



ECO ENTERPRISE SURCHARGES AND TAXES

Federal Universal Service Fund

Type: Government

The Telecommunications Act of 1996 requires 46 Labs ("46 Labs") to contribute to the Federal Universal Service Fund ("FUSF"). The FUSF helps to make phone service affordable and available to all Americans, including consumers with low incomes; those living in areas where the cost of providing telephone service is high; public schools and libraries; and rural healthcare providers. The Federal Communications Commission ("FCC") delegates the administration of the FUSF to the Universal Service Administrative Company ("USAC"). Each quarter, the FCC adopts a "contribution factor" for FUSF support. The contribution factor is a percentage of the total interstate and international end-user telecommunications and Interconnected VoIP ("I-VoIP") revenue that each carrier is responsible for contributing to the FUSF. As permitted by FCC regulations, 46 Labs has opted to bill the FUSF surcharge as a separate line item to end-user customers. Consistent with such regulations, 46 Labs only bills FUSF line item charges in an amount equal to the quarterly contribution factor currently in effect multiplied by the invoiced amount subject to the FUSF. This is a permissible pass-through surcharge but is not a tax or charge mandated by the government. The applicable quarterly contribution factor can be found at <http://www.fcc.gov/omd/contribution-factor.html>.

Federal Regulatory Recovery Fee

Type: Recovery

The Federal Regulatory Fee is an aggregated monthly, percentage-based charge assessed on customers' interstate and international telecommunications services charges, (including Voice-over-Internet-Protocol (VOIP) service) to recover amounts remitted by 46 Labs Communications to comply with federally imposed regulatory requirements. These amounts include funds remitted by 46 Labs Communications to support Telecommunications Relay Services (TRS) for the hearing-and speech-impaired, administration of the North American Numbering Plan (NANPA), and shared industry costs of local number portability administration (LNPA), as well as Interstate Telecommunications Service Provider fees remitted by 46 Labs Communications annually to the Federal Communications Commission. This fee is 1%.

Cost Recovery Fee

Type: Recovery

The Cost Recovery Fee is an aggregated monthly, percentage based charge assessed on customers' telecommunications services charges, (including Voice-over-Internet-Protocol (VOIP) service) assessed by the Company to recover costs incurred by 46 Labs Communications to comply with federally-imposed requirements including, but not limited to, compliance and reporting obligations associated with network outages, revenue reporting, customer proprietary network information (CPNI) requirements, unrecompensed law enforcement intercept obligations, and company-specific local number portability; and state-imposed requirements related to tangible personal property taxes (not including the taxes themselves). This fee is 5.85%.



Property Tax and Excise Allotment Fee

Type: Recovery

The Property Tax Allotment Fee is an aggregated monthly charge assessed on Customer's telecommunications (including Voice-over-Internet-Protocol (VOIP) service) charges and non-telecommunications services to recover the taxes imposed on tangible personal property used by 46 Labs Communications to provide interstate and international services paid by 46 Labs Communications directly, or indirectly through third parties, to the state and local government authorities imposing such taxes. This fee is 3.75%.

State and Local Regulatory Recovery Fee

Type: Recovery

State and Local agencies require 46 Labs to make various payments throughout the year. This particular fee was established to help 46 Labs recover the cost of these assessments and administrative expenses. This fee is 2.9%.

Federal Excise Tax

Type: Government

The Federal Excise Tax is imposed by the I.R.S. and applied as a percentage of standalone local telephone service and related features.

E911 Interconnect Fee

Type: Recovery

In addition to state fees, there are interconnect fees for associating phone numbers with emergency service agencies. These PSAPs (Public-safety answering point) are responsible for the accurate routing of emergency calls. This fee is a flat charge that is billed on a per-number basis, which allows 46 Labs Communications to recover administration and system costs associated with providing E911 services for phone numbers managed by 46 Labs Communications (On-Net Numbering). This fee is \$0.50 per number.

E911 Off-Net Fee

Type: Company

This fee is a flat charge that is billed on a per-call basis which allows 46 Labs Communications to recover administration and system costs associated with providing E911 services for phone numbers not managed by 46 Labs Communications (Off-Net Numbering). This fee is \$100 per occurrence.

