

**INTERCONNECTION AGREEMENT
BETWEEN
BELLSOUTH TELECOMMUNICATIONS, INC.
AND
GTE SOUTH INCORPORATED**

#84239-KY

3

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Exhibit 1

AGREEMENT

THIS AGREEMENT is made by and between BellSouth Telecommunications, Inc. ("BellSouth"), a Georgia corporation, and GTE South Incorporated ("GTE"), a Virginia corporation, and shall be deemed effective as of July 1, 1997. This agreement may refer to either BellSouth or GTE or both as a "Party" or "Parties".

WITNESSETH

WHEREAS, interconnection between incumbent Local Exchange Carriers ("ILECs") is necessary and desirable for the mutual exchange and termination of state mandated Extended Area Service (EAS), and optional EAS traffic originating on each ILEC's network; and

WHEREAS, the Parties desire to exchange such traffic and related signaling in a technically and economically efficient manner at defined and mutually agreed upon points of interconnection; and

WHEREAS, the Parties wish to enter into an agreement to interconnect their respective telecommunications networks on terms that are fair and equitable to both Parties; and

WHEREAS, the Parties also wish to provide each other certain services as set forth herein; and

NOW, THEREFORE, in consideration of the mutual agreements contained herein, BellSouth and GTE agree as follows:

1. Scope and Intent of Agreement

Pursuant to this Agreement, the Parties will extend certain arrangements to one another within the respective geographical area in which each Party operates within the State for the purposes of interconnection, the exchange of traffic, and the provision of services to each other. This Agreement will be submitted to the appropriate regulatory body for the State (the "Commission"), and the Parties will specifically request that the Commission refrain from taking any action to modify, supplement, suspend or otherwise delay implementation of this Agreement. The Parties agree that execution of this Agreement is without prejudice to any positions either Party may have taken previously, or may take in the future, in any legislative, regulatory, judicial or other public forum addressing any matters, including matters related to the same types of arrangements covered in this Agreement.

2. Term of the Agreement

2.1 Term. Subject to the termination provisions contained in this Agreement, the term of this Agreement shall be two (2) years from the effective date referenced in the first paragraph of this Agreement and shall continue in effect for consecutive one (1) year terms until either Party gives the other Party at least ninety (90) calendar days' written notice of termination, which termination shall be effective at the end of the then-current term. In the event notice is given less than 90 days prior to the end of the current term, this Agreement shall remain in effect for 90 days after such notice is received, provided that in no case shall the term be extended beyond 90 days after the end of the then-current term.

2.2 Post-Termination Arrangements. Except in the case of termination as a result of either Party's default or a termination upon sale, for service arrangements made available under this Agreement and existing at the time of termination, those arrangements may continue without interruption pursuant to one of the following methods, to be determined by the non-terminating Party: (a) a new arrangement voluntarily executed by the Parties; (b) standard terms and conditions approved and made generally effective by the Commission, if any; or (c) tariff terms and conditions made generally available to all competitive local exchange carriers. In addition to the foregoing, in the event a Party provides notice of termination under section 2.1, above, and the Parties enter into renegotiations, any arrangements made available pursuant to this Agreement shall continue to be made available pursuant to the terms and conditions of this Agreement during the pendency of negotiations, but in no event shall such negotiations exceed 180 days.

2.3 Termination Upon Default. Either Party may terminate this Agreement in whole or in part in the event of a default by the other Party; provided, however, that the non-defaulting Party shall notify the defaulting Party in writing of the default and the defaulting Party shall have sixty (60) calendar days of receipt of written notice thereof to cure such default. Default is defined to include:

- (a) To the extent enforceable, a Party's insolvency or the initiation of bankruptcy or receivership proceedings by or against the Party; or
- (b) A Party's refusal or failure in any material respect properly to perform its obligations under this Agreement, or the violation any of the material terms or conditions of this Agreement.

2.4 Termination Upon Sale. Notwithstanding anything to the contrary contained herein, a Party may terminate this Agreement as to a specific operating area or portion thereof of such Party if such Party sells or otherwise transfers the area or portion thereof, excluding a transfer or assignment to an affiliate as set forth in section 11, infra. The Party shall provide the other Party with at least one hundred thirty-five

(135) calendar days' prior written notice of such termination, which shall be effective on the date specified in the notice. Notwithstanding termination of this Agreement as to a specific operating area, this Agreement shall remain in full force and effect in the remaining operating areas.

2.5 Liability Upon Termination. Termination of this Agreement, or any part thereof, for any cause shall not release either Party from any liability which at the time of termination had already accrued to the other Party or which thereafter accrues in any respect to any or omission occurring prior to the termination or from an obligation which is expressly stated in this Agreement to survive termination.

3. Auditing Procedures

3.1 Request for Audit. Upon thirty (30) days written notice, each Party must provide the other the ability and opportunity to conduct an annual audit to ensure the proper billing of traffic between the Parties and compliance with the terms of this Agreement.

3.2 Except where a PLU is being reported, until such time as both Parties implement terminating recordings and use those recordings to bill the other Party, the Parties shall maintain and retain for a minimum of one year, complete, detailed, and accurate records, workpapers and backup documentation to evidence the originating data that has been submitted to and used by the Parties to bill each other for traffic terminated.

3.3 Any adjustments/corrections identified by the audit of data furnished by originating Party shall be limited to the 12 months proceeding the date of the audit, except for the PLU.

