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August 26, 2008

2008-353

Stephanie L. Stumbo, Executive Director
Public Service Commission of the Commonwealth of Kentucky
211 Sower Boulevard
Frankfort, KY 40602-0615

Dear Ms. Stumbo:

01001-AI 01

I am enclosing three (3) copies of the EAS agreement signed between Gearheart Communications d/b/a Coalfields Telephone Company and SouthEast Telephone, Inc. Also enclosed is a CD which contains an electronic version of this agreement.

This filing is made on behalf of both companies and was the result of voluntarily negotiated arrangements. Expedited approval is requested so that the companies may promptly initiate the terms of this agreement.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Eileen M. Bodamer

Cc: James Campbell, Gearheart Communications
Liz Thacker, SouthEast Telephone, Inc.

MUTUAL TRAFFIC EXCHANGE AGREEMENT

This Mutual Traffic Exchange Agreement ("Agreement") is effective as of the date of the last signature date (the "Effective Date"), by and between Gearheart Communications dba Coalfields Telephone Company ("ILEC"), a corporation organized under the laws of the Commonwealth of Kentucky, with offices at 20 Laynesville Rd., Harold KY 41635 and SouthEast Telephone, Inc. ("CLEC"), a KY Corporation with offices at 106 Scott Ave., Pikeville KY 41501, on its own and on behalf of its affiliates. ILEC and CLEC are referred to collectively herein as the "Parties."

WHEREAS, CLEC is a Competitive Local Exchange Carrier authorized by the Commonwealth of Kentucky to provide telecommunications services within its certified area in the Commonwealth of Kentucky;

WHEREAS, ILEC is an Incumbent Local Exchange Carrier in Kentucky;

WHEREAS, the Parties individually provide telecommunications services in specific exchange areas in Kentucky; and

WHEREAS, the Parties recognize that their respective end users may have Extended Area Service ("EAS") calling interests between certain separate communities; and

WHEREAS, the communities between which EAS calling may be provided are each separate and mutually exclusive geographic areas; and

WHEREAS, the Parties recognize that the ability to provide EAS calling to their respective customers is dependent on the establishment of connecting carrier facilities and appropriate terms and conditions between the Parties; and

WHEREAS, ILEC's service and network responsibilities cannot and do not extend beyond ILEC's incumbent LEC service area; and

WHEREAS, the Parties desire to interconnect their respective networks to allow either Party to deliver specific EAS Traffic to the other Party for transport and termination on the other Party's network;

WHEREAS, The Parties acknowledge that ILEC is a rural telephone company (as defined in 47 U.S.C. § 153). By voluntarily entering into this Agreement, ILEC, as a rural telephone company, is not waiving its rights under 47 U.S.C. § 251 (f) of the Act; and

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, ILEC and CLEC hereby agree as follows:

1.0 DEFINITIONS

As used in this Agreement, the following terms shall have the meanings specified below:

- 1.1 "Act", as used in this Agreement, means the Communications Act of 1934 (47 U.S.C. Section 151 *et seq.*), as amended, and as from time to time interpreted in the duly

authorized rules and regulations of the Federal Communications Commission ("FCC") or the Commission.

- 1.2 "Commission" means the Kentucky Public Service Commission.
- 1.3 "Common Channel Signaling System No. 7" (*i.e.*, "SS7" or "CCS") is the common channel out-of-band signaling protocol developed by the Consultative Committee for International Telephone and Telegraph (CCITT) and the American National Standards Institute (ANSI). ILEC and CLEC currently utilize this out-of-band signaling protocol.
- 1.4 "DS1" is a digital signal rate of 1.544 Megabits per second ("Mbps").
- 1.5 "DS3" is a digital signal rate of 44.736 Mbps.
- 1.6 "Extended Area Service Traffic", "EAS Traffic" or "EAS" is a mandatory service arrangement whereby End Users that obtain local exchange service in a specific Local Service Exchange Area are provided the ability to place interexchange calls to End Users that obtain local exchange service in another mutually exclusive specific Local Service Exchange Area on the basis of terms, conditions and charges that are distinct from the terms applicable to message toll service and exchange service. EAS is separate and distinct from exchange service that permits end users that obtain local exchange service in a specific Local Service Exchange Area to place calls to end users that obtain local exchange service in the same Local Service Exchange Area. EAS is separate and distinct from toll services that permit end users to place interexchange calls according to interexchange toll rates based on usage and / or distance-based charges. EAS is separate and distinct from optional EAS calling arrangements. EAS calling is established to meet the public interest demand of end users that reside and obtain local exchange service in specific communities to place calls to end users that reside and obtain local exchange service in other specific communities without incurring specific telephone message toll charges. For purposes of this Agreement, EAS is limited to voice traffic only and includes traffic between the specific Local Service Exchange Areas, and is consistent with the service area within which ILEC's end user customers may make landline-to-landline calls without incurring a toll charge, as established by ILEC's General Subscriber Service Tariff.
- 1.7 "Interexchange Toll Traffic" means, regardless of the transport protocol that may be used, two-way interexchange traffic between the networks of the Parties that is not subject to terms applicable to a local calling scope established by the Commission or ILEC tariff service offering to be treated as non-toll traffic.
- 1.8 "Internet Protocol Connection" ("IPC") is the connection between the IP-Enabled Service Provider and the customer where end user information is originated or terminated utilizing Internet protocol.
- 1.9 "ISP-Bound Traffic" is defined as non-voice calls to a provider of Internet Services or information services and which, for purposes of inter-carrier compensation, in the absence of this Agreement, would be subject to the FCC's Order on Remand and Report and Order, FCC 01-131, CC Docket Nos. 96-98 and 99-68 as modified or amended. ISP-bound Traffic does not include Internet Protocol-enabled, real time, multi-directional voice calls.

