

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BALLARD RURAL TELEPHONE )  
COOPERATIVE CORPORATION, INC., ET AL. )

COMPLAINANTS )

V. )

BELLSOUTH TELECOMMUNICATIONS, LLC )  
D/B/A AT&T KENTUCKY )

DEFENDANT )

CASE NO.  
2011-00199

AND )

BELLSOUTH TELECOMMUNICATIONS, LLC )  
D/B/A AT&T KENTUCKY )

THIRD PARTY COMPLAINANT )

V. )

HALO WIRELESS, INC )

THIRD PARTY DEFENDANT )

ORDER

On May 24, 2011, several Rural Local Exchange Carriers<sup>1</sup> filed a formal complaint against BellSouth Telecommunications, LLC d/b/a AT&T Kentucky. AT&T

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<sup>1</sup> Ballard Rural Telephone Cooperative Corporation, Inc., Brandenburg Telephone Company, Duo County Telephone Cooperative Corporation, Inc., Foothills Rural Telephone Cooperative, Inc., Gearhart Communications Co., Inc., Highland Telephone Cooperative, Inc., Logan Telephone Cooperative, Inc., Mountain Rural Telephone Cooperative, Inc., North Central Telephone Cooperative Corporation, Peoples Rural Telephone Cooperative Corporation, Inc., South Central Rural Telephone Cooperative Corporation, Inc., Thacker-Grigsby Telephone Company, Inc., and West Kentucky Rural Telephone Cooperative Corporation, Inc. (collectively the "RLECs").

Kentucky filed its answer on July 15, 2011. On October 16, 2014, the parties to this case filed a proposed settlement agreement and jointly moved the Commission to approve the settlement agreement and dismiss this case with prejudice.

### PROCEDURAL HISTORY

On July 19, 2011, AT&T Kentucky filed a motion for leave to file a third-party complaint against Halo Wireless, Inc. ("Halo"), which the Commission granted by Order on August 8, 2011, and joined Halo as a third-party defendant. AT&T Kentucky also filed a separate complaint against Halo, which was established as a separate case.<sup>2</sup>

On August 8, 2011, Halo filed a voluntary petition for bankruptcy pursuant to 11 U.S.C. § 1101 *et seq.* in the United States Bankruptcy Court for the Eastern District of Texas. On September 14, 2011, Halo filed a Notice that it had removed the case to the United States District Court for the Eastern District of Kentucky. Halo also notified the Commission that under 28 U.S.C. § 1452, no further action could be taken in the administrative case without leave of the Court.

The Commission, AT&T Kentucky, and the RLECs filed with the Court motions to remand, alleging that the automatic stay did not extend to administrative agencies. On April 9, 2012, the District Court remanded the case back to the Commission. The parties to this case agreed that the Commission should resolve Case No. 2011-00283 prior to addressing this case. On July 19, 2012, the Bankruptcy Court converted Halo's bankruptcy filing from Chapter 11 to Chapter 7 and named a trustee to manage the wind-down. The court-appointed trustee terminated all of Halo's business operations in Kentucky on July 19, 2012, and AT&T Kentucky disconnected all of its trunks to Halo.

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<sup>2</sup> Case No. 2011-00283, *BellSouth Telecommunications, LLC d/b/a AT&T Kentucky v. Halo Wireless, Inc.* (Ky. PSC Jan. 7, 2013).

On January 7, 2013, the Commission issued a final Order in Case No. 2011-00283 finding that, *inter alia*, Halo was responsible to AT&T Kentucky for access charges for the landline calls that Halo had sent to AT&T Kentucky customers. Halo is no longer a party to this case.

On September 10, 2013, the Commission, by Order, established a procedural schedule. On February 24, 2014, the RLECS and AT&T Kentucky jointly filed with the Commission a motion to stay the procedural schedule in this case. As grounds for their motion, the parties stated that the parties had met in person and discussed potential settlement. At the meeting, the parties exchanged information and formal written settlement proposals and, although a final settlement had not been reached, significant progress had been made towards that end. The parties asserted that providing additional time for settlement would allow for the most orderly and efficient adjudication of this matter.

On March 18, 2014, the Commission entered an Order granting, in part, the parties' motion. The Commission ordered the case to be held in abeyance for an additional 60 days and directed the parties to file a report detailing the status of settlement negotiations within 30 days of the date of the Order. The Order also provided that if no settlement was reached within 60 days of the date of the Order, the Commission would issue an amended procedural schedule. The time in which to reach a settlement expired on May 19, 2014.

On May 19, 2014, the parties filed a joint status report and a joint motion for an extension of time. The parties stated that they were working to address not only the

issues raised in the RLECs' complaint, but also to address prospective issues. The parties filed subsequent status reports on June 20, 2104, and July 24, 2014.

The Commission, by Order dated August 27, 2014, provided the parties additional time in which to reach a settlement agreement. The Commission, however, also established a procedural schedule to be followed if no settlement was reached.

On October 16, 2014, the parties filed a joint motion for approval of a settlement agreement and to dismiss several actions with prejudice as settled.<sup>3</sup> The proposed settlement agreement addresses the majority of the outstanding issues between AT&T Kentucky, AT&T Corp., and the RLECs. The parties have requested that, if the Commission approves the settlement agreement, all of the cases referred to in the joint motion except for Case No. 2012-00529 be dismissed with prejudice. The parties request that Case No. 2012-00529 be dismissed without prejudice so that the issues of that arbitration, which are not implicated in the settlement agreement, can be negotiated in the future.

