

Decision 90 06 050 JUN 20 1990

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Advanced Communication Technologies,)
a Nevada corporation, for a certi-)
ficate of public convenience and)
necessity to provide interLATA)
telecommunications services within)
the State of California.)

Application 90-02-071
(Filed February 27, 1990)

O P I N I O N

Advanced Communications Technologies (ACT), a Nevada corporation (applicant), seeks a certificate of public convenience and necessity under Public Utilities (PU) Code § 1001 to permit it to operate as a reseller of telephone service offered by communication common carriers providing telecommunication service in California. ACT by virtue of its proposed tariff schedules provided in support of this application also requests authority to provide operator services to users of its intrastate interLATA and interstate services.

On June 29, 1983, the Commission issued Order Instituting Investigation (OII) 83-06-01 to determine whether competition should be allowed in the provision of telecommunication transmission service within the state. Many applications to provide competitive service were consolidated with OII 83-06-01. By interim Decision (D.) 84-01-037 and later decisions we granted those applications, limiting the authority conferred to interLATA service and subjecting the applicants to the condition that they not hold themselves out to the public to provide intraLATA service, pending our decision in OII 83-06-01.

On June 13, 1984 we issued D.84-06-113 in OII 83-06-01, denying the applications to the extent not previously granted. We also directed persons not authorized to provide intraLATA

telecommunication service to refrain from holding out the availability of such service; we required them to advise their subscribers that intraLATA calls should be placed over the facilities of the local exchange company (LEC).

On March 8, 1990 the assigned Administrative Law Judge (ALJ) contacted applicant's counsel to request a copy of applicant's proposed tariff schedule and a statement describing applicant's sources and types of funding for the start-up phase of its business in California.

On April 6, 1990, counsel for applicant responded to the assigned ALJ by letter enclosing a map of its proposed service points of presence and draft tariff schedules. The letter also included some preliminary information on plans for financing applicant's emerging business operations through 5G Corporation, (applicant's parent).

After receipt of the April 6, 1990 letter the ALJ requested that applicant also send a copy of the proposed service map and draft tariff schedules to Vortel Communications, Inc. of Santa Rosa, California, who had earlier complained of applicant's reseller operations.¹ The assigned ALJ then asked that ACT provide clearer evidence of its financial resources in support of this application.

By letter dated April 19, 1990, the Central Trust Company of Cincinnati, Ohio, confirmed that it had extended a "\$970,000.00 secured revolving line of credit" to ACT effective through December 12, 1991.

Lastly, on April 26, 1990, the ALJ discussed with ACT's counsel, the results of a review of ACT's draft tariff schedules by the Commission Advisory and Compliance Division (CACD). In that

1 Case 90-02-031, Vortel Communications, Inc. versus ACT, is being processed as a separate matter from this application.

review CACD noted that ACT was not offering any interest on deposits under its proposed tariff schedules. Counsel for ACT determined that this omission was an oversight and agreed to apply a standard interest rate of 7% per annum on deposits held.

By letter dated April 30, 1990, ACT submitted a substitute "Sheet 13-T" for its proposed tariff schedules which included the provision of 7% per annum, simple interest on deposits, as previously agreed to by its counsel.

ACT has obtained a "Certificate of Qualification" dated February 26, 1990, from the Secretary of State of the State of California authorizing it to transact intrastate business in California as a foreign (Nevada) corporation.

ACT will maintain its principal office at 3416 Mendocino Avenue, Santa Rosa, California 95403. Its home office is located at 136 E. South Temple, Suite 2200, Salt Lake City, Utah 84111.

Discussion

Applicant's letters of April 6, 17, and 30, 1990, together with the Central Trust Company's letter of April 19, 1990, have clarified:

1. ACT's proposed interLATA tariff rates and proposed points of presence for its initial offering of intrastate services;
2. That ACT through its proposed tariffs also intends to provide Alternative Operator Service (AOS) to its interLATA customers desiring such service; and
3. The sources and types of funding for its first full year of operation as a reseller of telecommunications service.

There is no basis for treating this applicant differently than those that filed earlier. Therefore, we will authorize interLATA service; but to the extent that the application seeks authority to provide intraLATA service, we will deny it.

As to ACT's proposed AOS-related services, we will accept its proposed tariffs as set forth in Appendix A hereto, subject to further modifications as may be appropriate by pending or further orders of this Commission, for services other than coin telephone services. In the event that ACT elects to provide AOS-related services through coin telephone equipment, it should first prepare and submit its proposed tariff schedules for prefiling review and approval of the Chief of the CACD's Telecommunications Branch. Upon receipt of a letter from the Chief of the Telecommunications Branch indicating CACD's approval of the AOS-related tariff schedules, applicant will be authorized to file with this Commission its tariff schedules for the provision of AOS services through coin-operated telephone equipment. Applicant may not offer AOS-related service, through coin-operated telephone equipment, until these tariffs are on file.

On the other hand, applicant is authorized to file with this Commission, five days after the effective date of this order, tariff schedules for the provision of other interLATA service, unconnected with its proposed AOS-related service. The applicant may not offer such service until tariffs are on file.