- 1.10 "Jurisdictional Indicator Parameter" ("JIP") is an existing six (6) digit (NPANXX) field in the SS7 message which designates the first point of switching.
- 1.11 "Local Service Exchange Area" is a specific geographic service area encompassing an exchange area served by a Party as set forth in Exhibit 1 to this Agreement. The Local Service Exchange Areas define the mutually exclusive geographic areas between which the Parties exchange EAS pursuant to this Agreement.
- 1.12 "Party" means either CLEC or ILEC, and "Parties" means CLEC and ILEC.
- 1.13 "Point(s) of Interconnection" or "POI(s)" means the physical location(s) within ILEC's network, at which the Parties' networks meet for the purpose of exchanging EAS Traffic.
- 1.14 "Rate Center" means the specific geographic point and corresponding geographic area or Exchange that is associated with one or more NPA/NXX codes that have been assigned to an incumbent LEC for its provision of telecommunications service.
- 1.15 "Telecommunications Carrier" means any provider of telecommunications services, except that such term does not include aggregators of telecommunications services. A telecommunications carrier shall be treated as a common carrier under the Telecommunications Act only to the extent that it is engaged in providing telecommunications services.
- 1.16 "Telecommunications Service" means the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.
- 1.17 "VoIP" means any IP-enabled, real-time, multidirectional voice call, including, but not limited to, service that mimics traditional telephony. IP-Enabled Voice Traffic includes:
- (i) Voice traffic originating on Internet Protocol Connection ("IPC"), and which terminates on the PSTN; and
 - (ii) Voice traffic originated on the PSTN, and which terminates on IPC.

2.0 SCOPE

2.1 ILEC and CLEC agree to mutually exchange traffic between their respective networks and enter into an arrangement accordingly, whereby EAS Traffic, as defined in this Agreement, that is originated on ILEC' or CLEC's network by ILEC's end user customers or CLEC's end user customers respectively and is terminated to a ILEC or CLEC end user customer can be completed. In order to accomplish this in an appropriate manner, the Parties agree to the terms and conditions contained in this Agreement.

2.2 Both parties shall adhere to the North American Numbering Plan as described and understood in the telecommunications industry. Each Party shall route EAS Traffic from its network to the other Party's network over the interconnection facilities. Each Party shall be responsible for updating the LERG to reflect the NPA-NXX codes assigned to that Party.

2.3 ILEC has no obligation to establish interconnection service arrangements to enable CLEC to provide solely Information Services. CLEC agrees that it is requesting and will use this arrangement for purposes of providing mainly Telecommunications Services and that any provision of Information Services by CLEC will be incidental to CLEC's provision of Telecommunications Services.

2.4 At the request of CLEC, parties agree that this EAS arrangement is restricted solely to the exchange of voice traffic by their respective end user customers. ISP-bound traffic is specifically excluded from this Agreement and Parties will take commercially reasonable efforts to identify for each other ISP dial numbers for exclusion from traffic provided for under this Agreement.

3.0 SERVICE ARRANGEMENT

3.1 Exchange of EAS and ISP-Bound Traffic:

3.1.1 The Parties agree to establish direct connection at a POI on the network of ILEC for exchange of traffic under this Agreement. CLEC shall not be required to physically collocate in an ILEC end office in order to establish direct connection.

3.1.2 Except as provided in Subsection 2.4, the Parties agree that the mutual provisions and relative obligations of the Parties pursuant to this Agreement represent good and valuable consideration, the sufficiency of which between the Parties is acknowledged, and that neither Party has any obligation to provide any monetary compensation to the other Party for the other Party's origination or termination of traffic within the scope of this Agreement. The specific compensation terms and conditions set forth in this Agreement are related to, dependent on, and limited to the provision of local exchange service to end users located in the specific geographic areas set forth in Appendix A, the exchange of EAS Traffic between the Parties with respect to these geographic areas, and all other terms and conditions set forth in this Agreement. The Parties have each individually considered the scope of this traffic and concluded that the exchange of the traffic covered by this Agreement will be balanced. Accordingly, since traffic exchanged between both Parties is presumed to be balanced, both Parties agree that compensation for EAS and ISP-Bound Traffic shall be in the form of the mutual exchange of services provided by the other Party with no billing related to the exchange of such traffic issued by either Party. Consistent with the termination and modification provisions of this Agreement, each Party reserves the right to negotiate a transport and termination rate in the event that the Party subsequently determines that the exchange of traffic is not in balance. Moreover, should either Party, contrary to the provisions of this Agreement, route traffic over the interconnection transport facilities other than traffic permitted under this Agreement, the other Party may bill appropriate access charges for that traffic. Notwithstanding the assessment and payment of any such access charges, the action of routing traffic that is not within the scope of this Agreement over the dedicated transport facilities shall constitute a default of this Agreement.