#### TERMS OF THE SETTLEMENT

The settlement agreement addresses the delivery of intraLATA toll traffic from AT&T Kentucky to the RLECs and Competitive Local Exchange Carriers ("CLECs") associated with the RLECs. Historically, for intraLATA toll traffic, AT&T Kentucky has set the retail rates, received the intraLATA toll revenues, and paid tariffed RLEC access

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<sup>3</sup> The cases included in the settlement agreement are: Case No. 2012-00529, *Petition of Cumberland Cellular, Inc. d/b/a Duo County Telecom for Arbitration of Certain Terms and Conditions of Proposed Interconnection Agreement with BellSouth Telecommunications, LLC d/b/a AT&T Kentucky Pursuant to the PSC Act of 1934 as Amended by the Telecommunications Act of 1996* (Ky. PSC filed Nov. 30, 2012); Case No. 2013-00168, *Cumberland Cellular, Inc. d/b/a Duo County Telecom v. BellSouth Telecommunications, LLC d/b/a AT&T Kentucky* (Ky. PSC filed Apr. 26, 2013); and Case No. 2013-00392, *AT&T Corp. v Mountain Rural Telephone Cooperative Corp. and Thacker-Grigsby Telephone Co., Inc.* (Ky. PSC filed Nov. 7, 2013).

charges to each RLEC and CLEC for its role in originating and terminating traffic. The settlement agreement provides that, *inter alia*, a party terminating third-party traffic (including intraLATA toll traffic) is responsible for collecting any terminating access charges, and any other charges, directly from the party delivering the traffic to the transiting carrier.

The settlement agreement is in three major portions: (1) exchange of traffic; (2) intraLATA toll services; and (3) financial considerations – payment from AT&T Kentucky and/or AT&T Corp. to the RLECs and CLECs. Each section is discussed in more detail below.

#### Exchange of Traffic

This section focuses on compensation arrangements for third-party traffic, availability of call-detail records, and network architecture.

Regarding third-party traffic, the agreement provides that: (1) each carrier will be responsible for its own compensation arrangements with carriers for originating or terminating third-party traffic;<sup>4</sup> (2) no party is responsible for payment of intrastate access charges for traffic that did not originate from an end user served by that party;<sup>5</sup> (3) an RLEC may not charge AT&T Kentucky for the RLEC's role in delivering third-party traffic to AT&T Kentucky, or accepting third-party traffic from AT&T Kentucky, when the third-party traffic is being routed to or from a CLEC affiliated with the RLEC;<sup>6</sup> (4) nothing prevents any non-terminating party from collecting charges from a third-party

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<sup>4</sup> Settlement Agreement at 4.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

carrier for its role in delivering that third-party traffic to a terminating carrier;<sup>7</sup> and (5) a party terminating third-party traffic will be responsible for collecting any terminating access charges that are due directly from the carrier(s) responsible for delivery of the third-party traffic to the transiting party.<sup>8</sup>

Regarding call-detail records, the agreement provides that: (1) each party will maintain industry standard call-detail records for third-party traffic for at least 90 days and shall make those records available to the terminating carrier at no charge;<sup>9</sup> (2) if call-detail records are not available for a third party, the carrier shall make summary reports available containing as much information as possible;<sup>10</sup> and (3) for third-party traffic in a dispute between carriers, the carrier directly connected to the third party will offer, at no charge, industry-standard call-detail records if such records are available. If the records are not available, then the carrier shall offer a summary.<sup>11</sup>

Regarding network architecture, the settlement agreement provides that, absent an agreement to the contrary, all facility connections between AT&T Kentucky and the parties will occur at the adjacent service boundary. No party is obligated to deploy or use specific facilities with respect to the exchange of third-party traffic.<sup>12</sup>

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<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 5.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 5-6.

### IntraLATA Toll Services

This section is divided into four sections: (1) termination of the Kentucky Restructured Settlement Plan ("KRSP") and related plans; (2) retail intraLATA toll prices; (3) intraLATA equal access presubscription; and (4) intrastate access charges.

With regard to the termination of the KRSP and related plans, the parties agree that the intraLATA Switched Toll Services Annex (approved by the Commission in 1985) and the KRSP (approved by the Commission in 1992) will be terminated, and become null and void, upon Commission approval of the settlement agreement.<sup>13</sup>

With regard to intraLATA toll prices, the settlement agreement provides that: (1) AT&T Kentucky will cease providing default intraLATA toll traffic services in the RLECs' territories where the RLEC provides such services;<sup>14</sup> (2) each RLEC will directly, or through an affiliate, file the appropriate tariffs or other documents establishing retail prices for intraLATA toll services provided to its end users;<sup>15</sup> and (3) a carrier offering intraLATA toll services to its end users is solely responsible for the rates, terms and conditions applicable to such services, and is solely responsible for the retail relationship with its end users.<sup>16</sup>

With regard to intraLATA equal access presubscription, the settlement agreement provides that, to the extent the settlement agreement results in end users'

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<sup>13</sup> *Id* at 7.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

changing presubscribed intraLATA toll providers, each carrier is responsible for complying with all applicable requirements for the change.<sup>17</sup>

With regard to intrastate access charges, the settlement agreement provides that the RLECs and their affiliates will provide intrastate access services to AT&T Kentucky pursuant to their respective Kentucky access tariffs. The settlement agreement also allows the use of composite rates.<sup>18</sup>

An amendment to the settlement agreement, filed on December 19, 2014, further provides that, after customers transition to South Central Telcom, LLC's ("South Central") intraLATA toll services, South Central is responsible for billing its end users. South Central will bill AT&T Kentucky only for access charges associated with AT&T Kentucky traffic.

