TITLE PAGE

KENTUCKY

LOCAL EXCHANGE TARIFF

OF

SAGE TELECOM, INC.

This tariff contains the descriptions, regulations and rates applicable to the provision of local exchange and intraLATA services, within the State of Kentucky, provided by Sage Telecom, Inc. ("Company" or "the Company"), with principal offices at 805 Central Expressway South, Suite 100, Allen, TX 75013-1789, for services furnished within the State of Kentucky. This tariff is on file with the Kentucky Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

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CHECK SHEET

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

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TARIFF FORMAT SHEET

1. Page Numbering. Page numbers appear in the upper-right corner of the page. Pages are numbered sequentially. New pages may occasionally be added to the tariff. When a new page is added, the page appears as a decimal. For example, a new page added between pages 34 and 35 would be 34.1.

2. Page Revisions Numbers. Page Revision Numbers also appear in the upper-right corner of the page. These numbers are used to determine the most current page revision on file with the Kentucky Public Service Commission ("PSC"). For example, the fourth revised Page 34 cancels the third revised Page 34. Because of deferrals, notice periods, etc., the most current page number on file with the PSC is not always the tariff page in effect. Customers should consult with check sheet for the page currently in effect.

3. Paragraph Numbering Sequence. There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level of coding.

   1.
   1.1.
   1.1.1.
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4. Check List of Effective Pages. When a tariff filing is made with the PSC, an updated Check List of Effective Pages ("Check List") accompanies the tariff filing. The Check List lists the pages contained in the tariff, with a cross-reference to the current revision number. When new pages are added, the Check List 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 the Check List if these are the only changes made to it (i.e., the format, etc.). Customers should refer to the latest Check List to find out if a particular page is the most current page on file with the PSC.

5. Symbols Used in This Tariff.

   (C) - To signify changed regulation.
   (D) - To signify discontinued rate or regulation.
   (I) - To signify increased rate.
   (M) - To signify a move in the location of text.
   (N) - To signify new rate or regulation.
   (R) - To signify reduced rate.
   (T) - To signify a change in text but no change in rate or regulation.

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APPLICABILITY OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate end-user local exchange communications services by Sage Telecom, Inc., hereinafter referred to as the Company, to Customers within the state of Kentucky. Sage's services are furnished subject to the availability of facilities and subject to the terms and conditions set forth herein.

This tariff is on file with the Kentucky Public Service Commission. In addition, this tariff is available for review at the main office of Sage Telecom, Inc. at 805 Central Expressway South, Suite 100, Allen, Texas 75013-2789.

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SECTION 1 – DEFINITIONS AND ABBREVIATIONS

Account - Either a Customer's physical location or individual Service represented by a unique account number within the billing system. Multiple services each with a unique account number may be part of one physical location.

Alternative Local Exchange Carrier ("ALEC") or Competitive Local Exchange Carrier ("CLEC") - means any entity or person providing local exchange services in competition with an ILEC or LEC.

Application for Service - The Company's order process that includes technical, billing and other descriptive information provided by Customer that allows the Company to provide requested or constructively-ordered communications Services for Customer and Customer's Authorized Users. Upon acceptance by the Company, the Application for Service or Constructive Order becomes a binding contract between Customer and the Company for the provision and acceptance of Service.

Authorization Code - A multi-digit code that enables a Customer to access Sage's network and enables Sage to identify the Customer's use for proper billing. Also called a Personal Identification Code or PIN.

Authorized User - A person, firm, corporation, or other entity that is authorized by the Customer to be connected to the service of the Customer. In the case of Presubscription, the person, firm, corporation, or other entity that presubscribes through the standard industry process shall be deemed an Authorized User unless the Customer specifies in writing in advance that the person, firm, corporation, or other entity is not to become an Authorized User.

Billing Hierarchy - Allows Customers to combine multiple accounts and Services into a single billing structure. Business Customers can choose whether to have all Services invoiced together, invoiced separately, or in any combination thereof. In addition, the Business Customer may specify where the invoices are to be sent and who is to receive them.

Business Hours - The phrase "Business Hours" generally means the time beginning at 8:00 a.m. and ending at 5:00p.m., local time at the place of Company operation, Monday through Friday excluding holidays.

Business Office - The phrase "Business Office" means the primary location where the business operations of the Company are performed and where a copy of the Company's tariff is made available for public inspection. The address of the business office is 805 Central Expressway South, Suite 100, Allen, Texas 75013-2789.

Called Station - The terminating point of a call (i.e., the called number).

Calling Station - The originating point of a call (i.e., the calling number).

Calling Area - A specific geographic area so designated for the purpose of applying a specified rate structure.

Carrier - The term "Carrier" means Sage Telecom.

Central Office - The premises of the Company or another local exchange carrier containing one or more switches where Customer or End User station loops are terminated for purposes of interconnection to other station loops, trunks or access facilities.

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SECTION 1 – DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Company – Used throughout this tariff to indicate Sage Telecom, Inc.

Competitive Local Exchange Carrier ("CLEC") or Alternative Local Exchange Carrier ("ALEC") - means any entity or person providing local exchange services in competition with an ILEC or LEC.

Customer - Any person, firm, partnership, corporation or other entity that uses service under the terms and conditions of this tariff and is responsible for the payment of charges.

Customer-Provided Equipment - Telecommunications equipment provided by a Customer used to originate calls using Sage's service located at the originating location.

Day - The term "day" generally means the time beginning at 8:00 a.m. and ending at 5:00 p.m., local time at the place of Company operation , Monday through Friday excluding holidays.

Delinquent or Delinquency - An account for which payment has not been made in full on or before the last day for timely payment.

Digital Transmission - Information transmitted in the form of digitally encoded signals.

End User - Any person, firm, partnership, corporation or other entity that uses the service of the Company under the terms and conditions of this tariff.

Exchange - A group of lines in a unit generally smaller than a LATA established by the Company or other local exchange carrier for the administration of communications service in a specified area. An Exchange may consist of one or more central offices together with the associated facilities used in furnishing communications service within that area.

Facility (or Facilities) - Any item or items of communications plant or equipment used to provide or connect to the Company's Services.

FCC - Federal Communications Commission.

Holiday - The term "holiday" means 8:00 a.m. to, but not including, 11:00 p.m. local time at the originating city on all Company-specific holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. When holidays fall on Saturdays or Sundays, the holiday rate applies unless a larger discount would normally apply.

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SECTION 1 – DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Incumbent Local Exchange Carrier ("ILEC") or Local Exchange Carrier ("LEC") - is any local exchange carrier that was as of February 8, 1996 deemed to be a member of the Exchange Carrier Association as set forth in 47 C.F.R. 69.601(b) of the FCC's regulations.

Incomplete Call - Any call where voice transmission between the calling party and the called station is not established (i.e., busy, no answer, etc.).

Interexchange Carrier (IXC) - A long distance telecommunications services provider that furnished services between exchange areas irrespective of the type(s) of facilities or technologies used.

Local Access Transport Area ("LATA") - A geographic area for the provision and administration of communications services existing on February 8, 1996, as previously established by the U.S. District Court for the District of Columbia in Civil Action No. 82-0192; or established by a Bell operating company after February 8, 1996 and approved by the FCC; or any other geographic area designated as a LATA in the National Exchange Carrier Association (NECA) Tariff F.C.C. No. 4.

Local Exchange Company (LEC) - A company that furnishes local exchange telephone services.

Local Exchange Service - is an arrangement which connects the residential End User's location to the LEC's network switching center, thereby allowing End User to transmit and receive local calls within the End User's local calling area, or mandatory expanded area service (EAS) area, as defined by State commissions or, if not defined by State commission, then defined in the LEC's State Tariffs.

Location - A physical premise to or from which Sage provides Service.

NXX - The designation for the first three digits of a local telephone number where N represents 2-9 and X represents 0-9.

Night/Weekend - The words "night/weekend" mean 11:00 p.m.. to, but not including, 8:00 a.m. local time in the originating city, all day on Saturday, and all day Sunday, except from 5:00 p.m. to, but not including, 11:00 p.m.

Nonbusiness Hours - The phrase "nonbusiness hours" means the time period after 5:00 p.m. and before 8:00 a.m., Monday through Friday, all day Saturday, Sunday, and on holidays.

NPA - Numbering Plan Area or area code.

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SECTION 1 – DEFINITIONS AND ABBREVIATIONS (CONT'D)

Other Common Carrier - Denotes a specialized or other type of common carrier authorized by the Federal Communications Commission to provide domestic or international communications service.

Premises - A building, portion of a building in a multi-tenant building, or buildings on a continuous property not separated by a highway. May also denote a customer-owned enclosure or utility vault located above or below ground on private property or on Customer acquired right-of-way.

PIC - Primary Interexchange Carrier.

Regular Billing - A standard bill sent in the normal monthly Sage billing cycle. This billing consists of one bill for each account assigned to the Customer with explanatory detail showing the derivation of the charges.

Residential Service - The phrase "residential service" means telecommunication services used primarily as nonbusiness service.

Services - The Company's common carrier communications services provided under this Tariff.

Subscriber - The term "Customer" is synonymous with the term "subscriber".

Switch - The term "switch" denotes an electronic device that is used to provide circuit sharing, routing, and control.

Timely Payment - A payment on a Customer's account made on or before the due date.

Underlying Carrier - A provider of interstate telecommunications services from whom the Company acquires facilities or services that it utilizes to provide the Company's services to Customers.

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SECTION 2 - RULES AND REGULATIONS

2.1. Undertaking of Sage

2.1.1. Sage undertakes to provide local exchange and intraLATA telecommunications services within the State of Kentucky on the terms and conditions and at the rates and charges specified herein. The Company's intrastate interexchange services are only provided to customers subscribed to the Company's local exchange services.

2.1.2. Sage installs, operates and maintains the communication Services provided hereunder in accordance with the terms and conditions set forth under this Tariff. It may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer to allow connection of a Customer's location to the Sage network. The Customer shall be responsible for all charges due for such service arrangements.

2.1.3. Sage's Services and facilities are available twenty-four (24) hours per day, seven (7) days per week.

2.2. Use of Service

2.2.1. Services provided under this Tariff may be used only for the transmission of communications in a manner consistent with the terms of this Tariff and regulations of the Federal Communications Commission.

2.2.2. Services provided under this Tariff shall be refused or discontinued to a Customer without notice in the event of a national or local emergency in which the Company has reason to believe that its services may be used for causing terrorist acts or harm to citizens.

2.2.3. Services provided under this Tariff shall not be used for unlawful purposes. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such services are being used in violation of the law.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.3. Limitations

2.3.1. Service is offered subject to the availability of the necessary facilities or equipment, or both facilities and equipment, and subject to the provisions of this Tariff. The obligation of Sage to provide Service is dependent upon its ability to procure, construct, and maintain facilities that are required to meet the Customer's order for Service. Sage will make all reasonable efforts to secure the necessary facilities.

2.3.2. Sage reserve the right to limit or to allocate the use of existing facilities, or to additional facilities offered by Sage, when necessary because of lack of facilities, relevant resources, or due to causes beyond Sage's control. In addition, Sage reserves the right to discontinue Service when the Customer is using the Service in violation of law or the provisions of this Tariff.