3.2 Interexchange Toll Traffic:

The Parties agree not to route Interexchange Toll Traffic over the interconnection transport facilities unless otherwise mutually agreed in writing. All Interexchange Toll Traffic shall be routed in accordance with Telcordia Traffic Routing Administration instructions and shall be subject to the appropriate access charges.

3.3 Physical Connection:

3.3.1 Facility Sizing: The Parties will mutually agree on the appropriate sizing for transport facilities. The capacity of transport facilities provided by each Party will be based on mutual forecasts and sound engineering practice, as mutually agreed to by the Parties. In the event CLEC purchases trunks from ILEC, CLEC will order trunks in the agreed upon quantities via an Access Service Request.

3.3.2 Interface Types: If the POI has an electrical interface, the interface will be DS1 or DS3 as mutually agreed by the Parties. When a DS3 interface is agreed to by the Parties, ILEC will

provide any multiplexing required for DS1 facilities or trunking at its end and CLEC will provide any DS1 multiplexing required for facilities or trunking at its end.

3.3.3 Signaling: The Parties shall interconnect their SS7 Common Channel Signaling ("CCS") networks either directly or through third parties. The Parties shall exchange all appropriate CCS messages including Transaction Capability User Part ("TCAP") messages that are necessary to provide call management features if such functionality is deployed in both Parties' networks on an interexchange basis. The Parties shall set message screening parameters so as to accept messages from any switching systems destined to any signaling point in the CCS network with which the Parties have a legitimate signaling relation. The Parties further agree to exchange and load point code information in a reasonable and timely manner in accordance with standard industry practices. Neither Party will bill the other Party for exchange of any CCS messages.

3.3.4 Signaling Parameters: ILEC and CLEC are required to provide each other the proper signaling information (*e.g.*, originating CPN and destination called party number, *etc.*), pursuant to 47 CFR 64.1601, to enable each Party to issue bills in a complete and timely fashion. All privacy indicators will be honored. In addition, each party agrees that it is responsible for ensuring that all CCS signaling parameters are accurate and it shall not strip, alter, modify, add, delete, change, or incorrectly assign any CPN or JIP. CPN shall, at a minimum, include information that accurately reflects the physical location of the Customer that originated and/or dialed the call. If either party identifies improper, incorrect, or fraudulent use of local exchange service (including, but not limited to, PRI, ISDN, and/or Smart Trunks), or identifies stripped, altered, modified, added, deleted, changed, and/or incorrectly assigned CPN, the Parties agree to cooperate with one another to investigate and take corrective action. If either Party fails to provide CPN (valid originating information) on at least ninety-five percent (95%) of total traffic, traffic sent to the other Party without CPN (valid originating information) will be handled in the following manner. The remaining five percent (5%) of unidentified traffic will be treated as having the same jurisdictional ratio as the ninety-five percent (95%) of identified traffic. If the unidentified traffic exceeds five percent (5%) of the total traffic, all the unidentified traffic shall be treated as intrastate toll and will be subject to intrastate access charges and terms of this Agreement. The Party owning the switch will provide to the other Party, upon request, information to demonstrate that Party's portion of no-CPN or JIP traffic does not exceed five percent (5%) of the total traffic delivered. Subject to applicable FCC or Commission rules on the disclosure of Customer Proprietary Network Information, the Parties will coordinate and exchange data as necessary to determine the cause of the CPN or JIP failure and to assist in its correction.

3.3.5 An accurate CPN associated with the End User Customer originating the call must be provided. An accurate CPN is:

- 1) a CPN that is a dialable working telephone number, that when dialed, will reach the End User Customer to whom it is assigned, at that End User Customer's Location;
- 2) a CPN that has not been altered;
- 3) a CPN that is not a charge party number;
- 4) a CPN that follows the North American Numbering Plan Standards and can be identified in numbering databases and the LERG as an active number;
- 5) a CPN that is assigned to an active End User Customer;
- 6) a CPN that is associated with the Rate Center of the specific End User Customer Location.

3.3.6 The terminating Party (that is, the Party to whom traffic is sent) shall be responsible for creating or obtaining any billing records needed in order to bill the originating Party for Interexchange Toll Traffic. Measurement of minutes of use shall be in actual conversation seconds. Each

Party shall calculate the number of minutes of traffic it terminates from the other Party based on standard automatic message accounting records made within that Party's network.

3.3.7 Equipment Additions: Where additional equipment is required, such equipment will be obtained, engineered, and installed on the same basis and with the same intervals as any similar growth job for the Parties' internal customer demand.

3.4 Grade of Service:

Each Party will provision their network to provide designed blocking objective of a P.01.