The conditions on service previously applied to other approvals of CPCN for AOS and interLATA reseller services are also included in this order. As in prior Commission decisions, (D.90-05-021, Chernow Communications, Inc.), the applicant may provide interLATA operator-handled calls. This decision requires the persons who provide operator service on behalf of the applicant to clearly identify themselves as an ACT operator to the caller. This notice to the end user is a reasonable way of alerting the consumer to the fact that operator services are not being provided by the dominant carrier or the LEC and that charges may vary from those assessed by the dominant carrier/LEC. Significant differences in rates are quite possible when the caller is not using a pay phone, such as when the call is placed from a hotel

room, since the Commission has only limited the rates charged for AOS services provided at pay telephones. Operator identification will also facilitate the resolution of customer complaints, if any occur.

ACT is placed on notice that this Commission may review issues affecting the AOS industry in more general terms in I.88-04-029 or another appropriate proceeding. Nothing in today's decision should be construed as a prejudgment on our part of issues already identified in I.88-04-029 or other generic issues, as such issues may ultimately affect applicant.

Findings of Fact

1. By D.84-01-037 the Commission authorized interLATA entry generally.

2. By D.84-06-113 the Commission denied applications to provide competitive intraLATA telecommunication service and required persons not authorized to provide intraLATA telecommunication service to refrain from holding out the availability of such service and to advise their subscribers that intraLATA calls should be placed over the facilities of the LEC.

3. Applicant has, subsequent to filing this application, supplied a copy of its proposed interLATA rate schedule, which is consistent with this Commission's current requirements for rate information for resale of telecommunications service.

4. This applicant should be treated in the same way as others who seek to provide AOS and to originate and terminate interLATA calls within California, except that the applicant shall direct persons who provide operator service on its behalf to identify themselves clearly as a "ACT Operator" to the caller when first connected to the caller. This requirement should become a part of the standard conditions of approval of applications such as this one.

5. As an AOS provider, applicant will not construct, own, or operate any telecommunications equipment or facilities but will

utilize existing facilities of other existing telecommunications companies to complete calls.

6. Applicant has declared that it will have sufficient funds to carry out the first year of business as a telecommunications reseller.

7. There is no basis for treating this applicant differently than those that filed earlier.

8. Because of the public interest in effective interLATA competition this order should be effective today.

9. As a telephone corporation operating as a telecommunication service supplier, applicant is subject to:
(a) the current 2.5%² surcharge applicable to service rates of intraLATA toll and intrastate interLATA toll (PU Code § 879),
(b) the current 0.3% surcharge on gross intrastate interLATA revenues to fund Telecommunications Devices for the Deaf (PU Code § 2881; Resolution T-13061), and (c) the user fee provided in PU Code §§ 431-435, which is 0.1% of gross intrastate revenue for the 1989-90 fiscal year.

Conclusions of Law

1. There is no substantial evidence that the proposal of ACT to provide AOS as proposed in the tariff schedules supplied in support of its application for CPCN may have a significant effect on the environment.

2. This application should be granted in part to the extent set forth below.

Proces
6-17

² Surcharge increases to 3.4% for 1990-91 fiscal year.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Advanced Communications Technologies, a Nevada corporation (applicant), to operate as a reseller of the interLATA telecommunication service offered by communication common carriers in California, subject to the following conditions:

- a. Applicant shall offer and provide its services only on an interLATA basis;
- b. Applicant shall not provide intraLATA services;
- c. Applicant shall not hold out to the public that it has authority to provide, or that it does provide, intraLATA services; and
- d. Applicant shall advise its subscribers that they should place their intraLATA calls over the facilities of the local exchange company (LEC).

2. To the extent that applicant requests authority to provide intraLATA telecommunication service, it is denied.

3. In connection with its provision of Alternative Operator Services (AOS), applicant shall adhere to the following four conditions:

- a. All intraLATA calling shall be directed by ACT to the LEC for completion by the LEC as intraLATA calling. As used herein "intraLATA calling" shall mean all calls that originate and terminate within the same LATA. The routing of intraLATA calls to the local exchange carrier requires that (1) all such calls be routed either directly or indirectly as dialed by the end user customer to the local exchange carrier and may not be routed to any other person or entity for call processing, billing, transmission, or completion, and (2) all such routing be accomplished in a manner that permits application of the local

exchange carrier's charges for intraLATA calling by the local exchange carrier from the central office where the call originates to the central office or wire center serving the device where the call terminates. In addition, the routing of intraLATA calls to the local exchange carrier shall be done in a manner which permits the performance by the local exchange carrier of functions for which a local exchange carrier charge applies (including, without limitation, all intraLATA operator and operator surcharge functions). By way of example, and without limitation, ACT shall not, by itself or in conjunction with any other entity or person, permit, allow, or hold out the availability over its network of any routing arrangement that directs intraLATA calls as dialed by an end user customer to any person or entity other than the local exchange carrier.