2.3.3. Sage does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission nor for failure to establish connections.

2.3.4. Sage reserves the right to refuse service to Customers due to insufficient or invalid charging information.

2.3.5. Sage may block calls that are made to certain cities or central office exchanges, or use certain Authorization Codes as Sage, in its sole discretion, deems reasonably necessary to prevent unlawful or fraudulent use of Service.

2.3.6. Sage will use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. Sage may substitute, change, or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer. Sage shall have the right to make necessary repairs or changes in its facilities at any time and will have the right to suspend or interrupt service temporarily for the purpose of making the necessary repairs or changes in its system. When such suspension or interruption of service for any appreciable period is necessary, Sage will give the Customers who may be affected reasonable notice thereof as circumstances will permit, and will prosecute the work with reasonable diligence, and if practicable at time that will cause the least inconvenience. When Sage is repairing or changing its facilities, it shall take appropriate precautions to avoid unnecessary interruptions of Customer's service.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.3. Limitations (cont'd)

2.3.7. Sage may refuse, suspend, limit, or cancel the customer's ability to receive inbound collect calls immediately and without prior notice in the event that usage of collect calling and/or third party number calls is suspected to be fraudulent or beyond the customer's ability to pay. The customer's ability to receive or complete such calls shall be reinstated shall be reinstated upon receipt of payment for all current charges.

2.3.8. Sage may refuse, suspend, limit, or cancel a customer's service, without prior notice, in the event that the usage or acts of the customer are such to indicate intention to defraud the Company. This includes fraudulently placing and receiving calls and/or providing false credit information, or misrepresentation of the customer's identity for the purpose of obtaining basic local exchange service.

2.3.9. Abuse or fraudulent use includes, but is not limited to situations described in Section 2.3.5, 2.3.7, or 2.3.8:

2.3.9.A. the use of service or facilities of the Company for a call or calls anonymous or otherwise, if in a manner reasonably to be expected to frighten, abuse, torment or harass another;
2.3.9.B. the use of profane or obscene language;
2.3.9.C. the impersonation of another with fraudulent intent;
2.3.9.D. the use of the service in such a manner as to interfere with the service of others or to prevent others from making or receiving calls over their telephone service;
2.3.9.E. the use of the service for any purpose other than as a means of communication;
2.3.9.F. the use of service or facilities of the Company to transmit a message or to locate a person or otherwise to give or obtain information, without the payment of the applicable local message charge or message toll charge; and
2.3.9.G. the obtaining, or attempting to obtain, or assisting another to obtain or attempt to obtain, local or message toll telephone service, by rearranging, tampering with, or making connection with any facilities of the Company, or by any trick, scheme, false representation, or false credit device, or by or through any other fraudulent means or device whatsoever, with intent to avoid the payment, in whole or part, of the regular charge for such service.
2.3.9.H. when the customer is known to have planned or participated in terrorism or in acts that may cause harm to citizens.
2.3.9.I. when the Company has reason to believe that its services may be used for causing terrorist acts or harm to citizens.

2.3.10. The Company may refuse to provide Service at an address where Service has been discontinued for non-payment of bills for any Service subject to this Tariff if it is determined that the nonpayment customer or real users of the Service still reside at the address.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.3. Limitations (cont'd)

2.3.11. The Company reserves the right to discontinue service, limit service, or to impose requirements as required to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing service, as determined by the Company in its reasonable judgment.

2.3.12. No Company services specified herein shall be provided until after the Company has completed, to its satisfaction, testing of such services and of Company systems, processes and procedures.

2.4. *Liabilities of Sage*

2.4.1. Sage's liability for damages arising out of mistakes, omissions, interruptions, delays, errors, or defects in the installation, provision, termination, maintenance, repair, or restoration occurring in the course of furnishing service, channels, or other facilities, and not caused by the negligence of the subscribers, commences upon activation of service. In no event does Sage's liability exceed an amount equivalent to the amount paid by the Customer for the period of service during which such mistakes, omissions, interruptions, delays, errors or defects occur. For the purposes of computing such amount, a month is considered to have thirty (30) days. Credit will be calculated pursuant to Section 2.9 of this Tariff.

2.4.2. When the facilities of other carriers are used in establishing connections to points not reached by Sage's facilities, Sage is not liable for any act or omission of the other carrier(s). The Customer will indemnify and save harmless Sage from any third-party claims for such damages referred to in Section 2.4.1.

2.4.3. In no event will Sage be responsible for consequential damages or lost profits suffered by a Customer as a result of interrupted or unsatisfactory service. Sage will not be liable for claims or damages resulting from or caused by: (i) Customer's fault, negligence or failure to perform Customer's responsibilities; (ii) claims against Customer by another party; (iii) any act or omission of any other party; or (iv) equipment or service furnished by a third party.

2.4.4. Sage does not guarantee or make any warranty with respect to any equipment provided by it or leased on the Customer's behalf where such equipment is used in locations containing an atmosphere which is explosive, prone to fire, dangerous or otherwise unsuitable for such equipment. The Customer shall indemnify and hold Sage harmless from any and all loss, claims, demands, suits or other actions, or any liabilities whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or persons, for any personal injury or death of any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of such equipment so used.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.4. Liabilities of Sage (cont'd)

2.4.5. Sage is not liable for any defacement of, or damage to, the premises of a Customer resulting from the furnishing of services or the attachment of equipment, instruments, apparatus, and associated wiring furnished by Sage on such Customer's premises or by the installation or removal thereof, when such defacement or damage is not the result of Sage negligence. No agents or employees of other participating carriers shall be deemed to be agents or employees of Sage without written authorization. The Customer will indemnify and save harmless Sage from any claims of the owner of the Customer's premises or other third party claims for such damages.

2.4.6. Sage and Customer shall be excused from performance under this Tariff and under the application for service for any period, and to the extent that the party is prevented from performing any service pursuant hereto, in whole or in part, as a result of delays caused by the other party or an Act of God, governmental agency, war, civil disturbance, court order, lockouts or work stoppages or other labor difficulties, third party nonperformance (including the failure of performance for reasons beyond the control of common carriers, interexchange carriers, local exchange carriers, suppliers and subcontractors), or other cause beyond its reasonable control, including failures or fluctuations in electrical equipment, and such nonperformance shall not be deemed a violation of this Tariff or of the application for service or grounds for termination of service. Both parties retain all rights of recourse against any third parties for any failures which may create a force majeure condition for the other party.

2.4.7. Sage is not liable for any damages, including toll usage charges, the Customer may incur as a result of the unauthorized use of its telephone facilities. This unauthorized use of the Customer's facilities includes, but is not limited to, the placement of calls from the Customer's premises, and the placement of calls through Customer-provided equipment that are transmitted or carried on the Sage network.

2.4.8. Where there is a connection via Customer-provided terminal equipment or Customer-provided communications systems, the point of demarcation shall be defined as the Sage facility that provides interconnection. Sage shall not be held liable for Customer-provided access media or equipment. Any maintenance service or equipment arrangements shall be addressed on an individual case basis.

2.4.9. Sage will not be responsible if any changes in its service cause hardware or software not provided by Sage to become obsolete, require modification or alternation, or otherwise affect the performance of such hardware or software.

2.4.10. The Company shall use reasonable efforts to make services available by the estimated service date. The Company shall not be liable for any damages whatsoever resulting from delays in meeting the estimated service date due to delays resulting from normal installation procedures. Such delays shall include, but not be limited to delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals, delays in actual construction work being done by our vendor(s), and any delays due to any LEC where the Company is relying solely upon such LEC to meet such estimated due date which is beyond the Company's control.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.4. Liabilities of Sage (cont'd)

2.4.11. With respect to the services, materials and equipment provided hereunder, Sage makes no promises, agreements, understandings, representations or warranties, expressed or implied, and hereby expressly disclaims all warranties, expressed or implied, not stated in this Tariff, and in particular disclaims all warranties of merchantability and fitness for a particular purpose.

2.5. Responsibilities of the Customer

2.5.1. The Customer must initiate a service order pursuant to Section 2.6 of this Tariff.

2.5.2. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by Sage, except upon the written consent of Sage. The equipment Sage provides or installs at the Customer premises for use in connection with the service Sage offers shall not be used for any purpose other than for which it was provided.

2.5.3. The Customer shall ensure that the equipment and/or system is properly interfaced with Sage's facilities or service. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, Sage will permit such equipment to be connected with its channels without the use of protective interface devices.

2.5.4. The Customer shall be responsible for securing its telephone equipment against being used to place fraudulent calls using Sage's service. The Customer shall be responsible for payment of all applicable charges for services provided by Sage and charged to the Customer's accounts, even where those calls are originated by fraudulent means either from Customer's premises or from remote locations.

2.5.5. Sage shall be indemnified and held harmless by the Customer against claims of liable, slander, or the infringement of copyright, or for the unauthorized use of any trademark, trade name, or service mark, arising from the material transmitted over Sage's service, against claims for infringement of patents arising from, combining with, or using in connection with, service, Sage's apparatus and systems of the Customer; against all other claims arising out of any act or omission of the member in connection with Sage's service. The Customer shall be liable for:

2.5.5.A. Loss due to theft, fire, flood, or other destruction of Sage's equipment or facilities on Customer's premises.

2.5.5.B. Reimbursing Sage for damages to facilities or equipment caused by the negligence or willful acts of the Customer's officers, employees, agents or contractors.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.5. Responsibilities of the Customer (cont'd)

2.5.5. (cont'd)

2.5.5.C. Charges incurred with interconnect or local operating companies for service or service calls made to the Customer's premises or on the Customer's leased or owned telephonic equipment unless Sage specifically authorizes said visit or repairs in advance of the occurrence and Sage agrees in advance to accept the liability for said repairs or visit.

2.5.5.D. Payment for all Sage service charges incurred through usage or direct action on the part of the Customer.

2.5.6. The Customer may be required to verify in writing that it is duly authorized to order service at all locations designated by the Customer for service, and assumes financial responsibility for all locations designated by the Customer to receive Sage's services. If the verification (i.e., a letter of authorization) cannot be produced within five (5) calendar days of the request, the presubscription of the Customer's locations are considered unauthorized.

2.5.7. The Customer shall not use the Sage name, logo or trademark in any promotional materials, contracts, Tariffs, service bills, etc., without expressed written authorization from Sage. The Customer shall not use the Sage name, logo or trademark in any pre-sale activities. The Customer is prohibited from using Sage's name or trademark on any of the Customer's products or services.

2.5.8. Customer may not assign or transfer any of its rights or services ordered without the prior written consent of Sage. Sage may assign any service orders to its parent company or any affiliate. Sage will notify Customers of any such assignment.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.6. Application for Service

2.6.1. Applicants wishing to obtain service must initiate a service order which may include the Customer's authorization for Sage to instruct other carriers and vendors and the appropriate LEC to provide certain services on the Customer's behalf. Sage will obtain the proper authorization from the Customer where necessary, pursuant to PSC regulations.

2.6.2. An Application for Service may be changed by Customer upon written notice to Sage, subject to acceptance and confirmation by Sage, provided that a charge shall apply to any change when the request is received by Sage after notification by Sage of the acceptance and confirmation. Such charge shall be the sum of the charges and costs for access facilities and other services and features and the lesser of (i) the monthly recurring rate for each service component that has been canceled as a result of the change times the appropriate minimum service period, plus the applicable installation or non-recurring charges, and (ii) the costs incurred by Sage in accommodating each change, less net salvage. The costs incurred by Sage will include the direct and indirect cost of facilities specifically provided or used, the costs of installation, including design preparation, engineering, supply expense, labor and supervision, general and administrative, and any other costs resulting from the preparation, installation and removal effort.

