no interruption of the use of the service.
- 2.2.4 Prior written permission from Annox is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.

Issued: April 30, 1999

Effective:

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Dominick Marchitto
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6509 Highway 41-A
P.O. Box 230
Pleasant View, TN 37146

SECTION 2 - RULES AND REGULATIONS, CONTINUED2.3 Use

2.3.1 Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

2.4 Liabilities of the Company

2.4.1 Annox's liability for damages arising out of mistakes, interruptions, errors, or defects in the transmission occurring in the course of furnishing service, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.

2.4.2 Annox shall be indemnified and held harmless by the customer against:

(A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over Annox's facilities.

(B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by Annox.

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Dominick Marchitto
President, Annox, Inc.
6509 Highway 41-A
P.O. Box 230
Pleasant View, TN 37146

SECTION 2 - RULES, REGULATIONS AND SERVICE QUALITY CRITERIA, CONT.**2.5 Interruption of Service**

- 2.5.1 Credit allowance for the interruption of service which is not due to testing or adjusting, negligence of the customer, or to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in 2.4 herein. It shall be the obligation of the customer to notify Annox immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer and connected to Annox's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.
- 2.5.2 For purposes of credit computation, every month shall be considered to have 720 hours.
- 2.5.3 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.
- 2.5.4 The customer shall be credited for an interruption of more than twenty-four hours or more at the rate of 1/720th of the monthly charge for the facilities affected for each hour or major fraction thereof that the interruption continues.

Credit Formula:
$$\text{Credit} = \frac{A \times B}{720}$$

A = outage time in hours

B = total monthly charge for affected facility

2.6 Restoration of Service

- 2.6.1 The use and restoration of service shall be in accordance with the priority system specified in the Rules and Regulations of the Federal Communications Commission.

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SECTION 2 - RULES, REGULATIONS AND SERVICE QUALITY CRITERIA, CONT.2.7 Disconnection of Service by Carrier

The Company, upon 5 working days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

- 2.7.1 A violation of any regulation governing the service under this tariff.
- 2.7.2 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.
- 2.7.3 The company has given the customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.

2.8 Deposits

- 2.8.1 Deposits are not required. Deposits are not applicable as service is offered only on a pre-paid basis.

2.9 Advance Payments

- 2.9.1 Long Distance service is offered only on a pre-paid basis. Service is offered in a 108 minute block of long distance time. The duration of use of the 108 minutes is solely within the discretion of the customer; the customer may use the 108 minutes in one 108 minute call or may use the 108 minutes in multiple calls over an extended period of time. The usual customer depletion of the 108 minutes is within a one-month period of time.

2.10 Taxes

- 2.10.1 All federal, state and local taxes are included in the quoted 108 minute rate.

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2.11 Billing of Calls

- 2.11.1 Any objection to billed charges should be promptly reported to the Company. Adjustments to customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

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SECTION 3 - DESCRIPTION OF SERVICE3.1 Timing of Calls3.1.1 When Billing Charges Begin and End for Phone Calls

The customer's long distance usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the receiver, (i.e. when 2 way communication, often referred to as "conversation time" is possible.) When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

3.1.2 Billing Increments

The minimum call duration for billing purposes is 1 minute for a connected call and calls beyond 1 minute are billed in 1 minute increments.

3.1.3 Per Call Billing Charges

Billing will be rounded up to the nearest penny for each call.

3.1.4 Uncompleted Calls

There will be no charges for uncompleted calls.

3.2 Minimum Call Completion Rate

3.2.1 A customer can expect a call completion rate of not less than 90% during peak use periods for all FG D services (1+ dialing.)

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DESCRIPTION OF SERVICE, CONTINUED3.3 Calculation of Distance

- 3.3.1 Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V&H Coordinates Tape and Bell's NECA Tariff No. 4.

FORMULA:

The square
root of:
$$\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}$$

3.4 Service Offerings3.4.1 Long Distance Service

Long Distance Service is offered to Annox's prepaid local exchange service residential customers. The service permits home phone dialtone long distance service at a single per minute rate. Annox provides 108 minutes of long distance service for a prepaid amount of \$29.99. Each minute or portion of a minute will be deducted at .2777 cents per minute. To make a long distance call, the end user dials an 800 number, a personal identification number, and then the desired phone number. There is a two minute warning at 106 minutes to signal the depletion of the 108 minutes before long distance service is discontinued. In order to purchase an additional 108 minutes of service, payment by money order must be received by Annox.

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SECTION 3 - DESCRIPTION OF SERVICE, CONTINUED3.4.2 Pay per Usage Services

All pay per usage services are blocked for use by Annox customers. Pay per usage services are those services which incur an additional fee each time it is accessed and includes, but is not limited to, intraLATA and interLATA toll calls, 1+ calls, 10XXX calls, 101XXX calls, 900, 700, 555, 500, and N11 number calls, Call Return, Three-Way Calling, Repeat Digit (*69,) Audiotex Service, Dial-It 976, 915 and 556 calls, pay-per-call services, Operator Services calls, collect, and bill-to-third number calls.

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SECTION 4 - RATES4.1 Pre-paid Long Distance Rate

4.1.1 \$29.99 for 108 minutes of long distance time.

4.1.2 Deduction rate per minute .2777.

4.1.3 Special Promotions

The Company will, from time to time, offer special promotions to its customers waiving certain charges. These promotions will be approved by the FPSC with specific starting and ending dates.

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990726-TI

DIVISION OF COMMUNICATIONS BUREAU OF SERVICE EVALUATION

APPLICATION FORM

DEPOSIT

DATE

for **AUTHORITY TO PROVIDE** **D146**
INTEREXCHANGE TELECOMMUNICATIONS SERVICE
WITHIN THE STATE OF FLORIDA

JUN 04 1999

Instructions

- ◆ This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).
- ◆ Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770

Note: No filing fee is required for an assignment or transfer of an existing certificate to another certificated company.

REC'D
 JUN 4 1999

ANNOX
 6509 HIGHWAY 41A P.O. BOX 230
 PLEASANT VIEW, TN 37146
 (615) 746-8927

Heritage Bank
 CLARKSVILLE, TENN
 87-381641

8988

CHECK NO. 8988

DATE Apr 5, 1999

AMOUNT \$250.00

PAY TO THE ORDER OF:

Two Hundred Fifty and 0/100 Dollars
 FL PUBLIC SERVICE COMMISSION
 2540 SHUMARD OAK BLVD
 ATTN: FISCAL SRVS.
 TALLAHASSEE, FL 32399-0850

Lucie Westman

DOCUMENT NUMBER - 06924 JUN - 6

FPSC-RECORDS/REPORTING
 CALL 1 800 662 2331

Memo: