

# DRAFT

based on service volumes multiplied by the appropriate price, as set forth in the price list contained in Schedule II attached hereto, or any applicable tariff.

3. If, during the period immediately preceding the effective date of this Agreement, the Customer has not subscribed to Services offered under this Agreement, a period of time for service start-up, testing and regulatory approval of the Agreement (up to ninety (90) calendar days) may be necessary prior to the first bill being rendered. In such cases, a proportional reduction, not to exceed three months, of the first year's minimum annual purchase amount will be afforded the Customer.

~~If the Customer fails to submit billings within three months from the effective date of this Agreement, Customer will be deemed to have breached this Agreement and SWBT may elect to terminate it pursuant to Section XX, Termination of Services.~~

Should the Customer fail to submit billings on a regular and consistent basis of at least once every week after commencement of services, Customer will be deemed to have breached this Agreement and SWBT may elect to terminate pursuant to Section XX, Termination of Services.

- D. If the Customer has subscribed to B&C Services with SWBT during the period immediately preceding the execution of this Agreement, revenue amounts, credits, adjustments, realized uncollectibles and other relevant data will be used in accordance with this Agreement and in accord with the former Agreement to make appropriate ongoing calculations under this Agreement to permit continuing provision of the Service(s).

# DRAFT

- E. Billings which are submitted by the Customer to provide bi-monthly, quarterly, or any other interval of billing greater than monthly will not be allowed. Any such billing will be considered a breach of this Agreement and SWBT may elect to terminate the Agreement pursuant to Section XX, Termination of Services.
- F. Billing which may be processed under the terms of this Agreement:
1. Charges for the transport of Message Toll Service (MTS) which consists of the following messages only:
    - a) one-plus direct dialed long distance toll calls (DDD) including international toll calls;
    - b) appropriately validated operator handled long distance toll calls for:
      - 1) collect calls,
      - 2) third number calls, or
      - 3) calling card calls;
    - c) directory assistance calls; and
    - d) appropriately validated direct dialed long distance toll calls billed through a calling card.

Notwithstanding anything contained herein to the contrary, SWBT may, in its sole opinion, determine that the Customer's billings, whether for services which are tariffed or not, arise out of a pay-per-call or other information service offering including but not limited to international calls. In that event, such billings will be considered as coming within sections I.F.2 or I.F.3 defined below, and must be submitted to SWBT in compliance

# DRAFT

with those sections and in record formats associated with such billings as designated by SWBT from time to time.

The Customer represents that it will not submit billings as one or more Message Toll Service charges if the underlying traffic is other than a traditional long distance service. The Customer understands that whether or not a charge is tariffed is not to be considered determinative of whether its billings are for Message Toll Service.

2. **Charges for Pay-Per-Call service (complying with Sections I. G. and I. H. below). As of January 1, 1998, a service charge per message billed will apply to the Customer's pay per call services submitted to SWBT for inclusion on the End User's bills. The Expanded Message Billing Additive Charge defined in I.F.5 will also apply.**

The Customer acknowledges that SWBT will include a consumer rights notification when the Customer's Pay-Per-Call services are submitted to SWBT for billing, using SWBT's standardized wording. The Customer agrees to pay SWBT for one bill page and one bill phrase per bill rendered, which contains billings for Customer's pay-per-call service.

3. **Other billing, not included in I.F.1 or I.F.2 above, which is telecommunications related, but only with specific written approval by SWBT.**
4. **With respect to the billings authorized in Section I.F.2, I.F.3, I.G.2 and I.G.11 herein, the Customer agrees that SWBT may, with sixty days (60) written notice to the Customer, terminate**

# DRAFT

any or all such billing without cause or change the terms, conditions or prices for the provision of such billing.

