

AGREEMENT FOR EXCHANGE AND BILLING OF TERMINATING TRAFFIC

BETWEEN

GTE SOUTH INCORPORATED

AND

COMMUNITY TELEPHONE CORPORATION

TABLE OF CONTENTS

ARTICLE I		
SCOPE AND INTENT OF AGREEMENT		I-1
ARTICLE II		
DEFINITIONS		II-1
1. <u>General Definitions</u>		II-1
1.1 Affiliate		II-1
1.2 Alternate Billed Messages		II-1
1.3 Automated Message Accounting (AMA)		II-1
1.4 Business Day		II-1
1.5 Centralized Message Distribution System (CMDS)		II-1
1.6 Collect and Third Numbers Settlement (CATS)		II-1
1.7 Commission		II-1
1.8 Confidential Information		II-1
1.9 Customer		II-1
1.10 End User		II-1
1.11 Exchange Message Record (EMR)		II-2
1.12 Exchange Service		II-2
1.13 Extended Area Service (EAS)		II-2
1.14 Indirect Interconnection		II-2
1.15 Interexchange Carrier (IXC)		II-2
1.16 Local Access and Transport Area (LATA)		II-2
1.17 Local Exchange Carrier (LEC)		II-2
1.18 Local Traffic		II-2
1.19 Multiple Exchange Carrier Access Billing (MECAB)		II-2
1.20 Multiple Exchange Carriers Ordering and Design Guidelines for Access Services - Industry Support Interface (MECOD)		II-3
1.21 Optional EAS Traffic		II-3
1.22 Party/Parties		II-3
1.23 Provider		II-3
1.24 Special Access		II-3
1.25 Subsidiary		II-3
1.26 Toll Traffic		II-3
ARTICLE III		
GENERAL PROVISIONS		III-1
1. <u>Scope of General Provisions</u>		III-1
2. <u>Term and Termination</u>		III-1
2.1 <u>Term</u>		III-1
2.2 <u>Post-Termination Arrangements</u>		III-1
2.3 <u>Termination Upon Default</u>		III-1
2.4 <u>Termination Upon Sale</u>		III-1
2.5 <u>Liability upon Termination</u>		III-2
3. <u>Amendments</u>		III-2
4. <u>Assignment</u>		III-2

5.	<u>Authority</u>	III-2
6.	<u>Responsibility for Payment</u>	III-2
7.	<u>Billing and Payment</u>	III-2
	7.1 <u>Dispute</u>	III-2
	7.2 <u>Late Payment Charge</u>	III-2
	7.3 <u>Due Date</u>	III-2
	7.4 <u>Audits</u>	III-3
8.	<u>Binding Effect</u>	III-3
9.	<u>Capacity Planning and Forecasting</u>	III-3
10.	<u>Compliance with Laws and Regulations</u>	III-3
11.	<u>Confidential Information</u>	III-3
	11.1 <u>Identification</u>	III-3
	11.2 <u>Handling</u>	III-4
	11.3 <u>Exceptions</u>	III-4
	11.4 <u>Survival</u>	III-4
12.	<u>Consent</u>	III-4
13.	<u>Reimbursement of Expenses</u>	III-5
14.	<u>Dispute Resolution</u>	III-5
	14.1 <u>Alternative to Litigation</u>	III-5
	14.2 <u>Negotiations</u>	III-5
	14.3 <u>Arbitration</u>	III-5
	14.4 <u>Expedited Arbitration Procedures</u>	III-6
	14.5 <u>Costs</u>	III-6
	14.6 <u>Continuous Service</u>	III-6
15.	<u>Entire Agreement</u>	III-6
16.	<u>Expenses</u>	III-6
17.	<u>Force Majeure</u>	III-6
18.	<u>Good Faith Performance</u>	III-7
19.	<u>Governing Law</u>	III-7
20.	<u>Standard Practices</u>	III-7
21.	<u>Headings</u>	III-7
22.	<u>Independent Contractor Relationship</u>	III-7
23.	<u>Liability and Indemnity</u>	III-7
	23.1 <u>Indemnification</u>	III-7

23.2	<u>End-User and Content-Related Claims</u>	III-8
23.3	<u>DISCLAIMER</u>	III-8
23.4	<u>Limitation of Liability</u>	III-8
23.5	<u>Intellectual Property</u>	III-8
24.	<u>Multiple Counterparts</u>	III-9
25.	<u>No Third Party Beneficiaries</u>	III-9
26.	<u>Notices</u>	III-9
27.	<u>Protection</u>	III-10
27.1	<u>Impairment of Service</u>	III-10
27.2	<u>Resolution</u>	III-10
28.	<u>Publicity</u>	III-10
29.	<u>Regulatory Agency Control</u>	III-10
30.	<u>Changes in Legal Requirements</u>	III-10
31.	<u>Effective Date</u>	III-10
32.	<u>Regulatory Matters</u>	III-10
33.	<u>Rule of Construction</u>	III-11
34.	<u>Section References</u>	III-11
35.	<u>Service Standards</u>	III-11
36.	<u>Severability</u>	III-11
37.	<u>Subcontractors</u>	III-11
38.	<u>Subsequent Law</u>	III-11
39.	<u>Taxes</u>	III-11
39.1	<u>Tax</u>	III-12
39.2	<u>Fees/Regulatory Surcharges</u>	III-12
40.	<u>Trademarks and Trade Names</u>	III-12
41.	<u>Waiver</u>	III-12
ARTICLE IV		
	<u>PROVISION OF SERVICE</u>	IV-1
1.	<u>Transport and Termination of Traffic</u>	IV-1
1.1	<u>Traffic to be Exchanged</u>	IV-1
1.2	<u>Network Interconnection Architecture</u>	IV-1
2.	<u>Operator Services</u>	IV-1