State Universal Service Fund or High Cost Fund Surcharge

Type: Government

Similar to the Federal Universal Service Fund, this fund is assessed on a state level by a number of states. The funding from the charge helps support services to low income customers, customers with communication disabilities, and customers who reside in rural areas served by small or rural telecom providers where costs of providing telephone service is high. The contribution factor varies by state, as does the name of the fund.

P.U.C. Tax/Fees

Type: Government

The Public Utility Commission (PUC) tax/fee is a charge imposed on users of regulated services. It finances the operational costs of the state regulatory body.



Telecommunications Relay Service (TRS) Surcharge

Type: Government

Telecommunications Relay Service surcharge is imposed on telecommunications providers, and can be passed on to customers for the purpose of providing telecommunication relay services.

E911 Emergency System

Type: Government

This surcharge is imposed by local jurisdictions to fund their 911 Emergency Systems.

Municipal Franchise Fee

Type: Government

The municipal franchise fee is, sometimes called a “Right-of-Way” fee, is a monthly charge imposed by local jurisdictions and paid by the customer to help recover the costs associated with providing telephone service, to include installation of underground conduit, outside telephone wires, and telephone poles. This fee varies by location and is often based upon an agreement between the local jurisdiction and 46 Labs Communications or upon local or state law.

State and Local Sales Tax

Type: Government

The State and Local Sales tax is a tax imposed by states, counties, cities and/or districts, on the sale of various goods and services for use or consumption. The applicability of the tax, as well as the rates, varies by each jurisdiction’s constitutional provisions.

Utility Users Tax

Type: Government

The Utility Users Tax is a tax imposed on the consumer for using a utility (telecommunication) service. The tax is commonly based on a percentage of the amount billed to each customer for the service.

Business & Occupation (B&O)

Type: Government

Tax The Business & Occupation Tax is a privilege tax imposed on a company for the privilege of doing business in the taxing jurisdiction. B&O taxes are typically imposed on the telecommunication provider. Some states allow the telecommunication provider to pass on these taxes to the consumer identified either as a tax or a surcharge.

Statutory Gross Receipts Tax

Type: Government

The Statutory Gross Receipts Tax is a tax on the privilege of doing business in the state measured by gross receipts received from business done in the state. This tax is typically imposed on the telecommunication provider; however, some states allow the provider to pass on the tax to the consumer.

**License Tax**

Type: Government

License tax is a tax levied on the service provider for the privilege of soliciting and conducting business in a jurisdiction. Generally, a license tax is a flat, annual fee, but in some cases it is measured by gross receipts.

Service Tax

Type: Government

Service tax is a tax imposed on the privilege of making sales of services.

District Tax

Type: Government

District Tax is a tax imposed on the privilege of making sales within a special district (e.g., a rapid transit authority, school district, development zone, etc).

DEAF Tax Surcharge

Type: Government

This is a surcharge imposed on telecommunication providers and that may be passed on to customers to provide telecommunication service to hearing and speech impaired individuals.

Poison Control Surcharge

Type: Government

The Poison Control Surcharge is a surcharge imposed on telecommunication providers that may be passed on to customers to provide funding for Poison Control Centers.

Excise Tax

Type: Government

Excise tax is a tax imposed on payments received for the privilege of sending or receiving telecommunication messages.

California Teleconnect Fund

Type: Government

This is a monthly charge imposed by California on all of its end users of telecommunications services to provide support for selected telecommunications services to qualifying schools, libraries, government-owned and operated hospitals and health clinics, and community-based organizations.

Administrative Service Charge

Type: Company

This is a flat monthly charge that is billed on a per-invoice basis which allows 46 Labs Communications to recover administration and system support costs associated with providing, maintaining, and ensuring quality of service. This fee is 0.5%

Administrative Service Fee

Type: Company

This fee is calculated as a percentage of total monthly recurring charges and allows 46 Labs Communications to recover administration and system support costs associated with providing, maintaining, and ensuring quality of service. This fee is 1.5%.