

AGREEMENT

This Agreement, which shall become effective as of the 23rd day of February, 1998, is entered into by and between KMC Telecom II Inc., ("KMC II"), a Delaware corporation, on behalf of itself, and BellSouth Telecommunications, Inc., ("BellSouth"), a Georgia corporation, having an office at 675 W. Peachtree Street, Atlanta, Georgia, 30375, on behalf of itself and its successors and assigns.

WHEREAS, the Telecommunications Act of 1996 (the "Act") was signed into law on February 8, 1997; and

WHEREAS, section 252(i) of the Act requires BellSouth to make available any interconnection, service, or network element provided under an agreement approved by the appropriate state regulatory body to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement in its entirety; and

WHEREAS, KMC II has requested that BellSouth make available the interconnection agreement in its entirety executed between BellSouth and KMC Telecom Inc. dated February 24, 1997 for the state(s) of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

NOW, THEREFORE, in consideration of the promises and mutual covenants of this Agreement, KMC II and BellSouth hereby agree as follows:

1. KMC II and BellSouth shall adopt in its entirety the KMC Telecom Inc. Interconnection Agreement dated February 24, 1997 and any and all amendments to said agreement executed and approved by the appropriate state regulatory commission as of the date of the execution of this Agreement. KMC Telecom Inc. Interconnection Agreement and all amendments are attached hereto as Exhibit 1 and incorporated herein by this reference.

2. The term of this Agreement shall be from the effective date as set forth above and shall expire as set forth in section 21 of the KMC Telecom Inc. Interconnection Agreement. For the purposes of determining the expiration date of this Agreement pursuant to section 21 of the KMC Telecom Inc. Interconnection Agreement, the effective date shall be February 24, 1997.

ORIGINAL

KMC Telecom II Inc. & BellSouth Telecommunications, Inc.

3. At least 30 days after execution, BellSouth shall provide and make available to KMC II a copy of all amendments to the KMC Telecom Inc. Interconnection Agreement executed after the effective date of this Agreement. KMC II shall notify BellSouth of acceptance or rejection of the amendment within 30 days of receipt of said amendment.

4. 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.

CLEC Account Team
Room E4E1
3535 Colonnade Parkway
Birmingham, Alabama 35243

and

General Attorney - COU
Suite 4300
675 W. Peachtree St.
Atlanta, GA 30375

KMC Telecom II Inc.

Attention: President
KMC Telecom II Inc.
1545 Route 206
Suite 300
Bedminister, New Jersey 07921

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

IN WITNESS WHEREOF, the Parties have executed this Agreement through their authorized representatives.

BellSouth Telecommunications, Inc.


Jerry Hendrix
Director-Interconnection Services-Pricing

KMC Telecom II Inc.


Michael Sternberg
President

DATE

2/23/98

DATE

February 11, 1998

DUPLICATE ORIGINAL

EXHIBIT 1

**Interconnection Agreement
Under Sections 251 and 252 of the
Telecommunications Act of 1996**

DATED FEBRUARY 24, 1997

BY AND BETWEEN

**BELLSOUTH TELECOMMUNICATIONS, INC.
and
KMC TELECOM INC.**

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- KMC Telecom Inc. & BellSouth Telecommunications, Inc.
Interconnection Agreement
Under Sections 251 and 252 of the Telecommunications Act of 1996

This Interconnection Agreement under Sections 251 and 252 of the Telecommunications Act of 1996 ("Agreement"), is effective as of the 24th day of February 1997 (the "Effective Date"), by and between BellSouth Telecommunications, Inc., ("BST") a Georgia Corporation, 675 West Peachtree Street, Atlanta, Georgia 30375, and KMC Telecom Inc., ("KMC") a Delaware corporation, with offices located at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921.

WHEREAS, the Parties want to interconnect their networks within the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee at mutually agreed upon points of interconnection to provide Telephone Exchange Services and Exchange Access to their respective Customers.

WHEREAS, 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 additional services as set forth herein.

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, KMC and BST hereby agree as follows:

1.0 DEFINITIONS

As used in this Agreement, the following terms shall have the meanings specified below in this Section 1.0. For convenience of reference only, the definitions of certain terms are set forth on Exhibit 1.

1.1 - "Act" means the Communications Act of 1934 (47 U.S.C. 153(R)), as amended by the Telecommunications Act of 1996, and as from time to time interpreted in the duly authorized rules and regulations of the FCC or the Commission.

1.2 "Access Service Request" (ASR) means an industry standard form used by the Parties to add, establish, change or disconnect trunks for the purpose of Interconnection.

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- 1.3 **"Asymmetrical Digital Subscriber Line" or "ADSL"** is a transmission technology which transmits an asymmetrical digital signal using one of a variety of line codes.
- 1.4 **"Affiliate"** is As Defined in the Act.
- 1.5 **"As Defined in the Act"** means as specifically defined by the Act and as from time to time interpreted in the duly authorized rules and regulations of the FCC or the Commission.
- 1.6 **"As Described in the Act"** means as described in or required by the Act and as from time to time interpreted in the duly authorized rules and regulations of the FCC or the Commission.
- 1.7 **"Automatic Number Identification" or "ANI"** is a Feature Group D signaling parameter which refers to the number transmitted through the network identifying the billing number of the calling party.
- 1.8 **"BLV/BLVI Traffic" or "BLV/BLVI Call"** refers to an operator call in which the end user inquires as to the busy status of, or requests an interruption of a call on, a Telephone Exchange Service line.
- 1.9 **"Calling Party Number" or "CPN"** is a Common Channel Interoffice Signaling parameter which refers to the number transmitted through the network identifying the calling party.
- 1.10 **"Central Office Switch", "Central Office" or "CO"** means a switching entity within the public-switched telecommunications network, including but not limited to:
 - a) **"End Office Switches"** which are Class 5 switches from which end user Telephone Exchange Services are directly connected and offered.

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b) **"Tandem Office Switches"** which are Class 4 switches which are used to connect and switch trunk circuits between and among Central Office Switches.

Central Office Switches may be employed as combination End Office/Tandem Office switches (combination Class 5/Class 4).

- 1.11 **"CLASS Features"** mean certain CCS-based features available to end users. Class features include, but are not necessarily limited to: Automatic Call Back; Call Trace; Caller Identification and related blocking features; Distinctive Ringing/Call Waiting; Selective Call Forward; Selective Call Rejection.
- 1.12 **"Collocation" or "Collocation Arrangement"** means an arrangement whereby one Party's (the "Collocating Party") facilities are terminated in its equipment necessary for Interconnection or for access to Network Elements on an unbundled basis which has been installed and maintained at the premises of a second Party (the "Housing Party"). For purposes of Collocation, the "premises" of a Housing Party is any BST central office, serving wire center and tandem office, as well as all buildings or similar structures owned or leased by BST that house BST network facilities, including any BST structures that house BST network facilities on public rights-of-way, such as vaults containing loop concentrators or similar structures, to the extent such collocation is technically feasible and space is available. Collocation may be "physical" or "virtual". In "Physical Collocation," the Collocating Party installs and maintains its own equipment in the Housing Party's premises. In "Virtual Collocation," the Housing Party installs and maintains the Collocating Party's equipment in the Housing Party's premises.
- 1.13 **"Commission"** means any state administrative agency to which the United States Congress or any state legislative body has delegated any authority to supervise or regulate the operations of Local Exchange Carriers pursuant to the Act or state constitution or statute, such as a Public Utilities Commission or Public Service Commission.

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- 1.14 "Common Channel Signaling" or "CCS"** means the signaling system, developed for use between switching systems with stored-program control, in which all of the signaling information for one or more groups of trunks is transmitted over a dedicated high-speed data link rather than on a per-trunk basis and, unless otherwise agreed by the Parties, the CCS used by the Parties shall be SS7.
- 1.15 "Cross Connection"** is an intra-wire center channel connecting separate pieces of telecommunications equipment including a channel between separate Collocation facilities.
- 1.16 "Customer"** means a third-party residence or business that subscribes to Telecommunications Services provided by either of the Parties.
- 1.17 "DID"** means direct inward dialing.
- 1.18 "Dialing Parity"** is As Defined in the Act. As used in this Agreement, Dialing Parity refers to both Local Dialing Parity and Toll Dialing Parity.
- 1.19 "Digital Loop Carrier"** is a subscriber loop carrier system which integrates within the switch at a DS1 level that is twenty-four (24) local Loop transmission paths combined into a 1.544 Mbps digital signal.
- 1.20 "Digital Signed Level"** means one of several transmission rates in the time-division multiplex hierarchy.
- 1.21 "Digital Signal Level 0" or "DS0"** is the 64 Kbps zero-level signal in the time-division multiplex hierarchy.
- 1.22 "Digital Signal Level 1" or "DS1"** is the 1.544 Mbps first-level signal in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS1 is the initial level of multiplexing.

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- 1.23 "Digital Signal Level 3" or "DS3"** is the 44.736 Mbps third-level in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS3 is defined as the third level of multiplexing.
- 1.24 "DSX panel"** is a cross-connect bay/panel used for the termination of equipment and facilities operating at digital rates.
- 1.25 "Exchange Access"** is As Defined in the Act.
- 1.26 "Electronic File Transfer"** is any system/process which utilizes an electronic format and protocol to send/receive data files.
- 1.27 "Exchange Message Record" or "EMR"** is the standard used for exchange of telecommunications message information among Local Exchange Carriers for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 CRIS Exchange Message Record, a Bellcore document which defines industry standards for exchange message records.
- 1.28 "FCC"** is the Federal Communications Commission.
- 1.29 "Fiber-Meet"** means an Interconnection architecture method whereby the Parties physically Interconnect their networks via an optical fiber interface (as opposed to an electrical interface) at a mutually agreed upon location.
- 1.30 "HDSL" or "High-Bit Rate Digital Subscriber Line"** is a transmission technology which transmits up to a DS1-level signal, using any one of the following line codes: 2 Binary /1 Quaternary ("2B1Q"), Carrierless AM/PM, Discrete Multitone ("DMT"), or 3 Binary/1 Octet ("3B10").
- 1.31 "Information Service Traffic" or "Information Service Call"** is a call which originates on a Telephone Exchange Service and which is addressed to an information service provided over a LEC information services platform (e.g., 976), where the telephone number of the Telephone Exchange Service and the telephone

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number of the information service are associated with the same LATA.

- 1.32 "Interconnection"** means the connection of separate pieces of equipment, transmission facilities, etc., within, between or among networks. The architecture of interconnection may include several methods including, but not limited to Collocation arrangements and mid-fiber meet arrangements.
- 1.33 "Interexchange Carrier" or "IXC"** is a provider of stand-alone interexchange telecommunications services.
- 1.34 "Interim Telecommunications Number Portability" or "INP"** is the transparent delivery of Local Telephone Number Portability ("LTNP") capabilities, from a customer standpoint in terms of call completion, and from a carrier standpoint in terms of compensation, through the use of existing and available call routing, forwarding, and addressing capabilities.
- 1.35 "InterLATA"** is As Defined in the Act.
- 1.36 "Integrated Services Digital Network" or "ISDN"** is a switched network service that provides end-to-end digital connectivity for the simultaneous transmission of voice and data. Basic Rate Interface-ISDN (BRI-ISDN) provides for digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel (2B + D). Primary Rate Interface-ISDN (PRI-ISDN) provides for digital transmission of twenty-three (23) 64 Kbps bearer channels and one 64 Kbps data channel (23 B+ D).
- 1.37 "Line Side"** refers to an end office switch connection that has been programmed to treat the circuit as a local line connected to an ordinary telephone station set. Line side connections offer only those transmission and signaling features appropriate for a connection between an end office and an ordinary telephone station set.

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- 1.38 "Local Access and Transport Area" or "LATA" is As Defined in the Act.**
- 1.39 "Local Dialing Parity" means the ability of Telephone Exchange Service Customers of one LEC to place local calls to Telephone Exchange Service Customers of another LEC, without the use of any access code and with no unreasonable dialing delay. "Toll Dialing Party" means the ability of Telephone Exchange Service Customers of a LEC to have their toll calls (inter or intraLATA) routed to a toll carrier (intraLATA or interLATA) of their selection without dialing access codes or additional digits and with no unreasonable dialing delay.**
- 1.40 "Local Exchange Carrier" or "LEC" means any carrier that provides facility-based Telephone Exchange Services utilizing a switch it owns or substantially controls in conjunction with unique central office codes assigned directly to that carrier; this includes the Parties to this Agreement.**
- 1.41 "Local Traffic" refers to calls between two or more Telephone Exchange service users where both Telephone Exchange Services bear NPA-NXX designations associated with the same local calling area of the incumbent LEC or other authorized area (e.g., Extended Area Service Zones in adjacent local calling areas). Local traffic includes the traffic types that have been traditionally referred to as "local calling" and as "extended area service (EAS)." All other traffic that originates and terminates between end users within the LATA is toll traffic. In no event shall the Local Traffic area for purposes of local call termination billing between the parties be decreased.**
- 1.42 "Local Loop Transmission" or "Loop" is a network element of a Telephone Exchange Service; for purposes of general illustration, the "Loop" is the transmission facility (or channel or group of channels on such facility) which extends from a Main Distribution Frame, DSX-panel, or functionally comparable piece of equipment in a BST end office wire center, to a demarcation or connector block in/at a customer's premises. Loops fall into the**

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following categories:

- a) "2-wire Analog Voice Grade Loops" will support analog transmission of 300-3000 Hz, repeat loop start, loop reverse battery, or ground start seizure and disconnect in one direction (toward the end office switch), and repeat ringing in the other direction (toward the end user). This Loop is commonly used for local dial tone service.
- b) "4-wire Analog Voice Grade Loops" will support the transmission of voice grade signals using separate transmit and receive paths and terminate in a 4-wire electrical interface.
- c) "2-wire ISDN Digital Grade Loops" will support digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel. This is a 2B+D basic rate interface Integrated Services Digital Network (BRI-ISDN) type of loop which will meet national ISDN standards.
- d) "2-Wire ADSL-Compatible Loop" is a transmission path which facilitates the transmission of up to a 6 Mbps digital signal downstream (toward the Customer) and up to a 640 Kbps digital signal upstream (away from the Customer) while simultaneously carrying an analog voice signal. An ADSL-Compatible Loop is provided over a 2-Wire nonloaded twisted copper pair provisioned using revised resistance design guidelines and meeting ANSI Standard T1.413-1995-007R2. An ADSL Loop terminates in a 2-wire electrical interface at the customer premises and at the BST frame.
- e) "2-Wire HDSL-Compatible Loop" is a transmission path which facilitates the transmission of a 768 Kbps digital signal over a 2-Wire non-loaded twisted copper pair meeting the specifications in ANSI T1 E1 Committee Technical Report Number 28.

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f) "4-Wire HDSL-Compatible Loop" is a transmission path which facilitates the transmission of a 1.544 Mbps digital signal over two 2-Wire non-loaded twisted copper pairs meeting the specifications in ANSI T1 E1 Committee Technical Report Number 28.

1.43 "Losses" means any and all losses, costs (including court costs), claims, damages (including fines, penalties, and criminal or civil judgments and settlements), injuries, liabilities and expenses (including attorney fees).

1.44 "Main Distribution Frame" or "MDF" is the primary point at which outside plant facilities terminate within a wire center, for interconnection to other telecommunications facilities within the wire center.

1.45 "MECAB" refers to the *Multiple Exchange Carrier Access Billing (MECAB)* document prepared by the Billing Committee of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an access service provided by two or more LECs, or by one LEC in two or more states within a single LATA.

1.46 "MECOD" refers to the *Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services - Industry Support Interface*, a document developed by the Ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum (OBF), which functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for Telecommunications Industry Solutions (ATIS). The MECOD document, published by Bellcore as Special Report SR STS-002643, establishes methods for processing orders for access service which is to be provided by two or more LECs.

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- 1.47 "Meet Point Billing" or "MPB"** refers to the billing arrangement for the interconnection of facilities between two or more LECs for the provision of Exchange Access to an interexchange carrier or other third party.
- 1.48 "Multiple Bill/Single Tariff"** as defined by the industry's MECAB document, means the meet-point billing method where each LEC prepares and renders its own meet point bill in accordance with its own tariff for the portion of the jointly-provided Switched Access Service which the LEC provides. Sometimes erroneously referred to as "Multiple Bill/Multiple Tariff" method.
- 1.49 "Network Element"** is as defined in the Act.
- 1.50 "North American Numbering Plan" or "NANP"** means the numbering plan used in the United States that also serves Canada, Bermuda, Puerto Rico and certain Caribbean islands. The NANP format is a 10-digit number that consists of a 3-digit NPA code (commonly referred to as the area code), followed by a 3-digit NXX code and 4-digit line number.
- 1.51 "Numbering Plan Area" or "NPA"** is also sometimes referred to as an area code. This is the three digit indicator which is defined by the "A", "B", and "C" digits of each 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NPA contains 800 possible NXX Codes. There are two general categories of NPA, "Geographic NPAs" and "Non-Geographic NPAs". A "Geographic NPA" is associated with a defined geographic area, and all telephone numbers bearing such NPA are associated with services provided within that geographic area. A "Non-Geographic NPA," also known as a "Service Access Code" or "SAC Code" is typically associated with a specialized telecommunications service which may be provided across multiple geographic NPA areas; 800, 900, 700, and 888 are examples of Non-Geographic NPAs.
- 1.52 "Number Portability" or "LTNP"** is as defined in the Act. LTNP provides the technical ability to enable an end user customer to

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utilize its telephone number in conjunction with any Telephone Exchange Service provided by any Local Exchange Carrier operating within the geographic number plan area with which the customer's telephone number(s) is associated, regardless of whether the customer's chosen Local Exchange Carrier is the carrier which originally assigned the number to the customer, without penalty to either the customer or its chosen Local Exchange Carrier.

- 1.53 **"NXX", "NXX Code", "Central Office Code" or "CO Code"** is the three-digit switch entity indicator which is defined by the "D", "E", and "F" digits of a 10-digit telephone number within the North American Numbering Plan ("NANP"). Each NXX Code contains 10,000 station numbers. Historically, entire NXX code blocks have been assigned to specific individual local exchange end office switches.
- 1.54 **"Party"** means either BST or KMC, and **"Parties"** means BST and KMC.
- 1.55 **"Permanent Number Portability" or "PNP"** means the use of a database solution to provide fully transparent LTNP for all customers and all providers.
- 1.56 **"Port Element" or "Port"** is a component of a Telephone Exchange Service. For purposes of general illustration, the "Port" serves as the hardware termination for the customer's telephone exchange service on that switch and generates dial tone and provides the customer a pathway into the public switched telecommunications network and provides access to 911, directory assistance and other operator services. Each Port is typically associated with one (or more) telephone number(s) which serves as the customer's network address.
- 1.57 **"Rate Center"** means the specific geographic point and corresponding geographic area which have been identified by a given LEC as being associated with a particular NPA-NXX code which has been assigned to the LEC for its provision of

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Telephone Exchange Services. The "rate center point" is the finite geographic point identified by a specific V&H coordinate, which is used to measure, for the purpose of billing to end users, distance-sensitive traffic to/from Telephone Exchange Services bearing the particular NPA-NXX designation associated with the specific Rate Center. The "rate center area" is the exclusive geographic area which 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. The Rate Center point must be located within the Rate Center area.

1.58 "Rating Point" or "Routing Point" means a location which a LEC has designated on its own network as the homing (routing) point for traffic inbound to Telephone Exchange Services provided by the LEC which bear a certain NPA-NXX designation. The Rating Point is also used to calculate mileage measurements for the distance-sensitive transport element charges of Switched Exchange Access Services. Pursuant to Bellcore Practice BR 795-100-100, the Rating Point may be an "End Office" location, or a "LEC Consortium Point of Interconnection." Pursuant to that same Bellcore Practice, examples of the latter shall be designated by a common language location identifier (CLLI) code with (x)KD in positions 9, 10, 11, where (x) may be any A-Z or 0-9. The Rating Point/Routing Point must be located within the LATA in which the corresponding NPA-NXX is located. However Rating Point/Routing Point associated with each NPA-NXX need not be the same as the corresponding Rate Center Point, nor must it be located within the corresponding Rate Center Area, nor must there be a unique and separate Rating Point corresponding to each unique and separate Rate Center.

1.59 "Reciprocal Compensation" is As Described in the Act, and refers to the payment arrangements that recover costs incurred for the transport and termination of Telecommunications traffic originating on one Party's network and terminating on the other Party's network.

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- 1.60 "Signal Transfer Point" or "STP"** performs a packet switching function that routes signaling messages among network signaling points (including other STPs) in order to set up calls and to query databases for advanced services.
- 1.61 "Switched Access Detail Usage Data"** means a category 1101XX record as defined in the EMR Bellcore Practice BR 010-200-010.
- 1.62 "Switched Access Summary Usage Data"** means a category 1150XX record as defined in the EMR Bellcore Practice BR 010-200-010.
- 1.63 "Switched Exchange Access Service"** means the following types of Exchange Access Services: Feature Group A, Feature Group B, Feature Group D, 800/888 access, and 900 access and their successors or similar Switched Exchange Access services.
- 1.64 "Synchronous Optical Network" or "SONET"** is an optical interface standard that allows interworking of transmission products from multiple vendors (i.e. mid-span meets). The base rate is 51.84 Mbps (OC-1/STS-1) and higher rates are direct multiples of the base rate, up to 13.22 Gbps.
- 1.65 "Technically Feasible Point"** is As Described in the Act.
- 1.66 "Telecommunications"** is As Defined in the Act.
- 1.67 "Telecommunications Act"** refers to the Telecommunications Act of 1996 and any rules and regulations promulgated thereunder.
- 1.68 "Telecommunications Carrier"** is As Defined in the Act.
- 1.69 "Telecommunications Service"** is As Defined in the Act.
- 1.70 "Telephone Exchange Service"** is As Defined in the Act.

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- 1.71 "Telephone Toll Service"** is As Defined in the Act.
- 1.72 "Trunk Side"** refers to a central office switch connection that is capable of, and has been programmed to treat the circuit as, connecting to another switching entity, for example a private branch exchange ("PBX") or another central office switch. Trunk side connections offer those transmission and signaling features appropriate for the connection of switching entities, and cannot be used for the direct connection of ordinary telephone station sets.
- 1.73 "Unbundled Element Bona Fide Request"** means the process described on Exhibit 2 that prescribes the terms and conditions relating to a Party's request that the other Party provide an unbundled Element or other service, function or product not otherwise provided by the terms of this Agreement.
- 1.74 "Wire Center"** means a building or space within a building which serves as an aggregation point on a given carrier's network, where transmission facilities and circuits are connected or switched.

2.0 INTERPRETATION AND CONSTRUCTION

All references to Sections, Exhibits and Attachments shall be deemed to be references to Sections of, and Exhibits and Attachments to, this Agreement unless the context shall otherwise require. The headings of the Sections and the terms defined in Exhibit 1 are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Unless the context shall otherwise require, any reference to any agreement, other instrument (including BST or other third party offerings, guides or practices), statute, regulation, rule or tariff is to such agreement, instrument, statute, regulation, rule or tariff as amended and supplemented from time to time (and, in the case of a statute, regulation, rule or tariff, to any successor provision).

3.0 IMPLEMENTATION SCHEDULE AND INTERCONNECTION ACTIVATION DATES

Subject to the terms and conditions of this Agreement, Interconnection of the Parties' facilities and equipment pursuant to Sections 4.0, 5.0, 6.0, 7.0, 8.0, and 18.0, shall be established on or before the corresponding "Interconnection Activation Date" shown for each LATA on Exhibit 3.

Exhibit 3 may be revised and supplemented from time to time upon the mutual agreement of the Parties to reflect the Interconnection of additional LATAs pursuant to Section 4.5 by attaching one or more supplementary schedules to such Exhibit.

4.0 NETWORK INTERCONNECTION ARCHITECTURE PURSUANT TO SECTION 251 (c)(2)

4.1 Scope

Section 4.0 describes the physical architecture for interconnection of the Parties' facilities and equipment for the transmission and routing of Telephone Exchange Service traffic and Exchange Access traffic pursuant to Section 251(c)(2) of the Act. Sections 5.0 and 6.0 prescribe the specific trunk groups (and traffic routing parameters) which will be configured over the physical connections described in this Section 4.0 related to the transmission and routing of Telephone Exchange Service traffic and Exchange Access traffic, respectively. Other trunk groups, as described in this Agreement, may be configured using this architecture. Initially, KMC and BST will use a Physical Architecture as described in Section 4.2, and upon mutual agreement will transition to a SONET Physical Architecture as described in Section 4.3.

4.1.1 In each LATA identified in Exhibit 3 to this Agreement, the correspondingly identified BST and KMC Interconnection Wire Centers (IWC) shall serve as the BST Interconnection Wire Center ("BIWC") and KMC Interconnection Wire Center ("KIWC"), respectively, at

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which points BST and KMC will initially interconnect their respective networks for inter-operability within that LATA.

- 4.1.2** KMC and BST shall provision trunk circuits to one another for interconnection at the KIWC and BIWC pursuant to Sections 5.0, 6.0, 7.0, 8.0, and 18.0 of this Agreement. KMC shall interconnect to the BST 911 tandem either via its own facilities or any certificated carrier's facilities. BST shall initially interconnect to logically and diversely routed KIWC trunk circuits from BST's BIWCs to KMC's KIWC, pursuant to Sections 4.0, 5.0, 6.0, and 7.0 of this Agreement. The interconnection of these trunks shall be at the BST BIWC in each LATA as identified on Exhibit 3. The agreed Physical Architecture that will be used is described within this section.

4.2 Initial Physical Architecture

- 4.2.1** KMC shall be responsible for maintaining sufficient transmission facilities to interconnect to trunk circuits provided by BST at each BIWC. BST shall be responsible for maintaining sufficient transmission facilities to interconnect to trunk circuits provided by KMC at each KIWC. The initial physical architecture will be electrical DS3 or DS1 (or multiples thereof).
- 4.2.2** The physical architecture shall occur over Collocation and/or leased facilities, including but not limited to a BST SONET Smartring Node at either Party's premises in accordance with Section 12.0, or any other arrangement to which the Parties may mutually agree.
- 4.2.3** Specific trunk groups (and traffic routing parameters) will be configured over the physical architecture for transmission and routing of Telephone Exchange Service traffic and for transmission and routing of Exchange Access traffic pursuant to Sections 5.0 and 6.0, respectively.

- 4.2.4** Upon mutual agreement, at anytime during the term of this Agreement, the Parties may transition to a SONET transmission system, or any other mutually agreed network interconnection architecture, for the applicable LATA.

4.3 SONET Physical Architecture

Upon mutual agreement, KMC and BST shall jointly engineer and operate a single Synchronous Optical Network ("SONET") transmission system, or any other comparable arrangement by which they shall interconnect their networks for the transmission and routing of Telephone Exchange Service traffic and Exchange Access traffic pursuant to Section 251(c)(2) of the Act. The Parties shall each designate a single BIWC/KIWC location where each party has fiber optic cable connectivity. Unless otherwise mutually agreed, this SONET transmission system shall be engineered, installed, and maintained as described in this Section 4.0 and in the Joint Grooming Plan (as defined in Section 8.0).

- 4.3.1** The Parties shall jointly determine and agree upon the specific Optical Line Terminating Multiplexor ("OLTM") equipment to be utilized at each end of the SONET transmission system. If the Parties cannot agree on the OLTM, the following decision criteria shall apply to the selection of the OLTM:
- a) First, the type of OLTM equipment utilized by both Parties within the LATA. Where more than one type of OLTM equipment is used in common by the Parties within the LATA, the Parties shall choose from among the common types of OLTM equipment according to the method described in subsection c) below;
 - b) Second, the type of OLTM equipment utilized by both Parties anywhere outside the LATA. Where more than one type of OLTM equipment is used in common by the Parties outside the LATA, the Parties shall choose from

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among the common types of OLTM equipment according to the method described in subsection c) below; and

c) Third, the Party first selecting the OLTM equipment shall be determined by lot and the choice to select such OLTM equipment shall thereafter alternate between the Parties.

4.3.2 BST shall, wholly at its own expense, procure, install and maintain the agreed upon OLTM equipment in the BST Interconnection Wire Center ("BIWC") identified for each LATA set forth in Exhibit 3 in capacity sufficient to provision and maintain all logical trunk groups prescribed by Sections 5.0 and 6.0.

4.3.3 KMC shall, wholly at its own expense, procure, install and maintain the agreed upon OLTM equipment in the KMC Interconnection Wire Center ("KIWC") identified for that LATA in Exhibit 3 in capacity sufficient to provision and maintain all logical trunk groups prescribed by Sections 5.0 and 6.0.

4.3.4 BST shall designate a manhole or other suitable entry-way immediately outside the BIWC as a Fiber-Meet entry point, and shall make all necessary preparations to receive, and to allow and enable KMC to deliver, fiber optic facilities into that manhole with sufficient spare length to reach the OLTM equipment in the BIWC. KMC shall deliver and maintain such strands wholly at its own expense.

4.3.5 KMC shall designate a manhole or other suitable entry-way immediately outside the KIWC as a Fiber-Meet entry point, and shall make all necessary preparations to receive, and to allow and enable BST to deliver, fiber optic facilities into that manhole with sufficient spare

length to reach the OLTM equipment in the KIWC. BST shall deliver and maintain such strands wholly at its own expense.

4.3.6 KMC shall pull the fiber optic strands from the KMC-designated manhole/entry-way into the KIWC and through appropriate internal conduits KMC utilizes for fiber optic facilities and shall connect the BST strands to the OLTM equipment KMC has installed in the KIWC.

4.3.7 BST shall pull the fiber optic strands from the BST-designated manhole/entry-way into the BIWC and through appropriate internal conduits BST utilizes for fiber optic facilities and shall connect the KMC strands to the OLTM equipment BST has installed in the BIWC.

4.3.8 Each Party shall use its best efforts to ensure that fiber received from the other Party will enter the Party's Wire Center through a point separate from that which the Party's own fiber exited.

4.3.9 The Parties shall jointly coordinate and undertake maintenance of the SONET transmission system. Each Party shall be responsible for maintaining the components of the SONET transmission system.

4.4 Technical Specifications

4.4.1 KMC and BST shall work cooperatively to install and maintain a reliable network. KMC and BST shall exchange appropriate information -- e.g., maintenance contact numbers, network information, information required to comply with law enforcement and other security agencies of the Government and such other information as the Parties shall mutually agree -- to achieve this desired reliability.

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4.4.2 KMC and BST shall work cooperatively to apply sound network management principles by invoking network management controls to alleviate or to prevent congestion.

4.5 Interconnection In Additional LATAs

4.5.1 If KMC determines to offer Telephone Exchange Services in any other LATA in which BST also offers Telephone Exchange Services, KMC shall provide written notice to BST of the need to establish Interconnection in such LATA pursuant to this Agreement.

4.5.2 The notice required by Section 4.5.1 shall include (i) the initial Routing Point KMC has designated in the new LATA; (ii) KMC's requested Interconnection Activation Date; and (iii) a non-binding forecast of KMC's trunking requirements.

4.5.3 The Parties shall mutually agree to designate single KMC and BST Wire Centers to facilitate efficient and robust network.

4.5.4 Unless otherwise agreed by the Parties, the Interconnection Activation Date in each new LATA shall be the earlier of (i) the date mutually agreed by the Parties and (ii) the date that is one-hundred twenty (120) days after the date on which KMC delivered notice to BST pursuant to Section 4.5.1. Within ten (10) business days of BST's receipt of KMC's notice, BST and KMC shall confirm the BIWC, the KIWC and the Interconnection Activation Date for the new LATA by attaching a supplementary schedule to Exhibit 3.

**5.0 TRANSMISSION AND ROUTING OF TELEPHONE EXCHANGE
SERVICE TRAFFIC PURSUANT TO SECTION 251(c)(2)**

5.1 Scope

Section 5.0 prescribes parameters for trunk groups (the "Local/IntraLATA Trunks") to be effected over the interconnections specified in Section 4.0 for the transmission and routing of Local Traffic and IntraLATA Toll Traffic between the Parties' respective Telephone Exchange Service Customers and where such traffic is not presubscribed for carriage by a third party carrier.

5.2 Trunk Connectivity

The Parties shall reciprocally terminate Local/intraLATA Traffic and Information Services Traffic, originating on each other's networks. The Parties shall jointly engineer and configure Local/IntraLATA Trunks over the physical interconnection arrangements as follows:

- 5.2.1** BST shall make available to KMC at the BIWC, local/intraLATA trunk connections over which KMC may terminate traffic as described herein. These trunk connections shall be subsequently referred to as "BIWC trunks."
- 5.2.2** KMC shall make available to BST at the KIWC, local/intraLATA trunk connections over which BST may terminate traffic as described herein. These trunk connections shall be subsequently referred to as "KIWC trunks."
- 5.2.3** BIWC and KIWC trunk connections shall be made at a DS-1 or multiple DS-1 level, including SONET. The ordering of the trunks associated with these trunking arrangements will be via industry accepted format/specifications.
- 5.2.4** KMC shall deliver all end user to end user local and intraLATA traffic within the LATA to each BST BIWC

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identified in Exhibit 3 (KMC understands and agrees that BST cannot guarantee a P.01 level grade of service for local and intraLATA traffic that is routed through two access tandems.) KMC agrees to terminate local end user to end user traffic directly to additional BST Access Tandems in the LATA once KMC's terminating end user to end user local traffic volumes exceed 150,000 monthly minutes of use consistently to those access tandems.

5.2.5 Initial KIWC trunks will be configured in a manner as depicted in Exhibit 5.0. BST shall deliver all end user to end user local and intraLATA traffic within the LATA to each KMC KIWC identified in Exhibit 3.

5.2.6 The Parties shall establish special BIWC and KIWC trunk groups as needed to allow for ISDN interoperability utilizing the B8ZS ESF protocol for 64 Kbps clear channel transmission.

5.3 Use of 1-Way and 2-Way Trunks

The Parties agree to make their best efforts to implement two-way trunks by the end of the third quarter 1997, and sooner if possible. Initially, the Parties will configure all Local/IntraLATA trunk groups as one-way trunks or as two-way trunks by the end of the third quarter of 1997, by issuance of an ASR from KMC.

