SAGE TELECOM, INC.

INTRASTATE INTEREXCHANGE TELECOMMUNICATIONS SERVICES

Regulations and rates applying to intrastate interexchange telecommunications services 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, 805 Central Expressway South, Suite 100, Allen, TX, 75013. This tariff complies with the Kentucky Public Service Commission's rules and statutes applicable to the Company.

Issued By:
Robert W. McCausland
Robert W. McCausland
Vice President and Secretary
Sage Telecom, Inc.
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Allen, Texas 75013-2789

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CHECK SHEET

Pages 1 through 28, inclusive of this Tariff are effective as of the date shown. Revised sheets as named below contain all changes from the original tariff that are in effect on the date thereof.

Page	Number of Revisions Except as Indicated
1	Original
2	Original
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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. 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 Commission is not always the tariff page in effect. Business 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.
   1.1.1.A.
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   1.1.A.1.(a)
   1.1.1.A.1.(a)(I)
   1.1.1.A.1.(a)(I)(i)
   1.1.1.A.1.(a)(I)(i)(1)

4. Check List of Effective Pages. When a tariff filing is made with the Commission, 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 Commission.

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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APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of interexchange telecommunications services by Sage Telecom, Inc., hereinafter referred to as the "Company" or "Sage", to end-user customers within the State of Kentucky.

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SECTION 1 - DEFINITIONS

Account - Either a Customer's physical location or individual Service represented by a unique account number within the Billing Hierarchy. 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 presubcribes 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.

Business Hours - The phrase "Business Hours" generally means the time after 8:00 a.m. and ending at 5:00 p.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 tariffs are 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.

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.

Commission –Refers to the Kentucky Public Service Commission.

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SECTION 1 – DEFINITIONS (Cont'd.)

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

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 - All Terminal Equipment or other communications equipment and/or systems provided by the Customer for use with the Company's facilities and services.

Day - The term "day" means 8:00 a.m. to, but not including, 5:00 p.m. at the originating city, Monday through Friday, excluding Company specific holidays.

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

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.

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.

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SECTION 1 – DEFINITIONS (Cont'd.)

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 furnishes services between exchange areas irrespective of the type(s) of facilities or technologies used. For the purposes of this Tariff, the term Interexchange Carrier is synonymous with the term Customer as defined herein.

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 of Kentucky or, if not defined by State of Kentucky, 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.

Non-Business 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.

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.

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SECTION 2 - RULES AND REGULATIONS (Cont'd.)

Premises - A building or buildings on contiguous property (except railroad rights-of-way, etc.).

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 non-business 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 and intraLATA 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 (Cont'd.)

2.1 Undertaking of Sage

2.1.1 Sage undertakes to provide interexchange 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 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.

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SECTION 2 - RULES AND REGULATIONS (Cont'd.)

2.3 Limitations (Cont'd.)

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.

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 proportionate charge to 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 Sage will not 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 that 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.

2.4.12 For errors or omissions in listings in alphabetical telephone directories and information records furnished without additional charge, the Company shall have no liability.

Subject to the provision of Section 2.4 of this Tariff, the Company shall allow, for errors or omissions in alphabetical telephone directories (excluding the use of bold face type), or in information records, an amount within the following limits:

1. For listings in alphabetical telephone directories furnished at additional charge, as set forth herein, an amount not in excess of the charge for that listing during the effective life of the directory in which the error or omission occurred.

2. For listings in the information records furnished at additional charge, as set forth herein, an amount not in excess of the charge for the listing during the period of omission or error.

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.

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SECTION 2 - RULES AND REGULATIONS (Cont'd.)

2.5 Responsibilities of the Customer (Cont'd.)

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:

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SECTION 2 - RULES AND REGULATIONS

2.5 Responsibilities of the Customer (Cont'd.)

2.5.5 (cont'd)

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.

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 pre-subscription 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.

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 Commission regulations. Applications for initial or additional service made verbally or in writing become a contract upon the establishment of the service or facility.

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SECTION 2 - RULES AND REGULATIONS

2.6 Application for Service (Cont'd.)

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, prior to the 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, plus applicable installation charges, if any, plus costs associated with Special Construction, 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, permits, supply expense, labor and supervision, general and administrative, and any other costs resulting from the preparation, installation and removal effort.

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, pursuant to applicable P.S.C. rules and regulations, 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.

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SECTION 2 - RULES AND REGULATIONS

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 Commission'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.

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SECTION 2 - RULES AND REGULATIONS (Cont'd.)