3.5 Network Management:

3.5.1 Protective Controls: Either Party may use protective network traffic management controls such as 7-digit and 10-digit code gaps on traffic toward each other's network, when required to protect the public switched network from congestion or failure, or focused overload. CLEC and ILEC will immediately notify each other of any protective control action planned or executed.

3.5.2 Mass Calling: Both Parties will cooperate and share pre-planning information regarding cross-network call-ins expected to generate large or focused temporary increases in call volumes. The Parties agree that the promotion of mass calling services is not in the best interest of either Party. If one Party's network is burdened repeatedly more than the other Party's network, the Parties will meet and discuss the cause and impact of such calling and will agree on how to equitably share the costs and revenues associated with the calls and on methods for managing the call volume.

3.5.3 Network Harm: Neither Party will use any service related to or provided in this Agreement in any manner that interferes with third parties in the use of their service, prevents third parties from using their service, impairs the quality of service to other carriers or to either Party's Customers; causes electrical hazards to either Party's personnel, damage to either Party's equipment or malfunction of either Party's billing equipment (individually and collectively, "Network Harm"). If a Network Harm will occur or if a Party reasonably determines that a Network Harm is imminent, such Party will, where practicable, notify the other Party that temporary discontinuance or refusal of service may be required, provided, however, wherever prior notice is not practicable, such Party may temporarily discontinue or refuse service forthwith, if such action is reasonable under the circumstances. In case of such temporary discontinuance or refusal, such Party will:

3.5.3.1. Promptly notify the other Party of such temporary discontinuance or refusal;

3.5.3.2. Afford the other Party the opportunity to correct the situation which gave rise to such temporary discontinuance or refusal; and

3.5.3.3. Inform the other Party of its right to bring a complaint to the Commission, FCC, or a court of competent jurisdiction.

3.6 Rate Arbitrage / Third Party Traffic

3.6.1 Each Party agrees that it will not provide any of its services or the services of a third party in a manner that permits the circumvention of applicable switched access charges by the other Party ("Rate Arbitrage") and/or the utilization of the physical connecting arrangements described in this Agreement to permit the delivery to the other Party of traffic not covered by this Agreement.

3.6.2 If any Rate Arbitrage and/or delivery of traffic not covered under this Agreement through the POI is identified, the Party causing such Rate Arbitrage also agrees to take appropriate steps to terminate and/or reroute any service that is permitting any of that Party's End User Customers or any entity to conduct Rate Arbitrage or that permits the End User Customer or any entity to utilize the POI for the delivery or receipt of traffic not covered under this Agreement. Notwithstanding the foregoing, if any Party is found to be in violation of this Section, until such time as the Rate Arbitrage or the exchange of traffic not covered by this Agreement is resolved, that violating Party shall pay either terminating or originating access charges based on the directionality of the traffic and pursuant to the applicable tariff of the other Party. Such violation of this Section shall include but not be limited to the termination of IP-Enabled traffic originated from Customers that are not physically located within the rate centers provided for in the Attachment to this Agreement, or any End User Customer or entity acting in the capacity of a mass traffic aggregator terminating traffic not covered by this Agreement resulting in Rate Arbitrage.

3.6.3 Unless otherwise agreed to the Parties in writing, this Agreement is not applicable to traffic originated, terminated, or carried on third party networks not Parties to this Agreement or any traffic originated or terminated by users of Commercial Mobile Radio Services. Neither Party shall provide an intermediary or transit traffic function for the other Party's connection of its Customers to the end users of a third party Telecommunications Carrier without the consent of all parties and without the establishment of mutually agreeable terms and conditions governing the provision of the intermediary function. Neither Party shall provide an intermediary or transit function for the connection of the end users of a third party Telecommunications Carrier to the Customers of the other Party without the consent of all parties and without the establishment of mutually agreeable terms and conditions governing the provision of the intermediary function. This Agreement does not obligate either Party to utilize any intermediary or transit traffic functions of the other Party.

4.0 CHARGES, PAYMENT AND BILLING

4.1 To the extent a Party provides services for which compensation is due hereunder, such Party shall send an invoice, on a monthly basis, reflecting the calculation of charges due for services provided under this Agreement.

4.2 The Parties agree that disputed and undisputed amounts due under this Agreement shall be handled as follows:

4.2.1 If any portion of an amount due to a Party (the "Billing Party") under this Agreement is subject to a *bona fide* dispute between the Parties, the Party billed (the "Disputing Party") shall, within ninety (90) days of its receipt of the invoice containing such disputed amount, give written notice to the Billing Party of the amounts it disputes ("Disputed Amounts") and include in such notice the specific details and reasons for disputing each item. The Disputing Party shall pay when due all undisputed amounts to the Billing Party. The Parties will work together in good faith to resolve issues relating to the disputed amounts. If the dispute is resolved such that payment of the disputed amount is required the Disputing Party shall pay the full disputed amount with the lesser of one and one half per cent (1 ½%) interest per month or the maximum interest amount allowed under Kentucky's applicable law from date originally due. In the event that the dispute is not dispute the dispute will be resolved pursuant the dispute resolution set forth in Section 14 of this agreement.