2.6.3. Where the Customer or applicant cancels an Application for Service prior to the start of installation of service, lease of network elements, or prior to the start of special construction, no charge applies. Where installation of service has been started prior to the cancellation, a cancellation charge equal to the costs incurred by Sage shall apply, but in no case shall such charge exceed the charge for the minimum period of the service ordered, including applicable installation charges, if any. The costs incurred by Sage will include the direct and indirect costs of facilities specifically leased, provided or used; the cost of installation, including design preparation, engineering, supply expense, labor and supervision, general and administrative, and any other costs resulting from the preparation, installation and removal effort.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.7. Establishing Credit, Deposits and Advance Payments

2.7.1. Credit Requirement

2.7.1.A. Sage may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the end-user from complying with Sage's policy regarding the prompt payment of bills.

2.7.1.B. For the purposes of this rule, "applicant" is to be defined as a person who applies for service for the first time or reapplies at a new or existing location after a previous discontinuance of service; "customer" is defined as someone who is currently receiving service.

2.7.2. Reestablishment of Credit

Any applicant who previously has been an end-user of Sage and whose service has been discontinued for nonpayment of bills shall be required, before service is rendered, to pay all amounts due Sage or execute a deferred payment agreement.

2.7.3. Deposits and Interest

2.7.3.A. To safeguard its interest, the Company may require the Customer to make a deposit to be held as a guarantee for the payment of charges in accordance with the PSC's rules. A deposit may be required if the Customer's financial condition is not acceptable to the Company or is not a matter of general knowledge. A deposit does not relieve the Customer of the responsibility for the prompt payment of bill on presentation. The deposit will not exceed an amount equal to two regular billing periods. A deposit may be required in addition to an advance payment.

2.7.3.B. The amount of the deposit shall not exceed an amount equal to two (2) months local exchange charges and/or two (2) months toll charges determined by actual or anticipated usage. Where local exchange charges are billed in advance, the deposit shall include only one (1) month's such charges.

2.7.3.C. A present end-user may be required to post a deposit as a condition of continued service if undisputed charges have become delinquent, with delinquent meaning a payment not received on or before the due date as posted on the bill, in two (2) out of the last twelve (12) billing periods or if the end-user has had service disconnected during the last twelve (12) months or has presented a check to Sage that was subsequently dishonored.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.7. Establishing Credit, Deposits and Advance Payments (cont'd)

2.7.3. Deposits and Interest (cont'd)

2.7.3.D. Interest on cash deposits shall be paid by Sage at no less than the rate prescribed by the Commission or, in the absence of a rate prescribed by the Commission, the interest rate shall be established the first day of January of each year to equal the average of the weekly percent annual yields of one (1) year U. S. Treasury Securities for September, October and November of the preceding year. The interest rate shall be rounded to the nearest basis point.

2.7.3.E. Sage shall provide payment of accrued interest for all end-users annually by negotiable instrument or by credit against current billing. The deposit shall cease to draw interest on the date it is returned or credited to the end-user's account.

2.7.3.F. The amount of the deposit, with accrued interest, shall be applied to any unpaid charges at the time of a discontinuance of services. The balance, if any, shall be returned to the end-user within thirty (30) days after settlement of the consumer's account, either in person or by mailing it to the end-user's last known address.

2.7.3.G. Sage will keep records to show the name, account number, and address of each depositor, the amount and date of the deposit and each transaction concerning the deposit. Sage shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost. Such records shall be retained for two (2) years after deposit and/or interest is refunded or applied. The deposit made by the end-user with Sage at the time of application for telephone service shall not constitute an advance payment to cover service bills, but for all purposes it is to be considered as security for payment of monthly bills or other proper charges.

2.7.4 Advance Payments

To safeguard its interest, the Company may require a Customer to make an advance payment before services and facilities are furnished. The advance payment will not exceed an amount equal to two month's service charges and/or the service connection and/or equipment charges plus applicable taxes, fee, and surcharges which may be applicable as well as any nonrecurring charges for any required special construction. The amount of the first months' service is credited to the Customer's account on the first bill rendered. The Company may not require advance payments for usage. An advance payment may be required in addition to a deposit.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.8. Payment of Charges

2.8.1. The Customer is responsible for the payment of all charges for facilities and services furnished by Sage to the Customer and to all Users authorized by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons.

2.8.2. For billing of monthly charges, service is considered to be established upon the day in which Sage notifies the Customer of installation and testing of the Customer's services.

2.8.3. Except where otherwise specified, usage charges will be billed monthly in arrears. Customer will be billed for all usage accrued beginning immediately upon access to the service. Customers will be billed for usage occurring during their specific 30-day billing cycle, which for purposes of computing charges shall be considered a month. The rates charged to a Customer will be the rates in effect on the first day of the Customer's billing cycle.

2.8.4. Monthly charges for all access service components, provided hereunder, are billed in advance of service and reflect the rates in effect as of the date of the invoice. A Customer's first invoice may contain charges from previous periods for service provided from the date of installation through the current invoice period.

2.8.5. Bills are due and payable as specified on the bill. Bills may be paid by mail or in person at the business office of Sage or an agency authorized to receive such payment. All charges for service are payable only in United States currency. Payment may be made by cash, check, money order, cashier's check, or certain major credit cards. Customer payments are considered prompt when received by Sage or its agent by the due date on the bill. Amounts not paid within twenty (20) days after the mail date of invoice will be considered past due. If Sage becomes concerned at any time about the ability of a Customer to pay its bills, Sage may require that the Customer pay its bills and make such payments in cash or the equivalent of cash.

2.8.6. In accordance with KAR 5:006 §8(3)(h), Customers failing to pay a bill for services by the due date will be charged a one-time late payment penalty on the amount owed for such services. Any payment received by the customer shall first be applied to the bill for services rendered. If any portion of the payment is not received by Sage by the due date, or if any portion of the payment is received by Sage in funds that are not immediately available upon presentment, then a late payment penalty may be assessed. Charges greater than $50.00 left unpaid after the due date are subject to a late payment charge of $6.00. If the payment due date falls on a Saturday, Sunday, legal holiday or other day when the offices of the Company are closed, the date for acceptance of payments prior to assessment of any late payment fees shall be extended through to the next business day. The late payment penalty shall apply to all customers.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.8. Payment of Charges (cont'd)

2.8.7. Any disputed charge may be brought to Sage's attention by verbal or written notification. If written notice of a dispute as to charges is not received by the Company within 30 days of the date a bill is issued, such charges shall be deemed to be correct and binding on the Customer.
In the case of a billing dispute between the Customer and Sage that cannot be settled to their mutual satisfaction, the undisputed portion and subsequent bills must be paid on a timely basis, or the service may be subject to disconnection. The Customer may request an in-depth investigation into the disputed amount and a review by a Sage manager. During the period that the disputed amount is under investigation, Sage shall not pursue any collection procedures or assess late fees with regard to the disputed amount. The Customer shall be required to pay the undisputed part of the bill, and if not paid, Sage may discontinue service. In the event the dispute is not resolved, Sage shall inform the customer that the customer has the option to pursue the matter with the PSC.

2.8.8. The Customer is responsible to pay Sage for all toll calls or other third party charges resulting from the origination of calls to points outside the local exchange and for charges or calls billed to the Customer's number.

2.8.9. Sage may assess up to a fifteen ($15) or five percent (5%) of the amount owed, whichever is greater, charge for each returned check or credit card chargeback.

2.8.10. If service is suspended/disconnected by Sage in accordance with the provisions of the Tariff and later restored, restoration of service will be subject to all applicable installation charges. In addition to the installation charges, the customer will be required to pay all charges due, including the charges for the period of denial. For nonusage sensitive charges, Customer will be liable for the entire monthly recurring charge during the month Customer's service terminates.

2.8.11. When circumstances prevent customers from paying their invoices in full, Sage may make special accommodations to assist customers by setting up a regular payment plan. Payment plans are only set up at the request of the customer. Payment plans are intended to function as a short-term solution and will be reviewed and approved on an individual case basis.

2.8.12. All payments received by Sage will first be allocated to tariffed basic local exchange telephone service. For purposes of this allocation, basic local exchange telephone service shall be flat rate, single party residential and business local exchange telephone service, including primary directory listings; tone dialing service; access to operator services; access to directory assistance services; access to 911 service where provided by a local authority; dual party relay service; the ability to report service problems seven days a week; availability of an annual local directory; access to toll services, and lifeline and tel-assistance services.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.9. Interruption of Service

2.9.1. Credit allowance for the interruption of service that is not due to Sage's testing or adjusting, negligence of the Customer of to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth herein. It shall be the obligation of the Customer to notify Sage immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer or end-user shall ascertain that the trouble is not being caused by any action or omission by the Customer within his or her control, or is not in wiring or equipment, if any, furnished by the Customer and connected to Sage's facilities.

2.9.2. For purposes of credit computation, every month shall be considered to have 720 hours.

2.9.3. The Customer shall be credited for an interruption 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:

$$\text{Credit} = \underline{A}/720 \times B$$

"A" - outage time in hours
"B" - total monthly charge for affected facility

2.9.4. Cellular and other wireless transmission and Internet-based calling is subject to interruptions including but not limited to, dropped calls, interrupted calls, unintelligible calls, one-way audio and other problems created by factors beyond Company's control. Under no circumstances will Company provide credit or payment of any kind for calls that experience problems related to cellular or other wireless transmissions or for calls that experience problems related to Internet-based communications including buy not limited to those calls that transcend wireline and Voice over Internet Protocol ("VoIP") networks.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.10. Restoration of Service

The use and restoration of service shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.

2.11. Disconnection of Service by Customer

2.11.1. By giving advance written notice, of three (3) working days, Customer may disconnect service at any time following its minimum service requirement(s).

2.11.2. Sage will have up to 30 days to complete disconnect. Customer will be responsible for all new charges for that 30-day period or until disconnect is effected, whichever is sooner, and shall remain responsible for all unpaid charges incurred irrespective of when such charges were incurred. This 30-day period will begin upon receipt of the written notification from the Customer. However, in the event that Customer continues to utilize Sage's services beyond the date upon which the services are to be disconnected, the Customer will be liable for the additional charges incurred.

2.11.3. For nonusage sensitive charges, Customer will be liable for the entire monthly recurring charge during the month Customer's service terminates.

2.11.4. If the Customer disconnects service prior to the end of a term plan, the termination liabilities associated with the term plan will apply.

