

WILLIAM D. STEINMEIER, P.C.

2031 TOWER DRIVE
JEFFERSON CITY, MISSOURI (MO) 65109

WILLIAM D. STEINMEIER
ATTORNEY AT LAW
REGULATORY CONSULTANT
(573) 659-8672
FAX (573) 636-2305

MAILING ADDRESS:
POST OFFICE BOX 104595
JEFFERSON CITY, MISSOURI (MO)
65110-4595

MARY ANN YOUNG
ATTORNEY AT LAW
OF COUNSEL
(573) 634-8109
FAX (573) 634-8224

March 3, 2000

FILED²

MAR 03 2000

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Executive Secretary-Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102-0360

RE: Tariff File No. 2000-0360
Interexchange Telecommunications Tariff of Capsule Communications, Inc.

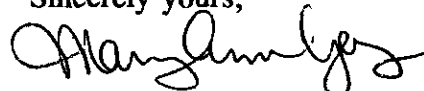
Dear Mr. Roberts:

Enclosed please find an original and six copies of the Interexchange Telecommunications Tariff of Capsule Communications, Inc., for filing with the Commission pursuant to Commission Rule 4 CSR 240-060(4)(H).

Please note that Capsule Communications hereby requests that this tariff be allowed to take effect on less than 45 days notice due to important internal business considerations. This tariff is essentially identical to the tariff currently approved and on file with the Commission for US WATS, Capsule's parent company. Capsule requests the tariff be approved to take effect on March 31, 2000, if possible.

Thank you for your assistance in processing this filing. A copy is being served on the Office of Public Counsel and the General Counsel's office. If there are any questions, please call me at 634-8109.

Sincerely yours,



Mary Ann (Garr) Young

Enclosure

cc: Office of Public Counsel
General Counsel's Office
Mr. Alexander Stokas, Swidler Berlin

2000000797

**MISSOURI RESALE INTEREXCHANGE
TELECOMMUNICATIONS SERVICE TARIFF

OF

CAPSULE COMMUNICATIONS, INC.**

This tariff includes the rates, charges, terms and conditions of service for the provision of switched resale intrastate telecommunications services to business and residence customers by Capsule Communications, Inc. between locations within the State of Missouri. This tariff is available for public inspection during normal business hours at the main office of Capsule Communications, Inc., located at 2 Greenwood Square, Suite 275, 3331 Street Road, Bensalem, Pennsylvania 19020.

Toll-Free Number: 1-800-872-3369

Capsule Communications, Inc. is a competitive telecommunications company within the State of Missouri.

ISSUED: March 3, 2000

EFFECTIVE: April 17, 2000

ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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WAIVER OF RULES AND REGULATIONS

Capsule Communications, Inc. is a competitive carrier in the state of Missouri, and as such, has been granted waivers from the following statutes and regulatory rules:

Statutes

Section 392.240(1)	- ratemaking
Section 392.270	- valuation of property (ratemaking)
Section 392.280	- depreciation accounts
Section 392.290	- issuance of securities
Section 392.310	- stock and debt issuance
Section 392.320	- stock dividend payment
Section 392.330	- issuance of securities, debts and notes
Section 392.340	- reorganization(s)

Commission Rules

4 CSR 240-10.020	- depreciation fund income
4 CSR 240-30.010(2)(C)	- rate schedules
4 CSR 240-30-040	- uniform system of accounts
4 CSR 240-32.030(1)(B)	- exchange boundary maps
4 CSR 240-32.030(1)(C)	- record keeping
4 CSR 240-32.030(2)	- in-state record keeping
4 CSR 240-32.050(3)	- local office record keeping
4 CSR 240-32.050(4)	- telephone directories
4 CSR 240-32.050(5)	- intercept
4 CSR 240-32.050(6)	- telephone number changes
4 CSR 240-32.070(4)	- public coin telephone
4 CSR 240-33.030	- minimum charges rule
4 CSR 240-33.040(5)	- finance fee

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2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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2 Greenwood Square, Suite 275
3331 Street Road
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EXPLANATION OF SYMBOLS

Changes to this tariff shall be identified on the revised page(s) through the use of symbols. The following are the only symbols used for the purposes indicated below:

- (D) - To signify a discontinued rate or regulation.
- (I) - To signify an increase in rate or charge.
- (M) - To signify material relocated from one page to another without change.
- (N) - To signify a new rate or regulation.
- (R) - To signify a reduced rate or charge.
- (T) - To signify a change or regulation but no change in rate or charge.

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2 Greenwood Square, Suite 275
3331 Street Road
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TARIFF FORMAT

- A. Page Numbering** - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc., the most current sheet number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the sheet currently in effect.
- C. Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.
 - 2.1.
 - 2.1.1.
 - 2.1.1.A.
 - 2.1.1.A.1.
 - 2.1.1.A.1.(a).
 - 2.1.1.A.1.(a).I.
 - 2.1.1.A.1.(a).I.(i).
 - 2.1.1.A.1.(a).I.(i).(1).

