PDS, Inc. d/b/a Phone Debit Systems, Inc.

P.D.S., INC.
d/b/a PHONE DEBIT SYSTEMS, INC.

RATES, RULES and REGULATIONS for FURNISHING

RESALE TELECOMMUNICATIONS SERVICES

Filed with the

PUBLIC SERVICE COMMISSION OF KENTUCKY

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for long-distance telecommunication services provided by PDS, Inc. d/b/a Phone Debit Systems, Inc. ("Phone Debit") between points within the Commonwealth of Kentucky.

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Issued: Effective: OCT 03 1999

By: Perry D. Snavely, President
17400 Dallas Parkway #114
Dallas, Texas 75287-7305

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

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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Explanation of Symbols - When changes are made in any tariff sheet, a revised sheet will be issued canceling the tariff sheet affected. Changes will be identified on the revised page(s) through the use of the following symbols:

(C) To signify changed regulation.

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(I) To signify increased rates.

(M) To signify material relocated from one page to another without change.

(N) To signify new rate, regulation, or text.

(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 contains the regulations and rates applicable to the furnishing of intrastate resale common carrier communications service by Phone Debit Systems, Inc.. within the State of Kentucky.

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SECTION 1 - TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the Customer's location to the Carrier's designated point of presence or network switching center.

Authorization Code - A pre-defined series of numbers to be dialed by the Customer or End User upon access to the Company's system to notify the caller and validate the caller's authorization to use the services provided. The Customer is responsible for charges incurred through the use of his or her assigned Authorization Code.

Authorized User - A person, firm or corporation, or any other entity authorized by the Customer or Subscriber to communicate utilizing the Company's services.

Available Usage Balance - The amount of usage remaining on a Debit Account at any particular point in time. Each Account or Card has an Initial Account Balance or credit to be debited which is stated either in U.S. dollars or Call Units, depending upon the type of service. The Available Balance or credit is depleted as services provided by the Company are utilized by the Customer.

Commission - Refers to the Kentucky Public Service Commission.

Company - Refers to P.D.S., Inc., d/b/a Phone Debit Systems, Inc. ("Phone Debit"), issuer of this tariff.

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

Customer Premises Equipment - Terminal equipment, as defined herein, which is located on the Customer's premises.

SECTION 1 - TERMS AND ABBREVIATIONS, CONT'D.

Debit Account - An account which consists of a prepaid usage balance depleted on a real-time basis during each Debit Service call.

Debit Account Payment - A payment by commercial credit card, check, or draft that increases or establishes the Available Usage Balance.

Debit Card - A card issued by the Company which provides the Customer with a Personal Identification Number or Authorization Code and instructions for accessing the Carrier's network.

Debit Service Call - A service accessed via a "1-800" or other access code dialing sequence whereby the Customer or Authorized User dials all of the digits necessary to route a call. Network usage for each call is deducted from the available usage balance on a Company issued Debit Account.

Depletion - Real time reductions in the Available Usage Balance, based on usage of the customer Debit Account.

Initial Usage Balance - The amount of usage on a Debit Account upon issuance or activation and before any depleting call activity.

LEC - Local Exchange Company.

Marks - A collective term to mean such items as trademarks, service marks, trade names and logos; copyrighted words, artwork, designs, pictures or images; or any other device or merchandise to which legal rights or ownership are held or reserved by an entity.

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SECTION 1 - TERMS AND ABBREVIATIONS, CONT'D.

P.S.C. KY - Public Service Commission of Kentucky.

Personal Identification Number (PIN)- See Authorization Code.

Phone Debit - Used throughout this tariff to refer to P.D.S., Inc., d/b/a Phone Debit Systems, Inc. unless otherwise clearly indicated by the context.

Renewal - A method of replenishing a Debit Account's Available Usage Balance with additional minutes of usage as authorized and paid for by the Customer.