2.1	<u>Operator Services Calls</u>	IV-1
3.	<u>Traffic Recording</u>	IV-1
4.	<u>Billing and Rates</u>	IV-2
ARTICLE V		
	COMPENSATION ARRANGEMENT	V-1
1.	<u>Compensation for Exchange of Local Traffic</u>	V-1
1.1	<u>Bill-and-Keep</u>	V-1
1.2	<u>Mutual Compensation</u>	V-1
2.	<u>Compensation for Termination of IntraLATA Toll Traffic</u>	V-1
APPENDIX A Interconnection Points		A-1

This Exchange and Billing of Terminating Traffic Agreement (the "Agreement"), by and between GTE South Incorporated, with its address for purposes of this Agreement at 600 Hidden Ridge Drive, Irving, Texas 75038 ("GTE"), and Community Telephone Corporation, in its capacity as a certified provider of local dial-tone service ("CTC"), with its address for this Agreement at 1419 W. Lloyd Expressway, Suite 100, Evansville, IN 47710 (GTE and CTC being referred to collectively as the "Parties" and individually as a "Party"). This Agreement covers services in the State of Kentucky only (the "State").

WHEREAS, the mutual exchange and termination of traffic originating on each Party's network is desirable and necessary; and

WHEREAS, the Parties desire to exchange traffic on terms that are fair and equitable to both Parties.

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, GTE and CTC hereby covenant and agree as follows:

ARTICLE I
SCOPE AND INTENT OF AGREEMENT

Pursuant to this Agreement, the Parties will extend certain arrangements to one another within each area in which they both operate within the State for purposes of the exchange of traffic between their respective end-user customers. This Agreement will be submitted to the Kentucky Public Service Commission (the "Commission") for approval.

This Agreement provides for the exchange for the origination and termination of Local and mandatory Extended Area Service (EAS) and Toll traffic between the Parties as a result of CTC's decision to provide local exchange service to residential and business end-users via an interconnection arrangement with a third party. Local, Mandatory EAS and Toll traffic to CTC end-users from GTE end-users, as well as Local mandatory EAS and Toll traffic from CTC end-users terminating to GTE end-users, will be switched at the tandem of the third party. Intrastate intraLATA toll traffic to CTC end-users from GTE end-users, as well as intrastate intraLATA toll traffic from CTC end-users terminating to GTE end-users, will be routed to and switched by the appropriate access toll tandem, whether GTE's or another LEC tandem within the LATA. The interconnection points are indicated on Appendix A.

The Parties agree this Agreement is intended to constitute an interconnection requiring negotiations under the rules of the Telecommunications Act of 1996.

Should future network configurations or traffic volumes warrant, other interconnection methods, including direct interconnections between the Parties' tandems and/or end offices, will be negotiated on a nondiscriminatory basis.

The Parties agree that acceptable compensation arrangements have been reached with the tandem company for the traffic which originates and terminates between CTC and GTE.

Any jointly provided end-user service, such as private lines/FX or other types of interexchange services will be provisioned between the Parties in the same manner as those with all other local exchange carriers. The rates for special access type services are contained in the Parties applicable tariffs.

ARTICLE II DEFINITIONS

1. General Definitions. Except as otherwise specified herein, the following definitions shall apply to all Articles and Appendices contained in this Agreement. Additional definitions that are specific to the matters covered in a particular Article may appear in that Article. To the extent that there may be any conflict between a definition set forth in this Article II and any definition in a specific Article or Appendix, the definition set forth in the specific Article or Appendix shall control with respect to that Article or Appendix.
 - 1.1 **Affiliate** - a person, corporation or other legal entity that, directly or indirectly, owns or controls a Party, or is owned or controlled by, or is under common ownership or control with a Party.
 - 1.2 **Alternate Billed Messages** - end-user calls which are billed on a collect, third number or calling card basis rather than to the number from which the call originates.
 - 1.3 **Automated Message Accounting (AMA)** - the structure inherent in switch technology that initially records telecommunication message information. AMA format is contained in the Automated Message Accounting document, published by Bellcore as GR-1100-CORE which defines the industry standard for message recording.
 - 1.4 **Business Day** - Monday through Friday, except for holidays on which the U.S. mail is not delivered.
 - 1.5 **Centralized Message Distribution System (CMDS)** - the billing record and clearing house transport system that the Regional Bell Operating Companies ("RBOCs") and other incumbent LECs use to efficiently exchange out collects and in collects as well as Carrier Access Billing System ("CABS") records.
 - 1.6 **Collect and Third Numbers Settlement (CATS)** - the settlements system that the Regional Bell Companies use to report amounts owed and due carriers resulting from alternative billed messages involving their customers.
 - 1.7 **Commission** - the Kentucky Public Service Commission.
 - 1.8 **Confidential Information** - proprietary or confidential customer, technical, or business information in written, graphic, oral or other tangible or intangible forms.
 - 1.9 **Customer** - GTE or CTC, depending on the context and which Party is receiving the service from the other Party.
 - 1.10 **End User** - any customer of the Parties that subscribes to Exchange Service and services associated with Exchange Service.
 - 1.11 **Exchange Message Record (EMR)** - an industry standard record used to exchange telecommunications message information among CLECs for billable, non-billable, sample, settlement and study data. EMR format is defined in BR-010-200-010 CRIS Exchange Message Record, published by Bellcore.

