



Alltel Communications
P.O. Box 1650
Lexington, Kentucky 40588

Daniel E. Logsdon
Vice President External Affairs
daniel.logsdon@Alltel.com
ofc. 859-357-6125
fax 859-357-6163

August 15, 2005

RECEIVED

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

AUG 15 2005

PUBLIC SERVICE
COMMISSION

RE: Case No. 2005-00202 – Ashland, KY – Franchise Agreement

Dear Ms. O'Donnell:

Pursuant to the Commission's Order in Case No. 2005-00202, Kentucky Alltel is hereby filing two copies of the final franchise agreement between Kentucky Alltel and The City of Ashland.

If you have any questions, please feel free to contact me at (859)357-6125.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Logsdon', with a long horizontal line extending to the right.

Dan Logsdon

ORDINANCE NO. 89, 2005

AN ORDINANCE OF THE CITY OF ASHLAND, KENTUCKY, GRANTING FOR A TERM OF FIVE (5) YEARS TO KENTUCKY ALLTEL INC. A FRANCHISE AUTHORIZING KENTUCKY ALLTEL INC. TO OWN, MAINTAIN, CONSTRUCT AND OPERATE A TELEPHONE AND COMMUNICATION SYSTEM UPON, ALONG, OVER AND UNDER THE STREETS, THOROUGHFARES, ALLEYS, SIDEWALKS, BRIDGES, PUBLIC WAYS AND OTHER PUBLIC PLACES OF SAID CITY.

WHEREAS, there exists a franchise for the privilege of constructing, erecting, operating and maintaining a telephone and communication system in the City of Ashland, Kentucky, and

WHEREAS, the City authorized the letting of bid on said franchise, and

WHEREAS, Kentucky ALLTEL Inc. ("Company") submitted a bid to acquire said franchise, and

WHEREAS, the City accepts said bid of the Company, subject to certain conditions set forth as further detailed herein, and

WHEREAS, the Company has agreed accept the terms contained herein;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF ASHLAND, KENTUCKY:

SECTION 1. That the bid proposal of Kentucky Alltel, Inc. ("Kentucky Alltel"), dated May 12, 2005, is hereby accepted and approved for a non-exclusive, five (5) year franchise for local telecommunications services within the confines of the City of Ashland based on and subject to the terms, specifications, and restrictions set forth in Kentucky Alltel's bid proposal to the City of Ashland, which bid proposal is based in part on House Bill 272 passed by the Kentucky Legislature during the 2005 session to be effective January 1, 2006. For and in consideration of the mutual covenants and agreements contained herein, the receipt and sufficiency of all of which are hereby acknowledged, Company and the City agrees as follows.

SECTION 2. The Company shall have the right and privilege of constructing, erecting, operating, and maintaining a telephone and communications system, equipment and apparatus, upon, through, along, under, and over the streets within the corporate boundaries of the City as they now exist or may hereafter be extended, subject to the provisions hereof and to all powers (including police power) inherent in, conferred upon, or reserved to said City.

SECTION 3. (1) No pavements, sidewalks, curbs, gutters, or other such street installations shall be disturbed and no excavation in any of the said streets will be made, except with the written permission of the City through a designated employee or official.

(2) When an emergency arises which requires immediate repair, the company may disturb or excavate a street without first obtaining written permission from the City; provided that the City is notified in writing of said repair within five (5) days. This notification shall include at least the time, date, location, and extent of excavation or other work performed.

(3) When the company shall enter upon any street for the purpose of constructing, erecting, operating, maintaining, and/or removing equipment and apparatus, it shall prosecute the work, at its own cost and expense, with due diligence and shall dig and close up all trenches and exposed places as rapidly as possible, and shall leave the streets in reasonably the same conditions as prior to its entry. All such repairs shall be maintained by the company for one (1) year in as good condition as the remainder of said street. In the event the company fails, refuses, or neglects to comply with the above provisions, the City shall have the right, after notice in writing having first been given to the company or any officer or agent representing it, to do said work or make said repairs, and the cost and expense thereof shall be paid to the City by the company within (30) days from the date on which an itemized bill is presented to the company.

(4)(a) In the construction, reconstruction, maintenance, or removal of any of said equipment and apparatus, the company shall have due regard for the rights of the City and others, and shall avoid interference with and injury to the property of the City or others. Said purchaser shall comply with all the laws of the Commonwealth of Kentucky and ordinances of the City as to placing lights, danger signals, or warning signs. Such work by the company shall be done in a workmanlike manner and so as not to unnecessarily interfere with public use of any of said streets.

(b) All underground construction shall be accomplished between the hours of 9:00 AM and 3:00 PM unless otherwise authorized in writing by the City. However, the franchisee must provide notice to the City seven (7) days in advance of such underground construction. Notwithstanding these construction hours, construction shall not interfere with the services of the City or third parties.

SECTION 4. (1) Whenever the City or any of its departments, agencies, and/or agents, servants, or employees shall grade, regrade, construct, reconstruct, widen, or alter any street or shall construct, reconstruct, repair, maintain, or alter any other municipal public works therein (including but not limited to storm sewers, sanitary sewers, and street lights), it shall be the duty of the company, when so ordered by the City, within a reasonable time to change its equipment and apparatus in the street at its own expense so as to conform to the established grade or line of such street so as not to interfere with such municipal public works so constructed, reconstructed, or altered.

