

RESALE AGREEMENT
BETWEEN
GTE SOUTH INCORPORATED
AND
PHONE-LINK INC.
AMENDMENT NO. 1

THIS AMENDMENT (herein so called) is made effective as of _____, 199___, by and between GTE South Incorporated ("GTE") and Phone-Link, Inc. ("PHNLK"). GTE and PHNLK are sometimes referred to herein collectively as the "Parties" and individually as a "Party." Either GTE or PHNLK may be referred to as "Provider" or "Customer" as the context requires.

WHEREAS, Provider is providing to Customer and Customer is purchasing from Provider those Services described in that certain Resale Agreement for the State of Kentucky by and between GTE and PHNLK made effective in Case No. 98-213 dated as of May 7, 1998 (the "Agreement"); and

WHEREAS, the Parties desire to amend the Agreement as provided in this Amendment.

NOW, THEREFORE, in consideration of the terms and conditions contained in this Amendment, the Parties agree as follows:

1. Change the language in Article V Section 2 from:
 2. Terms and Conditions.
 - 2.1 Quality and Performance. GTE shall provide Services to PHNLK that are equal in quality and performance standards to the same Services provided by GTE to its own end user customers.
 - 2.2 Restrictions on Resale. The following restrictions shall apply to the resale of retail services by PHNLK.
 - 2.2.1 PHNLK shall not resell Basic Exchange Residential Service.
 - 2.2.2 PHNLK shall not resell to one class of customers a service that is offered by GTE only to another class of customers in accordance with State requirements (e.g., Residence to

Business, Business to Residence, disabled services or Lifeline services to non-qualifying customers).

2.2.3 PHNLK shall not resell public pay telephone lines.

2.2.4 PHNLK shall not resell semi-public pay telephone lines.

2.3 Restrictions on Discount of Retail Services. The discount specified in Section 5.3 herein shall apply to all retail services except for the following:

2.3.1 PHNLK shall resell services that are provided at a volume discount in accordance with terms and conditions of applicable tariff. PHNLK shall not aggregate end user traffic in order to qualify for volume discount.

2.3.2 PHNLK shall resell Contract services without a discount and only to end user customers that already have such services.

2.3.3 PHNLK shall resell COCOT coin or coinless line but no discount applies.

2.3.4 PHNLK shall resell Lifeline services and services for the disabled but no discount shall apply and they shall only be resold to end user customers who qualify under GTE's tariffs and state/Commission rules, orders and regulations.

2.3.5 PHNLK shall resell special access but no discount applies.

2.3.6 PHNLK shall resell Operator Services and Directory Assistance as specified in Section 5.6 herein however no discount applies.

2.3.7 PHNLK shall resell promotional offerings that are 90 days or less in duration without a discount.

2.4 Resale to Other Carriers. Services available for resale may not be used by PHNLK to provide access to the local network as an alternative to tariffed switched and special access by other carriers, including, but not limited to; interexchange carriers, wireless carriers, competitive access providers, or other retail telecommunications providers.

To:

2. Terms and Conditions.

2.1 Restrictions on Resale. The following restrictions shall apply to the resale of retail services by PHNLK.

2.1.1 PHNLK shall not resell to one class of customers a service that is offered by GTE only to another class of customers in accordance with state requirements (e.g., R-1 to B-1, disabled services or lifeline services to non-qualifying customers).

2.1.2 PHNLK shall not resell lifeline services and services for the disabled.

2.1.3 PHNLK shall not resell promotional offerings of 90 days or less in duration. These promotional offerings are not available to PHNLK for resale. GTE will apply any applicable resale discount to the ordinary rate for a retail service rather than the special promotional rate.

2.2 Interim Universal Service Support Charge for Wholesale Services.

PHNLK wishes to resell GTE's Basic Exchange Residential and Business services. It is GTE's position that GTE's current intraLATA toll rates include implicit subsidies that support below-cost prices for other services and thus promote universal service. This universal service support is lost where a CLEC resells GTE's local service but does not resell GTE's intraLATA toll service. For this reason, GTE will not resell Basic Exchange Residential or Business services unless PHNLK pays the monthly interim universal service support charge set forth in Appendix A. GTE believes that this interim surcharge is required by state and federal law.

The lawfulness of GTE's interim surcharge is being addressed (or will be addressed) by the Commission or a court of competent jurisdiction. The parties agree that GTE will offer for resale Basic Local Exchange Residential and Business services at the avoided cost discount rate set forth in Appendix A without the interim surcharge, but subject to the following terms and conditions:

2.2.1 PHNLK agrees that within thirty (30) days after the effective date of a Commission or court order affirming GTE's interim surcharge, PHNLK will (i) begin paying the monthly interim surcharge in accord with Appendix A, and (ii) make a lump sum payment to GTE of the total interim surcharges retroactive to the effective date of this agreement.

2.2.2 Notwithstanding any provision in this Agreement, GTE may, at its sole discretion and at any time, seek injunctive or other relief (i) requiring the CLEC to pay GTE's interim surcharge or (ii) requiring the Commission to immediately impose the interim surcharge.

2.2.3 Nothing in this Agreement shall restrict or impair GTE from seeking injunctive relief or any other remedy at any time and in any court regarding GTE's interim surcharge or the Commission's rejection or modification of GTE's interim surcharge.

2.3 Restrictions on Discount of Retail Services. The discount specified in Section 5.3 herein shall apply to all retail services except for the following:

2.3.1 PHNLK may resell services that are provided at a volume discount in accordance with terms and conditions of applicable tariff. PHNLK shall not aggregate end user lines and/or traffic in order to qualify for volume discount.