- 1.12 **Exchange Service** - all basic access line services, or any other services offered to end-users which provide end-users with a telephonic connection to, and a unique telephone number address on, the Public Switched Telecommunications Network (PSTN), and which enable such end-users to place or receive calls to all other stations on the PSTN.
- 1.13 **Extended Area Service (EAS)** - the mandatory extension of the toll free local serving area to include nearby exchange areas at the same basic service rates.
- 1.14 **Indirect Interconnection** - indirect connection between the Parties networks for exchange of traffic as a result of CTC having a direct physical connection with another Local Exchange Carrier's tandem at which GTE also has subtending end offices.
- 1.15 **Interexchange Carrier (IXC)** - a telecommunications service provider authorized by the FCC to provide interstate long distance communications services between LATAs and are authorized by the State to provide inter- and/or intraLATA long distance communications services within the State.
- 1.16 **Local Access and Transport Area (LATA)** - a geographic area for the provision and administration of communications service; i.e., intraLATA or interLATA.
- 1.17 **Local Exchange Carrier (LEC)** - any company certified by the Commission to provide local exchange telecommunications service. This includes the Parties to this Agreement.
- 1.18 **Local Traffic** - traffic that is originated by an end-user of one Party and terminates to the end-user of the other Party within GTE's then current local serving area, including mandatory local calling scope arrangements. A mandatory local calling scope arrangement is an arrangement that provides end-users a local calling scope, Extended Area Service ("EAS"), beyond their basic exchange serving area. Local Traffic does not include optional local calling scopes (i.e., optional rate packages that permit the end-user to choose a local calling scope beyond their basic exchange serving area for an additional fee), referred to hereafter as "optional EAS". (See Article V, Section 1.1 for compensation arrangements)
- 1.19 **Multiple Exchange Carrier Access Billing (MECAB)** - refers to the document prepared by the Billing Committee of the Ordering and Billing Forum ("OBF"), which functions under the auspices of the Carrier Liaison Committee ("CLC") of the Alliance for Telecommunications Industry Solutions ("ATIS"). The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an access service provided by two or more LECs, or by one LEC in two or more states within a single LATA.
- 1.20 **Multiple Exchange Carriers Ordering and Design Guidelines for Access Services - Industry Support Interface (MECOD)** - a document developed by the Ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum ("OBF"), which functions under the auspices of the Carrier Liaison Committee ("CLC") of the Alliance for Telecommunications Industry Solutions ("ATIS"). The MECOD document, published by Bellcore as Special Report SR-STIS-002643, establish methods for processing orders for access service which is to be provided by two or more LECs.
- 1.21 **Optional EAS Traffic** - traffic that is originated by end-users subscribing to Optional EAS service offered as an option to Exchange Service subscribers which would allow them to pay a lower measured rate or a flat rate for calls to specific end offices that otherwise would be billed based on toll tariff rates. The Optional EAS areas covered by this

Agreement are described in GTE's General Exchange Tariff. The areas described in GTE's general exchange tariff may be amended from time to time with the approval of the Commission. For purposes of compensation for exchange of traffic, Optional EAS will be considered Toll traffic.

- 1.22 **Party/Parties** - GTE and/or CTC.
- 1.23 **Provider** - GTE or CTC depending on the context and which Party is providing the service to the other Party.
- 1.24 **Special Access** - the lines, trunks or facilities dedicated for use by only one Party to provide services to their customers pursuant to a special access tariff. Special Access Services include DS1, DS3, and Point-to-Point circuits.
- 1.25 **Subsidiary** - a corporation or other legal entity that is majority owned by a Party.
- 1.26 **Toll Traffic** - traffic that is originated by an end user of one Party and terminates to an end user of the other Party and is not part of the local calling area or mandatory EAS calling area. Toll Traffic may be either IntraLATA or InterLATA traffic depending upon whether the originating or terminating points are within the same LATA.

ARTICLE III GENERAL PROVISIONS

1. Scope of General Provisions. Except as may otherwise be set forth in a particular Article or Appendix of this Agreement, in which case the provisions of such Article or Appendix shall control, these General Provisions apply to all Articles and Appendices of this Agreement.
2. Term and Termination.
 - 2.1 Term. Subject to the termination provisions contained in this Agreement, the term of this Agreement shall be two (2) years from the effective date and shall continue in effect for consecutive one (1) year terms until either Party gives the other Party at least ninety (90) calendar days written notice of termination, which termination shall be effective at the end of the then-current term. In the event notice is given less than 90 calendar days prior to the end of the current term, this Agreement shall remain in effect for 90 calendar days after such notice is received, provided, that in no case shall the term be extended beyond 90 calendar days after the end of the current term.
 - 2.2 Post-Termination Arrangements. Except in the case of termination as a result of either Party's default or a termination upon sale, for service arrangements made available under this Agreement and existing at the time of termination, those arrangements may continue without interruption (a) under a new agreement voluntarily executed by the Parties; (b) standard terms and conditions approved and made generally effective by the Commission, if any; (c) tariff terms and conditions made generally available to all CLECs; or (d) any rights under Section 252(i) of the Act.
 - 2.3 Termination Upon Default. Either Party may terminate this Agreement in whole or in part in the event of a default by the other Party; *provided however*, that the non-defaulting Party notifies the defaulting Party in writing of the alleged default and that the defaulting Party does not cure the alleged default within sixty (60) calendar days of receipt of written notice thereof. Default is defined to include:
 - (a) A Party's insolvency or the initiation of bankruptcy or receivership proceedings by or against the Party; or
 - (b) A Party's refusal or failure in any material respect properly to perform its obligations under this Agreement, or the violation any of the material terms or conditions of this Agreement.
 - 2.4 Termination Upon Sale. Notwithstanding anything to the contrary contained herein, a Party may terminate this Agreement as to a specific operating area or portion thereof of such Party if such Party sells or otherwise transfers the area or portion thereof. The Party shall provide the other Party with at least ninety (90) calendar days' prior written notice of such termination, which shall be effective on the date specified in the notice. Notwithstanding termination of this Agreement as to a specific operating area, this Agreement shall remain in full force and effect in the remaining operating areas.
 - 2.5 Liability upon Termination. Termination of this Agreement, or any part hereof, for any cause shall not release either Party from any liability which at the time of termination had already accrued to the other Party or which thereafter accrues in any respect to any act or omission occurring prior to the termination or from an obligation which is expressly stated in this Agreement to survive termination.