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SECTION 1 - DEFINITIONS

Access Line - A facility arrangement which connects Customer's or Authorized User's location to the Company's network switching center.

Additional Period - The rate element used to bill chargeable time when a call continues beyond the Initial Period. The Additional Period starts when the Initial Period ends. Additional Period rates apply to any fraction of the time period for chargeable time beyond the Initial Period. Additional Periods vary by rate schedule and are specified in each individual rate table contained in later sections of this tariff.

ANI - A calling telephone number identification which is forwarded to a interexchange carrier by a LEC as a call is placed.

Authorization Code - A numerical code, one or more of which are available to Customers to enable them to access the Company's network, and which are used by the Company both to prevent unauthorized access to its facilities and to identify Customers for billing purposes.

Authorized User - A natural person or legal entity which is authorized by the Customer to use the Company's Service under the terms and regulations of this tariff.

Capsule Communications - Used throughout this tariff to refer to Capsule Communications, Inc.

Casual Calling- Access to the Company's network and the subsequent use of Service by the Customer through the dialing of a toll-free number or access code in the format of 10XXX or 101XXXX, where the three (3) digits or the four (4) digits represented by the "X" are the unique Carrier Identification Code (CIC) assigned to the Company.

CIC - An interexchange carrier identification code.

Commission - The Missouri Public Service Commission.

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2 Greenwood Square, Suite 275
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SECTION 1 - DEFINITIONS, (CONT'D)

Company or Carrier - Capsule Communications, Inc. unless otherwise clearly indicated by the context.

Customer - A person, firm, partnership, corporation or other entity which arranges for the Company to provide, discontinue or rearrange telecommunications services on behalf of itself or others; uses the Carrier's telecommunications services; and is responsible for payment of charges, all under the provisions and terms of this tariff.

Dedicated Access - See Special Access

Equal Access - A form of dialed access provided by local exchange companies whereby telephone calls dialed by the Customer are automatically routed to the Company's network. Customers may also route calls to the Company's network by dialing an access code provided by the Company.

Initial Period - The initial period is the length of a call for minimum billing purposes. The initial periods vary by rate schedule and are specified in each individual rate table contained in other sections of this tariff.

LATA - A geographic area existing on February 8, 1996, as previously established by the U.S. District Court for the District of Columbia in Civil Action No. 82-0192, or established by a Bell operating company after February 8, 1996, and approved by the FCC.

LEC - Local Exchange Carrier.

IXC - Interexchange Carrier.

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SECTION 1 - DEFINITIONS, (CONT'D)

Pay Telephone - Telephone instruments provided by the Company, Customer, Confinement Institution or other third party for use by the transient general public. Pay Telephones permit the user to place calls to other parties and bill such calls on a non sent-paid or sent paid-basis. To facilitate sent-paid calling, Pay Telephones can be equipped with a credit card reader, coin box, or similar device that allows charges to be collected for each call at the instrument.

PIC - Primary interexchange carrier.

PIC Authorization - A Customer's or End User's selection of a PIC that meets the requirements of federal and state law.

Primary Carrier - The IXC designated by Customer or End User as its first routing choice and primary overflow carrier.

Primary Carrier Service - Outbound long distance service provided to a customer when Capsule Communications is selected as the Customer's Primary Carrier.

Premises - A building or buildings on contiguous property.

Private Line - A dedicated path between two locations.

Serving Wire Center - A specified geographic point from which the vertical and horizontal coordinate is used in calculation of airline mileage.

Special Access - Where originating or terminating access between the Customer and the Company is provided on dedicated circuits. A method of reaching the Company's Services whereby the Customer is connected directly to the Company's access point without utilizing the services of the local switched network.

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2 Greenwood Square, Suite 275
3331 Street Road
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SECTION 1 - DEFINITIONS, (CONT'D)

Switched Access - Where access between the Customer and the Company is provided on local exchange company Feature Group circuits and the connection to the Customer is a LEC-provided business or residential access line. The cost of switched Feature Group access is billed to the Company.

Telecommunications Device for the Deaf (TDD) - A machine that uses the transmission of coded signals instead of verbal communications to enable hearing impaired users to communicate with each other and with non-hearing impaired individuals.

Travel Card Call - A service whereby the Customer or Authorized User dials all of the digits necessary to route and bill a call placed from a location other than his/her residence or normal place of business. Service is accessed via a "1-800" or other toll-free access code dialing sequence.

V & H Coordinates - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage may be used for the purposed of rating calls.

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2 Greenwood Square, Suite 275
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Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of Capsule Communications, Inc.

Capsule Communications' services and facilities are furnished for communications originating and terminating within the State of Missouri under terms of this tariff. The Company's services and facilities are available twenty-four (24) hours per day, seven (7) days per week.

Capsule Communications arranges for installation, operation, and maintenance of the communications services provided in this tariff for Customers in accordance with the terms and conditions set forth under this tariff. Capsule Communications 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 Capsule Communications network. The Customer shall be responsible for all charges due for such service arrangement.