- b. ACT shall not offer, hold out, provide, or otherwise make available intraLATA operator-handled calls. As used herein intraLATA operator-handled calls (also referred to as "nonsent paid calls"), whether handled mechanically or manually, include all intraLATA credit card, bill third number, collect, station-to-station, person-to-person, conference calls, or any combination thereof. The routing of intraLATA operator-handled calls (nonsent paid calls) by the LEC requires that (1) all such calls as dialed by the end user customer be routed to the LEC and to no other person or entity, including ACT, (2) routing shall be accomplished in a manner that permits application of the LEC's operator charges, and (3) such nonsent paid calls shall be billed by the LEC to the number or account designated by the calling person and acceptable by the LEC. InterLATA operator-handled calls may be provided by ACT, so long as those who provide operator service on behalf of ACT clearly identify themselves as ACT operators when first connected to the caller.

- c. ACT shall inform all customers who inquire that intraLATA calls and intraLATA operator-handled calls are to be provided by the LEC. In addition, ACT shall take all necessary action to ensure that such calls are returned to the LEC's central office serving the calling party for completion and billing by the LEC as an intraLATA call.
- d. For completion of calls from nonutility pay phones, ACT will charge end users no more for interLATA intrastate calling than the tariffed rates of AT&T Communications, Inc., plus any additional amounts permitted by the Commission.

4. Applicant shall provide tariff schedules for the provision of interLATA AOS through coin telephone equipment to the Commission Advisory and Compliance Division (CACD) for its review. Upon review of these tariff schedules and the written approval of them by the Chief of CACD's Telecommunications Branch, applicant is authorized to file with this Commission tariff schedules for the provision of interLATA AOS through coin telephone equipment. Applicant may not offer such services through coin telephone equipment until these tariffs are on file.

5. Within 30 days after this order is effective, applicant shall file a written acceptance of the certificate granted in this proceeding.

6. Applicant is authorized to file with this Commission, 5 days after the effective date of this order, tariff schedules for the provision of interLATA service, and noncoin telephone equipment-related AOS, identical to the draft tariff schedules contained in Appendix A except for modifications or revisions as may be required for compliance with our decision on the customer-owned pay telephone sets in I.88-04-029 issued June 6, 1990. Applicant may not offer service until tariffs are on file. If applicant has an effective Federal Communications Commission (FCC) approved tariff, it may file a notice adopting such FCC tariff with

a copy of the FCC tariff included in the filing. Such adoption notice shall specifically exclude the provision of intraLATA service. If applicant has no effective FCC tariffs, or wishes to file tariffs applicable only to California intrastate interLATA service, it is authorized to do so, including rates, rules, regulations, and other provisions necessary to offer service to the public. Such filing shall be made in accordance with General Order (GO) 96-A, excluding Sections IV, V, and VI, and shall be effective not less than 1 day after filing.

7. Applicant may deviate from the following provisions of GO 96-A: (a) paragraph II.C.(1)(b), which requires consecutive sheet numbering and prohibits the reuse of sheet numbers, and (b) paragraph II.C.(4), which requires that "a separate sheet or series of sheets should be used for each rule." Tariff filings incorporating these deviations shall be subject to the approval of the CACD's Telecommunications Branch. Tariff filings shall reflect all surcharges to which applicant is subject, as reflected in Finding of Fact 7.

8. The requirements of GO 96-A relative to the effectiveness of tariffs after filing are waived to the extent that changes in FCC tariffs may become effective on the same date for California interLATA service for those companies that adopt the FCC tariffs.

9. Applicant shall file as part of its individual tariff, after the effective date of this order and consistent with Ordering Paragraph 6, a service area map with points of presence shown thereon similar to the one contained in Appendix B.

10. Applicant shall notify this Commission in writing of the date service is first rendered to the public within 5 days after service begins.

11. Applicant shall keep its books and records in accordance with the Uniform System of Accounts specified in Part 32 of the FCC rules.

12. Applicant shall file an annual report, in compliance with GO 104-A, on a calendar-year basis using the information request form developed by the CACD Auditing and Compliance Branch and contained in Appendix C.

13. The certificate granted and the authority to render service under the rates, charges, and rules authorized will expire if not exercised within 12 months after the effective date of this order.

14. Applicant shall send a copy of this decision to concerned local permitting agencies not later than 30 days from today.

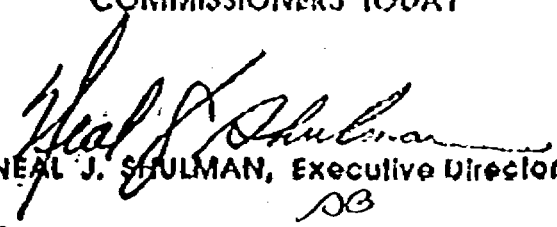
15. The corporate identification number assigned to applicant is U-5206-C which shall be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

16. Within 60 days of the effective date of this order, applicant shall comply with PU Code § 708, Employee Identification Cards, and notify the Chief of CACD's Telecommunications Branch in writing of its compliance.