2.8 Billing and Payment Procedures

2.8.1 A. Sage shall render a bill during each billing period to every customer. The billing period shall be monthly.

B. At a minimum, each residential customer bill rendered by the Company shall clearly state all of the following information:

1. the beginning and ending dates of the billing period
2. the due date
3. any previous balance
4. the telephone number for which the bill is rendered
5. the amount for basic local exchange service and regulated toll service
6. an itemization of all taxes due
7. the total amount due
8. the statement that rate schedules for basic local exchange service are available and will be mailed by the Company upon request at no cost to the customer
9. the address and telephone number of the Company, designating where the customer may initiate an inquiry or informal complaint regarding the bill as rendered or the service provided

C. Not later than 15 days after the completion of an order for new service, Sage provides each residential customer an insert or other written notice that contains an itemized account of the charges for the equipment and service for which the customer has contracted.

D. A residential customer in good standing shall have the right, within one billing period of receiving a bill for new services or changed services, to cancel, reduce, or modify a service or a portion of a service without further service charge.

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 or the day on which the Customer first utilizes the services, whichever comes first.

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, except that changes to taxes, government fees, and reimbursement-type surcharges may take place at any time concurrent with the effectiveness of such taxes, government fees and reimbursements.

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SECTION 2 - RULES AND REGULATIONS (Cont'd.)

2.8 Billing and Payment Procedures (Cont'd.)

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, by telephone, online 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 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. In the event that a postmark on a customer's payment received after the due date is not discernible, a three-day mailing period will be presumed. If the last calendar day for remittance falls on a Sunday, legal holiday, or other day when the offices of Sage are not open to the general public, the final payment date shall be extended through the next business day. 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.

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.

2.8.6 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 180 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 Kentucky Public Service Commission.

2.8.7 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.

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

2.8.9 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 if service was disconnected, or a reconnect fee if service was suspended.

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SECTION 2 - RULES AND REGULATIONS (Cont'd.)

2.8 Billing and Payment Procedures (Cont'd.)

2.8.10 When a customer is unable to pay a charge in full when due, Sage shall permit the customer to enter into an initial customer-accommodation agreement under which the charge may be paid as mutually agreed by both Sage and the customer. A copy of the customer-accommodation agreement shall be delivered or mailed to the customer upon request by the customer. Customer-accommodation agreements are only set up at the request of the customer. Customer-accommodation agreements are intended to function as a short-term solution and will be reviewed and approved on an individual case basis. The failure of a customer to meet all terms agreed upon within a customer-accommodation agreement shall result in service suspension or disconnection pursuant to Commission rules.

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 or 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.

An adjustment or refund shall be made:

1. Automatically, if the service interruption lasts for more than forty-eight (48) hours after being reported to the company and the adjustment or refund exceeds $1.00 in amount;

   and

2. Upon subscriber oral or written request, if the service interruption lasts twenty-four (24) to forty-eight (48) hours after being reported to the company and the adjustment or refund exceeds $1.00 in amount.

   If such mistake, omission, interruption, delay, error, or defect in transmission, or failure or defect in facilities occurs and results in a customer remaining out of service for more than 24 hours, then the appropriate credit shall be the prorated amount of the customer's monthly service rate.

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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 notice, Customer may disconnect service at any time following its minimum service requirement(s).

2.11.2 Except as otherwise specified in this Tariff, the Customer will be responsible for all charges until the disconnect is effected. The Customer remains liable for all usage-based fees so long as usage is generated. For non-usage-sensitive charges, the Customer will be liable for the entire monthly recurring charge during the month Customer's service terminates. If the Customer disconnects service prior to the end of a term plan, the termination liabilities associated with the term plan will apply. In instances where Special Construction was performed to establish the service, Special Construction charges may apply.

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SECTION 2 - RULES AND REGULATIONS (Cont'd.)

2.12 Cancellation for Cause

2.12.1 The Company may disconnect service or cancel an application for service, pursuant to applicable Commission rules, without incurring any liability for any of the following reasons, upon ten (10) days notice:

A. Nonpayment of a delinquent account for basic local exchange service.

B. Nonpayment of a delinquent account with a delinquent balance of $150 or more for basic local exchange service and regulated toll service in the name of the customer.

C. Maintaining a delinquent balance of $125 or more for three consecutive months for basic local exchange service and regulated toll service.

D. Unauthorized tampering or interference with facilities and equipment owned by a provider of basic local exchange service that are situated on or about the customer's premises.

E. Refusal to grant access at reasonable times to equipment installed upon the premises of the customer for the purpose of inspection, maintenance, or replacement.

F. Misrepresentation of the customer's identity for the purpose of obtaining basic local exchange service.

G. A violation of a tariff provision of the provider of basic local exchange service that is on file with or approved by the P.S.C. that adversely affects the safety of the customer or other persons or the integrity of the provider's basic local exchange system.

H. Any other unauthorized use or interference with basic local exchange service.

I. Any use of service or known plans to use the service in a manner contrary to the security of the United States of America or contrary to the safety or security of its citizens.