3.4 The Parties agree, where a PLU is being reported, to retain records of call detail for a minimum of nine months from which the PLU can be ascertained. The audit shall be accomplished during normal business hours at an office designated by the Party being audited. Audit request shall not be submitted more frequently than one (1) time per calendar year. Audits shall be performed by a mutually acceptable auditor paid for by the Party requesting the audit. The PLU shall be adjusted based upon the audit results and shall apply to the usage for the quarter the audit was completed, the usage for the quarter prior to the completion of the audit, and to the usage for the two quarters following the completion of the audit. If, as a result of an audit, either Party is found to have overstated the PLU by twenty (20) percentage points or more, that Party shall reimburse the auditing Party for the cost of the audit. If there is a dispute as to the finding of any audit under this provision, the dispute resolution process of section 8 shall apply.

4. Ordering and Provision of all Services.

Both Parties agree to make a good faith effort to implement the following procedures by not later than January 1, 1999. The Parties shall order and provision all services purchased from each other in accordance with the MECOD guidelines, to the extent such guidelines are applicable. In addition, when either Party purchases services from other Party, ordering and provisioning shall be in accordance with the ordering guidelines of the other Party as those guidelines are amended from time to time during the term of this Agreement.

5. Taxes

5.1 Definition. For purposes of this Section 3, the terms "taxes" and "fees" shall include but not limited to federal, state or local sales, use, excise, gross receipts or other taxes or tax-like fees of whatever nature and however designated (including tariff surcharges and any fees, charges or other payments, contractual or otherwise, for the use of public streets or rights of way, whether designated as franchise fees or otherwise) imposed, or sought to be imposed, on or with respect to the services furnished hereunder or measured by the charges or payments thereof, excluding any taxes levied on income.

5.2 Taxes and Fees Imposed Directly On Either Seller or Purchaser.

5.2.1 Taxes and fees imposed on the providing Party, which are not permitted or required to be passed on by the providing Party to its customer, shall be borne and paid by the providing Party.

5.2.2 Taxes and fees imposed on the purchasing Party, which are not required to be collected and/or remitted by the providing Party, shall be borne and paid by the purchasing Party.

5.3 Taxes and Fees Imposed on Purchaser But Collected And Remitted By Seller.

5.3.1 Taxes and fees imposed on the purchasing Party shall be borne by the purchasing Party, even if the obligation to collect and/or remit such taxes or fees is placed on the providing Party.

5.3.2 To the extent permitted by applicable law, any such taxes and/or fees shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the purchasing Party remain liable for any such taxes and fees regardless of whether they are actually billed by the providing Party at the time that the respective service is billed.

5.3.3 If the purchasing Party determines that in its opinion any such taxes or fees are not payable, the providing Party shall not bill such taxes or fees to the purchasing Party if the purchasing Party provides written certification, reasonably satisfactory to the providing Party, stating that it is exempt or otherwise not subject to the tax or fee, setting forth the basis therefor, and satisfying any other requirements under applicable law. If any authority seeks to collect any such tax or fee that the purchasing Party has determined and certified not to be payable, or any such tax or fee that was not billed by the providing Party, the purchasing Party may contest the same in good faith, at its own expense. In any such contest, the purchasing Party shall promptly furnish the providing Party with copies of all filings in any proceeding, protest, or legal challenge, all rulings issued in connection therewith, and all correspondence between the purchasing Party and the taxing authority.

5.3.4 In the event that all or any portion of an amount sought to be collected must be paid in order to contest the imposition of any such tax or fee, or to avoid the existence of a lien on the assets of the providing Party during the pendency of such contest, the purchasing Party shall be responsible for such payment and shall be entitled to the benefit of any refund or recovery.

5.3.5 If it is ultimately determined that any additional amount of such a tax or fee is due to the imposing authority, the purchasing Party shall pay such additional amount, including any interest and penalties thereon.

5.3.6 Notwithstanding any provision to the contrary, the purchasing Party shall protect, indemnify and hold harmless (and defend at the purchasing Party's expense) the providing Party from and against any such tax or fee, interest or penalties thereon, or other charges or payable expenses (including reasonable attorney fees) with respect thereto, which are incurred by the providing Party in connection with any claim for or contest of any such tax or fee.

5.3.7 Each Party shall notify the other Party in writing of any assessment, proposed assessment or other claim for any additional amount of such a tax or fee by a taxing authority; such notice to be provided, if possible, at least ten (10) days prior to the date by which a response, protest or other appeal must be filed, but in no event later than thirty (30) days after receipt of such assessment, proposed assessment or claim.

5.4 Taxes and Fees Imposed on Seller But Passed On To Purchaser.

5.4.1 Taxes and fees imposed on the providing Party, which are permitted or required to be passed on by the providing Party to its customer, shall be borne by the purchasing Party.

5.4.2 To the extent permitted by applicable law, any such taxes and/or fees shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the purchasing Party shall remain liable for any such taxes and fees regardless of whether they are actually billed by the providing Party at the time that the respective service is billed.