5.4 Signaling

5.4.1 The Parties will provide Common Channel Signaling (CCS) to one another, where and as available, in conjunction with all BIWC and KIWC trunk groups. The costs for such CCS shall be shared equally by the Parties on a 50/50 basis. The Parties will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks, including all CLASS features and functions, to the extent each carrier offers such features and

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functions to its own end users. All CCS signaling parameters will be provided, including calling party number (CPN), originating line information (OLI), calling party category, charge number, etc. The Parties will work cooperatively to provide calling party name delivery service to each other. All privacy indicators will be honored. Network signaling information such as Carrier Identification Parameter (CCS platform) and CIC/OZZ information (non-CCS environment) will be provided wherever such information is needed for call routing or billing. For traffic for which CCS is not available, in-band multi-frequency (MF), wink start, E&M channel-associated signaling with ANI will be forwarded.

5.4.2 The Parties shall establish company-wide CCS interconnections STP-to-STP. Such interconnections shall be made at the KIWC and BIWC, and other points, as necessary and as jointly agreed to by the parties. During the term of this Agreement neither party shall charge the other Party additional usage sensitive rates for SS7 queries made for Local Traffic.

5.4.3 The Parties shall adhere to BST's engineering specifications for signaling.

5.5 Reserved

5.6 Grades of Service

The Parties shall initially engineer and shall jointly monitor and enhance all trunk groups consistent with the Joint Grooming Plan.

5.7 Measurement and Billing

5.7.1 At such time as both parties' systems are capable of utilizing Calling Party Number (CPN) for billing purposes, they will work cooperatively to transition to a billing arrangement which is based upon CPN.

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5.7.2 Measurement of billing minutes of use for traffic exchanged pursuant to this Section 5.0 shall be in actual conversation seconds. The total conversation seconds per chargeable traffic type over each individual trunk group will be totaled for the entire monthly bill-round and then rounded to the next whole minute.

5.7.3 FGD charges for intraLATA traffic carried together with Local Traffic over a combined trunk group shall be calculated as follows:

a) FGD charges for intraLATA traffic shall be applied as if the BIWC is the serving wire center for the FGD service.

b) IntraLATA traffic which would otherwise be subject to originating FGD charges will be rated and billed according to procedures which otherwise apply for the rating and billing of originating FGD traffic.

c) The percentage of local usage (PLU) factor should be calculated by dividing the Local Traffic by the total Local Traffic and intraLATA intrastate traffic (the sum of the Local Traffic percentage and the intraLATA intrastate percentage should equal 100%). The reporting of the PLU factor should follow the same guidelines as defined for PIUs.

The Local Traffic percentage will be applied to the terminating intrastate traffic to determine the terminating Local Traffic usage.

5.8 Reciprocal Compensation Arrangements

The Parties shall compensate one another for the provision of traffic exchange arrangements pursuant to this Section 5.0, only as set forth herein.

5.8.1 Reciprocal Compensation applies for transport and termination of Local Traffic (including EAS and EAS-like

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traffic) billable by BST or KMC which a Telephone Exchange Service Customer originates on BST's or KMC's network for termination on the other Party's network.

5.8.2 The Parties shall compensate each other for transport and termination of Local Traffic (local call termination) at a single identical, reciprocal and equal rate as set forth in Exhibit 8.

5.8.3 The Reciprocal Compensation arrangements set forth in this Agreement are not applicable to Switched Exchange Access Service. All Switched Exchange Access Service and all IntraLATA Toll Traffic shall continue to be governed by the terms and conditions of the applicable federal and state tariffs.

5.8.4 Each Party shall charge the other Party its effective tariffed intraLATA FGD switched access rates for the transport and termination of all IntraLATA Toll Traffic, which includes intraLATA 800 service.

5.8.5 Compensation for transport and termination of all traffic which has been subject to performance of INP by one Party for the other Party pursuant to Section 13.2 shall be compensated per the following:

a) Compensation for INP calls between KMC and BST for all traffic, including forwarded interexchange carrier calls, will be compensated at reciprocal compensation charges (Section 5.8.2) and Switched Access charges (pursuant to each carrier's respective access tariffs, Sections 5.8.3 and 5.8.4), for local (including EAS) traffic, intraLATA switched access, interLATA interstate and intrastate traffic, respectively, as if the caller had directly dialed the new telephone number.

b) In INP arrangements, in order to effect this pass-through of reciprocal compensation and Switched Access charges to which each carrier would otherwise have been entitled if the

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ported traffic had been directly dialed to the new number, each carrier will be required to classify and include ported traffic in its quarterly percentage of use reports as Local, intrastate intraLATA, intrastate interLATA, or interstate interLATA. The quarterly filed percentage of use reports will be applied on a monthly basis against the total minutes billed for the month to approximate INP billed revenues.

6.0 TRANSMISSION AND ROUTING OF EXCHANGE ACCESS TRAFFIC PURSUANT TO 251(c)(2).

6.1 SCOPE

Section 6.0 prescribes parameters for certain trunk groups ("IXC Exchange/3rd Party Trunks") to be established over the Interconnections specified in Section 4.0 for the transmission and routing of Exchange Access traffic between KMC Telephone Exchange Service Customers and Interexchange Carriers.

6.2 Trunk Group Architecture and Traffic Routing

6.2.1 The Parties shall jointly establish IXC Exchange/3rd Party Trunks by which they will jointly provide tandem-transported Switched Exchange Access services to Interexchange Carriers to enable such Interexchange Carriers to originate and terminate traffic from/to KMC's Customers. The interconnection of these trunks shall be at the BST BIWC in each LATA as identified on Exhibit 3.

6.2.2 IXC Exchange/3rd Party Trunks shall be used for the transmission and routing of Exchange Access to allow KMC's Customers to connect to or be connected to the interexchange trunks of any Interexchange Carrier which is connected to a BST Access Tandem, and in accordance with Exhibit 5.

6.2.3 The IXC Exchange/3rd Party Trunks shall be two-way trunks connecting an End Office Switch KMC utilizes to provide

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Telephone Exchange Service and Switched Exchange
Access in a given LATA to an Access Tandem Switch BST
utilizes to provide Exchange Access in such LATA.

6.2.4 The Parties shall jointly determine which BST access Tandem(s) will be sub-tended by each KMC End Office Switch. Except as otherwise agreed by the Parties, BST shall allow each KMC End Office Switch to sub-tend the access Tandem nearest to the Routing Point associated with the NXX codes assigned to that End Office Switch and shall not require that a single KMC End Office Switch sub-tend multiple access Tandems, even in those cases where such End Office Switch serves multiple Rate Centers.

6.2.5 BST shall, except in instances of capacity limitations, permit and enable KMC to sub-tend the BST access tandem switch(es) nearest to the KMC Rating Point(s) associated with the NPA-NXX(s) to/from which the Switched Access Services are homed. In instances of capacity limitation at a given access tandem switch, KMC shall be allowed to sub-tend the next-nearest BST access tandem switch in which sufficient capacity is available. The Meet Point Billing ("MPB") percentages for each new Rating Point/access tandem pair shall be calculated according to one of the three methods identified in the MECAB document.

KMC shall inform BST of the tandem(s) it wishes to sub-tend in any new LATA and the parties shall jointly determine the calculation of the billing percentages which should apply for such arrangement. KMC will deliver notice to BST of all new routes. BST and KMC shall confirm each new route and associated billing percentages in a Letter of Understanding, and shall file these percentages in NECA Tariff No. 4, within a reasonable time following receipt of KMC's notice by BST.

6. 3 Meet Point Billing Arrangements

Meet Point Billing arrangements between the Parties for jointly provided

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Switched Exchange Access Services on IXC Exchange/3rd Party Trunks will be governed by the terms and conditions of this Section 6.0 and Exhibit 4 for Switched Access Meet Point Billing and shall be billed at each Party's applicable switched access rates.

- 6.3.1** KMC and BST will establish meet point billing arrangements in order to provide a common transport option to Switched Access Services customers via a BST access tandem switch, in accordance with the Meet Point Billing guidelines adopted by and contained in the Ordering and Billing Forum's MECAB and MECOD documents, except as modified herein, and in Exhibit 4. The arrangements described in this Section 6.0 and in Exhibit 4 are intended to be used to provide Switched Access Service that originates and/or terminates on a KMC-provided Telephone Exchange Service where the transport component of the Switched Access Service is routed through a BST-provided tandem switch.
- 6.3.2** Common channel signaling ("CCS") shall be utilized in conjunction with meet point billing arrangements to the extent such signaling is resident in the BST access tandem switch.
- 6.3.3** KMC and BST will use their best reasonable efforts, individually and collectively, to maintain provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff, sufficient to reflect the MPB arrangements between the parties, including Exhibit 4.
- 6.3.4** Each Party shall implement the "Multiple Bill/SingleTariff" option in order to bill an IXC for the portion of the jointly provided telecommunications service provided by that Party. For all traffic carried over the MPB arrangement, each Party shall only bill the rate elements identified for it in Exhibit 4. For transport elements subject to billing percentages, each Party shall utilize the billing percentages as filed in NECA Tariff No. 4, or any successor tariff. The MPB percentages

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for each route shall be calculated according to one of the three methods identified in the MECAB document, and the Parties agree to work cooperatively to establish percentages as necessary. The actual rate values for each element shall be the rates contained in that Party's own effective Federal and State access tariffs. The Parties shall utilize a monthly billing period for meet point billing.

- 6.3.5 BST shall provide to KMC the billing name, billing address, and CIC of the IXCs in order to comply with the MPB Notification process as outlined in the MECAB document and pursuant to OBF guidelines.
- 6.3.6 Access usage data will be exchanged between the Parties in a manner acceptable to both Parties. If access usage data is not processed and delivered by either Party as agreed and in turn such other Party is unable to bill the IXC, the delivering Party will be held liable for the amount of lost billing.
- 6.3.7 The parties agree that further discussion is required regarding a "Single Bill" option for the delivery of a single consolidated billing statement each month.
- 6.3.8 In the event errors are discovered by KMC, the IXC or BST, both BST and KMC agree to provide the other Party with notification of any discovered errors within two (2) business days of the discovery. In the event of a loss of data, both Parties shall cooperate to reconstruct the lost data and, if such reconstruction is not possible, shall accept a reasonable estimate of the lost data based upon three (3) to twelve (12) months of prior usage data. Errors that are discovered by the IXC or billing disputes that originate from the IXC will be handled by the parties in accordance with the MECAB document.

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6.3.9 Either Party may request a review or audit of the various components of access recording. Such review or audit shall be conducted subject to confidentiality protection.

6.3.10 The Parties shall not charge one another for the services rendered or information provided pursuant to this Section 6.0 of this Agreement.

6.3.11 MPB will apply for all traffic bearing the 800, 888, or any other non-geographic NPA which may be likewise designated for such traffic in the future, where the responsible party is an IXC. In those situations where the responsible party for such traffic is a LEC, full switched access rates will apply.

7.0 TRANSPORT AND TERMINATION OF OTHER TYPES OF TRAFFIC

7.1 Information Services

Prior to the time that KMC and BST route Information Services traffic to one another, they shall agree to exchange rating and billing information to effectively allow one another to bill their respective end users.

7.2 BLV/BLVI Traffic

For BLV/BLVI Traffic, each Party's operator bureau shall accept BLV/BLVI inquiries from the operator bureau of the other Party, in order to allow transparent provision of Busy Line Verification ("BLV") and Busy Line Verification and Interrupt ("BLVI") services between their networks. KMC, at its option, shall route BLV and BLVI inquiries to BST's operator bureau over the appropriate BIWC trunks within the LATA. BST, at its option, shall route BLV and BLVI inquiries to KMC's operator bureau over the appropriate KIWC trunks within the LATA. Each Party shall compensate the other Party for BLV and BLVI inquiries according to the effective BST rates identified in Attachment C-10, which may be modified to reflect future tariff changes.

7.3 Transit Function

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- 7.3.1** BST agrees that it shall provide a Transit Function to KMC on the terms and conditions set forth in this Section 7.3 and at a rate set forth in Exhibit 8.
- 7.3.2** "Transit Function" means the delivery of certain traffic between KMC and a third party LEC by BST over the IXC Exchange/3rd Party Trunks. The following traffic types will be delivered: (i) Local Traffic originated from KMC to such third party LEC, (ii) Local Traffic originated from such third party LEC and terminated to KMC, and (iii) Wireless traffic, if any, that is carried over the IXC Exchange/3rd Party Trunks.
- 7.3.3** While the Parties agree that it is the responsibility of each third party LEC to enter into arrangements to deliver Local Traffic to KMC, they acknowledge that such arrangements are not currently in place. BST will, unless notified to the contrary, pass 3rd party LEC traffic to/from KMC. Nothing in this provision shall prohibit either Party from establishing other financial arrangements for this transit traffic with the other LECs from/to whose network such traffic ultimately originates or terminates. It is acknowledged by both Parties that the terminating carrier should receive compensation with either the intermediary carrier providing a billing clearinghouse function for these calls or the originating and terminating carrier compensating each other directly.
- 7.3.4** BST expects that all networks involved in transit traffic will deliver each call to each involved network with CCS and the appropriate Transactional Capabilities Application Part ("TCAP") message to facilitate full interoperability and billing functions. In all cases, KMC is responsible to follow the Exchange Message Record ("EMR") standard and exchange records with both BST and the terminating LEC to facilitate the billing process to the originating network.
- 7.3.5** For purposes of this Section 7.3, BST agrees that it shall make available to KMC, at KMC's sole option, any transiting

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arrangement BST offers to another Local Exchange Carrier at the same rates, terms and conditions provided to such other Local Exchange Carrier.

7.3.6 Where KMC routes Local Traffic, BLV/BLVI Traffic, or Information Services Traffic to other LECs via the BIWC trunks (or a subsequently consolidated two-way trunk group pursuant to the Joint Grooming Plan prescribed in Section 8.0), KMC shall pay BST only a single per minute of use transit charge as identified in Exhibit 8. Where BST routes Local Traffic, BLV/BLVI Traffic, or Information Services Traffic originated from another LEC to KMC via the KIWC trunks (or a subsequently consolidated two-way trunk group pursuant to the Joint Grooming Plan prescribed in Section 8.0), neither party shall apply a transiting charge to the other.

8.0 JOINT GROOMING PLAN AND INSTALLATION, MAINTENANCE, TESTING AND REPAIR

8.1 Joint Grooming Plan

KMC and BST will jointly develop and agree on a Joint Interconnection Grooming Plan which shall define and detail, inter alia, prescribing standards to ensure that BIWC and KIWC trunk groups experience a consistent P.01 or better grade of service, and other appropriate, relevant industry-accepted quality, reliability and availability standards. Such plan shall also include mutually-agreed upon default standards for the configuration of segregated BIWC trunk groups and segregated KIWC trunk groups. In addition, the plan shall also include standards and procedures for notification of trunk disconnections and discoveries of trunk disconnections. The plan shall include definitive parameters which define under what circumstances the parties may transition trunk groups to two-way trunk groups. The Parties will use their best collective good faith efforts to complete and agree on such plan within 180 days following execution of this Agreement. Furthermore, the plan should include maintenance of the SONET transmission system, disaster

recovery provision escalations, and such other matters as the Parties may agree.

8.2 Installation, Maintenance, Testing, and Repair

Unless otherwise identified within the Agreement or mutually agreed, BST's standard intervals for Feature Group D Exchange Access Services will be used for interconnection. KMC shall meet the same intervals for comparable installations, maintenance, joint testing, and repair of its facilities and services associated with or used in conjunction with Interconnection or shall notify BST of its inability to do so and will negotiate such intervals in good faith.

9.0 UNBUNDLED ACCESS – SECTION 251(c)(3)

9.1 Local Loop Transmission Types

Subject to Section 9.4, BST shall allow KMC to access the following Loop types (in addition to those Loops available under applicable tariffs) unbundled from local switching and local transport in accordance with the terms and conditions set forth in this Section 9.0:

- 2-Wire Analog Loops,
- 4-Wire Analog Loops,
- 2-Wire ISDN Digital Grade Links or BRI ISDN,
- 2-Wire ADSL-Compatible Loops,
- 2-Wire HDSL-Compatible Loops, and
- 4-Wire HDSL-Compatible Loops.

Loops will be offered hereunder on the terms and conditions specified herein and on such other terms in applicable tariffs that are not inconsistent with the terms and conditions set forth herein

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and the principles enumerated in Commission and/or FCC rules or orders.

9.2 Port Types

BST shall make available to KMC unbundled Ports at the rates specified in Attachment C-16. KMC may, at its option, elect a rate that BST is obligated to provide to any other LEC operating within its service territory as a result of any proceeding before any Court, State Commission or the FCC or any voluntary agreement or arbitration proceeding pursuant to the Act or pursuant to any applicable state law. The Parties may mutually agree to negotiate rates for unbundled switching that will enable KMC to provide a loop to be cross-connected to a BST switch.

9.3 Private Lines, Unbundled Loops, and Special Access

BST shall make available to KMC private lines, unbundled loops, and special access services in accordance with the terms and conditions of and at the rates specified in applicable tariffs and/or orders consistent with Commission and/or FCC pricing principles.

9.4 Limitations on Unbundled Access

9.4.1 KMC shall access BST's unbundled Network Elements via Collocation in accordance with Section 12 at a BST premises where those elements exist and each Loop or Port shall be delivered to KMC's Collocation by means of a Cross Connection.

9.4.2 If KMC orders a Loop type and the distance requested on such Loop exceeds the transmission characteristics as referenced in the corresponding Technical Reference specified below, distance extensions may be required and additional rates and charges may apply and will be developed and reviewed based upon costs consistent with, and subject to, Commission and/or FCC rules for the pricing of unbundled network elements.

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Loop Type	Technical Reference/Limitation
Electronic Key Line	2.5 miles
ISDN	Belcore TA-NWT-000393
HDSL 2W	T1E1 Technical Report Number 28
HDSL 4W	T1E1 Technical Report Number 28
ADSL 2W	ANSI T1.413-1995 Specification

9.5 Provisioning of Unbundled Loops

Installation intervals for service established via Unbundled loops will be handled in the same timeframe as BST provides services to its own customers, as measured from date of customer order to date of customer delivery. BST will make best effort to install unbundled loops by the Customer Desired Due Date (CDDD) where facilities permit. Service requests with a shorter than standard interval or those that require out-of-hours provisioning may be subject to additional charges.

9.6 Pricing Provisions

KMC shall compensate BST for Unbundled Loops at the rates set forth in Attachment C-15.

9.7 Request for Access To Other Unbundled Elements

9.7.1 BST shall, upon request of KMC, and to the extent technically feasible, provide to KMC access to its unbundled elements for the provision of KMC's communications service. Any request by KMC for access to a BST unbundled element that is not already available shall be treated as an unbundled element Bona Fide

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Request. The Parties shall adhere to the process as agreed and described in Exhibit 2.

- 9.7.2 Rates for other Unbundled Elements shall be determined pursuant to Section 252(d) of the Act and will be agreed to at the time of the request.
- 9.7.3 An Unbundled Element obtained by KMC from BST under this Section 9.0 may be used in combination with the facilities of KMC only to provide a Telecommunications Service, including obtaining billing and collection, transmission, and routing of the Telecommunications Service.
- 9.7.4 Notwithstanding anything to the contrary in this Section 9.0, BST shall not be required to provide a proprietary Unbundled Element to KMC under this Section 9.0 except as required by the Commission or FCC.

9.8 Unbundled Element Interconnection and Maintenance

- 9.8.1 Interconnection shall be achieved via Collocation arrangements KMC shall maintain at the BST premises at which the unbundled elements are resident.
- 9.8.2 KMC and BST shall work cooperatively so that each Loop may be delivered to the KMC Collocation arrangement over an individual 2/4-wire hand-off, in multiples of 24 over a digital DS-1 hand-off in any combination or order KMC may specify, or through other technically feasible and economically comparable hand-off arrangements requested by KMC (e.g., SONET STS-1 hand-off).
- 9.8.3 All switched and transport-based features, functions, service attributes, grades-of-service, install, maintenance and repair intervals which apply to services provided to BST end users will apply to like services ordered by KMC.

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- 9.8.4 BST will use its best efforts to bill all unbundled loop facilities purchased by KMC (either directly or by previous assignment by a customer) on a single consolidated statement per LATA.
- 9.8.5 Where BST utilizes digital loop carrier ("DLC")¹ technology to provision the Loop of bundled Telephone Exchange Service to an end user customer who subsequently determines to assign the Loop to KMC and receive Telephone Exchange Service from KMC via such Loop, BST shall, where technically feasible deliver such Loop to KMC on an unintegrated basis, pursuant to KMC's chosen hand-off architecture, without a degradation of end-user service or feature availability.
- 9.8.6 BST will permit KMC to physically collocate digital loop carriers (DLC) and associated equipment at BST premises, including but not limited to, BST Smartring services (nodes) KMC may be leasing from BST, for the purpose of interconnecting to unbundled Loops.
- 9.8.7 BST and KMC will work cooperatively toward interim and long term arrangements by which KMC may place, verify and receive confirmation on orders for unbundled elements via an industry accepted (e.g. OBF developed) format/specification. In addition, BST shall provide KMC with an appropriate on-line electronic file transfer arrangement by which KMC may issue and track trouble-ticket and repair requests associated with interconnection trunking, unbundled loops, and service provider number portability arrangements.

¹ See, Bellcore TR-TSY-000008, *Digital Interface Between the SLC-96 Digital Loop Carrier System and Local Digital Switch* and TR-TSY-000303, *Integrated Digital Loop Carrier (IDLC) Requirements, Objectives, and Interface*.

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9.9 Unbundled Local Transport--Section 271

BST shall provide KMC with access to unbundled local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services and priced consistent with Section 252 of the Act and/or Commission and/or FCC order.

9.10 Unbundled Switching--Sections 251(c)(3) and 271

BST shall provide KMC with access to local switching unbundled from local transport, local loop transmission, and other services priced in accordance with Section 252 of the Act and/or Commission and/or FCC order.

10.0 RESALE OF BST LOCAL TELEPHONE EXCHANGE SERVICES--SECTIONS 251(c)(4) and 251(b)(1)

10.1 Availability of Services

Unless mutually agreed otherwise in a subsequent agreement, BST shall make available to KMC all retail services for resale subject to applicable Federal and/or State Proceedings and/or arbitrations and/or other BST Resale agreements negotiated with other parties and/or Resale tariffs.

10.2 Resale Agreement Amendment

KMC and BST agree to execute an amendment to this Agreement consistent with Resale provisions contained in any Commission and/or FCC orders and/or rules. Unless otherwise mutually agreed, the terms, conditions, rates, and clauses contained within the Agreement will also apply to the Resale Amendment to this Agreement.

10.3 Availability of Wholesale Prices

All of the BST-provided services available for resale shall be priced at BST retail price levels less avoided costs. The wholesale discounts are set forth in Attachment D. At KMC's option, BST shall make available

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to KMC the most favorable nondiscriminatory tariff or contract wholesale prices. Unless otherwise mutually agreed, the prices charged to KMC for resale will be consistent with Resale provisions contained in any Commission and/or FCC orders and/or rules or tariffs.

11.0 NOTICE OF CHANGES -- SECTION 251(c)(5).

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

12.0 COLLOCATION -- SECTION 251 (c)(6).

12.1 Physical Collocation

BST shall provide to KMC Physical Collocation of equipment necessary for Interconnection (pursuant to Section 4.0) or for access to Unbundled Elements (pursuant to Section 9.0), at its premises including, but not limited to SONET Smartring locations. Such physical collocation shall be consistent with Section 251(c)(6) of the Act, and/or Commission and/or FCC rules or orders.

BST shall provide such Collocation for the purpose of Interconnection or access to Unbundled Network Elements, except as otherwise mutually agreed to in writing by the Parties or as required by the FCC or the Commission and subject to applicable federal and state tariffs.

12.2 Virtual Initially Configured for Physical

Where KMC is Virtually Collocated on the Effective Date in a premises that was initially prepared for Physical Collocation, KMC may elect to (i) retain its Virtual Collocation in that premises and expand that Virtual Collocation according to current procedures and applicable tariffs, or (ii) revert to Physical Collocation, in which case KMC shall coordinate with BST for rearrangement of its equipment (transmission and DLC) and

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circuits, for which BST shall impose no conversion charge where the initial physical collocation arrangement was left in place. All applicable Physical Collocation charges shall apply.

12.3 Virtual Initially Configured for Virtual

Where KMC is Virtually Collocated in a premises which was initially prepared for Virtual Collocation, KMC may elect to (i) retain its Virtual Collocation in that premises and expand that Virtual Collocation according to current procedures and applicable tariffs, or (ii) unless it is not practical for technical reasons or because of space limitations, convert its Virtual Collocation to Physical Collocation at such premises, in which case KMC shall coordinate the construction and rearrangement with BST of its equipment (transmission and DLC) and circuits for which KMC shall pay BST at applicable tariff rates. In addition, all applicable Physical Collocation charges shall apply.

12.4 Transport for Collocation

For both Physical Collocation and Virtual Collocation, the Collocating Party shall provide its own or third-party leased transport facilities and may obtain unbundled network transmission elements and terminate those transport facilities in equipment located in its Collocation space at the Housing Party's premises as described in applicable tariffs or contracts and purchase Cross Connection to services or facilities as described in applicable tariffs or contracts consistent with Commission and/or FCC orders.

12.5 Cross Connection

Where KMC collocates at a BST premises, whether BIWC, or other premises, for whatever purpose, BST shall allow KMC to directly interconnect to any other entity which maintains a Collocation facility at that same premises. BST shall enable such interconnection by effecting a cross connection between those Collocation facilities, as jointly directed by KMC and the other collocated entity. For each such

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cross connection, BST shall charge the otherwise applicable standard tariff or contract special access cross-connect rate to the collocated parties.

12.6 Pricing

The rates for physical collocation shall be those set forth in the Physical Collocation Master Agreement attached as Exhibit 6.

13.0 NUMBER PORTABILITY--SECTION 251(b)(2)

13.1 Scope

BST and KMC will provide Local Telephone Number Portability ("LTNP") on a reciprocal basis between their networks to enable each of their end user customers to utilize telephone numbers associated with a Telephone Exchange Service provided by one Party, in conjunction with a Telephone Exchange Service provided by the other Party, upon the coordinated or simultaneous termination of the first Telephone Exchange Service and activation of the second Telephone Exchange Service.

13.2 Procedures for Providing Interim Number Portability

KMC and BST will provide reciprocal LTNP to one another via Interim Number Portability ("INP") measures. INP shall operate as follows:

- 13.2.1** An end user customer of Party A elects to become an end user customer of Party B. The end user customer elects to utilize the original telephone number(s) corresponding to the Telephone Exchange Service(s) it previously received from Party A, in conjunction with the Telephone Exchange Service(s) it will now receive from Party B. Upon receipt of a service order assigning the number to Party B (assuming party B has on file a letter of authorization from the end user customer), Party A will implement an arrangement whereby all calls to the original telephone number(s) will be forwarded to a new

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telephone number(s) designated by Party B. Party A will route the forwarded traffic to Party B over the appropriate traffic exchange trunk groups, as if the call had originated on Party A's network.

- 13.2.2** Party B will become the customer of record for the original Party A telephone numbers subject to the INP arrangements. Party A will provide Party B a single consolidated master billing statement for the INP capability with the statement being consistent with industry accepted guidelines. The billing of all collect, calling card, and 3rd-number billed calls associated with those numbers, can be processed in one of two ways: 1) on the single consolidated master billing statement by sub account detail, by retained number and delivered via electronic data transfer, or monthly magnetic tape or 2) via an optional daily usage file. The Parties agree to work cooperatively to develop a process for transmitting usage through CMDS.
- 13.2.3** Party A will update its Line Information Database ("LIDB") listings for retained numbers, and cancel calling cards associated with those forwarded numbers, as directed by Party B. In addition, Party A will update the retained numbers in the LIDB with the screening options provided by Party B. The Parties agree that BST requires a signed LIDB storage agreement to store ported numbers in its LIDB; the Parties agree to work cooperatively to negotiate such an agreement in good faith.
- 13.2.4** Within two (2) business days of receiving notification from the end user customer, Party B shall notify Party A of the customer's termination of service with Party B, and shall further notify Party A as to that customer's instructions regarding its telephone number(s). Party A will reinstate service to that customer, cancel the INP arrangements for

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that customer's telephone number(s), or redirect the INP arrangement to another INP-participating-LEC, pursuant to the customer's instructions at that time.

13.3 Migration to Permanent Number Portability

BST and KMC will migrate from INP to a database-driven Permanent Number Portability ("PNP") arrangement as soon as practically possible, without interruption of service to their respective customers.

13.4 Coordination of Number Portability with Unbundled Elements

Under either an INP or PNP arrangement, KMC and BST will implement a process to coordinate LTNP cut-overs with unbundled Loop conversions (as described in Section 9.0 of this Agreement).

13.5 Cost Recovery of Number Portability

KMC and BST shall provide INP arrangements to one another at cost-recovery levels as identified in Attachments B-3 and B-4. No usage fees will be charged for this capability. It is acknowledged and agreed that the cost-recovery mechanism contained in this Section 13.0 and Attachments B-3 and B-4, will be modified to be consistent with the FCC's Report and Order in Common Carrier Docket No. 95-116 - Rulemaking 8535, regarding number portability, once the Commission has implemented the order.

13.6 Letters of Authority

KMC and BST will be required to file blanket letters of authority with each other certifying that each party has appropriate authorizations on file for each customer on whose behalf they acted as an agent for purposes of INP. In cases of agency authorization disputes, upon request, either party shall provide the other party proof of authorization.

13.7 Ordering Formats/Specifications

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The ordering of INP arrangements and the exchange of screening information will utilize industry accepted format/specifications unless otherwise mutually agreed by the Parties.

13.8 Procedures for Providing INP Through NXX Migration

Where either Party has activated an entire NXX for a single Customer, or activated a substantial portion of an NXX for a single Customer with the remaining numbers in that NXX either reserved for future use or otherwise unused, if such Customer chooses to receive service from the other Party, the first Party shall cooperate with the second Party to have the entire NXX reassigned in the LERG (and associated industry databases, routing tables, etc.) to an End Office operated by the second Party. Such transfer will be accomplished with appropriate coordination between the Parties and subject to appropriate industry lead-times for movements of NXXs from one switch to another.

14.0 DIALING AND NUMBERING RESOURCES, RATE CENTERS AND RATING POINTS

14.1 Dialing Parity--Section 251 (b)(3)

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

14.2 Numbering, Rate Centers, and Rating Points

Nothing in this Agreement shall be construed to limit or otherwise adversely impact in any manner either Party's right to employ or to request and be assigned any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code - Assignment Guidelines², Commission Rules or FCC Rules, or to establish,

² Last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 417195, formerly ICCF 93-0729-010.

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by tariff or otherwise, Rate Centers and Rating Points corresponding to such NXX codes.

14.2.1 Each Party agrees to update the LERG with up-to-date listings of its own assigned NPA-NXX codes, along with associated Rating Points and Rate Centers.

14.2.2 It shall be the responsibility of each Party to program and update its own switches and network systems to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities, except as expressly defined in this Agreement.

14.2.3 Until such time as KMC is authorized by the FCC or the Commission to vary its rate centers from BST's rate centers, KMC will deploy a minimum of one NXX per established BST rate center area. If KMC receives permission from the FCC or the Commission to vary its rate centers from BST, KMC and BST will develop a toll default compensation mechanism that appropriately compensates each Party for terminating the other Party's calls when the jurisdictional call type cannot be properly estimated.

15.0 ACCESS TO RIGHTS-OF-WAY- SECTION 251(b)(4)

Each Party shall provide the other Party, in accordance with Section 251 of the Act and Commission and/or FCC rules, access to its poles, ducts, rightsof-way and conduits it controls on terms, conditions, and prices comparable to those offered to any other entity pursuant to each Party's applicable tariffs and/or agreements.

16.0 DATABASE ACCESS - SECTIONS 251(c)(3) and 271

In accordance with Section 251(c)(3) and 271 of the Act and Commission and/or FCC rules, BST shall provide KMC with interfaces to access BST's databases and associated signaling necessary for the routing and completion of KMC's traffic.

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17.0 COORDINATED SERVICE ARRANGEMENTS

17.1 Intercept and Referral Announcements

When an end user customer changes from BST to KMC, or from KMC to BST, and does not retain its original telephone number, the Party formerly providing service to the end user will provide a referral announcement on the abandoned telephone number, when requested by either the carrier or customer. This announcement will provide details on the new number to be dialed to reach this customer. BST will provide intercept announcement periods in the same manner as provided for its end users today: three (3) months for residence and one (1) year for business, or until the next directory delivery. In time of severe number shortages, numbers can be removed from intercept and be reused. This will be done in reverse order of aging; that is, the number on intercept longest will be the first reused, regardless of whether the end user is a customer of BST or KMC. KMC will provide this arrangement on a reciprocal basis.

17.2 Coordinated Repair Calls

KMC and BST will employ the following procedures for handling misdirected repair calls:

17.2.1 KMC and BST will educate their respective customers as to the correct telephone numbers to call in order to access their respective repair bureaus.

17.2.2 To the extent the correct provider can be determined, and upon request by the end user, misdirected repair calls will be immediately referred to the proper provider of local Telephone Exchange Service in a courteous manner, at no charge, and the end user will be provided the correct contact telephone number. In responding to repair calls, neither Party shall make disparaging remarks about the other Party, nor shall they use these repair calls as the basis for internal referrals or to solicit customers to market services, nor shall they initiate any extraneous

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communications beyond the direct referral to the correct repair telephone number. Either Party may respond with correct information in answering customer questions.

17.2.3 KMC and BST will provide their respective repair contact numbers to one another on a reciprocal basis. For purposes of this section each party agrees to limit its number of repair numbers to a single telephone number within the region.

18.0 911/E911 ARRANGEMENTS – SECTION 271

18.1 Scope

KMC will interconnect to the BST 911/E911 selective routers/911 tandems which serve the areas in which KMC provides Telephone Exchange Services, for the provision of 911/E911 services and for access to all sub-tending Public Safety Answering Points. BST will provide KMC with the appropriate CLLI codes and specifications of the tandem serving area.

18.2 Path and Route Diverse Interconnection

Path and route diverse interconnections for 911/E911 shall be made as necessary and mutually agreed.

18.3 911 and MSAG Updates

BST will provide KMC with a mutually agreed upon format to enable KMC to provide BST with a daily file transmission to update 911/E911 database information related to KMC Telephone Exchange Service customers. BST will provide KMC with quarterly Master Street Address Guide (MSAG) updates at no charge, upon KMC's request, so that KMC can ensure the accuracy of the addresses provided.

18.4 Interconnection Integrity

BST will use all reasonable efforts to facilitate the prompt, robust,

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reliable and efficient interconnection of KMC systems to the 911/E911 platforms.