Sponsor - A corporation or other legal entity that exclusively permits the use of its Marks to the Company for use with telephone cards (prepaid or otherwise) or other merchandise, and contracts with the Company for the marketing of the services described herein.

Switched Access - Where access between the Customer and the Carrier is provided on local exchange company circuits capable of accessing the local switched network. The cost of switched Feature Group access is billed to the Carrier.

Terminal Equipment - Devices, apparatus, and associated wiring, such as teleprinters, telephones, or data sets.

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SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

P.D.S., Inc., d/b/a Phone Debit Systems, Inc. ("Phone Debit") services and facilities are furnished for communications originating at specified points within the State of Kentucky under terms of this tariff.

Phone Debit installs, operates and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. Phone Debit 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 Phone Debit services. The Customer shall be responsible for all charges due for such service arrangement.

The Company's services are available twenty-four (24) hours per day, seven (7) days per week.

SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.2 Limitations of Service

2.2.1 Service is offered subject to the continuing availability of the necessary facilities and/or equipment and subject to the provisions of this tariff.

2.2.2 Phone Debit reserves the right to discontinue or limit service, upon appropriate notice, when necessitated by conditions beyond its control, or when the Customer is using the service in violation of the provisions of this tariff, or in violation of law.

2.2.3 The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

2.2.4 All facilities provided under this tariff are directly or indirectly controlled by Phone Debit and the customer may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.5 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions of service contained in this tariff shall apply to all such permitted assignees or transferees.

2.2.6 Phone Debit reserves the right to discontinue the offering of any service with proper notice or deny an application for service if a change in regulation materially and negatively impacts the financial viability of the service in the best business judgment of the Company.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.3 Use

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

2.4 Liabilities of the Company

2.4.1 The liability of the Company for any claim or loss, expense or damage (including indirect, special, or consequential damage) for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff shall not exceed an amount equivalent to the proportionate charges to the Customer for the period of service or the facility provided during which such interruption, delay, error, omission, or defect occurs.

2.4.2 The Company shall not be liable for any claim or loss, expense, or damage (including indirect, special, or consequential damage), for any interruption, delay, error, omission, or other defect in any service facility, or transmission provided under this Tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by any act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.

2.4.3 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim or loss, expense or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, tradename or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff; or for any act or omission of the Customer; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.4 Liabilities of the Company (Cont'd)

2.4.4 The Company shall not be liable for any claim, loss, or refund as a result of theft of a Debit Card(s) or Personal Identification Numbers (PINs) issued for the use of the Company's services. Nor will the Company be liable for any claim, loss, or refund on any unused balance remaining on a Debit Card provided to the Customer.

2.4.5 The Company shall not be liable for any claim, loss, or refund on any unused portion of the credit balance remaining on a Debit Account provided to a Customer before or after the expiration date assigned to each Debit Account or Card.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.5 Deposits and Advance Payments

The Company does not require deposits or advance payments. The prepayment of service immediately available, such as debit card service, does not constitute a deposit.

2.6 Taxes and Fees

The Company shall charge the Customer an amount sufficient to recover any governmental assessments, fees, license, or other similar taxes or fees imposed upon the Company.

2.6.1 For Debit Service, taxes or fees shall be included in the rates and charges stated in the Company's rate schedule for this service.

2.6.2 For all other services offered by the Company, taxes and fees shall be added pro-rata, insofar as practical, to the rates and charges stated in the Company's rate schedules and listed as separate line items on the Customer's bill for services provided.

2.7 Miscellaneous Rates and Charges

The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts it is required by governmental or quasi-governmental authorities to collect from or pay to others in support of statutory or regulatory programs. Examples of such programs include, but are not limited to, the Universal Service Fund, the Primary Interexchange Carrier Charge, and compensation to payphone service providers for the use of their payphones to access Phone Debit service.

