

COMMONWEALTH OF KENTUCKY  
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

Ballard Rural Telephone Cooperative Corp., Inc., )  
et al., Complainants )  
vs. )  
BellSouth Telecommunications, Inc. d/b/a AT&T )  
Kentucky Defendant and BellSouth )  
Telecommunications, Inc. d/b/a AT&T )  
Kentucky, Third Party Complainant )  
vs. )  
Halo Wireless, Inc., Third Party Defendant )

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OCT 10 2014

PUBLIC SERVICE  
COMMISSION

Case No. 2011-00199

In the Matter of:

AT&T Corp., Complainant )  
vs. )  
Mountain Rural Cooperative Corp. and )  
Thacker-Grigsby Telephone Co., Inc., )  
Defendants; )

Case No. 2013-00392

In the Matter of:

South Central Telcom, LLC, Complainant )  
vs. )  
BellSouth Telecommunications, Inc. d/b/a )  
AT&T Kentucky, Defendant )

Case No. 2006-00448

In the Matter of:

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

In the Matter of:

Cumberland Cellular, Inc., d/b/a Duo County	)	
Telecom, Complainant	)	
	)	
v.	)	Case No. 2013-00168
	)	
BellSouth Telecommunications, Inc., d/b/a AT&T	)	
Kentucky, Defendant	)	

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**Joint Motion For Approval Of Settlement Agreement  
And To Dismiss Actions With Prejudice As Settled**

Ballard Rural Telephone Cooperative Corporation, Inc., Brandenburg Telephone Company, Inc., Duo County Telephone Cooperative Corporation, Inc., Foothills Rural Telephone Cooperative Corporation, Inc., Gearheart Communications Company, Inc. d/b/a Coalfields Telephone Company, Highland Telephone Cooperative, Inc., Logan Telephone Cooperative, Inc., Mountain Rural Telephone Cooperative Corporation, Inc., North Central Telephone Cooperative Corporation, Peoples Rural Telephone Cooperative Corporation, Inc. South Central Rural Telephone Cooperative Corporation, Inc., Thacker-Grigsby Telephone Company, Inc., and West Kentucky Rural Telephone Cooperative Corporation., Inc. d/b/a WK&T (collectively the “RLECs”); South Central Telcom LLC, Cumberland Cellular, Inc., d/b/a Duo County Telecom, and North Central Communications (collectively the “Affiliated

CLECs) BellSouth Telecommunications, LLC d/b/a AT&T Kentucky (“AT&T Kentucky”), and AT&T Corp. (all parties collectively the “Movants”) jointly move the Public Service Commission of Kentucky to enter an Order: (a) approving without modification the October 9, 2014 Settlement Agreement attached to this motion as **EXHIBIT 1**<sup>1</sup> among AT&T Kentucky, AT&T Corp., the RLECs, and the Affiliated CLECs (“Settlement Agreement”); (b) dismissing with prejudice as settled Case Nos. 2006-00448, 2011-00199, 2012-00529, 2013-00168, and 2013-00392 (the “Settled Proceedings”); and (c) granting all further relief to which the Movants may be entitled. In support of their joint motion the Movants state:

1. The Movants worked diligently over the past year to resolve the matters giving rise to the five proceedings they are now seeking to have dismissed with prejudice as settled, along with certain related matters. As a result of these negotiations, the Movants have reached the agreements described below.<sup>2</sup>

2. The Settlement Agreement will become effective upon its approval by the Commission. The Movants are requesting such approval no later than November 1, 2014.

3. Section 1 Of The Settlement Agreement. The Settlement Agreement provides that upon the Commission’s approval of the agreement without modification each party to the Settlement Agreement will be solely responsible for establishing and administering its

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<sup>1</sup> By separate motion for confidential treatment the Movants are requesting that the payment amounts be withheld from the public record. In accordance with 807 KAR 5:001, Section 13, the payment amounts have been redacted from the version of the Settlement Agreement attached as **EXHIBIT 1** to this motion. The pages of the Settlement Agreement with unredacted payment amounts have been filed under seal with the joint motion for confidential treatment.