18.5 Coordination with PSAPs

BST and KMC will work cooperatively to arrange meetings with PSAPs to answer any technical questions the PSAPs, or county or municipal coordinators may have regarding the 911/E911 arrangements.

18.6 Cost Recovery

Cost recovery for 911/E911 services will be in accordance with the provisions of Attachment C-3.

**19.0 DIRECTORY AND OPERATOR SERVICES ARRANGEMENTS –
SECTION 271**

19.1 Scope

BST will provide certain operator services and directory services to KMC as defined herein. In this Section 19.0, references to "KMC customer telephone numbers" mean numbers falling within NXX codes directly assigned to KMC and to numbers which are retained by KMC on the customer's behalf pursuant to LTNP arrangements described in Section 13.0.

19.2 Directory Listing and Directory Distribution

KMC and BST's affiliate, BellSouth Advertising and Publishing Company (BAPCO), will execute an agreement to address Directory Listing and Directory Distribution issues. The agreement is attached as Exhibit 7.-

19.3 Directory Assistance (DA)

19.3.1 At KMC's request, BST will provide to KMC operators, or to a KMC-designated operator bureau, on-line access to BST's Directory Assistance Service, where such access is

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identical to the type of access BST's own directory assistance operators utilize in order to provide directory assistance services to BST end users. BST will provide this capability under nondiscriminatory tariff or contract rates and terms as identified in Attachment C-9.

- 19.3.2** At KMC's request, BST will provide to KMC unbranded directory assistance service which is comparable in every way to the directory assistance service BST makes available to its own end users. BST will charge KMC for such unbranded directory assistance capability under non-discriminatory tariff or contract rates and terms as identified in Attachment C-9.
- 19.3.3** At KMC's request, BST will provide to KMC directory assistance service under KMC's brand which is comparable in every way to the directory assistance service BST makes available to its own end users. KMC recognizes that BST's provision of directory assistance service under KMC's brand may require BST to incur additional costs and that tariff or contract rates will reflect these additional costs. BST will charge KMC for such branded directory assistance capability under the most favorable non-discriminatory tariff or contract rates and terms.
- 19.3.4** At KMC's request, BST will license to KMC or a KMC-designated operator bureau BST's directory assistance database for use in providing competitive directory assistance services. BST will provide this capability under the most favorable non-discriminatory tariff or contract rates and terms as identified in Attachment C-9.
- 19.3.5** At KMC's request, BST will in conjunction with 19.2.2 or 19.2.3, above, provide caller-optional directory assistance call completion service, where technically feasible, which is comparable in every way to the directory assistance call completion service BST makes available to its own end

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users. BST will charge KMC for this capability under the most favorable non-discriminatory tariff or contract rates and terms as identified in Attachment C-9 per use of caller-optional directory assistance call completion. BST will provide KMC, in an electronic format, in an accurate and timely manner, the detailed billing records associated with the call that will enable KMC to rebill the end user for this function. BST will use KMC's facilities to complete such calls whenever possible.

19.4 Directory Listing and Directory Assistance Updates

KMC shall furnish to BST, on a daily basis in a mutually acceptable format, a single service request per subscriber for Directory Assistance and Directory Listings information for KMC's end users. The Parties agree to utilize an industry accepted format when available. BST will send confirmation of receipt of KMC's end user orders to KMC on a daily basis. From the single service request, BST shall forward KMC's end user listing information to BAPCO for the publishing of end user listings and the delivery of directories in accordance with the agreement between KMC and BAPCO attached hereto as Exhibit 7.

19.5 Information (Call Guide) Pages

KMC and BAPCO have executed an agreement which enables KMC to display its customer contact information in the part of the Call Guide Pages of the White Pages directory dedicated to new entrant LECs at no charge. The agreement is attached as Exhibit 7.

19.6 Emergency Contact List

BST will provide KMC with a list of emergency agencies (i.e. fire, police, emergency medical technicians, etc) comparable to the current format, to enable KMC to promptly respond to emergency agencies in a timely manner when emergencies occur. BST will provide a copy of its most current list, if available, upon KMC's occasional request. It is acknowledged by KMC that BST assumes no liability for the accuracy of the list.

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19.7 Operator Services

BST will offer to KMC Operator Call Processing Access Service under the most favorable non-discriminatory tariff or contract rates and terms as identified in Attachment C-8.

BST will offer to KMC CMDS Hosting and the Non Sent Paid Report System pursuant to the terms and conditions set forth in Attachments C-11 and C-12.

20.0 GENERAL RESPONSIBILITIES OF THE PARTIES

20.1 Compliance with Implementation Schedule

BST and KMC shall use all reasonable efforts to comply with the Implementation Schedule set forth in Exhibit 3. In advance of the aforementioned implementation schedule, the Parties agree to immediately expedite the implementation of the network interconnection trunks for testing purposes. After completion of testing the network interconnection trunks, the Parties agree to augment the network interconnection trunks, based upon previously exchanged traffic forecasts, to support the exchange of "live" commercial customer traffic.

20.2 Exchange of Information for Network Integrity

The Parties shall exchange technical descriptions and forecasts of their Interconnection and traffic requirements in sufficient detail necessary to establish the Interconnections required to assure traffic completion to and from all Customers in their respective designated service areas.

20.3 Exchange of Traffic Forecasts

Thirty (30) days after the Interconnection Activation Date and each month during the term of this Agreement, each Party shall provide the other Party with a rolling, six (6) calendar month, non-binding forecast of its traffic and volume requirements for the services and Network Elements provided under this Agreement in the form and in such detail as agreed by the Parties. Notwithstanding Section 31.0, the Parties

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agree that each forecast provided under this Section 20.3 shall be deemed "Proprietary Information" under Section 31.0.

20.4 Binding Traffic Forecasts

Any Party that is required pursuant to this Agreement to provide a forecast (the "Forecast Provider") or the Party that is entitled pursuant to this Agreement to receive a forecast (the "Forecast Recipient") with respect to traffic and volume requirements for the services and Network Elements provided under this Agreement may request in addition to non-binding forecasts required by Section 20.3 that the other enter into negotiations to establish a forecast (a "Binding Forecast") that commits such Forecast Provider to purchase, and such Forecast Recipient to provide, a specified volume to be utilized as set forth in such Binding Forecast. The Forecast Provider and Forecast Recipient shall negotiate the terms of such Binding Forecast in good faith and shall include in such Binding Forecast provisions regarding price, quantity, liability for failure to perform under a Binding Forecast and any other terms desired by such Forecast Provider and Forecast Recipient. Notwithstanding Section 31.0, the Parties agree that each forecast provided under this Section 20.4 shall be deemed "Proprietary Information" under Section 31.0.

20.5 Responsibilities to Provide Network Facilities

Each Party is individually responsible to provide facilities within its network which are necessary for routing, transporting, measuring, and billing traffic from the other Party's network and for delivering such traffic to the other Party's network in the standard format compatible with BST's network and to terminate the traffic it receives in that standard format to the proper address on its network. Such facility shall be designed based upon the description and forecasts provided under Sections 20.2 and 20.3 above. The Parties are each solely responsible for participation in and compliance with national network plans, including The National Network Security Plan and The Emergency Preparedness Plan.

20.6 Use of Service

Neither Party shall use any service related to or using any of the Services provided in this Agreement in any manner that interferes with other persons in the use of their service, prevents other persons from using their service, or otherwise impairs the quality of service to other carriers or to either Party's Customers, and either Party may discontinue or refuse service if the other Party violates this provision. Upon such violation, either Party shall provide the other Party notice, if practicable, at the earliest practicable time.

20.7 Responsibility for Customer Services

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

20.8 Cooperate to Minimize Fraud

The Parties shall work cooperatively to minimize fraud associated with third-number billed calls, calling card calls, and any other services related to this Agreement.

20.9 Responsibility to Administer NXX Codes

Each Party is responsible for administering NXX codes assigned to it.

20.10 Responsibility to Obtain LERG Listings

Each Party is responsible for obtaining Local Exchange Routing Guide ("LERG") listings of CLLI codes assigned to its switches.

20.11 Updates to LERG

Each Party shall use the LERG published by Bellcore or its successor for obtaining routing information and shall provide to Bellcore in a timely manner all information required to maintain the LERG.

20.12 Programming and Updating of Switches

Each Party shall program and update its own Central Office Switches and End Office switches and network systems to recognize and route traffic to and from the other Party's assigned NXX codes. Except as mutually agreed or as otherwise expressly defined in this Agreement, neither Party shall impose any fees or charges on the other Party for such activities.

20.13 Insurance Coverage

At all times during the term of this Agreement, each Party shall keep and maintain in force at each Party's expense all insurance required by law (e.g. workers' compensation insurance) as well as general liability insurance for personal injury or death to any one person, property damage resulting from any one incident, automobile liability with coverage for bodily injury for property damage. Upon request from the other Party, each Party shall provide to the other Party evidence of such insurance (which may be provided through a program of self insurance).

20.14 Tariff and Contract Liability Protection

In addition to its indemnity obligations under Section 35.0, each Party shall provide, in its tariffs and contracts with its Customers that relate to any Telecommunications Service or Network Element provided or contemplated under this Agreement, that in no case shall such Party or any of its agents, contractors or others retained by such parties be liable to any Customer or third party for (i) any Loss relating to or arising out of this Agreement, whether in contract or tort, that exceeds the amount such Party would have charged the applicable Customer for the service(s) or function(s) that gave rise to such Loss, and (ii) any Consequential Damages.

20.15 Non-discriminatory Treatment

BST and KMC agree to treat each other fairly, equally and on a non-discriminatory basis for all items included in this Agreement, or related

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to the support of items included in this Agreement.

20.16 Prompt Exchange of Billing Records

KMC and BST agree to promptly exchange all necessary records for the proper billing of all traffic.

20.17 Review of Engineering Information

For network expansion, KMC and BST will review engineering requirements on a quarterly basis and establish forecasts for trunk utilization. New trunk groups will be implemented as dictated by engineering requirements for both BST and KMC. BST and KMC are required to provide each other the proper call information (e.g., originated call party number and destination call party number, CIC, OZZ, etc.) to enable each company to bill in a complete and timely fashion.

20.18 Re-arrangement of Initial Interconnection Network Configuration

To the extent that the Parties incur essentially the same expenses, there will be no re-arrangement, reconfiguration, disconnect, or other non-recurring fees associated with the reconfiguration of each carrier's traffic exchange arrangements from the initial interconnection network, other than the cost of establishing a new Collocation arrangement where one does not already exist. To the extent that one Party would incur significantly greater expenses for such reconfiguration, the lowest of the Party's tariffed non-recurring rates applicable to such changes shall apply for such reconfiguration. The Parties agree to work cooperatively to minimize any cost differential.

20.19 Use of Industry Accepted Ordering Formats/Specifications

BST and KMC will utilize industry accepted (e.g. OBF developed) electronic ordering and information data exchange formats/specifications. Where such guidelines are not readily available, Parties will utilize industry accepted (e.g. OBF developed) manual

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formats/exchange mechanisms. If the parties agree not to follow the industry accepted guidelines, they will mutually develop the formats/specifications that will be used.

20.20 Use of Industry Accepted Billing Formats/Specifications

For services covered by this agreement, both Parties agree to follow and use OBF billing output guidelines. If deviations from these guidelines are necessary, a time line should be established as to when the OBF guidelines will be implemented. If the Parties agree not to follow the industry accepted guidelines, they will mutually develop the formats/specifications that will be used. Billing disputes will utilize the dispute processes outlined in each company's tariffs.

20.21 Network Maintenance and Management

Network Maintenance and Management. KMC and BST will work cooperatively to install and maintain a reliable network. KMC and BST will exchange appropriate information (e.g., maintenance contact numbers, network information, information required to comply with law enforcement and other security agencies of the Government, etc.) to achieve this desired reliability.

KMC and BST will work cooperatively to apply sound network management principles by invoking network management controls to alleviate or to prevent congestion.

21.0 TERM AND TERMINATION

21.1 Initial Two Year Term

The initial term of this Agreement shall be two (2) years (the "Term"), which shall commence on the Effective Date. Absent the receipt by one Party of written notice from the other Party at least sixty (60) days prior to the expiration of the Term to the effect that such Party does not intend to extend the Term of this Agreement, this Agreement shall

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automatically renew and remain in full force and effect on and after the expiration of the Term until terminated by either Party pursuant to Section 21.3.

21.2 Termination

Either Party may terminate this Agreement in the event that the other Party (i) fails to pay any amount when due hereunder (excluding Disputed Amounts as described in Section 30.1) and fails to cure such nonpayment within sixty (60) days after receipt of written notice thereof; or (ii) fails to perform any other material obligation required to be performed by it pursuant to this Agreement and fails to cure such material non performance within forty-five (45) days after written notice thereof.

21.3 Termination of Agreement After Automatic Renewal

If pursuant to Section 21.1 this Agreement continues in full force and effect after the expiration of the Term, either Party may terminate this Agreement (90) days after delivering written notice to the other Party of its intention to terminate this Agreement. Neither Party shall have any liability to the other Party for termination of this Agreement pursuant to this Section 21.3 other than to pay to the other Party any amounts owed under this Agreement.

21.4 Obligations Upon Termination or Expiration

Upon termination or expiration of this Agreement in accordance with this Section 21.0:

- a) Each Party shall comply immediately with its obligations set forth in Section 31.4.9;
- b) Each Party shall continue to perform its obligations and provide the services as described herein until such time as a successor agreement between the Parties is entered into; provided, however, that the Parties shall renegotiate the rates, fees and charges contained herein; and

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- c) Each Party shall promptly pay all amounts (including any late payment charges) owed under this Agreement.

21.5 Remedy

No remedy set forth in this Agreement is intended to be exclusive and each and every remedy shall be cumulative and in addition to any other rights or remedies now or hereafter existing under applicable law or otherwise.

22.0 INSTALLATION

BST and KMC shall agree upon and adopt a schedule for implementation of this Agreement.

23.0 PERFORMANCE STANDARDS FOR SPECIFIED ACTIVITIES

23.1 Certain Definitions

When used in this Section 23.0, the following terms shall have the meanings indicated:

23.1.1 "Specified Performance Breach" means the failure by BST to meet the performance Criteria for any Specified Activity for a period of three (3) consecutive calendar months.

23.1.2 "Specified Activity" means any of the following activities:

- a) the installation by BST of unbundled Loops for KMC ("Unbundled Loop Installation");
- b) BST's provision of Interim Number Portability;
- c) the repair of out of service problems for KMC

or

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("Out of Service Repairs").

23.1.3 "Performance Criteria" means, with respect to each calendar month during the term of this Agreement, the performance by BST during such month of each Specified Activity shown below within the time interval shown in at least eighty percent (80%) of the covered instances:

SPECIFIED ACTIVITY	PERFORMANCE INTERVAL DATE
(1) <u>Unbundled Loop Installation*</u>	
1-10 Loops per Service Order	5 days from BST's Receipt of valid Service Order
11-20 Loops per Service Order	10 days from BST's Receipt of valid Service Order
21 + Loops per Service Order	to be Negotiated
(ii) <u>Interim Number Portability</u> (Remote Call Forwarding)	
1-10 Numbers per Service Order	5 days from BST's Receipt of valid Service Order
11-20 Numbers per Service Order	10 days from BST's Receipt of valid Service Order
21 + Numbers per Service Order	to be Negotiated
(iii) <u>Out-of-Service Repairs</u>	Provisions from Sec. 9.8.3 Apply

* The performance criteria for unbundled loops apply to two and four-wire analog loops where the facilities are available. In all other cases, the Parties agree to negotiate reasonable intervals.

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23.2 Performance Standards

BST shall exercise all reasonable efforts to meet the Performance Criteria for the three Specified Activities. In the event BST fails to meet the Performance Criteria at any time during the term of this Agreement, KMC shall be entitled to pursue all remedies available in law or equity.

At its option, KMC may also request binding arbitration with regard to (1) whether BST has committed a Specified Performance Breach of the Performance Criteria set forth in section 23.1.3 of this Agreement, and (2) if such a breach is determined to have occurred, the direct damages resulting from the breach. The direct damages recoverable under this provision shall not be limited by the provisions of section 28.1, but shall be subject to the provisions of sections 23.3 and 28.3. Such arbitration shall be conducted by a panel of three (3) arbitrators, one to be appointed by each Party pursuant to CPR's Nonadministered Arbitration Rules and subject to the United States Arbitration Act (19 U.S.C. Sections 1-16), to be conducted in Atlanta, Georgia.

In addition, if BST commits a Specified Performance Breach during the term of this Agreement, the Parties agree to meet immediately to determine whether any stipulated damages provisions are appropriate as an amendment hereof in light of such a Breach, and, if so, the terms thereof; provided, however, that if BST commits a Specified Performance Breach during the initial three (3) months of this Agreement, the Parties agree to meet at the end of the three-month period.

23.3 Limitations

In no event shall BST be deemed to have failed to meet any of the Performance Criteria if: BST's failure to meet or exceed any of the Performance Criteria is caused, directly or indirectly, by a Delaying Event. A "Delaying Event" means (a) a failure by KMC to perform any of its obligations set forth in this Agreement (including, without limitation, the Implementation Schedule and the Joint Grooming Plan), (b) any delay, act or failure to act by a Customer, agent or subcontractor of KMC or any Force Majeure Event. If a Delaying Event (i) prevents BST from performing a Specified Activity, then such Specified Activity shall be excluded from the calculation of BST's compliance with the Performance Criteria, or (ii) only suspends BST's ability to

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timely perform the Specified Activity, the applicable time frame in which BST's compliance with the Performance Criteria provided BST performs the Specified Activity in the course of its normal service cycle once the Delaying Event no longer exists; or the Parties agree to a time interval with respect to a particular order that exceeds the interval set forth in Section 23.1.3. In such event, the time interval for BST's performance of the Specified Activities set forth in the order shall be extended to such later date as agreed by the Parties.

23.4 Records

BST shall maintain complete and accurate records, on a monthly basis, of its performance under this Agreement of each Specified Activity and its compliance with the Performance Criteria. BST shall provide to KMC such records in a self-reporting format on a monthly basis. Notwithstanding Section 31.0, the Parties agree that such records shall be deemed "Proprietary Information" under Section 31.0.

24.0 SECTION 252(i) OBLIGATIONS

If BST enters into an agreement subject to approval by the Commission under the Act which provides for the provision of arrangements covered in this Agreement to another requesting Telecommunications Carrier, including itself or its affiliate, or if the Commission and/or FCC orders BST to provide arrangements covered in this Agreement, or if BST tariffs arrangements covered in this Agreement, BST shall make available to KMC such arrangements upon the same rates, terms and conditions as those provided in the other agreements, Commission and/or FCC orders, and/or BST tariffs, consistent with Commission and/or FCC rules. At its sole option, KMC may avail itself of either (i) the other Agreements, orders, or tariffs in their entirety or (ii) the prices, terms and conditions of the other agreements, orders, or tariffs that directly relate to any of the following duties as a whole:

- 1) Interconnection - Section 251 (c)(2) of the Act (Sections 4.0 and 5.0 of this Agreement); or
- 2) Reciprocal Compensation - Section 251(b)(5) of the Act (Section 5.8 of this Agreement); or

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- 3) Unbundled Loops - Section 251(c)(3) of the Act (Section 9.0 of this Agreement); or
- 4) Other Unbundled Access - Section 251(c)(3) of the Act (Unbundled Access other than Unbundled Loops contained in Section 9.0 of this Agreement); or
- 5) Resale - Section 251 (c)(4) of the Act (Section 10.0 of this Agreement); or
- 6) Collocation - Section 251 (c)(6) of the Act (Section 12.0 of this Agreement); or
- 7) Number Portability - Section 251(b)(2) of the Act (Section 13.0 of this Agreement); or
- 8) Access to Rights of Way - Section 251 (b)(4) of the Act (Section 15.0 of this Agreement).

The terms of this Agreement, other than those affected by the option, shall remain in full force and effect. The Parties reserve all rights to argue which Agreements are subject to approval under the Act.

25.0 CANCELLATION

Neither KMC nor BST shall impose cancellation charges upon each other associated with the physical network interconnection.

26.0 SEVERABILITY

In the event the Commission, the FCC, or a court determines that any provision of this Agreement or any order of the Commission or the FCC is contrary to law, or is invalid or unenforceable for any reason, the Parties shall continue to be bound by the terms of this Agreement, insofar as possible, except for the portion determined to be unlawful, invalid, or unenforceable. In such an event, the Parties shall negotiate in good faith to replace the unlawful, invalid or unenforceable provision and shall not discontinue service to the other Party during such period. Nothing in this Agreement shall be construed as requiring or permitting either Party to contravene any mandatory

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requirement of Federal or State law, or any regulations or orders adopted pursuant to such law.

27.0 FORCE MAJEURE

Neither Party shall be responsible for delays or failures in performance resulting from acts or occurrences beyond the reasonable control of such Party, regardless of whether such delays or failures in performance were foreseen or foreseeable as of the date of this Agreement, including, without limitation: fire, explosion, power failure, acts of God, war, revolution, civil commotion, or acts of public enemies; any law, order, regulation, ordinance or requirement of any government or legal body; or labor unrest, including, without limitation, strikes, slowdowns, picketing or boycotts; or delays caused by the other Party or by other service or equipment vendors; or any other circumstances beyond the Party's reasonable control. In such event, the Party affected shall, upon giving prompt notice to the other Party, be excused from such performance on a day-for-day basis to the extent of such interference (and the other Party shall likewise be excused from performance of its obligations on a day-for-day basis to the extent such Party's obligations related to the performance so interfered with). The affected party shall use its best efforts to avoid or remove the cause of nonperformance and both Parties shall proceed to perform with dispatch once the causes are removed or cease.

28.0 LIMITATION OF LIABILITY

28.1 Liability for Direct Damages

Except as otherwise provided, the Parties' liability to each other, whether in contract, tort or otherwise, shall be limited to direct damages, which shall not exceed the pro rata portion of the monthly charges for the services for the time period during which the services provided pursuant to this Agreement are inoperative, not to exceed in total BST's or KMC's monthly charge to the other.

28.2 Losses Alleged or Made by Customer

In the case of any Loss arising from a claim made by a customer of either Party, resulting from the negligence or willful misconduct of both Parties, each Party shall bear, and its obligations under this Section 28.0 shall be limited to, that portion (as mutually agreed to by the Parties) of the resulting expense

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caused by its (including that of its agents, servants, contractors or others acting in aid or concert with it) negligence or willful misconduct, and which is properly recoverable under the applicable Party's tariffs.

28.3 No Liability for Indirect Damages

Under no circumstance shall BST or KMC be responsible or liable to each other for indirect, incidental, or consequential damages, including, but not limited to, 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 BST or KMC may, from time to time, provide advice, make recommendations, or supply other analysis related to the equipment or services described in this Agreement, and, while BST and KMC shall use diligent efforts in this regard, the Parties acknowledge and agree that this limitation of liability shall apply to provisions of such advice, recommendations, and analysis.

29.0 ASSIGNMENT

This Agreement shall be binding upon every subsidiary and affiliate of either Party that is engaged in providing telephone exchange and exchange access services in any territory within which BST is an Incumbent Local Exchange Carrier as of the date of this Agreement (the "BST Territory"), and shall continue to be binding upon all such entities regardless of any subsequent change in their ownership. Each Party covenants that, if it sells or otherwise transfers to a third party its telephone exchange and exchange access network facilities within the BST Territory, or any portion thereof, it will require as a condition of such transfer that the transferee agree to be bound by this Agreement with respect to services provided over the transferred facilities. Except as provided in this paragraph, neither Party may assign or transfer (whether by operation of law or otherwise) this Agreement (or any rights or obligations hereunder) to a third party without the prior written consent of the other Party; provided that each Party may assign this Agreement to a corporate Affiliate or an entity under its common control or an entity acquiring all or substantially all of its assets or equity by providing prior written notice to the other Party of such assignment or transfer. Any attempted assignment or transfer that is not permitted is void ab initio. Without limiting the generality of the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties' respective successors and assigns.

30.0 DISPUTED AMOUNTS

30.1 Notice

If any portion of an amount due to a Party (the "Billing Party") under this Agreement is subject to a bona fide dispute between the Parties, the Party billed (the "Non-Paying Party") shall within sixty (60) days of its receipt of the invoice containing such disputed amount give notice to the Billing Party of the amounts it disputes ("Disputed Amounts") and include in such notice the specific details and reasons for disputing each item. The Non-Paying Party shall pay when due (i) all undisputed amounts to the Billing Party and (ii) all Disputed Amounts into an interest bearing escrow account with a third party escrow agent mutually agreed upon by the Parties.

30.2 Settlement Negotiations

If the Parties are unable to resolve the issues related to the Disputed Amounts in the normal course of business within sixty (60) days after delivery to the Billing Party of notice of the Disputed Amounts, each of the Parties shall appoint 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. The designated representatives shall meet as often as they reasonably deem necessary in order to discuss the dispute and negotiate in good faith in an effort to resolve such dispute. The specific format for such discussions will be left to the discretion of the designated representatives, however all reasonable requests for relevant information made by one Party to the other Party shall be honored.

30.3 Legal/Regulatory Remedies

- If the Parties are unable to resolve issues related to the Disputed Amounts within forty-five (45) days after the Parties' appointment of designated representatives pursuant to Section 30.2, then either Party may file a complaint with the Commission to resolve such issues or proceed with any other remedy pursuant to law or equity. The Commission may direct release of any or all funds (including any accrued interest) in the escrow account, plus applicable late fees, to be paid to either Party.

30.4 Confidential Treatment of Settlement Negotiations

The Parties agree that all negotiations pursuant to this Section 30.0 shall remain confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence.

30.5 Interest Accrued on Undisputed Amounts

Any undisputed amounts not paid when due shall accrue interest from the date such amounts were due at the lesser of (i) one and one-half percent (1-1/2%) per month or (ii) the highest rate of interest that may be charged under applicable law.

31.0 NON-DISCLOSURE

31.1 Identification of Information

All information, including but not limited to specifications, microfilm, photocopies, magnetic disks, magnetic tapes, drawings, sketches, models, samples, tools, technical information, data, employee records, maps, financial reports, and market data, (i) furnished by one Party to the other Party, other than customer information communicated for the purpose of publication or directory database inclusion, or (ii) in written, graphic, electromagnetic, or other tangible form and marked at the time of delivery as "Confidential" or "Proprietary," or (iii) communicated orally and declared to the receiving Party at the time of delivery, or by written notice given to the receiving Party within ten (10) days after delivery, to be "Confidential" or "Proprietary" (collectively referred to as "Proprietary Information"), shall remain the property of the disclosing Party.

31.2 Return of Information

Upon request by the disclosing Party, the receiving Party shall return all tangible copies of Proprietary Information, whether written, graphic or otherwise, except that the receiving Party may retain one copy for archival purposes.

31.3 Protection of Information

Each Party shall keep all of the other Party's Proprietary Information confidential and shall disclose the Proprietary Information to only those employees, contractors, agents or Affiliates who have a need for it in connection with the provision of services under this Agreement, and shall use the other Party's Proprietary Information only for performing the covenants contained in the Agreement. Neither Party shall use the other Party's Proprietary Information for any other purpose except upon such terms and conditions as may be agreed upon between the parties in writing.

31.4 Excluded Information

Unless otherwise agreed, the obligations of confidentiality and non-use set forth in this Agreement do not apply to such Proprietary Information as:

- 31.4.1** "was at the time of receipt already known to the receiving Party free of any obligation to keep it confidential evidenced by written records prepared prior to delivery by the disclosing Party"; or
- 31.4.2** "is or becomes publicly known through no wrongful act of the receiving Party"; or
- 31.4.3** "is rightfully received from a third person having no direct or indirect secrecy or confidentiality obligation to the disclosing Party with respect to such information"; or
- 31.4.4** "is independently developed by an employee, agent, or contractor of the receiving Party which individual is not involved in any manner with the provision of services pursuant to the Agreement and does not have any direct or indirect access to the Proprietary Information; or
- 31.4.5** "is disclosed to a third person by the disclosing Party without similar restrictions on such third person's rights"; or

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- 31.4.6** "is approved for release by written authorization of the disclosing Party"; or
- 31.4.7** "is required to be made public by the receiving Party pursuant to applicable law or regulation provided that the receiving Party shall give sufficient notice of the requirement to the disclosing Party to enable the disclosing Party to seek protective orders."
- 31.4.8** If any Receiving Party is required by any governmental authority or by applicable law to disclose any Proprietary Information, then such Receiving Party shall provide the Disclosing Party with written notice of such requirement as soon as possible and prior to such disclosure. The Disclosing Party may then either seek appropriate protective relief from all or part of such requirement or, if it fails to successfully do so, it shall be deemed to have waived the Receiving Party's compliance with this Section 31.0 with respect to all or part of such requirement. The Receiving Party shall use all commercially reasonable efforts to cooperate with the Disclosing Party in attempting to obtain any protective relief which such Disclosing Party chooses to obtain.
- 31.4.9** In the event of the expiration or termination of this Agreement for any reason whatsoever, each Party shall return to the other Party or destroy all Proprietary Information and other documents, work papers and other material (including all copies thereof) obtained from the other Party in connection with this Agreement and shall use all reasonable efforts, including instructing its employees and others who have had access to such information, to keep confidential and not to use any such information, unless such information is now, or is hereafter disclosed, through no act, omission or fault of such Party, in any manner making it available to the general public.

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31.5 Effective Date

Notwithstanding any other provision of this Agreement, the Proprietary Information provisions of this Agreement shall apply to all information furnished by either Party to the other in furtherance of the purpose of this Agreement, even if furnished before the date of this Agreement.

32.0 CANCELLATION

The parties, at any time, by mutual written agreement, may cancel or amend any rate, term, condition or clause contained in this agreement.

33.0 DISPUTE RESOLUTION

The Parties agree that in the event of a default or violation hereunder, or for any dispute arising under this Agreement or related agreements the Parties may have in connection with this Agreement, prior to taking any action before any court or regulator, or before making any public statement or disclosing the nature of the dispute to any third Party, the Parties shall first confer to discuss the dispute and seek resolution. Such conference shall occur at least at the Vice President level for each Party. In the case of BST, its Vice President for Regulatory Affairs, or equivalent officer, shall participate in the meet and confer meeting, and KMC's Chief Operating Officer, or equivalent officer, shall participate.

34.0 NOTICES

Any notice to a Party required or permitted under this Agreement shall be in writing and shall be deemed to have been received on the date of service if served personally, three days after mailing in the case of first class mail, or on the date stated on the receipt if delivered by certified or registered mail or by a courier service that obtains a written receipt. Notice may also be provided by facsimile, which shall be effective on the next Business Day following the date of transmission. "Business Day" shall mean Monday through Friday, BST/KMC holidays excepted. Any notice shall be delivered using one of the alternatives mentioned in this section and shall be directed to the applicable address indicated below or such other address as the Party to be notified has designated by giving notice in compliance with this section: Any notice to a Party required or permitted under this Agreement shall be in writing and shall be deemed to have been received on the date of service if served personally on the date receipt is

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acknowledged in writing by the recipient if delivered by regular mail, or on the date stated on the receipt if delivered by certified or registered mail or by a courier service that obtains a written receipt. Notice may also be provided by facsimile, which shall be effective on the next Business Day following the date of transmission. "Business Day" shall mean Monday through Friday, BST/KMC holidays excepted. Any notice shall be delivered using one of the alternatives mentioned in this section and shall be directed to the applicable addresses indicated below or such address as the Party to be notified has designated by giving notice in compliance with this section:

If to BST: Attention: General Attorney - Customer Operations Units
BellSouth Telecommunications, Inc.
675 W. Peachtree Street, Suite 4300
Atlanta, Georgia 30375

If to KMC: Attention: President
KMC Telecom Inc.
1545 Route 206
Suite 300
Bedminster, New Jersey 07921

35.0 LIABILITY AND INDEMNITY

35.1 Indemnification

Except as otherwise provided, each Party agrees to release, indemnify, defend, and hold harmless the other Party 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 persons, 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, to the extent proximately caused by the indemnifying Party's negligence, or willful misconduct, regardless of form of action.

35.2 Disclaimer

Except as specifically provided to the contrary in this agreement and in BST's and KMC's tariffs, BST and KMC make no representations or warranties to

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each other concerning the specific quality of any services provided under this agreement. Except as otherwise provided, the Parties disclaim, 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.

36.0 MISCELLANEOUS

36.1 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.

36.2 Authority

Each person whose signature appears below represents and warrants that he or she has authority to bind the Party on whose behalf he or she has executed this Agreement and that the Party has full power and authority to execute and deliver this Agreement and to perform the obligation hereunder.

36.3 Binding Effect

This Agreement shall be binding on and inure to the benefits of the respective successors and permitted assigns of the Parties.

36.4 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 as described in this Agreement.

36.5 Consent

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

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36.6 Entire Agreement

This Agreement constitutes the entire agreement of the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, negotiations, proposals, and representations, whether written or oral, and all contemporaneous oral agreements, negotiations, proposals, and representations concerning such subject matter. No representations, understandings, agreements, or warranties, expressed or implied, have been made or relied upon in the making of this Agreement other than those specifically set forth herein.

36.7 Expenses

Except as specifically set out in this Agreement, each Party shall be solely responsible for its own expenses involved in all activities related to the subject of this Agreement.

36.8 Resolution of Disputes

Except as otherwise stated in this Agreement, the Parties agree that if any dispute arises as to the interpretation of this Agreement or as to the proper implementation of this Agreement, the Parties will petition the Commission or the FCC for a resolution of the dispute. However, each Party reserves any rights it may have to seek judicial review of any ruling made by the Commission or the FCC concerning this Agreement.

36.9 Governing Law

This Agreement is subject to the Act, and the effective rules and regulations promulgated pursuant to the Act, and any other applicable federal law, as well as the rules of the Commission, and shall be further governed by and construed in accordance with the domestic laws of the state of performance without regard to its conflicts of law principles.

36.10 Headings

The headings in this Agreement are inserted for convenience and identification only and shall not be considered in the interpretation of this

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Agreement.

36.11 Independent Contractor Relationship

The persons provided by each Party to perform services under this Agreement 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.

36.12 Multiple Counterparts

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

36.13 No Offer

Submission of this Agreement for examination or signature does not constitute an offer by BST for the provision of the products or services described herein. This Agreement will be effective only upon execution and delivery by both BST and KMC.

36.14 Publicity

Any news release, public announcement, advertising, or any form of publicity pertaining to this Agreement or association of the Parties with respect to provision of the services described in this Agreement shall be subject to prior coordination and review of both BST and KMC.

