



7840 Morgan County Hwy.  
P.O. Box 119  
Sunbright, TN 37872

EMAIL  
HIGHLAND@HIGHLAND.NET

voice 423/628 2121  
423/663 3939  
606/376 5311

Fax 423/628 2409

F.L. Terry  
MANAGER

Ernest A. Petroff  
ATTORNEY

DIRECTORS

Sam Strunk  
PRESIDENT

JoAn Haynes  
VICE PRESIDENT

Clara Terry  
SECRETARY-TREASURER

Mickey Bingham

Jan Byrd

Loma Denney

Shelva Jo Jones

Joe Alvin Sexton

John Tate

James E. Terry

Jerry Williams

March 18, 2009

VIA EXPRESS MAIL

Hon. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
P.O. Box 615  
Frankfort, KY 40601

RECEIVED

MAR 23 2009

PUBLIC SERVICE  
COMMISSION

RE: *Filing of Interconnection Agreement Between Highland Telephone  
Cooperative, Inc. and ALEC, Inc.*

Dear Mr. Derouen:

We have enclosed for filing an original and five (5) copies (including an electronic copy) of an interconnection agreement between Highland Telephone Cooperative, Inc. and ALEC, Inc. Please file stamp one copy and return to us in the enclosed self-addressed envelope.

We respectfully request that the Public Service Commission of Kentucky (the "Commission") approve the enclosed interconnection agreement because it is consistent with the Commission's applicable orders, the Communications Act of 1934, as amended by the Telecommunications Act of 1996, and applicable Kentucky law.

Thank you, and if you have any questions, please call me.

Sincerely

David C. Crawford  
Access Services Manager

**INTERCONNECTION AGREEMENT**  
**BY AND BETWEEN**  
**HIGHLAND TELEPHONE COOPERATIVE**  
**AND**  
**ALEC, INC.**

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This Interconnection Agreement ("Agreement") is made effective as of the date of the last signature on the Agreement by and between Highland Telephone Cooperative ("ILEC"), a Tennessee corporation with offices at 7840 Morgan County Highway, PO Box 119, Sunbright, TN 37872 and ALEC, Inc. ("CLEC") a Kentucky corporation with offices at 250 West Main St. Suite 1920 Lexington, KY 40507. ILEC and CLEC may also be referred to herein singularly as a "Party" or collectively as the "Parties."

## **BACKGROUND**

The Parties are entering into this agreement under Sections 251 and 252 of the Communications Act of 1934 as amended by the Telecommunications Act of 1996 (the "Act").

ILEC is an incumbent local exchange carrier and CLEC is a telecommunications carrier.

The Parties are entering into this Agreement to set forth the respective obligations of the Parties and the terms and conditions under which the Parties will interconnect their networks and provide other services as required by the Act and applicable law.

The Parties wish to interconnect their networks for the purposes of transport and termination of Local Traffic.

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

1. Term of Agreement
  - 1.1. This Agreement is effective upon signature by both parties and has an initial term of 2 years. Unless renegotiated or terminated pursuant to this Section 1, this Agreement will automatically renew for successive one month periods.
  - 1.2. Either Party may seek to negotiate a new agreement by providing written notice to the other Party at least thirty (30) days prior to expiration of the initial term or any succeeding term.
  - 1.3. Either Party may seek to terminate this Agreement by providing written notice to the other Party at least sixty (60) days but no more than ninety (90) days prior to expiration of the initial term or any succeeding term. If either Party sends a timely notice to terminate and the other Party replies with a timely notice for re-negotiation under section 1.2, this Agreement will continue in full force and effect until such new Agreement is effective through negotiation, mediation or arbitration under Section 252 of the Act.

2. Scope

2.1. This Agreement is for Interconnection and the exchange of Local Traffic between the Parties.

2.2. Nothing in this Agreement alters or otherwise affects in any manner the local calling areas or services offered by either Party to its End Users.

2.2.1 Each Party agrees that it will not provision any of its services in a manner that will result in, or permits, the circumvention of the applicable intrastate or interstate access charges by the other Party including, but not limited to, the resale to third parties to or the assignment of NPA-NXX numbers associated with one Rate Center for Customers that obtain Local Exchange Service in a different geographical rate center. Each Party agrees that it will not provision any of its services in a manner that will result in or permits the arbitrage and / or circumvention of the applicable intrastate or interstate access charges by the other Party. Traffic to or from Customers that originates or terminates in areas other than those included in the calling scope of Local Traffic is beyond the scope of the Agreement. All traffic that does not originate or terminate to Customers within the same local calling area of ILEC is subject to intrastate and interstate switched exchange access services tariffs regardless of the transmission protocol used for any portion of the call.

