

SMARTPAYMENT PLANSM**A. General Information**

SmartPayment PlanSM (SPPSM) is an alternative billing option. The SPP allows customers to pre-pay their monthly charges for certain services for a three or five year service period (Initial Service Period). SPP will be offered with the services listed in paragraph B. following.

B. Services Available for SPP

The following services are available for SPP:

- Flat Rate Business Lines
- Analog Trunks
- Plexar[®] - Exchange Access Line
- SmartTrunkSM - Interface
- Digital Loop Service - Digital Transmission Loop Arrangement

C. Regulations

1. The following rules and regulations are in addition to other rules and regulations as stated in this Guidebook or other Company Tariffs.
2. The full payment will be due 30 days from the SPP effective date. When full payment is not received by the due date, the SPP agreement is considered null and void and the services under the SPP agreement will be billed under month-to-month billing back to the SPP agreement effective date.
3. At the end of the Initial Service Period, the customer must either extend the Initial Service Period for one twelve month term, establish a new Initial Service Period, start month-to-month billing or disconnect the service.
4. The SPP payment will not change as a result of a Company initiated rate increase, however, when a Local Exchange Rate Group Reclassification occurs, as set forth in the Part 4 of the Guidebook, an adjustment for the remaining term of the SPP agreement will be made. Also, an adjustment will be made for any rate decrease. When the adjustment results in an amount due the Company, the full payment will be due 30 days from the effective date of the reclassification. When the adjustment results in an amount due the customer an adjustment will be made in the customer's next monthly bill statement.
5. One time charges, as set forth in the Company Guidebook, apply as appropriate to all services under SPP.
6. Optional services may not be placed under the SPP agreement. Optional services may be added, changed or disconnected in accordance with the rules and regulations that apply to the optional service as set forth in Company Guidebook and will be billed monthly.
7. As a condition to providing service under the SPP, a customer will be required to sign a SPP agreement.

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SMARTPAYMENT PLANSM (cont'd)**D. Changes to SmartPayment PlanSM**

1. Prior to the expiration of the Initial Service Period or Extended Service Period, as described in paragraph E. (Extension of Initial Service Period), the customer may convert existing SPP services to a new SPP Initial Service Period provided the new Initial Service Period is equal to or greater than the original Initial Service Period. The new SPP payment will be the SPP payment as defined in paragraph K. less the present value of the existing SPP agreement.
2. If a customer requests existing SPP service to be converted to a monthly rate basis at any time prior to the expiration of the Initial Service Period or Extended Service Period, the request will be treated as a discontinuance of service and the customer will receive a SPP Discontinuance Settlement as defined in paragraph J.

E. Extension of Initial Service Period

1. The customer may elect to extend the SPP Initial Service Period for one additional 12 month service period (Extended Service Period) at the SPP rates in effect at the time of the request for extension.
2. The customer must provide the Company with a written notice of intent to extend an existing SPP Initial Service Period no later than 90 days prior to its expiration. The full payment for the Extended Service Period will be due thirty days from the effective date of the extension.
3. If the customer elects not to extend the SPP or does not notify the Company of its intent to extend, the customer's service will automatically be billed under month-to-month billing at the rates in effect at the time the SPP Initial Service Period expires.
4. At the end of an Extended Service Period, the customer's service will automatically be billed under month-to-month billing at the rates in effect at the time the Extended Service Period expires unless the customer negotiates a new SPP Initial Service Period or terminates service.

F. Additions to Existing SPP

1. Additions to an existing SPP can be made. The payment for the addition will be the sum of the addition's monthly payments less a prepayment offset as defined in paragraph K. for the remaining Service Period of the existing contract.
2. The rates and charges in effect at the time of the service addition will apply in calculating the monthly payments.
3. The full payment for the addition is due 30 days from the effective date of the addition.
4. There is no limit to the number of additions that can be made during the SPP Service Period.

SMARTPAYMENT PLANSM (cont'd)**G. Moves to New Location**

1. When a customer moves their service under the SPP from one service location to another and the monthly rates are not affected, no adjustment to the existing SPP payment is required. The customer will be responsible for all applicable nonrecurring charges set forth in this guidebook for services that are under the SPP.
2. When a customer moves service under SPP from one service location to another and the monthly rates are affected, a price adjustment for the remaining term of the agreement will be made. The adjustment will be based on the monthly rates for the new location's Rate Group that were in effect prior to any Company initiated rate increase. When the adjustment results in an amount due the Company, the full payment will be due 30 days from the date the service location was changed. When the adjustment results in an amount due the customer, an adjustment will be made on the customer's next monthly bill statement.
3. When the customer moves service under the SPP outside the Company's service area, the move will be treated as a reduction to the existing SPP and the rules in paragraph H., following apply.

