



VarTec Telecom, Inc.

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JUL 22 2005

PUBLIC SERVICE
COMMISSION

July 21, 2005

VIA OVERNIGHT DELIVERY

Elizabeth O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2005-00186 -- An inquiry into limitations of use for tariffed services designated or otherwise referred to as unlimited

Dear Ms. O'Donnell:

Transmitted herewith on behalf of VarTec Telecom, Inc., please find an original and five (5) copies of the Company's response to the above-referenced data request. This transmittal also includes a response to those questions asked by the Kentucky Attorney General's Office.

Thank you for your time and consideration regarding this matter. If you have any questions regarding this filing, please contact the undersigned at (972) 478-3376 or at the Company's principal address.

Respectfully submitted,

Courtney Weddington
Sr. Regulatory Analyst

Enclosures

cc: Becky Gipson
Director, Regulatory Affairs

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN ADMINISTRATIVE CASE NO. 2005-00186 DATED June 22, 2005

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.

Due to the Company's bankruptcy status and changes in the Federal Communications Commission's rules, VarTec Telecom, Inc. (“VarTec”) is not actively marketing any of its local bundled products including those that offer an unlimited package. As such, our product availability is generally limited to existing subscribers, and the Company is not able to accept or process any new orders for service through the incumbent local exchange carriers.

Currently, the Company has four products tariffed, which include an unlimited calling component. These plans are known as Friends-R-FreeSM Classic, Friends-R-FreeSM, One Choice[®] Classic Unlimited and One Choice[®] Unlimited. Please see Exhibit A for a service description of each of these plans.

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.

All of the aforementioned packages are intended for residential use. As indicated in Sections 3.2.5.2, 3.2.6.2 and 3.2.7.1 of the Company's KY P.S.C. LOCAL TARIFF NO. 1, which is attached hereto as a portion of Exhibit A, the Friends R-FreeSM Classic, Friends-R-FreeSM and One Choice[®] Classic Unlimited Packages have an explicit Acceptable Use Policy (AUP). The AUP for these services as well as One Choice[®] Unlimited is also included as a part of the Welcome Packet subscribers receive following their enrollment in any of these plans. Please see Exhibit B for a copy of the AUP as found in VarTec's local Welcome Packet.

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

Subscribers of this plan are given verbal advisement of these limitations at the point of sale. In addition, customers receive a welcome packet within 30 days of their enrollment in the plan which includes the Acceptable Use Policy associated with the One Choice[®] Unlimited and Friends-R-FreeSM Packages. This information is also included on the Company's website.

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.

For the reasons noted in question 1 above, the Company is not currently using third parties to market or advertise its unlimited calling plans. Historically, however, the Company's agents utilized Company approved scripts for marketing purposes.

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?

Written notices are issued to Customers whose long distance calling patterns and usage considerably exceeds those associated with normal residential voice application. These notices remind subscribers of the intended use of the unlimited calling package and offer recommendations for other available VarTec plans, which may be more suitable for the Customer's calling needs. The notices also advise customers to take action within 15 days to remedy the matter and that failure to do so may result in additional treatment which may include the blocking of the subscriber's access to long distance calling service.

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

Customers receive written notification of any general changes (e.g., rates) to the plan through either a letter or bill message insert. Such notifications are issued at least thirty (30) days prior to the noted change's effective date. Notification of changes resulting from a violation of the Company's acceptable use policy is issued on fifteen (15) days notice.

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?

No. Because such information is not readily accessible, the Company has not employed procedures whereby customers can make requests of this nature; however, if extenuating circumstances exist, call data records can be made available on an as needed basis.

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

This marketing technique is not unique to VarTec or to the Company's Kentucky service offerings. In fact, unlimited product branding is commonplace within the telecommunications industry, and it is currently being utilized by a number of interexchange, wireless, internet and local service providers.

In trying to create a compelling, competitive product and deliver choice for consumers, the unlimited plans were designed for actual residential consumer usage. Restrictions are required to protect companies, including VarTec, from misuse by parties (e.g., businesses, telemarketers or "call-sell" operations) who might attempt to use these services for non-residential, non-voice purposes such as for commercial business. If VarTec and other companies allowed this misuse, the product would be priced at a rate outside of the typical residential user's price range, and even then, restrictions would need to exist for fraud protection purposes.

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).

In the past any interested Kentucky resident can apply for subscription to the unlimited products. The eligibility requirements for our unlimited plans are the same as those outlined for any of the other products listed in the Company's tariff. The rates, terms and conditions for all of VarTec's local service offerings are configured in a manner which facilitates competition, averts discrimination and demonstrates equity and non-bias among all locations and classes of service within the Commonwealth of Kentucky.

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.

Please note that VarTec's internal records are not maintained in a manner that would allow the Company to provide a conclusive response to this question. However, a review of the Regulatory Department's files does not indicate the receipt of any complaints initiated by Kentucky subscribers related to the Company's unlimited service offerings discount for the requested period.