5.4.3 If the purchasing Party disagrees with the providing Party's determination as to the application or basis for any such tax or fee, the Parties shall consult with respect to the imposition and billing of such tax or fee, the Parties shall consult with respect to the imposition of such tax or fee. Notwithstanding the foregoing, the providing Party shall retain ultimate responsibility for determining whether and to what extent any such taxes or fees are applicable, and the purchasing Party shall abide by such determination and pay such taxes or fees to the providing Party. The providing Party shall further retain ultimate responsibility for determining whether and how to contest the imposition of such taxes and fees; provided, however, that any such contest undertaken at the request of the purchasing Party shall be at the purchasing Party's expense.

5.4.4 In the event that all or any portion of an amount sought to be collected must be paid in order to contest the imposition of any such tax or fee, or to avoid the existence of a lien on the assets of the providing Party during the pendency of such contest, the purchasing Party shall be responsible for such payment and shall be entitled to the benefit of any refund or recovery.

5.4.5 If it is ultimately determined that any additional amount of such a tax or fee is due to the imposing authority, the purchasing Party shall pay such additional amount, including any interest and penalties thereon.

5.4.6 Notwithstanding any provision to the contrary, the purchasing Party shall protect indemnify and hold harmless (and defend at the purchasing Party's expense) the providing Party from and against any such tax or fee, interest or penalties thereon, or other reasonable charges or payable expenses (including reasonable attorney fees) with respect thereto, which are incurred by the providing Party in connection with any claim for or contest of any such tax or fee.

5.4.7 Each Party shall notify the other Party in writing of any assessment, proposed assessment or other claim for any additional amount of such a tax or fee by a taxing authority; such notice to be provided, if possible, at least ten (10) days prior to the date by which a response, protest or other appeal must be filed, but in no event later than thirty (30) days after receipt of such assessment, proposed assessment or claim.

5.5 Mutual Cooperation.

In any contest of a tax or fee by one Party, the other Party shall cooperate fully by providing records, testimony and such additional information or assistance as may reasonably be necessary to pursue the contest. Further, the other Party shall be reimbursed for any reasonable and necessary out-of-pocket copying and travel expenses incurred in assisting in such contest.

6. Liability and Indemnification

6.1 Indemnification. Each Party agrees to release, indemnify, defend, and hold harmless the other Party, its Affiliates, and agents from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorney's fees, whether suffered, made, instituted, or asserted by any other Party or person, for invasion of privacy, personal injury to or death of any person or persons, or for losses, damages, or destruction of property, whether or not owned by others, proximately caused by the indemnifying Party's negligence or willful misconduct, regardless of form of action.

6.2 End User and Content-Related Claims. Each Party agrees to release, indemnify, defend, and hold harmless the Party providing services or facilities pursuant to this Agreement, its Affiliates, and agents (and any other entity to whom either Party is under contractual obligation of indemnification) (collectively, the "Providing Parties") from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorney's fees, suffered, made, instituted, or asserted by either Party's end users against the Providing Parties arising from services or facilities except where caused by the Providing Parties' willful or wanton misconduct; and provided however, that if there is a final nonappealable finding by the trier of fact that the Providing Parties were grossly negligence in any proceeding under this section, the Providing Parties shall pay all damages and shall reimburse the Indemnifying Party for the costs incurred in defending the Providing Parties. Each Party further agrees to release, indemnify, defend, and hold harmless the Providing Parties from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorney's fees, suffered, made, instituted, or asserted by any third party against the Providing Parties arising from or in any way related to actual or alleged defamation, libel, slander, interference with or misappropriation of proprietary or creative right, or any other injury to any person or property arising out of content transmitted by the other Party or the other Party's end users, or any other act or omission of the other Party or the other Party's end users except where caused by the Providing Parties' willful or wanton misconduct; and provided however, that if there is a final nonappealable finding by the trier of fact that the Providing Parties were grossly negligence in any proceeding under this section, the Providing Parties shall pay all damages and shall reimburse the Indemnifying Party for the costs incurred in defending the Providing Parties.

6.3 DISCLAIMER. EXCEPT AS SPECIFICALLY PROVIDED TO THE CONTRARY IN THIS AGREEMENT, PROVIDER MAKES NO REPRESENTATIONS OR WARRANTIES TO CUSTOMER CONCERNING THE SPECIFIC QUALITY OF ANY SERVICES, OR FACILITIES PROVIDED UNDER THIS AGREEMENT, PROVIDER DISCLAIMS, WITHOUT LIMITATION, ANY WARRANTY OR GUARANTEE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR FROM USAGES OF TRADE.

6.4 Limitation of Liability. Each Party's liability, shall be limited to direct damages, which shall not exceed the pro rata portion of the monthly charges for the Services or Facilities for the time period during which the Services or Facilities provided pursuant to this Agreement are inoperative, not to exceed in total monthly charge to the other Party. Under no circumstance shall Provider be responsible or liable for indirect, incidental, or consequential damages, including, but not limited to, economic loss or lost business or profits, damages arising from the use or performance of equipment or software, or the loss of use of software or equipment, or accessories attached thereto, delay, error, or loss of data. In connection with this limitation of liability, the Parties recognize that either Party may, from time to time, provide advice, make recommendations, or supply other analysis related to the arrangements described in this Agreement, and while either Party shall use diligent efforts in this regard, the other Party acknowledges and agrees that this limitation of liability shall apply to provision of such advice, recommendations, and analysis.

