

TDS TELECOM®

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Government and Regulatory Affairs

January 04, 2001

Mr. Thomas Dorman
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

RECEIVED
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PUBLIC SERVICE
COMMISSION

Re: Application for the approval of the Mutual Traffic Exchange Agreement between TDS
TELECOM and Inter-Mountain Cable.

Dear Mr. Dorman:

TDS TELECOM requests approval pursuant to 47 U.S.C.S. 252, of the enclosed Mutual Traffic Exchange Agreement between Inter-Mountain Cable and the following TDS TELECOM companies: Leslie County Telephone Company, Lewisport Telephone Company and Salem Telephone Company. The Agreement allows for the exchanging of traffic between the parties' customers. It is consistent with the public interest and is non-discriminatory to other local service providers.

I hereby certify that a copy has been served on Inter-Mountain Cable, Mr. James Campbell, P. O. Box 159, Harold, KY 41635, by mail on January 4, 2001.

If you have any questions in regard to this Agreement, please contact Linda Lowrance of TDS TELECOM at 865-671-4758 or James Campbell of Inter-Mountain Cable at 606-478-9401.

Respectfully submitted,



Jeff Handley
Manager, Revenue & Earnings

JH/jm

Enclosure

cc w/Encl.: Linda Lowrance, TDS TELECOM
James Campbell, Inter-Mountain Cable

MUTUAL TRAFFIC EXCHANGE AGREEMENT
KENTUCKY

This Mutual Traffic Exchange Agreement ("Agreement") is made effective December 1, 2000 by and between The TDS Telecommunications Corporation subsidiaries or affiliates identified on Schedule I attached hereto and made a part here of (collectively "TDS TELECOM" or "TDS"), and Inter-Mountain Cable, Inc., a(n) Kentucky corporation d/b/a MTS Communications, with its principal place of business at 5 Laynesville Road, Harold, KY 41635 ("COMPANY").

In consideration of the mutual obligations set forth below, the parties agree to the following terms and conditions:

Section I

Scope of Agreement

COMPANY and TDS agree to exchange all Extended Area Service traffic ("EAS"), interLATA and intraLATA toll traffic (where applicable) with one another by transiting such traffic through third party LEC tandems. The parties intend that what is currently defined by TDS as switched access in TDS' tariffs shall be billed according to Section IV below to the extent it is not inconsistent with applicable access tariffs. Traffic for which TDS charges incumbent local exchange carriers a usage-sensitive charge shall not be considered EAS traffic in this Agreement. All other non-toll traffic, hereinafter referred to as "EAS," shall be billed on a bill and keep basis according to Section III below.

Section II

Connection Arrangements

Each party shall be responsible for ensuring that it has facilities in place to each third party LEC tandem used to transit traffic between the parties' networks. The originating party shall be responsible for payment of any transit charges (including tandem switching) assessed by the third party LEC for use of the third party LEC's tandem. If traffic volumes grow to a point where it is economically advantageous to provide a direct connection between TDS and COMPANY, either party may request negotiation of separate terms and conditions, including meet point billing arrangements. The parties agree to negotiate in good faith to reach agreement to accommodate such a request.

Section III

Compensation for EAS Traffic

COMPANY and TDS agree to terminate each other's EAS traffic on a bill and keep basis of compensation. Bill and keep shall mean that the originating party has no obligation to pay terminating charges to the terminating party, regardless of any charges the originating party may assess its end users.

Section IV

Compensation for Toll Traffic

Each party will generate a monthly bill for access for interLATA and intraLATA toll traffic, as applicable, to the other party for traffic terminating to its end offices. Compensation for termination of interLATA and intraLATA toll traffic shall be calculated by applying the access rates set forth in each party's respective filed applicable tariff or price list. As rates change, the latest effective rates will be used.

Section V

Billing

To calculate intrastate toll access charges, each party shall provide to the other, within 20 calendar days after the end of each quarter (commencing with the first full quarter after the effective date of this Agreement), a PLU (Percent Local Usage) factor. Each company should calculate the PLU factor on a LATA basis using their originating IntraLATA minutes of use. The percentage of originating local traffic to total intrastate (local, FAS, and toll) originating traffic would represent the PLU factor.