#### Financial Considerations

This section of the settlement agreement contains the specific financial amounts that AT&T Kentucky is paying to the RLECs and the affiliated CLECs. The exact amounts have been redacted and requested to be treated as confidential.

The proposed settlement agreement addresses several years of disagreement between AT&T Kentucky and various RLECs, most particularly regarding the treatment and billing of third-party traffic, which has been a contentious issue between AT&T Kentucky and the RLECs for the past decade, forming the gravamen of the majority of intercarrier complaints.

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<sup>17</sup> *Id.* at 7-8.

<sup>18</sup> *Id.* at 8.



The settlement agreement, if approved, resolves the issue of which carrier, whether a terminating carrier or the transiting carrier, is responsible for collecting access charges from the third party that originates the call. Previous Commission cases have addressed the issue only on a case-by-case, *ad hoc* basis; the settlement agreement provides a comprehensive, mutually agreed-to scheme to address these issues. These arrangements will likely reduce disagreements regarding billing for third-party traffic.

The settlement agreement also provides for the maintenance and provision of industry-standard call-detail records. The lack of call-detail records, or the manner in which call-details were recorded, periodically caused or exacerbated disagreements between carriers. Formalizing each party's responsibility regarding third-party traffic call-detail records will likely reduce or avoid future complaints.

#### FINDINGS AND CONCLUSION

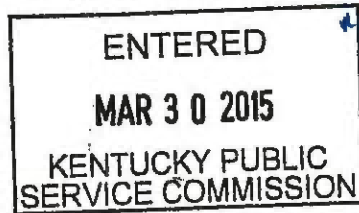
The Commission finds that the proposed settlement agreement not only resolves several cases pending at the Commission, but will also likely prevent future, similar complaints by creating mutually agreeable provisions regarding traffic exchange. The Commission further finds that the settlement agreement is in accordance with the law and does not violate any regulatory principal. The settlement agreement is a product of arm's-length negotiations among capable, knowledgeable parties, is in the public interest, and results in a reasonable resolution of all issues in this case.

Therefore, based on the foregoing, the Commission finds that the parties' motion should be granted and that the settlement agreement should be approved.

IT IS THEREFORE ORDERED that:

1. The settlement agreement, attached hereto and incorporated herein as the Appendix, is approved in its entirety.
2. This case is dismissed with prejudice as settled.

By the Commission



ATTEST:

  
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Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2011-00199 DATED **MAR 30 2015**

**BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION**

*In the Matter of: Ballard Rural Telephone Cooperative Corp., Inc., et al. Complainants vs. BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky Defendant and BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky Third Party Complainant vs. Halo Wireless, Inc. Third Party Defendant; Kentucky Public Service Commission Case No. 2011-00199;*

*In the Matter of: AT&T Corp. Complainant vs. Mountain Rural Cooperative Corp. and Thacker-Grigsby Telephone Co., Inc. Defendants; Kentucky Public Service Commission Case No. 2013-00392;*

*In the Matter of: South Central Telecom, LLC Complainant vs. BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky Defendant; Kentucky Public Service Commission Case No. 2006-00448;*

*In the Matter of: Petition of Cumberland Cellular, Inc. d/b/a Duo County Telecom for Arbitration of Certain Terms and Conditions of Proposed Interconnection Agreement with BellSouth Telecommunications, Inc., d/b/a AT&T Kentucky, Pursuant to the Communications Act of 1934, as Amended by the Telecommunications Act of 1996; Kentucky Public Service Commission Case No. 2012-00529;*

*In the Matter of: Cumberland Cellular, Inc., d/b/a Duo County Telecom, Complainant v. BellSouth Telecommunications, Inc., d/b/a AT&T Kentucky, Defendant, Kentucky Public Service Commission Case No. 2013-00168*

**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Settlement Agreement" or "Agreement") is made this 9<sup>th</sup> day of October, 2014 (the "Date of Execution"), between and among BellSouth Telecommunications, LLC d/b/a AT&T Kentucky ("AT&T Kentucky"), AT&T Corp., the Kentucky Rural Local Exchange Carriers identified in Attachment A ("RLECs"); and the Competitive Local Exchange Carriers affiliated with the RLECs ("Affiliated CLECs") identified in Attachment B (each a "Party," and all collectively, the "Parties"). As set forth herein, this Settlement Agreement: (i) resolves all issues between the Parties in the above-captioned cases pending before the Kentucky Public Service Commission ("Kentucky PSC"); (ii) moves that the above-captioned cases be dismissed and removed from the Kentucky PSC's docket of open matters; (iii) establishes new arrangements regarding IntraLATA Traffic and IntraLATA Toll Traffic, as defined below, exchanged between AT&T Kentucky and the RLECs and the

Affiliated CLECs; and (iv) provides a mutual understanding regarding the exchange of traffic routed through an AT&T Kentucky Tandem Switch, including, without limitation, Third Party Traffic, as defined below.

Except as specifically stated herein, this Settlement Agreement does not supplant or modify other agreements, if any, between AT&T Kentucky and any Party.

Except as specifically stated herein, with regard to the Affiliated CLECs, this Settlement Agreement does not create any new interconnection agreements or obligations between AT&T Kentucky and the Affiliated CLECs that were not in place prior to the Date of Execution, and it does not amend any existing interconnection agreements between AT&T Kentucky and the Affiliated CLECs. To the extent an Affiliated CLEC operates within an AT&T Kentucky local exchange area, the applicable 251/252 Interconnection Agreement shall apply.