2.2 Use

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

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David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.3 Limitations

- 2.3.1 Service is offered subject to the availability of the necessary facilities and/or equipment and subject to the provisions of this tariff. The Company may decline applications for service to or from a location where the necessary facilities or equipment are not available. The Company may discontinue furnishing service in accordance with the terms of this tariff.
- 2.3.2 The Company reserves the right to discontinue service 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 the law.
- 2.3.3 The Company does not undertake to transmit messages, but offers the use of its services when available, and will not be liable for errors in transmission or failure to establish connection.
- 2.3.4 The Company reserves the right to discontinue service, limit service, or to impose requirements on Customers as required to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing service, as determined by Capsule Communications in its reasonable judgment.
- 2.3.5 Service may be limited or discontinued by Capsule Communications, without notice to the Customer, by blocking traffic to certain countries, cities, or NXX exchanges, or by blocking calls using certain Authorization Codes, when Capsule Communications deems it necessary to take such action to prevent unlawful use of its service. Capsule Communications will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new Authorization Code to replace the one that has been deactivated.

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2 Greenwood Square, Suite 275
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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.4 Assignment or Transfer

All service provided under this tariff is directly or indirectly controlled by the Company and neither the Customer nor its Authorized Users may transfer or assign the use of service without the express prior written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of service. All terms and conditions contained in this tariff shall apply to all such permitted transferees or assignees, as well as all conditions of service.

2.5 Liability

2.5.1 The liability of the Company for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Company, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, maintaining, restoring, or changing the service or facilities or equipment shall not exceed an amount equal to the charges applicable under this tariff (calculated on a proportionate basis where appropriate) to the period during which such error, mistake, omission, interruption or delay occurs.

2.5.2 In no event shall the Company be liable for any incidental, indirect, special, or consequential damages (including lost revenue or profits) of any kind whatsoever regardless of the cause or foreseeability thereof.

2.5.3 When the services or facilities of other common carriers are used separately or in conjunction with the Company's facilities or equipment in establishing connection to points not reached by the Company's facilities or equipment, the Company shall not be liable for any act or omission of such other common carriers or their agents, servants or employees.

2.5.4 The Company shall not be liable for any failure of performance hereunder if such failure is due to any cause or causes beyond the reasonable control of the Company. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of any other government or of any civil or military authority, national emergencies, insurrections, riots, wars, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages, breaches or delays, or preemption of existing service to restore service in compliance with the Commission's Rules and Regulations.

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David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.5 Liability, (cont'd)

2.5.5 The Company shall not be liable for interruptions, delays, errors, or defects in transmission, or for any injury whatsoever, caused by the Customer, the Customer's agents, or Authorized Users, or by facilities or equipment provided by the Customer.

2.5.6 The Company shall not be liable for any claim, loss, or refund as a result of loss, theft or fraudulent use of Authorization Codes or Personal Identification Numbers issued for use with the Company's services.

2.5.7 The Customer shall indemnify, defend and hold harmless the Company (including the costs of reasonable attorney's fees) against:

- (a) Claims for libel, slander, infringement of copyright or unauthorized use of any trademark, trade name or servicemark arising out of the material, data, information, or other content transmitted over the Company's facilities or equipment;
- (b) Claims for patent infringement arising from combining or connecting the Company's facilities or equipment with facilities, equipment, apparatus or systems of the Customer; and
- (c) All other claims (including, without limitation, claims for damage to any business or property, or injury to, or death of, any person) arising out of any act or omission of the Customer, the Customer's agents or Authorized Users, in connection with any service or facilities or equipment provided by the Company.

2.6 Minimum Period

The minimum period for which services are provided and for which rates and charges are applicable is one (1) month unless otherwise specified in this tariff or by mutually agreed upon contract. When a service is discontinued prior to the expiration of the minimum period, charges are applicable, whether the service is used or not.

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David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.7 Billing and Payment for Service

2.7.1 Responsibility for Charges

Charges for installations, service connections, moves, and rearrangements, where applicable, will be included on the bill immediately following completion of the work. Billing thereafter will include recurring charges and actual usage as defined in this tariff.

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer for transmission of calls via the Company. In particular and without limitation to the foregoing, the Customer is responsible for any and all cost(s) incurred as the result of:

- (a) any delegation of authority resulting in the use of his or her communications equipment and/or network services which result in the placement of calls via the Company;
- (b) any and all use of the service arrangement provided by the Company, including calls which the Customer did not individually authorize;
- (c) any calls placed by or through the Customer's equipment via any remote access feature(s);
- (d) any calls placed via the Company's Travel Service as a result of the Customer's intentional or negligent disclosure of Authorization Codes or PIN numbers assigned to the Customer; and
- (e) any and all calls placed to an toll-free (e.g., 800, 888) service number assigned to the Customer by the Company.