5. With respect to the billings authorized in Sections I.F.2, I.F.3, I.G.2 and I.G.11 herein, an Expanded Message Billing Additive Charge, per message billed, will apply to the Customer's billings submitted to SWBT for inclusion on End-User's bills. **As of January 1, 1998, the Message Bill processing per message element will not apply. Unless otherwise indicated, the following Customer billings will be subject to the Expanded Message Billing Additive Charge:**
  - a) Billing of voice mail services which are required to be submitted in EMI Record Types 010117, 010217, 810117 or 810217.
  - b) Billing of enhanced services which are required to be submitted in EMI Record Types 010118, 010218, 810118 or 810218.
  - c) Billings using EMI Record Types "42XXXX" which may be utilized for the billing of non-transmission services as authorized in writing by SWBT. Notwithstanding the foregoing, any such billings submitted under these record types, which are classified by SWBT as a traditional toll service, will not be subject to the Expanded Billing Additive charge.
  - d) Billings of telegram services which are required to be submitted in EMI Record Type 010114.

# DRAFT

- e) **Other EMI record types requested by the Customer and agreed to by SWBT in writing.**
  - f) **Billings of Pay per call and/or information services which are required to be submitted in EMI Record Type 010116.**
- G. **Billing which will not be processed by SWBT under the terms of this Agreement includes:**
- 1. **All billings, other than Message Toll Services (MTS) with objectionable content as described in Section I. H. below;**
  - 2. **All billings containing charges which in whole or part relate, or reasonably give the appearance of relating to goods or services provided outside the message or references to telephone numbers, unless agreed to in writing by the Director-Billing and Collections, One Bell Center, Room 7-D-7, St. Louis, Missouri 63101, and/or other such individual(s) as SWBT may authorize. Such authorization or notice will be provided to the Customer in writing;**
  - 3. **Charges which have been previously billed to the End-User by the Customer or by a third Party; or new charges to an End-User who has previously been billed by the Customer or by a third Party, where the Customer or third Party has been unable to collect billed charges to the End-User in a timely manner.**
  - 4. **Charges which, when initially received by SWBT for billing, are over ninety (90) days old if domestic or one hundred twenty (120) days old if international;**

# DRAFT

5. **Charges for collect calls associated with pay-per-call information services billings, including the transport of such calls;**
6. **Charges for information regarding credit cards, credit repair or any information related to credit;**
7. **Charges for information regarding sweepstakes and/or giveaways;**
8. **Charges for services which, in SWBT's sole opinion, may result in nuisance calls to SWBT;**
9. **Charges which are inconsistent with End-User subscription to applicable Toll Billing Exceptions (TBE);**
10. **Charges for services billed to any geographically restricted SWBT calling card, where the call does not meet the applicable geographic restriction;**
11. **Charges for 800 Services to an originating End-User (caller as opposed to called Party) except when the End-User has entered into a written presubscription agreement; and**
12. **Charges for information provided outside the message.**
13. **Charges for cellular services and/or charges to NPA/NNX's assigned to cellular carriers.**
14. **Charges for services billed to a SWBT WATS End-User account.**

# DRAFT

15. **Charges for services billed to End-Users who subscribe to local access services through a Local Service Provider other than SWBT.**
  16. **Monthly Fees or fees other than a per-call fee for access to any service in which any person provides, or purports to provide audio information or audio entertainment produced or packaged by such person, whether such access is provided directly or through a voice mail box service, unless agreed to in writing by SWBT.**
  17. **Fees for services offered on the Internet.**
  18. **Charges for services billed to End-Users who specifically request not to be billed for Customer services on the SWBT bill. Customer agrees it will not forward such billing to SWBT after notification from the End-User.**
  19. **Charges for credit card calls placed outside of the effective dates of the SWBT End-User account. SWBT Guidelines and Policys will dictate acceptable dates, if any, before and after effective date.**
  20. **Charges which consist of combined individual call records and/or other charges to produce bulk billed services.**
- H. **The Customer agrees, as a condition of SWBT's performance under this Agreement, that SWBT will not provide B&C Services which SWBT deems harmful to its image. Customer billing to End-Users will not be processed by SWBT under this Agreement where such billing is**

# DRAFT

for or is associated with objectionable content, including but not limited to:

- Services which explicitly or implicitly refer to sexual conduct,
- Services which contain indecent, obscene or profane language,
- Services which allude to bigotry, racism, sexism or other forms of discrimination,
- Services which, through advertising, content or delivery, are deceptive, or that may take unfair advantage of minors or the general public,
- Services which are publicly accessible, multi-party connections commonly known as "GAB" or "chat" services.