**WHEREFORE**, for several years the RLECs and AT&T Kentucky have compensated one another for the exchange of traffic pursuant to various tariffs and other arrangements<sup>1</sup> filed with or approved by the Kentucky PSC;

**WHEREFORE**, for IntraLATA Toll Traffic, AT&T Kentucky historically has set the retail rates, received the intraLATA retail toll revenues, and paid tariffed RLEC access charges to each RLEC for the RLEC's role in originating and terminating the traffic;

**WHEREFORE**, an Affiliated CLEC has contended in Kentucky PSC Case No. 2006-00448 that, among other types of traffic, AT&T Kentucky is responsible for paying the Affiliated CLEC terminating access charges for certain traffic originated by Third Party Carriers and routed through an AT&T Kentucky Tandem Switch for completion to an Affiliated CLEC End User, and AT&T Kentucky has denied any responsibility for paying terminating access charges on such traffic;

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<sup>1</sup> These arrangements include, but are not necessarily limited to, the IntraLATA Switched Toll Services Annex (Annex 1)(effective January 1, 1985), approved by the Kentucky PSC, and the subsequent Kentucky Restructured Settlement Plan, approved in the Kentucky PSC's January 23, 1992 Order in *An Inquiry Into IntraLATA Toll Competition, an Appropriate Compensation Scheme for Completion of IntraLATA Calls By Interexchange Carriers, and WATS Jurisdictionality*, Administrative Case No. 323, Phase 1 (Jan. 23, 1992).

**WHEREFORE**, some Parties have contended in Kentucky PSC Case Nos. 2013-00392, 2011-00199, 2006-00448, 2012-00529 and 2013-00168 that AT&T Kentucky or AT&T Corp. is responsible for paying other types of charges for various types of traffic;

**WHEREFORE**, the Parties intend, and hereby mutually agree, to resolve each of these cases pending before the Kentucky PSC as of the Date of Execution of this Settlement Agreement and to jointly move that such cases be dismissed and removed from the Kentucky PSC's docket of open matters;

**NOW THEREFORE**, in consideration of the mutual promises contained in this Agreement, the Parties mutually acknowledge and agree as follows:

**DEFINITIONS**

**Date of Execution** -- The Date of Execution for this Settlement Agreement shall be the date on which all of the Parties have signed the Settlement Agreement.

**Effective Date** -- The Effective Date of this Settlement Agreement shall be the date this Agreement is approved by the Commission, and the Parties shall work in good faith to secure such approval no later than November 1, 2014.

**End User** -- As used in this Agreement, the term End User means the non-carrier person or entity that places or receives a call.

**IntraLATA Traffic and IntraLATA Toll Traffic:** As used in this Agreement, the terms IntraLATA Traffic and IntraLATA Toll Traffic mean: (1) IntraLATA 1+ Message Telecommunications Services, also generally referred to as direct dialed IntraLATA toll traffic; (2) intraLATA 800 Service; and (3) intraLATA Operator Handled Traffic. The terms IntraLATA Traffic and IntraLATA Toll Traffic do not include Extended Area Service or other local calling arrangements that may be in place between or among the Parties.

**Intrastate Access Charges:** As used in this Agreement, the term Intrastate Access Charges means the wholesale access charges that apply pursuant to terms and conditions in a Party's intrastate access tariffs on file with the Kentucky PSC when that Party originates and/or terminates intrastate IntraLATA Toll Traffic or intrastate InterLATA long distance traffic on behalf of another carrier.

**Third Party Traffic:** As used in this Agreement, the term Third Party Traffic means traffic that originates from, or is terminated to, a carrier that is not a Party to this Settlement Agreement. Notwithstanding the foregoing, to the extent traffic to or from an Affiliated CLEC is routed through an RLEC to or from an AT&T Kentucky Tandem Switch, such traffic is Third Party Traffic for purposes of this Settlement Agreement.

**AT&T Kentucky Tandem Switch** – As used in this Agreement, AT&T Kentucky Tandem Switch means an AT&T Kentucky switch to which end office switches are connected as subtending end offices.

### **AGREED TERMS & CONDITIONS**

1. **Exchange of Traffic -- As of the Effective Date --**
  - a. **Compensation Arrangements for Third Party Traffic –**
    - (1) Each Party will remain solely responsible for establishing its own compensation arrangements with any carriers that originate or terminate Third Party Traffic.
    - (2) In the absence of a separate written arrangement to the contrary, no Party shall be responsible for the payment of Intrastate Access Charges or other compensation, of any kind, for traffic that did not originate from an End User served by that Party. For purposes of clarity and by way of example only, AT&T Kentucky shall not be responsible for paying Intrastate Access Charges to the RLECs or Affiliated CLECs for Third Party Traffic.
    - (3) Nothing in this Settlement Agreement prohibits any non-terminating Party from assessing charges, pursuant to applicable tariffs or contracts, on the Third Party carrier from which it received Third Party Traffic for the non-terminating Party's role in delivering Third Party Traffic to the terminating carrier.
    - (4) Notwithstanding the foregoing, and in the absence of a written agreement to the contrary, an RLEC Party may not charge AT&T Kentucky for the RLEC's role in delivering Third Party Traffic to AT&T Kentucky, or accepting Third Party Traffic from AT&T Kentucky, when such Third Party Traffic is being routed to or from an Affiliated CLEC.