2.11.5. If a customer purchases Sage's bundled offering and subsequently disconnects Sage's local service and purchases local service from a different carrier, the customer can contact Sage to obtain the proper PIC code for the third-party provider of long-distance services.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.12. Cancellation for Cause

2.12.1. Sage, by giving prior written notice, of at least ten (10) days to the Customer or applicant, may cancel the application for or
discontinue service without incurring any liability for any of the following reasons:

2.12.1.A. For non-residential customers, nonpayment of any tariffed charges due to Sage for service for more than twenty (20) days beyond the mail date of the bill for such service. In the event Sage terminates service for nonpayment, the Customer may be liable for all reasonable costs of collection including reasonable court costs, expenses and fees; or

2.12.1.B. For non-residential customers, nonpayment of any tariffed charges due to Sage for service for more than 15 days beyond the mail date of the bill on any Sage account regardless of whether the application or service being canceled is related or unrelated to the account or service for which the sum is past due; or

2.12.1.C. For residential customers, nonpayment of tariffed basic local exchange telephone service as defined in Section 2.8.12 due to Sage for service more than twenty (20) days beyond the mail date of the bill for such service. Service may be terminated for nonpayment of the basic local exchange telephone service, or any costs arising there from based on the listing of services in Section 2.8.12. If the customer subscribes to a package of bundled services that includes some amount of toll minutes, and the customer does not pay the bill in full, Sage reserves the right to remove the toll services from the packaged bundle and institute toll blocking. If the customer then does not pay for toll services incurred after toll blocking is instituted, full service may be disconnected. In addition, if a customer incurs fees associated with operator service use or directory assistance use and does not make full payment for those services, service may be terminated for nonpayment. In the event Sage terminates service for nonpayment, the Customer may be liable for all reasonable costs of collection including reasonable court costs, expenses and fees; or

2.12.1.D. For residential customers, nonpayment of tariffed basic local exchange telephone service due to Sage for service for more than twenty (20) days beyond the mail date of the bill on any Sage account regardless of whether the application or service being canceled is related or unrelated to the account or service for which the sum is past due; or

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.12. Cancellation for Cause

2.12.1. (cont'd)

2.12.1.E. A violation of or a failure to comply with, any regulation of this Tariff. The discontinuance of service(s) by Sage pursuant to this section does not relieve the Customer of any obligation to pay Sage for changes due and owing for service(s) furnished up to the time of discontinuance; or

2.12.1.F. Sage confirms that both a phone number and mailing address are no longer valid for the Customer; or

2.12.1.G. Sage is prohibited from furnishing service by order of a court or other government authority having jurisdiction; or

2.12.1.H. Avoidance of toll blocking by incurring long distance charges after toll blocking was implemented due to non-payment of long distance charges; or

2.12.1.I. Failure to make deferred payment arrangements by the suspend/disconnect date.

2.12.2. Sage, without giving prior written notice, may discontinue service without incurring any liability for:

2.12.2.A. Tampering with Sage Telecom's equipment; or

2.12.2.B. Evidence of theft of Sage Telecom service; or

2.12.2.C. Other acts to defraud Sage Telecom.

2.12.3. If service is terminated by Sage for any cause set forth above and the Customer has subscribed to service under a term plan, the Customer will be charged the termination liability associated with the term plan.

2.12.4. Service may also be discontinued if the Customer fails to post the deposit required by the Tariff.

2.12.5. If service is disconnected for nonpayment, the Customer may restore service by full payment in cash or cash-like funds. There is a charge for restoration of service after disconnection; if, however, the equipment necessary for service has been removed, a complete activation fee will apply.

2.12.6. For nonusage sensitive charges, Customer will be liable for the entire monthly recurring charge during the month Customer's service terminates.

2.12.7. If the Customer disconnects service prior to the end of a term plan, the termination liabilities associated with the term plan will apply.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.13. Notice and Communication

2.13.1. The Customer shall designate on the Application for Service an address to which Sage shall mail or deliver all notices and other communications, except that Sage may also designate a separate address to which Sage's bills for service shall be mailed.

2.13.2. Sage shall designate on the Application for Service an address to which the Customer shall mail or deliver all notices and other communications, except that Sage may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.

2.13.3. All notices or other communications required to be given pursuant to this Tariff shall be made in writing to Sage at 805 Central Expressway South, Suite 100, Allen, Texas 75013-2789 or by calling (214) 495-4700. Notices and other communications of either party, and all bills mailed by Sage, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U. S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

2.13.4. Sage or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

2.14 Access to Telephone Relay Services

Where required by the Commission, the Company will participate in telephone relay services for handicapped and/or hearing impaired end users and will comply witjh all regulations and requirements. The Company shall impose a monthly surcharge as specified in Section 4.3, which will be billed as separate line item.

2.15 Access to Carrier of Choice

End users of the Company's local service shall have the right to select the long distance provider of their choice. The provider should request confirmations/verifications of choice from its customers no later than the date of submission of its first bill to the customer. The Company shall maintain signed LOAs or confirmations of choice on file for use in dispute resolution.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.16. Taxes, Surcharges and Utility Fees

Customer is responsible for the payment of all federal, state and local taxes, surcharges, utility fees, or other similar fees (i.e., gross receipts tax, sales tax, municipal utilities tax, 911 surcharges or fees) that may be levied by a governing body or bodies in conjunction with or as a result of the service furnished under this Tariff. These charges will appear as separate line items on the Customer's bill and are not included in the rates contained in this Tariff. There shall be added to the Customer's bill for service, an additional charge equal to the pro rata share of any occupation, franchise, business, license, excise privilege or other similar charge or tax, now or hereafter imposed upon the gross receipts or revenue of Sage by any municipal taxing body or municipal authority whether by statute, ordinance, law or otherwise, and whether presently due or to hereafter become due. The charge applicable to each Customer will appear as a separate line item on the Customer's regular monthly bill and shall be determined on a basis equal to the tax levied by each municipal taxing body or municipal authority.

2.16.1. Municipal Franchise Fees

Residential, non-residential and point-to-point access lines provided pursuant to this tariff are subject to a municipal franchise fee as established for the city, municipality, or other community ("municipality") in which the end user of the access lines is located. The monthly recurring municipal charge will be equal to a monthly amount developed using criteria as recommended by your local municipality with information supplied to this local certificated telecommunications provider (CTP). The fee should be assessed as a per-line-charge on the end user bill.

2.16.2 All Customers are subject to the Kentucky Lifeline Support and Telecommunications Relay Service/Telecommunication Devices for the Deaf surcharges. The surcharges will appear as a monthly charge on the customers bills.

2.17. Customer Billing Inquiries

Any customer who has a question regarding his/her telephone bill may contact Sage toll free at (888) 449-4940, or at 805 Central Expressway South, Suite 100, Allen, Texas 75013-2789.

2.18 Public Switched Network Recovery Charge

The Public Switched Network Recovery Charge is a monthly recurring charge which is applied on a per customer access line basis. This fee is intended to recover costs to access the public switched network for local service.

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SECTION 3 - DESCRIPTION OF SERVICES

3.1. Telecommunications Services

3.1.1. General - Telecommunications Services consist of the services offered pursuant to this Tariff, either individually or in combination. Intrastate interexchange services are only provided in conjunction with the Company's local exchange services, and no alternative arrangements will be made to provide these services to a customer that is not subscribed to the Company's local exchange service. Each service is offered via Sage's facilities, conventional network elements purchased from other local exchange carriers, or via resale of facilities of other local exchange carriers for the transmission of one-way or two-way communications, unless otherwise noted. A connection to Sage's switching network enables the Customer to:

1. receive calls from other stations on the public switched telephone network;
2. access Sage's Local and intraLATA calling services as set forth in this Tariff;
3. access intrastate, interstate and international calling services provided by Sage and other certified common carriers;
4. access toll-free telecommunications services such as 800 NPA;
5. access 9-1-1 service for emergency calling; and
6. access other operator and directory assistance services.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.2. Local Exchange Service - Service provides Residential and Business Customers with the ability to originate calls from a Sage-provided access line to all other stations on the public switched telephone network bearing the designation of any central office exchanges included in the Customer's local calling area. Calls to destinations outside the local calling area but within the same state and LATA will be charged the intraLATA toll rates. IntraLATA services are available on a switched basis only.

Following are types of orders for Local Exchange Service that Sage will accept:

Conversions

New Installations

The following are types of customers and/or telephone lines Sage will convert:

Customers with active local telephone service on BellSouth's access lines ("local loops"). Subscribers of BellSouth's Prepaid Local Telephone Service (PLTS) or Prepaid Home Service (PHS) do not qualify under this definition.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.2. Local Exchange Service (cont'd)

New Installations

Following are types of new line installations that Sage Telecom will perform:

1. Additional new lines for Sage Telecom customers who have service or are in the process of converting existing service at that location to Sage Telecom.

2. Physical move of lines and service for existing Sage Telecom customers to a new location.

3. Installation of lines at locations that have never had local telephone service, with the exception of physical moves noted under item 2 above.

4. New installations where the Customer is not converting existing local telephone service.

Residential and Business Customers may choose from one of the Local Service Plans in Section 3.1.4 and are assessed a flat monthly fee based on their local service plan(s) and originating exchange that entitles the customer to unlimited voice usage.

3.1.2.A. Business Services - Business Services provide the Customer with the general telecommunications services listed in Section 3.1.1 of this Tariff with the following modifications, limitations and restrictions:

1. Business Services cannot be used to originate calls to other telephone companies' caller-paid information services (e.g., N.A. 900, NXX 976, etc.). Calls to those numbers and other numbers used for caller-paid information services will be blocked by Sage, unless otherwise requested by customer to be unblocked.

2. Service is furnished only for use by the Business Customer, guests, employees and business associates.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.2. Local Exchange Service (cont'd)

3.1.2.A. Business Services

3. Service is available whenever the use of the service is primarily or substantially of a business, professional institution or otherwise occupation nature, or where the listing required is such as to indicate business use. Business rates are applicable to:

a. Offices, stores, factories, boarding houses, offices of hotels and apartment houses, colleges, public, private or parochial schools, hospitals, nursing homes, libraries, institutions, churches and all other establishments of a strictly business nature.

b. Any location where a business designation is provided or when a title indicating a trade, occupation or profession is listed.

c. Service terminating solely on the answering service facilities of a telephone answering firm will carry business rates.

d. Residential locations where the Business customer has no regular business telephone service and the use of the service by the Business Customer, members of the household, or guests is of a business nature as may be indicated by advertising through newspapers, handbills, billboards, circulars, business cards, or otherwise.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.2. Local Exchange Service (cont'd)

3.1.2.B. Residential Services - Residential Services provide the Customer with the general telecommunications services listed in Section 3.1.1 of this Tariff and is not available to those locations governed by Section 3.1.2.A.

1. Residential Services cannot be used to originate calls to other telephone companies' caller-paid information services (e.g., N.A. 900, NXX 976, etc.). Calls to those numbers and other numbers used for caller-paid information services will be blocked by Sage, unless otherwise requested by the customer to be unblocked.

2. Residential service offerings that include unlimited usage are limited to use for residential voice applications. This includes service offerings providing for unlimited local usage, unlimited intraLATA usage and/or unlimited interLATA usage. No commercial use of any form is permitted for such unlimited service offerings. Incidental calling for dial-up Internet access, for data and fax type applications and for other restricted uses reflected in this tariff is permitted up to a maximum of 1200 minutes within any consecutive thirty-day period; any such usage beyond this threshold shall be presumed to be non-residential in nature. If, at any time, the Company determines that the Customer's usage is non-residential or is not consistent with use for residential voice applications, the Company may immediately take actions to enforce adherence to this tariff and to the Company's Statement of Terms and Conditions of Service that are applicable to interLATA and international long distance. Such actions may include the transition to a higher tier within the customer's existing service plan and the application of an High Usage Charge as specified in Section 4.1.14, following.

