

SECTION 2 - Application of Rates, Payments and Deposits

APPLICATION OF BUSINESS AND RESIDENCE RATES

Business Rates apply at the following locations:

- In offices, stores, factories and all places of strictly business nature.
- In boarding houses (except as noted below), offices of hotels, halls and offices of apartment buildings, quarters occupied by clubs or lodges, public, private or parochial schools or colleges, hospitals, libraries, churches and other similar institutions, except in churches and lodges as specified below.
- At residence locations when the customer has no regular business telephone and the use of the service either by himself, members of his household or his guests, or parties calling him can be considered as more of a business than of a residence nature, which fact might be indicated by advertising, either by business cards, newspapers, handbills, billboards, circulars, motion picture screens, or other advertising matter, such as on vehicles, etc., or when such business use is not such as commonly arises and passes over residence telephones during the intervals when, in compliance with the law or established custom, business places are ordinarily closed.
- At residence locations where the service is located in a shop, office or other place of business.
- In college fraternity houses where the members lodge within the house.
- At any location where the listing of service at that location indicates a business, trade or profession, except as specified in Residence Rates, following.

Residence Rates apply at the following locations:

- In private residences where business listings are not provided.
- In private apartments of hotels, rooming houses or boarding houses where service is confined to the customer's use and elsewhere in rooming and boarding houses which are not advertised as a place of business or which have less than five rooms for roomers or which furnish meals to less than ten boarders, provided business listings are not furnished.
- In the place or residence of a clergyman, physician, dentist, veterinary surgeon, other medical practitioner, Christian Science practitioner, nurse, midwife, or in their office, provided the office is located in their residence and is not a part of an office building.
- In a private stable or garage when strictly a part of a domestic establishment.
- In churches where the service is not accessible for public patronage, as in pastor's studies.
- In lodges where there is only occasional use of the service.

SECTION 2 - Application of Rates, Payments and Deposits

ADVANCE PAYMENTS AND DEPOSITSAdvance Payments

When making applications for service, applicant agrees to pay a service connection charge, if required, and the first month's charges for exchange service. This provision will not be applied if a deposit is collected. In all cases, the regular monthly charges for service are payable as specified in SECTION 3 of this Guidebook. The provisions of this paragraph affect the initial payment only and not the subsequent billing and collecting practices as elsewhere provided in this Guidebook. The amount of the advance payment (not including the service connection charge) is credited to the customer's account and applied against any indebtedness under the contract.

Deposits

If it is deemed necessary by AT&T Texas in safeguarding its interests, applicants for service or present customers agree to make a deposit of an amount not to exceed two months' exchange service charges plus two months estimated long distance service charges, to be applied in payment of any unpaid charges for exchange or long distance service which may be rendered. Payment of interest shall be pursuant to Texas PUC rules. Payment of interest to the customer shall be annually if requested by the customer, or at the time the deposit is returned or credited to the customer's account. The deposit shall cease to draw interest on the date it is returned or credited to the customer's account. AT&T Texas will not pay interest on deposits held 30 days or less. Payment of interest will be made retroactive to the date of deposit for deposits held more than 30 days.

A residential applicant shall not be required to pay a deposit, if the applicant demonstrates a satisfactory credit rating by appropriate means, including, but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by AT&T Texas, or ownership of substantial equity.

In the case of residential, commercial or industrial service, if the credit of an applicant for service has not been established satisfactorily, applicant agrees to make a deposit, if requested.

The fact that a deposit has been made shall in no way relieve the customer from its contractual obligations as to the prompt payment of bills, nor constitute a waiver or modification of the regular practices of AT&T Texas providing for the temporary suspension of service or the termination of the service contract for nonpayment of bills.

Service may be discontinued for failure to comply with deposit arrangements or to furnish a suitable deposit when conditions appear to require AT&T Texas to have such credit protection. Initial deposits may be required of applicants or existing customers.

SECTION 2 - Application of Rates, Payments and Deposits

ADVANCE PAYMENTS AND DEPOSITS (cont'd)

Deposits (cont'd)

When the customer has paid bills for service for 12 consecutive residential billings or for 24 consecutive commercial or industrial billings without having service disconnected for nonpayment of bill and without having more than two occasions in which a bill was delinquent, and when the customer is not delinquent in the payment of the current bills, AT&T Texas shall promptly and automatically refund the deposit plus accrued interest at rates set by the Texas Public Utility Commission for telephone utilities to the customer in the form of cash or credit to a customer's bill, or void the contract of guaranty or any related document and return such document(s) to the guarantor.

AT&T Texas will keep records of deposits as follows:

- the name and address of each depositor;
- the amount and date of deposit; and
- each transaction concerning the deposit.

AT&T Texas will issue a receipt of deposit to each depositor and will provide an appropriate means to establish claim if the receipt is lost. AT&T Texas will make a reasonable effort to return unclaimed deposits and will retain a record of such deposits for a minimum of four years.