Each party shall keep adequate records of usage. Either party may request an audit of usage data, including data used to calculate PLU factors, on no less than thirty (30) business days' written notice. Any such audit shall be accomplished during normal business hours at the office of the party being audited. Process audits must be performed by an independent auditor paid for by the party requesting the audit; however, verifications of billing records may be conducted by the auditing party's internal auditors. Audits shall be requested within twelve (12) months of having received the PLU factor and usage reports from the other party, and shall be conducted no more frequently than semi-annually.

The parties shall be governed by applicable state and federal rules, practices, and procedures regarding the provision and recording of billing records. Neither party shall bill for records older than ninety (90) days from the end of each billing quarter.

Section VI

Office Code Translations

It shall be the responsibility of each party to program and update its own switches and network systems in accordance with the Local Exchange Routing Guide ("LERG") in order to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities, except as expressly set forth in this Agreement.

Unless mandated otherwise by a Commission order, the Rate Center Areas will be the same for each Party. During the term of this Agreement, CLEC shall adopt the Rate Center Areas and Rate Center Points that the Commission has approved for ILEC, in all areas where ILEC and CLEC service areas overlap, and CLEC shall assign whole NPA-NXX codes to each Rate Center unless the LEC industry adopts alternative methods of utilizing NXXs in the manner adopted by the NANP. CLEC shall terminate all calls to individual codes to customers physically located within the codes' respectively assigned rate centers.

Section VII

SS7 Signaling

COMPANY and TDS agree to interconnect their SS7 (Signaling System 7) networks either directly or through third parties. COMPANY and TDS further agree to exchange ISUP (Integrated Services Digital Network User Part) and TCAP (Transaction Capabilities Application Part) messages. The parties agree to set message screening parameters so as to accept messages from any switching systems destined to any signaling point in the SS7 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 shall bill the other party for exchange of TCAP messages when TCAP is used to support CLASS end user service features (switch to switch TCAP). This provision shall not be construed to require TDS to convert its networks to SS7.

Section VIII

Operator Services

Each party shall maintain and keep current its own customer information (i.e., directory assistance listing information, including name, address, phone number, nonlisted and nonpublished indicators, caption information, and other information TDS provides to third party LECs) in currently available databases used in the provision of intercompany operator services (e.g., local assistance, directory assistance, directory assistance call completion, busy line verification/interrupt), and shall ensure that the other party can obtain access to such information.

Section IX

Term of Agreement

This Agreement shall commence when fully executed and have an initial term of one (1) year provided that either party shall have the right to terminate this agreement with or without cause on sixty (60) days notice. This Agreement shall automatically renew for successive one year periods unless terminated as provided above. Either Party may request for this Agreement to be renegotiated upon the expiration of the initial one (1) year term or upon any termination of this Agreement. Not later than 45 days from the receipt of initial request for renegotiation, the Parties will commence negotiation, which shall be conducted in good faith. Except in cases in which this Agreement has been terminated for cause, the provisions of this Agreement shall remain in force during the negotiation and up to the time that a successor agreement is executed by the parties and, to the extent necessary, approved by the relevant state commission.

Section X

Limitation of Liability

Neither party shall be liable to the other for any lost profits or revenues or for any indirect, incidental, special or consequential damages arising out of or related to this Agreement or the provision of service hereunder. A party's liability shall not be limited with respect to its indemnification obligations under this Agreement.

Section XI

Indemnification

Each party (the "Indemnifying Party") shall indemnify and hold harmless the other party ("Indemnified Party") from and against any loss, cost, claim, liability, damage expense (including reasonable attorney's fees) to third parties, relating to or arising out of the libel, slander, invasion of privacy, misappropriation of a name or likeness, negligence or willful misconduct by the Indemnifying Party, its employees, agents, or contractors in the performance of this Agreement or the failure of the Indemnifying Party to perform its obligations under this Agreement. In the event said loss, cost, claim, liability, damage or expense to third parties is the result of the fault, in whole or in part, of both parties to this Agreement, the parties shall be entitled to indemnification or contribution to the extent permitted by applicable state law governing the apportionment, if any, of said loss, cost, claim, liability, damage or expense. In addition, the Indemnifying Party shall, to the extent of its obligations to indemnify hereunder, defend any action or suit brought by a Third Party against the Indemnified Party.

