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INTRASTATE LOCAL SERVICE

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SECTION 2. RULES AND REGULATIONS

2.7 Taxes, Fees and Surcharges

The Customer is responsible for the payment of any sales, use, gross receipts, excise, access, or other local, state, and federal taxes, charges or surcharges (however designated) excluding taxes on the net income of the Company, imposed on or based upon the provision, sale, or use of services. Any taxes imposed by a local jurisdiction (e.g., county and municipal taxes) will only be recovered from those Customers located in the affected jurisdictions.

A. Surcharge For State Gross Income and Gross Earnings Taxes

A monthly surcharge to recover the additional expense related to the State Gross Income and Gross Earnings Taxes applies to the recurring and nonrecurring rates and charges for all intrastate service except returned check charges, late payment charges and rates for local coin calls. The applicable Gross Revenue Surcharge rates are shown in the Rate Schedule at the end of this tariff. Any changes to these rates will be filed on 15 days' notice to Customers and the Department, and as directed by the Department. Whenever the state levies a new tax on the Company's gross revenues, repeals such a tax, or changes the rate of such a tax, the Department may approve new surcharge factors, and the Company will file a revised rate schedule as directed or approved by the Department.