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36.15 Subcontractors

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

36.16 Regulatory Approval

Each Party agrees to cooperate with the other and with any regulatory agency to obtain regulatory approval. During the term of this Agreement, each Party agrees to continue to cooperate with the other and with any regulatory agency so that the benefits of this Agreement may be achieved. The Parties, however, reserve the right to seek regulatory relief and otherwise seek redress from each other regarding performance and implementation of this Agreement. In the event the Commission rejects any portion of this Agreement, the Parties agree to meet and negotiate in good faith to arrive at a mutually acceptable modification of the rejected portion.

36.17 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 trademarks, service marks, or trade names of the other for any purpose whatsoever.

36.18 Taxes and Fees

36.18.1 Definition For purposes of this section, the terms "taxes" and "fees" shall include but not be 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 therefor.

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36.18.2 Taxes and Fees Imposed Directly on Either Providing Party or Purchasing Party

(a) Taxes and fees imposed on the providing Party, which are not permitted to be passed on by the providing party to its customer, shall be borne and paid by the providing Party.

(b) 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.

36.18.3 Taxes and Fees Imposed On Purchasing Party But Collected and Remitted By Providing Party

(a) 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.

(b) 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 and the purchasing Party shall remit such taxes when later notified.

(c) 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 and when the purchasing Party provides written certification 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

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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 or rulings in any proceeding, protest, or legal challenge, all filings issued in connection therewith, and all correspondence between the purchasing Party and the taxing authority.

(d) 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 the timely payment and shall be entitled to the benefit of any refund or recovery.

(e) 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. However, if interest and penalties are due because of lack of timely remittance by the providing Party or because of untimely billing by the providing Party, the providing Party will be responsible for such penalties and interest.

(f) 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.

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(g) Each Party shall notify the other Party in writing of any assessment, proposed assessment or other claim for any additional amount of such tax or fee by a taxing authority; such notice to be provided 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.

36.18.4 Taxes and Fees Imposed on Providing Party But Passed on To Purchasing Party

(a) Taxes and fees imposed on the providing Party, which are permitted or required to be passed on by the providing Party to the purchasing Party shall be borne by the purchasing Party.

(b) To the extent permitted by applicable law, any such tax 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 and the purchasing Party shall remit such taxes when later notified.

(c) 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 and with respect to whether to contest 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

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responsibility for determining whether and how to contest the imposition of such taxes or fees; provided, however, that any such contest undertaken at the request of the purchasing Party shall be at the purchasing Party's expense.

(d) 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.

(e) 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. However, if interest and penalties are due because of lack of timely remittance by the providing Party or because of untimely billing by the providing Party, the providing Party will be responsible for such penalties and interest.

(f) 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.

(g) 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 at least ten (10) days prior to the date by which a response, protest

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or other appeal must be filed, but no event later than thirty (30) days after receipt of such assessment, proposed assessment or claim.

- 36.18.5 Taxes and Fees Imposed on the Providing Party.** With respect to any purchase of services, facilities or arrangements, if any tax or fee is imposed by applicable law on the receipts of the providing Party (Receipts Tax (or fee)), which law permits the providing Party to exclude certain receipts received from sales for resale to a public utility, distributor, telephone company, local exchange carrier, telecommunications company or other communications company (Telecommunications company), such exclusion being based solely on the fact that the purchasing Party is also subject to a tax or fee based upon receipts, then the purchasing Party shall (i) provide the providing Party with notice in writing in accordance with Section 34.0 of its intent to pay the Receipts Tax (or fee) and (ii) shall timely pay the receipts tax or fee to the applicable tax authority. If the purchasing Party fails to pay the Receipts Tax as required by this subsection 36.18.5 then, as between the providing Party and the purchasing Party, (i) the purchasing Party shall be liable for any tax or fee imposed on its receipts and (ii) the purchasing Party shall be liable for any interest assessed thereon and any penalty assessed upon the providing Party with respect to such tax or fee by such authority.
- 36.18.6 Mutual Cooperation.** In any contest of a tax or fee by one Party, the other Party shall cooperate fully by timely providing records, testimony and such additional information or assistance as may be reasonably necessary to pursue the contest.
- 36.18.7 Miscellaneous.** This Agreement does not cover any tax or fee which may be imposed on either Party's corporate existence, status or income.

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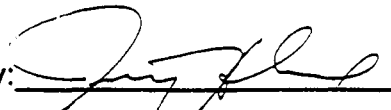
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement
to be executed as of this 24th day of February, 1997.

KMC Telecom Inc.

By: 

Title: Michael A. Sternberg
President

BellSouth Telecommunications, Inc.

By: 

Title: Director

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Exhibit 1

Certain Terms as Defined in the Act
as of February 1997

(These terms shall be amended to be consistent with
Commission and/or FCC Orders as they may ultimately be adjudicated upon any
Petition for reconsideration or final appeal.) (Page 1 of 3)

"Affiliate" means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or the equivalent thereof) of more than ten percent (10%).

"Dialing Parity" means that a person that is not an Affiliate of a LEC is able to provide Telecommunications Services in such a manner that Customers have the ability to route automatically, without the use of any access code, their Telecommunications to the Telecommunications Services provider of the Customer's designation from among two (2) or more Telecommunications Services providers (including such LEC).

"Exchange Access" means the offering of access to Telephone Exchange Services or facilities for the purpose of the origination or termination of Telephone Toll Services.

"InterLATA" means Telecommunications between a point located in a local access and transport area and a point located outside such area.

"Local Access and Transport Area" or "LATA" means a contiguous geographic area: (a) established before the date of enactment of the Act by a Bell operating company such that no Exchange Area includes points within more than one (1) metropolitan statistical area, consolidated metropolitan statistical area, or State, except as expressly permitted under the AT&T Consent Decree; or (b) established or modified by a Bell operating company after such date of enactment and approved by the FCC.

"Local Exchange Carrier" means any person that is engaged in the provision of Telephone Exchange Service or Exchange Access. Such term does not include a person insofar as such person is engaged in the provision of a commercial mobile

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Exhibit 1 (Page 2 of 3)

service under Section 332(c) of the Act, except to the extent that the FCC finds that such service should be included in the definition of such term.

"Network Element" (or "Unbundled Element") means a facility or equipment used in the provision of a Telecommunications Service. Such term also includes features, functions, and capabilities that are provided by means of such facility or equipment, including subscriber numbers, databases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, or other provision of a Telecommunications Service.

"Number Portability: means the ability of end users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.

"Telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received.

"Telecommunications Carrier" means any provider of Telecommunications Services, except that such term does not include aggregators of Telecommunications Services (as defined in Section 226 of the Communications Act).

"Telecommunications Service" means the offering of Telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.

"Telephone Exchange Service" means (a) service within a telephone exchange or within a connected system of telephone exchanges within the same exchange area operated to furnish subscribers intercommunicating service of the character ordinarily furnished by a single exchange, and which is covered by the Telephone Exchange Service charge, or (b) comparable service provided through a system of switches, transmission equipment, or other facilities (or combination thereof) by which a subscriber can originate and terminate a telecommunications service.

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"Telephone Toll Service" means telephone service between stations in different exchange areas for which there is made a separate charge not included in contracts with subscribers for Telephone Exchange Service.

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Exhibit 2

Unbundled Element Bona Fide Request
Process--Section 251(c)(3) (Page 1 of 2)

1. Each Party will promptly consider and analyze access to a new Unbundled Element with the submission of an Unbundled Element Bona Fide Request hereunder. This Unbundled Element Bona Fide Request Process does not apply to those services requested pursuant to Report & Order and Notice of Proposed Rulemaking 91-141 (rel. Oct. 19, 1992) ¶ 259 and n.603.
2. A Unbundled Element Bona Fide Request shall be submitted in writing and shall include a technical description of each requested Unbundled Element.
3. The requesting Party may cancel an Unbundled Element Bona Fide Request at any time but will pay the other Party's reasonable and demonstrable costs of processing and/or implementing the Unbundled Element Bona Fide request up to the date of cancellation.
4. Within ten (10) business days of its receipt, the receiving Party shall acknowledge receipt of the Unbundled Element Bona Fide Request.
5. Except under extraordinary circumstances, within thirty (30) days of its receipt of the Unbundled Element Bona Fide Request, the receiving Party shall provide to the requesting Party a preliminary analysis of the Unbundled Element Bona Fide Request. The preliminary analysis shall confirm that the receiving Party will offer access to the Unbundled Element or will provide a detailed explanation that access to the Unbundled Element is not technically feasible and/or that the request does not qualify as a Unbundled Element that is required to be provided under the state or federal rules. If the receiving Party determines that extraordinary circumstances exist and is therefore unable to provide such a preliminary analysis within the 30 day time-frame, the receiving Party shall advise the requesting Party of the date upon which the preliminary analysis will be available and the circumstances that caused the receiving Party to be unable to meet the 30 day dead-line.

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Exhibit 2 (2 of 2)

6. If the receiving Party determines that the Unbundled Element Bona Fide Request is technically feasible, it shall promptly proceed with developing the Unbundled Element Bona Fide Request as soon as it receives written authorization, including a non-binding estimate of demand for the unbundled element, from the requesting Party. When it receives such authorization, the receiving Party shall promptly develop the requested services, determine their availability, calculate the applicable prices and establish installation intervals.

7. Unless the Parties expressly agree otherwise, the Unbundled Element Bona Fide Request must be priced in accordance with FCC rules based upon the Act.

8. As soon as feasible, but not more than ninety (90) days after its receipt of authorization to proceed with developing the Unbundled Element Bona Fide Request, the receiving Party shall provide to the requesting Party an Unbundled Element Bona Fide Request quote which will include, at a minimum, a description of each Unbundled Element, the availability, the applicable rates and the installation intervals.

9. Within thirty (30) days of its receipt of the Unbundled Element Bona Fide Request quote, the requesting Party must either confirm its order for the Unbundled Element pursuant to the Unbundled Element Bona Fide Request quote or petition or seek relief from the appropriate regulatory body.

10. If a Party to a Unbundled Element Bona Fide Request believes that the other Party is not requesting, negotiating or processing the Unbundled Element Bona Fide Request in good faith, or disputes a determination, or price or cost quote, it may seek relief from the appropriate regulatory body.

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Exhibit 3

Implementation Schedule

LATA	BellSouth Interconnection Wire Centers (BIWC)	KMC Interconnection Wire Centers (KIWC)	Interconnection Activation Date
Huntsville	HNVIALLUN 5701 Holmes Ave. Huntsville, AL	HNVIALLDYK01 994 Explorer Blvd. Huntsville, AL	TBD*
Shreveport	TBD	SHPTLAY0K00 506 Caddo Street Shreveport, LA	TBD
Baton Rouge	TBD	BTRGLAXHK00 5758 Essen Lane Baton Rouge, LA	TBD

* To be determined

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Exhibit 4

Meet Point Billing Provisions (Page 1 of 2)

- A. BST shall provide KMC with the Switched Access Detail Usage Data (category 1101XX records) on an ongoing basis on magnetic tape or via electronic file transfer using EMR format, no later than 10 days after the end of the calendar month billing period.**
- B. KMC shall provide BST with the Switched Access Summary Usage Data (category 1150XX records) on magnetic tape or via electronic file transfer using the EMR format, no later than 10 days after the KMC bill is rendered.**
- C. In accordance with MECAB guidelines, each Party shall coordinate and exchange the billing account reference ("BAR") and billing account cross reference ("BACR") numbers for the MPB Service. Each Party shall notify the other if the level of billing or other BAR/BACR elements change, resulting in a new BAR/BACR number.**
- D. If Switched Access Detail Usage Data is not submitted to KMC by BST in a timely fashion or if it is not in proper format as previously defined, and if as a result KMC is delayed in billing the IXC's, late payment charges will be payable by BST to KMC as prescribed in KMC's access tariff.**
- E. If Switched Access Summary Usage Data is not submitted to BST by KMC in a timely fashion or if it is not in proper format as previously defined, and if as a result BST is delayed in billing the IXC's, late payment charges will be payable to BST as prescribed in BST's access tariff. Excluded from this provision will be any Switched Access Detail Usage Data records not provided by BST in a timely fashion.**

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Exhibit 4 (Page 2 of 2)

Meet Point Billing Rate Elements**

Interstate Access - Terminating to or Originating from KMC End User Customers

<u>Rate Element</u>	<u>Billing Company</u>
Carrier Common Line	KMC
Local Switching	KMC
Interconnection Charge	KMC
Local Transport Termination	50% of BST rate & 50% of KMC rate
Local Transport Facility	*
Tandem Switching	BST
Entrance Facility	BST

Intrastate Access - Terminating to or Originating from KMC End User Customers

<u>Rate Element</u>	<u>Billing Company</u>
Carrier Common Line	KMC
Local Switching	KMC
Interconnection Charge	KMC
Local Transport Termination	50% of BST rate & 50% of KMC rate
Local Transport Facility	*
Tandem Switching	BST
Entrance Facility	BST

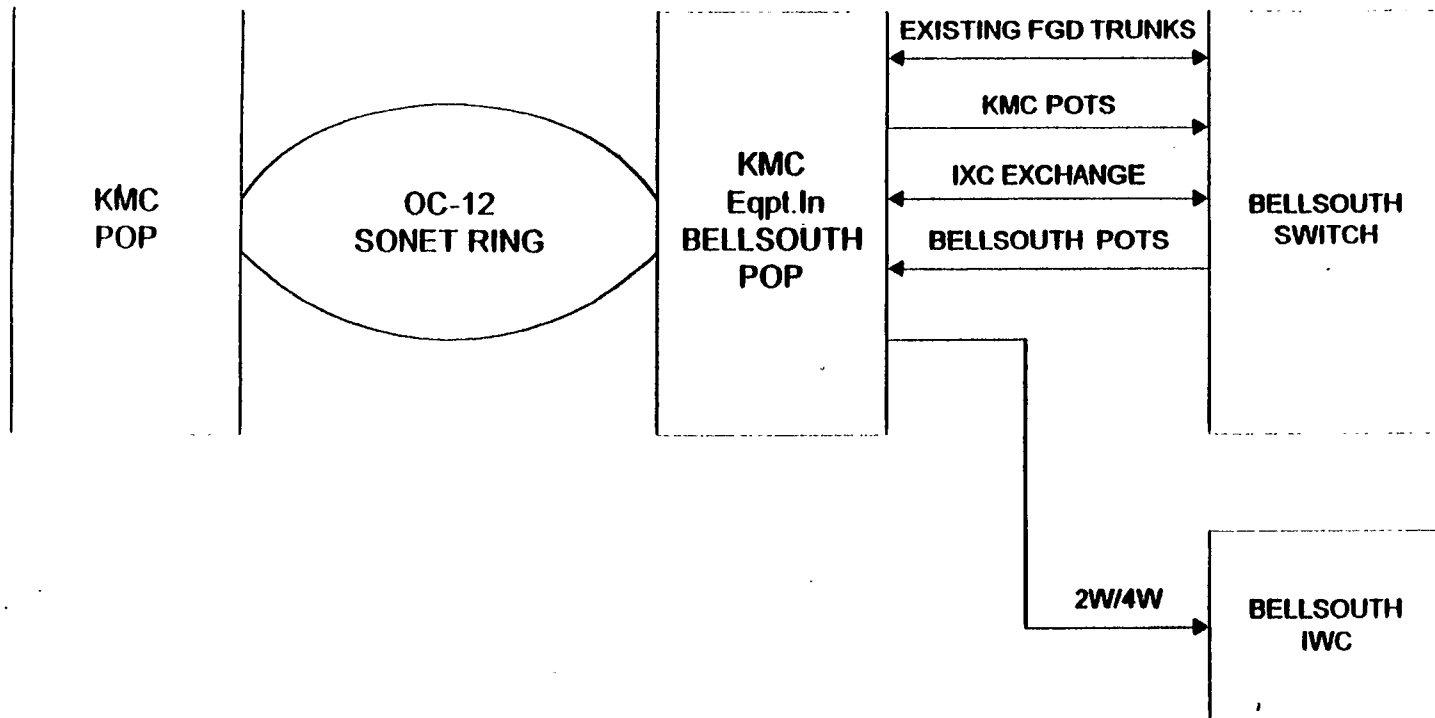
* Each Party bills the IXCs its own tariff rate multiplied by the billing percentage identified for it in a given MPB pair, multiplied by the total facility miles.

** This does not apply to end users of resold services.

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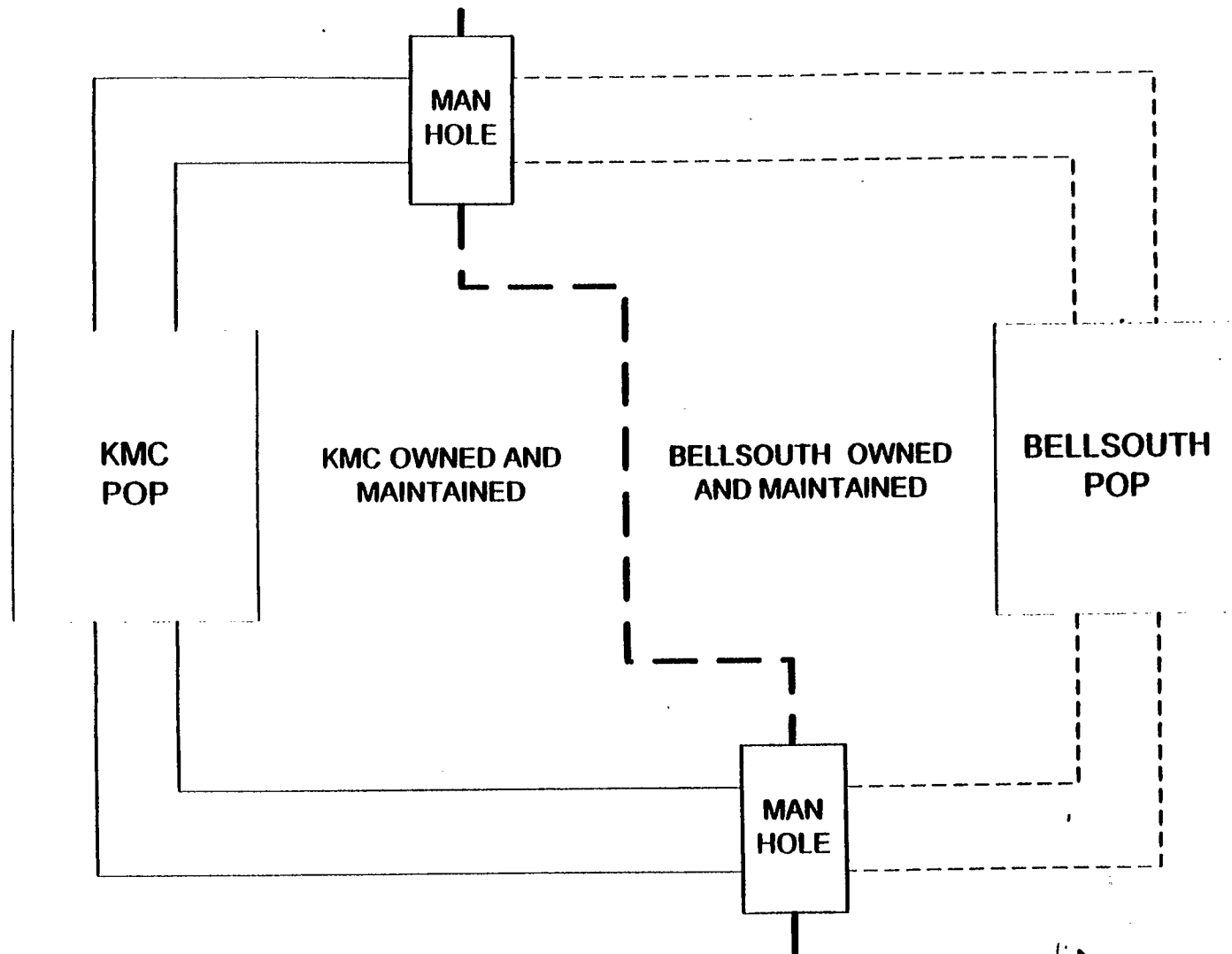
KMC/BellSouth Architecture -- Exhibit 5

KMC/BELLSOUTH INITIAL ARCHITECTURE



KMC Telecom Inc.

KMC/BELLSOUTH FIBER MEET



KMC Telecom Inc.

KMC Telecom Inc., & BellSouth Telecommunications, Inc.
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Exhibit 6

Physical Collocation Agreement

By and Between

BellSouth Telecommunications, Inc.

and

KMC Telecom, Inc.

BELLSOUTH PHYSICAL COLLOCATION MASTER AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 19____, by and between BellSouth Telecommunications, Inc. ("BellSouth"), a corporation organized and existing under the laws of the State of Georgia, and KMC Telecom Inc. ("Interconnector"), a corporation organized and existing under the laws of the State of Delaware;

WITNESSETH

WHEREAS, Interconnector wishes the right to occupy the BellSouth Central Office(s) delineated herein for the purpose of interconnection to BellSouth's facilities;

WHEREAS, BellSouth has space available in its Central Office(s) which Interconnector desires to utilize; and

WHEREAS, BellSouth is willing to make such space available to Interconnector within its Central Office(s) subject to all terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

I. *SCOPE OF AGREEMENT*

A. BellSouth hereby grants to Interconnector a right to occupy that certain enclosed area designated by BellSouth within a BellSouth Central Office, of a size and dimension which is specified by the Interconnector and agreed to by BellSouth (hereinafter "Collocation Space"). BellSouth will design and construct at Interconnector's expense, a wall or other delineation to establish a clear division between the Collocation Space and other areas of the Central Office dedicated to BellSouth's use.

B. Interconnector shall use the Collocation Space for the purposes of installing, maintaining and operating Interconnector's equipment (to include testing and monitoring equipment) which is used to interconnect with telecommunications services and facilities provided by BellSouth. Pursuant to Article III, following, Interconnector may place Interconnector-owned fiber entrance facilities to the Collocation Space, in which case the arrangement is designated "Expanded Interconnection." Placement of equipment in the Collocation Space without the use of Interconnector-owned entrance facilities is designated "Service Interconnection." In addition to, and not in lieu of, interconnection to BellSouth services and facilities, Interconnector may connect to other Interconnectors within the designated Central Office via BellSouth provisioned cross-connects. The Collocation Space may be used for no other purposes except as specifically described herein or authorized in writing by BellSouth.

BellSouth Telecommunications, Inc. & KMC Telecom Inc.

- C. Interconnector may not provide or make available space within the Collocation Space to any third party. Any violation of this provision shall be deemed a material breach of this Agreement.
- D. Interconnector agrees to pay the rates and charges identified at Exhibit A hereto.
- E. A Collocation Space will be provided to Interconnector at each Central Office identified at Exhibit B hereto, which Exhibit shall be updated from time to time as additional Central Offices are made subject to the terms of this Agreement.
- F. Interconnector agrees to the rules of conduct identified at Exhibit C hereto.

II. TERM OF AGREEMENT

A. Commencement Date. The "Commencement Date" shall be the first day after Interconnector's equipment becomes operational as described in subparagraph B, following. This Agreement shall be for an initial term of two (2) years, beginning on the "Commencement Date" and ending two (2) years later on the month and day corresponding to the "Commencement Date." Consistent with the provisions of section 21.0 of the Interconnection Agreement, this Agreement shall automatically renew and remain in full force and effect on and after the expiration of the term until terminated by either party.

B. Occupancy. BellSouth will notify the Interconnector that the Collocation Space is ready for occupancy. The Interconnector must place operational telecommunications equipment in the Collocation Space and connect with BellSouth's network within one hundred eighty (180) days after receipt of such notice. BellSouth may consent to an extension beyond 180 days upon a demonstration by the Interconnector that circumstances beyond its reasonable control prevented the Interconnector from completing installation by the prescribed date. If the Interconnector fails to place operational telecommunications equipment in the Collocation Space within 180 days and such failure continues for a period of thirty (30) days after receipt of written notice from BellSouth, then and in that event this Agreement shall terminate and BellSouth shall have no further obligations to Interconnector hereunder. Termination of the Agreement pursuant to this paragraph shall not operate to release Interconnector from its obligation to reimburse BellSouth for all costs reasonably incurred by BellSouth in preparing the Collocation Space, but rather such obligation shall survive this Agreement. For purposes of this paragraph, Interconnector's telecommunications equipment will be operational when cross-connected to BellSouth's network for the purpose of service provision.

C. Termination. Interconnector may terminate this Agreement upon thirty (30) days prior written notice to BellSouth. Upon termination, Interconnector at its expense shall remove its equipment and other property from the Collocation Space. Interconnector shall have thirty (30) days from the termination date to complete such removal; provided, however, that Interconnector shall continue payment of monthly fees to BellSouth until such date as Interconnector has fully vacated the Collocation Space. Should Interconnector fail to vacate the Collocation Space within thirty (30) days from the termination date, BellSouth shall have the right to remove the equipment and other property of Interconnector at Interconnector's expense and with no liability for damage or injury to Interconnector's property unless caused by the negligence or intentional misconduct of BellSouth.

III. USE OF COLLOCATION SPACE

A. Nature of Use. BellSouth shall permit Interconnector to place, maintain and operate in the Collocation Space any equipment that the Interconnector is authorized by BellSouth and by Federal or State regulators to place, maintain and operate in collocation space and that is used by Interconnector to provide services which Interconnector has the legal authority to provide. The equipment must at a minimum comply with the BellCore Network Equipment Building System (NEBS) General Equipment Requirements (TR-NWT-000063) and National Electric Code standards. Interconnector may elect to enclose the Collocation Space by a cage. The Interconnector shall not use the Collocation Space for marketing purposes. The Interconnector shall place no signs or marking of any kind in or on the Collocation Space, in the area surrounding the Collocation Space or on the grounds of the Central Office housing the Collocation Space.

B. Entrance Facilities. Interconnector may elect to place Interconnector-owned entrance facilities into the Collocation Space. BellSouth will designate the point of interconnection in proximity to the central office building housing the Collocation Space, such as an entrance manhole or a cable vault. Interconnector will provide and place cable at the point of interconnection of sufficient length to be pulled through conduit and into the splice location. No splicing will be permitted in the entrance manhole. Interconnector will provide a sufficient length of fire retardant riser cable, to which the entrance cable will be spliced, which will extend from the splice location to the Interconnector's equipment in the Collocation Space. Interconnector will contact BellSouth for instructions prior to placing the entrance facility cable in the manhole. Interconnector is responsible for maintenance of the entrance facilities. Dual entrance will be permitted where capacity exists. The interconnection point for entrance facilities extending from a rooftop antenna will be designated by BellSouth on the Application/Inquiry response.

C. Demarcation Point. A point-of-termination bay(s) will designate the point(s) of interconnection between Interconnector's equipment and/or network and BellSouth's network. Each party will be responsible for maintenance and operation of all equipment/facilities on its side of the demarcation point.

D. Interconnector's Equipment and Facilities. Interconnector is solely responsible for the design, engineering, testing, performance, monitoring, maintenance, and repair of the equipment and facilities used by Interconnector in the Collocation Space. Without limitation of the foregoing provisions, Interconnector will be responsible for servicing, supplying, repairing, installing and maintaining the following: (1) cable(s); (2) equipment; (3) point-of-termination cross-connects; (4) point of termination maintenance, including replacement fuses and circuit breaker restoration, if not performed by BellSouth; and (5) connection cable(s) and associated equipment which may be required within the Collocation Space to the points of interconnection.

E. Access and Administration. Interconnector shall have access to the Collocation Space on a 24 hour, seven day a week. A security escort will be required at Central Offices where separate, secured ingress and egress are not available and access would require Interconnector to traverse restricted areas. All employees, agents and contractors of Interconnector having access to the Collocation Space shall comply with BellSouth's policies and practices pertaining to fire, safety and security, and each such employee, agent or contractor shall display an identification badge issued by Interconnector or certified vendor which contains a current photo, the individual's name and company name/logo. Interconnector agrees to comply with all laws, ordinances and regulations affecting the use of the Collocation Space. Upon expiration of this Agreement, Interconnector shall surrender the Collocation Space to BellSouth in the same condition as when first occupied by the Interconnector except for ordinary wear and tear.

F. Interference or Impairment. Notwithstanding any other provisions of this Agreement, equipment and facilities placed in the Collocation Space shall not interfere with or impair service provided by BellSouth or by any other interconnector located in the Central Office; shall not endanger or damage the facilities of BellSouth or of any other interconnector, the Collocation Space, or the Central Office; shall not compromise the privacy of any communications carried in, from, or through the Central Office; and shall not create an unreasonable risk of injury or death to any individual or to the public. If BellSouth reasonably determines that any equipment or facilities of Interconnector violate the provisions of this paragraph, BellSouth shall give written notice to Interconnector, which notice shall direct Interconnector to cure the violation within twenty-four (24) hours or, at a minimum, to commence curative measures within 24 hours and to exercise reasonable diligence to complete such measures as soon as possible thereafter. If Interconnector fails to take curative action within 24 hours or if the violation is of a character which poses an immediate and substantial threat of damage to property, injury or death to any person, or interference/impairment of the services provided by BellSouth, then and in that event BellSouth may take such action as it deems appropriate to correct the violation, including without limitation the interruption of electrical power to Interconnector's equipment. BellSouth will endeavor, but is not required, to provide notice to Interconnector prior to taking such action and shall have no liability to Interconnector for any damages arising from such action, except to the extent that such action by BellSouth constitutes willful misconduct.

G. Personalty and its Removal. Subject to requirements of this Agreement, the Interconnector may place or install in or on the Collocation Space such facilities and equipment as it deems desirable for the conduct of business. Personal property, facilities and equipment placed by the Interconnector in the Collocation Space shall not become a part of the Collocation Space, even if nailed, screwed or otherwise fastened to the Collocation Space, but shall retain their status as personalty and may be removed by Interconnector at any time. Any damage caused to the Collocation Space by the removal of such property shall be promptly repaired by Interconnector at its expense.

H. Alterations. In no case shall Interconnector or any person acting on behalf of Interconnector make any rearrangement, modification, improvement, addition, repair, or other alteration to the Collocation Space or the BellSouth Central Office without the written consent of BellSouth, which consent shall not be unreasonably withheld. The cost of any such specialized alterations shall be paid by Interconnector.

IV. ORDERING AND PREPARATION OF COLLOCATION SPACE

A. Application for Space. Interconnector shall submit to BellSouth a complete and accurate Application and Inquiry document, together with payment of the Application Fee as stated in Exhibit A. The Application shall contain a detailed description and schematic drawing of the equipment to be placed in Interconnector's Collocation Space(s) and an estimate of the amount of square footage required. BellSouth will respond to Interconnector's Application in writing following the completion of review, planning and design activities. Such response will include estimates on space availability, space preparation costs and space availability dates.

B. Bona Fide Firm Order. Interconnector shall indicate its intent to proceed with equipment installation in a BellSouth Central Office by submitting a Bona Fide Firm Order to BellSouth. A Bona Fide Firm Order requires Interconnector to complete the Application/Inquiry process described in

subparagraph A, preceding, submit an updated Application document based on the outcome of the Application/Inquiry process, and pay all applicable fees referenced in Article V, following. The Bona Fide Firm Order must be received by BellSouth no later than 30 days after BellSouth's response to Interconnector's Application/Inquiry. Space preparation for the Collocation Space will not begin until BellSouth receives the Bona Fide Firm Order and all applicable fees.

C. Use of Certified Vendor. Interconnector shall select an equipment installation vendor which has been approved as a BellSouth Certified Vendor to perform all engineering and installation work required in the Collocation Space. BellSouth shall provide Interconnector with a list of Certified Vendors upon request. The Certified Vendor shall be responsible for installing Interconnector's equipment and components, extending power cabling to the BellSouth power distribution frame, performing operational tests after installation is complete, and notifying BellSouth's equipment engineers and Interconnector upon successful completion of installation. Certified Vendor shall bill Interconnector directly for all work performed for Interconnector pursuant to this Agreement and BellSouth shall have no liability for nor responsibility to pay such charges imposed by the Certified Vendor.

D. Alarm and monitoring. BellSouth shall place environmental alarms in the Central Office for the protection of BellSouth equipment and facilities. Interconnector shall be responsible for placement, monitoring and removal of environmental and equipment alarms used to service the Collocation Space. Upon request, BellSouth will provide Interconnector with applicable tariffed service(s) to facilitate remote monitoring of collocated equipment by Interconnector.

E. Basic Telephone Service. Upon request of Interconnector, BellSouth will provide basic telephone service to the Collocated Space under the rates, terms and conditions of the current tariff offering for the service requested.

F. Space Preparation. BellSouth shall pro rate the costs of any renovation or upgrade to Central Office space or support mechanisms which is required to accommodate Interconnector's request for space. Interconnector's pro rated share will be calculated by applying to total costs a percentage equivalent to the amount of square footage occupied by Interconnector divided by the total Central Office square footage receiving renovation or upgrade. For this section, support mechanisms may include, but not be limited to heating/ventilation/air conditioning (HVAC) equipment, HVAC duct work, cable support structure, fire wall(s), mechanical upgrade, asbestos abatement, ground plane addition, or separate ingress/egress construction. Such renovation or upgrade will be evaluated and the charges assessed on a per Central Office basis. BellSouth will make reasonable efforts to provide for occupancy of the Collocation Space on the negotiated date and will advise Interconnector of delays. Interconnector agrees BellSouth shall not be liable to Interconnector for delays in providing possession of the Collocated Space.

G. Space Enclosure Construction. Upon request of Interconnector, BellSouth shall construct an equipment arrangement enclosure of a size and dimension jointly agreed upon by the Parties. Interconnector may, at its option, directly arrange with a certified contractor to construct the space enclosure following BellSouth's guidelines and specifications. The certified contractor shall directly bill Interconnector for activities associated with the space enclosure construction.

H. Cancellation. If Interconnector cancels its order for the Collocation Space(s), Interconnector will reimburse BellSouth for any expenses incurred up to the date that written notice of the cancellation is received. In no event will the level of reimbursement under this paragraph exceed the

maximum amount Interconnector would have otherwise paid for work undertaken by BellSouth if no cancellation of the order had occurred.