3. Amendments. Any amendment, modification, or supplement to this Agreement must be in writing and signed by an authorized representative of each Party. The term "this Agreement" shall include future amendments, modifications, and supplements.
4. Assignment. Any assignment by either Party of any right, obligation, or duty, in whole or in part, or of any interest, without the written consent of the other Party shall be void, except that either Party may assign all of its rights, and delegate its obligations, liabilities and duties under this Agreement, either in whole or in part, to any entity that is, or that was immediately preceding such assignment, a Subsidiary or Affiliate of that Party without consent, but with written notification. The effectiveness of an assignment shall be conditioned upon the assignee's written assumption of the rights, obligations, and duties of the assigning Party.
5. Authority. Each person whose signature appears on this Agreement represents and warrants that he or she has authority to bind the Party on whose behalf he or she has executed this Agreement.
6. Billing and Payment. Except as provided elsewhere in this Agreement and where applicable, in conformance with MECAB and MECOD guidelines, CTC and GTE agree to exchange all information to accurately, reliably, and properly bill for features, functions and services rendered under this Agreement.
 - 6.1 Dispute. If one Party disputes a billing statement issued by the other Party, the billed Party shall notify Provider in writing regarding the nature and the basis of the dispute within ninety (90) calendar days of the statement date or the dispute shall be waived. The Parties shall diligently work toward resolution of all billing issues.
 - 6.2 Late Payment Charge. If any undisputed amount due on the billing statement is not received by Provider on the payment due date, Provider may charge, and Customer agrees to pay, at Provider's option, interest on the past due balance at a rate equal to the lesser of the interest rates set forth in the applicable GTE/Contel state access tariffs or the GTOC/GSTC FCC No. 1 tariff, one and one-half percent (1½%) per month or the maximum nonusurious rate of interest under applicable law. Late payment charges shall be included on the next statement.
 - 6.3 Due Date. Payment is due thirty (30) calendar days from the bill date.
 - 6.4 Audits. Either Party may conduct an audit of the other Party's books and records pertaining to the Services provided under this Agreement, no more frequently than once per twelve (12) month period, to evaluate the other Party's accuracy of billing, data and invoicing in accordance with this Agreement. Any audit shall be performed as follows: (i) following at least thirty (30) Business Days' prior written notice to the audited Party; (ii) subject to the reasonable scheduling requirements and limitations of the audited Party; (iii) at the auditing Party's sole cost and expense; (iv) of a reasonable scope and duration; (v) in a manner so as not to interfere with the audited Party's business operations; and (vi) in compliance with the audited Party's security rules.
7. Binding Effect. This Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the Parties.
8. Capacity Planning and Forecasting. Within thirty (30) days from the effective date of this Agreement, the Parties agree to have met and developed joint planning and forecasting responsibilities which are applicable to Interconnection Services. Such responsibilities shall include but are not limited to the following:

- (a) The Parties will establish periodic reviews of network and technology plans and will notify one another no later than six (6) months in advance of changes that would impact either Party's provision of services.
 - (b) The Parties will develop joint forecasting responsibilities for traffic utilization over trunk groups and yearly forecasted trunk quantities.
- 9. Compliance with Laws and Regulations. Each Party shall comply with all federal, state, and local statutes, regulations, rules, ordinances, judicial decisions, and administrative rulings applicable to its performance under this Agreement.
- 10. Confidential Information.
 - 10.1 Identification. Either Party may disclose to the other proprietary or confidential customer, technical, or business information in written, graphic, oral or other tangible or intangible forms (Confidential Information). In order for information to be considered Confidential Information under this Agreement, it must be marked "Confidential" or "Proprietary," or bear a marking of similar import. Orally or visually disclosed information shall be deemed Confidential Information only if contemporaneously identified as such and reduced to writing and delivered to the other Party with a statement or marking of confidentiality within thirty (30) calendar days after oral or visual disclosure.

Notwithstanding the foregoing information that would constitute customer proprietary network information of CTC end-user customers pursuant to the Act and the rules and regulations of the FCC, as well as recorded usage information with respect to CTC end-users, whether disclosed by CTC to GTE or otherwise acquired by GTE in the course of its performance under this Agreement, and where GTE is the NANP Number Plan Administrator, CTC information submitted to GTE in connection with such responsibilities shall be deemed Confidential Information of CTC for all purposes under this Agreement whether or not specifically marked or designated as confidential or proprietary.
 - 10.2 Handling. In order to protect such Confidential Information from improper disclosure, each Party agrees:
 - (a) That all Confidential Information shall be and shall remain the exclusive property of the source;
 - (b) To limit access to such Confidential Information to authorized employees who have a need to know the Confidential Information for performance of this Agreement;
 - (c) To keep such Confidential Information confidential and to use the same level of care to prevent disclosure or unauthorized use of the received Confidential Information as it exercises in protecting its own Confidential Information of a similar nature;
 - (d) Not to copy, publish, or disclose such Confidential Information to others or authorize anyone else to copy, publish, or disclose such Confidential Information to others without the prior written approval of the source;
 - (e) To return promptly any copies of such Confidential Information to the source at its request; and

- (f) To use such Confidential Information only for purposes of fulfilling work or services performed hereunder and for other purposes only upon such terms as may be agreed upon between the Parties in writing.
- 10.3 Exceptions. These obligations shall not apply to any Confidential Information that was legally in the recipient's possession prior to receipt from the source, was received in good faith from a third party not subject to a confidential obligation to the source, now is or later becomes publicly known through no breach of confidential obligation by the recipient, was developed by the recipient without the developing persons having access to any of the Confidential Information received in confidence from the source, or that is required to be disclosed pursuant to subpoena or other process issued by a court or administrative agency having appropriate jurisdiction; provided, however, that the recipient shall give prior notice to the source and shall reasonably cooperate if the source deems it necessary to seek protective arrangements.
- 10.4 Survival. The obligation of confidentiality and use with respect to Confidential Information disclosed by one Party to the other shall survive any termination of this Agreement for a period of three (3) years from the date of the initial disclosure of the Confidential Information.
11. Consent. Where consent, approval, or mutual agreement is required of a Party, it shall not be unreasonably withheld or delayed.
12. Dispute Resolution.
- 12.1 Alternative to Litigation. Except as provided under Section 252 of the Act with respect to the approval of this Agreement by the Commission, the Parties desire to resolve disputes arising out of or relating to this Agreement without litigation. Accordingly, except for action seeking a temporary restraining order or an injunction related to the purposes of this Agreement, or suit to compel compliance with this dispute resolution process, the Parties agree to use the following alternative dispute resolution procedures as the sole remedy with respect to any controversy or claim arising out of or relating to this Agreement or its breach.
- 12.2 Negotiations. At the written request of a Party, each Party will appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising out of or relating to this Agreement. The Parties intend that these negotiations be conducted by non-lawyer, business representatives. The location, format, frequency, duration, and conclusion of these discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as Confidential Information developed for purposes of settlement, exempt from discovery, and shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of all Parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise discoverable, be discovered or otherwise admissible, be admitted in evidence, in the arbitration or lawsuit.
- 12.3 Arbitration. If the negotiations do not resolve the dispute within sixty (60) Business Days of the initial written request, the dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration

Association except that the Parties may select an arbitrator outside American Arbitration Association rules upon mutual agreement. A Party may demand such arbitration in accordance with the procedures set out in those rules. Discovery shall be controlled by the arbitrator and shall be permitted to the extent set out in this section. Each Party may submit in writing to a Party, and that Party shall so respond to, a maximum of any combination of thirty-five (35) (none of which may have subparts) of the following: interrogatories, demands to produce documents, or requests for admission. Each Party is also entitled to take the oral deposition of one individual of another Party. Additional discovery may be permitted upon mutual agreement of the Parties. The arbitration hearing shall be commenced within sixty (60) Business Days of the demand for arbitration. The arbitration shall be held in a mutually agreeable city. The arbitrator shall control the scheduling so as to process the matter expeditiously. The Parties may submit written briefs. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) Business Days after the close of hearings. The times specified in this section may be extended upon mutual agreement of the Parties or by the arbitrator upon a showing of good cause. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

- 12.4 Expedited Arbitration Procedures. If the issue to be resolved through the negotiations referenced in Section 14.2 directly and materially affects service to either Party's end-user customers, then the period of resolution of the dispute through negotiations before the dispute is to be submitted to binding arbitration shall be five (5) Business Days. Once such a service affecting dispute is submitted to arbitration, the arbitration shall be conducted pursuant to the expedited procedures rules of the Commercial Arbitration Rules of the American Arbitration Association (i.e., rules 53 through 57).
- 12.5 Costs. Each Party shall bear its own costs of these procedures. A Party seeking discovery shall reimburse the responding Party the costs of production of documents (including search time and reproduction costs). The Parties shall equally split the fees of the arbitration and the arbitrator.
- 12.6 Continuous Service. The Parties shall continue providing services to each other during the pendency of any dispute resolution procedure, and the Parties shall continue to perform their obligations, including making payments in accordance with this Agreement.
13. Entire Agreement. This Agreement constitutes the entire agreement of the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, negotiations, proposals, and representations, whether written or oral, and all contemporaneous oral agreements, negotiations, proposals, and representations concerning such subject matter. No representations, understandings, agreements, or warranties, expressed or implied, have been made or relied upon in the making of this Agreement other than those specifically set forth herein.
14. Expenses. Except as specifically set out in this Agreement, each Party shall be solely responsible for its own expenses involved in all activities related to the subject of this Agreement.
15. Force Majeure. In the event performance of this Agreement, or any obligation hereunder, is either directly or indirectly prevented, restricted, or interfered with by reason of fire, flood, earthquake or like acts of God, wars, revolution, civil commotion, explosion, acts of public enemy, embargo, acts of the government in its sovereign capacity, labor difficulties, including without limitation, strikes, slowdowns, picketing, or boycotts, unavailability of equipment from vendor, changes requested by Customer, or any other circumstances beyond the reasonable control and without the fault or negligence of the Party affected, the Party affected, upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis to the extent of such prevention,

restriction, or interference (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis until the delay, restriction or interference has ceased); *provided however*, that the Party so affected shall use diligent efforts to avoid or remove such causes of nonperformance and both Parties shall proceed whenever such causes are removed or cease.

16. Good Faith Performance. In the performance of their obligations under this Agreement, the Parties shall act in good faith. In situations in which notice, consent, approval or similar action by a Party is permitted or required by any provision of this Agreement, such action shall not be unreasonably delayed, withheld or conditioned.
17. Governing Law. This Agreement shall be governed by and construed in accordance with the Telecommunications Act of 1996, applicable federal and (to the extent not inconsistent therewith) domestic laws of the state where the services are provided or the facilities reside and shall be subject to the exclusive jurisdiction of the courts therein.
18. Standard Practices. The Parties acknowledge that GTE shall be adopting some industry standard practices and/or establishing its own standard practices to various requirements hereunder applicable to the CLEC industry which may be added in the Guide. CTC agrees that GTE may implement such practices to satisfy any GTE obligations under this Agreement.
19. Headings. The headings in this Agreement are inserted for convenience and identification only and shall not be considered in the interpretation of this Agreement.
20. Independent Contractor Relationship. The persons provided by each Party shall be solely that Party's employees and shall be under the sole and exclusive direction and control of that Party. They shall not be considered employees of the other Party for any purpose. Each Party shall remain an independent contractor with respect to the other and shall be responsible for compliance with all laws, rules and regulations involving, but not limited to, employment of labor, hours of labor, health and safety, working conditions and payment of wages. Each Party shall also be responsible for payment of taxes, including federal, state and municipal taxes, chargeable or assessed with respect to its employees, such as Social Security, unemployment, workers' compensation, disability insurance, and federal and state withholding. Each Party shall indemnify the other for any loss, damage, liability, claim, demand, or penalty that may be sustained by reason of its failure to comply with this provision.
21. Liability and Indemnity.
 - 21.1 Indemnification. Subject to the limitations set forth in Section 23.4 of this Article III, each Party agrees to release, indemnify, defend, and hold harmless the other Party from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorneys' fees, whether suffered, made, instituted, or asserted by any other Party or person, for invasion of privacy, personal injury to or death of any person or persons, or for losses, damages, or destruction of property, whether or not owned by others, proximately caused by the indemnifying Party's negligence or willful misconduct, regardless of form of action. The indemnified Party agrees to notify the other Party promptly, in writing, of any written claims, lawsuits, or demands for which it is claimed that the indemnifying Party is responsible under this Section and to cooperate in every reasonable way to facilitate defense or settlement of claims. The indemnifying Party shall have complete control over defense of the case and over the terms of any proposed settlement or compromise thereof. The indemnifying Party shall not be liable under this Section for settlement by the indemnified Party or any claim, lawsuit, or demand, if the indemnifying Party has not approved the settlement in advance, unless the indemnifying Party has had the defense of the claim, lawsuit, or demand