6.5 Intellectual Property. Neither Party shall have any obligation to defend, indemnify or hold harmless, or acquire any license or right for the benefit of, or owe any other obligation or have any liability to, the other based on or arising from any claim, demand, or proceeding by any third party alleging or asserting that the use of any circuit, apparatus, or system, or the use of any software, or the performance of any service or method, or the provision or use of any facilities by either Party under this Agreement constitutes direct or contributory infringement, or misuse or misappropriation of any patent, copyright, trademark, trade secret, or any other proprietary or intellectual property right of any third party.

7. Treatment of Proprietary and Confidential Information

7.1 Both Parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data, call detail records and like information (hereinafter collectively referred to as "Information"). Both Parties agree that all Information shall be in writing or other tangible form and clearly marked with a confidential, private or proprietary legend and that the Information

will be returned to the owner within a reasonable time. Both Parties agree that the Information shall not be copied or reproduced in any form. Both Parties agree to receive such Information and not disclose such Information without prior approval of the producing Party. Both Parties agree to protect the Information received from distribution, disclosure or dissemination to anyone except employees of the Parties with a need to know such Information and which employees agree to be bound by the terms of this Section. Both Parties will use the same standard of care to protect Information received as they would use to protect their own confidential and proprietary Information.

7.2 Notwithstanding the foregoing, both Parties agree that there will be no obligation to protect any portion of the Information that either: (1) was legally in the recipient's possession prior to receipt from the source; (2) was received in good faith from a third party not subject to a confidential obligation to the source; (3) now is or later becomes publicly known through no breach of confidential obligation by the recipient; (4) was developed by the recipient without the developing persons having access to any of the Confidential Information received in confidence from the source, or; (5) is required to be disclosed pursuant to subpoena or other process issued by a court or administrative agency having appropriate jurisdiction, provided, however, that the recipient shall give prior notice to the source and shall reasonably cooperate if the source deems it necessary to seek protective arrangements.

7.3 The obligation of confidentiality and use with respect to Confidential Information disclosed by one Party to the other shall survive any termination of this Agreement for a period of three (3) years from the date of the initial disclosure of the Confidential Information.

8. Resolution of Disputes

8.1 Alternative to Litigation. Except as provided under Section 252 of the Act with respect to the approval of this Agreement by the Commission, the Parties desire to resolve disputes arising out of this Agreement without litigation. Accordingly, except for action seeking a temporary restraining order or an injunction related to the purposes of this Agreement, or suit to compel compliance with this dispute resolution process, the Parties agree to use the following alternative dispute resolution procedure as their sole remedy with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

8.2 Negotiations. At the written request of a Party, each Party will appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising under this Agreement. The Parties intend that these negotiations be conducted by non-lawyer, business representatives; provided, however, that the Parties may consult with counsel at any point during the negotiations. The location, format, frequency, duration, and conclusion of these discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the

negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for purposes of settlement, exempt from discovery and production, which shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of all Parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in evidence in the arbitration or lawsuit.

8.3 Arbitration. If the negotiations do not resolve the dispute within sixty (60) days of the initial written request, either Party may initiate an arbitration in accordance with the CPR Institute for Dispute Resolution ("CPR") Rules for Non-Administered Arbitration and business disputes ("CPR Rules"). A Party may demand such arbitration in accordance with the procedures set out in the CPR Rules. Discovery shall be controlled by the arbitrators and shall be permitted to the extent set out in this section. Each Party may submit in writing to a Party, and that Party shall so respond to, a maximum of any combination of thirty-five (35) (none of which may have subparts) of the following: interrogatories, demands to produce documents, or requests for admission. Each Party is also entitled to take the oral deposition of one individual of another Party. Additional discovery may be permitted upon mutual agreement of the Parties. The arbitration hearing shall be held in Atlanta, Georgia, or any other city mutually agreed upon by the Parties. The arbitrator shall control the scheduling so as to process the matter expeditiously. The Parties may submit written briefs. The arbitrators shall rule on the dispute by issuing a written opinion within thirty (30) days after the close of hearings. The times specified in this section may be extended upon mutual agreement of the Parties or by the arbitrators upon a showing of good cause. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

8.4 Costs. Each Party shall bear its own costs of these procedures. A Party seeking discovery shall reimburse the responding Party the costs of production of documents (including search time and reproduction costs). The Parties shall equally split the fees of the arbitration and the arbitrators.

9. Waivers

Any failure by either Party to insist upon the strict performance by the other Party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each Party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

10. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State in which this contract is filed and approved, without regard to its conflict of laws principles.

11. Assignment

Any assignment by either Party to any non-affiliated entity of any right, obligation or duty, or of any other interest hereunder, in whole or in part, without the prior written consent of the other Party shall be void. A Party may assign this Agreement or any right, obligation, duty or other interest hereunder to an Affiliate company of the Party without the consent of the other Party. All obligations and duties of any Party under this Agreement shall be binding on all successors in interest and assigns of such Party. No assignment of delegation hereof shall relieve the assignor of its obligations under this Agreement in the event that the assignee fails to perform such obligations.

12. Amendments

Any amendment, modification, or supplement to this Agreement must be in writing and signed by an authorized representative of each Party. The term "this Agreement" shall include future amendments, modifications, and supplements.

13. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned Parties.