V. *RATES AND CHARGES*

Interconnector shall pay for Collocation Space(s) according to the rates contained in Exhibit A and pursuant to the following:

A. Non-recurring Fees. In addition to the Application Fee referenced in Article IV preceding, Interconnector shall remit payment of a cable installation fee, space construction fee, as applicable, and one-half (1/2) of the estimated space preparation fee coincident with submission of a Bona Fide Firm Order. The outstanding balance of the actual space preparation fee shall be due 30 days following Interconnector's acceptance of the space. Cable installation fee(s) are assessed per entrance fiber placed. No cable installation fee is required for Service Interconnection. The space preparation fee will be pro rated as prescribed in section IV subparagraph F preceding. Interconnector's pro rated share will be calculated by applying to total estimated costs a percentage equivalent to the amount of square footage occupied by Interconnector divided by the total Central Office square footage receiving renovation-or upgrade. The space enclosure construction fee is assessed for the materials and installation cost of the equipment enclosure. BellSouth's engineering and other labor time associated with establishing the Physical Collocation Arrangement will be billed as Additional Engineering charges, under provisions in BellSouth's F.C.C. Number 1 Tariff, Sections 13.1 and 13.2. An estimate of the Additional Engineering charges will be provided by BellSouth to Interconnector in the Application Response.

B. Floor Space. The floor space charge includes charges for lighting, heat, air conditioning, ventilation and other allocated expenses associated with maintenance of the Central Office but does not include amperage necessary to power Interconnector's equipment. When the Collocation Space is enclosed by walls or other divider, Interconnector shall pay floor space charges based upon the number of square feet so enclosed. When the Collocation Space is not enclosed, Interconnector shall pay floor space charges based upon the number of square feet contained in a shadow print of Interconnector's equipment racks and POT bay, plus a factor of 2.50, representing the collocater's share of wiring and provisioning aisle space for provisioning and maintenance activities. Floor space charges are due beginning with the date on which BellSouth releases the Collocation Space for occupancy or on the date Interconnector first occupies the Collocation Space, whichever is sooner.

C. Power. Charges for -48V DC power will be assessed per ampere per month based upon the certified vendor engineered and installed power feed fused ampere capacity. Rates include redundant feeder fuse positions (A&B) and cable rack to Interconnector's equipment or equipment cage. Fuses and power feed cables (A&B) must be engineered (sized), furnished and installed by Interconnector's certified vendor. The Interconnector's certified vendor must also provide a copy of the engineering power specification prior to the Commencement Date.

In the event Interconnector's collocation request requires BellSouth to construct an addition and/or an upgrade to the power plant in a specific central office, BellSouth shall charge the costs associated with these additions and/or upgrades to the Interconnector as part of the Space Preparation Fee. Interconnector may, at its sole option, accept responsibility for construction of such upgrades or additions and assume all costs associated with the construction.

D. Security Escort. A security escort will be required whenever a collocater or approved agent desires access to the entrance manhole or must traverse a restricted area within BellSouth's central office. Rates for a BellSouth security escort are assessed in one-half (1/2) hour increments according to the schedule appended hereto as Exhibit A.

G. Other. Payment of all other charges under this Agreement shall be due thirty (30) days after receipt of the bill (payment due date). Interconnector will pay a late payment charge of one and one-half percent (1-1/2%) assessed monthly on any balance which remains unpaid after the payment due date.

VI. *INSURANCE*

A. Interconnector shall, at its sole cost and expense, procure, maintain, and keep in force insurance as specified in this Section VI and underwritten by insurance companies licensed to do business in each state identified in Exhibit B and having a BEST Insurance Rating of B ++ X (B ++ ten).

B. Interconnector shall maintain the following specific coverages:

1. Commercial General Liability coverage in the amount of fifteen million dollars (\$15,000,000.00) or a combination of Commercial General Liability and Excess/Umbrella coverage totaling not less than fifteen million dollars (\$15,000,000.00). BellSouth shall be named as an ADDITIONAL INSURED on ALL applicable policies as specified herein.

2. Statutory Workers Compensation coverage and Employers Liability coverage in the amount of one hundred thousand dollars (\$100,000.00) each accident, one hundred thousand dollars (\$100,000.00) each employee by disease, and five hundred thousand dollars (\$500,000.00) policy limit by disease.

3. Interconnector may elect to purchase business interruption and contingent business interruption insurance, having been advised that BellSouth assumes no liability for loss of profit or revenues should an interruption of service occur.

C. The limits set forth in B above may be increased by BellSouth from time to time during the term of this Agreement upon thirty (30) days notice to Interconnector to at least such minimum limits as shall then be customary with respect to comparable occupancy of BellSouth structures.

D. All policies purchased by Interconnector shall be deemed to be primary and not contributing to or in excess of any similar coverage purchased by BellSouth. All insurance must be in effect on or before the date equipment is delivered to BellSouth's Central Office and shall remain in effect for the term of this Agreement or until all Interconnector's property has been removed from BellSouth's Central Office, whichever period is longer. If Interconnector fails to maintain required coverages, BellSouth may pay the premiums thereon and seek reimbursement of same from the Interconnector.

E. Interconnector shall submit certificates of insurance reflecting the coverages required pursuant to this Section a minimum of ten (10) days prior to the commencement of any work in the Collocation Space. Interconnector shall arrange for BellSouth to receive thirty (30) days advance notice of cancellation from Interconnector's insurance company. Notice of cancellation should be forwarded to:

BellSouth Telecommunications, Inc.
Attn.: Insurance Coordinator
3535 Colonnade Parkway, S9A1
Birmingham, Alabama 35243

F. Interconnector must conform to recommendations made by BellSouth's fire insurance company to the extent BellSouth has agreed to, or shall hereafter agree to, such recommendations.

G. Failure to comply with the provisions of this Section will be deemed a material breach of this Agreement.

VII. MECHANICS LIENS

If any Mechanics Lien or other liens shall be filed against property of BellSouth, or any improvement thereon by reason of or arising out of any labor or materials furnished or alleged to have been furnished or to be furnished to or for Interconnector or by reason of any changes, or additions to BellSouth property made at the request or under the direction of the Interconnector, Interconnector shall, within thirty (30) days after receipt of written notice from BellSouth either pay such lien or cause the same to be bonded off BellSouth's property in the manner provided by law. Interconnector shall also defend on behalf of BellSouth, at Interconnector's sole cost and expense, any action, suit or proceeding which may be brought for the enforcement of such liens and Interconnector shall pay any damage and discharge any judgment entered thereon.

VIII. INSPECTIONS

BellSouth shall conduct an inspection of Interconnector's equipment and facilities in the Collocation Space(s) prior to the activation of facilities between Interconnector's equipment and equipment of BellSouth. BellSouth may conduct an inspection if Interconnector adds equipment and may otherwise conduct routine inspections at reasonable intervals mutually agreed upon by the parties. BellSouth shall provide Interconnector with a minimum of forty-eight (48) hours or two (2) business days, whichever is greater, advance notice of all such inspections.

IX. SECURITY

Only BellSouth employees, BellSouth certified vendors and authorized employees or agents of Interconnector will be permitted in the BellSouth Central Office. Interconnector shall provide its employees and agents with picture identification which must be worn and visible at all times while in the Collocation Space or other areas in or around the Central Office. BellSouth may refuse entry to any person who fails to display the identification required by this section.

X. INDEMNITY / LIMITATION OF LIABILITY

A. Interconnector shall be liable for any damage to property, equipment or facilities or injury to person caused by the activities of Interconnector, its agents or employees pursuant to, or in furtherance of, rights granted under this Agreement. Interconnector shall indemnify and hold BellSouth harmless from and against any judgments, fees, costs or other expenses resulting or claimed to result from such activities by Interconnector, its agents or employees.

B. BellSouth shall not be liable to Interconnector for any interruption of Interconnector's service or for interference with the operation of Interconnector's communications facilities, or for any special, indirect, incidental or consequential damages arising in any manner, including BellSouth's negligence, out of the use of the Collocation Space(s) and Interconnector shall indemnify, defend and hold BellSouth harmless from and against any and all claims, demands, causes of action, costs and reasonable attorneys' fees with respect to such special, indirect, incidental or consequential damages.

XI. PUBLICITY

Interconnector agrees to submit to BellSouth all advertising, sales promotion, press releases, and other publicity matters relating to this Agreement or mentioning or implying the tradenames, logos, trademarks or service marks (hereinafter "Marks") of BellSouth Corporation and/or any of its affiliated companies or language from which the connection of said Marks therewith may be inferred or implied, or mentioning or implying the names of any personnel of BellSouth Corporation and/or any of its affiliated companies, and Interconnector further agrees not to publish or use such advertising, sales promotions, press releases, or publicity matters without BellSouth's prior written consent.

XII. DESTRUCTION OF COLLOCATION SPACE

In the event a Collocation Space is wholly or partially damaged by fire, windstorm, tornado, flood or by similar causes to such an extent as to be rendered wholly unsuitable for Interconnector's permitted use hereunder, then either party may elect within ten (10) days after such damage, to terminate this Agreement, and if either party shall so elect, by giving the other written notice of termination, both parties shall stand released of and from further liability under the terms hereof. If the Collocation Space shall suffer only minor damage and shall not be rendered wholly unsuitable for Interconnector's permitted use, or is damaged and the option to terminate is not exercised by either party, BellSouth covenants and agrees to proceed promptly without expense to Interconnector, except for improvements not the property of BellSouth, to repair the damage. BellSouth shall have a reasonable time within which to rebuild or make any repairs, and such rebuilding and repairing shall be subject to delays caused by storms, shortages of labor and materials, government regulations, strikes, walkouts, and causes beyond the control of BellSouth, which causes shall not be construed as limiting factors, but as exemplary only. Where allowed and where practical in the sole judgment of BellSouth, Interconnector may erect a temporary facility while BellSouth rebuilds or makes repairs. In all cases where the Collocation Space shall be rebuilt or repaired, Interconnector shall be entitled to an equitable abatement of rent and other charges, depending upon the unsuitability of the Collocation Space for Interconnector's permitted use, until such Collocation Space is fully repaired and restored and Interconnector's equipment installed therein (but in no event later than thirty (30) days after the Collocation Space is fully repaired and restored).

XIII. EMINENT DOMAIN

If the whole of a Collocation Space shall be taken by any public authority under the power of eminent domain, then this Agreement shall terminate as of the day possession shall be taken by such public authority and rent and other charges for the Collocation Space shall be paid up to that day with proportionate refund by BellSouth of such rent and charges as may have been paid in advance for a period subsequent to the date of the taking. If any part of the Collocation Space shall be taken under eminent domain, BellSouth and Interconnector shall each have the right to terminate this Agreement and declare the same null and void, by written notice of such intention to the other party within ten (10) days after such taking.

XIV. FORCE MAJEURE

Neither party shall be in default by reason of any failure in performance of this Agreement, in accordance with its terms and conditions, if such failure arises out of causes beyond the control of the nonperforming party including, but not restricted to, acts of God, acts of government, insurrections, fires, floods, accidents, epidemics, quarantines, restrictions, strikes, freight embargoes, inability to secure raw materials or transportation facilities, acts or omissions of carriers or any and all other causes beyond the party's control.

XV. ASSIGNMENT

Interconnector acknowledges that this Agreement does not convey any right, title or interest in the Central Office to Interconnector. Interconnector may not sublet its rights under this Agreement, nor shall it allow a third party to use or occupy the Collocation Space at any time or from time to time without the prior written consent, and at the sole discretion, of BellSouth. This Agreement is not assignable by either party without the prior written consent of the other party, and any attempt to assign any of the rights, duties or obligations of this Agreement without such consent is void. Notwithstanding the foregoing, either party may assign any rights, duties or obligations of this Agreement to a parent, subsidiary or affiliate without the consent of the other party.

XVI. NONEXCLUSIVITY

Interconnector understands that this Agreement is not exclusive and that BellSouth may enter into similar agreements with other parties. Assignment of space pursuant to all such agreements shall be determined by space availability and made on a first come, first served basis.

XVII. NO IMPLIED WAIVER

No consent or waiver by either party to or of any breach of any covenant, term, condition, provision or duty of the other party under this Agreement shall be construed as a consent to or waiver of any other

breach of the same or any other covenant, term, condition, provision or duty. No such consent or waiver shall be valid unless in writing and signed by the party granting such consent or waiver.

XVIII. NOTICES

Except as otherwise provided herein, any notices or demands that are required by law or under the terms of this Agreement shall be given or made by Interconnector or BellSouth in writing and shall be given by hand delivery, or by certified or registered mail, and addressed to the parties as follows:

To BellSouth:

BellSouth Telecommunications, Inc.
3535 Colonnade Parkway, South E4E1
Birmingham, Alabama 35243
Attn.: Nancy Nelson

To Interconnector:

KMC Telecom, Inc.
994 Explorer Boulevard
Huntsville, Alabama 35806
Attn.: Scott Brodey

Such notices shall be deemed to have been given in the case of certified or registered mail when deposited in the United States mail with postage prepaid.

XIX. SECTION HEADINGS

The section headings used herein are for convenience only, and shall not be deemed to constitute integral provisions of this Agreement.

XX. AUTHORITY

Each of the parties hereto warrants to the other that the person or persons executing this Agreement on behalf of such party has the full right, power and authority to enter into and execute this Agreement on such party's behalf and that no consent from any other person or entity is required as a condition precedent to the legal effect of this Agreement.

XXI. REVIEW OF AGREEMENT

The parties acknowledge that each has had an opportunity to review and negotiate this Agreement and has executed this Agreement only after such review and negotiation. The parties further agree that this Agreement shall be deemed to have been drafted by both Licensor and Licensee and the terms and conditions contained herein shall not be construed any more strictly against one party or the other.

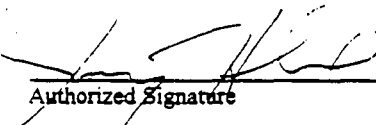
XXII. ENTIRE AGREEMENT

This Agreement contains the full understanding of the parties (superseding all prior or contemporaneous correspondence between the parties) and shall constitute the entire agreement between BellSouth and Interconnector and may not be modified or amended other than by a written instrument signed by both parties. If any conflict arises between the terms and conditions contained in this Agreement and those contained in a filed tariff, the terms and conditions of the tariff shall control.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives in one or more counterparts, each of which shall constitute an original, on the day and year first above written.

BELLSOUTH TELECOMMUNICATIONS,
INC.

KMC TELECOM INC.


Authorized Signature

Jerry D. Hendrix
Print or Type Name

Director
Title

03/12/97
Date


Authorized Signature

Michael Sternberg
Print or Type Name

President and CEO
Title

MARCH 14, 1997
Date

EXHIBIT A

Page 1 of 2

Schedule of Rates and Charges

<u>Rate Element Description</u>		<u>Type of Charge</u>	<u>Charge</u>
Application Fee		NRC (per Arrangement, per C.O.)	\$3,850.00
Subsequent Application Fee (Note 1)		NRC (per Arrangement, per C.O.)	\$1,600.00
Space Preparation Fee (Note 2)		NRC (per Arrangement, per C.O.)	ICB
Space Enclosure Construction Fee (Note 2)		NRC (per 100 square feet)	\$4,500.00
Additional Engineering Fee (Note 3)		NRC	ICB
Cable Installation		NRC (per entrance cable)	\$2,750.00
Floor Space	Zone A	RC (per square foot)	\$7.50
	Zone B	RC (per square foot)	\$6.75
Power		RC (per amp)	\$5.00
Cable Support structure		RC (per entrance cable)	\$13.35
Cross-Connects	2-wire	RC (per wire)	\$0.30
	4-wire	RC (per wire)	\$0.50
	DS1	RC (per wire)	\$8.00
	DS3	RC (per wire)	\$72.00
	2-wire	NRC (first wire)	\$19.20
	4-wire	NRC (first wire)	\$19.20
	DS1	NRC (first wire)	\$155.00
	DS3	NRC (first wire)	\$155.00
	2-wire	NRC (each additional wire)	\$19.20
	4-wire	NRC (each additional wire)	\$19.20
	DS1	NRC (each additional wire)	\$27.00
	DS3	NRC (each additional wire)	\$27.00
	2-wire	RC (per wire)	\$0.40
	4-wire	RC (per wire)	\$1.20
	DS1	RC (per wire)	\$1.20
	DS3	RC (per wire)	\$8.00

Schedule of Rates and Charges (cont.)

<u>Rate Element Description</u>	<u>Type of Charge</u>	<u>Charge</u>
Security Escort		
Basic - first half hour	NRC-ICB	\$41.00
Overtime - first half hour	NRC-ICB	\$48.00
Premium - first half hour	NRC-ICB	\$55.00
Basic - additional half hour	NRC-ICB	\$25.00
Overtime - additional half hour	NRC-ICB	\$30.00
Premium - additional half hour	NRC-ICB	\$35.00
Additional Security Access Cards	NRC-ICB (each)	\$10.00

Notes

NRC: Non-recurring Charge - one-time charge

RC: Recurring Charge - charged monthly

ICB: Individual Case Basis - one-time charge

- (1) Subsequent Application Fee. BellSouth requires the submission of an Application Fee for modifications to an existing arrangement. However, when the modifications do not require BellSouth to expend capital (e.g., additional space or power requirements, BST termination/cross-connect equipment, etc.), BellSouth will assess the Subsequent Application Fee.
- (2) Space Preparation Fee. The Space Preparation Fee is a one-time fee, assessed per arrangement, per location. It covers costs associated with the shared physical collocation area within a central office, and includes survey, engineering, design and building modification costs. BellSouth will pro rate the total shared space preparation costs among all collocators at that location based on the number of square footage requested. This charge may vary dependent on the location and the type of arrangement requested.

Space Enclosure Construction Fee. The Space Enclosure Construction Fee is a one-time fee, assessed per enclosure, per location. It covers the costs associated with providing an optional equipment arrangement enclosure, and includes architectural and engineering fees, materials, and installation costs. This fee is charged on a per 100 square foot basis. If a Collocator or their agent follows BellSouth's construction guidelines and builds their own partition, this fee will not be charged.
- (3) Additional Engineering Fee. BellSouth's engineering and other labor time associated with establishing the Physical Collocation Arrangement will be billed as Additional Engineering charges, under provisions in BellSouth's F.C.C. Number 1 Tariff, Sections 13.1 and 13.2. An estimate of the Additional Engineering charges will be provided by BellSouth in the Application Response.

EXHIBIT B

Bona Fide Physical Collocation Arrangements

Central Office Name:
Central Office CLLI Code:
City:
State:
Date of Bona Fide Firm Order:

Central Office Name:
Central Office CLLI Code:
City:
State:
Date of Bona Fide Firm Order:

Central Office Name:
Central Office CLLI Code:
City:
State:
Date of Bona Fide Firm Order:

Central Office Name:
Central Office CLLI Code:
City:
State:
Date of Bona Fide Firm Order:

Central Office Name:
Central Office CLLI Code:
City:
State:
Date of Bona Fide Firm Order:

Central Office Name:
Central Office CLLI Code:
City:
State:
Date of Bona Fide Firm Order:

**LINE INFORMATION DATA BASE (LIDB)
STORAGE AGREEMENT**

This Agreement, effective as of the 24th day of February, 1997, is entered into by and between BellSouth Telecommunications, Inc. ("BST"), a Georgia corporation, and KMC Telecom, Inc. ("Local Exchange Company"), a Delaware corporation.

WHEREAS, in consideration of the mutual covenants, agreements and obligations set forth below, the parties hereby agree as follows:

I. SCOPE

A. This Agreement sets forth the terms and conditions pursuant to which BST agrees to store in its LIDB certain information at the request of the Local Exchange Company and pursuant to which BST, its LIDB customers and Local Exchange Carrier shall have access to such information. Local Exchange Carrier understands that BST provides access to information in its LIDB to various telecommunications service providers pursuant to applicable tariffs and agrees that information stored at the request of Local Exchange Carrier, pursuant to this Agreement, shall be available to those telecommunications service providers. The terms and conditions contained in the attached Addendum No. 1 are hereby made a part of this Agreement as if fully incorporated herein.

B. LIDB is accessed for the following purposes:

1. Billed Number Screening
2. Calling Card Validation
3. Fraud Control

C. BST will provide seven days per week, 24-hours per day, fraud control and detection services. These services include, but are not limited to, such features as sorting Calling Card Fraud detection according to domestic or international calls in order to assist the pinpointing of possible theft or fraudulent use of Calling Card numbers; monitoring bill-to-third number and collect calls made to numbers in BST's LIDB, provided such information is included in the LIDB query, and establishing Account Specific Thresholds, at BST's sole discretion, when necessary. Local Exchange Company understands and agrees BST will administer all data stored in the LIDB, including the data provided by Local Exchange Company pursuant to this Agreement, in the same manner as BST's data for BST's end user customers. BST shall not be responsible to Local Exchange Company for any lost revenue which may result from BST's administration of the LIDB pursuant to its established practices and procedures as they exist and as they may be changed by BST in its sole discretion from time to time.

Local Exchange Company understands that BST currently has in effect numerous billing and collection agreements with various interexchange carriers and billing clearing houses. Local Exchange Company further understands that these billing and collection customers of BST query BST's LIDB to determine whether to accept various billing options from end users. Additionally, Local Exchange Company understands that presently BST has no method to differentiate between BST's own billing and line data in the LIDB and such data which it includes in the LIDB on Local Exchange Company's behalf pursuant to this Agreement. Therefore, until such time as BST can and does implement in its LIDB and its supporting systems the means to differentiate Local Exchange Company's data from BST's data and the parties to this Agreement execute appropriate amendments hereto, the following terms and conditions shall apply:

(a) The Local Exchange Company agrees that it will accept responsibility for telecommunications services billed by BST for its billing and collection customers for Local Exchange Customer's end user accounts which are resident in LIDB pursuant to this Agreement. Local Exchange Company authorizes BST to place such charges on Local Exchange Company's bill from BST and agrees that it shall pay all such charges. Charges for which Local Exchange Company hereby takes responsibility include, but are not limited to, collect and third number calls

(b) Charges for such services shall appear on a separate BST bill page identified with the name of the entity for which BST is billing the charge.

(c) Local Exchange Company shall have the responsibility to render a billing statement to its end users for these charges, but Local Exchange Company's obligation to pay BST for the charges billed shall be independent of whether Local Exchange Company is able or not to collect from the Local Exchange Company's end users.

(d) BST shall not become involved in any disputes between Local Exchange Company and the entities for which BST performs billing and collection. BellSouth will not issue adjustments for charges billed on behalf of an entity to Local Exchange Company. It shall be the responsibility of the Local Exchange Company and the other entity to negotiate and arrange for any appropriate adjustments.

II. TERM

This Agreement will be effective as of February 24, 1997, and will continue in effect for one year, and thereafter may be continued until terminated by either party upon thirty (30) days written notice to the other party.

III. FEES FOR SERVICE AND TAXES

A. The Local Exchange Company will not be charged a fee for storage services provided by BST to the Local Exchange Company, as described in Section I of this Agreement

B. Sales, use and all other taxes (excluding taxes on BST's income) determined by BST or any taxing authority to be due to any federal, state or local taxing jurisdiction with respect to the provision of the service set forth herein will be paid by the Local Exchange Company. The Local Exchange Company shall have the right to have BST contest with the imposing jurisdiction, at the Local Exchange Company's expense, any such taxes that the Local Exchange Company deems are improperly levied.

IV. INDEMNIFICATION

To the extent not prohibited by law, each party will indemnify the other and hold the other harmless against any loss, cost, claim, injury, or liability relating to or arising out of negligence or willful misconduct by the indemnifying party or its agents or contractors in connection with the indemnifying party's provision of services, provided, however, that any indemnity for any loss, cost, claim, injury or liability arising out of or relating to errors or omissions in the provision of services under this Agreement shall be limited as otherwise specified in this Agreement. The indemnifying party under this Section agrees to defend any suit brought against the other party for any such loss, cost, claim, injury or liability. The indemnified party agrees to notify the other party promptly, in writing, of any written claims, lawsuits, or demands for which the other party is responsible under this Section and to cooperate in every reasonable way to facilitate defense or settlement of claims. The indemnifying party shall not be liable under this Section for settlement

by the indemnified party of any claim, lawsuit, or demand unless the defense of the claim, lawsuit, or demand has been tendered to it in writing and the indemnifying party has unreasonably failed to assume such defense.

V. LIMITATION OF LIABILITY

Neither party shall be liable to the other party for any lost profits or revenues or for any indirect, incidental or consequential damages incurred by the other party arising from this Agreement or the services performed or not performed hereunder, regardless of the cause of such loss or damage.

VI. MISCELLANEOUS

A. It is understood and agreed to by the parties that BST may provide similar services to other companies.

B. All terms, conditions and operations under this Agreement shall be performed in accordance with, and subject to, all applicable local, state or federal legal and regulatory tariffs, rulings, and other requirements of the federal courts, the U. S. Department of Justice and state and federal regulatory agencies. Nothing in this Agreement shall be construed to cause either party to violate any such legal or regulatory requirement and either party's obligation to perform shall be subject to all such requirements.

C. The Local Exchange Company agrees to submit to BST all advertising, sales promotion, press releases, and other publicity matters relating to this Agreement wherein BST's corporate or trade names, logos, trademarks or service marks or those of BST's affiliated

companies are mentioned or language from which the connection of said names or trademarks therewith may be inferred or implied; and the Local Exchange Company further agrees not to publish or use advertising, sales promotions, press releases, or publicity matters without BST's prior written approval.

D. This Agreement constitutes the entire agreement between the Local Exchange Company and BST which supersedes all prior agreements or contracts, oral or written representations, statements, negotiations, understandings, proposals and undertakings with respect to the subject matter hereof.

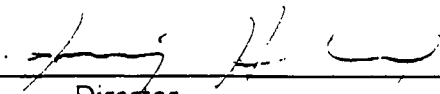
E. Except as expressly provided in this Agreement, if any part of this Agreement is held or construed to be invalid or unenforceable, the validity of any other Section of this Agreement shall remain in full force and effect to the extent permissible or appropriate in furtherance of the intent of this Agreement.

F. Neither party shall be held liable for any delay or failure in performance of any part of this Agreement for any cause beyond its control and without its fault or negligence, such as acts of God, acts of civil or military authority, government regulations, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, strikes, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions, inability to secure products or services of other persons or transportation facilities, or acts or omissions of transportation common carriers.


G. This Agreement shall be deemed to be a contract made under the laws of the State of Georgia, and the construction, interpretation and performance of this Agreement and all transactions hereunder shall be governed by the domestic law of such State.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by
their fully authorized officers.

BELLSOUTH TELECOMMUNICATIONS, INC.

By: 
Title: Director
Date: February 24, 1997
Address: Room 34S91
675 W Peachtree St. NE
Atlanta, GA 30375

THE LOCAL EXCHANGE COMPANY

By: 
Title: President
Date: February 24, 1997
Address: 1545 Route 206
Suite 300
Bedminster, NJ 07921

(Facilities Based)

**ADDENDUM NO. 1
TO LINE INFORMATION DATA BASE (LIDB)
STORAGE AGREEMENT**

This Addendum No. 1 to the Line Information Data Base Storage Agreement dated February 24, 1997, between BellSouth Telecommunications, Inc. ("BST"), and KMC Telecom, Inc. ("Local Exchange Company"), effective the 24th day of February, 1997

I. GENERAL

This Addendum sets forth the terms and conditions for Local Exchange Company's provision of billing number information to BST for inclusion in BST's LIDB. BST will store in its LIDB the billing number information provided by Local Exchange Company, and BST will provide responses to on-line, call-by-call queries to this information for purposes specified in Section I.B. of the Agreement.

II. DEFINITIONS

- A. Billing number - a number that the Local Exchange Company creates for the purpose of identifying an account liable for charges. This number may be a line or a special billing number.
- B. Line number - a ten digit number that identifies a telephone line administered by the Local Exchange Company.
- C. Special billing number - a ten digit number that identifies a billing account established by the Local Exchange Company.
- D. Calling Card number - a billing number plus PIN number.

E. PIN number - a four digit security code assigned by the Local Exchange Company which is added to a billing number to compose a fourteen digit calling card number.

F. Toll billing exception indicator - associated with a billing number to indicate that it is considered invalid for billing of collect calls or third number calls or both, by the Local Exchange Company.

G. Billed Number Screening - refers to the activity of determining whether a toll billing exception indicator is present for a particular billing number.

H. Calling Card Validation - refers to the activity of determining whether a particular calling card number exists as stated or otherwise provided by a caller.

I. Billing number information - information about billing number, Calling Card number and toll billing exception indicator provided to BST by the Local Exchange Company.

III. RESPONSIBILITIES OF PARTIES

A. The Local Exchange Company will provide its billing number information to BST's LIDB each business day by a method that has been mutually agreed upon by both parties.

B. BST will store in its LIDB the billing number information provided by the Local Exchange Company. Under normal operating conditions, BST shall include the Local Exchange Company's billing number information in its LIDB no later than two business days following BST's receipt of such billing number information, provided that BST shall not be held responsible for any delay or failure in performance to the extent such delay or failure is caused by circumstances or conditions beyond BST's reasonable control. BST will store in its LIDB an unlimited volume of the Local Exchange Company's working telephone numbers.

C. BST will provide responses to on-line, call-by-call queries to the stored information for the specific purposes listed in the next paragraph.

D. BST is authorized to use the billing number information provided by the Local Exchange Company to perform the following functions for authorized users on an on-line basis:

1. Validate a 14 digit Calling Card number where the first 10 digits are a line number or special billing number assigned by the Local Exchange Company, and where the last four digits (PIN) are a security code assigned by the Local Exchange Company.

2. Determine whether the Local Exchange Company or the subscriber has identified the billing number as one which should not be billed for collect or third number calls, or both.

E. The Local Exchange Company will provide its own billing number information to BST for storage and to be used for Billed Number Screening and Calling Card Validation. The Local Exchange Company will arrange and pay for transport of updates to BST.

IV. COMPLIANCE

Unless expressly authorized in writing by the Local Exchange Company, all billing number information provided pursuant to this Addendum shall be used for no purposes other than those set forth in this Addendum.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by their fully authorized officers.

BELLSOUTH TELECOMMUNICATIONS, INC.

By: [Signature]
Title: Director
Date: February 24, 1997
Address: Room 34S91
675 W Peachtree, NE
Atlanta, GA 30375

THE LOCAL EXCHANGE COMPANY

By: [Signature]
Title: President
Date: February 24, 1997
Address: 1545 Route 206
Suite 300
Bodminster, NJ 07921

KMC Telecom Inc. & BellSouth Telecommunications, Inc.
Interconnection Agreement
Under Sections 251 and 252 of the Telecommunications Act of 1996

Exhibit 7

Directory Listing Agreement

AGREEMENT

In consideration of the mutual promises contained herein, BellSouth Advertising & Publishing Corporation, a Georgia corporation ("BAPCO") and KMC Telecom. Inc., a Delaware corporation ("KMC") agree as follows:

1. RECITALS. BAPCO is the publisher of alphabetical (or White Pages) and classified (or Yellow Pages) directories for certain communities in the southeastern region of the U.S (the "Directories"). KMC provides, or intends to provide, local exchange telephone service in communities in which BAPCO publishes Directories. BAPCO and KMC hereby establish the terms by which BAPCO will include listings of KMC subscribers in such Directories and by which BAPCO will provide such Directories to KMC subscribers.
2. KMC OBLIGATIONS. KMC agrees as follows:
 - (a) KMC shall provide to BAPCO, or its designee, at KMC's expense and at no charge, listing information concerning its subscribers (designating any who do not desire published listings), consisting of customer name, address, telephone number and all other information reasonably requested by BAPCO as set forth on Exhibit A in a mutually acceptable format for use by BAPCO or its affiliates in publishing Directories of whatever type and format and for other derivative purposes. Such subscriber listing information shall be provided in the format and on the schedule set forth in said Exhibit, or as otherwise mutually agreed between the parties from time to time.
 - (b) KMC shall also provide directory delivery information to BAPCO as set forth in Exhibit A for all subscribers.
 - (c) KMC shall advise BAPCO promptly of any directory-related inquiries, requests or complaints which it may receive from KMC subscribers and shall provide reasonable cooperation to BAPCO in response to or resolution of the same.
 - (d) KMC shall respond promptly regarding corrections or queries raised by BAPCO to process listing changes requested by subscribers.
3. BAPCO OBLIGATIONS. BAPCO agrees as follows:
 - (a) BAPCO shall include one standard listing for each KMC subscriber per hunting group in BAPCO's appropriate local alphabetical Directory as published periodically by BAPCO unless nonlisted or nonpublished status is designated by subscribers. Such listings shall be interfiled with the listings of other local exchange telephone company subscribers and otherwise published in the manner of such other listings according to BAPCO's generally applicable publishing policies and standards.

BAPCO shall provide a process whereby KMC is afforded a reasonable opportunity to review and correct its subscribers' alphabetical listings in advance of publication.

(b) Provided KMC establishes appropriate resale arrangements with BellSouth Telecommunications, Inc. ("BellSouth"), BAPCO shall publish additional listings, foreign listings and other alphabetical Directory listings offered by BellSouth, for KMC subscribers upon their request consistent with BAPCO's generally applicable policies in BAPCO's alphabetical Directories.

(c) BAPCO will distribute its regularly published alphabetical and classified Directories to local KMC subscribers at no charge to KMC or KMC's subscribers in accordance with BAPCO's prevailing practices, including delivery following Directory publication and upon establishment of new KMC service, if a current Directory for that geographic area has not previously been provided. Such deliveries may include separate advertising materials accompanying the Directories.

(d) BAPCO will include KMC information in the customer guide pages of its alphabetical Directories for communities where KMC provides local exchange telephone service at the time of publication in accordance with BAPCO's prevailing standards for the same. KMC will provide information requested by BAPCO for such purpose on a timely basis.

(e) BAPCO shall make available at no charge to KMC or its subscribers one listing for KMC business customers per hunting group in one appropriate heading in BAPCO's appropriate local classified directory as published periodically by BAPCO. Such listings shall be published according to BAPCO's generally applicable publishing policies and standards.

(f) BAPCO agrees to solicit, accept and publish directory advertising from business subscribers for KMC in communities for which BAPCO publishes classified Directories in the same manner and upon substantially the same terms as it solicits, accepts and publishes advertising from advertisers who are not KMC subscribers.

(g) BAPCO will not provide information obtained from KMC concerning its subscribers to other local exchange telephone service providers without KMC approval, except as may be required in relation to publishing of Directories or as may be permitted by KMC for directory assistance or other purposes.

(h) BAPCO and KMC acknowledge that mutual cooperation will be required to successfully serve the needs of their common customers and therefore agree to use reasonable efforts to provide such cooperation to achieve the highest quality of service for both parties' customers.

4. PUBLISHING POLICIES. BAPCO shall maintain full authority over its publishing schedules, policies, standards, and practices and over the scope and publishing schedules of its Directories. BAPCO shall periodically provide KMC with changes by

BAPCO in the same which in BAPCO's judgment affect KMC's conduct in BAPCO's publishing of listings for KMC's subscribers. Such policy updates shall include, without limitation, the subjects described in Exhibit B.