tendered to it in writing and has failed to assume such defense. In the event of such failure to assume defense, the indemnifying Party shall be liable for any reasonable settlement made by the indemnified Party without approval of the indemnifying Party.

- 21.2 End-User and Content-Related Claims. Each Party agrees to release, indemnify, defend, and hold harmless the other Party, its affiliates, and any third-party provider or operator of facilities involved in the provision of services or Facilities under this Agreement (collectively, the "Indemnified Party") from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorneys' fees, suffered, made, instituted, or asserted by either Party's end-users against an Indemnified Party arising from services or Facilities. Each Party further agrees to release, indemnify, defend, and hold harmless the Indemnified Party from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorneys' fees, suffered, made, instituted, or asserted by any third party against an Indemnified Party arising from or in any way related to actual or alleged defamation, libel, slander, interference with or misappropriation of proprietary or creative right, or any other injury to any person or property arising out of content transmitted by the Indemnified Party or such Party's end-users, or any other act or omission of the Indemnified Party or such Party's end-users.
- 21.3 DISCLAIMER. EXCEPT AS SPECIFICALLY PROVIDED TO THE CONTRARY IN THIS AGREEMENT, NEITHER PARTY MAKES REPRESENTATIONS OR WARRANTIES TO CUSTOMER CONCERNING THE SPECIFIC QUALITY OF ANY SERVICES OR FACILITIES PROVIDED UNDER THIS AGREEMENT. PROVIDER DISCLAIMS, WITHOUT LIMITATION, ANY WARRANTY OR GUARANTEE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR FROM USAGES OF TRADE.
- 21.4 Limitation of Liability. Each Party's liability, whether in contract, tort or otherwise, shall be limited to direct damages, which shall not exceed the monthly charges, plus any related costs/expenses such party may recover for the services, Unbundled Network Elements or facilities for the month during which the claim of liability arose. Under no circumstance shall either Party be responsible or liable for indirect, incidental, or consequential damages, including, but not limited to, economic loss or lost business or profits, damages arising from the use or performance of equipment or software, or the loss of use of software or equipment, or any accessories attached thereto, delay, error, or loss of data. Should either Party provide advice, make recommendations, or supply other analysis related to the facilities described in this Agreement, this limitation of liability shall apply to provision of such advice, recommendations, and analysis.
- 21.5 Intellectual Property. Neither Party shall have any obligation to defend, indemnify or hold harmless, or acquire any license or right for the benefit of, or owe any other obligation or have any liability to, the other based on or arising from any claim, demand, or proceeding by any third party alleging or asserting that the use of any circuit, apparatus, or system, or the use of any software, or the performance of any service or method, or the provision or use of any facilities by either Party under this Agreement constitutes direct or contributory infringement, or misuse or misappropriation of any patent, copyright, trademark, trade secret, or any other proprietary or intellectual property right of any third party.
22. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall together constitute but one and the same document.

23. No Third Party Beneficiaries. Except as may be specifically set forth in this Agreement, this Agreement does not provide and shall not be construed to provide third parties with any remedy, claim, liability, reimbursement, cause of action, or other right or privilege.
24. Notices. Any notice to a Party required or permitted under this Agreement shall be in writing and shall be deemed to have been received on the date of service if served personally, on the date receipt is acknowledged in writing by the recipient if delivered by regular U.S. mail, or on the date stated on the receipt if delivered by certified or registered mail or by a courier service that obtains a written receipt. Upon prior immediate oral agreement of the parties' designated recipients identified below, notice may also be provided by facsimile, Internet or electronic messaging system, which shall be effective if sent before 5:00 p.m. on that day, or if sent after 5:00 p.m. it will be effective on the next Business Day following the date sent. Any notice shall be delivered using one of the alternatives mentioned in this section and shall be directed to the applicable address indicated below or such address as the Party to be notified has designated by giving notice in compliance with this section:

If to GTE:

GTE South Incorporated
Attention: Assistant Vice President/Associate General Counsel
Business Development & Integration
600 Hidden Ridge - HQEWMNOTICES
Irving, TX 75038
Telephone number: 972/718-6361
Facsimile number: 972/718-3403

and

GTE South Incorporated
Attn: Director-Wholesale Contract Compliance
Network Services
700 Hidden Ridge -HQEWMNOTICES
Irving, TX 75038
Telephone Number: 972/718-5988
Facsimile Number: 972/719-1519

If to CTC:

Community Telephone Corporation
Attention: Mr. Cole Hawks, General Counsel
8829 Bond Street
Overland Park, KS 66214
Telephone number: 913/492-1230, ext. 191
Facsimile number: 913/492-11684

25. Protection.
- 25.1 Impairment of Service. The characteristics and methods of operation of any circuits, facilities or equipment of either Party connected with the services, facilities or equipment of the other Party pursuant to this Agreement shall not interfere with or impair service over any facilities of the other Party, its affiliated companies, or its connecting and concurring carriers involved in its services, cause damage to its plant, violate any applicable law or regulation regarding the invasion of privacy of any communications carried over the Party's facilities or create hazards to the employees of either Party or to the public (each hereinafter referred to as an "Impairment of Service").
- 25.2 Resolution. If either Party causes an Impairment in Service, the Party whose network or service is being impaired (the "Impaired Party") shall promptly notify the Party causing the

Impairment of Service (the "Impairing Party") of the nature and location of the problem and that, unless promptly rectified, a temporary discontinuance of the use of any circuit, facility or equipment may be required. The Impairing Party and the Impaired Party agree to work together to attempt to promptly resolve the Impairment of Service. If the Impairing Party is unable to promptly remedy the Impairment of Service, then the Impaired Party may at its option temporarily discontinue the use of the affected circuit, facility or equipment.