14. Notices

14.1 Every notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to:

BellSouth Telecommunications, Inc.
Director -- Industry Relations
600 North 19th Street
Birmingham, Alabama 35203

GTE South Incorporated
External Affairs Director
3725 Nicholasville Rd.
Bldg 2, 2nd Floor
Mail Code KY10H072
Lexington, KY 40507

Copy to:

General Attorney - Customer Operations Unit
Suite 4300
675 W. Peachtree Street
Atlanta, GA 30375

Copy to:

Thomas Parker
AVP - Associate General Counsel
600 Hidden Ridge
Irving, TX 75038

or at such other address as the intended recipient previously shall have designated by written notice to the other Party.

14.2 Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

15. Independent Contractor Relationship

The persons provided by each Party shall be solely that Party's employees and shall be under the sole and exclusive direction and control of that Party. They shall not be considered employees of the other Party for any purpose. Each Party shall remain an independent contractor with respect to the other and shall be responsible for compliance with all laws, rules and regulations involving, but not limited to , employment of labor, hours of labor, health and safety, working conditions and payment of wages. Each Party shall also be responsible for payment of taxes, including federal, state and municipal taxes, chargeable or assessed with respect to its employees, such as Social Security, unemployment, workers' compensation, disability insurance, and federal and state withholding. Each Party shall indemnify the other for any loss, damage, liability, claim, demand, or penalty that may be sustained by reason of its failure to comply with this provision.

16. Headings of No Force or Effect

The headings of Articles and Sections of this Agreement are for convenience of reference only, and shall in no way define, modify or restrict the meaning or interpretation of the terms or provisions of this Agreement.

17. Entire Agreement

This Agreement and its Attachments, incorporated herein by this reference, sets forth the entire understanding and supersedes prior agreements between the Parties relating to the subject matter contained herein and merges all prior discussions between them, and neither Party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this

Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the Party to be bound thereby.

18. Compliance with Laws and Regulations

Each Party shall comply with all federal, state, and local statutes, regulations, rules, ordinances, judicial decisions, and administrative rulings applicable to its performance under this Agreement.

19. Consent

Where consent, approval, or mutual agreement is required of a Party, it shall not be unreasonably withheld or delayed.

20. Force Majeure

In the event performance of this Agreement, or any obligation hereunder, is either directly or indirectly prevented, restricted, or interfered with by reason of fire, flood, earthquake or like acts of God, wars, revolution, civil commotion, explosion, acts of public enemy, embargo, acts of the government in its sovereign capacity, labor difficulties, including without limitation, strikes, slowdowns, picketing, or boycotts, unavailability of equipment from vendor, changes requested by Customer, or any other circumstances beyond the reasonable control and without the fault or negligence of the Party affected, the Party affected, upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction, or interference (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis until the delay, restriction or interference has ceased); provided however, that the Party so affected shall use diligent efforts to avoid or remove such causes of non-performance and both Parties shall proceed whenever such causes are removed or cease.

21. Multiple Counterparts.

This Agreement may be executed multiple counterparts, each of which shall be deemed an original, but all of which shall together constitute but one and the same document.

22. Cooperation on Fraud Minimization.

22.1 Except in the case of fraud resulting from the willful or wanton misconduct of the other Party, neither Party will be responsible for fraud that either Party experiences.

22.2 The Parties shall cooperate with one another to investigate, minimize and take corrective action in cases of fraud. The Parties' fraud minimization procedures are to be cost effective and implemented so as not to unreasonably burden or harm one Party as compared to the other.

23. Protection

23.1 Impairment of Service. The characteristics and methods of operation of any circuits, facilities or equipment of either Party connected with the services, facilities or equipment of the other Party pursuant to this Agreement shall not interfere with or impair service over any facilities of the other Party, its affiliated companies, or its connecting and concurring carriers involved in its services, cause damage to their plant, violate any applicable law or regulation regarding the invasion of privacy of any communications carried over the Party's facilities or create hazards to the employees of either Party or to the public (each hereinafter referred to as an "Impairment of Service").

23.2 Resolution. If either Party causes an Impairment of Service, the Party whose network or service is being impaired (the "Impaired Party") shall promptly notify the Party causing the Impairment of Service (the "Impairing Party") of the nature and location of the problem and that, unless promptly rectified, a temporary discontinuance of the use of any circuit, facility or equipment may be required. The Impairing Party and the Impaired Party are to work together to attempt to promptly resolve the Impairment of Service. If the Impairing Party is unable to promptly remedy the Impairment of Service, then the Impaired Party may at its option temporarily discontinue the use of the affected circuit, facility or equipment.

24. Publicity

Any news release, public announcements, advertising, or any form of publicity pertaining to this Agreement, provision of services or facilities pursuant to it, or association of the Parties with respect to provision of the services described in this Agreement shall be subject to prior notice to the other Party.

25. Rule of Construction

No rule of construction requiring interpretation against the drafting Party hereof shall apply in the interpretation of this Agreement.

26. Severability

If any provision of this Agreement is held by a court or regulatory agency of competent jurisdiction to be unenforceable, the rest of the Agreement shall remain in full force and effect and shall not be affected unless removal of that provision results, in the opinion of either Party, in a material change to this Agreement. If a material change

as described in this paragraph occurs as a result of action by a court or regulatory agency, the Parties shall negotiate in good faith for replacement language. If replacement language cannot be agreed upon within a reasonable period, either Party may terminate this Agreement without penalty or liability for such termination upon written notice to the other Party.

27. Subcontractors

Provider may enter into subcontracts with third Parties or affiliates for the performance of any of Provider's duties or obligations under this Agreement.