EXHIBIT A

VarTec Telecom, Inc.

Tariff pages for Friends-R-Free Packages and One Choice Unlimited[®] Packages

LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.5 VarTec Friends-R-FreeSM Classic Package (T)

The VarTec Friends-R-FreeSM Classic Package provides Customers with local and long distance calling for a flat monthly rate. As of December 21, 2002, VarTec Friends-R-FreeSM Classic Package is only available to existing customers of the VarTec Friends-R-FreeSM Classic Package (formerly known as VarTec Friends-R-FreeSM Package). In order to select the VarTec Friends-R-FreeSM Classic Package, Customers must subscribe to VTI as their primary service provider for local exchange services. Customers may also select VTI for intraLATA interexchange and interLATA interexchange telecommunications services or may utilize VTI's interexchange services by using a Company-designated 10-1X-XXX access code. Furthermore, Customers must select one of the following two (2) VTI long distance plans: FiveLine[®] Service as described in Section 3.17 of the Company's Kentucky P.S.C. Telecommunications Services Tariff or One Choice[®] Long Distance Service (a.k.a. VarTec VoiceSM Service) as described in Section 3.29.1 of VTI's Kentucky P.S.C. Telecommunications Services Tariff. The availability of the VarTec Friends-R-FreeSM Classic Package may be restricted based upon the Customer's creditworthiness as determined by information contained in a credit bureau report received from a credit reporting agency. (T)

The VarTec Friends-R-FreeSM Classic Package includes Basic Residential Local Service as described in Section 3.2, Call Return as described in Section 3.4.8, Call Waiting Deluxe as described in Section 3.4.15, Three-Way Calling as described in Section 3.4.13, Caller ID-Deluxe as described in Section 3.4.11 and Call Block as described in Section 3.4.2. The VarTec Friends-R-FreeSM Classic Package does not include equipment associated with the Caller ID-Deluxe feature. (T)

ISSUED: November 21, 2002

PUBLIC SERVICE COMMISSION
EFFECTIVE: December 20, 2002
EFFECTIVE

BY:

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DEC 21 2002

PURSUANT TO 807 KAR 6.011
SECTION 9.11

BY: *Thomas R. ...*
EXECUTIVE DIRECTOR

LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.5 VarTec Friends-R-FreeSM Classic Package (Continued)

(T)

Customers who select the VarTec Friends-R-FreeSM Classic Package will receive an allotment of 100 minutes per month of interstate and intrastate (interLATA and intraLATA) usage. The call length minimums with the Customer's selected long distance calling plan, the FiveLine[®] Service or One Choice[®] Long Distance Service (a.k.a. VarTec VoiceSM Long Distance Service) will apply to the included 100 minutes. Any additional long distance usage beyond the included 100 minutes will be billed according to the Customer's selected long distance plan. The 100 minutes of long distance domestic usage will not accumulate on a month-to-month basis, and no credit will be given to Customers who do not use the included allotted minutes. Unused minutes will be forfeited at the end of the calendar month.

(T)

As noted above, rates and charges for the FiveLine[®] Service or One Choice[®] Long Distance Service (a.k.a. VarTec VoiceSM Long Distance Service) are listed in the VarTec Telecom, Inc. Kentucky P.S.C. Telecommunications Services Tariff - Sections 3.17 and 3.29.1, respectively.

If VarTec Friends-R-FreeSM Classic Package Customers originate calls by dialing 1+ (Area Code) and telephone number or 1+ (10-1X-XXX) + (Area Code) and telephone number on a direct-dialed basis and terminate calls to other VarTec Friends-R-FreeSM Classic or VarTec Friends-R-FreeSM Package Customer's telephone number(s), they will be eligible to receive Friends-R-FreeSM Classic Feature as described in Section 3.2.5.1 following.

(T)

(T)

(T)

ISSUED: November 21, 2002

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EFFECTIVE: DECEMBER 2002
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PURSUANT TO KY P.S.C. 207
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LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.5 VarTec Friends-R-FreeSM Classic Package (Continued) (T)

3.2.5.1 Friends-R-FreeSM Classic Feature (T)

Customers of the VarTec Friends-R-FreeSM Classic Package may place unlimited 1+, direct-dialed calls or use a Company-designated casual calling (dial-around) code when dialing long distance calls to other Customers subscribing to VTI's Friends-R-FreeSM Classic Package or VTI's Friends-R-FreeSM Package at no additional charge. However, the long distance usage to other Customers subscribing to VTI's Friends-R-FreeSM Classic Package or VTI's Friends-R-FreeSM Package is not deducted from the included 100 minutes of domestic long distance usage described above. (T)

Customer telephone numbers which are not capable of being subscribed to an interexchange carrier, and telephone numbers which are associated with Company 800/8XX service(s) or access codes associated with Company services other than switched services (e.g., travel calling card service numbers) are not eligible for inclusion in or the benefits of VTI's Friends-R-FreeSM Classic Feature. (T)