4.2.2 Any undisputed amounts not paid when due shall accrue interest from the date such amounts were due at the lesser of (i) one and one-half percent (1 ½%) per month or (ii) the highest rate of interest that may be charged under Kentucky's applicable law. In addition, the Billing Party may initiate a complaint proceeding with the appropriate regulatory or judicial entity, if unpaid undisputed

amounts become more than 90 days past due, provided the Billing Party gives an additional 30 days notice and opportunity to cure the default.

4.2.3 Undisputed amounts shall be paid within thirty (30) days of receipt of invoice from the Billing Party. If the payment due date is a Saturday, Sunday or a designated bank holiday, payment shall be made the next business day.

- (a) Each Party shall comply immediately with its obligations as set forth within this Agreement;
- (b) Each Party shall promptly pay all amounts (including any late payment charges) owed under this Agreement; and
- (c) Each Party's indemnification obligations and confidentiality obligations shall survive termination or expiration of this Agreement.

4.4 The Parties shall each perform traffic recording and identification functions necessary to provide the services contemplated hereunder. Each Party shall calculate minutes of use based on standard automatic message accounting records made within each Party's network. Subject to applicable FCC or Commission rules regarding the disclosure of Customer Proprietary Network Information, the records shall contain ANI or service provider information necessary to identify the individual Party.

5.0 AUDIT AND REVIEW

5.1 Each Party is responsible for the accuracy of its data as submitted to the other Party. Upon reasonable written notice, each Party or its authorized representative shall have the right to conduct annual reviews of the relevant data possessed by the other Party to give assurance of compliance with the provisions of this Agreement. These reviews will consist of any examinations and verification of data involving records, systems, procedures and other information related to the services performed by either Party related to charges or payments made in connection with this Agreement. Each Party's right to access information for verification purposes is limited to data not in excess of twelve (12) months in age. The Party requesting a verification review shall fully bear its own costs associated with conducting a review. The Party being reviewed will provide access to necessary and applicable information at no charge to the reviewing Party during normal business hours.

5.2 Subject to applicable FCC or Commission rules regarding the disclosure of Customer Proprietary Network Information, each Party may request to inspect, during normal business hours, the records which are the basis for any monthly bill issued by the other Party and to request copies thereof provided that the requested records do not exceed twelve (12) months in age from the date the monthly bill containing said record information was issued.

6.0 NOTICE OF CHANGES

If a Party contemplates a change in its network, which it reasonably believes will materially affect the inter-operability of its network with the other Party, the Party making the change shall provide at least ninety (90) days advance written notice of such change to the other Party.

7.0 GENERAL RESPONSIBILITIES OF THE PARTIES

7.1 The Parties are each solely responsible for participation in and compliance with national network plans, including The National Network Security Plan and The Emergency Preparedness Plan.

7.2 Each Party is solely responsible for the services it provides to its customers and to other Telecommunications Carriers.

7.3 Each Party is responsible for obtaining Local Exchange Routing Guide ("LERG") listings of the Common Language Location Identifier ("CLLI") assigned to its switches.

7.4 Each Party shall be responsible for its own independent connections to the 911/E911 network.

8.0 TERM AND TERMINATION

8.1 The initial term of this Agreement shall be for a one-year term ("Term"), which shall commence on the Effective Date. This Agreement shall automatically renew for successive one-year periods, unless, not less than one hundred twenty (120) days prior to the end of the Term or any renewal term, either party notifies the other party of its intent to terminate this Agreement or renegotiate a new agreement. In the event of such renegotiations, this Agreement shall remain in effect for a period of one (1) year or until such time that a new agreement becomes effective, whichever occurs first.

8.2 Either Party may terminate this Agreement in whole or in part in the event of a default of the other Party, provided, however, that the non-defaulting Party notifies the defaulting Party in writing of the alleged default and the defaulting Party does not implement mutually acceptable steps to remedy such alleged default within thirty (30) days after receipt of written notice thereof.

9.0 INDEMNIFICATION

9.1 Each Party (the "Indemnifying Party") shall indemnify and hold harmless the other Party ("Indemnified Party") from and against loss, cost, claim liability, damage, and expense (including reasonable attorney's fees) to customers and other third parties for:

- (1) damage to tangible personal property or for personal injury proximately caused by the gross negligence or willful misconduct of the Indemnifying Party, its employees, agents or contractors;
- (2) claims for libel, slander, or infringement of copyright arising from the material knowingly transmitted over the Indemnified Party's facilities arising from the Indemnifying Party's own communications or the communications of such Indemnifying Party's customers. Notwithstanding the foregoing, neither party shall be required to indemnify the other for such transmission unless the indemnifying party was previously notified by the indemnified party and failed or refused to block subsequent transmission.
- (3) claims for infringement of patents arising from combining the Indemnified Party's facilities or services with, or the using of the Indemnified Party's services or facilities in connection with, facilities of the Indemnifying Party.

Notwithstanding this indemnification provision or any other provision in the Agreement, neither Party, nor its parent, subsidiaries, affiliates, agents, servants, or employees, shall be liable to the other for Consequential Damages (as defined in Section 10.3).