26. Publicity. Any news release, public announcement, advertising, or any form of publicity pertaining to this Agreement, provision of services or facilities pursuant to it, or association of the Parties with respect to provision of the services described in this Agreement shall be subject to prior written approval of both GTE and CTC.
27. Regulatory Agency Control. This Agreement shall at all times be subject to changes, modifications, orders, and rulings by the Federal Communications Commission and/or the applicable state utility regulatory commission to the extent the substance of this Agreement is or becomes subject to the jurisdiction of such agency.
28. Changes in Legal Requirements. GTE and CTC further agree that the terms and conditions of this Agreement were composed in order to effectuate the legal requirements in effect at the time the Agreement was produced. Any modifications to those requirements will be deemed to automatically supersede any terms and conditions of this Agreement.
29. Effective Date. This Agreement will be effective only upon execution and approval by the Commission in accordance with Section 252 of the Act. The "effective date" of this Agreement for such purposes will be as established by the Commission approval order. The Parties agree orders for services will not be submitted or accepted within the first ten (10) business days after the Agreement is effective.
30. Regulatory Matters. Each Party shall be responsible for obtaining and keeping in effect all FCC, state regulatory commission, franchise authority and other regulatory approvals that may be required in connection with the performance of its obligations under this Agreement.
31. Rule of Construction. No rule of construction requiring interpretation against the drafting Party hereof shall apply in the interpretation of this Agreement.
32. Section References. Except as otherwise specified, references within an Article of this Agreement to a Section refer to Sections within that same Article.
33. Service Standards.
 - 33.1 The Parties will provide a level of service to each other with respect to services under this Agreement in compliance with the non-discrimination requirements of the Act. GTE will use appropriate statistical tests or performance criterion to include detailed investigation, where required, to verify such non-discriminatory level of service.
 - 33.2 Each Party may provide input to the various telecommunications industry forums defining national standards for methods of quality measurement. Subsequent to adoption of standard industry measurements the Parties shall work towards implementing those mutually agreed upon GTE supported measurements necessary for their quality assurance relationship of services supplied by GTE. Prior to adoption of industry guidelines GTE will make available, upon request through GTE's account management, monthly CLEC aggregate reports with comparisons in performance compiled on a rolling three-month basis.

- 33.3 The parties will alert each other to any network events that can result or have resulted in service interruption, blocked calls, and/or changes in network performance.
34. Severability. If any provision of this Agreement is held by a court or regulatory agency of competent jurisdiction to be unenforceable, the rest of the Agreement shall remain in full force and effect and shall not be affected unless removal of that provision results, in the opinion of either Party, in a material change to this Agreement. If a material change as described in this paragraph occurs as a result of action by a court or regulatory agency, the Parties shall negotiate in good faith for replacement language. If replacement language cannot be agreed upon within a reasonable period, either Party may terminate this Agreement without penalty or liability for such termination upon written notice to the other Party.
35. Subcontractors. Provider may enter into subcontracts with third parties or affiliates for the performance of any of Provider's duties or obligations under this Agreement.
36. Subsequent Law. The terms and conditions of this Agreement shall be subject to any and all applicable laws, rules, or regulations that subsequently may be prescribed by any federal, state or local governmental authority. To the extent required by any such subsequently prescribed law, rule, or regulation, the Parties agree to modify, in writing, the affected term(s) and condition(s) of this Agreement to bring them into compliance with such law, rule, or regulation.
37. Taxes. Any state or local excise, sales, or use taxes (excluding any taxes levied on income) resulting from the performance of this Agreement shall be borne by the Party upon which the obligation for payment is imposed under applicable law, even if the obligation to collect and remit such taxes is placed upon the other Party. The collecting Party shall charge and collect from the obligated Party, and the obligated Party agrees to pay to the collecting Party, all applicable taxes, except to the extent that the obligated Party notifies the collecting Party and provides to the collecting Party appropriate documentation as the collecting Party requires that qualifies the obligated Party for a full or partial exemption. Any such taxes shall be shown as separate items on applicable billing documents between the Parties. The obligated Party may contest the same in good faith, at its own expense, and shall be entitled to the benefit of any refund or recovery, provided that such Party shall not permit any lien to exist on any asset of the other Party by reason of the contest. The collecting Party shall cooperate in any such contest by the other Party. The other Party will indemnify the collecting Party from any sales or use taxes that may be subsequently levied on payments by the other Party by the collecting Party.
- 37.1 Tax - A charge which is statutorily imposed by the state or local jurisdiction and is either (a) imposed on the seller with the seller having the right or responsibility to pass the charge(s) on to the purchaser and the seller is responsible for remitting the charge(s) to the state or local jurisdiction or (b) imposed on the purchaser with the seller having an obligation to collect the charge(s) from the purchaser and remit the charge(s) to the state or local jurisdiction.
- Taxes shall include but not be limited to: federal excise tax, state/local sales and use tax, state/local utility user tax, state/local telecommunication excise tax, state/local gross receipts tax, and local school taxes. Taxes shall not include income, income-like, gross receipts on the revenue of a provider, or property taxes. Taxes shall not include payroll withholding taxes unless specifically required by statute or ordinance.
- 37.2 Fees/Regulatory Surcharges - A charge imposed by a regulatory authority, other agency, or resulting from a contractual obligation, in which the seller is responsible or required to

collect the fee/surcharge from the purchaser and the seller is responsible for remitting the charge to the regulatory authority, other agency, or contracting party.