(2) The company shall be given access to the street plans and specifications, and any proposed modifications to such, in the possession of the City.

SECTION 5. Upon notice from the City, given reasonably in advance, that any street is planned to be constructed, reconstructed, widened, altered, paved, or repaved, the company shall make such extensions or changes in its equipment and apparatus, ahead of any paving, as shall be reasonably expected during the following one (1) year period; provided that if the company deems that no extension or change will be required during such period, it may refrain from doing so, but shall be precluded from

disturbing the paving for such purposes for a period of one (1) year unless permission of the City is obtained.

SECTION 6. The minimum clearance of wires and cables placed above the streets of the City, and also the placement of underground facilities, shall conform to the standards of the latest edition of the National Electrical Safety Code, National Bureau of Standards, U.S. Department of Commerce. The City reserves the right to require, by ordinance, observation of greater standards of safety than those contained in such Code.

SECTION 7. The company agrees by the acceptance of this franchise to indemnify, keep, and save the City free and harmless from liability on account of injuries or damage to persons and property growing out of the construction, maintenance, repair, and operation of its equipment and apparatus located upon, through, along, under, or over the City's streets. If any suit to enforce such liability shall be brought against the City, either independently or jointly with the company, upon notice by the City the company shall defend the City at the cost of the company and, in the event of final judgment being obtained against the City either independently or jointly with the company, the company shall pay such judgment with all costs and hold the City harmless therefrom.

SECTION 8. The City, through its City Commission, City Manager, or such assistants as it may employ or designate, at all reasonable times, may have access to the equipment and apparatus installed under this franchise for the purpose of inspecting or examining it, and may inspect, examine, or verify all or any of the accounts, books, records, contracts, documents, or papers of the company reasonably necessary to the administration of this franchise.

SECTION 9. The franchise hereby created shall be for a set term of five (5) years from and after July 1, 2005, but is not exclusive, and the City reserves the right to sell similar franchises to others.

SECTION 10. The company is hereby given the right to assign the franchise created by this ordinance to any person, firm, or corporation able, ready, and willing to carry out the terms of this franchise, but prior to such assignment, shall obtain consent from the City to such assignment, which consent shall not be unreasonably withheld.

SECTION 11. The Company shall pay to the City in consideration of this Franchise an annual amount not to exceed three percent (3%) of the Company's recurring Basic Local Service revenue derived from subscribers of telephone service who are located within the corporate limits of the City. Such percentage of revenues at or below three percent (3%) shall be initially fixed by separate ordinance stating the City's acceptance in full of the Company's bid. The Company may bill its subscribers within the corporate limits of the City such Franchise fee and reflect such charge on its invoices to subscribers within the corporate limits of the City. The payments required by this Section shall be due monthly and shall be made within thirty (30) days following each monthly period, except that all obligations hereunder with respect to collection and remittance of franchise fees by Kentucky ALLTEL shall terminate at midnight on December 31, 2005. Notwithstanding said termination of fees, the City's consent granted to Kentucky ALLTEL hereunder with respect to Kentucky ALLTEL's use of the public rights-of-way shall continue.

SECTION 12. (1) The consideration set forth in the preceding section shall be paid and received in lieu of any tax, license, charge, fee, street or alley rental, or any other character of charge for the use and occupancy of the streets. It shall further be in lieu of any pole tax, inspection fee tax, easement tax, franchise tax (whether levied as an ad valorem, special, or other character of tax), and any other tax, license, fee, or imposition other than the usual general or special ad valorem property taxes now or hereafter levied.

(2) Should the City not have the legal power to declare that the payment of the foregoing consideration shall be in lieu of such taxes, licenses, fees, and impositions, then the City declares that, should any such tax, license, fee, or other imposition be imposed upon the company, then to the extent necessary, the consideration to be paid hereunder may be applied toward the satisfaction of such obligations.

SECTION 13. Any violation by the company, its vendee, lessee, or successor of the provisions of this franchise or any material portions thereof, or the failure promptly to perform any of the provisions thereof, shall be cause for the forfeiture

of this franchise and all rights hereunder after written notice to the company and continuation of such violation, failure or default.


SECTION 14. All ordinances and parts of ordinances in conflict herewith, to the extent of such conflicts only, are hereby repealed.

SECTION 15. This ordinance shall be in full force and effect from and after its adoption, readoption and publication, as required by law.

SECTION 16. It is hereby authorized that publication of this ordinance be in summary form.

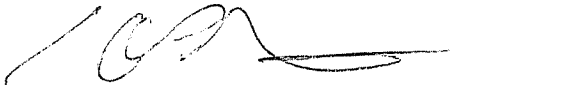

MAYOR

ATTEST:



CITY CLERK

ADOPTED BY THE BOARD OF COMMISSIONERS: June 1, 2005
READOPTED BY THE BOARD OF COMMISSIONERS: June 2, 2005
PUBLISHED: _____

APPROVED FOR FORM:


CITY ATTORNEY

FRANCHISE ACCEPTED BY
KENTUCKY ALLTEL INC.


~~DANIEL E. LOGSDON, VICE-PRESIDENT~~
~~EXTERNAL AFFAIRS~~

Barry
Bishop

REQUESTED/SPONSORED BY: WILLIAM H. FISHER, JR., CITY MANAGER
/ORDINANCE/Franchise.Telephone.Alltel
05-31-2005