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EXECUTIVE DIRECTOR

SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.8 Terminal Equipment

The Company's facilities and service may be used with or terminated in Customer-provided terminal equipment or Customer-provided communications systems, such as a telephone set, PBX or key system. Such terminal equipment shall be furnished and maintained at the expense of the Customer, except as otherwise provided. The Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service. When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry as endorsed by the Federal Communications Commission.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.9 Installation and Termination

Service is installed upon mutual agreement between the Customer and the Company. The service agreement does not alter rates specified in this tariff.

2.10 Payment for Service

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer or to an Authorized User of the Customer by The Company. All charges due by the Customer are payable to the Company or to the Company's authorized billing agent. Terms of payment shall be according to the rules and regulations of the billing agent and subject to the rules of regulatory agencies. Any objections to billed charges must be reported to the Company or its billing agent. Adjustments to Customer's bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate.

2.10.1 The Customer shall be responsible for all calls placed by or through Customer's equipment by any person. In particular and without limitation to the foregoing, the Customer is responsible for any calls placed by or through the Customer's equipment via any remote access features. The Customer is responsible for all calls placed via their authorization code as a result of the Customer's intentional or negligent disclosure of the authorization code.

2.10.2 Any objections to billed charges or Debit Account depletions must be reported to the Company or its billing agent within sixty days after receipt of bill. Contested charges will be handled in accordance with 807 KAR 5:006, Section 9. Adjustments to Customers' bills or Debit Account Available Usage balance shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate. All invoices are due and payable within thirty (30) days from the date of invoice. All amounts owed after the due date are subject to late payment penalty charges of 1.5% per month. The penalty may be assessed only once on any bill for rendered service.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.11 Late Payment

Payment is within thirty (30) days subsequent to the invoice date and is considered past due after the thirty (30) day period. A late payment charge of 1.5% applies to all overdue balances.

2.12 Return Check Charge

The Company reserves the right to assess a return check charge of up to $20.00 whenever a check or draft presented for payment of service is not accepted by the institution on which it is written. This charge applies each time a check is returned to the Company by a bank for insufficient funds. In addition, the Company reserves the right to place the Available Usage Balance for the Customer's Debit Account on hold until the check or draft clears or is paid.

2.13 Interconnection

Service furnished by Phone Debit may be connected with the services or facilities of other carriers. Such service or facilities, if used, are provided under the terms, rates and conditions of the other carrier. The Customer is responsible for all charges billed by other carriers for use in connection with Phone Debit service. Any special interface equipment or facilities necessary to achieve compatibility between carriers is the responsibility of the Customer.

2.14 Refusal or Discontinuance by Company

Phone Debit may refuse or discontinue service under the following conditions. Unless otherwise stated, the Customer will be given ten (10) days written notice and allowed a reasonable time to comply with any rule or remedy any deficiency.

A. For non-compliance with and/or violation of any State or municipal law, ordinance or regulation pertaining to telephone service.

B. For the use of telephone service for any other property or purpose other than that described in the application.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.14 Refusal or Discontinuance by Company, Cont'd.

C. For failure to meet the Company's credit requirements.

D. For neglect or refusal to provide reasonable access to the Company for the purpose of inspection and maintenance of equipment owned by the Company.

E. For non-compliance with and/or violation of the Commission's regulations or the Company's rules and regulations on file with the Commission, provided ten (10) working days written notice is given before termination.

F. Without notice in the event of Customer use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others. The Company shall notify the Customer immediately in writing and, if possible, orally of the reasons for the termination of refusal. Such notice shall be recorded by the Company and shall include the corrective action to be taken by the Customer or utility before service can be restored or provided.

G. Without notice in the event of tampering with the equipment furnished and owned by the Company. The Company shall notify the Customer immediately in writing and, if possible, orally of the reasons for the termination of refusal. Such notice shall be recorded by the Company and shall include the corrective action to be taken by the Customer or utility before service can be restored or provided.