9.2 The Indemnified Party will notify the Indemnifying Party promptly in writing of any claims, lawsuits, or demands by customers or other third parties for which the Indemnified Party alleges

that the Indemnifying Party is responsible under this Section, and, if requested by the Indemnifying Party, will tender the defense of such claim, lawsuit or demand.

(1) In the event the Indemnifying Party does not promptly assume or diligently pursue the defense of the tendered action, then the Indemnified Party may proceed to defend or settle said action and the Indemnifying Party shall hold harmless the Indemnified Party from any loss, cost liability, damage and expense.

(2) In the event the Party otherwise entitled to indemnification from the other elects to decline such indemnification, then the Party making such an election may, at its own expense, assume defense and settlement of the claim, lawsuit or demand.

(3) The Parties will cooperate in every reasonable manner with the defense or settlement of any claim, demand, or lawsuit.

(4) Neither Party shall accept the terms of a settlement that involves or references the other Party in any matter without the other Party's approval.

10.0 LIMITATION OF LIABILITY

10.1 No liability shall attach to either Party, its parents, subsidiaries, affiliates, agents, servants, employees, officers, directors, or partners for damages arising from errors, mistakes, omissions, interruptions, or delays in the course of establishing, furnishing, rearranging, moving, terminating, changing, or providing or failing to provide services or facilities (including the obtaining or furnishing of information with respect thereof or with respect to users of the services or facilities) in the absence of gross negligence or willful misconduct.

10.2 Except as otherwise provided in Section 9.0, no Party shall be liable to the other Party for any loss, defect or equipment failure caused by the conduct of the first Party, its agents, servants, contractors or others acting in aid or concert with that Party, except in the case of gross negligence or willful misconduct.

10.3 Except as otherwise provided in Section 9.0, no Party shall have any liability whatsoever to the other Party for any indirect, special, consequential, incidental or punitive damages, including but not limited to loss of anticipated profits or revenue or other economic loss in connection with or arising from anything said, omitted or done hereunder (collectively, "Consequential Damages"), even if the other Party has been advised of the possibility of such damages.

11.0 DISCLAIMER

EXCEPT AS OTHERWISE PROVIDED HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR INTENDED OR PARTICULAR PURPOSE WITH RESPECT TO SERVICES PROVIDED HEREUNDER. ADDITIONALLY, NEITHER PARTY ASSUMES ANY RESPONSIBILITY WITH REGARD TO THE CORRECTNESS OF DATA OR INFORMATION SUPPLIED BY THE OTHER PARTY WHEN THIS DATA OR INFORMATION IS ACCESSED AND USED BY A THIRD-PARTY.

12.0 MISCELLANEOUS

12.1 Authorization

12.1.1 ILEC is a corporation duly organized, validly existing and in good standing under the laws of Kentucky and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, subject to any necessary regulatory approval.

12.1.2 CLEC is duly organized, validly existing and in good standing under the laws of Kentucky and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, subject to any necessary regulatory approval.

12.2 Compliance. Each Party shall comply with all applicable federal, state, and local laws, rules and regulations applicable to its performance under this Agreement.

12.3 Independent Contractors. Neither this Agreement, nor any actions taken by CLEC or ILEC in compliance with this Agreement, shall be deemed to create an agency or joint venture relationship between CLEC and ILEC, or any relationship other than that of provider and receiver of services. Neither this Agreement, nor any actions taken by CLEC or ILEC in compliance with this Agreement, shall create a contractual, agency, or any other type of relationship or third party liability between CLEC and ILEC end users or others.

12.4 Force Majeure. Neither Party shall be liable for any delay or failure in performance of any part of this Agreement from any cause beyond its control and without its fault or negligence including, without limitation, acts of nature, acts of civil or military authority, embargoes, epidemics, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, work stoppages, equipment failure, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions or any other circumstances beyond the reasonable control and without the fault or negligence of the Party affected. (collectively, a "Force Majeure Event"). If any Force Majeure Event occurs, the Party delayed or unable to perform shall give immediate notice to the other Party and shall take all reasonable steps to correct the conditions caused by the Force Majeure Event. During the pendency of the conditions caused by the Force Majeure Event, the duties of the Parties under this Agreement affected by the Force Majeure Event shall be abated and shall resume without liability thereafter.

12.5 Confidentiality

12.5.1 Any information such as specifications, drawings, sketches, business information, forecasts, models, samples, data, computer programs and other software and documentation of one Party (a "Disclosing Party") that is furnished or made available or otherwise disclosed to the other Party or any of its employees, contractors, or agents (its "Representatives" and with a Party, a "Receiving Party") pursuant to this Agreement ("Proprietary Information") shall be deemed the property of the Disclosing Party. Proprietary Information, if written, shall be clearly and conspicuously marked "Confidential" or "Proprietary" or other similar notice, and, if oral or visual, shall be confirmed in writing as confidential by the Disclosing Party to the Receiving Party within ten (10) days after disclosure. Unless Proprietary Information was previously known by the Receiving Party free of any obligation to keep it confidential, or has been or is subsequently made public by an act not attributable to the Receiving Party, or is explicitly agreed in writing not to be regarded as confidential, such information: (i) shall be held in confidence by each Receiving Party; (ii) shall be disclosed to only those persons who have a need for it in connection with the provision of services required to fulfill this Agreement and shall be used by those

persons only for such purposes; and (iii) may be used for other purposes only upon such terms and conditions as may be mutually agreed to in advance of such use in writing by the Parties. Notwithstanding the foregoing sentence, a Receiving Party shall be entitled to disclose or provide Proprietary Information as required by any governmental authority or applicable law, upon advice of counsel, only in accordance with Section 12.5.2 of this Agreement.