   The High Usage Charge is applicable to all service plans whenever usage thresholds established in Section 4.1.14, following, are exceeded, including plans that offer unlimited usage and plans that do not offer unlimited usage. The existence of the High Usage Charge shall be communicated to the Customer in advance of its initial application, and shall thereafter apply automatically whenever the threshold is exceeded. Upon request, usage information will be provided pursuant to Section 4.1.4, following.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

For residential service offerings that include unlimited usage, the Company will notify the Customer in writing when the previous month's usage exceeds that normally associated with residential voice applications. Such written notice will inform the Customer that a higher tier rate will apply if, after two additional months, the usage remains above usage thresholds established in the existing service plan. Customers whose usage levels resulted in a higher-tier rate will, upon request, qualify for the lower-tier rate(s) after three consecutive months of usage below usage thresholds established in the existing service plan. The High Usage Charge is a separate element and applies independently of any unlimited plan rate tier.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.3. Exchanges and Local Service Areas

3.1.3.A. Sage provides residential and business telecommunications services, as described in this tariff, within the BellSouth exchanges within the State of Kentucky. The Company hereby mirrors the Map and Legal Description tariffs of BellSouth, listed below to identify its service territory. Any future modifications to these exchange boundaries or legal descriptions of these boundaries will be automatically mirrored by the Company on a going forward basis. If not mirrored, new detailed maps and legal descriptions on an individual exchange basis will be filed with the commission for approval.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.3. Exchanges and Local Service Areas (cont'd)

3.1.3.B. Local Calling Scopes

The Company hereby mirrors the local calling scopes as described in BellSouth's Exchange Access Service Tariff. Any future modifications to these local calling scopes will be automatically mirrored by the Company on a going forward basis. If not mirrored, new detailed local calling scopes on an individual exchange basis will be filed with the commission for approval.

3.1.4. Local Service Plans

3.1.4.A. Residential Service

All Residential Service plans are subject to the application of an High Usage Charge pursuant to Section 4.1.14, following, and to other charges pursuant to this tariff.

1. Sage Simply Savings Preferred

The Sage Simply Savings Preferred Plan includes the following bundle of services:

- Basic Local Exchange Service, including unlimited local calling
- Caller ID Service – Free
- Sage Home Wire Maintenance - Free
- A choice of any of the following Custom Calling Features – Free:

Repeat Dialing	Call Waiting
Call Screen	Speed Calling 8
Call Forwarding	Three-Way Calling
Automatic Callback	Wait & See
MultiRing	

- 300 Sage 1+ long distance minutes each month. Applies to direct dialed, 1+ long distance or 1+ intraLATA toll calls made to points within the continental U.S., Alaska, Hawaii, Puerto Rico, and U.S. Virgin Islands. Rate for additional minutes is at a discounted $0.04 rate.

- Discounts on additional services:
  Basic Voice Mail - $4.95
  Enhanced Voice Mail - $5.95
  eSageLink Dial Up - $12.95

Eligibility: This plan is available to residential customers only. Customers must choose Sage as their intraLATA toll and interLATA long distance carrier to receive the free minutes of Sage 1+ long distance minutes each month.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.4. Local Service Plans

3.1.4.A. Residential Service (cont'd)

2. Sage Simply Savings Essentials

The Sage Simply Savings Essentials Plan includes the following bundle of services:

- Basic Local Exchange Service, including unlimited local calling
- Caller ID Service – Free
- Call Waiting Service - Free
- A choice of 1 of the following Custom Calling Features – Free:
  Wait & See
  Three-way Calling
  Call Forwarding

- 90 Sage 1+ long distance minutes each month. Applies to direct dialed, 1+ long distance or 1+ intraLATA toll calls made to points within the continental U.S., Alaska, Hawaii, Puerto Rico, and U.S. Virgin Islands

Eligibility: This plan is available to residential customers only. Customers must choose Sage as their intraLATA toll and interLATA long distance carrier to receive the free minutes of Sage 1+ long distance minutes each month.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.4. Local Service Plans

3.1.4.B. Business

1. Business Choice Plan

The Business Choice Plan includes the following bundle of services:

- Basic Local Exchange Service, including unlimited local calling
- 100 Free Sage 1+ long distance minutes each month. See Section 3.1.4.C for rules and regulations.

Eligibility: Business customers in the originating BellSouth's exchanges listed in Section 3.1.3.A.

Customers must choose Sage as their intraLATA toll and interLATA long distance carrier to receive the free minutes of Sage 1+ long distance minutes each month.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.4. Local Service Plans

3.1.4.C. Free Sage 1+ Long Distance

Sage Local Service Plans that include free Sage 1+ long distance minutes will be governed by the following rules and regulations.

1. The per minute rate for all direct dialed, 1+ long distance or 1+ intraLATA toll calls is $0.10 per minute unless otherwise noted, and applies to calls made to points within the continental U.S., Alaska, Hawaii, Puerto Rico, and U.S. Virgin Islands and outside the customer's local (free) calling area. The duration of each call is rounded to the next full minute.

2. Customers earn a monthly credit against their 1+ long distance and 1+ intraLATA toll charges based on the table in Section 3.1.4.C.3. If the total dollar amount of usage is less than the maximum credit allowed, then the customer earns a credit equal only to their actual usage. The credit is offered on a per line basis and is rolled up, along with usage, to the account level for purposes of calculating the monthly allowable credit. There is no carry forward of unused credits.

   The credit does not apply to calling card calls, operator assisted calls, and calls made to Directory Assistance.

3. Maximum Allowable Credit

# of Free Minutes	Maximum Credit
90	$ 9.00
100	$ 10.00
120	$ 12.00

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.5. Non-Recurring Service Charges - Service charges may apply to all residential and business customers who subscribe to any of Sage's local service plans or request a move and/or change of certain types of telecommunications services.

3.1.5.A. The Installation Charge is a per order, nonrecurring charge that applies as follows:

1. Installation or conversion of local exchange service to a customer's premises for the first time.
2. Installation of additional local exchange access lines to a customer's premises.
3. A change in location of customer's equipment or service from one premise to another.
4. A temporary suspension of service at the customer's request or to change the telephone number to which suspended service calls are referred.
5. A request to change from one type of hunting arrangement to another, or rearrange central office hunting lines.
6. A restoration of service due to suspension from nonpayment of bill for telecommunications services.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.5. Non-Recurring Service Charges (cont'd)

3.1.5.B. An Order Processing Fee applies as follows, on a per order basis:

1. A telephone number change made at the customer's request.

2. A change to/from the company's Regional Service.

3. The addition or deletion of any Custom Calling Feature listed in Section 3.1.8; Caller ID Service listed in Section 3.1.9; Multi-Line Hunting Service listed in Section 3.1.10; Toll Restriction Service listed in Section 3.1.14

4. A change of bill cycle dates made at the customer's request.

5. The splitting of single accounts into multiple bills at the customer's request.

6. Changes to customer service plan that have not been solicited by Sage Telecom.

7. A name change, at the customer's request, to the account name, Caller ID, or the directory listing.

3.1.5.C. Copy of Call Records Fee applies when a customer requests a copy of these records for their own person use. Call Records are available to law enforcement agencies at any time free of charge.

3.1.5.D. A Referral Message Fee applies to active Sage customers who request a referral message as a result of a telephone number change.

3.1.5.E. A Reconnect Fee will be applied on a per line basis for service that is restored due to suspension from nonpayment of bill for telecommunications services.

3.1.5.F. A Duplicate Invoice Charge will be applied on a per invoice basis to a Customer who requests a copy of a bill that has already been issued to such Customer, unless the Customer informs the Company, within 15 days of the issuance of the bill, that the original bill was not received. If a Customer or the Customer's representative, thereafter, requests additional copies of bills, a charge will apply for each requested bill.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.6. Operator Assisted Services (IntraLATA)

3.1.6.A. Operator Handled Calling - Operator Handled Calling Service is provided to Customers and Users of Sage's local exchange service. In addition to charges that would otherwise apply pursuant to other Sections of this Tariff, each operator call will be assess a charge(s) as set forth within.

1. Person-to-Person - Calls completed with the assistance of a Sage operator to a particular person, station, department or PBX extension specified by the calling party.

2. Station-to-Station - Operator assisted calls other than Person-to-Person, including intraLATA collect and third party billed calls. Collect calls to coin telephones and transfers of charges to third telephones that are coin telephones will not be accepted.

3.1.6.B. Directory Assistance - A service provided to Customers and Users of Sage's local exchange service that allows them to obtain directory assistance by calling the Directory Assistance operator.

1. Directory Assistance charges apply for all requests for which Sage's facilities are used. A maximum of two requested telephone numbers is permitted per Directory Assistance call. Requests for information other than telephone numbers will be charged the same rate as shown for the applicable request for telephone numbers.

2. Non-published telephone numbers are not available from Directory Assistance Service.

3. No credit will be given for requested numbers that are non-published, or for requested telephone numbers that are not found in the directory.

4. Customers who qualify for an exemption from Directory Assistance charges through the PSC for the Blind will not be charged for this service after Sage is in receipt of paperwork from the PSC verifying their status. Credits will not be issued for Directory Assistance calls made prior to receipt of paperwork by Sage Telecom.

5. A credit will be given for calls to Directory Assistance when the Customer experiences poor transmission or is cut-off during the call;

6. To receive a credit, the Customer must notify the Sage operator or Business Office of the problem experienced.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.6. Operator Assisted Services (intraLATA)

3.1.6.C. Directory Assistance Call Completion - Provides customers the option of having their local or intraLATA calls automatically completed when they request a telephone listing from the Directory Assistance operator. The call may be completed automatically or by the Directory Assistance operator. The three types of Directory Assistance Call Completion (DACC) offered are as follows:

1. Semi-Automated - The customer receives the requested directory number and then requests the operator to provide call completion to the requested number.

2. Fully-Automated - The customer receives the requested directory number from an automated voice system. The customer accepts DACC by depressing "1" from a touch-tone telephone when prompted by the DACC announcement.

3. Person-to-Person - The customer receives the requested directory number and then requests the operator to complete the call to a specified person.

3.1.6.D. Busy Line Verification and Line Interrupt Service - Upon request of a calling party, the Company will verify a busy condition on a called line.

1. The operator will determine if the line is clear or in use and report to the calling party.

2. The operator will interrupt the call on the called line only if the calling party indicates an emergency.

3. A charge will apply when:

(a) The operator verifies that the line is busy.

(b) The operator verifies that the line is available for incoming calls.

(c) The operator verifies that the called number is busy with a call in progress and the Customer requests interruption. The operator will then interrupt the call, advising the called party the name of the calling party. One charge will apply for both verification and interruption

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.6. Assisted Services (intraLATA) (cont'd)

3.1.6.D. Busy Line Verification and Line Interrupt Service (cont'd)

1. No charge will apply:

   (a) When the calling party advises that the call is to or from an official public emergency agency.

   (b) Under conditions other than those specified within, preceding.

2. Busy verification and interrupt service is furnished where and to the extent that facilities permit. The Customer shall identify and save Sage harmless against all claims that may arise from either party to the interrupted call or any person.