2.2.2 Neither Party shall represent Switched Access Traffic as Local Traffic or ISP-bound Traffic for purposes of determining compensation for the call.

2.2.3 If CLEC assigns NPA/NXXs to specific ILEC rate centers and assigns numbers from those NPA/NXXs to CLEC end users physically located outside of that rate center local calling area, ILEC traffic originating from within the rate center where the NPA/NXXs are assigned and delivered to a CLEC customer physically located outside of such rate center, shall not be deemed Local Traffic. Further, CLEC agrees to identify such non-local traffic to ILEC and to compensate ILEC for originating and transporting such non-local traffic to CLEC at ILEC's applicable switched access tariff rates. This section is not intended to conflict with the definition of Local Traffic set forth in this Agreement.

2.2.4 If ILEC reasonably believes that CLEC does not identify such non-Local traffic to ILEC, ILEC shall notify CLEC of that belief, including, to the best of ILEC'S ability, ILEC'S determination of which CLEC numbers ILEC believes should be subject to rates for

access service as reflected in ILEC's Access Service Tariff. Subject to Section 12 of this Agreement, in such event ILEC will bill such traffic at its applicable access rates and seek other remedies as permitted under this Agreement.

- 2.2.5 Both Parties warrant that they will: (a) assign telephone numbers in a manner consistent with this Agreement to Customers that obtain Local Exchange Service in the Rate Center Areas associated with the telephone number; (b) provision their local exchange carrier services in a manner that the resulting traffic exchanged between the Parties pursuant to this Agreement will be confined to the scope of the traffic as set forth in this Section; (c) adopt the rate Center Areas for the assignment of telephone numbers that are identical to those used by the incumbent local exchange carriers that serve the Local Service Exchange areas related to the Local Traffic exchanged pursuant to this Agreement; (d) assign whole NXX codes to each rate Center, or where applicable, thousand number blocks within an NXX Codes assigned to that Rate Center; and (e) subject to this Agreement, provide Calling Party Number ("CPN") on Customer originated traffic delivered to the other Party.
- 2.2.6 CPN shall be available for at least 95% of the calls. Parties agree that Signaling information shall be shared between the Parties at no charge to either Party.
- 2.2.7 In the event that either Party receives traffic without CPN in excess of 5%. It will provide courtesy notice to the other Party so that Parties may work in good faith to meet the intent of this section.
- 2.2.8 The Parties acknowledge and agree that by entering into and performing in accordance with this Agreement, the Parties have not waived any applicable exemptions that are provided by or available under the Act, including but not limited to those described in 47 USC 251(f), or under state law.
- 2.2.9 Execution of this Agreement does not waive or prejudice any positions either Party has taken previously or may take in the future in any legislative, regulatory, or other public forum addressing any matters, including matters specifically related to, the types of arrangements prescribed in this Agreement.

### 3. Definitions

- 3.1. The following definitions will apply to all sections contained in this Agreement. Additional definitions that are specific to the matters covered in a particular section may appear in that section. Any term used in this

Agreement that is not specifically defined shall have the meaning ascribed to such term in the Act. If no specific definition exists in the Act for a specific term used in this Agreement, then normal usage in the telecommunications industry shall apply.

- 3.2. Act, as used in this Agreement, means the Communications Act of 1934 (47 U.S.C. Section 151 et seq.), as amended by the Telecommunications Act of 1996, and as from time to time interpreted in the duly authorized rules and regulations of the Federal Communications Commission ("FCC") or the Commission.
- 3.3. Bill and Keep means that neither of the two interconnecting carriers charges the other for the transport and termination of Local Traffic originated by the other Party's End User.
- 3.4. Commission means the Kentucky Public Service Commission.
- 3.5. End User or Customer means the residence or business subscriber or other ultimate user of telecommunications services provided by either of the Parties regardless of the last mile provider used by either Party to provide service to that ultimate end user.
- 3.6. Extended Area Service ("EAS") means a service arrangement whereby End Users in a specific local service exchange area are provided the ability to place and receive interexchange calls to End Users in another local service exchange area on the basis of terms, conditions and charges that are distinct from the terms applicable to message toll service as defined by the effective local exchange tariff of ILEC.
- 3.7. ILEC Service Area is defined as the operating territory in which the ILEC provides local exchange service as the incumbent local service provider.
- 3.8. Interconnection means the direct linking of the Parties' networks for the exchange of Local Traffic.
- 3.9. Interconnection Facility is the dedicated transport facility used to connect the two Parties' networks.
- 3.10. Local Access and Transport Area ("LATA") is as defined in the Act.
- 3.11. Point of Interconnection ("POI") means the physical location(s) at which the Parties' networks meet for the purpose of exchanging traffic pursuant to this Agreement.
- 3.12. Rate Center Area refers to the geographic area that has been identified as being associated with a particular NPA-NXX code assigned to the LEC for its provision of telephone exchange services. The rate Center Area is