(5) In the absence of a separate written arrangement to the contrary, the Party terminating Third Party Traffic shall be responsible for collecting any terminating access charges or other charges that may be due directly from the carrier(s) responsible for delivery of the Third Party Traffic to the transiting Party.

(6) Subject to all other obligations of this Paragraph 1(a), the Parties agree to work in good faith to identify and help resolve delivery of FGD switched access traffic delivered contrary to access tandem homing arrangements specified in the LERG.

**b. Availability of Industry Standard Call Detail Records and Data –**

Each Party will maintain and preserve data of its transactions relating to Third Party Traffic for a period of at least 90 days. To the extent that the immediately preceding carrier in the traffic flow creates industry standard call detail records, such Party delivering Third Party Traffic shall make available to the terminating carrier those industry standard call detail records, at no charge. When industry standard call detail records are not available for some third party carriers, the Party will make available summary reports conveying such information as is available. Additionally, for Third Party Traffic in dispute between a Party and any carrier, the Party directly connected to the third party will offer, at no charge, industry standard call detail records to the terminating Party to the extent such records are available, or, if call detail records are not available, it will offer summary reports conveying such information as is available. Each Party agrees to work in good faith and cooperate in any reviews, audits or investigations regarding Third Party Traffic.

**c. Network Architecture–** The Parties agree that, absent mutual agreement between the affected Parties, all facility connections between AT&T Kentucky and the RLECs shall occur at the adjacent service area boundary. The Parties agree that they may use the facilities established between them to carry Third Party Traffic, and nothing in this Settlement Agreement obligates a Party to use or deploy any particular facilities with respect to the exchange of Third Party Traffic. Nothing in this Settlement Agreement obligates a Party to use or purchase any particular services or facilities for purposes of



delivering IntraLATA Traffic originated by an End User of the Party and destined for End Users of another carrier.<sup>2</sup>

d. **No Changes Absent Good Faith Negotiations** -- The Parties agree that no changes in the wholesale rate structures, network arrangements or billing procedures applicable to the exchange of Third Party Traffic or IntraLATA Toll Traffic will occur unless and until there is mutual agreement among Parties, or, absent such agreement, an order of the Kentucky PSC approving the change.<sup>3</sup>

e. **Matters Not Affected By This Settlement Agreement** -- Compensation, terms, and conditions applicable to the exchange of traffic between Parties that are not explicitly addressed by this Settlement Agreement remain subject to such tariffs, contracts and/or other arrangements as are in place as of the Date of Execution. Nothing herein precludes the modification of such tariffs, contracts, and/or other arrangements, to the extent such modifications do not affect obligations under this Settlement Agreement.

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<sup>2</sup> In the event of a dispute between AT&T Kentucky and a Party or the Parties regarding the matters identified in this paragraph, the Parties will work cooperatively and in good faith to resolve the dispute before presenting it to the Commission or a court of competent jurisdiction.

<sup>3</sup> In the event of a dispute between AT&T Kentucky and a Party or the Parties regarding the matters identified in this paragraph, the Parties will work cooperatively and in good faith to resolve the dispute before presenting it to the Commission or a court of competent jurisdiction.

**2. IntraLATA Toll Services –**

**a. Termination of KRSP and Related Plans.** As of the Effective Date, the IntraLATA Switched Toll Services Annex (Annex 1)(effective January 1, 1985), approved by the Kentucky PSC, and the subsequent Kentucky Restructured Settlement Plan, approved in the Kentucky PSC's January 23, 1992 Order in *An Inquiry Into IntraLATA Toll Competition, an Appropriate Compensation Scheme for Completion of IntraLATA Calls By Interexchange Carriers, and WATS Jurisdictionality*, Administrative Case No. 323, Phase I (Jan. 23, 1992), and any other subsequent and/or related agreements preceding this Agreement regarding the exchange of intraLATA toll traffic between AT&T and the RLECs, whether or not approved by the Kentucky PSC, are terminated, null, and void.<sup>4</sup>

**b. Retail IntraLATA Toll Prices –** On or before the Effective Date: (i) AT&T Kentucky will cease providing default IntraLATA Toll Traffic services in the serving territories of each RLEC where it currently provides such services; and (ii) each RLEC will, directly or through a designated affiliate, implement or cause to be implemented on its behalf tariffs or other appropriate documents establishing retail prices for IntraLATA Toll Traffic services provided to its End Users. The Parties collectively will be responsible for obtaining regulatory approvals, if any are required, to ensure that these changes become effective on the Effective Date. Nothing herein precludes any carrier from concurring in AT&T Kentucky's IntraLATA Toll Traffic pricing schedules, subject to Kentucky PSC approval. A Party offering IntraLATA Toll Traffic services to its End Users shall be solely responsible for the rates, terms and conditions applicable to such services, and shall be solely responsible for all aspects of the retail relationship with its End Users, including, without limitation, billing and collection of End User revenues, and any uncollectible revenues associated therewith following the Effective Date.