2.3.2 PHNLK may resell ICB/Contract services without a discount and only to end user customers that already have such services.

2.3.3 PHNLK may resell COCOT coin or coinless line, however, no discount applies.

2.3.4 PHNLK may resell special access; however, no discount applies.

2.3.5 PHNLK may resell Operator Services and Directory Assistance as specified in Section 5.6 herein; however, no discount applies.

2.4 Resale to Other Carriers. Services available for resale may not be used by PHNLK to provide access to the local network as an alternative to tariffed switched and special access by other carriers, including, but not limited to: interexchange carriers, wireless carriers, competitive access providers, or other retail telecommunications providers.

2. Change Appendix A, shown as Attachment 1:

To:

Appendix A, shown as attachment 2.

3. **Interpretation**

All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement.

4. **Effect**

Except as modified herein, the Agreement shall remain in full force and effect.

5. **Authority**

Each person whose signature appears below represents and warrants that he or she has the authority to bind the Party on whose behalf he or she has executed this Amendment.

6. **Multiple Counterparts**

This Amendment may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

7. **No Offer**

Submission of this Amendment for examination or signature does not constitute an offer by Provider for the provision of the products or services described herein. This Amendment will be effective only upon execution by both Provider and Customer.

IN WITNESS WHEREOF, the Parties have executed this Amendment on the date or dates written below effective as of the date first above written.

GTE SOUTH INCORPORATED

PHONE-LINK INC.

By

By

Name

Name

Title

Title

Date

Date

ATTACHMENT 1

APPENDIX A SERVICES AVAILABLE FOR RESALE

General. The rates contained in this Appendix A are based upon an avoided cost discount from GTE's retail rates as provided in Article V, Section 5.3 of the Agreement to which this Appendix A is attached and are subject to change resulting from future Commission or other proceedings, including but not limited to any generic proceeding to determine GTE's unrecovered costs (e.g., historic costs, contribution, undepreciated reserve deficiency, or similar unrecovered GTE costs (including GTE's interim Universal Service Support Surcharge)), the establishment of a competitively neutral universal service system, or any appeal or other litigation.

The Avoided Cost Discount for Kentucky is 10.6%.

The attached matrix is a list all services from the GTE Retail Tariff.

Non-Recurring Charges for Resale Services

Initial Service Order (per order)	\$47.25
Transfer of Service Charges (per order)	\$16.00
Subsequent Service Order (per order)	\$24.00
Customer Service Record Research (per request)	\$ 5.25
Resale Line Installation (per line)	\$24.60
Outside Facility Connection Charge*	\$63.50

* Per Tariff: This charge will apply when field work is required for establishment of new resale service. The terms, conditions and rates that apply for this work are described in GTE's retail local service tariffs.

ATTACHMENT 2

APPENDIX A SERVICES AVAILABLE FOR RESALE

General. The rates contained in this Appendix A are based upon an avoided cost discount from GTE's retail rates as provided in Article VI , Section 5.3 of the Agreement to which this Appendix A is attached. The avoided cost discount is based upon GTE's most current available cost studies and are subject to change resulting from future Commission or other proceedings, including but not limited to any generic proceeding to determine GTE's unrecovered costs (e.g., historic costs, contribution, undepreciated reserve deficiency, or similar unrecovered GTE costs (including GTE's interim Universal Service Support Surcharge)), the establishment of a competitively neutral universal service system, or any appeal or other litigation.

GTE assesses a separate interim universal service fund surcharge for resale of Basic Local Exchange Residential and Business Services at the avoided cost discount set forth to provide continued universal service support that is implicit in GTE's current retail services prices. This surcharge is being addressed (or will be addressed) by the Commission or a court of competent jurisdiction. The parties agree that GTE will offer for resale Basic Local Exchange Residential and Business Services set forth in Appendix C without the interim surcharge, but subject to the following terms and conditions:

- A. PHNLK agrees that within thirty (30) days after the effective date of a Commission or court order affirming GTE's interim surcharge, PHNLK will (i) begin paying the monthly interim surcharge in accord with Appendix A, and (ii) make a lump sum payment to GTE of the total interim surcharges retroactive to the effective date of this Agreement.
- B. Notwithstanding any provision in this Agreement, GTE may, at its sole discretion and at any time, seek injunctive or other relief (i) requiring PHNLK to pay GTE's interim surcharge or (ii) requiring the Commission to immediately impose the interim surcharge.
- C. Nothing in this Agreement shall restrict or impair GTE from seeking injunctive relief or any other remedy at any time and in any court regarding GTE's interim surcharge or the Commission's rejection or modification of GTE's interim surcharge.

The avoided cost discount for Kentucky is 10.6%.

The attached matrix is a list of all services from the GTE Retail Tariff.

Non-Recurring Charges for Resale Services

Initial Service Order (per order)	\$47.25
Transfer of Service Charges (per order)	\$16.00
Subsequent Service Order (per order)	\$24.00
Customer Service Record Research (per request)	\$ 5.25
Resale Line Installation (per line)	\$24.60
Outside Facility Connection Charge*	\$63.50

* Per Tariff: This charge will apply when field work is required for establishment of new resale service. The terms, conditions and rates that apply for this work are described in GTE's retail local service tariffs.

Universal Service Fund (USF) Support Surcharge

Residential (per line)	\$ 4.88
Business (per line)	\$ 3.52