the exclusive geographic area that the LEC has identified as the area within which it will provide telephone exchange services bearing the particular NPA-NXX designation associated with the specific Rate Center Area.

3.13. Subject Traffic or Local Traffic means traffic that is originated by a Customer of one Party and terminates to a Customer of the other Party for which such traffic is treated as non-toll pursuant to the mandatory local calling scope established and defined or approved by the Commission for the ILEC. A mandatory calling scope arrangement is an arrangement that provides Customers EAS calling beyond the Customer's basic exchange service area. Local Traffic for purposes of this Agreement includes both intra-exchange calls and non-optional EAS calls and ISP traffic completed on a local or EAS (i.e., non-toll) basis and does not include any optional extended local scope service arrangements.

3.14. Telecommunications Services is as defined in 47 U.S.C. 153(46).

#### 4. Billing and Payments

4.1. The Parties will bill each other for all charges due on a monthly basis and all such charges, except those in dispute, are payable within thirty days of the bill date but no less than twenty days after receipt of the bill. Any undisputed amounts not paid when due accrue interest from the date such amounts were due at the at the lesser of (i) one and one-half percent (1-1/2%) per month or (ii) highest rate of interest that may be charged under applicable law.

4.2. Billed amounts for which written, itemized disputes or claims have been filed are not due for payment until such disputes or claims have been resolved in accordance with the dispute resolution provisions of this Agreement.

4.3. Any disputed amounts not paid when due pursuant to this Section 4 that subsequently are found to be valid charges (i.e., the dispute is denied) will accrue interest from the date such amounts were originally due at the lesser of (i) one and one-half percent (1-1/2%) per month or (ii) the highest rate of interest that may be charged under Applicable Law. The issuing of a dispute does not require the other Party to forgo the assessment of interest payments during the pendency of such dispute resolution.

#### 5. Audits

5.1. Either Party may conduct an audit of the other Party's books and records pertaining to the Services provided under this Agreement, no more frequently than once per twelve (12) month period, to evaluate the other



Party's accuracy of billing and invoicing in accordance with this Agreement.

- 5.2. Any audit will be performed as follows: (i) following at least thirty (30) Business Days' prior written notice to the audited Party; (ii) subject to the reasonable scheduling requirements and limitations of the audited Party; (iii) at the auditing Party's sole cost and expense; (iv) of a reasonable scope and duration; (v) in a manner so as not to interfere with the audited Party's business operations; and (vi) in compliance with the audited Party's security rules.
- 5.3. Adjustments, credits or payments shall be made and any corrective action shall commence within thirty (30) Days from the requesting Party's receipt of the final audit report to compensate for any errors or omissions which are disclosed by such audit and are agreed to by the Parties.
- 5.4. In addition to the audit rights in section 5.1, if ILEC uses a third-party to provide any services under this Agreement, including but not limited to 911 or directory listings, ILEC will cooperate with CLEC to obtain the necessary documentation to conduct an audit related to those services.

## 6. Limitation of Liability

- 6.1. The Parties will limit liability in accordance with this Section.
- 6.2. Except for damages resulting from the willful or intentional misconduct of one or both Parties, the liability of either Party to the other Party for damages arising out of (i) failure to comply with a direction to install, restore or terminate facilities, or (ii) failures, mistakes, omissions, interruptions, delays, errors, or defects occurring in the course of furnishing any services, arrangements, or facilities hereunder shall be determined in accordance with the terms of the applicable tariff(s) of the providing Party. In the event no tariff(s) apply, the providing Party's liability shall not exceed an amount equal to the pro rata monthly charge for the period in which such failures, mistakes, omissions, interruptions, delays, errors, or defects occurred. Because of the mutual nature of the exchange of Subject Traffic arrangement between the Parties pursuant to this Agreement, the Parties acknowledge that the amount of liability incurred under this Section may be zero.
- 6.3. Neither Party shall be liable to the other in connection with the provision or use of services offered under this Agreement for any indirect, incidental, special or consequential damages including but not limited to damages for lost profits or revenues, regardless of the form of action, whether in contract, warranty, strict liability, or tort, including without limitation, negligence of any kind, even if the other Party has been advised of the possibility of such damages; provided that the foregoing shall not

limit a Party's liability with respect to its indemnification obligations under Section 6 of this Agreement.