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David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.7 Billing and Payment for Service, (cont'd)

2.7.2 Payment for Service

All charges due from the Customer are payable to the Company or any agent duly authorized to receive such payments. The billing agent may be the Company, a local exchange telephone company, credit card company, or other billing service. Terms of payment shall be according to the rules and regulations of the agent and subject to the rules of regulatory bodies having jurisdiction. Any objections to billed charges must be promptly reported to the Company or its billing agent. Adjustments to Customers' bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate.

Unless otherwise specified below, services provided by the Company are billed in arrears directly to the Customer on a monthly basis.

2.7.3 Late Payment Fees

The Company reserves the right to assess a late payment fee of 1.5% per month on any past due balance. A balance is considered past due if unpaid twenty one (21) days following the date printed on the bill listing amounts owed by the Customer. Any applicable late payment fees will be assessed according to the terms and conditions of the Company or its billing agent.

2.7.4 Return Check Charge

A return check charge of \$25.00 will be assessed for checks returned for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of the billing entity (i.e. local exchange company and/or commercial credit card company) and pursuant to Commission regulations.

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David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.8 Deposits

Applicants or customers whose financial condition is not acceptable to the Company or is not a matter of general knowledge, may be required to make, at any time, a cash deposit up to an amount equaling two times (2x) one (1) month's actual or estimated charges for the purpose of guaranteeing final payment for service, in accordance with the rules of the Commission.

An interest of nine percent (9%) shall be credited annually upon the account of customers with deposits. Upon satisfactory payment of all undisputed charges for a twelve month period, the customer's deposit with accrued interest will be refunded or credited against charges stated on subsequent bills.

2.9 Advance Payments

For Customers whom the Company determines an advance payment is necessary, Capsule Communications reserves the right to collect an amount not to exceed two (2) months estimated charges as an advance payment for service. This will be applied against the next month's charges and a new advance payment may be collected for the next month, if necessary. Advance payments are used as a credit against charges on subsequent bills.

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2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.10 Taxes and Fees

- 2.10.1** All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items on the Customer's bill and are not included in the quoted rates and charges set forth in this tariff. To the extent that a municipality, other political subdivision or local agency of government, or Commission imposes upon and collects from the Company a gross receipts tax, occupation tax, license tax, permit fee, franchise fee, or regulatory fee, such taxes and fees shall, insofar as practicable and allowed by law, be billed pro rata to Customers receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government.
- 2.10.2** Additional surcharges and fees not subject to Commission jurisdiction may appear on the Customer bill. All charges and fees subject to Commission jurisdiction, except taxes and franchise fees, must be submitted to the Commission for prior approval.
- 2.10.3** 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 (USF), the Presubscribed Interexchange Carrier Charge (PICC), and compensation to pay telephone service providers for the use of their pay telephones to access the Company's service.

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David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.10 Taxes and Fees (cont'd)

2.10.3 (continued)

A. Pay Telephone Surcharge

A surcharge shall be assessed for each call made from a Pay Telephone to a Company-provided toll-free number or placed by using a travel card and dialing the Company's prefix in the form 101XXXX. This charge is to compensate the Company for the Federal Communications Commission assessment which is paid by the Company to pay telephone service providers for the use of their pay telephone instruments. Any changes to this surcharge must be approved by the Missouri Public Service Commission.

Per Call Charge: \$0.35

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David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)**2.11 Terminal Equipment**

The Company's facilities and service may be used with or terminated in terminal equipment or communications systems such as a PBX, key system, single line telephone, or pay telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer. 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 Capsule Communications' service. When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry.

2.12 Interconnection

2.12.1 Service furnished by the Company may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to technical limitations established by the Company. Service furnished by the Company is not part of a joint undertaking with such other common carriers or systems. The Company does not undertake to provide any special facilities, equipment, or services to enable the Customer to interconnect the facilities or the equipment of the Company with services or facilities of other common carriers or with private systems.

2.12.2 Interconnection with the services or facilities of other common carriers shall be under the applicable terms and conditions of this tariff and the other common carrier's tariffs.

2.12.3 The Customer shall ensure that the facilities or equipment provided by the Customer are properly interconnected with the facilities or equipment of the Company. If the Customer maintains or operates the interconnected facilities or equipment in a manner which results or may result in harm to the Company's facilities, equipment, personnel, or the quality of service, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this written notice fails to eliminate the actual or potential harm, the Company may, upon written notice, terminate the existing service of the Customer.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.13 Inspection, Testing and Adjustment

- 2.13.1** The Company may, upon reasonable notice, make such tests and inspections as may be necessary to determine whether the terms and conditions of this tariff are being complied with in the installation, operation or maintenance of the Customer's or the Company's facilities or equipment. The Company may interrupt service at any time, without penalty or liability, due to the departure from or reasonable suspicion of the departure from any of these terms and conditions.
- 2.13.2** Upon reasonable notice, the facilities or equipment provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary for their maintenance in a condition satisfactory to the Company. No interruption allowance shall be granted for the time during which such tests and adjustments are made, unless such interruption exceeds twenty-four hours in length and is requested by the Customer.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.14 Credit Allowances for Interruption of Service

- 2.14.1** Credit allowances for interruptions of service of more than two (2) hours which are not due to the Company's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment and/or communications systems provided by the Customer, are subject to the general liability provisions set forth in this tariff. No credit is issued for outages less than two hours in duration.