5. LIABILITY AND INDEMNITY.

(a) BAPCO's liability to KMC for any errors or omissions in directories or for any default otherwise arising hereunder shall be limited to One Dollar (\$1) for errors or omissions in any subscriber listing in any directory published by BAPCO.

(b) Each party agrees to defend, indemnify and hold harmless the other from all damages, claims, suits, losses or expenses, including without limitation costs and attorneys fees, to the extent of such party's relative fault, arising out of or resulting from any error, omission or act of such party hereunder. KMC agrees to limit its liability and that of BAPCO by contract with KMC's subscribers or by tariff to no more than the cost of service for any errors or omissions in any listings published hereunder for KMC subscribers. Each party shall notify in writing the other promptly of any claimed error or omission affecting this paragraph and of any claim or suit arising hereunder or relating to this Agreement and shall provide reasonable and timely cooperation in its resolution of the same. Without waiver of any rights hereunder, the indemnified party may at its expense undertake its own defense in any such claim or suit.

6. TERM. This Agreement shall be effective on the date of the last signature hereto for a term of two (2) years and shall relate to Directories published by BAPCO during such period. Thereafter, it shall continue in effect unless terminated by either party upon sixty days prior written notice.

7. ASSIGNMENT. This Agreement shall be binding upon any successors or assigns of the parties during its Term.

8. RELATIONSHIP OF THE PARTIES. This Agreement does not create any joint venture, partnership or employment relationship between the parties or their employees, and the relationship between the parties shall be that of an independent contractor. There shall be no intended third party beneficiaries to this Agreement.

9. NONDISCLOSURE.

(a) During the term of this Agreement it may be necessary for the parties to provide each other with certain information ("Information") considered to be private or proprietary. The recipient shall protect such Information from distribution, disclosure or dissemination to anyone except its employees or contractors with a need to know such Information in conjunction herewith, except as otherwise authorized in writing. All such Information shall be in writing or other tangible form and clearly marked with a confidential or proprietary legend. Information conveyed orally shall be designated as proprietary or confidential at the time of such oral conveyance and shall be reduced to writing within forty-five (45) days.

(b) The parties will not have an obligation to protect any portion of Information which: (1) is made publicly available lawfully by a nonparty to this Agreement; (2) is lawfully obtained from any source other than the providing party; (3) is previously known without an obligation to keep it confidential; (4) is released by the providing party in writing; or (5) commencing two (2) years after the termination date of this Agreement if such Information is not a trade secret under applicable law.

(c) Each party will make copies of the Information only as necessary for its use under the terms hereof, and each such copy will be marked with the same proprietary notices as appear on the originals. Each party agrees to use the Information solely in support of this Agreement and for no other purpose.

10. FORCE MAJEURE. Neither party shall be responsible to the other for any delay or failure to perform hereunder to the extent caused by fire, flood, explosion, war, strike, riot, embargo, governmental requirements, civic or military authority, act of God, or other similar cause beyond its reasonable control. Each party shall use best efforts to notify the other promptly of any such delay or failure and shall provide reasonable cooperation to ameliorate the effects thereof.

11. PUBLICITY. Neither party shall disclose the terms of this Agreement nor use the trade names or trademarks of the other without the prior express written consent of the other.

12. REPRESENTATIVES AND NOTICES.

(a) Each party shall name one or more representatives for contacts between the parties which shall be authorized to act on its behalf. Such representatives may be changed from time to time upon written notice to the other party.

(b) Notices required by law or under this Agreement shall be given in writing by hand delivery, certified or registered mail, or by facsimile followed by certified or registered mail, addressed to the named representatives of the parties with copies to:

If to BAPCO:

Director-LEC/BST Interface
BellSouth Advertising & Publishing Corporation
Room 270
59 Executive Park South
Atlanta, GA 30329

With Copy to:

Vice President and General Counsel
BellSouth Advertising & Publishing Corporation
Room 430
59 Executive Park South
Atlanta, GA 30329

If to KMC:

President
KMC Telecom, Inc.
1545 Route 206
Bedminister, N.J. 07921

13. MISCELLANEOUS. This Agreement represents the entire Agreement between the parties with respect to the subject matter hereof and supersedes any previous oral or written communications, representations, understandings, or agreements with respect thereto. It may be executed in counterparts, each of which shall be deemed an original. All prior and contemporaneous written or oral agreements, representations, warranties, statements, negotiations, and /or understandings by and between the parties, whether express or implied, are superseded, and there are no representations or warranties, either oral or written, express or implied, not herein contained. This Agreement shall be governed by the laws of the state of Georgia.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives in one or more counterparts, each of which shall constitute an original, on the dates set forth below.

BELLSOUTH ADVERTISING &
PUBLISHING CORPORATION

By: [Signature]

(Signature)

Name: R.F. BARRETT

Title: Director - L&L Strategy

Date: 1-30-97

KMC TELECOM, INC.

By: [Signature]

(Signature)

Name: Michael A. Sternberg

Title: President

Date: 2/4/97

APPROVED AS TO FORM:

By: [Signature]
RANDALL J. CADENHEAD
Attorney

ACCOUNT INFORMATION SECTION (Items in this section are mandatory)

1. Main Telephone Number: Main line of telephone service that all other numbers are associated to. (Area Code/NXX/Line Numbers)
2. Published Telephone Number: Telephone number to appear in the directory.
3. Old Telephone Number: If the number is changing, enter the OLD Telephone Number.
4. Type of Directory Service: Bus (Business) or Res (Residence)
5. Order Type: N - New connect order; D - Disconnect service order; C - Change of listings; R - Directory delivery only.
6. Due Date: Date that service is requested.
7. KMC Name: The name of the local exchange KMC and operating company code.
8. KMC Number: Operating Company Number

PRIMARY LISTING INFORMATION SECTION (Items in this section are mandatory)

9. Listed Name: The way the listing is to appear in the directory. (maximum 1,000 characters - including spaces) Caption arrangements should be formatted per guidelines. Non-Pub or Non-List situations should be indicated.
10. Listed Address: Current address may include street number - street name, city, state, and zip code. (Note: P.O. Box or Route not acceptable). Omitted address shown as (OAD). (maximum 250 characters)
11. Service Address: Physical location of the telephone.
12. Community Name: The name of the community where the listing appears. (i.e.: the Atlanta Directory may have a Community name of Buckhead).
13. Zip code: 5 or 9 character code.
14. Yellow Pages Heading: The Yellow Page heading where customer wants his listing to appear. (Valid for Business Primary Listings only).
15. Directory Name: Name of the directory where Customer desires listing to appear (including town section if applicable). If consistent with existing central office and directory configuration, listing will be included. If different, a Foreign Listing will be charged. Directory appearance entitled free is based on the central office prefix. Entitlement for appearance in other directories will be at the rate of a Foreign Listing (FL).

BILLING INFORMATION SECTION (Items in this section are requested but optional)

16. Billing: Name to appear on bill.
17. Billing Address: Street number, street name, city, state, zip.
18. Contact Telephone Number: Telephone number to contact regarding billing.
19. Responsible Person: Owner's name or partners' names or 2 corporate officers.
20. Type of Ownership: Sole owner; Partnership or Corporation
21. Tax ID Number or Social Security Number: If sole owner, must have social security number.

DIRECTORY DELIVERY INFORMATION SECTION (Items in this section are mandatory)

22. Name: Personal or business name.
23. Delivery Address: Street number, street name, city, state, zip code of where directories are to be delivered.
24. Directory (Book ID): Bolt code of the directory.
25. Number of books now: for immediate delivery/replacement.
26. Number of books annually: 0 - 3 residence, 0 - 5 business, then negotiated.

REMARKS SECTION (As required)

27. Remarks: Free flow field used by KMC for any additional information

BAPCO Deliverables

Publication Schedules

BAPCO will provide to all KMCs a printed copy of the publication schedules for all directories within the area served by the KMC. This schedule will include the name of the directory, the directory bolt code, the business office close date and the issue date. The business office close date represents the last day to receive activity for appearance in the subsequent directory. This date also represents the close date for advertising activity into the Yellow Pages.

The issue date represents the mid-point of delivery of the new directory and the date at which new directory billing will begin for the directory being delivered. The length of the delivery period will vary depending upon the size of directory.

Yellow Pages Headings

BAPCO will provide a printed version of the Yellow Pages Heading file which will include all Yellow Pages headings allowed by BAPCO, the Yellow Pages heading code and the associated SIC code. This material would be utilized to assist the business customer in identifying where they would like representation in BAPCO's classified Yellow Pages directories.

Coverage Maps

BAPCO will provide a coverage map for its major directories identifying broadly the geographic area served by the major directory. These maps will be provided only for the major directories in the area served by the KMC. "

Central Office Table

BAPCO will provide two printed versions of what is called the ABC table. Version 1 of this report, identifies by NPA and in sequence by central office in which directory a customer is entitled to appear. Version 2 of this report reflects the directory name and all central offices appearing within that directory.

Listing Specifications

BAPCO will provide a condensed printed version of listing specifications reflecting the rules and regulations regarding listing appearance in both the white and yellow pages.

Abbreviation Table

BAPCO will provide a printed copy of the standard abbreviations utilized for given names, titles of address, titles of lineage, military titles, degrees and professional affiliations standards. This information can be used to assist in effectively processing various listed name requests.

Foreign Directory Name Table

BAPCO will provide a list of all foreign directory names to be used in the processing of foreign listing requests. This field is a required element in the establishment of foreign listings.

Customer Guide Pages Appearance Procedures

BAPCO will provide free listing appearance under the areas of Establishing Service, Billing and Repair in the Customer Guide Section of the White Pages for directories where a KMC operates. These procedures identify how to get your listing to appear and procedures for purchasing LEC specific pages.

KMC Telecom Inc. & BellSouth Telecommunications, Inc.
Interconnection Agreement
Under Sections 251 and 252 of the Telecommunications Act of 1996

Exhibit 8.0

Reciprocal Compensation and Local Transit Rates

Reciprocal Local Traffic - Local Call Termination Rate

\$0.009 Per Minute of Use

Local (including EAS and EAS-type calls) Call Transit Rate

\$0.0015 Per Minute of Use

ATTACHMENT A

1. The Parties agree that BellSouth will, upon request, provide and KMC will accept and pay for loops in accordance with the schedule of prices set forth in Attachment C-15 to this Agreement which is incorporated herein by reference, in and for the states reflected on Attachment C-15.

2. The Parties agree that the prices reflected herein shall be retroactively "true-up" (up or down) based on final prices either determined by further agreement or by final order (including any appeals) of the relevant public service commission or other body having jurisdiction over the subject matter of this Agreement, which final order meets the criteria contained in paragraph 4 hereof. The retroactive "true-up" will consist of comparing the actual volumes and demand for each item, together with the price associated with such item as stated on Attachment C-15, with the final prices determined for each item. Each party shall keep its own records upon which a "true-up" can be based and any final payment from one party to the other shall be in an amount agreed upon by the Parties based on such records. In the event of any disagreement as between the records or the Parties regarding the amount of such "true-up," the Parties agree that the body having jurisdiction over the matter for the affected states shall be called upon to resolve such differences or that they will submit the matter to dispute resolution in accordance with the terms contained in Article 33 of the Interconnection Agreement.

3. The Parties agree that they may continue to negotiate as appropriate in an effort to obtain final prices for each of these items, but in the event that no such agreement is reached within six (6) months of this Agreement (which time can be extended by mutual agreement of the Parties) either party may petition the public service commission or other regulatory body to resolve such disputes and to determine final rates for each of the items covered by Attachment C-15. Alternatively, upon their mutual agreement, the parties may submit the matter to dispute resolution in accordance with the terms contained in Article 33 of the Interconnection Agreement.

4. Any final order that forms the basis of a "true-up" under this Agreement shall meet the following criteria:

(a) It shall be in a proceeding to which KMC and BellSouth are entitled to be full parties to the proceeding.

(b) It shall apply the provisions of the Telecommunications Act of 1996, including, but not limited to, Section 252(d)(1) and all effective implementing rules and regulations; provided that said Act and such regulations are in effect at the time of the final order.

(c) It shall include as an issue the geographic deaveraging of unbundled element rates, which deaveraged rates, if any are required by said final order, shall form the basis of any "true-up."

Attachment B-2

Local Interconnection Service

Service: Toll Switched Access

Description: Provides the Switched Local Channel, Switched Transport, Access Tandem Switching, local end office switching and end user termination functions necessary to complete the transmission of ALEC intrastate and interstate calls from outside the BellSouth's basic local calling area.

Provided in the terminating direction only. Provides trunk side access to a BellSouth tandem/end office for the ALEC's use in terminating long distance communications from the ALEC to BellSouth end users.

Provided at BellSouth tandem/end office as trunk side terminating switching through the use of tandem/end office trunk equipment. The switch trunk equipment may be provided with wink start-pulsing signals and answer and disconnect supervisory signaling, or without signaling when out of band signaling is provided.

Provided with multifrequency address or out of band signaling. Ten digits of the called party number, as appropriate, will be provided by the ALEC's equipment to a BellSouth tandem/end office.

State(s): All

Rates, Terms and Conditions:

In all states, rates, terms and conditions will be applied as set forth in Sections E3 and E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariffs and in Sections 3 and 6 of the BellSouth Telecommunication's, Inc. Interstate Access Tariff, F.C.C. No. 1.

KMC Telecom Inc. & BellSouth Telecommunications, Inc.
Interconnection Agreement
Under Sections 251 and 252 of the Telecommunications Act of 1996

Attachment B-3

Interim Cost Recovery for Interim Number Portability (INP) Using Remote Call Forwarding

1. **Business INP monthly recurring cost-recovery will be \$2.25 per line, including 10 call paths, and \$0.50 per additional path beginning at the 11th path.**
2. **Residence INP monthly recurring cost-recovery will be \$1.15 for the first line, including 6 call paths, and \$0.50 per path thereafter.**
3. **No non-recurring charges will apply.**
4. **No usage fees will be applied for this capability.**

The cost-recovery in this Exhibit is subject to Commission proceeding pursuant to Section 13.5 of this agreement.

Attachment B-4
Local Interconnection Service

Service: Service Provider Number Portability-Direct Inward Dialed (DID)*

Description: Service Provider Number Portability (SPNP) is an interim service arrangement provided by BellSouth to ALECs whereby an end user, who switches subscription to local exchange service from BellSouth to an ALEC is permitted to retain use of the existing BellSouth assigned telephone number provided that the end user remains at the same location.

SPNP-DID provides trunk side access to BellSouth end office switched for direct inward dialing to ALEC premises from the telecommunications network directly to lines associated with ALEC switching equipment.

SPNP-DID will be available on either a DSO, DS1 or DS3 basis.

SPNP-DID Trunk Termination will only be provided with SS7 Signaling at rates set forth in E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Tariffs.

Direct facilities are required from the BellSouth end office where a ported number resides to the ALEC end office serving the ALEC end user.

State(s):	Alabama				Florida			
RATE ELEMENTS	Monthly Recurring	Applied Per	Non- Recurring	Applied Per	Monthly Recurring	Applied Per	Non- Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user	-	-	\$25.00	end user
	-	-	-	location	-	-	-	location
SPNP-DID Trunk Termination	\$13.00	trunk	\$160.00	trunk-init.	\$15.00	trunk	\$170.00	trunk-init.
			\$80.00	trunk-sub.			\$86.00	trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First	\$133.81	LC	\$866.97	LC - First
	-	-	\$486.83	LC - Add'l	-	-	\$486.83	LC - Add'l
DS1 Dedicated Transport**	\$23.50	per mile	-	-	\$16.75	per mile	-	-
	\$90.00	fac. term.	\$100.49	fac. term.	\$59.75	fac. term.	\$100.49	fac. term.

State(s):	Georgia				Kentucky			
RATE ELEMENTS	Monthly Recurring	Applied Per	Non- Recurring	Applied Per	Monthly Recurring	Applied Per	Non- Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user	-	-	\$25.00	end user
	-	-	-	location	-	-	-	location
SPNP-DID Trunk Termination	\$14.00	trunk	\$165.00	trunk-init.	\$13.00	trunk	\$150.00	trunk-init.
			\$83.00	trunk-sub.			\$80.00	trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First	\$133.81	LC	\$866.97	LC - First
	-	-	\$486.83	LC - Add'l	-	-	\$486.83	LC - Add'l
DS1 Dedicated Transport**	\$23.50	per mile	-	-	\$23.50	per mile	-	-
	\$90.00	fac. term.	\$100.49	fac. term.	\$90.00	fac. term.	\$100.49	fac. term.

* Rates are displayed at the DS1-1.544 Mbps. level. For rates and charges applicable to other arrangement levels, refer to Section E6 of BellSouth's Intrastate Access Tariffs.

**May not be required if the ALEC is collocated at the ported number end office.

Attachment B-4

Local Interconnection Service

Service: Service Provider Number Portability-Direct Inward Dialed (DID)* (Cont'd)

State(s): Louisiana					Mississippi			
RATE ELEMENTS	Monthly Recurring	Applied Per	Non- Recurring	Applied Per	Monthly Recurring	Applied Per	Non- Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user location	-	-	\$25.00	end user location
SPNP-DID Trunk Termination	\$13.00	trunk	\$170.00	trunk-init. trunk-sub.	\$13.00	trunk	\$150.00	trunk-init. trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First LC - Add'l	\$133.81	LC	\$866.97	LC - First LC - Add'l
DS1 Dedicated Transport**	\$16.75 \$59.75	per mile fac. term.	- \$100.49	- fac. term.	\$23.50 \$90.00	per mile fac. term.	- \$100.49	- fac. term.

State(s): N.Carolina					S.Carolina			
RATE ELEMENTS	Monthly Recurring	Applied Per	Non- Recurring	Applied Per	Monthly Recurring	Applied Per	Non- Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user location	-	-	\$25.00	end user location
SPNP-DID Trunk Termination	\$13.00	trunk	\$160.00	trunk-init. trunk-sub.	\$13.00	trunk	\$164.00	trunk-init. trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First LC - Add'l	\$133.81	LC	\$866.97	LC - First LC - Add'l
DS1 Dedicated Transport**	\$23.50 \$90.00	per mile fac. term.	- \$100.49	- fac. term.	\$23.50 \$90.00	per mile fac. term.	- \$100.49	- fac. term.

State(s): Tennessee				
RATE ELEMENTS	Monthly Recurring	Applied Per	Non- Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user location
SPNP-DID Trunk Termination	\$13.00	trunk	\$164.00	trunk-init. trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First LC - Add'l
DS1 Dedicated Transport**	\$23.50 \$90.00	per mile fac. term.	- \$100.49	- fac. term.

*Rates are displayed at the DS1-1.544 Mbps. level. For rates and charges applicable to other arrangement levels, refer to Section E6 of BellSouth Telecommunication's Inc.'s Intrastate Access Tariff.

**May not be required if the ALEC is collocated at the ported number end office.

Attachment C-1

Unbundled Products and Services and New Services

Service: Subscriber Listing Information

Description: Subscriber primary listing information provided at no charge and in an acceptable format will be published at no charge as standard directory listings in an alphabetical directory published by or for BellSouth at no charge to each ALEC end user customer.

State(s): All

Rates:

- (1) No charge for ALEC-1 customer primary listings.**
- (2) Additional listings and optional listings may be provided by BellSouth at rates set forth in BellSouth's intrastate General Subscriber Services Tariffs.**

Attachment C-2

Unbundled Products and Services and New Services

Service: Access to Numbers

Description: For that period of time in which BellSouth serves as North American Numbering Plan administrator for the states in the BellSouth region, BellSouth will assist ALECs applying for NXX codes for their use in providing local exchange services.

State(s): All

Rates: No Charge

Attachment C-3

Unbundled Products and Services and New Services

Service: Access to 911 Service

Description: Provides a universal, easy-to-remember number which is recognized nationally as the appropriate number to call in an emergency.

Additionally, ALEC-1 must provide a minimum of two dedicated trunk groups originating from ALEC-1's serving wire center and terminating to the appropriate 911 tandem. These facilities, consisting of a Switched Local Channel from ALEC-1's point of interface to it's serving wire center and Switched Dedicated Transport to the 911 tandem, may be purchased from BellSouth at the Switched Dedicated Transport rates set forth in Section E6 of BellSouth Telecommunication's Inc.'s Intrastate Access Service Tariffs.

State(s): All

Rates: Will be billed to appropriate municipality.

Attachment C-4

Unbundled Products and Services and New Services

Service: 800 Database

Description: Provides for utilization of the BellSouth 800 Service Control Points for obtaining 800 Service routing information.

800 Database service is provided using a common nationwide 800 Database. The BellSouth network components utilized in the provision of this service are the Service Switching Point (SSP), the Common Channel Signaling Seven Network, the Signal Transfer Point (STP), and the Service Control Point (SCP). Additionally, the Service Management System functions nationally as the central point for the administration of all 800 numbers and downloads 800 number information to BellSouth's SCPs.

ALEC's with STPs will be able to connect directly to BellSouth local or regional STP for obtaining 800 database routing information from BellSouth's SCP and will not be required to order FGD or TSBSA Technical Option 3 Service. For this connection the ALECs may utilize Signaling System Seven Terminations interconnected in Birmingham, AL and Atlanta, GA with BellSouth's local or regional STP.

State(s): All

Rates, Terms and Conditions:

In all states, the 800 Database rates, terms and conditions will be applied as set forth in Sections E2, E5, E6 and E13 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariffs.

Attachment C-5

Unbundled Products and Services and New Services

Service: Line Information Database (LIDB)- Storage Agreement

Description: The LIDB Storage Agreement provides the terms and conditions for inclusion in BellSouth's LIDB of billing number information associated with BellSouth exchange lines used for Local Exchange Companies' resale of local exchange service or Service Provider Number Portability arrangements requested Local Exchange Companies' on behalf of the Local Exchange company's end user. BellSouth will store in it's database, the relevant billing number information and will provide responses to on-line, call-by-call queries to this information for purposes of Billed Number Screening, Calling Card Validation and Fraud Control.

Each time an ALECs data is used BellSouth will compensate that ALEC at a rate of 40% of BellSouth's LIDB Validation rate per query as displayed in Attachment C-6 following.

State(s): All

Rates: No Charge

Attachment C-6

Unbundled Products and Services and New Services

Service: Line Information Database Access Service (LIDB) - Validation

Description: Provides a customer the ability to receive validation of billing information through query of data stored in BellSouth's LIDB data base. See below for additional information.

State(s): All

Rate Elements	Description	Monthly	Non-Recurring
LIDB Common Transport	Provides for transport of the customer's query from the LIDB Location (RSTP) to the data base (SCP). This charge will apply each time the customer requests and receives validation of a BellSouth calling card or requests and receives the status of a billed number associated with a LEC line stored in the BellSouth LIDB.	\$0.00030	-
LIDB Validation	Provides for query of data resident in BellSouth's LIDB. This rate will apply each time a customer requests and receives validation of LEC calling card or requests and receives the status of a billed number associated with a LEC line stored in BellSouth's LIDB. As set forth in Attachment C-5 (LIDB Storage Agreement), preceding, each time an ALEC data is used, BellSouth will compensate that ALEC at a rate of 40% of BellSouth's LIDB Validation rate per query.	\$0.03800	-
Originating Point Code Establishment or Change	Provides for the establishment or change of a customer requested Originating Point Code. This charge will apply each time the customer establishes or changes a point code destination identifying one of his locations or a location of one of his end users.	-	\$91.00
CCS7 Signaling Connections	Rates, terms and conditions for CCS7 Signaling Connections are as set forth in Section E6.8 of BellSouth Telecommunication's Inc.'s Intrastate Access Services Tariff.		

Attachment C-7

Unbundled Products and Services and New Services

Service: Signaling

Description: Provides for connection to and utilization of BellSouth's Signaling System 7 network for both call setup and non-call setup purposes.

State(s): All

Rate Elements	Monthly Rate	Recurring Rate	Non-Recurring	Applied Per
CCS7 Signaling Connection - Provides a two-way digital 56 Kbps dedicated facility connecting a customer's signaling point of interface in a LATA to a BellSouth STP. Each customer's connection requires either a pair or a quad of signaling connections.	\$155.00	-	\$510.00	56 Kbps facility
CCS7 Signaling Termination - Provides a customer dedicated point of interface at the BellSouth STP for each of the customer's SS7 connections.	\$355.00	-	-	STP Port
CCS7 Signaling Usage* - Refers to the messages traversing the BellSouth signaling network for call set-up and non call set-up purposes.	-	\$0.000023 \$0.000050	-	Call Set Up Msg. TCAP Msg.
CCS7 Signaling Usage Surrogate*	\$395.00	-	-	56 Kbps facility
*Where signaling usage measurement and billing capability exists, CCS7 Signaling Usage will be billed on a per message basis. Where measurement capability does not exist, CCS7 Signaling Usage Surrogate will be billed on a per 56 Kbps facility basis.				

Attachment C-8

Unbundled Products and Services and New Services

Service: Operator Call Processing Access Service

Description: Provides Operator and Automated call handling. This includes processing and verification of alternate billing information for collect, calling card, and billing to a third number. Operator Call Processing Access Service also provides customized call branding; dialing instructions; and other operator assistance the customer may desire.

Rate Elements	State(s)	Monthly Recurring	Applied Per
Operator Provided Call Handling	All	\$1.17	Per Work Minute
Call Completion Access Termination Charge This charge will be applicable per call attempt and is in addition to the Operator Provided Call Handling charge listed above.	Alabama	\$0.06	Per Call Attempt
	Florida	\$0.06	Per Call Attempt
	Georgia	\$0.06	Per Call Attempt
	Kentucky	\$0.06	Per Call Attempt
	Louisiana	\$0.06	Per Call Attempt
	Mississippi	\$0.06	Per Call Attempt
	N.Carolina	\$0.06	Per Call Attempt
	S.Carolina	\$0.06	Per Call Attempt
	Tennessee	\$0.12	Per Call Attempt
Fully Automated Call Handling	All	\$0.15	Per Attempt
Operator Services Transport Operator Services transport rates, terms and conditions are as set forth in E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariff.			

**KMC Telecom Inc. & BellSouth Telecommunications, Inc.
Interconnection Agreement
Under Sections 251 and 252 of the Telecommunications Act of 1996**

Attachment C-9

Directory Assistance Rates

1. At KMC's request, on-line access to BST's Directory Assistance Service for a KMC-designated Operator Bureau. BST will provide this capability under non-discriminatory tariff or contract rates and terms.
2. At KMC's request, unbranded Directory Assistance capability under non-discriminatory tariff or contract rates and terms for KMC currently at \$0.25 per call.
3. At KMC's request, KMC Branded Directory Assistance capability under non-discriminatory tariff or contract rates and terms for KMC currently at \$0.25 per call, plus any additional costs, if any, as specified in Section 19.3.3.
4. At KMC's request, BST will license to KMC or a KMC-designated Operator Bureau BST's directory database for use in providing competitive directory assistance service. BST will provide this capability under non-discriminatory tariff or contract rates and terms.
5. At KMC's request, Caller-optional call completion capability under non-discriminatory tariff or contract rates and terms currently at \$0.30 per completed call.

Attachment C-10

Unbundled Products and Services and New Services

Service: Busy Line Verification and Emergency Interrupt

Description: BellSouth will provide Inward Operator Service for Busy Line Verification and Verification and Emergency Interrupt.

State(s): All

Rates, Terms and Conditions: In all states, rates, terms and conditions will be applied as set forth in Section E18 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariff.

Attachment C-11

Unbundled Products and Services and New Services

Service: Centralized Message Distribution System - Hosting (CMDS-Hosting)

Description: CMDS-Hosting is the Bellcore administered national system used to exchange Exchange Message Record (EMR) formatted message data among host companies.

All intraLATA and local messages originated and billed in the BellSouth Region involving BellSouth CMDS hosted companies will be processed through the Non-Sent Paid Report System described in Attachment C-12 following.

State(s): All

Rate Elements	Description	Monthly
Message Distribution	Message Distribution is routing determination and subsequent delivery of message data from one company to another. Also included is the interface function with CMDS, where appropriate. This charge is applied on a per message basis.	\$0.004
Data Transmission	This charge is applied on a per message basis.	\$0.001

Attachment C-12

Unbundled Products and Services and New Services

Service: Non-Sent Paid Report System (NSPRS)

Description: NSPRS includes: 1) a mechanized report system that provides to the BellSouth CMDs hosted companies within the BellSouth Region information regarding Non-Sent Paid message and revenue occurring on calls originated and billed within the BellSouth region; 2) distribution of Bellcore produced Credit Card and Third Number System (CATS) reports and administration of associated elements; 3) distribution of Bellcore produced non-conterminous CATS reports and administration of associated settlements.

State(s): All

Rate Elements	Billing and Collections Fee Retained by Billing Co.	Applied Per
NSPRS - intrastate FL and NC	\$0.066	message
NSPRS - intrastate all other BellSouth states	\$0.05	message
NSPRS - CATS	\$0.05	message
NSPRS - non-conterminous	\$0.16	message

Attachment C-13

Unbundled Products and Services and New Services

Service: Virtual Collocation

Description: Virtual Expanded Interconnection Service (VEIS) provides for location interconnection in collocater-provided/BellSouth leased fiber optic facilities to BellSouth's switched and special access services, and local interconnection facilities.

Rates, Terms and Conditions:

State(s): All except Florida: In all states except Florida, the rates, terms and conditions will be applied as set forth in Section 20 of BellSouth Telecommunication's, Inc. Interstate Access Service Tariff, FCC No. 1.

State: Florida In the state of Florida, the rates, terms and conditions will be applied as set forth in Section E20 of BellSouth Telecommunication's, Inc. Intrastate Access Service Tariff.

Service: Physical Collocation

Description: Per FCC - (10/19/92 FCC Order, para 39)
Physical Collocation is whereby "the interconnection party pays for LEC central office space in which to locate the equipment necessary to terminate its transmission links, and has physical access to the LEC central office to install, maintain, and repair this equipment."

State(s): All

Rates, Terms and Conditions: To be negotiated

Attachment C-14

Unbundled Products and Services and New Services

Service: Poles, Ducts, Conduits and Rights of Way

State(s): All

Rates, terms and conditions: This service will be provided via a Standard License Agreement.

Attachment C-15

Unbundled Products and Services and New Services

Service: Unbundled Exchange Access Loop

Description: Provides the connection from the serving central office to a subscriber's premises. It is engineered to meet the same parameters as a residence or business exchange access line.

State(s):	Alabama		Florida		Georgia	
Rate Elements *	Monthly	Nonrecurring	Monthly	Nonrecurring	Monthly	Nonrecurring
Unbundled Exchange Access Loop						
2-Wire Analog	\$18.00	\$55.20	\$17.00	\$44.80	\$17.00	\$25.80
4-Wire Analog	\$28.80	\$55.20	\$27.20	\$44.80	\$27.20	\$25.80
2-Wire ADSL/HDSL	\$18.00	\$55.20	\$17.00	\$44.80	\$17.00	\$25.80
4-Wire HDSL	\$28.80	\$55.20	\$27.20	\$44.80	\$27.20	\$25.80
2-Wire ISDN Digital	\$28.80	\$55.20	\$27.20	\$44.80	\$27.20	\$25.80

State(s):	Kentucky		Louisiana		Mississippi	
Rate Elements *	Monthly	Nonrecurring	Monthly	Nonrecurring	Monthly	Nonrecurring
Unbundled Exchange Access Loop						
2-Wire Analog	\$17.00	\$58.40	\$17.00	\$68.00	\$22.00	\$53.36
4-Wire Analog	\$27.20	\$58.40	\$27.20	\$68.00	\$35.20	\$53.36
2-Wire ADSL/HDSL	\$17.00	\$58.40	\$17.00	\$68.00	\$22.00	\$53.36
4-Wire HDSL	\$27.20	\$58.40	\$27.20	\$68.00	\$35.20	\$53.36
2-Wire ISDN Digital	\$27.20	\$58.40	\$27.20	\$68.00	\$35.20	\$53.36

State(s):	North Carolina		South Carolina		Tennessee	
Rate Elements *	Monthly	Nonrecurring	Monthly	Nonrecurring	Monthly	Nonrecurring
Unbundled Exchange Access Loop						
2-Wire Analog	\$17.00	\$33.00	\$18.00	\$51.20	\$18.00	\$46.80
4-Wire Analog	\$27.20	\$33.00	\$28.80	\$51.20	\$28.80	\$46.80
2-Wire ADSL/HDSL	\$17.00	\$33.00	\$18.00	\$51.20	\$18.00	\$46.80
4-Wire HDSL	\$27.20	\$33.00	\$28.80	\$51.20	\$28.80	\$46.80
2-Wire ISDN Digital	\$27.20	\$33.00	\$28.80	\$51.20	\$28.80	\$46.80

*These rates are subject to true-up as stated in Attachment A.

Attachment C-16

Unbundled Products and Services and New Services

Service: Channelization System for Unbundled Exchange Access Loops

Description: This new rate element provides the multiplexing function for Unbundled Exchange Access Loops. It can convert up to 96 voice grade loops to DS1 level for connection with the ALEC's point of interface. The multiplexing can be done on a concentrated basis (delivers at 2 DS1 level to customer premise) or on a non-concentrated basis (delivers at 4 DS1 level to customer premise) at the option of the customer.

In addition to the following rate elements, 1.544 Mbps local channel and/or interoffice channel facilities may be required as set forth in E7 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariff for non-collocated ALECs.

State(s)	Alabama			Florida			Georgia		
Rate Elements	Monthly Rate	Nonrecurring Charge First	Charge Add'l	Monthly Rate	Nonrecurring Charge First	Charge Add'l	Monthly Rate	Nonrecurring Charge First	Charge Add'l
Unbundled Loop Channelization System (DS1 to VG), Per System	\$575.00	\$525.00	N/A	\$555.00	\$490.00	N/A	\$555.00	\$490.00	N/A
Central Office Channel Interface (circuit specific plug-in equipment), 1 per circuit	\$1.70	\$8.00	\$8.00	\$1.70	\$7.00	\$7.00	\$1.70	\$7.00	\$7.00

State(s)	Kentucky			Louisiana			Mississippi		
Rate Elements	Monthly Rate	Nonrecurring Charge First	Charge Add'l	Monthly Rate	Nonrecurring Charge First	Charge Add'l	Monthly Rate	Nonrecurring Charge First	Charge Add'l
Unbundled Loop Channelization System (DS1 to VG), Per System	\$540.00	\$495.00	N/A	\$530.00	\$510.00	N/A	\$580.00	\$450.00	N/A
Central Office Channel Interface (circuit specific plug-in equipment), 1 per circuit	\$1.60	\$8.00	\$8.00	\$1.60	\$8.00	\$8.00	\$1.70	\$8.00	\$8.00

State(s)	N.Carolina			S.Carolina			Tennessee		
Rate Elements	Monthly Rate	Nonrecurring Charge First	Charge Add'l	Monthly Rate	Nonrecurring Charge First	Charge Add'l	Monthly Rate	Nonrecurring Charge First	Charge Add'l
Unbundled Loop Channelization System (DS1 to VG), Per System	\$545.00	\$475.00	N/A	\$520.00	\$480.00	N/A	\$530.00	\$520.00	N/A
Central Office Channel Interface (circuit specific plug-in equipment), 1 per circuit	\$1.65	\$7.00	\$7.00	\$1.60	\$8.00	\$8.00	\$1.60	\$8.00	\$8.00

Attachment C-17

Unbundled Products and Services and New Services

Service: Unbundled Exchange Ports

Description: An exchange port is the capability derived from the central office switch hardware and software required to permit end users to transmit or receive information over BellSouth's public switched network. It provides service enabling and network features and functionality such as translations, a telephone number, switching, announcements, supervision and touch-tone capability.