**c. IntraLATA Equal Access Presubscription –** To the extent the changes being implemented pursuant to this Agreement will result in End Users changing

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<sup>4</sup> In the event a Party asserts a conflict between a pre-existing agreement other than the ones listed in this paragraph and this Settlement Agreement, the Parties will work cooperatively and in good faith to resolve the conflict before presenting it to the Commission or a court of competent jurisdiction.

presubscribed intraLATA toll providers, each Party will be responsible for complying with the rules of the Kentucky PSC, the Federal Communications Commission, and/or other applicable law with regard to an End User's ability to presubscribe to an intraLATA toll provider. This includes, without limitation, complying with any applicable requirements that End Users receive notice of their ability to presubscribe to an intraLATA toll provider, and all applicable requirements concerning the content, timing, and format of such notices and the administration of the presubscription process. Any such communications with the Kentucky PSC, the FCC, and/or End Users will be solely the responsibility of, and made only by, the Party implementing the change in IntraLATA Toll Traffic provider.

d. **Intrastate Access Charges** – The RLECs will provide intrastate access services to AT&T Kentucky and its affiliates pursuant to their respective Kentucky intrastate access tariffs, incorporated herein by reference, as such tariffs are amended over time. For purposes of clarity, the Parties agree that each can use composite rates to assess access charges for IntraLATA Toll Traffic.<sup>5</sup> Nothing herein precludes the Parties from entering into individual access service agreements pursuant to applicable law.

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<sup>5</sup> The Parties hereby expressly acknowledge that, in addition to other obligations imposed by this Settlement Agreement, any such composite rate will be no higher than the Party's corresponding access charges applicable to the same functions used to provide intrastate, interLATA access service. Future reductions in Intrastate Access Charges mandated by the FCC's November 2011 *Intercarrier Compensation Reform Order* and related decisions will be implemented at the same time for both intraLATA and intrastate intraLATA traffic, so long as the FCC requirements remain in effect. In the event of a change in applicable law with respect to the establishment of Intrastate Access Charges, prior to bringing any complaint in a court or regulatory agency of competent jurisdiction the Parties will work cooperatively and in good faith to negotiate any changes that may be appropriate as a result of such change in applicable law.

**3. Financial Considerations**

a. **Non-Traffic Sensitive Revenue ("NTSR") Charges** -- The Parties agree and acknowledge that NTSR Charges are not being assessed as of the Date of Execution, and will not be assessed going forward unless permitted or required pursuant to change in applicable law. Within ten (10) days of the Effective Date, AT&T Kentucky or an affiliate thereof will make the following payments:

██████████ to Thacker Grigsby Telephone Company, Inc.

██████████ to Mountain Rural Telephone Cooperative Corporation

██████████ to Foothills Rural Telephone Cooperative Corporation, Inc.

Other than with respect to the payment obligations set forth in this paragraph, and for purposes of clarity, each Party hereby expressly waives any claims it raised, or could have raised, or could raise in the future, regarding NTSR Charges as of the Effective Date. For purposes of clarity, AT&T Corp. hereby expressly waives any and all claims it may have, or that it could have had, regarding NTSR Charges assessed to it prior to the Date of Execution.

b. **██████████ Payment to RLECs Within 30 Days of Date of Execution --** Within thirty (30) days of the Date of Execution, AT&T Kentucky or an affiliate thereof will make a payment of ██████████ into an account to be designated by Counsel for the RLECs. The RLECs will determine among themselves how and when the funds will be allocated.

c. **██████████ Payment to RLECs Within 10 Days of Effective Date --** Within ten (10) days of the Effective Date, AT&T Kentucky or an affiliate thereof will make a payment of ██████████ into an account to be designated by Counsel for the RLECs. The RLECs will determine among themselves how and when the funds will be allocated.

d. **██████████ Payment to Affiliated CLECs --** Within ten (10) days of the Effective Date, AT&T Kentucky or an affiliate thereof, will make a payment of ██████████ ██████████ as set forth at Attachment C.

e. **Payments Contingent Upon Kentucky PSC Approval of Settlement Agreement** – Each Party agrees that it will use best efforts to obtain Kentucky PSC approval of this Settlement Agreement. Each Party acknowledges and agrees that this Settlement Agreement is expressly conditioned upon acceptance by the Commission, in its entirety and without modification. Should the Commission reject or modify all or any part of this Settlement Agreement or impose additional or different conditions or requirements upon the Parties, any Party shall have the right, within ten (10) days of service of the Commission's order, to file notice that the Party is withdrawing from the Settlement Agreement, and the Settlement Agreement will terminate upon the filing of such notice. Upon such notice of termination or withdrawal by any Party pursuant to the above provisions, the Settlement Agreement shall immediately become null and void, and the RLECs will refund to AT&T Kentucky the [REDACTED] payment made pursuant to paragraph (b) within 10 days.

#### **GENERAL PROVISIONS**

4. **Term of Settlement Agreement** – The provisions of this Settlement Agreement shall remain in effect unless and until terminated or modified by mutual agreement of the Parties and such termination or modification is approved by the Kentucky PSC.

5. **Complete Terms** – This Settlement Agreement supersedes all prior agreements, discussions, representations or oral understandings reached between the Parties regarding the matters addressed herein. The failure of any Party to enforce or insist that another Party or Parties comply with any of the terms or conditions of this Agreement, or waiver by any Party or Parties in any particular instance of any of the terms or conditions of the Settlement Agreement shall not be construed as a general waiver or relinquishment of the terms and conditions of this Settlement Agreement, rather the Settlement Agreement shall remain at all times in full force and effect until terminated as set forth above. By their signatures of their authorized representatives on the signature page below, which signatures shall be made in counterparts with a separate signature page for each Party, each Party indicates its acceptance of this Settlement Agreement.