It shall be the obligation of the Customer to notify the Company immediately of any interruption in service for which a credit allowance is desired by the Customer. Before giving such notice, the Customer shall ascertain that the trouble is not within his or her control, or is not in wiring or equipment, if any furnished by the Customer and connected to the Company's terminal.

Interruptions caused by Customer-provided or Company-provided automatic dialing equipment are not deemed an interruption of service as defined herein since the Customer has the option of using a long distance service via LEC access. Credit is issued for monthly recurring charges only; no credit is given for usage-sensitive charges. Outage credit is calculated in two-hour intervals. The amount of the credit determined by pro-rating the monthly recurring charge for the time of the outage.

- 2.14.2** Cellular (wireless) transmission is subject to interruptions including but not limited to, dropped calls, interrupted calls, unintelligible calls, one way audio and other problems created by factors beyond Capsule Communications' ability to control. Further, cellular (wireless) transmission may be unsuitable for cellular to cellular voice mail retrieval, or cellular to cellular answering machine message retrieval, or the use of other devices in the cellular to cellular environment. Therefore, under no circumstances will Capsule Communications provide credit or payment of any kind for calls which experience problems related to cellular (wireless) transmissions.

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3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.15 Cancellation by the Customer

The Customer may have service discontinued upon verbal or written notice to the Company. The Company shall hold the Customer responsible for payment of all bills for service furnished until the cancellation date specified by the Customer or until the date that the written cancellation notice is received, whichever is later. Additional charges may apply for service cancelled prior to the end of the minimum period as specified in Section 2.6 of this tariff.

2.16 Refusal or Discontinuance by the Company

Service continues to be provided until canceled by the Customer, verbally or in writing, or until discontinued by the Company as set forth below. The Company may render bills subsequent to the termination of service for charges incurred before termination.

Capsule Communications may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the Customer shall be given five (5) days notice to comply with any rule or remedy any deficiency:

- 2.16.1** For noncompliance with or violation of any State, municipal, or Federal law, ordinance or regulation pertaining to telephone service.
- 2.16.2** For noncompliance with or violation of Commission regulation or Capsule Communications' rules and regulations on file with the Commission.
- 2.16.3** Without notice by reason of any order or decision of a court or other government authority having jurisdiction which prohibits Company from furnishing such services.
- 2.16.4** For failure of the Customer to make proper application for service or for use of telephone service for any other property or purpose than that described in the application.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.16 Refusal or Discontinuance by the Company, (cont'd)

- 2.16.5** Without notice in the event of tampering with the equipment or services owned by Capsule Communications or its agents.
- 2.16.6** Without notice in the event of Customer use of equipment or services in such a manner as to adversely affect the Company's equipment or the Company's service to others.
- 2.16.7** For neglect or refusal to provide reasonable access to Capsule Communications or its agents for the purpose of inspection and maintenance of equipment owned by Capsule Communications or its agents.
- 2.16.8** For nonpayment of bills, provided that suspension or termination of service shall not be made without five (5) days written notice to the Customer, except in extreme cases. Bills are considered past due and unpaid if payment has not been received from the Customer within twenty one (21) days following the date printed on the bill listing amounts owed. In addition, for residential customers, Company will make a reasonable attempt to contact the customer by phone at least 24 hours prior to discontinuance to advise them of the proposed suspension or termination of service and what steps must be taken to avoid suspension or termination.
- 2.16.9** Without notice for unauthorized or unlawful use of Travel Service numbers and Authorization Codes. Travel Service numbers and Authorization Codes are issued only by the Company to the Customer and may not be sold or otherwise distributed without the written consent of the Company.
- 2.16.10** Without notice in the event of any other unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, Capsule Communications may, before restoring service, require the Customer to make, at his or her 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.
- 2.16.11** For Customer's breach of contract for service between the Company and the Customer.
- 2.16.12** For periods of inactivity over sixty (60) days.

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ISSUED BY:

**David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020**

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SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.17 Restoration of Service

If service has been discontinued for nonpayment or as otherwise provided herein and the Customer wishes it continued, service shall, at the Company's discretion, be restored when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected. A restoration fee of \$25.00 applies to Customers whose service is restored following disconnection by the Company.