## I. Customer's Responsibility to Submit Correct Billings

It is the continuing responsibility of the Customer to ensure that its services to be billed by SWBT comply with the foregoing standards set forth in E, F and G and H above and all statutory, legal and regulatory requirements. The Customer will render all necessary assistance to SWBT to enable SWBT to perform a review of the Customer's messages, as SWBT shall determine is required, in order to help identify objectionable or improperly formatted messages on a timely basis. SWBT may adjust End-User charges (with recourse to the Customer) for any such services billed, or return to the Customer any such message billing prior to End-User billing. Nothing herein is intended to allow the Customer to wait for notification from SWBT before complying with SWBT's billing standards. Prior to sending

# DRAFT

messages to SWBT for billing services, the Customer is to take reasonable steps to screen, from the Customer's message billing files, all billing to be sent to SWBT in order to comply with said standards. Upon SWBT's determination that the Customer has forwarded billing for objectionable or improperly formatted services, SWBT may decline to process, and may return, any such billing and all other associated services which are offered over the same call-to-telephone number, or, to return all billings associated with the responsible service provider, or delay processing of the Customer's billings to allow the Customer the time necessary to establish methods, procedures, computer programming or other reasonable steps to identify and segregate objectionable or improperly formatted messages from the Customer's message billing files, to ensure associated charges are not forwarded to SWBT for billing. The Customer will pay to SWBT, for each file or partial file returned, a Return of File charge as defined in Schedule II. This will also apply each time SWBT is required to block an objectionable number from billing.

Should the Customer dispute SWBT's determination of the objectionable nature of the content of a message(s) or its proper format, SWBT may withhold billing of said messages pending the resolution of the dispute.

Customer forwarding of billing to SWBT of the type described in this paragraph I or not authorized by the terms of paragraph F or G above shall constitute a substantial and material breach of this Agreement, and SWBT may proceed in accordance with Section XX. A, Termination of Services.

# DRAFT

## J. Obligation for Inquiry Support Service.

~~If Inquiry service is not provided by SWBT, the Customer will provide a toll-free inquiry number for the End-User and SWBT to utilize in contacting the Customer.~~ This toll-free number will appear on the Customer's page of the bill. The Customer's Toll Free inquiry number must be adequately staffed to insure that the Customer is accessible to End-Users and SWBT during normal business hours.

Upon complaint by an End-User that he/she has been unable to reach the Customer, through the toll free inquiry number, to inquire about Customer's services and/or charges that have been billed by SWBT, and SWBT has reason to believe that the number is not being answered promptly by an individual capable of addressing the End-User's concern, SWBT may adjust, with recourse, the End-User's charges without further attempt to contact the Customer. All such adjustments will be reflected on SWBT's adjustment report issued to the Customer. The Customer will be charged a manual adjustment charge for each adjustment issued by SWBT as defined in Schedule II.

Customer's repeated failure to be accessible to End-Users for inquiry constitutes a substantial and material breach of this Agreement and SWBT may proceed in accordance with Section XX, Termination of Service.

## II. SWBT Services

SWBT shall provide the following services as requested by the Customer:

# DRAFT

## A. Billing Services:

SWBT will provide Bill Processing Service for those accounts for which SWBT provides local service in its franchised operating territory in the states of Arkansas, Kansas, Missouri, Oklahoma and Texas. This Agreement does not contemplate the provision of Bill Processing Service for 1) End User accounts which subscribe to local access service through a local service provider other than SWBT, 2) End User accounts outside SWBT's franchised operating territory which subscribe to local access through SWBT and 3) The provision of a separate bill used solely for the B&C Customer.

1. **Bill Processing Service consists of the preparation of bills for message-billed or invoice ready service, and mailing of statements of the amounts due for End-User services received, from the Customer, and the collection of moneys due from the End-Users. Bill Processing Services include posting of rated messages and rate elements, rendering of bills, receiving payments, maintenance of accounts, treatment of accounts, pre-billing message investigation, each as described in Exhibit B and C of this Agreement.**
  - a) **SWBT will process rated messages, billable under this Agreement, received from the Customer for message billing and render bills to the qualified accounts as defined in Exhibit B and C of this Agreement.**
  - b) **SWBT will purchase the Customer's receivables on message billed accounts and render End-User bills showing a single balance due. Accounts receivable will be**

# DRAFT

purchased in a manner described in Section 3 of Exhibit B and Exhibit C of this Agreement.