2.12.2 Service may be disconnected during normal business hours on or after the date specified in the notice of disconnection. Except as directed by Law Enforcement, service shall not be disconnected on a day when the offices of the Company are not available to facilitate reconnection of service or on a day immediately preceding such a day.

2.12.3 Except as directed by Law Enforcement, service shall not be disconnected unless written notice by first-class mail is sent or delivered to the customer at least five (5) days prior to the date of the proposed shutoff. If a disconnection of service is sought for nonpayment of a delinquent account, then a notice of disconnection will not be sent before the time the account becomes delinquent. Service of notice by mail is complete upon mailing, unless proven otherwise by the customer. The Company will maintain an accurate record of the date of mailing. The Company is responsible for the accurate and timely notice of disconnection.

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SECTION 2 - RULES AND REGULATIONS (Cont'd.)

2.12 Cancellation for Cause (Cont'd.)

2.12.4 A notice of disconnection of service shall not be issued if a customer has a pending formal complaint before the Kentucky Public Service Commission concerning the bill upon which the notice is based.

2.12.5 Basic local exchange service shall not be disconnected while a complaint related to the reason for the disconnect is pending.

2.12.6 Notwithstanding any other provision of this tariff, the Company will postpone the disconnection of basic local exchange service and regulated toll service to a residential customer for not more than 15 days if the customer produces a physician's certificate stating that the current mental or physical condition of the customer, a member of the customer's family, or another permanent resident of the premises where service is rendered who is suffering from an existing mental illness or medical condition will be endangered by a disconnection of service. The certificate shall identify the mental illness or medical condition of the customer, the member of the customer's family. Or other permanent resident of the premises where service is rendered. If the Company is notified telephonically or in writing that a psychiatric or medical emergency exists, then the Company will permit seven days for the residential customer to produce the certificate or notice. The postponement may be extended for one additional 15-day period by the renewal and the resubmission of the certificate or notice.

2.12.7 After basic local exchange service has been disconnected to a customer, the Company will restore service promptly, but not later than one working day after the customer's request, when the cause for the disconnection of service has been cured or credit arrangements satisfactory to the Company have been made.

2.12.8 Any payments required for service restoration may be made by the customer in any reasonable manner. Payment by personal check may be refused by the Company if the customer has tendered payment in this manner and the check has been dishonored during the last 3 years, excluding bank error.

2.12.9 Before restoring service, the Company at its option may require one or more of the following: (a) payment of the total amount due on all of the customer's delinquent and disconnected accounts for basic local exchange service and regulated toll service owed to the Company; (b) an arrangement or customer-accommodation agreement pursuant to Section 2.8, preceding, requiring the payment of all amounts owed to the Company for basic local exchange service and regulated toll service; (c) payment of an amount provided by tariff for basic local exchange service restoration.

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SECTION 2 - RULES AND REGULATIONS (Cont'd.)

2.12 Cancellation for Cause (Cont'd.)

2.12.10 Sage Notices of disconnection shall contain the following information:

A. the name and the billing address of the customer and, to the extent possible, the address of the service, if different

B. a clear and concise statement of the reason for the proposed shutoff of service

C. the date after which service will be subject to disconnection without further notice unless the customer takes appropriate action

D. the right of the customer to file a formal complaint with the Kentucky Public Service Commission if the dispute cannot be otherwise resolved and a statement that the customer must pay to the provider of basic local exchange service that portion of the bill for basic local exchange service and regulated toll service that is not in dispute within 3 days of the date that the formal complaint is filed

E. a statement that service will not be disconnected pending the resolution of a formal complaint that is filed and prosecuted in conformity with all applicable statutes, rules, regulations, and orders of the Kentucky Public Service Commission.

F. the telephone number and address of the Company where the customer may make inquiry or enter into a settlement agreement.

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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 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 (*e.g.*, 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, in addition to non-government fees and surcharges required by 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, plus any permissible recovery costs.

2.15 Customer Billing Inquiries

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

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SECTION 3 - DESCRIPTION OF SERVICES

3.1 General

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 similar restricted uses reflected in this tariff is permitted up to a maximum of 1200 minutes within any 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, interstate 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 4.6, following:

The High Usage Charge is applicable to all service plans whenever usage thresholds established in Section 4.6, 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 4.6 of the Company's Local Exchange Tariff.

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 excessive usage levels resulted in a higher 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.

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SECTION 3 - DESCRIPTION OF SERVICES (Cont'd.)

3.2 Charges Based on Duration of Use

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply:

3.2.1 Calls are measured in duration increments identified for each service. All calls which are fractions of a measurement increment are rounded up to the next whole unit

3.2.2 Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s).

3.2.3 Timing terminates on all calls when the calling party hangs up or the Company's network receives an on-hook signal from the terminating carrier.

