

Revised March 18, 2008

- **911 (E911):** Most state and local governments have implemented Public Service Administration Points (PSAPs) to process calls to 911. Many State Statutes or Municipal Ordinances require local telephone companies to impose a per line surcharge to fund these operations. The Company remits this surcharge to the appropriate E911 organization.
- **Federal Excise Tax:** The Federal Excise tax is a 3% tax imposed on local exchange services that do not include toll services. While the tax was originally implemented to finance the Spanish American War; today, the excise tax goes into the U.S. Treasury. The Company remits all taxes to the appropriate government authority.
- **Gross Receipts Tax (GRT) or Gross Receipts Surcharge (GRS):** Certain states impose a Gross Receipts Tax or Gross Receipts Surcharge. The Company remits all taxes to the appropriate government authority.
- **State & Local Taxes:** Many state and local governments also tax telecommunications services. These taxes are generally equivalent to a sales tax. The Company remits all taxes to the appropriate government authority.
- **Telecommunications Relay Service (TRS):** The TRS surcharge funds services to the hearing impaired community. These services are normally supplied by a 3rd party. Typically, the state Public Utility Commission and/or the FCC oversee the funding mechanism. The Company remits this surcharge either to the 3rd party provider of TRS or the fund administrator. Additional information regarding the Federal TRS fund may be found on the FCC Website <http://www.fcc.gov/cgb/consumerfacts/trs.html> . For information on state TRS surcharges, check the website for your State Public Utility Commission.
- **Telecommunication Franchise Fees:** Certain local municipal governments assess a Telecommunication Franchise Fee on telephone company revenues. Where assessed by the municipality, The Company has opted to bill this fee as a separate line item. The Company remits Franchise Fees the appropriate municipality.
- **Universal Service Fund (USF):** The Universal Service Fund helps to make phone service affordable and available to all Americans, including consumers with low incomes; those living in areas where the costs of providing telephone service is high; schools and libraries; and rural health care providers. The FCC oversees the administration of the Federal USF. And where applicable, State Commissions administer a state USF. Additional information regarding the Federal USF fund may be found on the FCC Website <http://www.fcc.gov/cgb/consumerfacts/universalservice.html> The Company has opted to bill USF as a separate line item and remits the fees to the appropriate Federal or State Authority.
- **Other Mandatory Charges:** Certain state or local governments require telephone companies to assess users a variety of other surcharges or taxes. Where our billing systems support it, the Company bills these charges as separate line items. Otherwise these charges are included in State/Local/Municipal Taxes.