- c) SWBT will perform the collection and treatment functions, as described herein and in Section 2.6, 2.7 and 2.8 of Exhibit B of this Agreement. The Customer acknowledges that SWBT exercises judgment in determining when or whether to deny local service and is not required to deny service at the earliest possible opportunity. SWBT, ~~at its sole discretion~~, may determine ~~at anytime~~, to adjust Customer charges with recourse rather than deny local service. Treatment schedules may vary from state to state.
  - d) ~~SWBT may collect End-User deposits at its discretion.~~
2. If ordered by the Customer and agreed to by SWBT, SWBT will provide Marketing Message Service for the Customer's billed accounts as defined in Section 2.10.9 of Exhibit B and Exhibit C of this Agreement.
  3. SWBT will provide billing format changes, when requested by the Customer, in accordance with SWBT administration standards for bill format. Time and Cost request procedures described in Section 6 of Exhibit B of this Agreement will be followed in implementing the change.
  4. Where Inquiry Service is ordered by the Customer, SWBT will perform Inquiry Service for accounts billed by SWBT, as defined in Section 2.9 of Exhibit B of this Agreement. Inquiry services for transmission and non-transmission services will be provided

# DRAFT

at rates set forth in Schedule II attached hereto. If Inquiry Services are not ordered initially, and requested at a later date, a start-up fee will be assessed as described in Schedule III of this Agreement.

5. SWBT will provide Bill Processing Service in an Invoice Billing Format if ordered by the Customer, pursuant to Exhibit C of this Agreement.

## B. Billing Information Services:

1. Billing Information Service is the provision of account and message detail information to the Customer from SWBT maintained record systems. The types of billing information services are described in Exhibit B, Section 2.12 of this Agreement.

## C. Individual Case Basis Services:

1. SWBT offers a variety of Billing and Collection Services on an individual case basis. A list of these services will be provided at the Customer's request.

## III. Rates and Charges For Services Ordered

An order form, to be separately signed by the Customer, is attached hereto as Schedule I. SWBT will provide services selected by the Customer on said Schedule I. Rates and charges applicable to the Billing and Collection Services covered by this Agreement are attached hereto as Schedule II. It is understood that applicable tariffs take precedence over any and all rates and charges contained therein.

# DRAFT

For the purposes of billing the Customer for SWBT services provided under this Agreement, the determination of rates and charges and procedures for intrastate messages originating and terminating in one state and billed to an End-User in another state (billing state), will be based on the rates, charges and procedures of the billing state and subject to that jurisdiction's regulations.

As to MTS messages, the Customer may elect Standard three (3) year contract rates or the Volume Discount three (3) year contract rates.

## A. Volume Discount

1. ~~In order to qualify for the Volume Discount rates, Customer's submitting MTS messages must submit to SWBT for billing, 85% or greater of the Customer's annual MTS messages (both residence and business) as defined I.F.1, in SWBT's franchise territory. The Parties agree that billing other than that listed in I.F.1 will not be considered in the calculation of the 85% volume discount requirement. SWBT will afford the Customer up to 5% of the Customers total billing for the following exclusions.~~ Such other billings may include, but are not limited to the following:
  - a) WATS or WATS like services in which services are sold to the end user based on blocks of time and individual call detail is not provided to the end user,
  - b) National accounts which require a combined bill for all billings which include services provided outside of SWBT's operating territory, and
  - c) Specialized billing which can not be accommodated by SWBT's billing product.