6. **Scope of This Settlement Agreement** – This Settlement Agreement resolves all issues in the listed Kentucky PSC cases, whether such issues are identified in this Settlement Agreement or not, and whether raised between AT&T Kentucky, AT&T Corp. and the other

Parties, without limitation, as of the Date of Execution of this Agreement. The Parties hereby expressly move that the Kentucky PSC dismiss each of the cases listed in this Settlement Agreement, specifically Case Nos. 2011-00199, 2013-00392, 2006-00448, 2012-00529 and 2013-00168, and remove such matters from the Kentucky PSC's docket of open matters.<sup>6</sup>

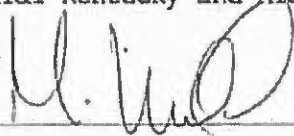
7. **Governing Law** – This Agreement will be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.

8. **Confidentiality of Portions of This Settlement Agreement** -- The Parties agree that the terms and conditions reflecting payment of any monetary consideration under this Agreement (the "Confidential Information") are confidential and proprietary and that the public disclosure of such terms would permit an unfair commercial advantage to competitors of the Parties. In acknowledgment of this risk, the Parties agree to hold the terms of any such monetary consideration in strict confidence and not to disclose such terms to any third-party, except as may be: (i) necessary and appropriate pursuant to an enforcement action relating to those terms with a court of competent jurisdiction or the Commission; or (ii) compelled in judicial or administrative proceedings. In the event of such disclosure, the disclosing Party shall take all precautions to avoid the public disclosure of the Confidential Information and the disclosing Party will give the other Party the opportunity, in advance of such disclosure, to join any proposed protective arrangements and will cooperate with the other Party in that regard.

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<sup>6</sup> With regard to Case No. 2012-00529, the Petition for Arbitration of Cumberland Cellular Inc., d/b/a Duo County Telecom, the dismissal of the arbitration is without prejudice to the rights of either Duo County Telecom or AT&T Kentucky to request further negotiations and/or arbitration, except that the provisions set forth in this Settlement Agreement shall control absent mutual agreement of Duo County Telecom and AT&T Kentucky to amend any such provision in any interconnection agreement that may be established between them.

Company: AT&T SERVICES, INC. For BellSouth Telecommunications, LLC  
d/b/a AT&T Kentucky and AT&T Corp.

Signature: 

Name:  
MARGARET M. WEAKLAND  
(Print or Type)

Title:  
VICE PRESIDENT - FINANCE  
(Print or Type)

Date:  
OCTOBER 9, 2014

Company: Ballard Rural Telephone Cooperative Corp., Inc.

Signature:

Randy C Grogan

Name:

Randy C. Grogan

(Print or Type)

Title:

General Manager/CEO

(Print or Type)

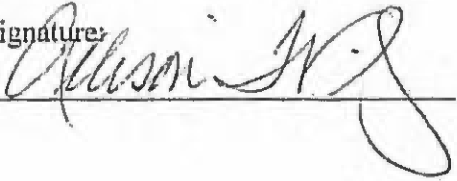
Date:

October 2, 2014



Company: Brandenburg Telephone Co.

Signature:

  
\_\_\_\_\_

Name:

Allison Willoughby  
\_\_\_\_\_

(Print or Type)

Title:

General Manager  
\_\_\_\_\_


(Print or Type)

Date:

10-2-14  
\_\_\_\_\_

Company: DUO COUNTY TELEPHONE COOPERATIVE CORP., INC.

Signature:



Name:

THOMAS E. PRESTON

(Print or Type)

Title:

CHIEF EXECUTIVE OFFICER/EXECUTIVE VICE PRESIDENT

(Print or Type)

Date:

10/02/2014

Company: Foothills Rural Telephone Cooperative Corporation Inc

Signature:

Ruth Conley

Name:

Ruth Conley

(Print or Type)

Title:

Chief Executive Officer

(Print or Type)

Date:

10-3-2014

Company: Gearheart Communications Company dba Coalfields Telephone Company

Signature: Paul D. Gearheart

Name:  
Paul D. Gearheart

(Print or Type)

Title:  
Vice President

(Print or Type)

Date:  
10/02/2014

Company: Highland Telephone Cooperative, Inc.

Signature:

DC Crawford

Name:

David C. Crawford

(Print or Type)

Title:

Access Service Manager

(Print or Type)

Date:

October 2, 2014

Company: Logan Telephone Cooperative, Inc.

Signature:

Gregory A. Hale

Name:

Gregory A Hale

(Print or Type)

Title:

General Manager

(Print or Type)

Date:

10-2-2014

Company: Mountain Rural Telephone Coop. Corp., Inc.

Signature:

Shayne Ison

Name:

Shayne Ison

(Print or Type)

Title:

General Manager

(Print or Type)

Date:

10/2/2014

Company: North Central Telephone Coop., Inc.

Signature:

A handwritten signature in cursive script, appearing to read "Nancy J. White", written over a horizontal line.

Name:

Nancy J. White

(Print or Type)

Title:

President and CEO

(Print or Type)

Date:

October 2, 2014



Company: Peoples Rural Telephone Cooperative

Signature:

Keith Gabbard

Name:

Keith Gabbard

(Print or Type)

Title:

CEO

(Print or Type)

Date:

October 3, 2014

Company: South Central Rural Telephone Cooperative Corporation, Inc

Signature:   
\_\_\_\_\_

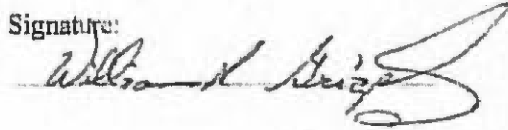
Name:  
David R. Davis  
(Print or Type)

Title:  
General Manager/COO  
(Print or Type)

Date:  
October 2, 2014

Company: Thacker-Grigsby Telephone Company

Signature:



Name:

William K. Grigsby

(Print or Type)

Title:

Vice President / General Manager

(Print or Type)

Date:

October 6, 2014

Company: West KY Rural Telephone Cooperative Corp, Inc.

