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COMMISSION

July 14, 2005

VIA PRIORITY MAIL

Ms. Beth A. O'Donnell, Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Network Telephone Corporation's Response to the KPSC's Information Request, and to the Attorney General's Information Request, in Administrative Case No. 2005-00186

Dear Ms. O'Donnell:

Enclosed for filing please find an original and five (5) copies of Network Telephone's response to the Kentucky Public Service Commission's Information Request in Administrative Case No. 2005-00186. Responses to the Attorney General's Information Request are also enclosed, and a copy of this correspondence with the requested information has been provided to the Attorney General's Office.

An additional copy of this letter has been enclosed to be date stamped and returned as evidence of receipt of this filing. If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Margaret H. Ring'. The signature is written in a cursive style.

Margaret H. Ring, Director
Regulatory Affairs

cc: Dennis G. Howard II
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-5453

Encl.

NETWORK TELEPHONE CORPORATION'S RESPONSE
TO ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN
ADMINISTRATIVE CASE NO. 2005-00186

1. Does the utility offer a plan that is described, named, or marketed as "unlimited"? If yes, identify and describe the plan and provide copies of the tariff sheets on which the plans can be found.

Yes. Network Telephone offers unlimited long distance plans in association with its business access lines and business facilities-based bundled services. Copies of the tariff sheets with details on the plans are attached as Exhibit 1.

2. If the utility has an "unlimited" plan, are there use restrictions or other limitations on the plan? If yes, describe these restrictions and reference the utility's tariff.

Yes, there are certain restrictions and limitations. The attached tariff sheets (Exhibit 1) list all applicable conditions and limitations.

3. How and when are customers or potential customers notified of the limitations on the unlimited plan? Describe the notification.

Customers are notified of the restrictions during the sales process. Since the unlimited plans are only offered in association with term agreements, the restrictions are also outlined in the term agreement signed by the customer. A sample term agreement is attached as Exhibit 2.

4. If third parties (agents, telemarketers, consignees, etc.) market, advertise, or otherwise offer end-users the utility's unlimited plan, explain how those "marketers" are required to verify compliance with the notice requirements.

Each Network Telephone agent is authorized to sell the tariffed products and services offered by Network Telephone. The contract between NTC and its agents dictates that the agent must fully explain the terms of any products or services they represent, make no untrue statements, and disclose all relevant facts about the products and services. The agent is responsible for ensuring compliance of its employees with all state and federal requirements, including any regulations regarding representation of the product and the product of competitors, advertising, and telemarketing. The contract prohibits the agent from altering, changing, or misrepresenting the terms or provisions of any products or services. Customers contracting for service through an agent would sign a term agreement (Exhibit 2), which outlines limitations in the unlimited long distance plan.

NETWORK TELEPHONE

RESPONSE TO ADMINISTRATIVE CASE NO. 2005-00186

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5. Assuming a customer has subscribed to an “unlimited” plan that has use limitations, is the customer notified when the limitations are exceeded? If yes, how is the customer notified?

Yes, the customer is notified. Network Telephone calls the customer to inform them that they are exceeding the limitations and the customer is offered the option of changing to a different plan, paying the additive, or reducing usage to comply with the plan’s requirements on a going-forward basis. To date, Network Telephone has had no customers in Kentucky who have exceeded the plan’s limitations.

6. How and when are customers notified that changes have been made to the plan?

We have not made any changes to date; however, we would notify customers in writing 30 days in advance of any plan changes.

7. Are customers able to check the number of minutes they have used in order to determine if they will exceed the plan’s limitations?

Customers are not able to check minutes-of-use on a real-time basis; however, if a customer calls to request this information it can be provided on a per-request basis.

8. Explain why the utility markets, names, or describes a plan as “unlimited” when limits on the plan exist.

The plan is unlimited for the average small business customer to which it is targeted. The limits are in place to protect the utility from abuse – which most commonly comes from call centers which are often equipped with auto-dialers or automated fax blast servers.

9. Explain how the utility ensures that the unlimited plan is offered and the rates, terms, and conditions of service are applied without discrimination as required by KRS 278.170(1).

The plan is offered to any business customer that is within Network Telephone’s service area for this product, within the product limitations set out in Network Telephone’s Kentucky tariff.