H. Without notice in the event of unauthorized or fraudulent use of service. Within 24 hours after such termination, the Company shall send written notification to the Customer of the reasons for termination and inform the Customer of his/her right to challenge the termination by filing a formal complaint with the Commission. Whenever service is discontinued for fraudulent use of service, the Company may, before restoring service, require the Customer to make, at his own expense, all changes in facilities or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.14 Refusal or Discontinuance by Company, Cont'd.

I. For failure of the Customer to make proper application for service.

J. For Customer's breach of the contract for service between the Company and the Customer. The Company shall notify the Customer immediately in writing and, if possible, orally of the reasons for the termination of refusal. Such notice shall be recorded by the utility and shall include the corrective action to be taken by the Customer or utility before service can be restored or provided.

K. When necessary for the Company to comply with any order or request of any governmental authority having jurisdiction.

L. When the Available Account Balance of a non-renewable account is depleted to a level insufficient to place a one-minute call to the location of least cost.

M. When the established expiration date of the Customer Account is reached.

2.15 Cancellation by Customer

Customers may cancel service at any time, either verbally or in writing. Customers are responsible for all charges up through the actual disconnect date. Charges may be avoided by dialing another carrier's access code. For prepaid services, the Customer may cancel service by fully depleting the available balance of the Customer account and/or by not renewing a renewable account.

2.16 Billing Entity Conditions

When billing functions on behalf of Phone Debit are performed by local exchange telephone companies, credit card companies or others, the payment conditions and regulations of such companies apply, including any applicable interest and/or late payment charge conditions.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.17 Inspection, Testing and Adjustment

Upon reasonable notice, the facilities provided by the Carrier shall be made available to the Carrier for tests and adjustments as may be deemed necessary by the Carrier for maintenance. No interruption allowance will be granted for the time during which such tests and adjustments are made when the interruption is less than twenty-four consecutive hours.

2.18 Tests, Pilots, Promotional Campaigns and Contests

The Carrier may conduct special tests, pilot programs, waivers and promotions at its discretion to demonstrate the ease of use, quality of service and to promote the sale of its services. Such promotions will be filed with the P.S.C. KY in this Tariff on not less than thirty (30) days notice.

2.19 Interruption of Service

Credit allowances for interruptions of service caused by service outages or deficiencies are limited to the initial minimum period call charges for re-establishing the interrupted call.

2.20 Other Rules

Phone Debit may temporarily suspend service without notice to the Customer by blocking traffic to certain cities or NXX exchanges, or by blocking calls using certain Personal Identification Number when the Company deems it necessary to take such action to prevent unlawful use of its service. Phone Debit will restore services as soon as service can be provided without undue risk.

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EXECUTIVE DIRECTOR

SECTION 3 - DESCRIPTION OF SERVICES AND RATES

3.1 General

The Company offers prepaid debit card service throughout the state. Service is available to business and residential customers twenty-four (24) hours per day, seven (7) days per week.

Billing for calls placed over the network is based in part on the duration of the call.

3.2.1 Timing for all calls begins when the called party answers the call (i.e. when two way communications are established). Answer detection is based on standard industry answer detection methods, including hardware and software answer detection.

3.2.2 Chargeable time for all calls ends when one of the parties disconnects from the call.

3.2.3 Call durations and minimum calling periods are provided with each specific product description.

3.2.4 There is no billing applied for incomplete calls.

3.3 Calculation of Distance and Time of Day

The Company's services are not distance sensitive. The Company does not discount services by time of day.

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SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.4 Rate Periods

Unless otherwise specified in this tariff, the following rate periods apply to all services subject to time of day discounts:

	MON	TUES	WED	THUR	FRI	SAT	SUN
8:00 AM TO 5:00 PM*	PEAK PERIOD						
5:00 PM TO 11:00 PM*	OFF-PEAK PERIOD						
11:00 PM TO 8:00 AM*							

* Up to, but not including

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SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.5 Public Telephone Surcharge

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all interstate, intrastate and international calls that originate from any domestic pay telephone used to access the Company's services. This surcharge, which is in addition to standard tariffed usage charges and any applicable service charges and surcharges associated with the Company's service, applies for the use of the instrument used to access The Company service and is unrelated to the Company service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and other interexchange carriers. The Public Pay Telephone Surcharge applies to the initial completed call and any reoriginated call (i.e., using the "#" symbol).