SECTION 2 - Application of Rates, Payments and Deposits

PAYMENT FOR SERVICEPayment for Service

The customer is responsible for and agrees to pay for all charges for services and equipment furnished the customer, including charges for service originated, or charges accepted at the customer's station and including any charges transferred to the customer's account pursuant to 2, Deposits, where the customer has executed a Contract for an applicant or present customer.

The due date of the bill shall not be less than 16 days after issuance. If the due date of the bill falls on a holiday or weekend, the due date for payment purposes shall be the next work day after the due date. If the bill is not paid by the due date, AT&T Texas may discontinue service after 10 days written notice to the customer. Proper notice consists of separate mailing or hand delivery at least 10 days prior to a stated date of disconnection, with the words "termination notice" or similar language prominently displayed on the notice. If the 10th day after written notice falls on a holiday or weekend, the cut-off day for discontinuance of service will be the next working day after the 10th day. Payment at AT&T Texas' authorized payment agency is considered payment to AT&T Texas. AT&T Texas will not issue late notices or disconnect notices to the customer earlier than the first day the bill becomes delinquent, so that a reasonable length of time is allowed to ascertain receipt of payment by mail or a AT&T Texas' authorized payment agency.

If billing for AT&T Texas' services are found to differ from AT&T Texas' specified rates, or if AT&T Texas fails to bill the customer for such services, a billing adjustment will be calculated by AT&T Texas. If an underbilling is for \$25.00 or more, AT&T Texas will offer the customer an installment payment arrangement option for the same length of time as that of the underbilling. If the customer is due a refund, an adjustment shall be made for the entire period of the overcharges. If an overcharge is adjusted by AT&T Texas within three billing cycles of the bill in error, interest is not applicable. However, if an overcharge is not adjusted by AT&T Texas within three billing cycles of the bill in error, interest^{/1/} compounded monthly shall be applied to the amount of the overcharge.

Any applicant or one for whom an application is made, owing AT&T Texas for service furnished under a former contract, shall pay or make satisfactory arrangements for paying any bill outstanding and unpaid for such service, before any additional service will be furnished. AT&T Texas will provide proof of past indebtedness, which includes copies of billing records and related documentation, verification of rates used and documentation of all other elements of any bill required to be paid as a condition of service restoration.

An administrative charge may apply whenever a check or draft presented for payment for service is not accepted by the institution on which it is written because of being postdated or because of insufficient funds, account closed, no account, account frozen, or uncollected funds.

/1/ The rates of interest to be paid on customer deposits in accordance with Tex. Rev. Civ. Stat. Ann. art. 1440a (Vernon 1989)

SECTION 2 - Application of Rates, Payments and Deposits

PAYMENT FOR SERVICE (cont'd)Rates for Fractional Periods

If the period of use exceeds one month, the charges for the fractional part of a month following and consecutive with a full month will be a proportionate part of the monthly charges based on the actual number of days the facilities are furnished. For the purpose of administering this regulation with respect to the determination of charges for a fractional part of a month, every month is considered to have thirty days.

When rates are on a "per day" basis, the minimum charge for each day or fraction thereof, will be the charge for one day.

In the event of a dispute between a customer and AT&T Texas regarding any bill for telephone service, AT&T Texas shall make an investigation as required by the particular case, and report the results to the customer.

An AT&T Texas customer's service shall not be subject to discontinuance for nonpayment of that portion of a bill under dispute pending the completion of the determination of the dispute, but in no event to exceed 60 days. The customer is obligated to pay any billings not disputed.

Toll Restriction

AT&T Texas reserves the right to limit and/or restrict inter/intraLATA toll calling on residential customer accounts and 900/976 calling on all accounts deemed to be unsatisfactory credit risks for reasons including, but not limited to:

- Poor credit history with AT&T Texas
- No prior credit history available to AT&T Texas with respect to previous telecommunications service within the last two (2) years (e.g. new connects)
- Current delinquent toll balance