This order is effective today.

Dated JUN 20 1990, at San Francisco, California.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEAL J. SHULMAN, Executive Director

FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

President G. Mitchell Wilk,
being necessarily absent, did
not participate.

A. 90-02-071 /ALJ/GAA/jt
ADVANCED COMMUNICATION TECHNOLOGIES
136 E. South Temple, Suite 2200
Salt Lake City, Utah 84111

APPENDIX A Page 1
Original Cal. P.U.C. Title Sheet

Tariff Schedule

Applicable to

California Intrastate Interlata

Interexchange Telephone Communications

of

Advanced Communication Technologies

U-???-C

Advice Letter No. 1

Decision No. 90-??-???

Issued by
Larry D. Gaddis

Name
Executive Vice-President
Title

Date Filed: _____

Effective: _____

Resolution No: _____

TARIFF CHECKING SHEET

Current sheets in this tariff are as follows:

<u>Sheet</u>	<u>Revision</u>
Title	Original
1-T	Original
2-T	Original
3-T	Original
4-T	Original
5-T	Original
6-T	Original
7-T	Original
8-T	Original
9-T	Original
10-T	Original
11-T	Original
12-T	Original
13-T	Original
14-T	Original
15-T	Original
16-T	Original
17-T	Original
18-T	Original

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Applicability	6-T
Territory	6-T
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Executive Vice-President
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PRELIMINARY STATEMENT

This tariff contains all effective rates and rules together with information relating to, and applicable to Advanced Communication Technologies ("ACT").

ACT provides interexchange carrier 24-hour interLATA intrastate long distance telephone services between points in California. In addition, ACT provides 24-hour interLATA intrastate operator services between points in California.

ACT has been granted authority by the California Public Utilities Commission to provide interLATA service within the State of California. ACT does not hold itself out as offering intraLATA service. IntraLATA communications should be placed over the facilities of the local exchange company.

SYMBOLS USED IN THIS TARIFF

- (C) To signify changed listing, rule, or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify an increase.
- (L) To signify material relocated from or to another part of tariff schedule with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule, or condition.

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SERVICE AREA MAP

ACT has been granted authority by the California Public Utilities Commission to provide interLATA service within the State of California. ACT does not hold itself out as offering intraLATA service. IntraLATA communications should be placed over the facilities of the local exchange company.



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APPLICABILITY

Applicable to monthly long distance service.

TERRITORY

Within the base rate areas of all exchanges, as said exchanges are defined on the map filed on Sheet 5-T herein, as authorized by the California P.U.C.

NOTES

- (1) All usage rates will be applied either in six second (1/10th of one minute) increments or in sixty second (one minute) increments. Any portion of an applicable increment, after the appropriate minimum time for the call, will be rounded upward to the next increment. Calls less than the minimum length will be rounded to the minimum length.
- (2) Calls that begin in one rate period and terminate in another will be rated according to the rate in effect at the time the calls begin.
- (3) Call duration is measured from the time hardware or software supervision indicates a connection between the calling and called stations.

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RATES AND CHARGES

A. Equal Access Rate

Available to Feature Group B and Feature Group D customers.

1. Travel Service Surcharge; per call: \$0.45
2. Information Services
For calls placed to Directory Assistance;
per call: \$0.55

B. ACT Commercial Service

1. Usage Rate

<u>Rate Mileage</u>	<u>Initial Min.</u>	<u>Each Addl. Min.</u>
0-20	\$0.1500	\$0.0900
21-40	0.2100	0.1400
41-70	0.2200	0.1500
71-100	0.2300	0.1700
101-150	0.2600	0.1700
151-330	0.2700	0.1800
331+	0.3000	0.1900

2. Usage Rate Discounts

Applicable only to customers with accounts in good standing. (See Rule No. 9, c).

- (a) Customers whose air-time usage is between \$1-1,000 will receive a credit equivalent to 20% of the total air-time usage charges.
- (b) Customers whose air-time usage is between \$1,001-\$1,500 will receive a credit equivalent to 21% of the total air-time usage charges.
- (c) Customers whose air-time usage is in excess of \$1,502 will receive a credit equivalent to 22% of the total air-time usage charges.

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RATES AND CHARGES (Continued)

C. ACT Easy WATS

1. Usage Rate

<u>Rate Mileage</u>	<u>Weekday Period</u>	<u>Evening/Night/Weekend</u>
0-20	\$0.1155	\$0.1155
21-40	0.1595	0.1595
41-70	0.1650	0.1595
71-100	0.1788	0.1650
101-150	0.1872	0.1711
151-330	0.2255	0.1760
331+	0.2436	0.1821

2. Calls will be billed in 6 second increments, with a 60 second minimum.
3. Customers with accounts in good standing (see Rule No. 9, c) will receive a credit equivalent to 13% of the total air-time usage charges.