- 6.4. Except in the instance of harm resulting from an intentional action or willful misconduct, neither Party shall be liable to the End User of the other Party in connection with its provision of services to the other Party under this Agreement. In the event of a dispute involving both Parties with an End User customer of one Party, both Parties shall assert the applicability of any limitations on liability to End Users that may be contained in either Party's applicable tariff(s) or applicable End User contracts.

## 7. No Warranties

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES, AND EACH PARTY HEREBY SPECIFICALLY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING ANY MATTER SUBJECT TO THIS AGREEMENT, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

## 8. Indemnification

- 8.1. Each Party (the "Indemnifying Party") shall release, indemnify, defend and hold harmless the other Party ("Indemnified Party") from and against all losses, claims, demands, damages, expenses (including reasonable attorney's fees), suits or other actions, or any liability whatsoever related to the subject matter of this Agreement, (i) whether suffered, made, instituted, or asserted by any other party or person, relating to personal injury to or death of any person, or for loss, damage to, or destruction of real and/or personal property, whether or not owned by others, incurred during the term of this Agreement and to the extent proximately caused by the act(s) or omission(s) of the Indemnifying Party, regardless of the form of action, or (ii) whether suffered, made, instituted, or asserted by its own customer(s) against the other Party arising out of the other Party's provisioning of services to the Indemnifying Party under this Agreement, except to the extent caused by the gross negligence or willful misconduct of the Indemnified Party, or (iii) arising out of the libel, slander, invasion of privacy, misappropriation of a name or likeness. Notwithstanding the foregoing, nothing contained herein shall affect or limit any claims, remedies, or other actions the Indemnifying Party may have against the Indemnified Party under this Agreement, any other contract, or any applicable tariff(s), regulation or laws for the Indemnified Party's provisioning of said services.

- 8.2. 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, (iii) assert any and all provisions in its tariff that limit liability to third parties as a bar to any recovery by the third-party claimant in excess of such limitation. 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. In no event shall the Indemnifying Party settle or consent to any judgment pertaining to any such action without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, delayed or conditioned. The Indemnified Party shall have the right to retain its own counsel, at its expense, and participate in but not direct the defense, except that if the Indemnifying Party does not promptly assume or diligently pursue the tendered action, then the Indemnified Party may proceed to defend or settle said action at the expense of the Indemnifying Party.
- 8.3. 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, and such approval by the Indemnifying Party shall not be unreasonably withheld, 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.

9. 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, regardless of whether such delays or failures in performance were foreseen or foreseeable as of the date of this Agreement, including, without limitation, acts of God, acts of civil or military authority, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, power failure or blackouts. If performance of either Party's obligations is delayed under this Section, 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 will perform its obligations at a performance level no less than that which it uses for its own operations.

10. Nondisclosure of Proprietary Information

- 10.1. It may be necessary for the Parties to exchange with each other 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, call detail records, Customer Proprietary Network Information (“CPNI”) and Carrier Proprietary Information (“CPI”) as those terms are defined by the Communications Act of 1934, as amended, and the rules and regulations of the FCC and similar information (collectively, “Confidential Information”). Confidential Information includes (i) all information delivered in written form and marked “confidential” or “proprietary” or bearing mark of similar import; (ii) oral information, if identified as confidential or proprietary at the time of disclosure and confirmed by written notification within ten (10) days of disclosure; (iii) information derived by the Recipient (as hereinafter defined) from a Disclosing Party’s (as hereinafter defined) usage of the Recipient’s network; and (iv) or information that the circumstances surrounding disclosure or the nature of the information suggests that such information is proprietary or should be treated as confidential or proprietary. The Confidential Information will remain the property of the Disclosing Party and is proprietary to the Disclosing Party. Recipient will protect Confidential Information as the Recipient would protect its own proprietary information, including but not limited to protecting the Confidential Information from distribution, disclosure, or dissemination to anyone except employees or duly authorized agents of the Parties with a need to know such information and which the affected employees and agents shall be bound by the terms of this Section. Confidential Information will not be disclosed or used for any purpose other than to provide service as specified in this Agreement, or upon such other terms as may be agreed to by the Parties in writing. For purposes of this Section, the Disclosing Party means the owner of the Confidential Information, and the Recipient means the Party to whom Confidential Information is disclosed.
- 10.2. Recipient has 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, provided that Disclosing Party has been notified of the requirement promptly after Recipient becomes aware of the requirement, and provided that Recipient undertakes all reasonable lawful measures to avoid disclosing such information until Disclosing Party has had reasonable time to obtain a protective order. Recipient will cooperate with the Disclosing Party to