3.1.7. Telephone Directory Service - Sage, through its interconnection agreement with BellSouth, will provide telephone directory services to its Customers. This includes listings in BellSouth's White Pages directory and directory assistance database. Services indicated by an * may be subject to set-up charges for newly created listings. The following telephone directory services are offered:

3.1.7.A Primary Listing – Primary directory listing in both BellSouth's White Pages and Directory Assistance database. The listing is the actual name of the customer to whom the service is rendered, with the following exceptions:

1. For residential customers, the listing may be in the name of a member of the customer's family or household. A dual name listing may be provided for two (2) persons who share the same surname and reside at the same address (i.e., John and Jane Doe), or for a person known by two first names.

2. For business customers, the listing may be in the name of the business or of a member, officer, employee, or representative of the business. The listing may also include the name of a division, branch or department.

3. In the case of a business line operating at a residence, a dual name listing may be provided as described in #1 above.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.7. Telephone Directory Service (cont'd)

3.1.7.B. White Pages Directory(s) - This service provides for the annual delivery of the White Pages directory. One (1) directory per residential household and one (1) directory per business line will be provided at no charge. Additional directories can be purchased at the request of the customer.

3.1.7.C. Non-Listed Service - For customers who desire their telephone numbers to be omitted from BellSouth's White Pages directory, but NOT the directory assistance database.

3.1.7.D. Non-Published Service - For customers who desire their telephone number to be omitted from BellSouth's White Pages directory, as well as the directory assistance database.

3.1.7.E. Regular Extra Listing* - An additional listing tied to the same number and address as the primary listing. For residential customers, the listing may be the names of members of the customer's family or of other persons residing in the customer's household. For business customers, additional listings may be requested for such things as names of partners or members of the firm, officers of a corporation, or the names of employees of the customer.

3.1.7.F. Extra Line Listing* - Extra line material may be provided in the alphabetical directory when, in the opinion of Sage Telecom, it facilitates the use of telephone service. Ordinarily, an extra line will be provided only when a customer has more than one listed telephone. An extra line consists of five words or any fraction thereof. When a customer needs more than five words to properly direct calls, he may arrange for two or more extra lines. If the customer requests separate lines consisting of less than five words, the extra listing charge applies to each line. If two items of supplemental address information appear on the same line, two extra listing charges apply.

3.1.7.G. Alternate Listing* – Listing of an alternate telephone number to be called in case no answer is received at the primary call number or indicating an alternate telephone number to be called during certain periods or under certain circumstances in preference to the primary call number is permitted for customers to all classes of service. A phrase necessary to direct the method of calling and giving the number to call may be provided as an alternate listing.

3.1.7.H. Foreign Listing* - Used when a customer desires a listing in a directory published in an exchange other than the exchange serving the customer.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.7. Telephone Directory Service (cont'd)

3.1.7.I. Secretarial Listing* - A customer engaged in furnishing service of a secretarial nature may contract for telephone secretarial listings for the benefit of patrons under the following conditions: (A) No physical facilities shall be provided for the use of such patrons or tenants, other than public telephone service; (B) The customer subscribing for the secretarial listings is not to permit the use of his telephone service by such patrons; (C) Secretarial listings will be accepted only upon written authorization to Sage Telecom from the patron to be listed.

3.1.7.J. Additional Listing for Rotary Number Group* - Where a customer is served by two or more main lines in a series completion group arranged for a hunting operation, additional listings may be provided on any of the lines other than the first number in the group.

3.1.7.K. Residence Signature Listing – Distinctive directory listings available to residential customers.

3.1.7.L. Residence Family Space Listings* – Allows a residential customer to list the name or nickname of the household members in the directory. The listing is set apart from the preceding and following directory listings by white space and a border forming a box around the listing. Listings may be the names of nicknames of members of the customer's family or other persons residing in the customer's household. The number of names allowed is limited to the number of letters available on two lines.

3.1.7.M. Residence Personality Logo – Allows a residential customer to add a logo to a primary or an extra listing and enclose that listing in a box frame. The customer will choose from a list of logos prepared by BellSouth.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.8. Custom Calling Features

3.1.8.A. Service Offerings available to Customer's and End Users of Sage's local exchange service on local access lines only, subject to availability from the central office serving the customer:

1. Repeat Dialing- Enables the customer to redial automatically the last outgoing telephone number. If the telephone number is busy, Repeat Dilaling will keep trying to call the number for a maximum of thirty (30) minutes, beginning with the customer's activation of Repeat Dialing, in an attempt to establish the call. The customer will be signaled with a distinctive ring when the call can be completed. Repeat Dialing is available as a monthly plan or on a per use basis. Per use functionality is automatically provisioned on all lines. The customer may request to have Repeat Dialing taken off its lines.

2. Call Block - Enables the customer to block calls from pre-selected telephone numbers and/or the last incoming call (without knowing the number). To block specified telephone numbers, the customer builds a screening list of up to 31 telephone numbers. To block an unknown number after receiving a call, the customer enters a code to add the number to their screening list. If facilities are unavailable to provide incoming call screening via the customer's list, standard call completion will occur. Customers whose telephone numbers are blocked are directed to a recorded announcement.

3. Call Forwarding - Enables the customer to transfer all incoming calls to another telephone number within the exchange or on the Long Distance Telecommunications Network. The Call Forwarding customer is responsible for the payment of charges (e.g., toll charges) for each call between his Call Forwarding-equipped telephone and the telephone to which the call is being forwarded.

   Includes Busy Line and Don't Answer features, as defined below. Customer may decline these additional features.

   Call Forwarding - Busy Line allows incoming calls that encounter a busy condition to be forwarded to a pre-designated telephone number within the exchange or on the Long Distance Telecommunications Network.

   Call Forwarding - Don't Answer allows incoming calls which are not answered after a pre-determined number of rings to be automatically forwarded to a pre-designated telephone number within the exchange or on the Long Distance Telecommunications Network.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.8. Custom Calling Features (cont'd)

3.1.8.A. Service Offerings (cont'd)

4. Call Return - Enables the customer to redial automatically the last incoming telephone number. If that telephone number is busy, Missed Call Dialing will keep trying to call the number for a maximum of thirty (30) minutes beginning with the customer's activation of Missed Call Dialing in an attempt to establish the call. The customer will be signaled with a distinctive ring when the call can be completed. This service will not function if the calling party's telephone number has been Call Forwarded. Also, this service will not function from a line that does not have an associated telephone number, e.g., multi-line hunting groups. Missed Call Dialing is available as a monthly plan or on a per use basis. Per use functionality is automatically provisioned on all lines. The customer may request to have the per use functionality taken off its lines.

5. Call Trace - Enables the customer to initiate a trace of the last completed incoming call by dialing an activation code before receiving another call. If a trace is successful, Call Trace will record the incoming call detail (not the conversation). A successful trace cannot be made if the incoming call originates in a central office not equipped for Call Trace service. The customer will not be provided the results of the trace (i.e., the telephone number traced). Such call detail may be provided only to law enforcement authorities upon proper request.

   For further action to be taken, the customer is required to contact Sage Telecom via the telephone number provided in the Call Trace announcement.

   At its opinion or upon receipt of proper request from a law enforcement agency, Sage will set up a temporary tracing arrangement using Call Trace or manual trap and trace where Call trace is not available at no charge to the customer when in the judgment of Sage or law enforcement agency, the unwanted call(s) present a serious threat of bodily harm or destruction of property.

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3.1. Telecommunications Services (cont'd)

3.1.8. Custom Calling Features (cont'd)

3.1.8.A. Service Offerings (cont'd)

6. Call Waiting - Alerts a customer who is using his telephone that another caller is trying to reach him. Where facilities permit, Call Waiting subscribers may deactivate Call Waiting for the duration of one call. Call Waiting is automatically reactivated for the next originating or terminating call.

7. Call Waiting Deluxe - Allows customers to subscribe to a part of the Caller ID Deluxe Options service. When a person is already speaking on the telephone and receives another phone call, Call Waiting Deluxe service will allow for the display of the name and/or number of the new caller on the customer's CPE. This service allows the customer to decide if he wants to answer the new incoming call.

   Call Waiting Deluxe is offered subject to the following limitations:

   a. Customers must also subscribe to Caller ID Name and Number.
   b. Customers are responsible for furnishing their own compatible CPE, which should include the Caller ID capability necessary to display the calling party's name and/or number.
   c. Available only where central office facilities permit.

8. RingMaster Service - RingMaster Service permits a customer to establish up to three telephone numbers on the same access line and to distinguish calls to each number by distinctive incoming ring patterns. The billing telephone number is the "master" number and the other telephone numbers are "dependent" numbers. The standard ringing pattern is provided for the master number while distinctive ringing patterns are provided for a maximum of two dependent numbers.

   When a RingMaster Service customer subscribes to any Call Forwarding feature, dependent numbers can either be forwarded to the same number as the master number or receive no forwarding treatment at all.

   When a RingMaster Service customer subscribes to Call Waiting, incoming calls to the master number will activate the standard Call Waiting tone. Incoming calls to the dependent numbers will activate a distinctive Call Waiting tone per dependent number.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.8. Custom Calling Features (cont'd)

3.1.8.A. Service Offerings (cont'd)

9. Call Selector - Provides the customer with a distinctive ring or distinctive Call Waiting tone (if the customer has subscribed to Call Waiting and Priority Call Ringing), when the customer is called from pre-selected telephone numbers. The customer can construct or modify a telephone number screening list. Priority Call Ringing will screen incoming calls against the customer's list and provide the distinctive ring for telephone numbers on the list.

10. Remote Access to Call Forwarding - Permits the customer who also subscribes to Call Forwarding with the ability to activate, deactivate or change Call Forwarding from a remote location. Remote Access to Call Forwarding can only be accessed from a Dual Tone Multi-Frequency (DTMF) telephone which has a full set of characters, including "*" and "#". All charges incurred to access the remote number will be billed appropriately.

11. Preferred Call Forwarding - Provides the customer with the ability to forward incoming calls from pre-selected telephone numbers to another telephone number. The customer may construct or modify a telephone number screening list. Priority Call Forwarding will screen incoming calls against the customer's list and forward only those calls from telephone numbers on the list. The maximum amount of telephone numbers available for each customer's list may vary depending on switch type. The Priority Call Forwarding customer is responsible for the payment of charges (e.g., toll charges) for each call between the Priority Call Forwarding equipped telephone line and the line to which the call is being forwarded. Calls from numbers not on the list will receive standard call completion.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.8. Custom Calling Features (cont'd)

3.1.8.A. Service Offerings (cont'd)

12. Speed Calling - Enables a customer to place calls to other telephone numbers by dialing a one- or two-digit code rather than the complete telephone number. Residential customers may store up to eight (8) telephone numbers. Business customers may store up to thirty (30) telephone numbers.

13. Three-Way Calling - Enables a customer to add a third party to an existing call without operator assistance, thereby establishing a three-way conversation.

3.1.8.B. Calling features are subject to availability of facilities and compatibility with central office equipment, access lines, and customer premises equipment.

3.1.8.C. Call Again, Call Blocker, Missed Call Dialing , Call Trace, Priority Call Ringing, Priority Call Forwarding and Caller ID are functional when both the call originating customer and the call terminating customer are served from central offices capable of sending and receiving the Calling Party Number (CPN) and are linked by appropriate facilities.