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RESPONSE TO ADMINISTRATIVE CASE NO. 2005-00186

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10. Provide summary records of all complaints received by the utility regarding any unlimited plans offered in Kentucky since January 1, 2001. Include the date that the complaint was opened, customer class, description of complaint, description of complaint resolution, and date that the complaint was closed.

Network Telephone has no record of receiving any complaints from Kentucky customers regarding its unlimited LD plan, and has not had any Kentucky customers exceed the plan limitations.

NETWORK TELEPHONE CORPORATION'S RESPONSE
TO ATTORNEY GENERAL'S DATA REQUESTS
CASE NO. 2005-00186

1. Please provide copies of all advertisements, regardless of medium, solicitations, and explanations provided to the public to introduce, explain and/or market any plan labeled or otherwise described as "unlimited." In the event that the medium is audio or video in nature, a transcript of same is deemed sufficient.

Network Telephone has only one collateral piece associated with its unlimited long distance offering. A copy of that flyer is attached as Exhibit 3.

2. Please provide a copy of any and all contracts signed by customers who have participated or are participating in a plan labeled or otherwise described as "unlimited." This request seeks only a copy of the blank contract(s), not the executed contract for every customer.

A sample contract is attached as Exhibit 2.

NETWORK TELEPHONE
RESPONSE TO ADMINISTRATIVE CASE NO. 2005-00186

EXHIBIT 1

Local Exchange Telephone Service
SECTION 7 - FACILITIES BASED RATES

7.1 Local Exchange Service

7.1.1 Access Line Rate

Effective November 1, 2001, facilities-based access line rates are available to new business customer in deaveraged zones one and two as established by the Kentucky Public Service Commission, and customers in competitive situations on an individual case basis. The rates include unlimited local calling in the basic local calling area only, unless the plan with unlimited long distance is selected. There is a two-line minimum per customer location, unless customer has bundled product at another location.

(T)

<u>Basic Access Line</u>	<u>Monthly Rate, per line</u>
Month-to-Month	\$26.50
Two-year term	\$23.85
Three-year term	\$22.53

(T)

Access line with Unlimited Long Distance*

(Includes calling features in Section 7.1.3 of this tariff at no additional charge)

(N)

One-year term agreement	\$60.00
Two-year term agreement	\$57.00
Three-year term agreement	\$54.00

*Limitations apply:

- Maximum of 16 lines per location.
- Required to apply to all lines at the service location.
- Includes 1+ outbound domestic usage only. Does not exclude expanded domestic calls (Alaska, Hawaii, Puerto Rico, U.S. Virgin Islands).
- Any PICC or LD line charge is included in the monthly rate.
- If LD usage exceeds by 10X the average usage of all customers on this plan in the state, subscriber may be charged an additional fee of \$50 per month per line, or may be offered another plan.
- Usage does not include multi-party conference calls, calls to 900, 976, 700 numbers and other calls to access information service, directory assistance, calling card, operator service, international calling or toll free services.
- Service may not be used with call centers, auto dialers or auto-switching type equipment, public telephone service or ISDN services
- Lines associated with educational institutions, hotels or motels, or other businesses that aggregate end user traffic are not eligible for this service.
- Account codes are not available with unlimited long distance access lines.

(N)

Note: Early termination penalties moved to 1st Revised Page 44.1

(M)

ISSUED: May 3, 2004


EFFECTIVE: June 2, 2004

ISSUED BY: Danyelle Kennedy, CFO
Network Telephone Corporation
3300 N. Pace Blvd.
Pensacola, Florida 32505
Telephone: (850) 432-4855

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUN 02 2004

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY 
EXECUTIVE DIRECTOR

Interexchange Service

4.5 Unlimited Facilities-Based Rate Plan

(N)

This plan is offered to subscribers of Network Telephone's long distance service that also subscribe to Network Telephone's bundled facilities based local service. Current subscribers must have a minimum of 12 months remaining on existing term agreements in order to be eligible for this plan, or the subscriber will have to sign a new term agreement. Unlimited rate plan pricing is dependent on the bundled service type selected by the customer. When unlimited calling plan is selected, customer forfeits free minutes included with the bundle, including incoming toll free minutes, which will be billed in accordance with the Toll-Free Inbound rates in Section 4.4.1.