Signature:

  
\_\_\_\_\_

Name:

Trevor Bonnstetter  
\_\_\_\_\_

(Print or Type)

Title:

Chief Executive Officer  
\_\_\_\_\_

(Print or Type)

Date:

10/03/2014  
\_\_\_\_\_

Company: South Central Telcom

Signature:   
\_\_\_\_\_

Name:  
David R. Davis  
(Print or Type)

Title:  
CEO/Chairman  
(Print or Type)

Date:  
October 2, 2014

Company: CUMBERLAND CELLULAR, INC.

Signature:

Th E. Preston

Name:

THOMAS E. PRESTON

(Print or Type)

Title:

PRESIDENT

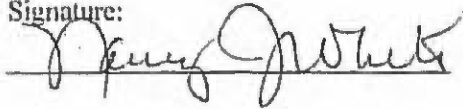
(Print or Type)

Date:

10/02/2014

Company: North Central Communications, Inc.

Signature:

A handwritten signature in cursive script, appearing to read "Nancy J. White", written over a horizontal line.

Name:

Nancy J. White

(Print or Type)

Title:

President and CEO

(Print or Type)

Date:

October 2, 2014

## ATTACHMENT A

### RLECs

Ballard Rural Telephone Cooperative Corporation, Inc.  
Brandenburg Telephone Company, Inc.  
Duo County Telephone Cooperative Corporation, Inc.  
Foothills Rural Telephone Cooperative Corporation, Inc.  
Gearheart Communications Company, Inc. d/b/a Coalfields Telephone Company  
Highland Telephone Cooperative, Inc.  
Logan Telephone Cooperative, Inc.  
Mountain Rural Telephone Cooperative Corporation, Inc.  
North Central Telephone Cooperative Corporation  
Peoples Rural Telephone Cooperative Corporation, Inc.  
South Central Rural Telephone Cooperative Corporation, Inc.  
Thacker-Grigsby Telephone Company, Inc.  
West Kentucky Rural Telephone Cooperative Corporation., Inc. d/b/a WK&T



**ATTACHMENT B**

**Affiliated CLECs**

South Central Telecom LLC

Cumberland Cellular, Inc., d/b/a Duo County Telecom

North Central Communications

**ATTACHMENT C**  
**(CONFIDENTIAL)**

**Division of Payment to Affiliated CLECs (Section 3(a)):**

Duo County Telecom: [REDACTED]

South Central Telecom: [REDACTED]

North Central Communications: [REDACTED]

**TOTAL:** [REDACTED]

\*Ballard Rural Telephone Cooperative  
159 W 2nd Street  
P. O. Box 209  
La Center, KY 42056-0209

\*Logan Telephone Cooperative, Inc.  
10725 Bowling Green Road  
P. O. Box 97  
Auburn, KY 42206

\*South Central Rural Telephone Cooperative  
1399 Happy Valley Road  
P. O. Box 159  
Glasgow, KY 42142-0159

\*BellSouth Telecommunications, LLC dba AT&T  
601 W Chestnut Street  
4th Floor East  
Louisville, KY 40203

\*Mountain Rural Telephone Cooperative  
405 Main Street  
P. O. Box 399  
West Liberty, KY 41472-0399

\*Tony A Taylor  
E.D. - External Affairs  
BellSouth Telecommunications, LLC dba AT&T  
601 W Chestnut Street  
4th Floor East  
Louisville, KY 40203

\*Brandenburg Telephone Company, Inc.  
200 Telco Road  
P. O. Box 599  
Brandenburg, KY 40108

\*North Central Telephone Cooperative, Inc.  
872 Highway 52 By-Pass E  
P. O. Box 70  
Lafayette, TN 37083-0070

\*Thacker-Grigsby Telephone Company, Inc.  
60 Communications Lane  
P. O. Box 789  
Hindman, KY 41822

\*Duo County Telephone Cooperative Corporation,  
2150 N Main Street  
P. O. Box 80  
Jamestown, KY 42629

\*Honorable Mark R Overstreet  
Attorney at Law  
Sities & Harbison  
421 West Main Street  
P. O. Box 634  
Frankfort, KENTUCKY 40602-0634

\*West Kentucky Rural Telephone Cooperative  
237 North Eighth Street  
P. O. Box 649  
Mayfield, KY 42066-0649

\*Foothills Rural Telephone Cooperative  
1621 Kentucky Route 40 W  
P. O. Box 240  
Staffordsville, KY 41256

Linda Payne  
Chapter 7 Bankruptcy Trustee  
Halo Wireless, Inc  
12770 Colt Road, Suite 541  
Dallas, TEXAS 75251

\*Gearheart Communications Company, Inc. dba  
20 Laynesville Road  
Harold, KY 41635

\*Peoples Rural Telephone Cooperative  
Highway 421 South  
P. O. Box 159  
McKee, KY 40447

\*Highland Telephone Cooperative, Inc.  
7840 Morgan County Highway  
P. O. Box 119  
Sunbright, TN 37872

\*Honorable John E Selent  
Attorney at Law  
Dinsmore & Shohl, LLP  
101 South Fifth Street  
Suite 2500  
Louisville, KENTUCKY 40202