obtain a protective order and to limit the scope of such disclosure. Recipient will comply with any protective order that covers the Confidential Information to be disclosed.

- 10.3. 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 is entitled to seek equitable relief, including injunctive relief and specific performance, in the event of any breach of this paragraph. These remedies are not exclusive, but are in addition to all other remedies available at law or in equity.

## 11. Notices

- 11.1. Notice given by one Party to the other under this Agreement must be in writing and delivered by hand, overnight courier or pre-paid first class mail certified U.S. mail, return receipt requested, and is effective when received and properly addressed to:

For CLEC: Matthew J. Phillips, Chief Executive Officer  
ALEC, Inc.  
11492 Bluegrass Parkway  
Suite 107  
Louisville, KY 40299  
Tel: 502-805-4105 | Fax: 502-805-4142

With a copy to:  
Michael Sloan, Esq.  
Davis Wright Tremaine LLP  
1919 Pennsylvania Avenue NW, Suite 200  
Washington, DC 20006  
Tel: (202) 973-4227 | Fax: (202) 973-4499

For ILEC: Fred L. Terry, General Manager  
Highland Telephone Cooperative  
P.O. Box 119  
Sunbright, TN 37872  
Tel: (423) 628-2121 | Fax: (423) 628-2409

With a copy to:  
David C. Crawford  
Highland Telephone Cooperative  
P.O. Box 119  
Sunbright, TN 37872  
Tel: (423) 628-2750 x 280 | Fax: (423) 628-5498

- 11.2. The address to which notices or communications may be given to either Party may be changed by written notice given by such Party to the other Party pursuant to this Section.
- 12. Dispute Resolution
  - 12.1. If any matter is subject to a dispute between the Parties, the disputing Party will give written notice to the other Party of the dispute. Each Party to this Agreement will appoint a good faith representative to resolve any dispute arising under this Agreement.
  - 12.2. If the Parties are unable to resolve the issues related to the dispute in the normal course of business within thirty days after delivery of notice of the dispute to the other party, the dispute shall be escalated to a designated representative who has authority to settle the dispute and who is at a higher level of management than the persons with direct responsibility for administration of this Agreement. If negotiations do not resolve the dispute, then either party may proceed with any remedy available to it pursuant to law, equity, or agency mechanisms. Notwithstanding the above provisions, if the dispute arises from a service affecting issue, either Party may immediately seek any available remedy.
- 13. Miscellaneous
  - 13.1. Amendments. No amendment of this Agreement is valid unless it is in writing and signed by both Parties.
  - 13.2. Independent Contractors. The Parties to this Agreement are independent contractors. Neither Party is an agent, representative, or partner of the other Party.
  - 13.3. Taxes. Each Party is responsible for any and all taxes and surcharges arising from its conduct under this Agreement and shall, consistent with Section 8 indemnify and hold harmless the other Party for its failure to pay and/or report any applicable taxes and surcharges. Neither Party is required to pay the other Party any tax or surcharge for which it provides an exemption certificate or other proof of exemption.
  - 13.4. Survival. The Parties' obligations under the applicable provisions in Sections 4 (Billing and Payments), 6 (Limitations of Liability), 8 (Indemnification), 10 (Nondisclosure of Proprietary Information) of this Agreement survive the termination of this Agreement.
  - 13.5. Publicity. Neither Party nor its subcontractors or agents will use the other Party's trademarks, service marks, logos, company name or other

proprietary trade dress in any advertising, press releases, publicity matters or other promotional materials without that Party's prior written consent.