Fees/Regulatory Surcharges shall include but not be limited to E-911/911, E-311/311, franchise fees, and Commission surcharges.

38. Trademarks and Trade Names. Except as specifically set out in this Agreement, nothing in this Agreement shall grant, suggest, or imply any authority for one Party to use the name, trademarks, service marks, or trade names of the other for any purpose whatsoever.
39. Waiver. The failure of either Party to insist upon the performance of any provision of this Agreement, or to exercise any right or privilege granted to it under this Agreement, shall not be construed as a waiver of such provision or any provisions of this Agreement, and the same shall continue in full force and effect.

ARTICLE IV
PROVISION OF SERVICE

1. Transport and Termination of Traffic.

1.1 Traffic to be Exchanged. The Parties shall reciprocally terminate Local Traffic, intraLATA Toll Traffic, and Optional EAS Traffic between the Parties' end-users and terminating to the Parties' end-users, or originating from the end-users of the Parties and terminating to third-party end-users.

1.2 Network Interconnection Architecture. Each Party will plan, design, construct and maintain the facilities within their respective systems as are necessary and proper for the provision of traffic covered by this Agreement. These facilities include but are not limited to, a sufficient number of trunks to the point of interconnection with the tandem company, and sufficient interoffice and interexchange facilities and trunks between its own central offices to adequately handle traffic between all central offices within the service areas at a P.01 grade of service or better.

The provisioning and engineering of such services and facilities will comply with generally accepted industry methods and practices, and will observe the rules and regulations of the lawfully established tariffs applicable to the services provided.

All changes in routing shall be agreed upon in writing by the Parties before becoming effective.

2. Operator Services.

2.1 Operator Services Calls. Each Party agrees to coordinate the interconnection of their operator service bureau with the operator service bureau of the other Party in order to provide for the exchange of miscellaneous services, e.g. Busy Line Verification/Interrupt, Directory Assistance, Call Completions.

3. Traffic Recording. The traffic recording and identification functions required to provide the services specified hereunder shall be performed by the Parties except for the functions performed by the tandem company on behalf of a Party. Each Party will calculate terminating minutes of use based on standard Automatic Message Accounting recordings made within each Party's network or by the tandem company. The Parties agree they will, to the extent feasible, make every attempt to accurately capture and report the actual usage interchanged between them for use in calculating the necessary compensation under this Agreement. Should actual traffic information (measured terminating minutes of use) not be available, the Parties will mutually agree, within 30 days or receipt of a request by the other party, on a suitable alternative basis for calculating compensation which most closely approximates the actual interchanged usage, e.g. exchange of originating records.

4. Billing and Rates. Each Party agrees to provide the other Party billing, collecting and remitting services on alternate billed messages in accordance with accepted industry standards.

4.1 Each Party will provide to the other the EMR standard formatted record for billing of messages to their end-users. The records will be exchanged by way of the Party's CMDS host, the Collect And Third Numbers Settlement (CATS) arrangement or directly between the Parties via a tape or transmission.

- 4.2 Each Party agrees to remit to the other Party the revenue value of each alternate billed message less a billing and collection fee.
- 4.3 Unbillable messages will be the liability of the originating company. The billing company must return the unbillable messages to the originating company pursuant to CMDS and EMR standard guidelines.
- 4.4 Uncollectible messages will be the liability of the billing company.

ARTICLE V
COMPENSATION ARRANGEMENT

1. Compensation for Exchange of Local Traffic.

- 1.1 Bill-and-Keep. The Parties shall assume that Local Traffic originated by or terminating to the Parties' end user customers is roughly balanced between the Parties. Accordingly, the Parties agree to use a Bill-and-Keep Arrangement with respect to termination of Local Traffic and Enhanced Service Provider (ESP) traffic (e.g. Internet and Internet Protocol based voice or fax telephony).
- 1.2 The Parties will reciprocally provide Percent Local Usage (PLU) factors to each other on quarterly basis to identify the proper percent of Local Traffic carried on local interconnection trunks. The PLU will determine the amount of usage to be excluded from compensation on combined (local and toll) trunks. If either Party does not provide to the other Party an updated PLU, the previous PLU will be utilized. The Parties agree the initial PLU factor will be 95%.

2. Compensation for Termination of Toll Traffic.

- 2.1 Compensation for termination of Toll traffic will be at the terminating intrastate access rates, including the Carrier Common Line, as set forth in each Party's approved access tariffs (or price list). All charges payable pursuant to this Agreement shall be payable within thirty (30) days of the bill date.
- 2.2 The Parties agree to exchange records for the termination of intraLATA toll traffic in accordance with the terms as follows:
- 2.3 For traffic which originates from CTC, GTE will receive a CABS summary end-user billing record (1101) from the tandem company. In turn, GTE will send a CABS summary end-user billing record (1150) to the tandem company in order for that company to bill CTC their appropriate tandem switching charges.
- 2.4 The Party billing the end-user or receiving the end-user revenue will be responsible for compensating the tandem company for the tandem switching functions.

3. Compensation for Interexchange Carrier Traffic

- 3.1 The parties may mutually establish meet point billing (MPB) arrangements in order to provide Switched Access Services to Access Service customers via the third party's access tandem in accordance with the MPB guidelines adopted by and contained in the Ordering and Billing Forum's MECAB and MECOD documents.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

GTE SOUTH INCORPORATED

By:_____

Name:_____

Title:_____

Date:_____

COMMUNITY TELEPHONE CORPORATION

By:_____

Name:_____

Title:_____

Date:_____

APPENDIX A
INTERCONNECTION POINTS
CTC Kentucky

LATA

TANDEM/THIRD PARTY

END OFFICES

(To Be Completed By Implementation Team, Trunk Forecasting)