<sup>2</sup> The general descriptions of the Settlement Agreement contained herein are intended to facilitate Staff and Commission understanding of the document. In the event of a conflict between the summary herein and the Settlement Agreement, the Settlement Agreement controls.

compensation arrangements with any carriers that originate or terminate Third Party Traffic as that term is defined in the agreement. [Paragraph 1(a)(1)]. In addition, the agreement:

(a) provides that the party terminating the Third Party Traffic is responsible for collecting any terminating access or other charge directly from the party delivering the traffic to the transiting carrier. [Paragraph 1(a)(5)].

(b) provides that absent a written agreement to the contrary the RLECs may not charge AT&T Kentucky for the RLECs' role in delivering Third Party Traffic to AT&T Kentucky from an Affiliated CLEC, or for accepting Third Party Traffic from AT&T Kentucky routed to an Affiliated CLEC. [Paragraph 1(a)(4)].

(c) establishes standards for the maintenance and preservation of Third Party Traffic call detail records and data [Paragraph 1(b)];

(d) specifies the place for facility connections, absent mutual agreement to the contrary, between the Movants to the Settlement Agreement [Paragraph 1(c)]; and

(e) confirms the Movants' understanding regarding the manner for addressing compensation, term, and conditions for the exchange of traffic not addressed by the Settlement Agreement [Paragraph 1(d)].

4. Section 2 Of The Settlement Agreement. The Settlement Agreement modifies the manner in which IntraLATA toll services are handled between AT&T Kentucky and the RLECs.

(a) the Switched Toll Services Annex, the KRSP, and any other subsequent and/or related agreement prior to the execution of the Settlement Agreement will terminate upon

the Commission's approval of the Settlement Agreement without modification. [Paragraph 2(a)];

(b) AT&T Kentucky will cease, on or before the Commission's approval of the Settlement Agreement without modification, providing default IntraLATA Toll Traffic services in the service territory of each RLEC where it currently provides such services. [Paragraph 2(b)];

(c) each RLEC will implement, on or before the Commission's approval of the Settlement Agreement without modification, tariffs or other appropriate documents establishing retail prices for IntraLATA Toll Traffic services to its End Users. [Paragraph 2(b)];

(d) each party to the agreement will take the required steps for complying with federal, state, and other applicable law regarding End Users' ability to presubscribe to an IntraLATA toll provider. [Paragraph 2(c)]; and

(e) subject to other agreement, the RLECs will provide intrastate access services to AT&T Kentucky and its affiliates pursuant to the RLECs' intrastate access tariffs as amended from time to time. Access charges for intraLATA traffic will be no higher than the providing party's corresponding access charges for providing the same functions for intrastate, InterLATA access service. Further the agreement addresses the future reductions in intrastate access charges mandated by the Federal Communications Commission's November 2011 *Intercarrier Compensation Reform Order* for both intraLATA and intrastate intraLATA traffic. [Paragraph 2(d)].

5. Section 3 Of The Settlement Agreement. This section provides the identified payments and waivers of claims with respect to the Settled Proceedings. It also acknowledges that Non-Traffic Sensitive Revenue charges are not being assessed as of the execution date of the agreement and will not be assessed going forward absent a change in the applicable law.

6. Section 6 Of The Settlement Agreement. Section 6 provides for the dismissal by the Commission of the Settled Proceedings, except that the dismissal of Case No. 2012-00529 is to be without prejudice to the rights of either Cumberland Cellular, Inc. d/b/a Duo County Telcom or AT&T Kentucky to request further negotiations and arbitration. Cumberland Cellular d/b/a Duo County Telcom and AT&T Kentucky further agree that the terms of the Settlement Agreement will control absent their mutual agreement to amend the Settlement Agreement in any interconnection agreement that might be established between the two.

7. Sections 4-5 and 7-8 Of The Settlement Agreement. These provisions set forth standard terms for settlement agreements, including the fact that the terms and conditions regarding the payment of monetary consideration in connection with the Settlement Agreement are confidential and competitively sensitive, as well as the agreement by the Movants not to disclose such terms and conditions publicly.

8. The Settlement Agreement is a product of arms-length negotiation and compromise among all parties to the agreement. Each of the Movants was represented by counsel of its choosing in connection with the negotiation and execution of the Settlement Agreement.

9. The Settlement Agreement provides a fair resolution of the Movants' disputes and matters addressed in the agreement. The Settlement Agreement allows the Movants to avoid the

costs and uncertainty of litigation, while preserving the public resources that would be required by full litigation before, and determination by, the Commission. As such, the Settlement Agreement is fully consistent with the Commonwealth's long-standing and well-recognized policy of facilitating and encouraging the settlement of disputes. *See, Wehr Constructors, Inc. v. Assurance Company of America*, 384 S.W.3d 680, 689 (Ky. 2012).