28. Subsequent Law

The terms and conditions of this Agreement shall be subject to any and all applicable laws, rules, regulations or guidelines that subsequently may be prescribed by any federal, state or local governmental authority. To the extent required by any such subsequently prescribed law, rule, regulation or guideline, the Parties agree to modify, in writing, the affected term(s) and condition(s) of this Agreement to bring them into compliance with such law, rule, regulation or guideline.

29. Trademarks and Trade Names

Except as specifically set out in this Agreement, nothing in this Agreement shall grant, suggest, or imply any authority for one Party to use the name, trademarks, service marks, or trade names of the other for any purpose whatsoever.

IN WITNESS WHEREOF, each Party has executed this Agreement to be effective on the date first written above.

BellSouth Telecommunications, Inc.



Signature

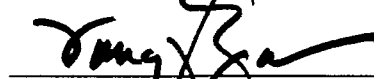
Vice President - Mktg. Interconnection Svcs.

Title

6/30/97

Date

GTE South Incorporated



Signature

President Wholesale Markets

Title

6/21/97

Date

APPROVED AS TO FORM BY
LEGAL DEPARTMENT



Definitions

1. **Commission.** The appropriate regulatory agency in the state in which this Agreement is to be performed.
2. **Competitive Local Exchange Carrier (CLEC).** A provider of telephone exchange service or exchange access that competes with other Local Exchange Carriers in their established territory.
3. **IntraLATA.** Telecommunication services or functions that originate and terminate within the same LATA.
4. **Local Exchange Carrier (LEC).** Any common carrier authorized to provide exchange and exchange access services that has been assigned a Carrier Identification Code (CIC) of 110.
5. **Local Intermediary function.** The delivery of local traffic from a local exchange carrier, or any telecommunications company, other than the Parties through the network of BellSouth or GTE to an end user of BellSouth or GTE.
6. **Local Interconnection.** The delivery of local traffic to be terminated on each Party's local network so that end users of either Party have the ability to reach end users of the other Party without the use of any access code or substantial delay in the processing of the call.
7. **Multiple Exchange Carrier Access Billing ("MECAB").** The document containing the recommended guidelines for the billing of Exchange Service access provided by two or more LECs and/or CLECs or by one LEC in two or more states within a single LATA, prepared by the Billing Committee of the Ordering and Billing Forum ("OBF") and by Bellcore as Special Report SR-BDS-000983. The OBF functions under the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions ("ATIS").
8. **Multiple Exchange Carrier Ordering and Design ("MECOD").** The document that establishes methods for processing orders for access service which is to be provided by two or more LECs or CLECs, developed by the Ordering Provisioning Committee under the auspices of the Ordering and Billing Forum ("OBF") and published by Bellcore as Special Report SR STS-002643. The OBF functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS).
9. **Point of Interconnection (POI).** A physical location where each Party establishes facilities for the purpose of interconnecting its network with the other Party's network.

10. Telecommunications Act of 1996 ("Act"). Public Law 104-104 of the United States Congress effective February 8, 1996. The Act amended the Communications Act of 1934 (47, U.S.C. Section 1 et. seq.).

ATTACHMENT 1

1. Local Interconnection

1.1 Scope. This Attachment governs the exchange of local traffic between the Parties, including but not limited to the transport and termination of Mandatory and Optional EAS, Foreign Exchange Service and Point-to-Point Dedicated Service.

1.2 Compensation Basis.

1.2.1 The delivery of local traffic and compensation between the Parties shall be reciprocal according to the provisions of this Agreement. The terminating Party shall bill the originating Party for local traffic terminated to a customer of the terminating Party. Where the traffic exchanged between the Parties is the result of a flat rate or non-measured Expanded Area Service ("EAS") service of either Party that existed as of January 1, 1997, irrespective of whether the service is one-way or two-way EAS service, the originating Party shall pay the terminating Party the terminating Party's rates as set forth in Exhibit 1, incorporated herein by reference. Where the traffic exchanged between the Parties is included within usage-based local calling plans of either Party that existed as of January 1, 1997, irrespective of whether the plan is a one-way or two-way service plan, the originating Party shall continue to pay the terminating Party the terminating Party's traffic sensitive switched access charges as set forth in the terminating Party's intrastate switched access tariff as that tariff is amended from time to time during the term of this Agreement, plus other charges existing between the Parties as of January 1, 1997. Where the traffic exchanged between the Parties has not been previously defined as stated above, such traffic will be defined as local only where the traffic is mandated as local by the appropriate regulatory body through an initiative initiated by a Party other than the Parties to this Agreement. All other traffic shall be treated as toll traffic.

1.2.2 Notwithstanding section 2.1 of Part A of this Agreement, the compensation plan set forth in this section shall expire two years from the effective date of this Agreement, and shall not be renewed unless the Parties otherwise agree in writing.