- 13.6. Default. If either Party believes the other is in breach of this Agreement or otherwise in violation of law, it will first give thirty (30) days notice of such breach or violation and an opportunity for the allegedly defaulting Party to cure. Thereafter, the Parties will employ the dispute resolution procedures set forth in this Agreement.
- 13.7. Waiver. Any failure on the part of a Party hereto to comply with any of its obligations, agreements or conditions hereunder may be waived by written documentation by the other Party to whom such compliance is owed. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, nor shall any waiver constitute a continuing waiver.
- 13.8. Change of Law. If a federal or state regulatory agency or a court of competent jurisdiction issues a rule, regulation, law or order which has the effect of canceling, changing, or superseding any material term or provision of this Agreement then the Parties will negotiate in good faith to modify this Agreement in a manner consistent with the form, intent and purpose of this Agreement and as necessary to comply with such change of law. Should the Parties be unable to reach agreement with respect to the applicability of such order or the resulting appropriate modifications to this Agreement, either Party may invoke the Dispute Resolution provisions of this Agreement, it being the intent of the Parties that this Agreement shall be brought into conformity with the then current obligations under the Act as determined by the change in law.
- 13.9. No Third-Party Beneficiaries. This Agreement does not provide any third party with any benefit, remedy, claim, right of action or other right.
- 13.10. Governing Law. To the extent not governed by, and construed in accordance with, the laws and regulations of the United States, this Agreement is governed by, and construed in accordance with, the laws and regulations of the FCC and the state of Tennessee, without regard to its conflicts of laws principles.
- 13.11. Severability. If any part of this Agreement is held to be unenforceable or invalid in any respect under law or regulation, such unenforceability or invalidity will affect only the portion of the Agreement which is unenforceable or invalid. In all other respects this Agreement will stand as if the invalid provision had not been a part thereof, and the remainder of the Agreement remains in full force and effect, unless removal of that provision results in a material change to this Agreement. In such a case, the Parties shall negotiate in good faith to replace the unenforceable language with language that reflects the intent of the Parties as closely as

possible. If replacement language cannot be agreed upon, either Party may request dispute resolution pursuant to Section 12.

- 13.12. Assignment. This Agreement will be binding upon, and inure to the benefit of, the Parties hereto and their respective successors and permitted assigns. Any assignment or transfer (whether by operation of law or otherwise) 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 will be void ab initio, provided however that consent will not be unreasonably withheld, conditioned or delayed. Consent is not required if assignment is to a corporate affiliate or an entity under common control or an entity acquiring all or substantially all of its assets or equity, whether by sale, merger, consolidation or otherwise or in connection with a financing transaction.

#### 14. Interconnection

- 14.1. The Parties shall make available to each other Interconnection Facilities for the reciprocal exchange of Local Traffic. CLEC may purchase separate interconnection facilities for the exchange of non-local traffic pursuant to applicable state and / or federal tariff. The following terms apply:

##### 14.2. Interconnection Using Two-way Facilities

- 14.2.1 Unless otherwise agreed to by the Parties, the Parties agree to use a two-way Interconnection Facility subject to the following terms.

- 14.2.2. CLEC will establish at least one POI on the network of the ILEC at a meet point location within the ILEC Service Area. Each party will be responsible for provisioning, engineering and maintaining its network on its side of the POI and be financially responsible for that portion of the facility on its side of the POI. Parties shall institute a “bill and keep” compensation plan under which neither Party will charge the other Party recurring or nonrecurring charges for trunks (one-way or two-way) and associated dedicated facilities for the exchange of Local Traffic (non-transit) or ISP-bound Traffic. Each Party has the obligation to install the appropriate trunks and associated facilities on its respective side of the Interconnection Point and is responsible for bearing its own costs on its side of the Point of Interface.

- 14.2.3 Each Party will deliver its Traffic to the POI.



- 14.2.4. POI(s) provided for under this Agreement are defined in Attachment A.
- 14.2.5. CLEC may provide the two-way Interconnection Facility via lease of meet-point circuits between ILEC and a third party, lease of ILEC facilities, lease of third-party facilities, or use of its own facilities.
- 14.2.6. Notwithstanding any other provision of this Agreement or ILEC's tariff, if CLEC elects to order Interconnection Facilities from ILEC's access tariff or purchases the Interconnection Facility from ILEC under this Agreement the terms in this Section 14.2 will apply.
- 14.2.7. Compensation for Interconnection Facilities is separate and distinct from any transport and termination per minute of use charges or an otherwise agreed upon Bill and Keep arrangement.
- 14.2.8. Regardless of how Interconnection Facilities are provisioned (e.g., owned, leased or obtained pursuant to tariff, etc.) each Party is individually responsible to provide facilities to the POI that are necessary for routing, transporting, measuring, and billing Traffic from the other Party's network and for delivering Traffic to the other Party's network in a mutually acceptable format and in a manner that neither destroys nor degrades the normal quality of service.
- 14.2.9. Nothing provided for herein will be deemed to prevent CLEC from purchasing facilities and services from ILEC tariffs for the delivery on non-Local Traffic pursuant to state and federal access tariffs as long as such services are separate and distinct from trunk group(s) used to deliver Local Traffic pursuant to this Agreement.