2.18 Toll-Free Numbers

The following additional regulations apply to Inbound Long Distance Services when offered by the Company:

- 2.18.1** The Company will make every effort to reserve toll-free vanity numbers (e.g., 800, 888) on behalf of Customers, but makes no guarantee or warranty that the requested toll-free number(s) will be available or assigned to the Customer requesting the number.
- 2.18.2** If a Customer accumulates undisputed past-due charges, the Company reserves the right not to honor the Customer's request for a change in toll-free service to another carrier (e.g., "porting" of the toll-free number), including a request for a Responsible Organization (Resp Org) change, until such time as all charges are paid in full.
- 2.18.3** Capsule Communications shall not be liable at all for the use, misuse, or abuse by third parties of a toll-free number assigned to a Customer or toll-free number service provided to a Customer, including, without limitation, use, misuse or abuse by the Customer's employees or members of the public who dial the Customer's toll-free number by mistake.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 3 - DESCRIPTION OF SERVICES

3.1 General

- 3.1.1** Capsule Communications offers outbound direct dial (1+) and inbound toll-free (e.g., 800 or 888) number long distance services to its Customers. The Company's long distance service charges may vary based upon call duration, time of day rate period, mileage, call type, and or calling plan. Other services offered by the Company include, but are not limited to, directory assistance and travel card services. All Capsule Communications services are available 24 hours a day, seven days a week.
- 3.1.2** Access to the Company's outbound and inbound long distance services may be via Switched or Special Access. Outbound direct dial services are offered as Primary Carrier Service from locations served with equal access end offices.
- 3.1.3** Special Access Lines, if utilized, are provided and billed to the Customer by the Company or by another special access provider. Charges for Special Access Lines are determined by the special access provider.
- 3.1.4** The Company's Travel Card services are offered for use from any location from which the Customer can reach the Company's toll-free access number.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.2 Timing of Calls

Billing for calls placed over the Capsule Communications network is based in part on the duration of the call as follows, unless otherwise specified in this tariff:

- 3.2.1** Call timing 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 calls ends when one of the parties disconnects from the call.
- 3.2.3** For billing purposes, minimum call duration periods vary by service and are specified by product or option in subsequent sections of this tariff.
- 3.2.4** For billing purposes, usage after the initial period varies by service and is specified by product or option in subsequent sections of this tariff.
- 3.2.5** The Company will not bill for unanswered calls. When a Customer indicates that he/she was billed for an incomplete call, Capsule Communications will reasonably issue credit for the call.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)**3.3 Rate Periods**

3.3.1 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*	DAYTIME RATE PERIOD						
5:00 PM TO 11:00 PM*	EVENING RATE PERIOD						EVE
11:00 PM TO 8:00 AM*	NIGHT/WEEKEND RATE PERIOD						

* Up to but not including.

3.3.2 Holiday Rates

For services subject to holiday discounts, the following are Company recognized national holidays, determined at the location of the calling station. The evening rate is used on national holidays, unless a lower rate normally would apply.

New Year's Day	January 1
Independence Day	July 4
Labor Day	1st Monday in September
Thanksgiving Day	4th Thursday in November
Christmas Day	December 25

3.3.3 When the connection is established in one rate period and ends in another, the rate for each rate period applies to the portion of the call occurring within that rate period. In the event that an initial or incremental period of use is split between two rate periods, the rate in effect at the start of that period applies.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)**3.4 Calculation of Distance**

Usage charges for all mileage-sensitive products are based on the airline distance between serving wire centers associated with the originating and terminating points of the call. The serving wire centers of a call are determined by the area codes and exchanges of the origination and destination points.

The distance between the wire center of the originating location and that of the destination point is calculated by using the vertical ("V") and horizontal ("H") coordinates found in Bellcore's V&H Tape and NECA FCC Tariff No. 4. The following steps describe the procedure for calculating mileage distances:

- Step 1 - Obtain the "V" and "H" coordinates for the wire centers serving the originating and terminating locations.
- Step 2 - Obtain the difference between the "V" coordinates. Obtain the Difference between the "H" coordinates. The difference is always obtained by subtracting the smaller coordinate from the larger coordinate.
- Step 3 - Square the differences obtained in Step 2.
- Step 4 - Add the squares of the "V" difference and "H" difference obtained in Step 3.
- Step 5 - Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.
- Step 6 - Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the wire centers.

Formula:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)**3.5 Discount Programs****3.5.1 Volume Discount Plan**

Services offered by Capsule Communications may be subject to volume discounts. A Customer is assigned a Discount Option based on average monthly usage charges anticipated by the Customer for all services provided by the Company. For new customers, Capsule Communications reserves the right to request copies of past bills in order to verify Customer statements regarding anticipated usage volumes. Usage rates for services subject to volume discounts are reduced by a percentage as shown in the following table based on the Discount Option assigned to the Customer.