D. ACT California WATS

1. Usage Rate

<u>Rate Mileage</u>	<u>Weekday Period</u>	<u>Evening/Night/Weekend</u>
0-30	\$0.1810	\$0.1810
31+	0.2120	0.1940

2. Calls will be billed in 6 second increments, with a 30 second minimum.
3. Customers using \$301.00 or more per month of air-time, with accounts in good standing (see Rule No. 9, c), will receive a credit equivalent to 20% of the total air-time usage charges.

E. ACT 800 Service

1. Usage Rate; per minute: \$0.2200

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RATES AND CHARGES (Continued)

F. ACT Residential Service

1. Usage Rate

<u>Rate Mileage</u>	<u>Weekday Period</u>	<u>Evening/Night/Weekend</u>
0-20	\$0.1100	\$0.1100
21-40	0.1600	0.1600
41-70	0.1700	0.1700
71-100	0.1900	0.1900
101-150	0.2000	0.2000
151-330	0.2100	0.2100
331+	0.2200	0.2200

2. Calls will be billed in 60 second increments, with a 60 second minimum.
3. Customers with accounts in good standing (see Rule No. 9, c) will receive a credit equivalent to 10% of the total Weekday Period air-time usage charges.
4. Customers with accounts in good standing (see Rule No. 9, c) will receive a credit equivalent to 30% of the total Evening/Night/Weekend Period air-time usage charges.
5. All customers will be charged a monthly billing and service fee of \$2.25.

G. ACT Operator Service -- Eight Plan

1. Usage Rate

<u>Rate Mileage</u>	<u>Weekday Period</u>		<u>Evening/Night/Weekend</u>	
	<u>Initial Min.</u>	<u>Ea. Addl. Min.</u>	<u>Initial Min.</u>	<u>Ea. Addl. Min.</u>
0-8	\$0.1700	\$0.0700	\$0.1190	\$0.0490
8-12	0.1700	0.0700	0.1190	0.0490
13-16	0.2000	0.1000	0.1400	0.0700
17-20	0.2200	0.1300	0.1540	0.0910
21-25	0.2500	0.1600	0.1750	0.1120
26-30	0.2800	0.1900	0.1960	0.1330
31-40	0.3100	0.2200	0.2170	0.1540
41-50	0.3400	0.2500	0.2380	0.1750
51-70	0.3700	0.2800	0.2590	0.1960
71+	0.4000	0.3100	0.2800	0.2170

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H. ACT Operator Service -- Fifteen Plan

1. Usage Rate

<u>Rate Mileage</u>	<u>Initial Min.</u>	<u>Ea. Addl. Min.</u>
0-8	\$0.1700	\$0.0700
8-12	0.1700	0.0700
13-16	0.2000	0.1000
17-20	0.2200	0.1300
21-25	0.2500	0.1600
26-30	0.2800	0.1900
31-40	0.3100	0.2200
41-50	0.3400	0.2500
51-70	0.3700	0.2800
71+	0.4000	0.3100

I. ACT Employee Service

Employees of the Company (see Rule 15) will receive a credit up to \$150.00 per month which will be applied to the plan to which the employee subscribes. Any charges associated with usage under the applicable plan in excess of the initial \$150.00 will be billed at the rates set forth in this tariff.

J. Operator Charges

1. Usage Rate (per call)

Automated Calling Card	\$0.50
Non Automated Calling Card	1.00
Collect Calls	1.00
Person-to-Person Calls	3.00
Person-to-Person Collect Calls	3.00
Third Party Calls	3.00

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TAXES AND SURCHARGES

A. Applicable Taxes

In addition to the charges specifically pertaining to ACT's services certain federal, state, and local surcharges, taxes, and fees will be applied. These surcharges, taxes, and fees are calculated based upon the amount billed to the end user for Company's intrastate services. Such charges include, but are not limited to, the surcharges, and fee set forth below:

CPUC Reimbursement Fee	0.1%
Universal Lifeline Surcharge	2.5%
D.E.A.F. Surcharge	0.3%

RULES

Rule 1 - Definitions

Authorization Code	Enables the customer to dial a local phone number and key in this code number to access the carrier's facility.
Authorized User	An individual, organization, or other entity which has been allowed to use the authorization code of a customer by the customer.
Customer	An individual, organization, or other entity which has an approved service application on file with ACT.
Weekday Period	Denotes 8:00 a.m. to 6:00 p.m. local time at the originating terminal on Monday through Friday, excluding holidays as defined by these rules.
Evening/Night/Weekend	Denotes 6:00 p.m. to 8:00 a.m. local time at the originating terminal on Sunday through Friday and all day Saturday and Sunday and any holiday as defined by these rules.
Holiday	Independence Day, Labor Day, Thanksgiving Day, Christmas Day, New Year's Day, and Presidents' Day.

Advice Letter No. 1

Decision No. 90-??-???

Issued by
Larry D. Gaddis

Name
Executive Vice-President
Title

Date Filed: _____

Effective: _____

Resolution No: _____

RULES (Continued)

Rule 2 - Description of Service

ACT provides interexchange carrier 24-hour interLATA intrastate long distance telephone services between points in California. In addition, ACT provides 24-hour interLATA intrastate operator services between points in California.