3.1.8.D. Services with call forwarding capabilities (including Call Forwarding, Call Forwarding-Busy Line, Call Forwarding-Don't Answer) cannot be used on a continual basis to expand the local calling scope beyond that available to a customer's premise.

3.1.9. Caller ID Service - Display of Calling Number and/or Name on customer provided equipment. Available to Customers and End Users of Sage's local exchange service on local access lines only. Service includes:

3.1.9.A. Calling Number Delivery - Allows the transmission of Calling Party Number (CPN) to the subscriber's access lines. When a Calling Number Delivery equipped line is on-hook, CPN is transmitted across the line during the silent interval between the first and second ring.

3.1.9.B. Calling Name Delivery - Enables the Caller ID subscriber to identify the calling party by a displayed name before the call is answered. The displayed name is the name associated with the CPN. When a Calling Name Delivery equipped line is on-hook, the Calling Party Name is transmitted across the line during the silent interval between the first and second ring.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.9. Caller ID Service (cont'd)

3.1.9.C. Anonymous Call Rejection - Allows customer to automatically reject all calls that have been marked anonymous by the calling party. When ACR is active, the called party receives no alerting (ringing) for a call that has been rejected. The call is routed to a denial announcement and subsequently terminated.

3.1.9.D. Calling Name and Number Blocking - Any Sage Telecom calling party may prevent the delivery of CPN and of Calling Party Name to the called party by dialing an access code (*67 on their touch-tone pad or 1167 from a rotary telephone) immediately prior to placing a call. The access code activated per call blocking is available at no charge. If a calling party activates blocking, the CPN and Calling Party Name will not be transmitted across the line. Instead, the Caller ID subscriber will receive an anonymous indicator. This anonymous indicator notifies the Caller ID subscriber that the calling party chose to block name and number delivery.

Per-line blocking will be offered at no charge to a requesting customer if Sage Telecom receives from the customer written certification that the customer has a compelling need for per-line blocking.

Caller ID subscribers must provide and connect their own compatible customer premises equipment (CPE) to process the Calling Number and/or Calling Name transmission.

Subscribers will automatically be provided with both Calling Number and Calling Name delivery, subject to availability in the central office that is servicing the subscriber. If the combination of the two is not available, the subscriber will receive whatever is available, either Calling Number OR Calling Name.

Caller ID features are subject to availability of facilities and compatibility with central office equipment (for both the calling and the called parties), access lines, and customer premises equipment.

Caller ID information will not be displayed under the following conditions: (a) if the called party is off-hook; or (b) if the called party answers during the first ring interval.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.10. Multi-Line Hunting Service - This service is used to establish hunting arrangements between two or more of a customer's local exchange service access lines, and is available to Business and Residential Customers. Customers may choose from one of the following hunt group arrangements:

3.1.10.A. Series Hunting - The hunt for an idle access line starts with the called access line in a prearranged hunt group and ends with the last access line in the hunt group, completing the call to the first idle access line encountered. Unless the first access line in the hunt group is called, only a portion of the access line group is hunted.

3.1.10.B. Circle Hunting - Permits a complete hunt over all the access lines in a prearranged access line hunt group. If no idle access line is encountered, the hunting will continue until it reaches the access line that was originally called.

3.1.10.C. Preferential Hunting - Individual access lines in an access line hunt group may have an associated preferential hunt list. This hunt list specifies a hunting sequence over a predetermined subset or preferential arrangement of up to 18 access lines before proceeding to hunt through the remaining access line hunt group.

Each hunt group arrangement is subject to availability in the customer's serving central office switch. All of the lines in a hunt group arrangement must be of the same class of service (i.e., same local calling plan).

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.11. Maintenance of Service - The Customer shall be responsible for the payment of all related charges for each service call by a Sage employee or contractor to the customer's premises where the service difficulty or trouble results from the use of terminal equipment, communications systems or premises cable and wire on the customer's side of the demarcation point.

3.1.11.A. Trouble Ticket Trip Fee - Applies for each dispatch during a normally scheduled work day where a technician is on duty. A normally scheduled work day is defined as 8AM to 5PM, Monday through Friday. If more than one technician is dispatched in conjunction with the same trouble report, the charge applies to each technician. This charge also applies to dispatches during a normally scheduled work day where the technician(s) could not access the premises.

3.1.11.B. Emergency Service Call Charge – Applies for each dispatch outside a normally scheduled work day where an off duty technician is called in to perform the work. If more than one technician is dispatched in conjunction with the same trouble report, the charge applies to each technician.

3.1.11.C. NID Move Charge – Applies for each dispatch related to relocating the customer's Network Interface Device (NID). This charge is in addition to either the Standard or Emergency Repair Charge, which will be determined based on the time of the dispatch.

3.1.12. Individual Case Basis (ICB) Arrangements - For special situations, rates for specialized services will be determined on an Individual Case Basis and specified by agreement between Sage and the Customer. All contract special customer arrangements will be in writing and will be filed with the Commission within twenty (20) days of execution.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.13. 9-1-1 Telecommunication Service - All terms and conditions set forth in this Section are applicable to the services as defined in this Tariff.

3.1.13.A. Service Overview

1. When requested by local government authorities, the Company will provide 9-1-1 Telecommunications Service (9-1-1 Service) for the purpose of voice reporting emergencies by the public.

2. A Public Safety Answering Point (PSAP) is the answering point for a 9-1-1 call. A PSAP may be designated as Primary or Secondary, which refers to the order in which calls are directed for answering. Primary PSAP's answer first; Secondary PSAP's receive calls on a transfer basis only.

3. Any person dialing 9-1-1 from a telephone that is usable for local exchange telephone network access and arranged to provide 9-1-1 Service will be automatically connected to the appropriate Public Safety Answering Point (PSAP) for that telephone.

4. For the purposes of this Tariff, a Responding Agency is an agency that is prepared to provide one or more specific emergency services via calls received from a PSAP.

5. 9-1-1 calls originated from Sage's Local Exchange Service access facilities shall be completed to the appropriate PSAP without a charge being assessed to the calling party by Sage.

6. 9-1-1 Service may be classified as one of two types: Basic Service and Enhanced Service.

   (a) Basic 9-1-1 Service provides for routing all 9-1-1 calls originated by telephone having telephone numbers beginning with a given central office prefix code or codes to a single PSAP that is prepared to receive those calls. Basic 9-1-1 Service has certain inherent features and optional features that may or may not be available with Enhanced 9-1-1 Service.
   (b) Enhanced 9-1-1 Service provides certain features such as selective routing of 9-1-1 calls to a specific PSAP that is selected from the various PSAP serving Business Customers within that central office area. Enhanced 9-1-1 Service has certain other inherent and optional features that may or may not be available with Basic 9-1-1 Service.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.13. 9-1-1 Telecommunication Service (cont'd)

3.1.13.B. Regulations (These regulations apply to both Basic and Enhanced Service, as appropriate.)

1. This offering is limited to the provision and use of the digits 9-1-1 as the Universal Emergency Telephone Number (Code).

2. 9-1-1 Service is one-way service only.

3. Sage shall not incur any liability, direct or indirect, to any person who dials or attempts to dial, the digits 9-1-1 or to any other person who may be affected by the dialing of the digits 9-1-1. Sage's entire liability arising out of the provision of 9-1-1 Service under this tariff shall be limited as set forth in this Section and in the Rules.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.14. Toll Restriction Service - An optional, central office activated, service which prohibits anyone from originating a direct dialed (1+) or an operator assisted (0 or 0+) outgoing long distance call from a designated local exchange access line. Any such calls, when attempted, will be routed to a central office announcement which will inform the user that long distance calls are restricted from that line.

Toll Restriction Service will be provided as follows:

3.1.14.A. Toll Restriction Service can be placed on any Sage local access line where the customer has subscribed to one of Sage Telecom's local service plans.

3.1.14.B. Any local access lines with Toll Restriction Service ARE eligible for any free 1+ minutes allowable under Sage's Toll/Long Distance Promotion.

3.1.14.C. For business multi-line hunt groups, each local access line in the hunting group must be equipped with Toll Restriction Service.

3.1.14.D. Toll Restriction Service will not be provided on PBX trunks, at such time as Sage offers PBX-type service.

3.1.14.E. Toll Restriction Service is subject to availability in the central office serving the Sage customer.

3.1.14.F. The types of outbound long distance calls that are restricted are as follows:

1. Any direct dialed 1+ long distance call. Examples include (1+Area Code+xxx-xxxx), (1+xxx-xxxx), (five-digit carrier access code + 1+xxx-xxxx), or (five-digit carrier access code + 1+Area Code+xxx-xxxx).
2. Any local or long distance 0+ or 0 call, even in the event of an emergency. Examples include (0+Area Code+xxx-xxxx), (0+xxx-xxxx), (five-digit carrier access code + 0+xxx-xxxx), or (five-digit carrier access code + 0+Area Code+xxx-xxxx).
3. Any Directory Assistance call for local or long distance numbers. Examples include (1+411) and (1+555-1212).
4. Any call placed to a local DIAL 976 telephone number. Example (976-xxxx).
5. Any call to an emergency telephone number if it is a long distance call.

3.1.14.G. The customer indemnifies and saves harmless Sage Telecom from any and all claims, losses and damages that may be caused by Toll Restriction Service.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.1. Telecommunications Services (cont'd)

3.1.15. Dual Service

Dual Service, as part of an outside/physical move of telephone service, provides Sage business customers the ability to have service at both the old and the new location at the same time.

1. At the time a service order is placed to physically move telephone service, the customer may specify a period of time, not to exceed 30 days, that they want to receive Dual Service.

2. Dual Service can be provided as long as the customer's new location is served by the same Central Office, which is normally the case when the customer is able to keep their existing phone number(s).

3. Dual service begins on the Service Order Completion (SOC) date of the new service, and extends for the number of days specified by the customer at the time of the order.

4. The number of days specified by the customer at the time of the order CANNOT be changed.

5. When Dual Service is disconnected after the specified period of time, there may be a slight outage. The outage, if there is one, should not be significant.

6. The per line rate of $45 is the same whether the service period is one day or 30 days. This is a non-recurring charge.

7. This service replaces coordinated moves. Coordinated (i.e. after hours) move are no longer an option.

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SECTION 4 - RATES AND CHARGES

4.1. Local Exchange Service - The following rates and charges are applicable to Residential and Business Customers.

4.1.1. Non-Recurring Service Charges - All rates are per service order, except as noted.

Service Charge Type	Residence	Business
Installation Charge	$ 65.00	$ 75.00
Copy of Call Records*: Per customer request	$25.00	$25.00
Order Processing Fee:		
Telephone Number Change	$ 25.00	$ 25.00
All Others	$ 12.50	$ 12.50
Referral Message Fee	$ 10.00	$ 10.00
Reconnect Fee	$ 65.00	$ 75.00
Duplicate Invoice Charge	$ 5.00	$ 5.00

* This fee applies to requests from customers for a copy of call records. Copies requested by law enforcement are at no charge.