#### 14.3. Technical Requirements for Interconnection

The Parties agree to utilize SS7 Common Channel Signaling ("CCS") between their respective networks. Both Parties will provide CCS connectivity in accordance with accepted industry practice and standard technical specifications. For all Traffic exchanged, the Parties will cooperate with one another on the exchange of all appropriate unaltered CCS messages for call set-up, including without limitation ISDN User Part ("ISUP") and Transaction Capability User Part ("TCAP") messages to facilitate

interoperability of CCS-based features and functions between their respective networks, including CLASS features and functions. All CCS signaling parameters, including, but not limited to the originating end user telephone number, will be provided by each Party in conjunction with all Traffic it exchanges to the extent required by industry standards. Each Party will transmit calling party number (CPN) as required by FCC rules (47 C.F.R. 64.1601).

15. Inter-carrier Compensation

15.1. Compensation for Local Traffic

15.1.1 Pursuant to section 15.1.2 of this Agreement, the reciprocal compensation for the exchange of Telecommunications Traffic will be on a Bill and Keep basis.

15.1.2 Parties will transport and terminate each other's Local Traffic on a Bill and Keep basis, as long as such Local Traffic is in balance. In the event such Local Traffic, excluding ISP traffic, results in traffic being out of balance by 10% or more, the ILEC may request renegotiation of reciprocal compensation and Parties agree to negotiate a revision to Attachment A in good faith.

15.2. Compensation All Other Traffic

This Agreement only covers the exchange Local Traffic. CLEC may purchase separate trunking and facilities for the delivery of other types of traffic pursuant to applicable Company tariff. In the event that the interconnection facilities provided under this Agreement are used to deliver traffic other than Local Traffic, all traffic and the facility will be billed pursuant to the state access tariff.

15.3. Requirement for Traffic Exchanged Under This Agreement

15.3.1. 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. The Party owning the switch will provide to the other Party, upon request, information to demonstrate that Party's portion of no-CPN 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 failure and to assist in its correction.

15.3.2. 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.

## 16. Dialing Parity

The Parties shall provide Dialing Parity to each other as required under Section 251(b)(3) of the Act and pursuant to this Agreement.

## 17. Office Code Translations this should be 17

17.1. 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.

17.2 When more than one carrier is involved in completing the call, the N-1 carrier has the responsibility to determine if a query is required, to launch the query, and to route the call to the appropriate switch or network in which the telephone number resides.

17.3 Parties agree that at this time ILEC does not have nor does it support third party providers subtending its access tandem. CLEC agrees that none of its NPA/NXXs will appear in the LERG as subtended to ILEC tandem without prior written approval from ILEC including an amendment to this Agreement as may be required.

18. Local Number Portability

- 18.1. Until ILEC has implemented permanent local number portability (“LNP”) each Party shall provide the other Party with service provider number portability as an interim number portability (“INP”) option for the purpose of allowing end user customers to change service-providing parties within the same wire center boundaries without changing their telephone number. The Parties shall provide service provider number portability to each other using remote call forwarding (“RCF”) or direct inward dialing capability (“DID”) on a bill and keep basis. Either Party may request another form of INP on an individual case basis and subject to terms and conditions negotiated between the Parties.
- 18.2. Upon implementation of LNP, the Parties shall transition all INP customers and their services to LNP within a mutually agreeable time frame and discontinue further use of INP.
- 18.3. CLEC agrees that upon termination of services to a CLEC subscriber served via INP, CLEC will promptly notify ILEC so that ILEC may terminate the INP arrangement used to serve that CLEC end user.

19. Coordination of Transfer of Service

- 19.1. When an End User transfers service from one Party to the other Party, the Parties will coordinate the timing for disconnection from one Party and connection with the other Party so that transferring End Users are not without service for any extended period of time. Other coordinated activities associated with transfer of service will be coordinated between the Parties to ensure quality services to the public.
- 19.2. The Parties will establish mutually acceptable, reasonable, and efficient transfer of service procedures that utilize a standardized LSR format for the exchange of necessary information for coordination of service transfers between the Parties.
- 19.3. Each Party is responsible for following FCC rules for obtaining authorization from each End User initiating transfer of service from one Party to the other Party.
- 19.4. Each Party will accept transfer of service requests from the other Party for one End User that includes multiple requests for transfers where the End User will retain one or more telephone numbers.