**WHEREFORE**, the Movants respectfully and jointly request that the Public Service Commission of Kentucky on or before November 1, 2014, enter an Order:

- (a) Accepting and approving the Settlement Agreement without modification;
- (b) Dismissing the Settled Proceedings with prejudice as settled with the limited exceptions concerning further negotiations and arbitration with respect to Case No. 2012-00529 described above; and
- (c) Granting the Movants such further relief to which they might be entitled.

Respectfully submitted,

Edward T. Depp by *MAO per e-mail authorization*

John E. Selent

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*Counsel to AT&T Kentucky*




**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served by U.S. mail this 10<sup>th</sup> day of October, 2014, on the following individuals:

**HALO WIRELESS, INC.:**

Linda Payne  
Chapter 7 Bankruptcy Trustee  
Halo Wireless, Inc.  
12770 Colt Road, Suite 541  
Dallas, Texas 75251  
[linda@paynetrustee.com](mailto:linda@paynetrustee.com)



*Counsel to AT&T Kentucky*

# **Exhibit 1**

**BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION**

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

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

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

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

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

**SETTLEMENT AGREEMENT**

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

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

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

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

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

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

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

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

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

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

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

### **DEFINITIONS**

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

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

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

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

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

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

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

### **AGREED TERMS & CONDITIONS**

**1. Exchange of Traffic** -- As of the Effective Date --

**a. Compensation Arrangements for Third Party Traffic** –

(1) Each Party will remain solely responsible for establishing its own compensation arrangements with any carriers that originate or terminate Third Party Traffic.

(2) In the absence of a separate written arrangement to the contrary, no Party shall be responsible for the payment of Intrastate Access Charges or other compensation, of any kind, for traffic that did not originate from an End User served by that Party. For purposes of clarity and by way of example only, AT&T Kentucky shall not be responsible for paying Intrastate Access Charges to the RLECs or Affiliated CLECs for Third Party Traffic.

(3) Nothing in this Settlement Agreement prohibits any non-terminating Party from assessing charges, pursuant to applicable tariffs or contracts, on the Third Party carrier from which it received Third Party Traffic for the non-terminating Party's role in delivering Third Party Traffic to the terminating carrier.

(4) Notwithstanding the foregoing, and in the absence of a written agreement to the contrary, an RLEC Party may not charge AT&T Kentucky for the RLEC's role in delivering Third Party Traffic to AT&T Kentucky, or accepting Third Party Traffic from AT&T Kentucky, when such Third Party Traffic is being routed to or from an Affiliated CLEC.

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

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

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

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

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

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

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

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

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



## **2. IntraLATA Toll Services –**

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

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

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

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

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

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

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

**3. Financial Considerations**

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

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

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

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

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

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

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

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

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

#### **GENERAL PROVISIONS**

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

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

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

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

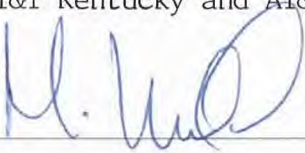
7. **Governing Law** – This Agreement will be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.

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

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

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

Signature: 

Name: MARGARET M. WEAKLAND  
(Print or Type)

Title: VICE PRESIDENT - FINANCE  
(Print or Type)

Date: OCTOBER 9, 2014

Company: Ballard Rural Telephone Cooperative Corp., Inc.

Signature:

Randy C Grogan

Name:

Randy C. Grogan

(Print or Type)

Title:

General Manager/CEO


(Print or Type)

Date:

October 2, 2014

Company: Brandenburg Telephone Co.

Signature:

  
\_\_\_\_\_

Name:

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

(Print or Type)

Title:

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

(Print or Type)


Date:

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



Company: **DUO COUNTY TELEPHONE COOPERATIVE CORP., INC.**

Signature:



Name:

THOMAS E. PRESTON

(Print or Type)

Title:

CHIEF EXECUTIVE OFFICER/EXECUTIVE VICE PRESIDENT

(Print or Type)

Date:

10/02/2014

Company: Foothills Rural Telephone Cooperative Corporation Inc

Signature:

Ruth Conley

Name:

Ruth Conley

(Print or Type)

Title:

Chief Executive Officer

(Print or Type)

Date:

10-3-2014

Company: Gearheart Communications Company dba Coalfields Telephone Company

Signature:

Paul D. Gearheart

Name:

Paul D. Gearheart

(Print or Type)

Title:

Vice President

(Print or Type)

Date:

10/02/2014

Company: Highland Telephone Cooperative, Inc.