The Indemnified Party shall (i) notify the Indemnifying Party promptly in writing of any written claims, lawsuits, or demand by third parties for which the Indemnified Party alleges that the Indemnifying Party is responsible under this Section and (ii) tender the defense of such claim, lawsuit or demand to the Indemnifying Party. The Indemnified Party also shall cooperate in every reasonable manner with the defense or settlement of such claim, demand, or lawsuit. The Indemnifying Party shall keep the Indemnified Party reasonably and timely apprised of the status

of the claim, demand or lawsuit. The Indemnified Party shall have the right to retain its own counsel, at its expense, and participate in but not direct the defense.

The Indemnifying Party shall not be liable under this Section for settlements or compromises by the Indemnified Party of any claim, demand, or lawsuit unless the Indemnifying Party has approved the settlement or compromise in advance or unless the defense of the claim, demand, or lawsuit has been tendered to the Indemnifying Party in writing and the Indemnifying Party has failed to promptly undertake the defense.

Section XII Force Majeure

Neither party shall be held 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, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, power blackouts, or unusually severe weather. In the event of any such excused delay in the performance of a party's obligation(s) under this Agreement, the due date for the performance of the original obligation(s) shall be extended by a term equal to the time lost by reason of the delay. In the event of such delay, the delaying party shall perform its obligations at a performance level no less than that which it uses for its own operations.

Section XIII Agency

Nothing contained herein shall constitute the parties as joint venturers, partners, employees or agents of one another, and neither party shall have the right or power to bind or obligate the other.

Section XIV Nondisclosure of Proprietary Information

The parties agree that it may be necessary to exchange certain confidential information during the term of this Agreement including, without limitation, technical and business plans, technical information, proposals, specifications, drawings, procedures, orders for services, usage information in any form, customer account data and Customer Proprietary Network Information ("CPNI") as that term is defined by the Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission and similar information ("Confidential Information"). Confidential Information shall include (i) all information delivered in written form and marked "confidential" or "proprietary" or bearing mark of similar import; and (ii) information derived by the Recipient from a Disclosing Party's usage of the Recipient's network. The Confidential Information is deemed proprietary to the Disclosing Party and it shall be protected by the Recipient as the Recipient would protect its own proprietary information. Confidential Information shall not be disclosed or used for any purpose other than to provide service as specified in this Agreement. For purposes of this Section 14, the Disclosing Party shall mean the owner of the Confidential Information, and the Recipient shall mean the party to whom Confidential Information is disclosed.

Recipient shall have no obligation to safeguard Confidential Information (i) which was in the Recipient's possession free of restriction prior to its receipt from Disclosing Party, (ii) after it becomes publicly known or available through no breach of this Agreement by Recipient, (iii) after it is rightfully acquired by Recipient free of restrictions on the Disclosing Party, or (iv) after it is independently developed by personnel of Recipient to whom the Disclosing Party's Confidential information had not been previously disclosed. Recipient may disclose Confidential

Information if required by law, a court, or governmental agency. Each party agrees that Disclosing Party would be irreparably injured by a breach of this Agreement by Recipient or its representatives and that Disclosing Party shall be entitled to seek equitable relief, including injunctive relief and specific performance, in the event of any breach of this paragraph. Such remedies shall not be exclusive, but shall be in addition to all other remedies available at law or in equity.