1.2.3 The rates for transport and termination of Local Traffic as set forth initially in the Pricing Schedule, Exhibit 1, will remain in effect only until such time as both Parties have final, non-appealable, Commission-approved local transport and termination rates, and such final rates shall replace the initial rates. The final rates will be subject to change resulting from future Commission or arbitration proceedings between the parties, a proceeding to establish a competitively neutral universal service system where the Commission decision

provides for a change in the transport and termination rates, any appeal or applicable litigations, including but not limited to any generic proceeding to determine either Party's unrecovered costs (e.g., historic costs, contribution, undepreciated reserve deficiency, or similar costs (including end user surcharges) and where as a result of a determination of unrecovered costs, a change in the transport and termination rates would be required. Further, if the stay of 47 C.F.R. § 51.711 is lifted and the rates agreed upon between the Parties are not in compliance with said section, the Parties will renegotiate the rates in order to comply with 47 C.F.R. § 51.711. At the time the final rates become effective, both Parties shall pay the other Party true-up compensation, such that each Party shall receive the level of compensation it would have received had the final rates been in effect since the inception of the Agreement. The Parties shall keep their own records regarding true-up and shall mutually determine how such true-up shall be calculated. If the Parties are in disagreement regarding the amount of such true-up, the Parties shall resolve the issue pursuant to Section 8 of Part A of this Agreement.

1.2.4 The charges for local traffic are to be billed monthly and payable monthly after appropriate adjustments pursuant to this Agreement are made. If any undisputed portion of the payment is received after the payment due date as set forth preceding, or if any undisputed portion of the payment received is in funds that are not immediately available, then a late payment charge shall be due. The late payment charge shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be the lesser of one and one-half (1 ½ %) percent per month or the highest interest rate (in decimal value) that may be levied by law for commercial transactions, compounded daily for the number of days from the payment due date to and including the date that payment is actually made.

1.2.5 Each Party will provide the other with information that will allow it to distinguish Local from IntraLATA Toll traffic. At a minimum, each Party shall utilize NXXs in such a way that the other Party shall be able to distinguish Local from IntraLATA Toll traffic.

1.2.6 Traffic originated to and terminated by information service providers, including but not limited to internet providers, and paging service providers, shall not be included in the reciprocal compensation arrangements of this Agreement. Information Service shall be as defined in the Act.

1.3 Method of Interconnection. The Parties agree that there are two appropriate methods of interconnecting facilities: (1) interconnection via purchase of facilities from either Party by the other Party and (2) interconnection at a mutually agreeable Point of Interconnection ("POI"). Each Party shall provide and maintain its own facilities up to the POI.

1.3.1 The financial arrangement regarding the POI shall be negotiated between the Parties and shall be based upon the configuration of the facility and the ownership of the facilities utilized. In the event GTE desires to purchase facilities, it shall do so at the rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7) services tariff. In the event BellSouth desires to purchase facilities, it shall do so at the rates, terms and conditions set forth in GTE's intrastate Switched Access or Special Access services tariff. The Parties will prepare and maintain a separate document setting forth the points of interconnection. With respect to facilities for which a price is not contained within a Party's Switched Access or Special Access services tariff, the Parties shall negotiate financial arrangements that reflect the rates and charges assessed upon competitive local exchange companies in each Party's respective territory.

1.4 Usage Determination. The Parties agree to use reasonable best efforts to develop a plan for terminating usage capabilities and billing from that terminating usage for local interconnection no later than June 1, 1999. Before either Party implements billing based on terminating recordings, it will notify the other Party 60 days prior to commencing such billing. Upon implementation of billing from terminating recordings, if the Party originating the call combines different jurisdictional traffic types (local, intrastate toll, interstate toll etc.) over the same facilities, the originating Party shall first provide to the terminating Party a projected Percentage Interstate Usage ("PIU") and a projected Percentage Local Usage ("PLU"), as defined below. Jurisdictional report requirements as specified in E2.3.14 of BellSouth's Intrastate Access Services Tariff will apply to the reporting Party. After interstate and intrastate traffic have been determined by use of PIU procedures, a PLU factor will be used for application and billing of local interconnection charges.

1.4.1 The PLU factor shall consist of a numerator and denominator. The numerator shall include all "non-intermediary" local minutes of use (per jurisdiction) adjusted for those minutes of use that are local only due to Service Provider Number Portability. The denominator is the total minutes of use (per jurisdiction) including local, toll, and access, less terminating Party pays minutes of use.

1.4.2 Until such time billing using actual terminating recordings can be implemented, the Parties agree to use existing methods of billing and remittance, or other mutually agreeable processes. Where existing billing and remittance methods do not currently exist, a minute of use surrogate will be used. The surrogate utilized shall be developed from a mutually agreed upon actual traffic study methodology. The traffic study shall be revised at most semiannually or less frequently if agreed upon by both Parties. Notwithstanding the foregoing, and only on routes where the traffic exchanged between the

Parties is minimal, the Parties agree that they may, upon mutual agreement, elect to utilize a surrogate minute of use of 9000 minutes of use per equivalent voice grade facility where only local traffic is transported, or 8000 minutes of local traffic use per facility where both local and toll traffic is transported on the same facility.

1.5 Trunking Connectivity. Trunking Connectivity for local traffic shall be established in the most appropriate and efficient manner. This connectivity may be to either the local or access tandem for routing to the appropriate end office(s) and/or directly to an end office. Such interconnecting facilities shall conform, at a minimum, to the telecommunications industry standard of DS-1 pursuant to Bellcore Standard No. TR-NWT-00499. Common Channel Signaling will be used to the extent such technology is available.

1.6 Trunk Groups. The Parties agree to establish trunk groups based on traffic volumes, switching capabilities and capacities and one-way versus two-way trunking preferences. Trunk groups to new switches where traffic volumes can only be forecasted shall be established such that each Party provides a reciprocal one-way trunk group or the Parties may jointly establish a two-way trunk group. The Parties agree to use best efforts to implement the most efficient trunking arrangement to exchange all traffic unless otherwise agreed. For purposes of this Section, "most efficient" means the fewest number of trunks required to carry a forecasted load at p.01 grade of service.