12.5.2 If any Receiving Party is required by any governmental authority or by applicable law to disclose any Proprietary Information, then such Receiving Party shall provide the Disclosing Party with written notice of such requirement as soon as possible and prior to such disclosure. The Disclosing Party may then seek appropriate protective relief from all or part of such requirement. The Receiving Party shall use all commercially reasonable efforts to cooperate with the Disclosing Party in attempting to obtain any protective relief which such Disclosing Party chooses to obtain.

12.5.3 In the event of the expiration or termination of this Agreement for any reason whatsoever, each Party shall return to the other Party or destroy all Proprietary Information and other documents, work papers and other material (including all copies thereof) obtained from the other Party in connection with this Agreement and shall use all reasonable efforts, including instructing its employees and others who have had access to such information, to keep confidential and not to use any such information, unless such information is now, or is hereafter disclosed, through no act, omission or fault of such Party, in any manner making it available to the general public.

12.6 Governing Law. The construction, interpretation, enforcement and performance of this Agreement shall be in accordance with the laws of the Commonwealth of Kentucky without regard to its conflict of laws principles.

12.7 Change in Law. The terms and conditions of this Agreement shall be subject to any and all applicable laws, rules, regulations or guidelines that subsequently may be adopted by any federal, state, or local government authority. Any modifications to this Agreement occasioned by such change shall be effected through good faith negotiations. If the parties are unable to agree to modifications incorporating such change of law within ninety (90) days of the request, either party may seek resolution from the Commission or the FCC, as appropriate.

12.8 Taxes. Each Party purchasing services hereunder shall pay or otherwise be responsible for all federal, state, or local sales, use, excise, gross receipts, transaction or similar taxes, fees or surcharges levied against or upon such purchasing Party (or the providing Party when such providing Party is permitted to pass along to the purchasing Party such taxes, fees or surcharges), except for any tax on either Party's corporate existence, status or income. Whenever possible, these amounts shall be billed as a separate item on the invoice. To the extent a sale is claimed to be for resale tax exemption, the purchasing Party shall furnish the providing Party a proper resale tax exemption certificate as authorized or required by statute or regulation by the jurisdiction providing said resale tax exemption. Failure to timely provide such sale for resale tax exemption certificate will result in no exemption being available to the purchasing Party.

12.9 Assignment. This Agreement shall be binding upon the Parties and shall continue to be binding upon all such entities regardless of any subsequent change in their ownership. Each Party covenants that, if it sells or otherwise transfers to a third party, unless the Party which is not the subject of the sale or transfer reasonably determines that the legal structure of the transfer vitiates any such need, it will require as a condition of such transfer that the transferee agree to be bound by this Agreement with respect to services provided over the transferred facilities. Except as provided in this paragraph, neither Party may assign or transfer (whether by operation of law or otherwise) this Agreement (or any rights or

obligations hereunder) to a third party without the prior written consent of the other Party which consent will not be unreasonably withheld; provided that either Party may assign this Agreement to a corporate Affiliate or an entity under its common control or an entity acquiring all or substantially all of its assets or equity by providing prior written notice to the other Party of such assignment or transfer. Any attempted assignment or transfer that is not permitted is void *ab initio*. Without limiting the generality of the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties' respective successors and assigns.

12.10 Non-Waiver. Failure of either Party to insist on performance of any term or condition of this Agreement or to exercise any right or privilege hereunder shall not be construed as a continuing or future waiver of such term, condition, right or privilege

12.11 Notices.

12.11.1 Notices given by one Party to the other Party under this Agreement shall be in writing and shall be: (i) delivered personally; (ii) delivered by express delivery service; (iii) mailed, certified mail, return receipt requested to the following addresses of the Parties:

To: Gearheart Communication dba Coalfields Telephone Co.
James Campbell, Director of Operations and Finance
20 Laynesville Rd.
Harold, KY 41635
Telephone Number: 606-478-9401 x6254
FAX Number: 606-478-8944

To: SouthEast Telephone, Inc.
Wes Maynard, VP Network Services
106 Scott Ave.
Pikeville, KY 41501

Telephone Number: 606-444-3000
FAX Number: 606-444-3100

Or to such other address as either Party shall designate by proper notice. Notices will be deemed given as of the earlier of: (i) the date of actual receipt; (ii) the next business day when notice is sent *via* express mail or personal delivery; (iii) three (3) days after mailing in the case of certified U. S. mail.