# DRAFT

2. **A Customer's affiliate or subsidiary will not qualify for the Volume Discount Prices unless the combined annual residence and business MTS messages of the Customer and the Customer's affiliate or subsidiary, sent to SWBT for billing, total 85% or greater of the total combined annual MTS residence and business messages of the Customer and the Customer's affiliate or subsidiary as defined in I.F.1, in SWBT's franchise territory.**
  
3. **In addition, MTS billings, which are under a signed contract prior to March 1, 1997 to be billed by another billing company, shall not be included for purposes of calculating the Customer's annual MTS billings. Such MTS billing volumes will be included for purposes of calculating the Customer's annual MTS billings when the Customer is no longer contractually required to bill such messages under the current contract. The Customer agrees to provide SWBT, within thirty (30) days of the date of this Agreement, a list of such contracts with the provider of billing services blanked out, the expiration date of the contract, and message volumes.**
  
4. **For those Customers who have elected the Volume Discount, should the Customer submit MTS billings on behalf of a third party (sub-entity), each sub-entity is required to meet the 85% volume requirement. The Customer is responsible for ensuring that the third party is submitting 85 % or greater of its annual billings through the Customer. SWBT reserves the right to verify the 85% requirement of the Customer and all sub-entities as described in Section XXIV, Customer Agency. Failure of the Customer to ensure compliance of the 85 % requirement for itself or a third party will constitute a substantial and material**

# DRAFT

breach of this Agreement and SWBT may proceed in accordance with Section XX.A, Termination of Services.

Notwithstanding the above, the obligation to meet the 85% volume requirement will be considered satisfied for each of the Customer's sub-entity's billings which do not exceed one (1) million messages submitted to SWBT for billing annually.

## IV. Application of Taxes to End-Users when Bill Rendering Services are Ordered by the Customer

### A. Tax Reporting

SWBT provides End-User billing services of the Customer's revenues as a part of the Billing and Collections Service. Unless contrary to regulatory rule or order, SWBT will not report the Customer's billed revenues as its own receipt for tax reporting purposes.

### B. Billing of Taxes

1. Unless specifically instructed otherwise in writing by the Customer, SWBT will apply its existing tax procedures with respect to the application, billing, recording and collection of Federal, State or local sales, use, excise, gross receipts or other taxes or tax-like fees (collectively, "Taxes") imposed on or with respect to existing Customer services billed by SWBT. These procedures shall be performed in compliance with the respective federal, state and local laws. SWBT will comply with changes in the law affecting its existing tax procedures.

# DRAFT

2. The Customer shall have the right, upon written request, to review SWBT's existing tax procedures and SWBT will supply the Customer with written documentation regarding the tax procedures (for example, taxability decision guidelines or tables, and tax rate tables). Upon completion of its review, the Customer may request changes through existing Time and Cost procedures defined in Section 6, Exhibit B, of this Agreement, to SWBT's existing tax procedures insofar as the Customer's services are concerned.
  
3. In instances where implementation of a change is not complete by the agreed upon implementation date established through the Time & Cost procedure, because of the negligence of SWBT, SWBT agrees to hold the Customer harmless from and against any liability or loss resulting from any tax, penalty, interest, additions to tax, surcharges or other charges payable or incurred by the Customer as a result of SWBT's negligent delay in implementation. In addition, SWBT will provide a report to the Customer of the Customer's revenue by jurisdiction, together with a statement of Taxes actually billed in that jurisdiction and Taxes which would have been billed had implementation occurred by the effective date. SWBT may back bill for any such tax change.
  
4. With respect to changes in the law, SWBT will make its best efforts to make the necessary system modification to implement the change prior to the effective date. Whenever SWBT estimates that the time required for it to implement a change in the law would preclude its implementation by the statutory effective date, SWBT will apply to the taxing authority for an appropriate extension of the effective date of a change.

# DRAFT

5. Where, through no negligence of SWBT, implementation of a change is not complete by the statutory effective date, and the Customer requests back billing to the End-Users, SWBT will undertake back billing where feasible through existing Time and Cost procedures defined in Section 6, Exhibit B of this Agreement.