The Parties agree to meet periodically for the duration of this Agreement commencing with the Effective Date to analyze the trunk recording capabilities and define the administration procedure necessary to utilize two-way trunks for origination and termination of traffic.

1.7 Intermediary Function.

1.7.1 Both Parties may provide intermediary services for the other Party's connection of its end user to a local end user of a telecommunications company other than the Parties, including but not limited to, another incumbent local exchange company, a CLEC, or a wireless carrier, for the purposes of facilitating the completion of calls between end users. The Parties to this Agreement shall mutually agree upon the trunking arrangements utilized to carry transit traffic. The Parties agree that each will request of any third party utilizing a Party's network for transit services that it will, prior to sending such traffic, gain authorization from the terminating Party to terminate traffic. The Parties agree that any billing to a third party or other telecommunications company under this section shall be pursuant to MECAB procedures, or other mutually agreeable procedures.

1.7.2 If either Party provides the tandem intermediary function, the Party performing the intermediary function will bill the originating company the intermediary charge and the local interconnection charges set forth in Exhibit 1. The intermediary charge is subject to the true up provisions of section 1.2.3.

ATTACHMENT 2

1. Access to 911/E911 Emergency Network

1.1 Service of Governmental Agency. Where BellSouth is the retail provider (Primary Provider) of E911 or 911 services ("911 services") for the governmental agency in a location where there is also a presence of GTE (Secondary Provider), BellSouth agrees to provide connection to said System. GTE agrees as the Secondary Provider to provide support services to BellSouth so that GTE end users may be integrated into the 911 system. BellSouth and GTE agree that this agreement will be reciprocal and said connections will also apply to BellSouth when it is the Secondary Provider and where GTE is Primary Provider 911 Services for a governmental agency. E911 connection includes the following:

1.1.1 For Basic 911 service, each Party will arrange to accept 911 calls from its end users and translate the 911 call to the appropriate 10-digit directory number. Each company will route the call to the mutually agreed upon point of interface with the other Party.

1.1.2 Transporting E911 calls from the point of interface with the Secondary Provider exchange(s) to the Switching Control Office of the E911 System.

1.1.3 Switching E911 calls originating from the Secondary Provider exchange(s) through the Control Office to the designated primary Public Service Answering Point (PSAP) or to designated alternate locations.

1.1.4 Storing and updating the names, street addresses (or central office identification codes if ANI is not available) and associated telephone numbers (provided by the Secondary Provider from each of the Secondary Provider's exchange(s) in an electronic data base of the E911 Data Management System (DMS).

1.1.5 Displaying the telephone numbers of Secondary Provider's end users calling E911 along with the associated names and/or street address (or central office identification codes if ANI is not available) at any attendant position console of the PSAP or its designated alternate location.

1.1.6 Where applicable, provide and maintain equipment at the switching control office and data management center of the 911 system.

1.2 Billing of Customer. Where applicable because of contractual obligations or regulatory requirements, the Primary Provider shall bill the 911 customer the amount of charges for the services provided by the Parties. Otherwise the Parties shall each bill the 911 Customer the amount of charges for the services provided by the Parties. The Parties agree that they desire to transition to each Party billing the 911 Customer for the services provided by each Party. The Parties agree to use best efforts to implement multiple bills to the 911 Customers as expeditiously as possible and to cooperate with each other in the efforts to fully

implement this section. Where the Parties are submitting a single bill to the Customer, the Primary Provider will pay pursuant to an agreed upon methodology, the Secondary Provider for the facilities provided by the Secondary Provider.

1.3 Sufficient Circuits to Provide Service. Both the Primary and Secondary Providers shall provide and maintain sufficient interoffice dedicated E911 circuits, routed in the same manner as existing Message Toll and Special Service circuits, and central office equipment so that adequate and sufficient E911 Service will be furnished at all times to both Parties' end users. Where the total E911 traffic exceeds the capacity of the existing circuits, additional circuits, to the extent necessary, shall be provided by the respective companies in the same proportion that they provide the existing circuits.

1.4 Standard Operating Methods. With respect to all matters covered by this Section, both Parties shall comply with standard operating methods and practices and observe the rules and regulations of their respective lawfully established tariffs covering the provision of E911 Service.

2. Access to Poles, Ducts, Conduits and Rights of Way

To the extent lawfully required by the Act, GTE and BellSouth shall each afford to the other access to poles, ducts, conduits and rights-of-way it owns or controls on terms, conditions and prices comparable to those offered to any other entity pursuant to each Party's tariff and/or standard agreements.

Exhibit 1

BellSouth & GTE Contractual Interim Local Interconnection Rates

State: Kentucky

Rate Element	BellSouth's Rates	GTE's Rates
Local Switching;		
End Office Switching per mou	\$0.0025620	
Tandem Switching per mou	\$0.0011740	\$0.00109710
Local Switching Termination per mou		\$0.00492940
Common Transport per mou per mile	\$0.00000540	\$0.00000410
Common Transport per Facility Termination per mou	\$0.0004260	\$0.0000970
Tandem Intermediary Charge terminating to a third party per mou	\$0.0020	\$0.0020