PAYMENT FOR SERVICE (cont'd)Special Charges, Fees and Taxes*Municipal Fees*

- (A) Pass-through Authority. Texas statutes and Public Utility Commission (commission) rules authorize AT&T Texas to collect from its customers in each municipality the charges the municipality imposes upon AT&T Texas for occupation, supervisory, administrative, franchise, business, license, excise, and privilege charges or taxes, and other similar charges or taxes, whether imposed under statute, ordinance, law, or otherwise, and whether presently due or hereafter to become due, including, without limitation, "municipal fees" ("municipal fees").
- (B) Municipal Fees Adopted Under Chapter 283 of the Texas Local Government Code. Residential, non-residential and point-to-point access lines provided pursuant to these terms and conditions are subject to a municipal fee as established for the city in which the end user of the access lines is located. The monthly recurring municipal charge will be equal to a monthly amount developed using criteria as recommended by your local municipality with information supplied by this competitive local exchange carrier (CLEC). The fee may be assessed as a per-line-charge on the end user bill. This municipal charge results from implementation of House Bill 1777 – Telecommunications Law which allows all municipalities to be compensated by CLECs for right-of-way usage. The fee has been developed and/or allocated across rate classifications according to local municipal guidelines.
- (C) Pass Through of Municipal Fees. Pursuant to the Texas Utility Code, AT&T Texas has the right to pass through to its customers in each municipality a pro rata charge for any municipal fees, whether presently due or hereafter to become due.
- (D) Safe Harbor. In no event will AT&T Texas be liable to a customer for municipal fees that are collected from the customer and remitted to a municipality.

Texas Universal Service Fund (TUSF) Surcharge

The purpose of the Texas Universal Service Fund (TUSF) is to implement a competitively neutral mechanism that enables all residents of Texas to obtain basic telecommunications services. The TUSF Surcharge is intended to flow through AT&T Texas' TUSF assessment. AT&T Texas' TUSF Surcharge applies to every retail customers' bill, except Lifeline service. AT&T Texas' TUSF Surcharge percentage will change periodically due to changes in AT&T Texas' TUSF assessment or as necessary to ensure revenue neutrality. See AT&T Texas Guidebook, Part 2, Section 2 for the current rate.

911 Home Rule City Service Fees

At the proper request of a Home Rule City, (as defined by Texas State statutes), AT&T Texas will bill a 911 emergency service fee for the Home Rule City. The 911 emergency service fee will be shown as a separate line item on the customer's bill. AT&T Texas shall, as an administrative charge, retain a portion of the 911 emergency service fees which it collects. After deducting its administrative charges, the remainder of the 911 emergency service fees which AT&T Texas collects will be remitted to the Home Rule City. AT&T Texas will not disconnect any telephone subscriber's service for failure to pay the 911 emergency service fee, nor is AT&T Texas obligated to take any legal action to enforce the collection of any 911 emergency service fees.

SECTION 2 - Application of Rates, Payments and Deposits

PAYMENT FOR SERVICE (cont'd)Suspension/Disconnection/Restoral of Service

Service may be suspended for nonpayment of nonresidential long distance telecommunications service charges or exchange service charges or both and residential service may be suspended for nonpayment of exchange service charges. Suspensions may occur after furnishing proper written notice to the customer, or for the nonpayment of a suitable deposit after ten days proper written notice has been served or mailed to the customer.

Services may be disconnected with notice for avoidance of Long Distance Carrier Initiated Toll Blocking by incurring long distance charges after toll blocking has been initiated due to nonpayment of long distance charges.

Service may be discontinued for failure to comply with deposit or guarantee arrangements or to furnish a suitable deposit, when conditions appear to require AT&T Texas to have such credit protection.

AT&T Texas will not suspend or disconnect service at the permanent residence of a delinquent customer if that customer establishes that such action will prevent the customer from summoning emergency medical help for someone who is seriously ill residing at that residence.

(A) The customer prior to the date of suspension or disconnect shall:

- have the person's attending physician (public health official; doctor of osteopathy; nurse practitioner or registered nurse) contact AT&T Texas by the stated date of disconnection;
- have the attending physician submit a written statement to AT&T Texas;
- enter into an installment billing plan.

(B) This delay in suspension or disconnection shall not exceed 63 days from the issuance of the bill or shorter period agreed upon by AT&T Texas and the customer or physician.

AT&T Texas may toll block a residential customer for nonpayment of long distance charges.

Partial payment allocations related to residence service suspensions or disconnections are as follows:

(A) Payments will first be allocated to basic local telephone service.

(B) If services are packaged, the rate for the basic local telephone service will be the individual service guidebook rates.

SECTION 2 - Application of Rates, Payments and Deposits

PAYMENT FOR SERVICE (cont'd)

Restoral of Service – Initiated by AT&T Texas

A Restoration Charge for each local exchange or other line suspended will apply for restoring service after its suspension by AT&T Texas. The charge is as follows:

Restoration Charge:		
Residence	up to \$60.00	(C)
Business	up to \$60.00	(C)

In addition to the Restoration Charge, the customer will be required to pay all charges due, including the charges for the period of denial.

This Restoration Charge applies only for the restoral of suspended service initiated by AT&T Texas.

Notice to all Non-Residential Customers Required by the Public Utility Commission of Texas

Texas' Prompt Payment Act (PPA) applies to AT&T Texas' service to governmental entities of the State of Texas and establishes requirements related to purchases by a governmental entity, including the time for payment, the accrual and payment of interest on overdue payments, and disputed payments. Governmental entities should contact AT&T Texas to advise it of their PPA eligibility.