If a Customer discontinues his or her VarTec Friends-R-FreeSM Classic Package, only those eligible long distance calls which were made while he or she was a Customer with the VarTec Friends-R-FreeSM Classic Package will receive the Friends-R-FreeSM Classic Feature. (T)

The Friends-R-FreeSM Classic Feature does not apply to service which is provided on any special access line or Local Exchange Company service line for which the Customer pays a rate described as a business or commercial special access line in an applicable Local Exchange Company access service tariff. (T)

The VarTec Friends-R-FreeSM Classic Package is intended for residential use only, and all terms of the Friends-R-FreeSM Classic Package Acceptable Use Policy set forth as follows in Section 3.2.5.2 apply. (T)

ISSUED: November 21, 2002

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PURSUANT TO SECTION 9(1) SECTION 9(1)

BY: Charles W. Brown
EXECUTIVE DIRECTOR

LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.5 VarTec Friends-R-FreeSM Classic Package (Continued) (T)

3.2.5.2 Acceptable Use Policy

Friends-R-FreeSM Classic service is for residential voice use only and provides unlimited interstate and intrastate long distance calls between residential telephone lines that are enrolled in the Friends-R-FreeSM Classic or Friends-R-FreeSM service plans. Only calls that originate from and terminate at telephone numbers enrolled in the Friends-R-FreeSM Classic or Friends-R-FreeSM service plans are eligible. Certain excessive uses or calling patterns, however, may be considered evidence of abuse or disallowed commercial or data usage and may result in termination of the service and/or assessment of a fee. Calling patterns other than that which are considered usual and normal based on Customer calling history or industry standards may cause termination of service. (T)

The Friends-R-FreeSM Classic service plan is intended only for residential voice use usage. Use for home office, small business, large commercial business, or other commercial use is prohibited and may result in termination of the service. Customer account usage and calling patterns may be reviewed periodically at the discretion of VarTec Telecom. Customer use of the Friends-R-FreeSM Classic service plan that reflects calling patterns other than those that are considered usual and normal for residential customers based on industry standards or personal past calling history may be considered abuse and result in termination of service without refund or the possibility of renewal. (T)

VarTec Telecom reserves the right in its sole discretion to cancel service for violation of this policy or other terms and conditions of service at any time. By selecting VarTec Telecom Friends-R-FreeSM Classic service plan, Customer agrees to use the service in accordance with this acceptable use policy and other terms and conditions of service and to indemnify and hold VarTec Telecom harmless from any claims resulting from use or misuse of its products and services. (T)

This Acceptable Use Policy may be revised periodically without notice. Customers agree that revisions are applicable to your then current service and usage.

ISSUED: November 21, 2002

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EFFECTIVE: December 21, 2002
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EXECUTIVE DIRECTOR

LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.5 VarTec Friends-R-FreeSM Classic Package (Continued)

(T)

3.2.5.2 Acceptable Use Policy (Continued)

Prohibited Use/Abuse

The following are prohibited uses of the Friends-R-FreeSM Classic service plan that may result in termination of service:

(T)

- Calling patterns and usage that considerably exceed what is considered usual and normal for residential customers by industry standards
- Calling usage that considerably exceeds your established history of usage
- Use for any type of commercial business
- Commercial faxing, fax broadcasting, or fax blasting
- Use of Auto-Dialers or predictive dialer
- Use of Phone Chat Rooms
- Calls to 900 or 976 numbers
- Modem data transfer
- Use for dialing into an ISP or any type of data transmission
- Use for medical transcription
- Use is not for call back, call sell, or debit card services.
- Service is not to be used for call centers or telemarketing
- Any use not consistent with residential voice usage, or for which the service is otherwise intended.

Customers who exceed 2000 minutes of combined intrastate and interstate long distance usage in one month may have their service plan evaluated for compliance with this acceptable use policy. Depending on the evaluation results, Customers whose use constitutes, in VarTec's sole discretion, violation of this policy will be notified in writing that their Friends-R-FreeSM Classic service plan may be terminated and/or a \$50.00 data/commercial usage fee assessed for any subsequent violation.

VTI reserves the right, in the event of fraud, to terminate service immediately without notice or exigent circumstances.