Rule 3 - Customer Application for Service

Business or residential households wishing to obtain service are required to sign a completed service application. On Carrier's receipt of the signed form, under normal circumstances, Carrier will accept or reject an order within three business days. The customer will be provided with service, under normal circumstances, within fourteen business days. The service application is merely a request for service and does not in itself bind the carrier to service except under specific conditions (which must be agreed to in writing by an authorized agent of Carrier), nor does it bind the applicant to subscribe to the service.

Rule 4 - (Reserved)

Rule 5 - (Reserved)

Rule 6 - Establishment and Reestablishment of Credit

The carrier reserves the right to examine the credit record and check the references of all applicants and customers.

The carrier may examine the credit profile/record of any applicant prior to accepting the service order or customer's deposit. These shall not in themselves obligate the carrier to provide services or to continue to provide service, if a later check of applicant's credit record is, in the opinion of the carrier contrary to the best interest of the carrier.

Advice Letter No. 1

Decision No. 90-??-???

Issued by
Larry D. Gaddis

Name
Executive Vice-President
Title

Date Filed: _____

Effective: _____

Resolution No: _____

ADVANCED COMMUNICATION TECHNOLOGIES
136 E. South Temple, Suite 2200
Salt Lake City, Utah 84111

Original Cal. P.U.C. Sheet No. 13-T

RULES (Continued)Rule 7 - Deposits and Usage Prepayments

The carrier reserves the right to require a deposit or usage prepayment equal to at least one month's usage on the subscriber's previous carrier and up to 3 months of estimated usage based upon the carrier's determination of the subscriber's credit worthiness. In the event that subscriber's usage of the Service in any given month exceeds its deposit, the carrier reserves the right to increase the amount of the deposit to equal three times the subscriber's highest monthly usage of the service.

The deposit will be retained for the period of service. In the event of cancellation, the deposit will be applied toward the subscriber's final bill and any remainder will be returned within 30 days after the service is discontinued.

The carrier will compute simple interest on deposits at the rate of seven/twelfths percent per month (7% per year) for each full month deposits are held except that no interest will be paid if deposit is held less than full month increments. Such interest will be paid at the time that the deposit is returned, or on an annual basis if the deposit is held longer than twelve consecutive months.

Rule 8 - Method of Service Notices

Any notice the carrier may give to a customer may be given orally to the customer, or his authorized representative, or by written notice mailed to the customer's billing address or to such address as may be subsequently given by the customer to the carrier.

Except for cancellation of service or as otherwise provided by these Rules, any notice from any customer may be given by the customer or any authorized representative to the Carrier's business office orally or by written notice mailed to the Carrier's business office. Cancellation of service must be by written notice.

Advice Letter No. 1

Decision No. 90-??-???

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RULES (Continued)

Rule 9 - Rendering and Payment of Bills

- (a) Billing periods are monthly.
- (b) The billing date is dependent on the billing cycle assigned to the customer.
- (c) Bills are due and payable upon receipt. The total invoiced amount must be paid within 15 days of the invoice date or by the fifth day of the following month whichever comes last. Bills not paid by the date specified above are subject to a late fee equal to 2.5% of the invoice amount. Bills not paid within 30 days after the invoice date or the 20th day of the following month are subject to a 1.5% service charge on the unpaid amount. Customer's service may be terminated if service is not paid for by the 30th day past the billing date.
- (d) Bills may be paid by mail or in person at the business office of the Carrier. All charges for service are payable only in United States currency. Payment may be made by cash, check, money order or cashier's check.
- (e) The carrier is not responsible for local telephone charges incurred by the customer in gaining access to the carrier's network.
- (f) A bill shall not include any previously unbilled charge for service furnished prior to three months immediately preceding the date of the bill, except charges for collect calls, credit card calls, third party calls and "Error file" calls (those which cannot be billed, due to the unavailability of complete billing information to the company) which shall have a five-month backbilling period. In cases of too fraud, a backbilling period of 1-1/2 years will apply.

Advice Letter No. 1

Decision No. 90-??-???

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Executive Vice-President
Title

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Resolution No: _____

RULES (Continued)

Rule 10 - Disputed Bills

In the case of a billing dispute between the customer and the carrier for service furnished to the customer, which cannot be settled with mutual satisfaction, the customer can take the following course of action within 30 days of the disputed bill's billing date.

- (1) First, the customer may request, and the carrier will comply with the request, an in-depth review of the disputed amount. (The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnect).
- (2) Second, if there is still a disagreement about the disputed amount after the investigation and review by a manager of the carrier, the customer may appeal to the C.P.U.C. for their investigation and decision.

The addresses of the C.P.U.C. are:

California Public Utilities Commission

State Building
505 Van Ness Avenue
San Francisco, CA 94102

or

State Office
107 S. Broadway
Los Angeles, CA 90012

Advice Letter No. 1

Decision No. 90-??-???

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Larry D. Gaddis
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RULES (Continued)

Rule 11 - Discontinuance and Restoration of Service

Service continues to be provided until canceled, by the customer, in writing, or until canceled by the carrier as set forth below.