Section XV

Notices

Bills and payments shall be effective when received or within three (3) business days of being sent via first class mail, whichever is sooner, in the case of COMPANY to:

Business Name: Inter-Mountain Cable, Inc.
Mailing Address: P.O. Box 159
Shipping Address:
City/State/Zip Code: Harold, KY 41635
Attention: James Campbell
Contact Phone Number: 606-478-9401 x207

Notices shall be effective three (3) business days of being sent via registered mail with return receipt requested, in the case of COMPANY to:

Business Name: Inter-Mountain Cable, Inc.
Mailing Address: P.O. Box 159
Shipping Address:
City/State/Zip Code: Harold, KY 41635
Attention: James Campbell
Contact number: 606-478-9401 x207

Notices shall be effective three (3) business days of being sent via registered mail with return receipt requested in the case of TDS to:

Business Name: TDS TELECOM
Mailing Address: P. O. Box 22995
Shipping Address: 725 Pellissippi Pkwy., Suite 230
City/State/Zip Code: Knoxville, TN 37933-0995 (37932 for shipping)
Attention: Carrier Relations
Contact Phone Number: (865) 966-4700

Bills and payments shall be effective when received or within three (3) business days of being sent via first class mail, whichever is sooner, in the case of TDS to:

Business Name: TDS TELECOM
Mailing Address: P.O. Box 22995
Shipping Address: 9737 Cogdill Road, Suite 230
City/State/Zip Code: Knoxville, TN 37933-0995 (37932 for shipping)
Attention: Accounting Center

or to such other location as the receiving party may direct in writing.

Section XVI Severability

If any part of this Agreement is held to be invalid for any reason, such invalidity shall affect only the portion of the Agreement which is invalid. In all other respects this Agreement shall stand as if such invalid provision had not been a part thereof, and the remainder of the Agreement shall remain in full force and effect.

Section XVII Assignment

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. Any assignment by either party of any right, obligation, or duty, in whole or in part, or of any interest, without the written consent of the other party shall be void, except that upon written notice either party may assign this Agreement or any rights and obligations thereunder without the other party's consent to any entity that the assigning party controls, is controlled by, or is under common control with, or to any entity which acquires or succeeds to all or substantially all of the business or assets of the assigning party whether by consolidation, merger, sale or otherwise, or in connection with a financing transaction.

Section XVIII Entire Agreement

This Agreement, including all Attachments and subordinate documents attached hereto or referenced herein, all of which are hereby incorporated by reference herein, constitute the entire matter thereof, and supersede all prior oral or written agreements, representations, statements, negotiations, understandings, proposals, and undertakings with respect to the subject matter thereof. No modification or waiver of any provisions of this Agreement shall be effective unless in writing and signed by both parties.

Section XIX Multiple Counterparts

This Agreement may be executed in counterparts and such counterparts shall together constitute one and the same instrument.


Section XX Miscellaneous

By entering into this Agreement, TDS does not concede that this is, and is not estopped from asserting that it is not, an interconnection agreement under 47 USC 251(c), nor does TDS waive, or is it estopped from asserting, any rural exemption that it may have under 47 USC 251(f). This Agreement is for the exchange of traffic, not the direct interconnection of TDS and COMPANY as competing service providers. This Agreement does not apply to traffic originated or terminated by a third party.

**Section XXI
Governing Law**

To the extent not governed by, and construed in accordance with, the laws and regulations of the United States, this Agreement shall be governed by, and construed in accordance with, the laws and regulations of the state of Kentucky, without regard to its conflicts of laws principles.

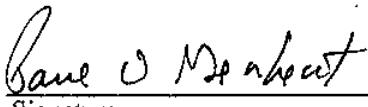
By: TDS Telecommunications
Corporation (not individually but as
agent for the TDS TELECOM affiliates
identified on Schedule I)


Signature Date 12/13/00

Louis D. Reilly, III
Typed Name

Director-Carrier Relations
Typed Title

Inter-Mountain Cable, Inc.


Signature Date 12 01 00

Paul D. Gearheart
Typed Name

Vice President
Typed Title

Signature Page to Mutual Traffic Exchange Agreement between the TDS Telecommunications Corporation subsidiaries or affiliates identified on Schedule I and Inter-Mountain Cable, Inc. dated December 1, 2000.

SCHEDULE I

List of TDS Telecommunications corporation subsidiaries or affiliates located in Kentucky:

Leslie County Telephone Company
Lewisport Telephone Company, Inc.
Salem Telephone Company