H. Reductions to Existing SPP

1. The customer can disconnect SPP services and not terminate the agreement provided the remaining services do not fall below 80% of the number initially placed under the SPP agreement. The SPP Discontinuance Settlement calculation in paragraph J., for the services disconnected will be used to calculate any settlement.
2. When the customer disconnects SPP services and the services remaining under the SPP agreement are between 50% and 79% of the number initially placed under the SPP agreement, the customer will be allowed a 90 day grace period prior to termination of the agreement. During the 90 day grace period the customer may add services that will bring the total quantity in-service to at least 80% of the services under the initial SPP agreement. The 90 day grace period cannot extend beyond the ending date of the SPP agreement term.
3. When the number of services provided under the SPP agreement fall below 50% of the initial SPP agreement the SPP agreement will be terminated and the customer will receive a SPP Discontinuance Settlement as set forth in paragraph J., following.

SMARTPAYMENT PLANSM (cont'd)

I. Conversions to New Company Services and Upgrades in Service

1. If a comparable new service becomes available during the SPP Service Period the customer will be able to convert their existing service to the new service under the existing agreement.
2. The Guidebook rate for the new service that is in effect at the time the service is changed will be used to calculate an adjustment to the initial SPP payment. All nonrecurring charges associated with the new service's installation will apply.
3. Upgrades to a different Company service will require a new SPP agreement. The existing SPP agreement will be discontinued.
4. If the upgrade in service includes a service term that is as least along as the remaining term of the SPP agreement, the balance of the SPP payment may be applied to the new service.
5. If the upgrade in service is to a month to month service or if the term is less than the remainder of the SPP agreement, the customer will receive a SPP Discontinuance Settlement as defined in paragraph J.

J. SPP Discontinuance Settlement

1. Customers requesting to discontinue the SPP agreement prior to the expiration of the Initial Service Period or customers who fail to keep the terms of the agreement, may be due a Settlement.

2. The Settlement for an Initial Service Period will be calculated as follows:

$$\begin{matrix} \text{(Prepaid)} & \text{)} & & \text{(Months} & & \text{Initial}^{/1/} & \text{)} & & \text{(Administrative)} \\ \text{(Amount)} & \text{)} & - & \text{(Expired} & \text{X} & \text{Guidebook)} & - & \text{(Charge)} & \text{)} = \text{Settlement} \\ & & & \text{(} & & \text{Rate)} & & \end{matrix}$$

3. In the event the customer requests to discontinue the SPP contract during the Extended Service Period a Settlement will be calculated as follows:

$$\begin{matrix} \text{(Extended)} & \text{)} & & \text{(Extended} & & & \text{)} \\ \text{(Service)} & \text{)} & & \text{(Service} & & \text{Initial}^{/1/} & \text{)} & & \text{(Administrative)} \\ \text{(Period)} & \text{)} & - & \text{(Period} & \text{X} & \text{Guidebook)} & - & \text{(Charge)} & \text{)} = \text{Settlement} \\ \text{(Payment)} & \text{)} & & \text{(Months} & & \text{Rate)} & & \\ \text{(Amount)} & \text{)} & & \text{(Expired} & & & \text{)} & & \end{matrix}$$

4. The administrative charge will be equal to the charge to initiate or terminate detailed billing as shown in Part 3, Section 1.

/1/ If a rate is decreased during the service period of the SPP agreement, the rate reduction will be applied to the number of expired months the reduced price was in effect.

SMARTPAYMENT PLANSM (cont'd)

K. SPP Payment and Prepayment Offset

1. The SPP payment is the sum of the SPP service's monthly rates and charges for the agreement period less a prepayment offset. The prepayment offset is the difference between the monthly payments for the SPP agreement service period and the present value of the monthly payments for the agreement service period.
2. The prepayment offset will be calculated using the authorized discount rate in Part 2 of the Guidebook as follows:

(Rate X Number of Services) = Monthly Payment

(Sum of) (The present value of an annuity due)
(Monthly) - (for the monthly payments at the) = Prepayment
(Payments) (authorized discount rate for the) Offset
(appropriate number of months)

3. The authorized discount rate, once established for an agreement, will not change during the term of the agreement.