Cancellation by the Customer

For Nonpayment:

The carrier may immediately discontinue service or cancel an application for service without incurring any liability when there is an unpaid bill for any sum due to the carrier for services that is more than 30 days beyond the billing date.

In the event ACT terminates service for nonpayment, the customer will be liable for all reasonable costs of collection including court costs, expenses and actual attorney's fees.

For lack of use:

The carrier, by written notice to the customer, may immediately discontinue service if after one full billing cycle, or the immediately preceding billing cycle, the service has not been used.

Restoration Procedure (Use Rule 3.)

There is a \$20.00 charge for restoration of service once it has been disconnected.

Advice Letter No. 1

Decision No. 90-??-???

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Larry D. Gaddis

Name
Executive Vice-President
Title

Date Filed: _____

Effective: _____

Resolution No: _____

RULES (Continued)

Rule 12 - Information to be Provided to the Public

A copy of this tariff schedule and advice letters will be available for public inspection in the carrier's business office during regular business hours.

Rule 13 - Temporary Service

Temporary service or service to speculative projects will be provided if consistent with the best interest of the carrier. Rates and conditions for such service will be those published in this tariff schedule. Any customer paying the normal subscription fees shall be eligible to utilize the service.

Rule 14 - Continuity of Service

In the event of foreknowledge of an interruption of service for a period exceeding 24 hours, the customers will be notified in writing, by mail, at least one week in advance.

Rule 15 - Employee Service

Employees of the Company will receive a credit up to \$150.00 per month which will be applied to the plan to which the employee subscribes. Any charges associated with usage under the applicable plan in excess of the initial \$150.00 will be billed at the rates set forth in this tariff.

Advice Letter No. 1

Decision No. 90-??-???

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Larry D. Gaddis

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Executive Vice-President
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Effective: _____

Resolution No: _____

RULES (Continued)

Rule 16 - Limitation of Liability

Liability of Carrier

The liability of Carrier, if any, for damages arising out of mistakes, omissions, interruptions, delays, errors, or defects in transmission during the course of furnishing service shall in no event exceed an amount equivalent to the charge to Customer for the service during which such mistakes, omissions, interruptions, delays, errors or defects in transmission occurred. Carrier will not be responsible for any lost profits of the subscriber or any other party, or for any claim of damage by the Subscriber or against the subscriber by any other party. However, any such mistakes, omissions, interruptions, delays, errors, or defects in transmission or service which are caused by or contributed to by the negligence or willful act of Customer, or which arise from facilities or equipment used by Customer, shall not result in the imposition of any liability whatsoever upon Carrier.

Carrier is not liable for the quality of service provided by any local exchange carrier.

Carrier is not liable for any act, omission or negligence of any local exchange carrier or other provider whose facilities are used in furnishing any portion of the service received by Customer.

Under no circumstances whatever shall Carrier or its officers, agents, or employees be liable for indirect, incidental, special, punitive or consequential damages however caused, and on any theory of liability.

Carrier shall not be liable for any failure of performance hereunder due to causes beyond its control, including but not limited to civil disorders; labor problems; and fire, flood, atmospheric conditions or other phenomena of nature, such as radiation. In addition, Carrier shall not be liable for any failure of performance hereunder due to necessary network reconfigurations; system modifications due to technical upgrades; or regulations established or actions taken by any court or government agency having jurisdiction over Carrier.

Overpayment

Carrier shall not be obligated to refund any overpayment by a user unless a written claim for such overpayment, together with substantiating evidence which will allow Carrier to verify such claim, is submitted within one year of the alleged overpayment.

(Continued)

Advice Letter No. 1

Decision No. 90-??-??

Issued by
Larry D. Gaddis

Name
Executive Vice-President
Title

Date Filed: _____

Effective: _____

Resolution No: _____

RULES (Continued)

Rule 16 - Limitation of Liability (Continued)

Disclaimer of Warranties

Except as expressly provided in this tariff, Carrier makes no understanding, agreement's, representations or warranties, expressed or implied (including any regarding the merchantability or fitness for a particular purpose).

Refunds for Interruption or Impairment to Carrier Service

It shall be the obligation of the Customer to immediately notify Carrier of any service interruption.

Advice Letter No. 1

Decision No. 90-??-???