<u>Bundled Service Type</u>	<u>Monthly Recurring Charge per line For Unlimited Long Distance</u>
Basic Bundled Package w/Phone & Internet	\$20.00
Advanced Phone and Internet Package	\$20.00
Business Advantage	\$30.00

Limitations:

- Maximum of 16 lines per location.
- Required to apply to all lines at the service location.
- Include 1+ outbound domestic usage only. Does not exclude expanded domestic calls (Alaska, Hawaii, Puerto Rico, U.S. Virgin Islands).
- Any PICC or LD line charge is included in the monthly rate.
- If LD usage exceeds by 10X the average usage of all customers on this plan in the state, subscriber may be charged an additional fee of \$50 per month per line, or may be offered another plan.
- Usage does not include multi-party conference calls, calls to 900, 976, 700 numbers and other calls to access information service, directory assistance, calling card, operator service, international calling or toll free services.
- Service may not be used with call centers, auto dialers or auto-switching type equipment, public telephone service or ISDN services
- Lines associated with educational institutions, hotels or motels, or other businesses that aggregate end user traffic are not eligible for the service.
- Account codes not available with this service.


Note: Sections 4.6 and 4.7 moved to Original Sheet 26.1

ISSUED: June 1, 2004

EFFECTIVE: June 2, 2004

ISSUED BY: Danyelle Kennedy, CFO
 Network Telephone Corporation

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE
 06/02/2004
 PURSUANT TO 807 KAR 5:011
 SECTION 9 (1)

By 
 Executive Director

(N)
(M)

NETWORK TELEPHONE
RESPONSE TO ADMINISTRATIVE CASE NO. 2005-00186

EXHIBIT 2

Commands:
[Print] [Open in CRM]



36 Month Business Phone Line Package Term Agreement

This agreement is entered on **July 13, 2005** by and between Network Telephone Corporation ("Network") and **Call-a-lot** ("Customer").

Customer, by applying for Network phone services, hereby agrees to a **36 Month** Agreement beginning as of the date of service origination specified on the Customer's first invoice for phone services. Customer Agrees to Services and pricing as specified on the Order Summary. The charges for other services are set out in Network price lists and tariffs, which are available on request and on the Network web site.

Installation: One-time installation charges per line are assessed upon installation. Line connection charges apply only to new lines, or to lines moved to a new location. Note: In the case of installation procedures that exceed regular/standard services, the customer will be charged a pre-agreed hourly rate. Extraneous installations charges may include, but are not limited to, inside wiring, LAN and WAN configurations, etc.

Equipment: Network will furnish the customer premise equipment (CPE) to provide voice service up to Customer's existing demarcation point. All equipment provided by Network under this arrangement shall remain the sole property of Network. Customer shall use reasonable care to avoid CPE damage, and will not move, relocate, alter, sell, lease, assign, encumber or otherwise tamper with the equipment without the expressed written consent of Network. Should customer modify CPE to the extent service is interrupted and, at the request of Customer, it becomes necessary for Network to restore service because of Customer's modification of CPE, Customer will incur an hourly rate of \$50 per hour for service restoration. Should Customer or Network terminate service for any reason prior to the expiration of this Agreement, Customer shall release said equipment to Network within ten (10) days after termination of service. If the equipment is not returned to Network in good condition within ten (10) days of service deactivation, Customer agrees to pay full replacement cost for said equipment. By accepting service from Network Telephone, customer acknowledges receipt of this equipment.

Should Customer terminate this Agreement prior to Term listed and agreed to above, Customer will pay termination fees to include any promotional credits (including installation credits) provided from the Company to the Customer, plus the following termination penalty of 33% of remaining monthly recurring charges, excluding regulatory fees and taxes, for the unfulfilled Term of the agreement. During the term of this agreement, should Customer relocate outside of Network Telephone's serviceable area, Customer will only pay a \$199 cancellation fee. Customer will pay a \$50 one-time termination fee for cancellation of a voice line. During the term of this Agreement, Network reserves the right to alter pricing, upon written notice to Customer. Should said pricing change result in a price increase for the services specifically contracted hereunder, Customer has the option to terminate this Agreement upon 30 days written notice and will not be subject to termination fees or penalties from Network.