12.11.2 In order to facilitate trouble reporting and to coordinate the repair of transport facilities, trunks, and other inter-network connection arrangements provided by the Parties under this Agreement, each Party has established contact(s) available 24 hours per day, seven days per week, at telephone numbers to be provided by the Parties. Each Party shall call the other at these respective telephone numbers to report trouble with connection facilities, trunks, and other inter-network connection arrangements, to inquire as to the status of trouble ticket numbers in progress, and to escalate trouble resolution.

Before either Party reports a trouble condition, it must first use its reasonable efforts to isolate the trouble to the other Party's facilities, service, and arrangements. Each Party will advise the other of any critical nature of the inoperative facilities, service, and arrangements and any need for expedited clearance of trouble. In cases where a Party has indicated the essential or critical need for restoration of the facilities, services or arrangements, the other Party shall use its best efforts to expedite the clearance of trouble.

12.12 Publicity and Use of Trademarks or Service Marks. Neither Party nor its subcontractors or agents shall use the other Party's trademarks, service marks, logos or other proprietary trade dress in any advertising, press releases, publicity matters or other promotional materials without such Party's prior written consent.

12.13 Joint Work Product. This Agreement is the joint work product of the Parties and has been negotiated by the Parties and/or their respective counsel and shall be fairly interpreted in accordance with its terms. In the event of any ambiguities, no inferences shall be drawn against either Party.

12.14 No Third Party Beneficiaries; Disclaimer of Agency. This Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein expressed or implied shall create or be construed to create any third-party beneficiary rights hereunder. Except for provisions herein expressly authorizing a Party to act for another, nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party; nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against, in the name of, or on behalf of the other Party, unless otherwise expressly permitted by such other Party. Except as otherwise expressly provided in this Agreement, no Party undertakes to perform any obligation of the other Party, whether regulatory or contractual, or to assume any responsibility for the management of the other Party's business.

12.15 No License. No license under patents, copyrights, or any other intellectual property right (other than the limited license to use consistent with the terms, conditions and restrictions of this Agreement) is granted by either Party, or shall be implied or arise by estoppel with respect to any transactions contemplated under this Agreement.

12.16 Technology Upgrades. Nothing in this Agreement shall limit either Parties' ability to upgrade its network through the incorporation of new equipment, new software or otherwise, provided it is to industry standards, and that the Party initiating the upgrade shall provide the other Party written notice at least ninety (90) days prior to the incorporation of any such upgrade in its network which will materially impact the other Party's service. Each Party shall be solely responsible for the cost and effort of accommodating such changes in its own network.

12.17 Entire Agreement. The terms contained in this Agreement and any Schedules, Exhibits, tariffs and other documents or instruments referred to herein are hereby incorporated into this Agreement by reference as if set forth fully herein, and constitute the entire agreement between the Parties with respect to the subject matter hereof, superseding all prior understandings, proposals and other communications, oral or written. Neither Party shall be bound by any preprinted terms additional to or different from those in this Agreement that may appear subsequently in the other Party's form documents, purchase orders, quotations, acknowledgments, invoices or other communications. This Agreement may not be amended, modified, or supplemented, nor may any obligations hereunder be waived by a Party, except by written instrument signed by both Parties.

13.0 REGULATORY

The Parties agree that their entrance into this Agreement is without prejudice to any positions they may have taken previously, or may take in the future, in any legislative, regulatory, judicial or other public forum addressing any matters, including matters related to the same types of arrangements covered in this Agreement.

14.0 DISPUTE RESOLUTION

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 dispute resolution procedures with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

14.1 Informal Resolution of Disputes. At the written request of a Party, each Party will appoint a knowledgeable, responsible representative, empowered to resolve such dispute, 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 any arbitration 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.

14.2 Formal Dispute Resolution If negotiations fail to produce an agreeable resolution within thirty (30) days, then either Party may proceed with any remedy available to it pursuant to law, equity or agency mechanisms; provided, that upon mutual agreement of the Parties such disputes may also be submitted to binding arbitration. In the case of arbitration, each Party shall bear its own costs. The Parties shall equally split the fees of any mutually agreed upon arbitration procedure and the associated arbitrator.

14.3 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 payment obligations (including making payments in accordance with this Agreement).

15.0 COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date.

Gearheart Communication
dba Coalfields Telephone Co.

By: *Gene J. Mecheat*

Printed: PD Gearheart

Title: Vice President

Date:

SouthEast Telephone Company

By: *Wesley Maynard*

Printed: Wesley Maynard

Title: VP Network Services

Date: 8-15-2008

Appendix A

A. Exchange Areas Served by ILEC

Exchange (all KY)

Wheelwright

Harold

Grethel

Local Calling to (all KY)

Allen, Martin, McDowell, Prestonsburg, Wayland

Pikeville

Pikeville

B. POI identification

Parties agree to connect their facilities for the exchange of traffic under this agreement at the Coalfields / ATT Kentucky (fka BellSouth) boundary pole located at US Highway 23, Harold KY

C. Schedule of Charges

1. The Parties agree that no charges shall apply for the exchange of traffic subject to the terms of this Agreement.
2. Transport facilities may be purchased from applicable CLEC intrastate access tariff.