## C. Tax Exemption

1. SWBT, in its performance of services herein, will maintain End-User provided exemption certificates. Unless the Customer requests otherwise, SWBT will use the End-User provided exemption certificates as a basis for exempting End-Users from Taxes on the Customer's services. The Customer understands that SWBT makes no warranty as to the validity of the End-User certificates and that the Customer relies upon SWBT's use of the certificates at the Customer's own risk.
2. The Customer may review information relating to an End-User's exemption status and request through the Time & Cost process that SWBT reverse the exempt status for purposes of the Customer's services if the Customer provides SWBT written instructions to make the status change.
3. SWBT will be liable for any audit assessments and hold harmless and indemnify the Customer if the exemption status of an End-User is not reversed in accordance with instructions issued by the Customer. To the extent SWBT complies with the Customer's instructions, the Customer will hold harmless and indemnify SWBT for any liability, loss, or litigation cost,

# DRAFT

expense or fees (including reasonable attorney's fees) arising out of or relating to the tax exempt status of an End-User aggrieved by SWBT's compliance with the Customer's instructions.

## D. Filing of Tax Returns

~~The Customer shall file all returns for Taxes imposed on or with respect to the Customer's services and pay or remit all such Taxes and other items and any applicable interest or penalties.~~ SWBT shall furnish to the Customer, on a timely basis, all information in SWBT's possession reasonably necessary for the Customer to file its tax returns. The timing for, and format of, such information shall be as specified in Section 5 of Exhibit B of this Agreement.

## E. Tax Indemnity

The Customer agrees to indemnify and hold SWBT harmless from any liability or loss resulting from any tax, penalty, interest, additions to tax, surcharges or other charges, expenses, costs (including reasonable attorney fees) and fees payable or incurred by SWBT as a result of:

1. The delay or failure of the Customer (not attributable to any negligent act or omission of SWBT) to pay any Tax or such other item or file any return or other information as required by law or this Agreement; or
2. SWBT complying with this Agreement or with any determination or direction by or advice of the Customer or using information provided by the Customer in performing any tax related service.

# DRAFT

The indemnity payable herein shall be payable in all events and without regard to any determination that SWBT is the Party obligated to collect and remit such taxes or file the tax returns. Such indemnity shall be provided to SWBT on an after-tax basis.

## F. Tax Liability

SWBT agrees to pay and hold the Customer harmless from and against any liability or loss resulting from tax, penalties, interest, additions to tax, surcharges, or other charges or payable expenses incurred by the Customer solely as a result of:

1. The willful or negligent failure of SWBT to provide the Customer accurate information, as described in Section IV. C. and D, above, with which to file its tax returns and remit payment; or
2. The willful or negligent failure of SWBT to accurately calculate and bill appropriate taxes, unless such calculations and billing were done upon the Customer's direction or advice.

Such indemnity shall be provided to the Customer on an after-tax basis.

## G. Additional Taxes

Should any federal, state or local jurisdiction determine that additional sales, use, or other taxes (including interest, penalties and surcharges thereon) are due from SWBT as a result of SWBT's performance of any obligation under this Agreement, and when said taxes have not been paid by the Customer, SWBT will so advise the

# DRAFT

**Customer. The Customer agrees to be liable for any such tax, interest, penalties and surcharge, but retains the right to protest the assessment.**

**If the Customer disagrees with any assessment of taxes due from SWBT or disagrees with an assessment of any additional tax, penalty, surcharge and interest due from SWBT as a result of SWBT's performance of any obligation under this Agreement, the Customer may, at its expense (including payment of any such assessment, if required, prior to final resolution of the issue), seek a ruling as to the applicability of any such tax or to protest any assessment and participate in any legal challenge to such assessment, but shall be liable for any tax, penalty, surcharge and interest ultimately determined to be due. SWBT shall, when requested by the Customer and at the Customer's expense, cooperate or participate with the Customer in any such proceeding, protest or legal challenge.**

## **V. Purchase of Accounts Receivable**

**SWBT will purchase the Customer's accounts receivable that arise from Customer's charges included in bills rendered by SWBT. SWBT's purchase of the Customer's accounts receivable shall be with recourse (debit uncollected charges back to the Customer). The purchase of the Customer's accounts receivable will be as set forth in Section 3, Exhibit B of this Agreement.**

## **VI. Service Center Procedural Guidelines**

**SWBT, in its performance under this Agreement, will apply its RSC/BSC guidelines which are used by SWBT in the conduct of its business. A copy of the current guidelines has been provided to the Customer, the receipt of which is hereby acknowledged. The Customer agrees that these guidelines**

# DRAFT

may be modified by SWBT from time to time in the normal course of its business. Should these modifications substantially change these procedures, and such changes alter this Agreement to such an extent that in the reasonable judgment of the Customer it does not allow for the continuation of billing and collection services as contemplated herein, the Customer shall have the right to immediately terminate this Agreement without liability by providing written notice to SWBT, addressed as provided in Section XII detailing the reasons it believes the Agreement is substantially changed. If the Customer elects to terminate this Agreement as provided in this Section VI, written notice must be provided to SWBT within thirty (30) business days of the date SWBT notifies the Customer of the changes; provided, however the Customer shall not unreasonably exercise this right for routine administrative or procedural changes.