4.1.2. Monthly Local Service Plan Charges - All rates are per line.

4.1.2.A. Residential

	Monthly Rate
Sage Simply Savings Preferred All Zones	$49.99
Sage Simply Savings Essentials All Zones	$44.99

4.1.2.B. Business

	Monthly Rate
Business Choice Plan	$55.99

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.1. Local Exchange Service (cont'd)

4.1.3. Operator Assisted Service Rates

4.1.3.A. Operator Handled Calling

In addition to applicable usage charges, the following operator-assisted charges will apply:

Person-to-Person	
Local	$ 1.00 per call
IntraLATA	$ 1.00 per call
Station-to-Station	
Local	$ 3.00 per call
IntraLATA	$ 2.00 per call

The term "Local" is meant to mean a call placed to a point within the customer's local calling area as defined by the applicable local service plan.

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.1. Local Exchange Service (cont'd)

4.1.3 Operator Assisted Service Rates (cont'd)

4.1.3.B. Directory Assistance Service

Directory Assistance	
Direct Dialed	$ 2.50 per call
Via Operator	$ 2.50 per call
Fully-Automated	
Sent-Paid	$ 0.00 per call
Collect, Bill to 3rd Number	$ 4.95 per call
Semi-Automated	
Sent-Paid	$ 1.50 per call
Collect, Bill to 3rd Numbers	$ 4.95 per call
Person-to-Person	$ 4.00 per call

4.1.3.C. Busy Line Verification and Line Interrupt Service

Busy Line Verification	$ 2.00 per request
Line Interrupt	$ 2.00 per request

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.1. Local Exchange Service (cont'd)

4.1.4 Telephone Directory Service Rates (Per Month)

Service Type	Rate
Additional Directories	$ 18.00
Non-Listed Service	
Primary Line	$ 7.00
Additional Line	$ 7.00
Non-Published Service	$ 8.35
Additional Listings	
Residential	$ 6.50
Business	$ 7.15
Alternate Listings	
Residential	$ 6.50
Business	$ 7.15
Foreign Listings	
Residential	$ 6.50
Business	$ 7.15
Cross-Reference Listings	$ 7.50
Telephone Answering Service Listing	$ 8.00
Stylist Service Listing	$ 8.00
Designer Listing	$ 12.00

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.1 Local Exchange Service (cont'd)

4.1.4. Telephone Directory Service Rates_ (cont'd)

* Set-up Charges for newly created listings apply as follows:

	Rate
Residential	$10.00
Business	$15.00

4.1.6. Custom Calling Features Rates (Monthly rates unless otherwise noted.)

Feature	Residential Rate	Business Rate
Anonymous Call Rejection	$ 5.00	$ 10.00
Repeat Dialing	$10.25	$11.25
Repeat Dialing (per occurrence)	$ 2.00	$ 2.00
Call Block	$10.25	$11.25
Call Forwarding	$10.25	$11.25
Call Return	$10.25	$11.25
Call Return (per occurrence)	$ 2.00	$ 2.00
Call Trace (per occurrence)	$10.25	$11.25
Call Waiting	$10.25	$11.25
Call Waiting Deluxe	$10.25	$11.25
RingMaster Service	$ 9.70	$12.70
Call Selector	$10.25	$11.25
Remote Access to Call Forwarding	$10.25	$11.25
Priority Call Forwarding	$10.25	$11.25
Speed Calling	$10.25	$11.25
Three-Way Calling	$10.25	$11.25
Three-Way Calling (per occurrence)	$ 2.00	$ 2.00

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.1. Local Exchange Service (cont'd)

4.1.6. Caller ID Service

Rates below are for all Sage service plans

	Monthly Rate
Residential	$ 13.25
Business	$ 14.75

4.1.7. Multi-Line Hunting Service Rate

Per local access line additive to monthly Local Exchange service plan rates:

	Monthly Rate
Residential	$ 8.59
Business	$ 8.59

4.1.8. Maintenance Visit Charge

Charge Type	Monthly Rate
Trouble Ticket Trip Fee	$75.00
Emergency Service Call Charge	$300.00
NID Move	$100.00 plus Standard or Emergency charge

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805 Central Expressway South, Suite 100
Allen, Texas 75013-2789

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.1. Local Exchange Service (cont'd)

4.1.9. Individual Case Basis (ICB) Arrangements

No Individual Case Basis (ICB) Arrangements exist at this time.

4.1.10. Toll Restriction Service

	Monthly Rate
Per local access line	$ 15.00

4.1.11. Dual Service

	Monthly Rate
Per local access line	$ 45.00

4.1.12. Public Switched Network Recovery Charge[1] Monthly Rate $ 1.33

4.1.13 [Reserved for future use]

4.1.14 High Usage Charge $0.0025

Applicable to all Residential rate plans; per MOU in excess of 6,000 MOUs during any consecutive 30 day period.

[1]Applicable to all Residential and Business service plans on a per line basis.

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.2. Toll Free Service (8xx)

4.2.1. The rate per minute is $ 0.25. A $0.50 per call surcharge will apply to all calls placed from a payphone.

4.2.2. The duration of each call is rounded up to the nearest minute.

4.3 Miscellaneous Surcharge

4.3.1 TRS/TAP $0.09 Per line, Per Month

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SECTION 5 - PROMOTIONS AND DISCOUNTS

5.0. General - Sage may make promotional offerings of its tariffed services that may include reducing or waiving applicable charges of the promoted service. All offerings will be extended on a non-discriminatory basis to any customer similarly classified who requests the specific offer. Promotions will be implemented with at least one day's notice prior to the effective date of each promotion.

5.1. Tell-A-Friend Promotion - This promotion provides a one-time credit to local exchange service customers of Sage for referring a local exchange service customer to Sage and who choose Sage as their long distance carrier.

5.1.1. The credit is in addition to any other allowable toll/long distance promotional credits.

Referring customers can earn a credit for each customer referred, provided they meet all terms and conditions of the program.

Referred customer must remain a Sage local exchange service customer for a minimum of thirty (30) days. Credit to the referring customer will not be given if the referred customer disconnects their local exchange service prior to thirty (30) days from their service date.

The issuance of any allowable credit will occur once the referred customer has been a Sage local exchange service customer for at least thirty (30) days.

5.1.2. Maximum Allowable Credit

Customers will receive credits for referred customers who meet criteria in 5.1.1 based on the following schedule. Sage reserves the right to end this promotion at any time.

Referral	Allowable Credit per customer referred
1st Referral	$10.00
2nd Referral	$15.00
3rd and all subsequent referrals	$25.00

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SAMPLE BILL

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Name John Doe
Account Number 0001234561000
Invoice Number 0034808336

Billing Date September 17, 2007
Billing Period Sep. 15, 2007 through Oct. 14, 2007

Current Bill Due by October 03, 2007

It's simply about savings

It's easy to see how much you're saving with Sage

- You've received a total of $32.33 in FREE LONG DISTANCE.
- With your long distance credit, all of your U.S. Long Distance calls were FREE this month.
- Plus with your FREE THREE-WAY CALLING you save even more.
- You've received a total of $15 in credits for referring new customers to Sage. You will be eligible to receive a $15 credit for your next referral!

FREE SAGE-TO-SAGE CALLS

Call as often as you like from your Sage home number to any other Sage customer in our 12-state network for FREE!

Sage-to-Sage calls do not count against any FREE long distance minutes included with your plan.

FREE unlimited Sage-to-Sage calling is just another great benefit of being part of the Sage family!

CUSTOMER SERVICE 1-877-330-SAGE(7243)

Previous Balance	Payments & Adjustments	Past Due Balance Payable on Receipt	Current Billing Due by 10/03/07	TOTAL AMOUNT DUE
61.91	(62.00)	(.09)	63.07	62.98

*** DO NOT INCLUDE CORRESPONDENCE WITH THIS PAYMENT ***

Account Number: 0001234561000
Invoice Number: 0034808336
Invoice Due Date: 10/03/07
For Customer Service call 1-877-330-SAGE(7243)

TOTAL AMOUNT: $ 62.98

Amount Enclosed:

☐ For payment by credit card, check box and enter information on back side of this form.

☐ For Billing Address change, check box and enter information on back side of this form.

Mail Payments Only To:

John Doe
123 Your Street
Your Town,USA 12340

Sage Telecom
P.O. Box 79051
Phoenix, AZ 85062-9051

0001234561000 0034808336 0000000 00000000 00000000 0006298 0000006307 2

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ACCOUNT SUMMARY

Your calling plan combines a low monthly rate with free services to save you money.

Local Services	$	59.88
Other Charges and Fees	$	2.20
Long Distance Services	$	3.54
FREE Long Distance Credit	$	(2.55)

LOCAL SERVICES

You enjoy unlimited local voice calls as part of your local plan.

All phone services are taxed at the same rate no matter which regulated provider you choose.

NUMBER: 414-555-5555
MONTHLY SERVICE: 09/15/07-10/14/07

SAGE UNLIMITED PLAN - PLAN	$	46.23
INTERSTATE SUBSCRIBER LINE CHARGE	$	8.38
COST OF NUMBER PORTABILITY SURCHARGE	$	.11
FEDERAL UNIVERSAL SERVICE REIMBURSEMENT	$	1.00
ITSP REGULATORY FEE REIMBURSEMENT	$	.02
FEDERAL EXCISE TAX	$	.31
STATE AND LOCAL SALES TAX	$	3.83
TOTAL	**$**	**59.88**

FREE/OPTIONAL SERVICES

Look here for your FREE and optional services.

NUMBER: 414-555-5555

AUTOMATIC CALLBACK	$	FREE
CALL SCREEN	$	FREE
CALL WAITING	$	FREE
SPEED CALLING 8	$	FREE
THREE-WAY CALLING	$	FREE
VOICE MAIL - BASIC	$	FREE
TOTAL	**$**	**.00**
TOTAL LOCAL SERVICES	**$**	**59.88**

OTHER CHARGES AND FEES

NUMBER: 414-555-5555

NON-PUBLISHED SERVICE	$	2.20
TOTAL	**$**	**2.20**

Credit Card Payments ** Note: Box on front side MUST be marked to ensure processing of information below

____ Establish recurring credit card payment beginning with (Choose One): Current Bill: ____ Next Bill: ____

____ Charge credit card one time only for the following amount: $_____ .

Charge to my: Visa __ Mastercard __ Discover __

Account Number: _____ _____ Name as appearing on Credit Card: _____

Expiration Date: ____ /_____ Billing Address of Credit Card: _____

Authorized Signature: _____ _____

Please call: 1-888-449-4940 for Name changes or Moves.

Billing Address Changes ** Note: Box on front side MUST be marked to ensure processing of information below

Street	Apt./Suite	City	State	Zip

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PAYMENTS AND ADJUSTMENTS

PAYMENT	09/11/2007	$	(62.00)
TOTAL PAYMENTS AND ADJUSTMENTS		$	(62.00)

LONG DISTANCE SERVICES

1+ CALLS

FROM	DATE	TIME	NUMBER CALLED	LOCATION	MINUTES	CHARGES
414-555-5555	UNLIMITED CALLS					
	SUBTOTAL				51	2.55
	SUBTOTAL 1+ CALLS				51	2.55

LONG DISTANCE FEES

INTERSTATE CARRIER COST RECOVERY FEE - 414-555-5555	$	.99
TOTAL	$	.99
TOTAL LONG DISTANCE SERVICES	51	3.54
FREE LONG DISTANCE MINUTES	51	(2.55)

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