ISSUED: November 21, 2002

EFFECTIVE: December 21, 2002

BY:

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PURSUANT TO 807 KAR 5.011
SECTION 9 (1)

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EXECUTIVE DIRECTOR

LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.6 VarTec Friends-R-FreeSM Package

The VarTec Friends-R-FreeSM Package provides Customers with local and long distance calling for a flat monthly rate. As of March 23, 2004, the Friends-R-FreeSM Package is only available to existing customers of the Friends-R-FreeSM Package. In order to select the VarTec Friends-R-FreeSM Package, Customers must subscribe to VTI as their primary service provider for local exchange services. Customers may also select VTI for intraLATA interexchange and interLATA interexchange telecommunications services or may utilize VTI's interexchange services by using a Company-designated 10-1X-XXX access code. Furthermore, Customers must select one of the following two (2) VTI long distance plans: FiveLine[®] Service as described in Section 3.17 of the Company's Kentucky P.S.C. Telecommunications Services Tariff or One Choice[®] Long Distance Service (a.k.a. VarTec VoiceSM Service) as described in Section 3.29.1 of VTI's Kentucky P.S.C. Telecommunications Services Tariff. The availability of the VarTec Friends-R-FreeSM Package may be restricted based upon the Customer's creditworthiness as determined by information contained in a credit bureau report received from a credit reporting agency.

The VarTec Friends-R-FreeSM Package includes Basic Residential Local Service as described in Section 3.2, Call Waiting as described in Section 3.4.9, Caller ID - Deluxe as described in Section 3.4.11 and Call Waiting - Deluxe as described in Section 3.4.15. The VarTec Friends-R-FreeSM Package does not include equipment associated with the Caller ID - Deluxe feature.

If VarTec Friends-R-FreeSM Package Customers originate calls by dialing 1+ (Area Code) and telephone number or 1+ (10-1X-XXX) + (Area Code) and telephone number on a direct-dialed basis and terminate calls to other VarTec Friends-R-FreeSM Package or VarTec Friends-R-FreeSM Classic Package Customer's telephone number(s), they will be eligible to receive Friends-R-FreeSM Feature as described in Section 3.2.5.1 following.

ISSUED: February 23, 2004

EFFECTIVE: March 24, 2004

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MAR 24 2004

PURSUANT TO 807 KAR 5.011
SECTION 9 (1)

BY: [Signature]
EXECUTIVE DIRECTOR

LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

(N)

3.2 Basic Residential Local Service (Continued)

3.2.6 VarTec Friends-R-FreeSM Package (Continued)

3.2.6.1 Friends-R-FreeSM Feature

Customers of the VarTec Friends-R-FreeSM Package may place unlimited 1+, direct-dialed calls or use a Company-designated casual calling (dial-around) code when dialing long distance calls to other Customers subscribing to VTI's Friends-R-FreeSM Package or Friends-R-FreeSM Classic Package at no additional charge.

Customer telephone numbers which are not capable of being subscribed to an interexchange carrier, and telephone numbers which are associated with Company 800/8XX service(s) or access codes associated with Company services other than switched services (e.g., travel calling card service numbers) are not eligible for inclusion in or the benefits of VTI's Friends-R-FreeSM Feature.

If a Customer discontinues his or her VarTec Friends-R-FreeSM package, only those eligible long distance calls which were made while he or she was a Customer with the VarTec Friends-R-FreeSM Package will receive the Friends-R-FreeSM Feature.

The Friends-R-FreeSM Feature does not apply to service which is provided on any special access line or Local Exchange Company service line for which the Customer pays a rate described as a business or commercial special access line in an applicable Local Exchange Company access service tariff.

The VarTec Friends-R-FreeSM Package is intended for residential use only, and all terms of the Friends-R-FreeSM Package Acceptable Use Policy set forth as follows in Section 3.2.6.2 apply.

(N)

ISSUED: November 21, 2002

**EFFECTIVE PUBLIC SERVICE COMMISSION
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BY: *Thomas L. Dore*
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LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.6 VarTec Friends-R-FreeSM Package (Continued)

3.2.6.2 Acceptable Use Policy

Friends-R-FreeSM service is for residential voice use only and provides unlimited interstate and intrastate long distance calls between residential telephone lines that are enrolled in the Friends-R-FreeSM or Friends-R-FreeSM Classic service plans. Only calls that originate from and terminate at telephone numbers enrolled in the Friends-R-FreeSM or Friends-R-FreeSM Classic service plans are eligible. Certain excessive uses or calling patterns, however, may be considered evidence of abuse or disallowed commercial or data usage and may result in termination of the service and/or assessment of a fee. Calling patterns other than that which are considered usual and normal based on Customer calling history or industry standards may cause termination of service.

The Friends-R-FreeSM service plan is intended only for residential voice use usage. Use for home office, small business, large commercial business, or other commercial use is prohibited and may result in termination of the service. Customer account usage and calling patterns may be reviewed periodically at the discretion of VarTec Telecom. Customer use of the Friends-R-FreeSM service plan that reflects calling patterns other than those that are considered usual and normal for residential customers based on industry standards or personal past calling history may be considered abuse and result in termination of service without refund or the possibility of renewal.

VarTec Telecom reserves the right in its sole discretion to cancel service for violation of this policy or other terms and conditions of service at any time. By selecting VarTec Telecom Friends-R-FreeSM service plan, Customer agrees to use the service in accordance with this acceptable use policy and other terms and conditions of service and to indemnify and hold VarTec Telecom harmless from any claims resulting from use or misuse of its products and services.