## 20.1 Directory Listings and Distribution Services

- 20.1. CLEC may provide to ILEC or ILEC's directory publisher, as specified by ILEC, the subscriber list information (including additions, changes and deletions) for its End Users, located within ILEC's operating areas. It is the responsibility of CLEC to submit directory listings in the prescribed manner to ILEC or ILEC's directory publisher prior to the directory listing publication cut-off date, which will be provided by ILEC or ILEC's directory publisher to CLEC.
- 20.2. ILEC (or ILEC's publisher) will include CLEC's End Users primary listings (residence and business) in its White Pages Directory, its electronic or online directory, if any, and if applicable in its Yellow Pages Directory under the appropriate heading classification as determined by directory publisher. Listings of CLEC's End Users will be interfiled with listings of ILEC's customers and the customers of other LECs, in the local section of ILEC's directories.
- 20.3. At the current time ILEC does not maintain the listing database. If at such time as ILEC maintains the listing database on behalf of CLEC, CLEC may identify End Users that have elected not to have their number published. To the extent CLEC does not wish to have its End User's listing Listed, Non-Listed, or Non-Published, CLEC may remove such listing from the ILEC's database via the industry standard process. Tariff charges apply for End Users identified by CLEC to ILEC as "non-published" or "unlisted".
- 20.4. ILEC will provide CLEC's End Users a primary listing in the telephone directories at no charge. CLEC will pay ILEC's tariffed charges for additional directory listings for the same End User. No other charges will apply.
- 20.5. ILEC will distribute its telephone directories to CLEC's End Users in the same manner it distributes telephone directories to its own End Users. ILEC may but is not required to distribute telephone directories to CLEC End Users for whom the ILEC lacks delivery information due to omission of customer information from ILEC databases.
- 20.6. If ILEC uses a third party to publish and provide directories, ILEC will provide the contact information for the directory provider. ILEC will cooperate with CLEC and the directory provider to ensure that CLEC's End-User's listings are included in the directory consistent with ILEC's End-User's listings and that directories are distributed to CLEC's End Users in the same manner that directories are distributed to ILEC's End Users pursuant to charges contained in Attachment A of this Agreement. Nothing contained here in authorizes CLEC to incur costs on behalf of the ILEC. Any such costs will be directly attributable to CLEC.

- 20.7. ILEC will omit all CLEC listings from its annual upload of its directory listings to its publisher. CLEC will provide all such updates directly to the ILEC-designated publisher.
- 20.8. CLEC will provide ILEC a designated contact for handling any directory issues that may be referred to ILEC at any time.
21. 911 Requirements this should be 21
- 21.1. CLEC or its agent shall provide initial and ongoing updates of CLEC's End Users 911 Records to the appropriate 911 center.
- 21.2. Each Party is solely responsible for the receipt and transmission of 911/E911 traffic originated by it. The Parties acknowledge and affirm that calls to 911/E911 shall not be routed over the interconnection trunk group(s) identified in and required under this Agreement.

22. Multiple Counterparts

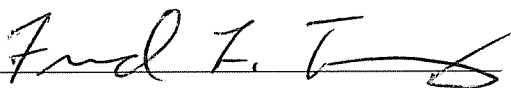
This Agreement may be executed in counterparts and each of which shall be an original and all of which shall constitute one and the same instrument and such counterparts shall together constitute one and the same instrument.

23. Entire Agreement

This Agreement, including all attachments and subordinate documents attached hereto or referenced herein, all of which are incorporated by reference, constitute the entire matter, and supersede all prior oral or written agreements, representations, statements, negotiations, understandings, proposals, and undertakings with respect to the subject matter.

IN WITNESS WHEREOF, the Parties agree that the effective date of this Agreement is the date first written above, and each Party warrants that it has caused this Agreement to be signed and delivered by its duly authorized representative.

By: Highland Telephone Cooperative

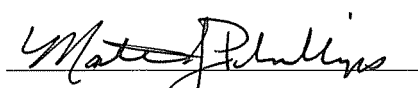
By: 

Fred L. Terry

General Manager

Date: 2/25/2009

By: ALEC, Inc.

By: 

Matthew J. Phillips

Chief Executive Officer

Date: 3/13/09