Issued by
Larry D. Gaddis

Name
Executive Vice-President

Title
(END OF APPENDIX A)

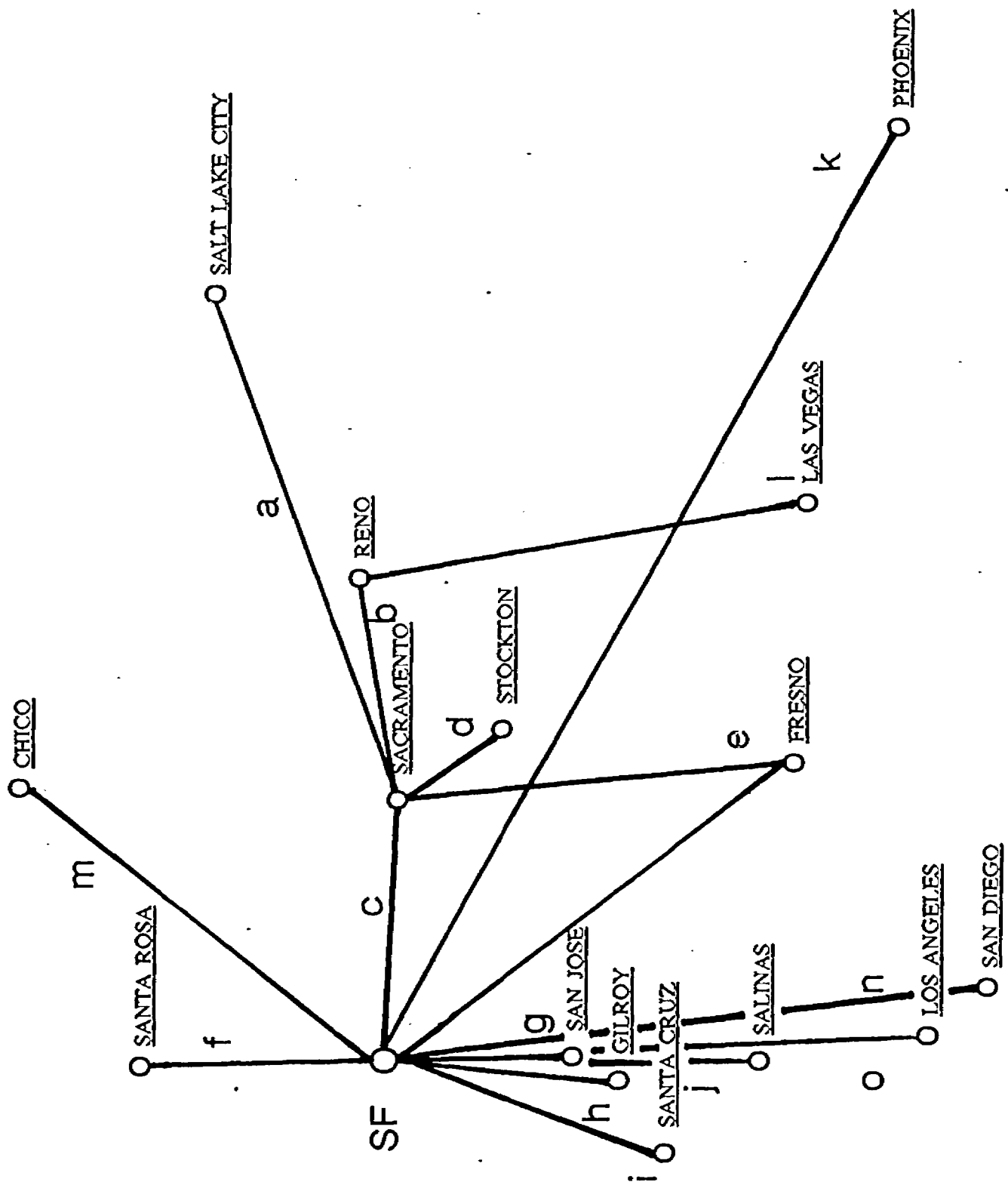
Date Filed: _____

Effective: _____

Resolution No: _____

APPENDIX B

Advanced Communications Technologies
Map Detailing Service Points of Presence



APPENDIX C

TO: ALL INTEREXCHANGE TELEPHONE UTILITIES

Article 5 of the Public Utilities Code grants authority to the California Public Utilities Commission to require all public utilities doing business in California to file reports as specified by the Commission on the utilities' California operations.

A specific annual report form has not yet been prescribed for the California interexchange telephone utilities. However, you are hereby directed to submit an original and two copies of the information requested in Attachment A no later than March 31st of the year following the calendar year for which the annual report is submitted.

Address your report to:

California Public Utilities Commission
Auditing and Compliance Branch, Room 3251
505 Van Ness Avenue
San Francisco, CA 94102-3298

Failure to file this information on time may result in a penalty as provided for in §§ 2107 and 2108 of the Public Utilities Code.

If you have any question concerning this matter, please call
(415) 557-2484.

APPENDIX C

ATTACHMENT A

Information Requested of California Interexchange Telephone Utilities.

To be filed with the California Public Utilities Commission, 505 Van Ness Avenue, Room 3251, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

1. Exact legal name and U # of reporting utility.
2. Address.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (e.g., corporation, partnership, sole proprietorship, etc.).
If incorporated, specify:
 - a. Date of filing articles of incorporation with the Secretary of State.
 - b. State in which incorporated.
6. Commission decision number granting operating authority and the date of that decision.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. A list of all affiliated companies and their relationship to the utility. State if affiliate is at:
 - a. Regulated public utility.
 - b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.
11. Income statement for California operations for the calendar year for which information is submitted.

(END OF APPENDIX C)