This Acceptable Use Policy may be revised periodically without notice. Customers agree that revisions are applicable to your then current service and usage.

ISSUED: November 21, 2002

EFFECTIVE: December 21, 2002
PUBLIC SERVICE COMMISSION
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BY: *Charles H. Brown*
EXECUTIVE DIRECTOR

(N)

(N)

LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.6 VarTec Friends-R-FreeSM Package (Continued)

3.2.6.2 Acceptable Use Policy (Continued)

Prohibited Use/Abuse

The following are prohibited uses of the Friends-R-FreeSM service plan that may result in termination of service:

- Calling patterns and usage that considerably exceed what is considered usual and normal for residential customers by industry standards
- Calling usage that considerably exceeds your established history of usage
- Use for any type of commercial business
- Commercial faxing, fax broadcasting, or fax blasting
- Use of Auto-Dialers or predictive dialer
- Use of Phone Chat Rooms
- Calls to 900 or 976 numbers
- Modem data transfer
- Use for dialing into an ISP or any type of data transmission
- Use for medical transcription
- Use is not for call back, call sell, or debit card services.
- Service is not to be used for call centers or telemarketing
- Any use not consistent with residential voice usage, or for which the service is otherwise intended.

Customers who exceed 2000 minutes of combined intrastate and interstate long distance usage in one month may have their service plan evaluated for compliance with this acceptable use policy. Depending on the evaluation results, Customers whose use constitutes, in VarTec's sole discretion, violation of this policy will be notified in writing that their Friends-R-FreeSM service plan may be terminated and/or a \$50.00 data/commercial usage fee assessed for any subsequent violation.

VTI reserves the right, in the event of fraud, to terminate service immediately without notice or exigent circumstances.

(N)

(N)

ISSUED: November 21, 2002

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BY: *Thomas H. Brown*
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LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.7 One Choice® Classic Unlimited Package

(T)

One Choice® Classic Unlimited Package provides residential Customers in Kentucky with local and long distance calling for a flat rate. As of March 23, 2004, One Choice® Classic Unlimited Package is only available to existing customers of the One Choice® Classic Unlimited Package (formerly known as One Choice® Unlimited Package). In order to select One Choice® Classic Unlimited Package, Customers must subscribe to VTI as the primary service provider for local exchange, intraLATA interexchange and interLATA interexchange telecommunications services. The availability of the One Choice® Classic Unlimited may be restricted based upon the Customer's creditworthiness as determined by information contained in a credit bureau report received from a credit reporting agency.

(T)

(N)

(N)

(N)

(N)(T)

(T)

One Choice® Classic Unlimited includes Basic Residential Local Service as described in Section 3.2, Call Block as described in Section 3.4.2, Call Forwarding as described in Section 3.4.3, Call Waiting as described in Section 3.4.9, Caller ID - Deluxe as described in Section 3.4.11, Speed Calling as described in Section 3.4.12, Anonymous Call Rejection as described in Section 3.4.14 and Call Waiting ID Deluxe as described in Section 3.4.15 and unlimited domestic long distance usage subject to the terms and conditions of the VarTec One Choice® Classic Unlimited Package Acceptable Use Policy. The unlimited domestic long distance usage only applies to non-operator assisted, direct dialed domestic calls. One Choice® Unlimited Package does not include equipment associated with the Caller ID feature.

(T)

(T)

One Choice® Classic Unlimited Package is intended for residential use only and all terms of the Acceptable Use Policy for One Choice® Classic Unlimited Package apply. At VTI's sole discretion, action may be taken to limit access to toll services if the Customer's toll usage exceeds normal calling patterns or differ from usual and normal industry standards for residential Customers. VTI may also limit or prohibit access to toll services if usage exceeds the Customer's established history of toll usage. These actions may be taken without notice and without incurring liability.

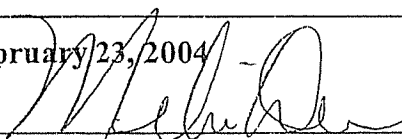
(T)

(T)

ISSUED: February 23, 2004

EFFECTIVE: March 24, 2004

BY:

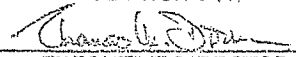


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PUBLIC SERVICE COMMISSION
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MAR 24 2004

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

BY: 
 EXECUTIVE DIRECTOR

LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.7 One Choice® Classic Unlimited Package (Continued)

3.2.7.1 Acceptable Use Policy for One Choice® Classic Unlimited Package

One Choice® Classic Unlimited service provides unlimited interstate and intrastate long distance calls for residential voice use only. Certain excessive uses or calling patterns, however, may be considered evidence of abuse or disallowed commercial or data usage and may result in termination of service or assessment of a fee. Calling patterns other than that which are considered usual and normal based on Customer calling history or industry standards may cause termination of service.