In addition, a BellSouth provided port with outgoing network access also provides access to other services such as operator services, long distance service, etc. It may also be combined with other services available in BellSouth's Intrastate Access Service Tariffs as technically feasible.

When an Unbundled Port is connected to BellSouth provided collocated loops, cross-connection rate elements are required as set forth in Section 20 of BellSouth Telecommunications's, Inc.'s Interstate Access Tariff, FCC No.1.

Alabama			Florida		Georgia	
Rate Elements	Rate	Per	Rate Elements	Rate	Rate Elements	Rate
Monthly (1)			Monthly		Monthly	
Residence Port	\$2.50		Residence Port	\$2.00	Residence Port	\$2.28
Business Port	\$7.00		Business Port	\$4.50	Business Port	\$4.60
PBX Trunk Port (2,3,4)	\$7.00		PBX Trunk Port	\$7.50	PBX Trunk Port	\$7.37
Rotary Service	\$2.00		Rotary Service	\$2.00	Rotary Service	\$2.77
Primary Rate ISDN NAS (5,6)	\$20.00					
Usage-Mileage Bands			Usage-(STS)		Usage-(STS)	
A (0 miles)	\$0.02	init.min.	- init. min.	\$0.0275	- setup per call	\$0.02
	\$0.01	Add'l min.	- add'l min.	\$0.0125	- per minute or fraction thereof	\$0.02
B (1-10 miles)	\$0.04	init.min.				
	\$0.02	Add'l min.				
C (11-16 miles)	\$0.06	init.min.				
	\$0.04	Add'l min.				
D (17-22 miles & existing LCA described in A3.6 greater than 22 mi.)	\$0.10	init.min.				
	\$0.07	Add'l min.				
E (23-30 miles)	\$0.10	init.min.				
	\$0.10	Add'l min.				
F (31-40 miles)	\$0.10	init.min.				
	\$0.10	Add'l min.				
G (Special Band) (7)	\$0.10	init.min.				
	\$0.10	Add'l min.				

NOTES:

- (1) Nonrecurring Charges, as displayed in Table I on Page 3, and Usage Charges, as displayed on this page, apply in addition to monthly rates.
- (2) Applies per outgoing, incoming or 2-way trunk port.
- (3) DID requires rates and charges as indicated in Table II on Page 3 in addition to the PBX Trunk Port rates.
- (4) IOD requires rates and charges as indicated in Table III on Page 3 in addition to the PBX Trunk Port rates.
- (5) Applies per outgoing, incoming or 2-way voice grade equivalent.
- (6) Primary rate ISDN requires a primary rate interface in addition to the primary rate ISDN NASes. Additional charges also apply per Primary Rate B-Channel, Call-by-Call Integrated Service Access Service Selection and Incoming Call Identification. See Table IV on Page 3 for rates and charges.
- (7) In addition to the local calling described in A3 of BellSouth's General Subscriber Service Tariff, if any wire center in an exchange is located within 40 miles of any wire center in the originating exchange, local calling will be provided from the entire originating exchange to the entire terminating exchange. The usage charges for Band G are applicable for distances greater than 40 miles.

Attachment C-17

Unbundled Products and Services and New Services

Service: Unbundled Exchange Ports (Cont'd)

Kentucky			Louisiana		
Rate Elements	Rate	Per	Rate Elements	Rate	Per
Monthly			Monthly		
Residence Port	\$3.50		Residence Port	\$2.50	
Business Port	\$10.00		Business Port	\$7.00	
PBX Trunk Port	\$10.00		PBX Trunk Port	\$7.00	
Rotary Service	\$3.50		Rotary Service	\$3.50	
Usage-Mileage Bands			Usage-Mileage Bands		
A (0 miles)	\$0.04 Init.Min.		A (0 miles)	\$0.02 Init.Min.	
	\$0.02 Add'l min.			\$0.01 Add'l min.	
B (1-10 miles)	\$0.04 Init.Min.		A (1-10 miles)	\$0.04 Init.Min.	
	\$0.02 Add'l min.			\$0.02 Add'l min.	
C (Greater than 10 miles Limited LCA)	\$0.06 Init.Min.		B (11-16 miles)	\$0.06 Init.Min.	
	\$0.04 Add'l min.			\$0.04 Add'l min.	
D (1-10 miles beyond Limited LCA)	\$0.04 Init.Min.		C (17-22 miles)	\$0.10 Init.Min.	
	\$0.02 Add'l min.			\$0.07 Add'l min.	
E (11-16 miles beyond Limited LCA)	\$0.06 Init.Min.		D (23 - 30 miles Basic LCA and Intra Parish Expanded LCA)	\$0.14 Init.Min.	
	\$0.04 Add'l min.			\$0.10 Add'l min.	
F (17-22 miles beyond Limited LCA)	\$0.09 Init.Min.		E (Greater than 30 miles Basic LCA and Intra Parish Expanded LCA)	\$0.14 Init.Min.	
	\$0.07 Add'l min.			\$0.14 Add'l min.	
G (23-30 miles beyond Limited LCA)	\$0.09 Init.Min.		F (23 - 30 miles Inter-Parish Expanded LCA)	\$0.14 Init.Min.	
	\$0.07 Add'l min.			\$0.10 Add'l min.	
H (31-40 miles beyond Limited LCA)	\$0.09 Init.Min.		G (31 - 40 miles Inter-Parish Expanded LCA)	\$0.14 Init.Min.	
	\$0.07 Add'l min.			\$0.14 Add'l min.	
I (Greater than 40 miles beyond Limited LCA)	\$0.09 Init.Min.		H (Greater than 40 miles Inter-Parish)	\$0.14 Init.Min.	
	\$0.07 Add'l min.			\$0.14 Add'l min.	

Mississippi			N.Carolina		S.Carolina	
Rate Elements	Rate	Per	Rate Elements	Rate	Rate Elements	Rate
Monthly			Monthly		Monthly	
Residence Port	\$3.75		Residence Port	\$2.00	Residence Port	\$4.00
Business Port	\$7.50		Business Port	\$6.00	Business Port	\$10.50
PBX Trunk Port	\$7.50		PBX Trunk Port	\$8.00	PBX Trunk Port	\$10.50
Rotary Service	\$3.75		Rotary Service	\$1.50	Rotary Service	\$3.00
Usage - Mile Bands			Usage - (STS)		Usage - (STS)	
A (0 miles)	\$0.02 Init.min.		- Init.min.	\$0.05	- Basic Svc.Area	\$0.02
	\$0.01 Add'l min.		- Add'l min.	\$0.02	- Expanded Svc.Are	\$0.12
B (1-10 miles)	\$0.04 Init.min.					
C (11-16 miles, existing LCA described in A3.6 greater than 16 miles, and calls to county seat greater than 16 miles)	\$0.02 Add'l min.					
	\$0.06 Init.min.					
D (17-30 miles)	\$0.04 Add'l min.					
	\$0.09 Init.min.					
E (31-55 miles Basic LATA)	\$0.07 Add'l min.					
	\$0.09 Init.min.					
F (31-55 miles Jackson LATA)	\$0.07 Add'l min.					
	\$0.12 Init.min.					
G (56-85 miles Basic LATA)	\$0.10 Add'l min.					
	\$0.18 Init.min.					
	\$0.14 Add'l min.					

Tennessee		
Rate Elements	Rate	Per
Monthly		
Residence Port	\$4.00	
Business Port	\$10.00	
PBX Trunk Port	\$10.00	
Rotary Service	\$8.50	
Usage - Mile Bands		
A (0-16 miles)	\$0.02	mou
B (17-30 miles)	\$0.05	mou
C >30 miles	\$0.10	mou

Attachment C-17

Unbundled Products and Services and New Services

Service: Unbundled Exchange Ports (Cont'd)

State: Alabama

TABLE I - NONRECURRING CHARGES

Port Type	Rate	
	First	Additional
Residence	\$26.00	\$11.00
Business	\$48.00	\$11.00
PBX Trunk	\$48.00	\$11.00
Primary Rate ISDN NAS	\$48.00	\$11.00

PORT ANCILIARY SERVICES

TABLE II - DID

Rate Element	Nonrecurring Charge	Monthly Rate
Per Group of 20 Numbers	\$480.00	\$3.00
Per Trunk Port	\$50.00	\$20.00
Per Trunk w/MF or DTMF	\$0.00	\$7.50

TABLE III - IOD

Rate Element	Nonrecurring Charge	Monthly Rate
Per First 10 Trunk Ports	\$875.00	\$350.00
Trunk Ports 11 thru 50, ea.	\$68.00	\$34.00
Ea. Trunk Port after 50th	\$27.00	\$8.10

TABLE IV - PRIMARY RATE ISDN

Rate Element	Nonrecurring Charge	Mo.-to-Mo.	Monthly Rates		
			24-48 Mos.	49-72 Mos.	73-96 Mos.
Primary Rate Interface, ea.	\$325.00	\$390.00	\$290.00	\$280.00	\$270.00
Per B-Channel	\$8.00	\$7.00	\$5.00	\$5.00	\$5.00
Cal-by-Call, per Facility Group	\$93.00	\$15.00	\$10.00	\$10.00	\$10.00
ICI, per Incoming or 2-W Port, 1-8	\$0.00	\$25.00	\$25.00	\$25.00	\$25.00
ICI, per Incoming or 2-W Port, 9-15	\$0.00	\$20.00	\$20.00	\$20.00	\$20.00
ICI, per Incoming or 2-W Port, 16+	\$0.00	\$15.00	\$15.00	\$15.00	\$15.00

Attachment C-18

Unbundled Products and Services and New Services

Service: Local Calling Area Boundary Guide

**Description: Provided to ALECs to assist in deployment of number
on their network to conform with BellSouth existing
local calling area geographics.**

State: All

Rate(s): No Charge

KMC Telecom Inc. & BellSouth Telecommunications, Inc.
Interconnection Agreement
Under Sections 251 and 252 of the Telecommunications Act of 1996

Attachment D

WHOLESALE DISCOUNTS

The telecommunications services available for purchase by KMC for the purposes of resale to KMC end users shall be available at the following discount off of the retail rate.

DISCOUNT		
<u>STATE</u>	<u>RESIDENCE</u>	<u>BUSINESS</u>
ALABAMA	10%	10%
FLORIDA	18%	12%
GEORGIA	20.3%	17.3%
KENTUCKY	10%	8%
LOUISIANA	20.72%	20.72%
MISSISSIPPI	9%	8%
NORTH CAROLINA	12%	9%
SOUTH CAROLINA	10%	9%
TENNESSEE	16%	16%

Discounts will not apply to: Unbundled port service; nonrecurring charges; federal or state subscriber line charges; inside wire maintenance plans; pass-through charges (e.g. N11 end user charges); and taxes.

Contract Provisions for OLEC Daily Usage File

SECTION 1. SCOPE OF AGREEMENT

- 1.01 This agreement shall apply to the service of the Daily Usage File (DUF) as provided by BellSouth to the OLEC. The specifications, terms and conditions for the provisions of this service are outlined in the Exhibit to this Agreement.

SECTION 2. DEFINITIONS

- 2.01 A. Compensation is the amount of money due from the OLEC to BellSouth for services provided under this Agreement.
- B. Daily Usage File is the compilation of messages or copies of messages in standard Exchange Message Record (EMR) format exchanged from BellSouth to an OLEC.
- C. Exchange Message Record is the nationally administered standard format for the exchange of data within the telecommunications industry.
- D. Message Distribution is routing determination and subsequent delivery of message data from one company to another.

SECTION 3. RESPONSIBILITIES OF THE PARTIES

- 3.01 Daily Usage File service provided to the OLEC by BellSouth will be in accordance with the methods and practices regularly adopted and applied by BellSouth to its own operations during the term of this agreement, including such revisions as may be made from time to time by BellSouth.
- 3.02 The OLEC shall furnish all relevant information required by BellSouth

for the provision of the Daily Usage File.

SECTION 4. COMPENSATION ARRANGEMENTS

- 4.01 Applicable compensation amounts will be billed by BellSouth to the OLEC on a monthly basis in arrears. Amounts due from the OLEC to BellSouth (excluding adjustments) are payable within 30 days of the date of the billing statement.

SECTION 5. ASSOCIATED EXHIBIT

- 5.01 Listed below is the exhibit associated with this Agreement, incorporated herein by this reference.

Exhibit A OLEC Daily Usage File (ODUF)

- 5.02 From time to time by written agreement of the parties, new exhibits may be substituted for the attached Exhibit, superseding and canceling the Exhibit(s) then in effect.

SECTION 6. TERM OF AGREEMENT

6.01 This Agreement and its attachment(s) are effective July 29, 1998 and will continue in force until terminated, with or without cause, by thirty (30) days prior notice in writing from either party to the other. This Agreement may be amended from time to time upon written agreement of the parties.

Executed this 29th day of July, 1998.

WITNESS:**THE OLEC Kmc Telecom II, Inc.**

Kristina Demaris
Admin. Asst.

[Signature]
(title) Michael Sternberg
President

WITNESS:**BELLSOUTH TELECOMMUNICATIONS, INC**

Mary Dawson

[Signature]
(title) Director

Exhibit A

SECTION 1. SCOPE OF EXHIBIT

1.01 This exhibit provides the technical specifications, terms and conditions, including compensation, under which BellSouth shall provide the message distribution service via the OLEC Daily Usage File.

**BELLSOUTH TELECOMMUNICATIONS, INC.
OLEC DAILY USAGE FEED (ODUF) SPECIFICATIONS**

ISSUE 1.0

General

An OLEC Daily Usage File (hereafter referred to as "ODUF") is available. ODUF will contain billable messages, that were carried over the BellSouth Network and processed in the CRIS Billing System, but billing to an OLEC customer. ODUF also includes operator handled calls originating from OLEC subscriber lines, for those OLECs who purchase Operator Services from BellSouth.

ODUF is available for both Facilities-based OLECs and Resellers. The service is provided under contract with the following rates applicable:

- \$0.008 per message - Recording Service (only applied to unbundled operator services messages)
- \$0.004 per message - Message Distribution
- \$0.001 per message - Data Transmission

Charges for delivery of the usage data will appear as an OC&C item on the OLECs' monthly bills.

ODUF will contain both rated and unrated messages. All messages will be in the standard Bellcore EMR record format.

Messages that error in the billing system of the OLEC will be the responsibility of the OLEC. If, however, the OLEC should encounter significant volumes of errored messages that prevent processing by the OLEC within its systems, BellSouth will work with the OLEC to determine the source of the errors and the appropriate resolution.

NOTE: It may be determined that the source is outside of BellSouth's control and the appropriate resolution does not involve BellSouth.

The purpose of this document is to provide basic file specifications and general information to the OLECs doing business with BellSouth.

File Specifications

Usage To Be Transmitted

The following messages recorded by BellSouth will be transmitted to the OLEC:

- message recording for per use/per activation type services (examples: Three Way Calling, Verify, Interrupt, Call Return, ETC.)
- measured billable intraLATA Local
- Directory Assistance messages
- intraLATA Toll
- WATS & 800 Service

Rated Incollects (originated in BellSouth and from other companies) can also be on ODUF. Rated Incollects will be intermingled with BellSouth recorded rated and unrated usage. Rated Incollects will not be packed separately.

Duplicate Record Checking

BellSouth will perform duplicate record checks on records processed to ODUF. Any duplicate messages detected will be deleted and not sent to the OLEC.

In the event that the OLEC detects a duplicate on ODUF they receive from BellSouth, the OLEC will drop the duplicate message (OLEC will not return the duplicate to BellSouth).

Physical File Characteristics

General

ODUF will be distributed to the OLEC via a contractually agreed medium with CONNECT:Direct being the preferred transport method. If methods other than CONNECT:Direct are negotiated there may be nominal additional charges to cover costs associated with the delivery method (e.g. postage, handling, tape, etc.). ODUF will be a variable block format (2476) with an LRECL of 2472. The data on ODUF will be in a non-compacted EMR format (175 byte format plus modules). It will be created on a daily basis (Monday through Friday except holidays). Details such as dataset name and delivery schedule will be addressed during negotiations of the distribution medium. There will be one dataset per BellSouth RAO (12 total). ODUF will contain packed data as detailed on the next page.

Data circuits (private line or dial-up) may be required between BellSouth and the OLEC for the purpose of data transmission. Where a dedicated line is required, the OLEC will be responsible for ordering the circuit, overseeing its installation and coordinating the installation with BellSouth. The OLEC will also be responsible for any charges associated with this line. Equipment required on the BellSouth end to attach the line to the mainframe computer and to transmit successfully ongoing will be negotiated on a case by case basis. Where a dial-up facility is required, dial circuits will be installed in the BellSouth data center by BellSouth and the associated charges assessed to the OLEC. Additionally, all message toll charges associated with the use of the dial circuit by the OLEC will be the responsibility of the OLEC. Associated equipment on the BellSouth end, including a modem, will be negotiated on a case by case basis between the parties. All equipment, including modems and software, that is required on the OLEC end for the purpose of data transmission will be the responsibility of the OLEC.

Packing Specifications

A pack will contain a minimum of one message record or a maximum of 99,999 message records plus a pack header record and a pack trailer record. One transmission can contain a maximum of 99 packs and a minimum of one pack.

The OCN, From RAO, and Invoice Number will control the invoice sequencing. The From RAO will be used to identify to the OLEC which BellSouth RAO that is sending the message. BellSouth and the OLEC will use the invoice sequencing to control data exchange. BellSouth will be notified of sequence failures identified by the OLEC and resend the data as appropriate.

The data will be packed using a Bellcore EMR 202001 Pack Header and a 202002 Pack Trailer with the fields populated as follows:

Pack Header Record

Field Name	Position	Value
Record ID - Category	01-02	20
Record ID - Group	03-04	20
Record ID - Type	05-06	01
Date Created - Year	07-08	Current year or less
Date Created - Month	09-10	01-12
Date Created - Day	11-12	01-31
Invoice Number	13-14	01-99
Company Number	15-16	17 or 19
From RAO	17-19	BellSouth RAO dataset created in
Filler	20-25	Spaces (data not applicable)
Reserved	26-39	Spaces (BellCore reserved space)
OCN	40-43	
Local Company Use	44-46	Spaces
Reserved	47-117	Spaces (BellCore reserved space)
Time Created - Hour	118-119	00-24
Time Created - Minutes	120-121	00-60
Filler	122	Spaces (Data not applicable)
Reserved	123-126	Spaces (BellCore reserved space)
Status Code	127	0
Reserved	128-175	Spaces (BellCore reserved space)

Pack Trailer Record

Field Name	Position	Value
Record ID - Category	01-02	20
Record ID - Group	03-04	20
Record ID - Type	05-06	02
Date Created - Year	07-08	Current year or less
Date Created - Month	09-10	01-12
Date Created - Day	11-12	01-31
Invoice Number	13-14	01-99
Company Number	15-16	17 or 19
From RAO	17-19	BellSouth RAO dataset created in
Filler	20-25	Spaces (data not applicable)
Reserved	26-100	Spaces (BellCore reserved space)
Grand Total Revenue	101-110	9(8).99
Grand Total Record Count	111-117	numeric
Reserved	118-121	Spaces (BellCore reserved space)
Filler	122	Space (Data not applicable)
Reserved	123-126	Spaces (BellCore reserved space)
Status Code	127	0
Reserved	128-175	Spaces (BellCore reserved space)

Pack Rejection

The OLEC will notify BellSouth within one business day of rejected packs (via the mutually agreed medium). Packs could be rejected because of pack sequencing discrepancies or a critical edit failure on the Pack Header or Pack Trailer records (i.e. out-of-balance condition on grand totals, invalid data populated). Standard Bellcore EMR Error Codes will be used. The OLEC will not be required to return the actual rejected data to BellSouth. Rejected packs will be corrected and retransmitted to the OLEC by BellSouth.

Control Data

The OLEC will send one confirmation record per pack that is received from BellSouth. This confirmation record will indicate the OLEC received the pack and the acceptance or rejection of the pack. Error Code(s) will be populated in the Error Code fields (using standard Bellcore EMR error codes) for packs that were rejected by the OLEC for reasons stated in the above section. See attachment A for the confirmation record layout.

Testing

BellSouth will perform external testing with each OLEC prior to entering a "production" mode. The number of tests, test dataset name, test data content, and test schedule will be mutually agreed upon by BellSouth and each OLEC during the detail negotiations process. Test data shall be transported using the same medium that will be used in a production mode (if possible).

Attachment A**ODUF Confirmation Record (RIPC03)**

Field Name	Field Position	Field Length	
Category	01-02	x(2)	RI
Group	03-04	x(2)	PC
Record Type	05-06	x(2)	03
Date Created - Year	07-08	9(2)	
Date Created - Month	09-10	9(2)	
Date Created - Day	11-12	9(2)	
Invoice Number	13-14	9(2)	
filler	15-16	9(2)	
From RAO	17-19	9(3)	
Send To RAO	20-22	9(3)	
Billing RAO	23-25	9(3)	
Operating Company Number	26-29	9(4)	
filler	30-65	9(36)	
Total Sent Messages	66-72	9(7)	
Total Sent Revenue	73-82	9(8).99	
Number of Accepted Messages	83-89	9(7)	
Amount of Accepted Revenue	90-99	9(8).99	
filler	100	9(1)	
Number of Rejected Messages	101-107	9(7)	
Amount of Rejected Revenue	108-117	9(8).99	
filler	118-137	9(20)	
Pack Status Code	138-139	9(2)	
Return Code 1	140-141	x(2)	
Return Code 2	142-143	x(2)	
Return Code 3	144-145	x(2)	
Return Code 4	146-147	x(2)	
Return Code 5	148-149	x(2)	
Return Code 6	150-151	x(2)	
Return Code 7	152-153	x(2)	
Return Code 8	154-155	x(2)	
Return Code 9	156-157	x(2)	
Return code 10	158-159	x(2)	

filler	160-175	x(16)
--------	---------	-------

BellSouth is pursuing approval of this record by BellCore as a Standard EMR record.

**QUESTIONNAIRE TO BE COMPLETED BY PROSPECTIVE BELLSOUTH CUSTOMER
LICENSED BY STERLING SOFTWARE, INC. TO USE CONNECT:Direct (tm)**

Customer Name: _____ **CIC Code:** _____ (if applicable)
ACNA: _____ (if applicable)

Customer Contact Name: _____ (Person Completing this Form)

Customer Contact Number: _____ (Tel. No. of person Completing
this form)

If You Are A Consultant, Please Indicate Your Company Name _____

Customer Address: _____

Customer Tel. No.: _____

Customer Facs No.: _____

**At BST, we currently have CONNECT:Direct trading partners who use the following
platforms:**

SNA:

IBM MVS
IBM AS/400

DEC VAX
IBM VSE

MS-DOS - Based PC

TCP/IP:

IBM MVS
HP Unix

TANDEM
Windows NT (currently in test)

Customer Connect:Direct Info:

CONNECT:Direct for: _____ **Platform**
(example: MS-DOS - Based PC Platform)

CONNECT:Direct Release Level: _____

Protocol desired: _____ (example: SDLC LU0, LU6.2,
TCP/IP)

Transmission speed requested: _____ (example: 9.6 KB)

(Telephone Indials are currently supported at a maximum of 9.6 KB;

NOTE: NOT FOR USE OR DISCLOSURE OUTSIDE BELLSOUTH

**QUESTIONNAIRE TO BE COMPLETED BY PROSPECTIVE BELL SOUTH CUSTOMER
LICENSED BY STERLING SOFTWARE, INC. TO USE CONNECT:Direct (tm)**

Indials are only available for CARE, B&C, and ASR's)

Do you currently send data to any other trading partner(s)? _____

Desired BellSouth Application: _____ (examples: CARE,
B&C, ODUF (Olac Daily Usage File),
CABS, ASR's)

No. characters you expect to send: _____ and how often: _____

If you wish to receive data to a PC, indicate drive: _____ (example: 'C:')
and directory: _____ (example: 'BST')

BellSouth Systems Designer: _____

BellSouth Systems Designer Tel. No.: _____

BellSouth Account Executive: _____

BellSouth Account Executive Tel. No.: _____

Additional information for use in evaluating your request:

Send your completed questionnaire via facsimile to:
CONNECT:Direct Support
Facs No.: 205/733-9507

You will be contacted by the Project Manager of the Application to set up a
conference call to discuss your requirements.

NOTE: NOT FOR USE OR DISCLOSURE OUTSIDE BELL SOUTH

ANNEX 314

CALLING NAME DELIVERY (CNAM) DATABASE SERVICES ANNEX

Effective: _____

This Annex between BellSouth Telecommunications, Inc., a corporation under the laws of the state of Georgia (herein called BellSouth), and Kmc Telecom II, Inc., a corporation under the laws of the state of Delaware, herein called the Competitive Local Exchange Carrier (CLEC), sets forth the terms and conditions under which Calling Name Delivery (CNAM) Database Services will be provided by BellSouth to the CLEC.

1.00

DEFINITIONS

For the purpose of this Annex and its Exhibits, the following terms shall be defined as:

CALLING NAME DELIVERY DATABASE SERVICE (CNAM) - The ability to associate a name with the calling party number, allowing the subscriber (to which a call is being terminated) to view the calling party's name before the call is answered. This service also provides the CLEC the opportunity to load and store its subscriber names in the BellSouth CNAM SCPs.

CALLING PARTY NUMBER (CPN) - The number of the calling party that is delivered to the terminating switch using common channel signaling system 7 (CCS7) technology, and that is contained in the Initial Address Message (IAM) portion of the CCS7 call setup.

COMMON CHANNEL SIGNALING SYSTEM 7 (CCS7) - A network signaling technology in which all signaling information between two or more nodes is transmitted over high-speed data links, rather than over voice circuits.

SERVICE CONTROL POINTS (SCPs) - The real-time data base systems that contain the names to be provided in response to queries received from CNAM SSPs.

SERVICE MANAGEMENT SYSTEM (SMS) - The main operations support system of CNAM DATABASE SERVICE. CNAM records are loaded into the SMS, which in turn downloads into the CNAM SCP.

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SERVICE SWITCHING POINTS (SSPs) - Features of computerized switches in the telephone network that determine that a terminating line has subscribed to CNAM service, and then communicate with CNAM SCPs in order to provide the name associated with the calling party number.

SUBSYSTEM NUMBER (SSN) - The address used in the Signaling Connection Control Part (SCCP) layer of the SS7 protocol to designate an application at an end signaling point. A SSN for CNAM at the end office designates the CNAM application within the end office. BellSouth uses the CNAM SSN of 232.

2.00 SCOPE OF ANNEX

This Annex will cover the terms and conditions and the various scenarios for which BellSouth will provide to the CLEC access to the BellSouth CNAM SCP for query or record storage purposes.

3.00 PHYSICAL CONNECTION AND COMPENSATION

BellSouth's provision of CNAM Database Services to the CLEC requires interconnection from the CLEC's operating area to a BellSouth CNAM Service Control Points (SCPs). Such interconnections shall be established by mutual agreement between BellSouth and the CLEC. The associated compensation shall be described in Exhibit A included in and made a part of this Annex.

In order to formulate a CNAM query to be sent to the BellSouth CNAM SCP, the CLEC must provide its own CNAM SSP. The CLEC CNAM SSPs must be compliant with TR-NWT-001168, "CLASS Calling Name Delivery Generic Requirements".

If the CLEC elects to access the BellSouth CNAM SCP via a third party CCS7 transport provider, the third party CCS7 provider shall interconnect with the BellSouth CCS7 network according to BellSouth's Common Channel Signaling Interconnection Guidelines and Bellcore's CCS Network Interface Specification document, TR-TSV-000905. In addition, the third party provider shall establish CCS7 interconnection at the BellSouth Local Signal Transfer Points (LSTPs) serving the BellSouth CNAM SCPs that the CLEC desires to query.

Page 2 of 5

4.00 CNAM RECORD INITIAL LOAD AND UPDATES

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The mechanism to be used by the CLEC for initial CNAM record load and/or updates shall be determined on an individual company basis. The initial load and all updates shall be provided by the CLEC in the BellSouth specified format and shall contain records for every working telephone number that can originate phone calls.

Updates to the SMS shall occur no less than once a week, reflect service order activity affecting either name or telephone number, and involve only record additions, deletions or changes.

5.00 MODIFICATION AND COMPLIANCE

Neither this Annex nor its Exhibits, Supplements or Attachments may be modified except by written agreement signed by authorized officials of both parties.

In addition, no course of dealing or failure of either party to enforce any provision of this Annex or any of its Exhibits shall be construed as a waiver of such provision or any other rights under this Annex or any of its Exhibits.

6.00 TERM OF ANNEX

This Annex and its Exhibits shall remain in effect until canceled by either party with or without cause upon giving the other party three months written notice thereof, subject to termination liability as reflected in Individual Exhibits, Supplements or Attachments made a part of this Annex.

Cancellation of the entire Annex will include cancellation of all Exhibits, Supplements, and Attachments thereof, however, such cancellation shall not negate any termination liability specified in individual Exhibits, Supplements or Attachments.

7.00 PROTECTION OF PROPRIETARY INFORMATION

Each party agrees to protect the proprietary information entrusted to it by the other party. Such proprietary information shall include this Annex and its Exhibits, Supplements and Attachments, and shall be held in confidence by the receiving party and only be disclosed to those employees, contractors or agents who have a

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need for it in order to provide telecommunications services required to fulfill this Annex and its Exhibits. BellSouth agrees to use the customer names and numbers provided by the CLEC for the purposes of Customer Name Delivery Database Services only.

Any proprietary information that is furnished to either party shall be clearly marked as proprietary and shall be treated as such by the receiving party. Such information shall remain the property of the originating party and shall be returned upon request.

Each party agrees to give immediate notice to the other party of any legal demands to disclose proprietary information prior to disclosing such information.

CLEC CNAM records provided for storage in the BellSouth CNAM SCP shall be available, on a SCP query basis only, to all parties querying the BellSouth CNAM SCP. Further, CNAM service shall be provided by each party consistent with state and/or federal regulations on privacy treatment.

8.00

INDEMNIFICATION

To the extent not prohibited by law, BellSouth and the CLEC agree to indemnify the other and hold the other harmless against any loss, cost, claim, injury, or liability relating to or arising out of negligence or willful misconduct by the indemnifying party or its agents or contractors in connection with the indemnifying party's provision of services and facilities, or the other party's provision of services and facilities to the indemnifying party, under this Annex; provided, however, that any indemnity for any loss, cost, claim, injury or liability arising out of or relating to errors or omissions in the provision of services or facilities under this Annex shall be limited as otherwise specified in this Annex. The indemnifying party under this Section agrees to defend any suit brought against the other party for any such loss, cost, claim, injury or liability. The indemnified party agrees to notify the other party promptly, in writing, of any written claims, lawsuits, or demands for which the other party is responsible under this section and to cooperate in every reasonable way to facilitate defense or settlement of claims. The indemnifying party shall not be liable under this Section for settlement by the indemnified party of any claim, lawsuit, or demand tendered to it in writing, and for which it has failed to assume such defense.

BellSouth and the CLEC agree with respect to services and facilities provided hereunder, to indemnify and save the other party harmless from liabilities, claims or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) that may be made by persons furnished by the other party or by any of its subcontractors, under Worker's Compensation or similar statutes. BellSouth and the CLEC agree to defend any such suit brought

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against the non-owner for any such liability, claim or demand. Each party agrees to notify the other party promptly, in writing, of any claims or demands for which it is claimed that the other party is responsible and to cooperate in every reasonable way to facilitate defense or settlement of claims.

No claims or adjustments of such charges, or any other claims with respect to this Annex may be made more than two years after the date of the event that gave rise to the claim, except where such limitations are contrary to law; provided, however, that claims for indemnity under this section may be made within two years of the commencement of the proceeding on the cause of action for which indemnity is sought, except where such limitations are contrary to law.

IN WITNESS WHEREOF, the parties hereto have caused this Annex to be signed by duly authorized officers this 29th day of July, 1998.

WITNESS:

Kristina Dennis
Admin. Asst.

Kmc Telecom II, Inc.

BY: [Signature]
Michael Sternberg
TITLE: President

WITNESS:

Mary Dallon

BELLSOUTH TELECOMMUNICATIONS, INC.

BY: [Signature]
TITLE: Director

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EXHIBIT A

CALLING NAME DELIVERY (CNAM) DATABASE SERVICES COMPENSATION

Effective: _____

Attached to and made part of the Calling Name Delivery Database Services Annex 314.

The following recurring flat rate will be the charge for access to the BellSouth CNAM SCP.

\$50.00 per 1,000 access lines per month

The access line count is determined by the number of working access lines in every switch in which the CNAM capability is installed.

The recurring flat rate will convert to a per query usage rate once query usage measurement capability becomes available.

A non-recurring fee of \$595.00 is applicable when the CLEC uses the Character Based User Interface (CHUI) method to transmit the names to the BellSouth CNAM database.

Executed this 29th day of July, 1998.

WITNESS:

Kristina Dennis
Admin. Asst.

BY: [Signature]

Kmc Telecom II, Inc.
Michael Sternberg
TITLE: President

WITNESS:

Nancy Dawson

BELL SOUTH TELECOMMUNICATIONS, INC.

BY: [Signature]TITLE: Director

Amendment Regarding Resale Arrangement to The Interconnection Agreement Between BellSouth Telecommunications, Inc. and KMC Telecom, Inc. dated February 24, 1997

PURSUANT TO THIS AMENDMENT ("the Amendment"), BellSouth Telecommunications, Inc. ("BellSouth") and KMC Telecom, Inc. ("KMC") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Interconnection Agreement between the Parties dated February 24, 1997 ("Interconnection Agreement").