## VII. Dispute Resolutions and Audits

A. Dispute Resolution. In the event of disputes that may arise under this Agreement or the Tariff(s), the Parties shall:

1. Discuss and negotiate the issues between the Parties' authorized representatives, with informal escalation within the Parties' organizations as necessary to pursue and achieve resolution as expeditiously as possible.
2. In the event that either Party determines that the informal discussion and escalation process described in Subsection A(1), above, is not achieving resolution, or is not proceeding expeditiously, either Party may submit the issue for resolution to an Inter-Company Review Board consisting of one representative from each Company at the Vice-Presidential level (or at such lower level as each Party's Vice President may

# **DRAFT**

delegate). The Inter-Company Review Board may consider any material submitted to it by either Party, which material shall be submitted within twenty (20) business days of a Party's notification that it desires resolution by the Board.

Thereupon, and within ten (10) additional work days, the Inter-Company Review Board shall state in writing to the Parties its resolution of the dispute.

## **B. Audits and Examinations**

An audit is a review of the accounting and billing records of the other Party directly relating to the Billing and Collection Services purchased under this Agreement for the purpose of verifying the accuracy and completeness of the records and compliance with the terms of this Agreement.

An Examination is a limited review of the accounting and billing records of the other Party directly relating to one specific component of the Billing and Collection Services purchased under this Agreement for the purpose of verifying the accuracy and completeness of the records and compliance with the terms of this Agreement as to that component. An examination is limited to one SWBT RAO or one data center.

### **1. Customer Audits and Examinations**

The Customer will have the right to perform one (1) Audit during the term of this Agreement. In addition, the Customer

# DRAFT

will have the right to perform one (1) Examination annually if desired.

## a) Auditable Components

During an Audit or Examination, the Customer, or its authorized representative will have the right to review, under recognized accounting practices, SWBT systems that perform Billing and Collections functions and SWBT's accounting and billing records which contain information bearing upon the following auditable components: (1) the amounts being billed to the Customer's end user by SWBT, as part of its provision of Billing and Collection Services, or (2) the charges to the Customer for services provided by SWBT pursuant to this Agreement and 3) the amounts identified as the Customer's for unbillables, uncollectibles, taxes and adjustments. The Customer does not have the right to audit or examine SWBT's methods, practices or procedures relating to these components. ~~Specifically, the Customer does not have the right to audit or examine SWBT's decision and the time frame within which such decision is made to issue or not issue an adjustment, to deny or not deny local service for the non payment of the Customer's charges, to write off a Customer's charge as uncollectible or unbillable or to pursue or not pursue collection of the Customer's charges.~~

# **DRAFT**

## **2. SWBT Audits and Examinations**

**SWBT or its authorized representative will have the right to perform one (1) Audit during the term of this Agreement and one (1) Examination annually of the Customer.**

### **a) Auditable Components**

**During an Audit or Examination SWBT, or its authorized representative will have the right to review such source documents, systems, records, and procedures as may under recognized accounting practices contain information bearing upon 1) the verification of data substantiating that SWBT has in fact been provided with annual percentages of the Customer's billings as set forth in Schedule I of this Principal Agreement or 2) that the Customer's billings and performance obligations with SWBT comply with the terms of this Agreement.**

## **3. Terms and Conditions**

**The Audits or Examinations will be conducted by the Customer's or SWBT's authorized representative, at a location mutually agreed upon by both Parties. Audits and Examinations will be conducted during normal business hours.**

## **4. Expenses**

**Each party will bear its own expenses in connection with performing an Audit or Examination. However, special data extractions and any requested extraction of commingled**