The One Choice® Classic Unlimited plan is intended only for residential voice use usage. Use for home office, small business, large commercial business, or other commercial use is prohibited and may result in termination of the service. Customer account usage and calling patterns may be reviewed periodically at the discretion of VarTec Telecom. Customer use of the One Choice® Classic Unlimited service plan that reflects calling patterns other than those that are considered usual and normal for residential customers based on industry standards or personal past calling history may be considered abuse and result in termination of service without refund or the possibility of renewal.

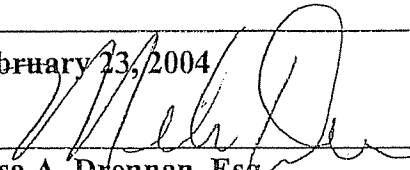
VarTec Telecom reserves the right in its sole discretion to cancel service for violation of this policy or other terms and conditions of service at any time. By selecting VarTec Telecom One Choice® Classic Unlimited service plan, Customer agrees to use the service in accordance with this acceptable use policy and other terms and conditions of service and to indemnify and hold the company harmless from any claims resulting from use or misuse of its products and services.

This Acceptable Use Policy may be revised periodically without notice. Customers agree that revisions are applicable to their then current service and usage.

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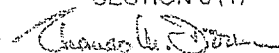
EFFECTIVE: March 24, 2004
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OF KENTUCKY
EFFECTIVE

BY:


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PURSUANT TO 807 KAR 5.011
SECTION 9 (1)

BY: 
EXECUTIVE DIRECTOR

LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

3.2.7 One Choice® Classic Unlimited Package (Continued) (T)

3.2.7.1 Acceptable Use Policy for One Choice® Classic Unlimited Package (Continued) (T)

Prohibited Use/Abuse

The following are prohibited uses of the One Choice® Classic Unlimited (T) service plan that may result in termination of service:

- Calling patterns and usage that considerably exceed what is considered usual and normal for residential customers by industry standards
- Calling usage that considerably exceeds your established history of usage
- Use for any type of commercial business
- Commercial faxing, fax broadcasting, or fax blasting
- Use of Auto-Dialers or predictive dialer
- Use of Phone Chat Rooms
- Calls to 900 or 976 numbers
- Modem data transfer
- Use for dialing into an ISP or any type of data transmission
- Use for medical transcription
- Use is not for call back, call sell, or debit card services
- Service is not to be used for call centers or telemarketing
- Any use not consistent with residential voice usage, or for which the service is otherwise intended.

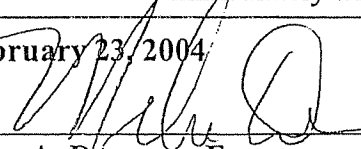
Customers who exceed 2000 minutes of combined intrastate and interstate long distance usage in one month may have their service plan evaluated for compliance with this acceptable use policy. Depending on the evaluation results, Customers whose use constitutes, in VarTec's discretion, violation of this policy will be notified in writing that their One Choice® Classic (T) Unlimited service plan may be terminated and/or a \$50.00 data/commercial usage fee assessed for any subsequent violation.

VTI reserves that right, in the event of fraud, to terminate service immediately without notice or exigent circumstances.

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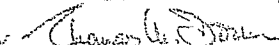
PUBLIC SERVICE COMMISSION
EFFECTIVE: March 24, 2004
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BY: 
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LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

(N)

3.2 Basic Residential Local Service (Continued)

3.2.11 One Choice® Unlimited Package

One Choice® Unlimited provides residential Customers in Kentucky with local and long distance calling for a flat rate. In order to subscribe to One Choice® Unlimited, the Customer must select VTI as the primary service provider for local exchange, intraLATA interexchange and interLATA interexchange telecommunications services. Furthermore, the Customer must select the One Choice® \$.05 Plan as described in Section 3.42.1 of VTI's K.P.S.C. Tariff No. 2 "Telecommunications Services Tariff." The availability of One Choice® Unlimited to the Customer may be restricted based upon both VTI's access to services through the incumbent local exchange carrier and the Customer's creditworthiness as determined by information contained in a credit bureau report received from a credit reporting agency.

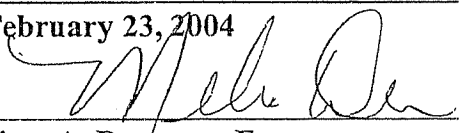
One Choice® Unlimited is a bundled service package which includes Basic Residential Local Service as described in Section 3.2 and the following eight Call Management Features: Caller ID as described in Section 3.4.11, Call Waiting as described in Section 3.4.9, Three-Way Calling as described in Section 3.4.13, Call Waiting ID as described in Section 3.4.15, Call Return as described in Section 3.4.8, Speed Calling as described in Section 3.4.12, Call Forwarding as described in Section 3.4.3, and Repeat Dialing as described in Section 3.4.1. Customers will also receive unlimited domestic long distance usage. The unlimited domestic long distance usage is for residential voice use only and applies to non-operator assisted, direct-dialed domestic calls. Use for home office, small business, large commercial business, or other commercial use is prohibited and may result in termination of the service.