Signature:

DC Crawford

Name:

David C. Crawford

(Print or Type)

Title:

Access Service Manager

(Print or Type)

Date:

October 2, 2014

Company: Logan Telephone Cooperative, Inc.

Signature:

Gregory A. Hale

Name:

Gregory A Hale

(Print or Type)

Title:

General Manager

(Print or Type)

Date:

10-2-2014

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

Signature:

Shayne Ison

Name:

Shayne Ison

(Print or Type)

Title:

General Manager

(Print or Type)

Date:

10/2/2014

Company: North Central Telephone Coop., Inc.

Signature:



Name:

Nancy J. White

(Print or Type)

Title:

President and CEO

(Print or Type)

Date:

October 2, 2014

Company: Peoples Rural Telephone Cooperative

Signature:

  
\_\_\_\_\_

Name:

Keith Gabbard  
\_\_\_\_\_

(Print or Type)

Title:

CEO  
\_\_\_\_\_

(Print or Type)

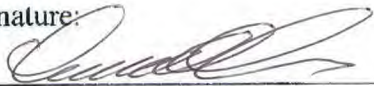
Date:

October 3, 2014  
\_\_\_\_\_



Company: South Central Rural Telephone Cooperative Corporation, Inc

Signature:



---

Name:

David R. Davis

---

(Print or Type)

Title:

General Manager/COO

---

(Print or Type)

Date:

October 2, 2014

---

Company: Thacker-Grigsby Telephone Company

Signature:



Name:

William K. Grigsby

(Print or Type)

Title:

Vice President / General Manager

(Print or Type)

Date:

October 6, 2014

Company: West KY Rural Telephone Cooperative Corp, Inc.

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

Name:  
**Trevor Bonnstetter**  
\_\_\_\_\_  
(Print or Type)

Title:  
**Chief Executive Officer**  
\_\_\_\_\_  
(Print or Type)

Date:  
**10/03/2014**  
\_\_\_\_\_

Company: South Central Telcom

Signature:



---

Name:

David R. Davis

---

(Print or Type)

Title:

CEO/Chairman

---

(Print or Type)

Date:

October 2, 2014

---

Company: CUMBERLAND CELLULAR, INC.

Signature:

*Th. E. Preston*

Name:

THOMAS E. PRESTON

(Print or Type)

Title:

PRESIDENT

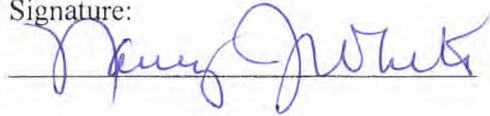
(Print or Type)

Date:

10/02/2014

Company: North Central Communications, Inc.

Signature:

A handwritten signature in blue ink, appearing to read "Nancy J. White", is written over a horizontal line.

Name:

Nancy J. White

(Print or Type)

Title:

President and CEO

(Print or Type)

Date:

October 2, 2014

## ATTACHMENT A

### RLECs

Ballard Rural Telephone Cooperative Corporation, Inc.

Brandenburg Telephone Company, Inc.

Duo County Telephone Cooperative Corporation, Inc.

Foothills Rural Telephone Cooperative Corporation, Inc.

Gearheart Communications Company, Inc. d/b/a Coalfields Telephone Company

Highland Telephone Cooperative, Inc.

Logan Telephone Cooperative, Inc.

Mountain Rural Telephone Cooperative Corporation, Inc.

North Central Telephone Cooperative Corporation

Peoples Rural Telephone Cooperative Corporation, Inc.

South Central Rural Telephone Cooperative Corporation, Inc.

Thacker-Grigsby Telephone Company, Inc.

West Kentucky Rural Telephone Cooperative Corporation., Inc. d/b/a WK&T

## ATTACHMENT B

### Affiliated CLECs

South Central Telecom LLC

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

North Central Communications



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

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

Duo County Telecom: [REDACTED]

South Central Telcom: [REDACTED]

North Central Communications: [REDACTED]

**TOTAL:** [REDACTED]