Discount Option	Anticipated Intrastate, Interstate and International Charges	Applicable Discount
1	\$50.00 up to \$149.99	5%
2	\$150.00 up to \$249.99	10%
3	\$250.00 up to \$499.99	15%
4	\$500.00 up to \$749.99	20%
5	\$750.00 up to \$999.99	25%
6	\$1000.00 up to \$1499.99	30%
7	\$1500.00 up to \$1999.00	35%
8	\$2000.00 or greater	40%

A re-evaluation of an existing Customer's volume level and applicable Discount Option may result from 1) a verbal or written request from the Customer with re-evaluation performed by the Company no less than sixty days after receipt of request or 2) at the Company's discretion. Capsule Communications reserves the right to periodically audit Customers' usage volumes based on past billing and reassign the Customer to a lower discount option, upon ten days written notice. Customers not meeting their initial anticipated volume level for a specific service will be given the option of continuing service under another Discount Option or discontinuing the Company's service.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)**3.5 Discount Programs (cont'd)****3.5.2 Term Discounts**

Customers who agree to use the Company's services may obtain additional discounts by committing to subscribe to service for fixed periods of time. The percentage discount applied to the Customer's bill varies by year during the term period as shown in the following table:

Length of Term	Applicable Discount Percentage		
	1st Year	2nd Year	3rd Year
12 Months	3%	N/A	N/A
24 Months	3%	6%	N/A
36 Months	3%	6%	9%

Term discounts are calculated after any volume discounts have been applied to the customer's usage charges. A credit will be applied to the Customer's bill at the end of each billing period equivalent to a percentage of total service-specific charges based on the preceding table.

Customers who cancel service under a Term Discount Plan prior to the end of the term period are subject to an early termination charge. This charge shall be equal to the Customer's average monthly billing prior to cancellation multiplied by the number of months remaining in the term. The entire termination charge is billed to the Customer in the month immediately following discontinuance of service.

A Customer changing to a Term Discount Plan of greater length than its current plan will not incur an early termination charge for the existing shorter term plan.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.6 Outbound Long Distance Service

Capsule Communications' Outbound Long Distance Service is a "1+" direct dial service available for Customer use 24 hours a day, seven days a week. Intrastate service is sold in conjunction with interstate and international service.

Calls are placed via Switched Access origination from Customer local exchange access lines presubscribed to the Capsule Communications network or that of its underlying carrier. The Customer is responsible for obtaining suitable access from its local exchange carrier. All costs incurred in the installation and use of local access lines is the responsibility of the Customer.

3.7 Inbound Long Distance Service

Capsule Communications' Inbound Long Distance Service is an toll-free number (e.g., 800, 888) service available for Customer use twenty-four (24) hours a day, seven (7) days a week. Intrastate service is sold in conjunction with interstate service.

Calls are received via Switched Access termination to Customer local exchange access lines. The Customer is responsible for obtaining suitable access from its local exchange carrier. All costs incurred in the installation and use of local access lines is the responsibility of the Customer.

3.8 Travel Card Service

Capsule Communications' Travel Card Service is offered to Customers of Capsule Communications Outbound or Inbound Long Distance Services or as a stand alone service. Travel Card Service allows Customers to place without operator assistance from locations other than their normal place of business or residence. Service is offered 24 hours a day, seven days a week to all valid terminating locations. Intrastate service is sold in conjunction with interstate and international service.

Access to Capsule Communications' Travel Service is via a toll-free number dialed by the Customer. The Customer must input a valid Authorization Code in addition to the destination number with area code in order to place a call.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D)

3.9 Directory Assistance

Directory Assistance is available to Customers of Capsule Communications long distance services. A Directory Assistance charge applies to each call to the Directory Assistance Bureau. One request may be made on each call to Directory Assistance. A Directory Assistance charge applies to each call to the Directory Assistance Bureau. The Directory Assistance charge applies to each call, regardless of whether the Directory Assistance Bureau is able to furnish the requested telephone number.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 4 - RATES AND CHARGES

4.1 Outbound Long Distance Service

4.1.1 Rate Plan 1

Volume and Term Discounts as specified in Section 3.5.1 and 3.5.2 of this Tariff apply to Outbound Long Distance Services offered under Rate Plan 1.

MONTHLY RECURRING CHARGES:

The following charge applies to each Customer account on a monthly basis. This charge will be waived for Customers whose total usage during the current month exceeds \$20.00. Interstate, international and intrastate usage charges are combined for purposes of determining if waiver of this monthly recurring charge is applicable.

Per Customer Account	\$1.99
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USAGE CHARGES:

For billing purposes, call timing is rounded up to the next six (6) second increment following a minimum initial period of thirty (30) seconds.

Per Minute Rate	\$0.21
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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.2 Inbound Long Distance Service

4.2.1 Rate Plan 1

Volume and Term Discounts as specified in Section 3.5.1 and 3.5.2 of this Tariff apply to Inbound Long Distance Services offered under Rate Plan 1.

MONTHLY RECURRING CHARGES:

Per Toll-Free Directory Listing	\$10.00
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USAGE CHARGES:

For billing purposes, call timing is rounded up to the next six (6) second increment following a minimum initial period of thirty (30) seconds.

Per Minute Rate	\$0.21
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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.3 Travel Card Service

4.3.1 Rate Plan 1

Volume and Term Discounts as specified in Section 3.5.1 and 3.5.2 of this Tariff apply to Travel Services offered under Rate Plan 1.