(N)

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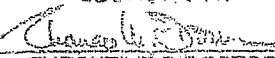
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COMMONWEALTH OF KENTUCKY
EFFECTIVE: March 24, 2004

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LOCAL EXCHANGE SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service (Continued)

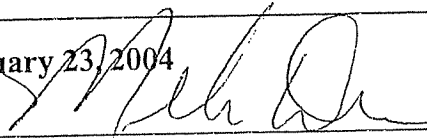
3.2.11 One Choice® Unlimited Package (Continued)

In addition to the features described herein, One Choice® Unlimited includes subscription to an unregulated service, VTI's Voice Mail. One Choice® Unlimited does not include equipment associated with the Caller ID feature. If the Customer's service is discontinued prior to the conclusion of a billing period, the Customer will remain responsible for the monthly charges for the entire billing period. Rates and charges associated with One Choice® Unlimited are set forth in Section 4.2.8 following.

(N)
|
(N)

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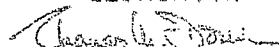
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SECTION 9 (1)

BY 
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LOCAL EXCHANGE SERVICES TARIFF

4.0 RATE SCHEDULES (Continued)

4.2 Basic Residential Local Service - Rates and Charges (Continued)

4.2.4 One Choice® Classic Elite Package – Rates and Charges (T)

Subscribers of One Choice® Classic Elite Package will be billed at the following rate in addition to all charges associated with the Customer's optional services and/or additional long distance usage, if any: (T)

Zones A and B Monthly Rate	-	\$49.95
Zone C Monthly Rate	-	Service Not Available

In addition, optional Call Management features as described in Sections 3.4 and 4.4 are available to subscribers of One Choice® Classic Elite Package and will be billed at the rates set forth therein in addition to all charges associated with the Customer's One Choice® Classic Elite Package. (T)

4.2.5 VarTec Friends-R-FreeSM Classic Package - Rates and Charges

Subscribers of the VarTec Friends-R-FreeSM Classic Package will be billed at the following rate in addition to all charges associated with the Customer's optional services and/or long distance usage:

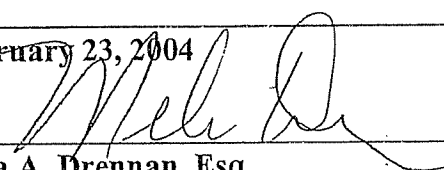
Zones A and B Monthly Rate	-	\$39.95
Zone C Monthly Rate	-	Service Not Available

In addition, optional Call Management features as described in Section 3.4 are available to subscribers of VarTec Friends-R-FreeSM Classic Package and will be billed at the rates set forth in Section 4.4 of the Rate Schedule in addition to all charges associated with the Customer's VarTec Friends-R-FreeSM Classic Package.

ISSUED: February 23, 2004

EFFECTIVE: March 24, 2004
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BY: 
EXECUTIVE DIRECTOR

LOCAL EXCHANGE SERVICES TARIFF

4.0 RATE SCHEDULES (Continued)

4.2 Basic Residential Local Service - Rates and Charges (Continued)

4.2.6 VarTec Friends-R-FreeSM Package - Rates and Charges

Subscribers of the VarTec Friends-R-FreeSM Package will be billed at the following rate in addition to all charges associated with the Customer's optional services and/or long distance usage:

Zones A and B Monthly Rate	-	\$29.95
Zone C Monthly Rate	-	Service Not Available

In addition, optional Call Management features as described in Section 3.4 are available to subscribers of VarTec Friends-R-FreeSM Package and will be billed at the rates set forth in Section 4.4 of the Rate Schedule in addition to all charges associated with the Customer's VarTec Friends-R-FreeSM Package.

4.2.7 One Choice[®] Classic Unlimited Package - Rates and Charges (T)

Subscribers of One Choice[®] Classic Unlimited Package will be billed at the following rate in addition to all charges associated with the Customer's optional services and/or toll charges, if any: (T)

Zones A and B Monthly Rate	-	\$49.95
Zone C Monthly Rate	-	Service Not Available

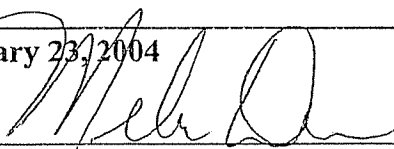
In addition, optional Call Management features as described in Section 3.4 are available to subscribers of One Choice[®] Classic Unlimited Package and will be billed at the rates set forth therein in addition to all charges associated with the Customer's One Choice[®] Classic Unlimited Package. (T)

* (M) - This information has been moved to Sheet 79.2. (M)