A Missed Appointment penalty of \$178.50 will be assessed if Customer does not make the service location available to the BellSouth or Network Telephone technician on any pre-scheduled installation date, as communicated by Network Telephone to Customer via email and/or telephone prior to the date. This charge will be assessed for all pre-scheduled appointments that are missed by Customer. Customer will not incur a Missed Appointment penalty if Customer is not notified of the scheduled appointment date in advance. If customer does not allow scheduling of installation of services within 10 days of installation of circuit, Network reserves the right to charge any waived installation fees.

The following terms and conditions apply to Network Telephone's Unlimited Long Distance Offering: All of the customer's lines at the service location must subscribe to an unlimited LD plan billed on one bill. Network must be the selected carrier for in-state toll and state-to-state long distance. Includes Outbound domestic calls to the 48 continental states only. Toll free and International calls are not included. Customer may not use service with auto-dialers, PBXs, call centers or call center applications. If LD usage exceeds by 10x the average usage of all customers on this plan, subscriber may be charged an additional fee of \$50 per month per line, or may be offered another plan at the discretion of Network Telephone.

Line changes ordered by the customer during this agreement will fall under the general terms and conditions outlined in the agreement. If the requested changes impact pricing, charges will be quoted to the customer at the time of change order.

To receive Network Telephone's bundled service package, all lines in the package must be classified as business service. The customer understands and accepts a change of service for the listed numbers, if required, in order to receive the bundled pricing.

Notwithstanding anything herein to the contrary, Network Telephone Corporation and its affiliates shall not be liable for any incidental or consequential damages of any kind or nature, including but not limited to lost profits, lost revenues, lost goodwill, lost customers, or otherwise, resulting from any service failures regardless of cause. Customer agrees to comply with Network's "Acceptable Use Policy" detailed on Network's web site at http://www.networktelephone.net/NTCportal/Visitor/Visitor_AUP. Customer may not use Network services for improper or unlawful purposes or in a manner which is offensive or for a purpose which is unlawful, nor allow others to do so. From time to time Network Telephone may email, mail or otherwise contact customer with service and related information including a quarterly eNewsletter (eWire). NTC does not have the authority to contact customer's existing long distance carrier to disconnect service. Customer, in signing below, agrees to switch all voice service from current provider to Network's system. Customer warrants there are no existing contracts or obligations that will prevent Customer from switching service to NTC.

The parties acknowledge and agree that the state and federal courts having jurisdiction in Escambia County, Florida shall have exclusive jurisdiction over the parties and the subject matter hereof and shall be the exclusive venue and forum for any and all controversies arising hereunder. This agreement shall be construed under and in accordance with the laws of the state of Florida.

At the expiration of the initial Term, the service will be billed at the applicable month-to-month rates for the same service and the agreement will renew on a month-to-month basis at these rates. Customer must give 30 days advance written notice to cancel this Agreement. Monthly charges will accrue for 30 days following notification.

(Signature) Date Call-a-lot
Company/Name

Print Name Title

NETWORK TELEPHONE
RESPONSE TO ADMINISTRATIVE CASE NO. 2005-00186

EXHIBIT 3

UNLIMITED LONG DISTANCE:

LOCK IN YOUR MONTHLY COST WITH
UNLIMITED LONG DISTANCE CALLING

**Reduced cost of high-volume
long distance calls**

**Predictable billing,
regardless of usage**

**Flat monthly cost
includes unlimited calls**

The Ideal Solution for:

- Multi-location and corporate branch offices
- Serving distant clients or leveraging the Web to conduct nationwide sales
- Expanding your business reach
- Stronger personal client service over the phone without unbudgeted expenditures



Unlimited Long Distance:

Does your business rely on **high volumes of long distance minutes** each month? Network Telephone offers **Unlimited Long Distance to help you cut costs** and address some of the budgetary and operating concerns of your company.

* Terms required. Restrictions apply. Visit networktelephone.net for specific terms and conditions.



Communication has *evolved.*

888.432.4855

www.networktelephone.net

For details, call

**firstname lastname
Contact information**