Whenever possible, and when applicable, the Public Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Public Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone.

The Public Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call. The Company reserves the right to waive this charge on one or more of its card offerings when the call is made from a Phone Debit Services pay telephone.

Surcharge, Per Call	$0.50

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SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.6 Debit Card Service

Debit Card Service allows Customers to place calls from locations other than their normal place of business or residence. Customers dial an access code and identification code in addition to the called number. Customers may choose from a variety of card denominations. Service is paid for in advance of actual usage. Charges for the service are deducted from the available balance on the prepaid debit card. Cards may be purchased in various denominations of dollars or minutes.

Debit Card Service is offered to organizations or commercial entities for distribution to their members, patrons or customers. The marketing vehicle and expiration period is selected by the organization or commercial entity upon joint agreement with the Company. The organization or commercial entity is responsible for obtaining all necessary permissions for the use of any trade mark, trade name, service mark or other image on the card. The Company reserves the right to approve or reject any image and to specify the Customer information language and use of the Company's trade mark, trade name, service mark or other image on the card. The organization or commercial entity may distribute the Company's debit cards at reduced rates or free of charge to end users.

Customers purchase a Debit Card which assigns each Customer a Debit Account, provides each Customer with a PIN and lists instructions for accessing and using the Company's service.

The Company's system informs the Customer of the Available Usage Balance remaining in the Debit Account and prompts the Customer to place a call by entering a destination telephone number. Network usage for calls placed is deducted from the Available Usage Balance in the Customer's Debit Account on a real time basis as the call progresses.

For debiting purposes, call timing is rounded up to the nearest one (1) minute increment after an initial minimum period of one (1) minute. Usage charges are computed and rounded up to the nearest penny on a per call basis.

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SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.6 Debit Card Service (Cont'd.)

3.61 General Terms and Conditions

A. All of the Company's debit cards are renewable. Customers may renew the cards at point of purchase or via the telephone through the use of a verifiable commercial credit card.

B. Calls to 500, 700, 800/888, 900 and 976 numbers and calls requiring operator assistance and the quotation of time and charges cannot be completed using the Debit Card. Air to ground and high seas service may not be completed. Calls may not be completed using rotary telephone service.

C. All calls must be charged against a Debit Card that has sufficient available balance. A Customer's call will be interrupted with an announcement one minute before the balance is about to be depleted. Calls in progress will be terminated by the Company if the balance on the Prepaid Card is insufficient to continue the call.

D. All company Debit Cards expire one (1) year from the last time the card was used. If the card is not used within a one (1) year period from purchase it will expire.

E. The Company does not refund any unused balances in a Debit Account.

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SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.6 Debit Card Service (Cont'd)

3.6.2 Discontinuance of Service

Debit Card Service may also be discontinued or refused without notice for the following conditions:

A. For non-payment of any amount past due to the Company by the Customer, including non-payment of a Customer Card Account Renewal of a fully-depleted balance.

B. When the Available Account Balance of a non-renewable account is Depleted to a level insufficient to place a one-minute call to the location of least cost.

C. When the established expiration date of the Customer Account is reached.

3.6.3 Rates

Usage is decremented at the rate listed below. There is no per call surcharge.

Per minute rate: $0.50

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SECTION 4 - PROMOTIONS

4.1 Promotional Offerings - General

From time to time the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration, not to exceed 90 days, or by offering premiums or refunds of equivalent value. Such promotions shall be made available to all similarly situated Customers in the target market area. The Company shall notify the Commission, in writing, 30 days prior to the start of a promotion.

4.2 Demonstration of Calls

From time to time the Company shall demonstrate service by providing free test calls of up to four minutes duration over its network.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY Stephen Bell
EXECUTIVE DIRECTOR