ISSUED: February 23, 2004

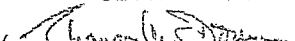
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LOCAL EXCHANGE SERVICES TARIFF

4.0 RATE SCHEDULES (Continued)

4.2 Basic Residential Local Service - Rates and Charges (Continued)

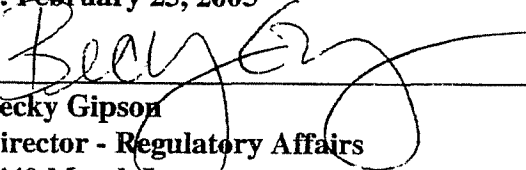
4.2.8 One Choice® Bundled Service Packages - Rates and Charges

The One Choice® bundled service packages will be billed at the following rates in addition to all charges associated with the Customer's optional services and/or additional long distance usage, if any. The following per line monthly rates apply to the Customer's primary billing telephone number and any additional telephone numbers billed to the same account. Rates apply to Zones A and B as described in Section 3.1.1.A and 3.1.1.B.

<u>One Choice® Basic Package</u>	<u>Monthly Rate</u>
-With One Choice® \$.05 Plan	\$29.95 (I)
-With One Choice® \$.03 Plan	\$32.90 (I)
<u>One Choice® Select Package</u>	<u>Monthly Rate</u>
-With One Choice® \$.05 Plan	\$29.95
-With One Choice® \$.03 Plan	\$32.90
<u>One Choice® Elite Package</u>	<u>Monthly Rate</u>
-With One Choice® \$.05 Plan	\$39.95
-With One Choice® \$.03 Plan	\$42.90
<u>One Choice® Unlimited Package</u>	<u>Monthly Rate</u>
-With One Choice® \$.05 Plan	\$49.95

ISSUED: February 25, 2005

BY:


 Becky Gipson
 Director - Regulatory Affairs
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 SECTION 9 (1)

By 
 Executive Director

EXHIBIT B

VarTec Telecom, Inc.

Acceptable Use Policy as Stated in Subscriber's Welcome Packet

Acceptable Use Policy

The VarTec Telecom OneChoice® UnlimitedSM long distance service plan is for residential voice use only and provides unlimited interstate and intrastate long distance calls. The OneChoice® Friends-R-FreeSM service plan provides unlimited calls between residential telephone lines that are enrolled in the Friends-R-Free service plan. Only calls that originate from and terminate at telephone numbers enrolled in the Friends-R-Free service plan are eligible. Certain excessive uses or calling patterns, however, may be considered evidence of abuse or disallowed commercial or data usage and may result in termination of the service and/or assessment of an additional fee. Calling patterns other than those, which are considered usual and normal, based on customer calling history or industry standards, may cause termination of service.

The OneChoice Unlimited and Friends-R-Free service plans are intended only for residential voice usage. Use for home office, small business, large commercial business, or other commercial use is prohibited and may result in termination of the service. Customer accounts usage and calling patterns may be reviewed periodically at the discretion of VarTec Telecom. Customer use of the OneChoice Unlimited and Friends-R-Free service plans that reflect calling patterns other than those which are considered usual and normal for residential customers, based on industry standards or personal past calling history, may be considered abuse and result in termination of service without refund of the possibility of renewal.

VarTec Telecom reserves the right in its sole discretion of cancel service for violation of this policy or other terms and conditions of service at any time. By selecting VarTec Telecom's OneChoice Unlimited and Friends-R-Free service plans, the customer agrees to use the service in accordance with this Acceptable Use Policy and other terms and conditions of service and to indemnify and hold VarTec Telecom harmless from any claims resulting from use or misuse of its products and services.

This Acceptable Use Policy may be revised periodically without notice. Customers agree that revisions are applicable to their current service and usage.

Prohibited Use and/or Abuse

The following are prohibited uses of the OneChoice Unlimited and Friends-R-Free service plans that may result in termination of service:

- Calling patterns and usage which exceed what is considered usual and normal for residential customers by industry standards
- Calling usage which considerably exceeds your established history of usage
- Use for call back, call sell, or debit card services
- Commercial modem data transfer of data transmission
- Any use not consistent with residential voice usage, or for which the service is not otherwise intended
- Use for any type of commercial business
- Use of auto-dialer or predictive dialer
- Use of phone chat rooms
- Calls to 900 or 976 numbers
- Use for medical transcription
- Use for call centers or telemarketing

Customers with excessive use of combined intrastate and interstate long distance usage in one month may have their service plan evaluated for compliance with this Acceptable Use Policy. Depending on the evaluation results, customers whose use constitutes, in VarTec Telecom's sole discretion, a violation of this policy will be notified in writing that their OneChoice Unlimited and Friends-R-Free service plans may be terminated and an alternative service plan offered, and/or additional data/commercial usage fees will be assessed for any subsequent violations. VarTec Telecom reserves the right in the event of fraud or urgent circumstances, to terminate service immediately without notice.

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