3.2.4 Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.

3.2.5 All times refer to local times.

3.2.6 Rates contained herein are not distance sensitive. As such, unless otherwise indicated, mileage bands are not applicable to the services offered.

3.2.7 Unless otherwise indicated, rates do not vary depending upon day or the time of day (Day, Evening, and Night/Weekend).

3.2.8 Each call is rated and billed in whole cents. Any rated call with a fraction of a cent less than $0.004 will be rounded down to the nearest whole cent. Any rated call with a fraction of a cent $0.005 or greater will be rounded up to the nearest whole cent.

3.3 Product Descriptions

3.3.1 Switched Outbound (1+)

Service provides Sage customers with the ability to originate calls from a Sage-provided access line, and, where available, from access lines of other local service providers, to all other stations on the public switched telephone network bearing the designation of any central office exchanges outside the customer's local calling area. This service is available on a switched basis only.

This service is available to Local Exchange Telecommunications Services customers of Sage and, where available, to other customers on a presubscribed basis, pursuant to the terms and conditions of Sage's Kentucky Tariff No. 2.

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SECTION 3 - DESCRIPTION OF SERVICES (Cont'd.)

3.3 Product Descriptions (Cont'd.)

3.3.2 Toll Free Service (8xx)

Toll Free Service is an inbound-only service that allows callers located anywhere in the State of Kentucky to place Toll Free Calls to Customers by dialing an assigned telephone number with an 8XX area code. The Company provides Switched Toll Free Service only. Calls may be terminated either to the Customer's local exchange telephone service or dedicated access line.

3.3.3 [Reserved for Future Use]

3.3.4 Directory Assistance

Directory Assistance ("DA") is a Service that provides Customers with access to telephone number information. Access is obtained by direct dialing 1 + (Area Code) 555-1212 or 1-411.

3.3.5 Operator Services

Operator Services involve assisting Customers with the placement of telephone calls, including collect calls, calling cards, credit card calls, person-to-person calls, third party calls, and other related operator services as well as the obtaining of related information. Where available, the Company provides this service for local and intraLATA calls. All other operator assisted calls will be routed to the Company's underlying carrier.

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SECTION 4 - RATES AND CHARGES

The following rates and charges are applicable to Residential and Business Customers.

4.1 Switched Outbound (1+)

4.1.1

For all customers who choose Sage as their intraLATA toll and interLATA long distance provider.

Rate per Minute $ 0.25

4.1.2 For customers who do not choose Sage as both their intraLATA toll and interLATA long distance provider.

Rate per Minute

IntraLATA Toll Calls	$ 0.25 per minute where Sage is the carrier
InterLATA Long Distance Calls	$ 0.25 per minute where Sage is the carrier

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

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 [Reserved for Future Use]

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SECTION 4 - RATES AND CHARGES (Cont'd.)

4.4 Directory Assistance

4.4.1 InterLATA Directory Assistance calls, other than calls placed to 8xx toll free DA:

Per call rate: $ 2.00

4.4.2 IntraLATA Directory Assistance

Direct Dialed	$ 2.00 per call
Via Operator	$ 2.00 per call
Fully-Automated	
Sent-Paid	$ 2.00 per call
Collect	$ 3.00 per call
Bill to 3rd Number	$ 4.00 per call
Semi-Automated	
Sent-Paid	$ 2.00 per call
Collect, Bill to 3rd Numbers	$ 3.00 per call
Bill to 3rd Number	$ 4.00 per call
Person-to-Person	$ 7.00 per call

4.4.3 Calls placed to 800/888 toll free DA

Calls placed to 800/888 toll free DA are provided at no charge to the Customer.

4.5 Operator Services

4.5.1 All usage associated with operator assisted calls will be charged the per minute rates as stated in Section 4.1.

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

Person-to-Person	
IntraLATA	$ 7.00 per call
Station-to-Station	
IntraLATA	$ 2.00 per call

4.6 High Usage Charge $0.0025 per MOU

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

Issued By:
Robert W. McCausland
Vice President and Secretary
Sage Telecom, Inc.
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SECTION 5 - PROMOTIONS AND DISCOUNTS

5.0 General

The Company, from time to time, may make promotional offerings of its services, which may include waiving or reducing the applicable charges for the promoted service. Promotions will be filed as separate tariff sheets under this Section 5.

All promotions will be limited in duration, and will identify a definite, reasonable time period during which the promotion will be in effect. A promotion may also be limited as to the locations where the offerings are made. A promotion may also, if so designated, provide for its conclusion upon the occurrence of a promotion-related event that is reasonable certain to occur, although the timing may not be certain.

Promotions will be implemented with at least one day's notice prior to the effective date of each promotion.

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SAMPLE BILL

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