MONTHLY RECURRING CHARGES: Not Applicable

PER CALL SERVICE CHARGES: \$0.40 Per Call

USAGE CHARGES:

For billing purposes, call timing is rounded up to the next six (6) second increment following a minimum initial period of thirty (30) seconds.

Per Minute Rate \$0.30

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ISSUED BY: David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 4 - RATES AND CHARGES, (CONT'D)

4.4 Directory Assistance

Per Directory Assistance Call	\$0.65
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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 5 - PROMOTIONS

5.1 General

Capsule Communications may, upon Commission approval, offer Customers specific rate incentives during specified promotional periods. The Company will provide written notice to the Commission at least 7 days prior to the commencement of a promotional program specifying the terms of the promotion, the specific services offered, and the beginning and ending dates of the promotional period.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

MOI0001

SECTION 6 -OBSOLETE SERVICE OFFERINGS

6.1 General

Obsolete service offerings are those services no longer offered to new Customers by the Company. An existing Customer subscribing to an obsolete service may continue use of the service at rates and charges listed in this section of the tariff until such time as the service is discontinued by the Customer upon request or by the Company for cause as described in Section 2.16 of this tariff.

Obsolete services are furnished subject to all rules and regulations of this tariff the same as would be applicable if the service offering were not obsolete. In addition, the Company reserves the right to revise rates, terms, conditions, rules and regulations associated with obsolete services from time to time subject to Commission approval and filing of appropriate revisions to this tariff.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

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SECTION 6 - OBSOLETE SERVICE OFFERINGS (Continued)**6.2 USW Business Service**

6.2.1 USW Business Service is a distance and time of day sensitive "1+" direct dial service available for Customer use 24 hours a day, seven days a week. Intrastate service is provided in conjunction with interstate and international service. Calls are placed via Switched Access origination from Customers' presubscribed local exchange access lines. For billing purposes, call timing is rounded up to the next six (6) second increment following a minimum initial period of thirty (30) seconds. Volume and Term Discounts do not apply.

MILEAGE BANDS	DAY TIME		EVENING		NIGHT/WKND	
	INITIAL MINUTE	EACH ADD'L MINUTE	INITIAL MINUTE	EACH ADD'L MINUTE	INITIAL MINUTE	EACH ADD'L MINUTE
0 - 10	\$0.1100	\$0.0900	\$0.0880	\$0.0720	\$0.0715	\$0.0585
11 - 14	\$0.1500	\$0.1300	\$0.1200	\$0.1040	\$0.0975	\$0.0845
15 - 18	\$0.1800	\$0.1600	\$0.1440	\$0.1280	\$0.1170	\$0.1040
19 - 23	\$0.2050	\$0.1700	\$0.1560	\$0.1360	\$0.1430	\$0.1105
24 - 28	\$0.2350	\$0.1760	\$0.1885	\$0.1600	\$0.1820	\$0.1300
29 - 33	\$0.2350	\$0.1950	\$0.1945	\$0.1760	\$0.1850	\$0.1430
34 - 40	\$0.2650	\$0.2350	\$0.2025	\$0.1865	\$0.1865	\$0.1560
41 - 50	\$0.2750	\$0.2450	\$0.2025	\$0.1865	\$0.1880	\$0.1690
51 - 60	\$0.2850	\$0.2550	\$0.2105	\$0.1925	\$0.1945	\$0.1730
61 - 80	\$0.2950	\$0.2600	\$0.2110	\$0.2005	\$0.1975	\$0.1745
81 - 100	\$0.3250	\$0.2750	\$0.2245	\$0.2010	\$0.1975	\$0.1915
101 - 125	\$0.3350	\$0.2950	\$0.2295	\$0.2250	\$0.2090	\$0.2045
126 - 150	\$0.3450	\$0.3050	\$0.2425	\$0.2410	\$0.2155	\$0.2110
151 - 190	\$0.3550	\$0.3150	\$0.2505	\$0.2490	\$0.2220	\$0.2175
191 - 300	\$0.4050	\$0.3650	\$0.2585	\$0.2570	\$0.2220	\$0.2175
301 - 430	\$0.4050	\$0.3650	\$0.3185	\$0.2865	\$0.2795	\$0.2535
431 - Over	\$0.4050	\$0.3650	\$0.3185	\$0.2865	\$0.2795	\$0.2535

6.2.2 USW Business Service Customers may also subscribe to Travel Card Service for the placing of long distance calls without operator assistance from locations other than their own premises. For billing purposes, call timing is rounded up to the next six (6) second increment following a minimum initial period of thirty (30) seconds. An \$0.85 per call charge applies in addition to the usage rates listed in Section 6.2.1 above.

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ISSUED BY:

David Hurwitz, President
2 Greenwood Square, Suite 275
3331 Street Road
Bensalem, Pennsylvania 19020

MO10001