NOW THEREFORE, for and in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, BellSouth and KMC hereby covenant and agree as follows:

I. Term of the Agreement

- A. The term of this Agreement shall be consistent with the term set forth in Section 21.0 of the Interconnection Agreement.
- B. The rates pursuant to which KMC is to purchase services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications service. The discount rates shall be as set forth in Exhibit A, attached hereto and incorporated herein by this reference and are effective September 1, 1997.

II. Definition of Terms

- A. CUSTOMER OF RECORD means the entity responsible for placing application for service; requesting additions, rearrangements, maintenance or discontinuance of service; payment in full of charges incurred such as non-recurring, monthly recurring, toll, directory assistance, etc.
- B. DEPOSIT means assurance provided by a customer in the form of cash, surety bond or bank letter of credit to be held by the Company.
- C. END USER means the ultimate user of the telecommunications services.
- D. END USER CUSTOMER LOCATION means the physical location of the premises where an end user makes use of the telecommunications services.
- E. NEW SERVICES means functions, features or capabilities that are not currently offered by BellSouth. This includes packaging of existing services or combining a new function, feature or capability with an existing service.
- F. OTHER LOCAL EXCHANGE COMPANY (OLEC) means a telephone company certificated by the public service commissions of the Company's franchised area to provide local exchange service within the Company's franchised area.
- G. RESALE means an activity wherein a certificated OLEC, such as KMC subscribes to the telecommunications services of the Company and then reoffers those telecommunications services to the public (with or without "adding value").

H. RESALE SERVICE AREA means the area, as defined in a public service commission approved certificate of operation, within which an OLEC, such as KMC, may offer resold local exchange telecommunications service.

III. General Provisions

A. KMC may resell the tariffed local exchange and toll telecommunications services of BellSouth contained in the General Subscriber Service Tariff and Private Line Service Tariff subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the exclusions and limitations on services available for resale will be as set forth in Exhibit B, attached hereto and incorporated herein by this reference. In addition, KMC may not purchase telecommunications services at the wholesale rate for its own use.

BellSouth shall make available telecommunications services for resale at the rates set forth in Exhibit A to this agreement and subject to the exclusions and limitations set forth in Exhibit B to this agreement. It does not however waive its rights to appeal or otherwise challenge any decision regarding resale that resulted in the discount rates contained in Exhibit A or the exclusions and limitations contained in Exhibit B. BellSouth reserves the right to pursue any and all legal and/or equitable remedies, including appeals of any decisions. If such appeals or challenges result in changes in the discount rates or exclusions and limitations, the parties agree that appropriate modifications to this Agreement will be made promptly to make its terms consistent with the outcome of the appeal.

B. The provision of services by the Company to KMC does not constitute a joint undertaking for the furnishing of any service.

C. KMC will be the customer of record for all services purchased from BellSouth. Except as specified herein, the Company will take orders from, bill and expect payment from KMC for all services.

D. KMC will be the Company's single point of contact for all services purchased pursuant to this Agreement. The Company shall have no contact with the end user except to the extent provided for herein.

E. The Company will continue to bill the end user for any services that the end user specifies it wishes to receive directly from the Company.

F. Each party maintains the right to serve directly any end user within the service area of the other party. Each party will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of the other party.

G. Neither Party shall interfere with the right of any person or entity to obtain service directly from the other Party.

H. Telephone numbers are assigned to the service furnished. KMC has no property right to the telephone number or any other call number designation associated with services furnished by the Company, and no right to the continuance of service through any particular central office. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, whenever the Company deems it necessary to do so in the conduct of its business. The Company agrees to treat numbers associated with resold services in the same manner as it treats numbers it provides to its end users. Telephone numbers transmitted via any resold service features are intended solely for the use of the end user of the feature. Unless otherwise agreed, resale of this information is prohibited.

- I. The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to KMC.
- J. Service is furnished subject to the condition that it will not be used for any unlawful purpose.
- K. Service will be discontinued if any law enforcement agency advises that the service being used is in violation of the law.
- L. The Company can refuse service when it has grounds to believe that service will be used in violation of the law.
- M. The Company accepts no responsibility to any person for any unlawful act committed by KMC or its end users as part of providing service to KMC for purposes of resale or otherwise.
- N. The Company will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with the Company's customers. Law enforcement agency subpoenas and court orders regarding end users of KMC will be directed to KMC. The Company will bill KMC for implementing any requests by law enforcement agencies regarding KMC end users.
- O. The characteristics and methods of operation of any circuits, facilities or equipment provided by any person or entity other than the Company shall not:
1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service;
 2. Cause damage to their plant;
 3. Impair the privacy of any communications; or
 4. Create hazards to any employees or the public.
- P. KMC assumes the responsibility of notifying the Company regarding less than standard operations with respect to services provided by KMC.
- Q. Facilities and/or equipment utilized by BellSouth to provide service to KMC remain the property of BellSouth.
- R. White page directory listings will be provided in accordance with regulations set forth in Section A6 of the General Subscriber Service Tariff and will be available for resale.
- S. BellSouth will provide customer record information to the KMC provided the KMC has the appropriate Letter(s) of Authorization. BellSouth may provide customer record information via one of the following methods: US mail, fax, or by electronic interface. BellSouth will provide customer record information via US mail if a single

record is twenty (20) pages or more. BellSouth will provide customer record information via US mail or fax on an interim basis only.

KMC agrees to compensate BellSouth for any reasonable and demonstrable BellSouth incurred expenditures associated with providing such information to KMC. KMC will adopt and adhere to the BellSouth guidelines associated with each method of providing customer record information.

T. BellSouth's messaging services may be made available for resale subject to the execution of BellSouth's Messaging Agreement and without the wholesale discount.

U. BellSouth's Inside Wire Maintenance Plans may be made available for resale at rates, terms and conditions as set forth by BellSouth and without the wholesale discount.

IV. BellSouth's Provision of Services to KMC

A. KMC agrees that its resale of BellSouth services shall be as follows:

1. The resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.

2. To the extent KMC is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, KMC shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth pursuant to this Agreement in any of the states covered under this Agreement. For the purposes of this subsection, to jointly market means any advertisement, marketing effort or billing in which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by KMC are packaged, tied, bundled, discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale arrangements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer interLATA services in that state, whichever is earlier.

3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital end users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to Independent Payphone Provider (IPP) customers. Shared Tenant Service customers can only be sold those telecommunications services available in the Company's A23 Shared Tenant Service Tariff. This provision does not preclude KMC from providing additional services to Hotels/Motels and Hospitals that do not violate tariff class of service restrictions and/or the terms and conditions of this Agreement.

4. KMC is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (end users) as stated in A2 of the Company's Tariff except for backup service as indicated in the applicable state tariff Section A3.

5. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, KMC will be notified and billing for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, back billing, and interest as described in this subsection shall apply at the Company's sole discretion. Interest at a rate as

set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff for the applicable state, compounded daily for the number of days from the back billing date to and including the date that KMC actually makes the payment to the Company may be assessed.

6. The Company reserves the right to periodically audit services purchased by KMC to establish authenticity of use. Such audit shall not occur more than once in a calendar year. KMC shall make any and all records and data available to the Company or the Company's auditors on a reasonable basis. The Company shall bear the cost of said audit.

B. Resold services can only be used in the same manner as specified in the Company's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of the Company in the appropriate section of the Company's Tariffs.

C. KMC may resell services only within the specific resale service area as defined in its certificate.

D. Telephone numbers transmitted via any resold service feature are intended solely for the use of the end user of the feature. Resale of this information is prohibited.

E. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. KMC is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any BellSouth name or trademark.

V. Maintenance of Services

A. Both Parties agree to work cooperatively to develop a maintenance and installation interface process.

B. Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company.

C. KMC or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

D. KMC accepts responsibility to notify the Company of situations that arise that may result in a service problem.

E. KMC will be the Company's single point of contact for all repair calls on behalf of KMC's end users. The parties agree to provide one another with toll-free contact numbers for such purposes.

F. KMC will contact the appropriate repair centers in accordance with procedures established by the Company.

G. For all repair requests, KMC accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.

H. The Company will bill KMC for handling troubles that are found not to be in the Company's network pursuant to its standard time and material charges. The standard time and material charges will be no more than what BellSouth charges to its retail customers for the same services.

I. The Company reserves the right to contact KMC's customers, if deemed necessary, for maintenance purposes. The Company shall not market its own services during contact with KMC's end users while performing its obligations under this agreement.

VI. Establishment of Service

A. After receiving certification as a local exchange company from the appropriate regulatory agency, KMC will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for KMC. Such documentation shall include the Application for Master Account, proof of authority to provide telecommunications services, an Operating Company Number ("OCN") assigned by the National Exchange Carriers Association ("NECA") and a tax exemption certificate, if applicable. When necessary deposit requirements are met, the Company will begin taking orders for the resale of service.

B. Service orders will be in a standard format designated by the Company and will adhere to approved industry standards.

C. When notification is received from KMC that a current customer of the Company will subscribe to KMC's service, standard service order intervals for the appropriate class of service will apply. The standard service ordering intervals will be the same intervals that apply to end users of the Company.

D. The Company will not require end user confirmation prior to establishing service for KMC's end user customer. KMC must, however, be able to demonstrate end user authorization upon request.

E. KMC will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services except that the Company will accept a request directly from the end user for conversion of the end user's service from KMC to the Company or will accept a request from another OLEC for conversion of the end user's service from the KMC to the other LEC. The Company will notify KMC that such a request has been processed.

F. If the Company determines that an unauthorized change in local service to KMC has occurred, the Company will reestablish service with the appropriate local service provider and will assess KMC as the OLEC initiating the unauthorized change, the unauthorized change charge described in F.C.C. Tariff No. 1, Section 13. Appropriate nonrecurring charges, as set forth in Section A4. of the General Subscriber Service Tariff, will also be assessed to KMC. These charges can be adjusted if KMC provides satisfactory proof of authorization. Similarly, if KMC determines that an unauthorized change of a KMC end user to the Company has occurred, the Company will reestablish the end user's service with KMC and will credit KMC an amount equal to the above described charge.

G. The Company may, in order to safeguard its interest, require KMC to make a deposit to be held by the Company as a guarantee of the payment of rates and charges, unless satisfactory credit has already been established. Any such deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.

H. Such deposit may not exceed two months' estimated billing.

I. The fact that a deposit has been made in no way relieves KMC from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for non-payment of any sums due the Company.

J. The Company reserves the right to increase the deposit requirements when, in its sole judgment, the conditions justify such action.

K. In the event that KMC defaults on its account, service to KMC will be terminated and any deposits held will be applied to its account.

L. In the case of a cash deposit, interest at the rate of six percent per annum shall be paid to KMC during the continuance of the deposit. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to KMC by the accrual date.

VII. Payment And Billing Arrangements

A. When the initial service is ordered by KMC, the Company will establish an accounts receivable master account for KMC.

B. The Company shall bill KMC on a current basis all applicable charges and credits.

C. Payment of all charges will be the responsibility of KMC. KMC shall make payment to the Company for all services billed. The Company is not responsible for payments not received by KMC from KMC's customer. The Company will not become involved in billing disputes that may arise between KMC and its customer. Payments made to the Company as payment on account will be credited to an accounts receivable master account and not to an end user's account.

D. The Company will render bills each month on established bill days for each of KMC's accounts.

E. The Company will bill KMC, in advance, charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, to KMC.

F. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.

If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.

G. Upon proof of tax exempt certification from KMC, the total amount billed to KMC will not include any taxes due from the end user. KMC will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.

H. As the customer of record, KMC will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other authorized charges of a similar nature.

I. If any undisputed portion of the payment is received by the Company after the payment due date as set forth preceding, or if any portion of the payment is received by the Company in funds that are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff.

J. Any switched access charges associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, the Company. No additional charges are to be assessed to KMC.

K. The Company will not perform billing and collection services for KMC as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within the Company.

L. Pursuant to 47 CFR Section 51.617, the Company will bill KMC end user common line charges identical to the end user common line charges the Company bills its end users.

M. In general, the Company will not become involved in disputes between KMC and KMC's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, KMC shall contact the designated Service Center for resolution. The Company will make every effort to assist in the resolution of the dispute and will work with KMC to resolve the matter in as timely a manner as possible. KMC may be required to submit documentation to substantiate the claim.

VIII. Discontinuance of Service

A. The procedures for discontinuing service to an end user are as follows:

1. Where possible, the Company will deny service to KMC's end user on behalf of, and at the request of, KMC. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of KMC.
2. At the request of KMC, the Company will disconnect a KMC end user customer.
3. All requests by KMC for denial or disconnection of an end user for nonpayment must be in writing.
4. KMC will be made solely responsible for notifying the end user of the proposed disconnection of the service.

5. The Company will continue to process calls made to the Annoyance Call Center and will advise KMC when it is determined that annoyance calls are originated from one of their end user's locations. The Company shall be indemnified, defended and held harmless by KMC and/or the end user against any claim, loss or damage arising from providing this information to KMC. It is the responsibility of KMC to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in the Company's disconnecting the end user's service.

B. The procedures for discontinuing service to KMC are as follows:

1. Pursuant to the Section 33.0 of the Interconnection Agreement and upon a determination that KMC has violated Section 36.4 of the Interconnection Agreement, BellSouth shall reserve the right to discontinue service to KMC.

2. The procedures for discontinuing resale service to KMC shall be as delineated in Sections 21.0, 30.0 and 33.0 of the Interconnection Agreement.

IX. Liability

A. The liability of the Company for damages arising out of mistakes, omissions, interruptions, preemptions, delays errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of KMC, or of the Company in failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision shall in no event exceed an amount equivalent to the proportionate charge to KMC for the period of service during which such mistake, omission, interruption, preemption, delay, error or defect in transmission or defect or failure in facilities occur. The Company shall not be liable for damage arising out of mistakes, omission, interruptions, preemptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the service of the Company, (1) caused by customer-provided equipment (except where a contributing cause is the malfunctioning of a Company-provided connecting arrangement, in which event the liability of the Company shall not exceed an amount equal to a proportional amount of the Company billing for the period of service during which such mistake, omission, interruption, preemption, delay, error, defect in transmission or injury occurs), or (2) not prevented by customer-provided equipment but which would have been prevented had Company-provided equipment been used.

B. The Company shall be indemnified and saved harmless by KMC against any and all claims, actions, causes of action, damages, liabilities, or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) of whatever kind or nature that may be made by any third party as a result of the Company's furnishing of service to KMC.

C. The Company shall be indemnified, defended and held harmless by KMC and/or the end user against any claim, loss or damage arising from the use of services offered for resale involving:

1. Claims for libel, slander, invasion of privacy or infringement of copyright arising from KMC's or end user's own communications.

2- Claims for patent infringement arising from acts combining or using Company services in connection with facilities or equipment furnished by the end user or KMC.

3. All other claims arising out of an act or omission of KMC or its end user in the course of using services.

D. KMC accepts responsibility for providing access for maintenance purposes of any service resold under the provisions of the appropriate Tariffs. The Company shall not be responsible for any failure on the part of KMC with respect to any end user of KMC.

X. Treatment of Proprietary and Confidential Information

A. 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 and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall either be in writing or other tangible format and clearly marked with a confidential, private or proprietary legend, or, when the Information is communicated orally, it shall also be communicated that the Information is confidential, private or proprietary. 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. 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.

B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

XI. Resolution of Disputes

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the applicable state Public Service Commission for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by that Public Service Commission concerning this Agreement.

XII. Limitation of Use

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

XIII. 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.

XIV. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia, without regard to its conflict of laws principles.

XV. Arm's Length Negotiation

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

XVI. Notices

A. 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.

KMC Telecom, Inc.

CLEC Account Team
3535 Colonnade Parkway
Room E4E1
Birmingham, AL 35243

Don Menendez
3075 Breckinridge Boulevard, Suite 415
Duluth, GA 30136
(770) 806-4980 Fax (770) 806-4988

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

B. 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.

XVII. Amendments

This Agreement may be amended at any time upon written agreement of both parties.

XVIII. Entire Agreement

This Agreement 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.

BellSouth Telecommunications, Inc.

KMC Telecom, Inc.

BY: _____

BY: _____

Signature

Signature

NAME: Jerry Hendrix

NAME: Michael A. Sternberg

Printed Name

Printed Name

TITLE: Director

TITLE: President

DATE: 11/29/97

DATE: November 20, 1997

EXHIBIT "A"

APPLICABLE DISCOUNTS

The telecommunications services available for purchase by KMC for the purposes of resale to KMC end users shall be available at the following discount off of the retail rate.

DISCOUNT

<u>STATE</u>	<u>RESIDENCE</u>	<u>BUSINESS</u>
ALABAMA	17%	17%
FLORIDA	21.83%	16.81%
GEORGIA	20.3%	17.3%
KENTUCKY	16.79%	15.54%
LOUISIANA*	20.72%	20.72%
MISSISSIPPI	15.75%	15.75%
NORTH CAROLINA	21.5%	17.6%
SOUTH CAROLINA	14.8%	14.8%
TENNESSEE**	16%	16%

* Effective as of the Commission's Order in Louisiana Docket No. U-22020 dated November 12, 1996.

** The Wholesale Discount is set as a percentage off the tariffed rates. If OLEC provides its own operator services and directory services, the discount shall be 21.56%. These rates are effective as of the Tennessee Regulatory Authority's Order in Tennessee Docket No. 90-01331 dated January 17, 1997.

EXHIBIT B

Type of Service	AL		FL		GA		KY		LA	
	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1 Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Contract Service Arrangements	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Note 5	Note 5
3 Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4 Promotions - < 90 Days	Yes	No	Yes	No	Yes	No	No	No	Yes	No
5 Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
6 911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
7 N11 Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
8 Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Type of Service	MS		NC		SC		TN	
	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1 Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Contract Service Arrangements	Note 5	Note 5	Note 6	Yes	Yes	No	Yes	Yes
3 Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 3
4 Promotions - < 90 Days	Yes	No	No	No	Yes	No	No	No
5 Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 4
6 911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7 N11 Services	No	No	No	No	Yes	Yes	Yes	Yes
8 Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Additional Comments:

- 1 Grandfathered services can be resold only to existing subscribers of the grandfathered service.
- 2 Where available for resale, promotions will be made available only to end users who would have qualified for the promotion had it been provided by BellSouth directly.
- 3 In Tennessee, long-term promotions (offered for more than ninety (90) days) may be obtained at one of the following rates:
 - (a) the stated tariff rate, less the wholesale discount;
 - (b) the promotional rate (the promotional rate offered by BellSouth will not be discounted further by the wholesale discount rate)
- 4 Lifeline/Link Up services may be offered only to those subscribers who meet the criteria that BellSouth currently applies to subscribers of these services. In Tennessee, Reseller shall purchase BellSouth's Message Rate Service at the stated tariff rate, less the wholesale discount. Reseller must further discount the wholesale Message Rate Service to LifeLine customers with a discount which is no less than the minimum discount that BellSouth now provides. Reseller is responsible for recovering the Subscriber Line Charge from the National Exchange Carriers Association interstate toll settlement pool just as BellSouth does today. The maximum rate that reseller may charge for LifeLine Service shall be capped at the flat retail rate offered by BellSouth.
- 5 In Louisiana and Mississippi, all Contract Service Arrangements entered into by BellSouth or terminating after the effective date of the Commission Order will be subject to resale without the wholesale discount. All CSAs which are in place as of the effective date of the Commission order will not be eligible for resale.
- 6 In North Carolina, only those Contract Service Arrangements entered into after April 15, 1997 will be available for resale.
- 7 Some of BellSouth's local exchange and toll telecommunications services are not available in certain central offices and areas.

**Amendment 1-A to Master Interconnection Agreement between
KMC Telecom II, Inc. and
BellSouth Telecommunications, Inc.**

Pursuant to this Agreement (the "Amendment"), KMC Telecom II, Inc. ("KMC II") and BellSouth Telecommunications, Inc. ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Master Interconnection Agreement between the Parties dated February 24, 1997 ("Interconnection Agreement"). KMC Telecom changed its name to KMC Telecom II in North Carolina, effective January 29, 1998. BellSouth is currently providing service to KMC Telecom II under the terms of this Interconnection Agreement.

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, KMC II and BellSouth hereby covenant and agree as follows:

1. Section 9.1 (Local Loop Transmission Types) of the Interconnection Agreement is hereby revised to include 4 Wire DS1 Digital Grade Loops for the state of North Carolina effective with the execution of this Amendment as follows:

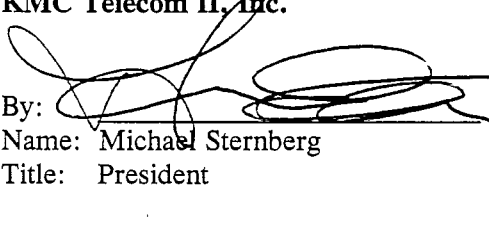
4 Wire DS1 Digital Grade Loop	Monthly Rate	Nonrecurring Rate-First	Nonrecurring Rate-Add'l
North Carolina	\$151.50	\$568.96	\$335.56

2. The rates reflected in 1. above shall be interim rates and subject to true-up, either up or down, based on final prices determined either by further agreement between the Parties, or by a final order (including any appeals). All of the other provisions of the Interconnection Agreement, dated February 24, 1997, shall remain in full force and effect.

3. Either or both of the Parties is authorized to submit this Amendment to each Public Service Commission for approval subject to Section 252(e) of the Federal Telecommunications Act of 1996.

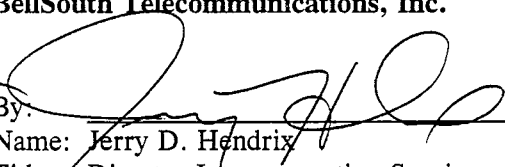
IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

KMC Telecom II, Inc.

By: 
Name: Michael Sternberg
Title: President

Date: March 24, 1998

BellSouth Telecommunications, Inc.

By: 
Name: Jerry D. Hendrix
Title: Director-Interconnection Services-
Pricing

Date: 4/3/98

DUPLICATE ORIGINAL

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**Amendment III-A to Master Interconnection Agreement between
KMC Telecom II, Inc. and
BellSouth Telecommunications, Inc.**

Pursuant to this Agreement (the "Amendment"), KMC Telecom II, Inc. ("KMC II") and BellSouth Telecommunications, Inc. ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Master Interconnection Agreement between the Parties dated February 24, 1997 ("Interconnection Agreement").

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, KMC II and BellSouth hereby covenant and agree as follows:

1. Section 9.1 (Local Loop Transmission Types) and Attachment C-15 of the Interconnection Agreement is hereby revised to include DS0 Service at the specified rates for the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee, effective with the execution of this Amendment as follows:

	4-Wire 56 or 64 Kbps Digital Grade Loop	Non Recurring Charges						
		Connect		Manual Svc Order		Disconnect		Order Coord Specific Time Convs
		First	Add'l	First	Add'l	First	Add'l	
AL	45.00	245.00	105.00	22.00	22.00	NA	NA	NA
FL	31.90	275.00	105.00	22.00	22.00	NA	NA	NA
GA	29.92	348.55	241.20	18.94	8.42	NA	NA	34.22
KY	45.00	260.00	105.00	22.00	22.00	NA	NA	NA
LA	35.58	333.28	230.50	NA	NA	87.99	44.24	32.77
MS	45.00	255.00	110.00	22.00	22.00	NA	NA	NA
NC	44.00	260.00	135.00	22.00	22.00	NA	NA	NA
SC	50.00	280.00	115.00	22.00	22.00	NA	NA	NA
TN	45.00	240.00	110.00	22.00	22.00	NA	NA	NA

2. DS0 Cross Connect for cross connect to KMC II virtual collocation facilities will be provided to KMC II in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee at the following rates:

DS0 Cross Connect	2-Wire	\$0.30 Recurring Charge (per cross connect)
DS0 Cross Connect	4-Wire	\$0.50 Recurring Charge (per cross connect)
DS0 Cross Connect	2-Wire	\$19.20 Non Recurring Charge (first and add'l)
DS0 Cross Connect	4-Wire	\$19.20 Non Recurring Charge (first and add'l)

ORIGINAL


KMC II Amendment III-A

3. The rates reflected in 1. and 2. above shall be interim rates and subject to true-up, either up or down, based on final prices determined either by further agreement between the Parties, or by a final order (including any appeals). All of the other provisions of the Interconnection Agreement, dated February 24, 1997, shall remain in full force and effect.

4. Either or both of the Parties is authorized to submit this Amendment to each Public Service Commission for approval subject to Section 252(e) of the Federal Telecommunications Act of 1996.

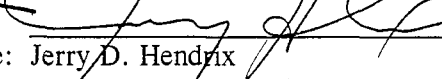
IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

KMC II Telecom, Inc.

By: 
Name: Michael Sternberg
Title: President

Date: 6/8/98

BellSouth Telecommunications, Inc.

By: 
Name: Jerry D. Hendrix
Title: Director-Interconnection Services-
Pricing

Date: 6/3/98

Collocation Amendment

By and Between

BellSouth Telecommunications, Inc.

and

KMC Telecom II, Inc.

January 14, 1999

**Amendment to
The Physical Collocation Amendment
Between KMC Telecom II, Inc.
and BellSouth Telecommunications, Inc.**

Pursuant to this Agreement (the "Amendment") KMC Telecom II, Inc. ("KMC II") and BellSouth Telecommunications, Inc., ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Agreement between KMC Telecom and BellSouth dated March 12, 1997 ("Physical Collocation Agreement"). BellSouth is currently providing service to KMC Telecom II under the terms of this Physical Collocation Agreement.

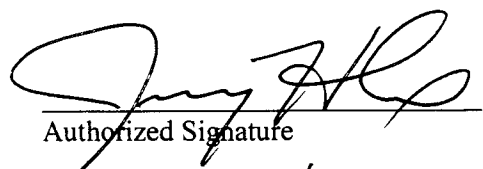
NOW, THEREFORE, in consideration of the mutual agreements and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. The Parties agree that BellSouth will, upon request, provide and KMC II will accept and pay for Acceptance of Fiber Cross-Connects and Fiber POT Bay in accordance with the schedule of prices set forth in Attachment A to this Amendment which is incorporated herein by reference.
2. The Parties agree that all of the other provisions of the Agreement, dated March 12, 1997, together with all amendments in effect as of the date of execution of this Amendment shall remain in full force and effect.
3. The Parties agree that either or both of the Parties is authorized to submit this Amendment to the Public Service Commission or other regulatory body having jurisdiction over the subject matter of this Amendment, for approval subject to Section 252(e) of the federal Telecommunications Act of 1996.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

BellSouth Telecommunications, Inc.

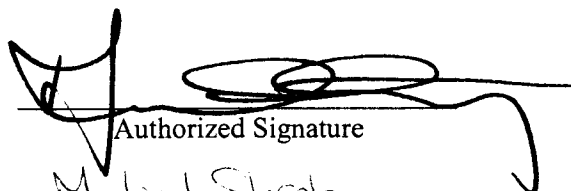
KMC Telecom II, Inc.


Authorized Signature

Jerry D. Hendrix
Print or Type Name

Director
Title

1/14/99
Date


Authorized Signature

Michael Steinberg
Print or Type Name

President
Title

January 12, 1999
Date

ATTACHMENT A

<u>Rate Element Description</u>	<u>Type of Charge</u>	<u>Charge</u>
PHYSICAL COLLOCATION		
2-Fiber Cross-Connect	RC	\$15.90
4-Fiber Cross-Connect	RC	\$28.50
2-Fiber POT Bay	RC	\$39.30
4-Fiber POT Bay	RC	\$53.00
		<u>First/Add'l</u>
2-Fiber Cross-Connect	NRC	\$73.00/\$52.00
4-Fiber Cross-Connect	NRC	\$88.00/\$67.00
VIRTUAL COLLOCATION (Note 1)		
2-Fiber Cross-Connect	RC	\$3.00
4-Fiber Cross-Connect	RC	\$6.00
		<u>First/Add'l</u>
2-Fiber Cross-Connect	NRC	\$73.00/\$52.00
4-Fiber Cross-Connect	NRC	\$88.00/\$67.00

Notes

NRC: Non-recurring Charge - one-time charge
RC: Recurring Charge - charged monthly

(1) Rates for Virtual Collocation may be subject to true-up based upon rates filed in the BellSouth F.C.C. #1 Tariff.

**Amendment V-A to Master Interconnection Agreement Between
KMC II Telecom, Inc. and BellSouth Telecommunications, Inc.
Regarding the Sale of BellSouth Telecommunications, Inc. Services to
KMC-II Telecom, Inc. for the Purposes of Resale**

PURSUANT TO THIS AMENDMENT ("the Amendment"), BellSouth Telecommunications, Inc. ("BellSouth") and KMC II Telecom, Inc. ("KMC II") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Interconnection Agreement between the Parties dated February 24, 1997 ("Interconnection Agreement").

NOW THEREFORE, for and in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, BellSouth and KMC II hereby covenant and agree as follows:

I. Term of the Agreement

- A. The term of this Agreement shall be consistent with the term set forth in Section 21.0 of the Interconnection Agreement.
- B. The rates pursuant to which KMC II is to purchase services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications service. The discount rates shall be as set forth in Exhibit A, attached hereto and incorporated herein by this reference and are effective September 1, 1997.

II. Definition of Terms

- A. CUSTOMER OF RECORD means the entity responsible for placing application for service; requesting additions, rearrangements, maintenance or discontinuance of service; payment in full of charges incurred such as non-recurring, monthly recurring, toll, directory assistance, etc.
- B. DEPOSIT means assurance provided by a customer in the form of cash, surety bond or bank letter of credit to be held by the Company.
- C. END USER means the ultimate user of the telecommunications services.
- D. END USER CUSTOMER LOCATION means the physical location of the premises where an end user makes use of the telecommunications services.
- E. NEW SERVICES means functions, features or capabilities that are not currently offered by BellSouth. This includes packaging of existing services or combining a new function, feature or capability with an existing service.
- F. OTHER LOCAL EXCHANGE COMPANY (OLEC) means a telephone company certificated by the public service commissions of the Company's franchised area to provide local exchange service within the Company's franchised area.
- G. RESALE means an activity wherein a certificated OLEC, such as KMC II subscribes to the telecommunications services of the Company and then reoffers those telecommunications services to the public (with or without "adding value").

ORIGINAL

H. RESALE SERVICE AREA means the area, as defined in a public service commission approved certificate of operation, within which an OLEC, such as KMC II, may offer resold local exchange telecommunications service.

III. General Provisions

A. KMC II may resell the tariffed local exchange and toll telecommunications services of BellSouth contained in the General Subscriber Service Tariff and Private Line Service Tariff subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the exclusions and limitations on services available for resale will be as set forth in Exhibit B, attached hereto and incorporated herein by this reference. In addition, KMC II may not purchase telecommunications services at the wholesale rate for its own use.

BellSouth shall make available telecommunications services for resale at the rates set forth in Exhibit A to this agreement and subject to the exclusions and limitations set forth in Exhibit B to this agreement. It does not however waive its rights to appeal or otherwise challenge any decision regarding resale that resulted in the discount rates contained in Exhibit A or the exclusions and limitations contained in Exhibit B. BellSouth reserves the right to pursue any and all legal and/or equitable remedies, including appeals of any decisions. If such appeals or challenges result in changes in the discount rates or exclusions and limitations, the parties agree that appropriate modifications to this Agreement will be made promptly to make its terms consistent with the outcome of the appeal.

B. The provision of services by the Company to KMC II does not constitute a joint undertaking for the furnishing of any service.

C. KMC II will be the customer of record for all services purchased from BellSouth. Except as specified herein, the Company will take orders from, bill and expect payment from KMC II for all services.

D. KMC II will be the Company's single point of contact for all services purchased pursuant to this Agreement. The Company shall have no contact with the end user except to the extent provided for herein.

E. The Company will continue to bill the end user for any services that the end user specifies it wishes to receive directly from the Company.

F. Each party maintains the right to serve directly any end user within the service area of the other party. Each party will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of the other party.

G. Neither Party shall interfere with the right of any person or entity to obtain service directly from the other Party.

H. Telephone numbers are assigned to the service furnished. KMC II has no property right to the telephone number or any other call number designation associated with services furnished by the Company, and no right to the continuance of service through any particular central office. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, whenever the Company deems it necessary to do so in the conduct of its business. The Company agrees to treat numbers associated with resold services in the same manner as it treats numbers it provides to its end users. Telephone numbers transmitted via any resold service features are intended solely for the use of the end user of the feature. Unless otherwise agreed, resale of this information is prohibited.

- I.** The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to KMC II.
- J.** Service is furnished subject to the condition that it will not be used for any unlawful purpose.
- K.** Service will be discontinued if any law enforcement agency advises that the service being used is in violation of the law.
- L.** The Company can refuse service when it has grounds to believe that service will be used in violation of the law.
- M.** The Company accepts no responsibility to any person for any unlawful act committed by KMC II or its end users as part of providing service to KMC II for purposes of resale or otherwise.
- N.** The Company will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with the Company's customers. Law enforcement agency subpoenas and court orders regarding end users of KMC II will be directed to KMC II. The Company will bill KMC II for implementing any requests by law enforcement agencies regarding KMC II end users.
- O.** The characteristics and methods of operation of any circuits, facilities or equipment provided by any person or entity other than the Company shall not:
1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service;
 2. Cause damage to their plant;
 3. Impair the privacy of any communications; or
 4. Create hazards to any employees or the public.
- P.** KMC II assumes the responsibility of notifying the Company regarding less than standard operations with respect to services provided by KMC II.
- Q.** Facilities and/or equipment utilized by BellSouth to provide service to KMC II remain the property of BellSouth.
- R.** White page directory listings will be provided in accordance with regulations set forth in Section A6 of the General Subscriber Service Tariff and will be available for resale.
- S.** BellSouth will provide customer record information to the KMC II provided the KMC II has the appropriate Letter(s) of Authorization. BellSouth may provide customer record information via one of the following methods: US mail, fax, or by electronic interface. BellSouth will provide customer record information via US mail if a single

record is twenty (20) pages or more. BellSouth will provide customer record information via US mail or fax on an interim basis only.

KMC II agrees to compensate BellSouth for any reasonable and demonstrable BellSouth incurred expenditures associated with providing such information to KMC II. KMC II will adopt and adhere to the BellSouth guidelines associated with each method of providing customer record information.

T. BellSouth's messaging services may be made available for resale subject to the execution of BellSouth's Messaging Agreement and without the wholesale discount.

U. BellSouth's Inside Wire Maintenance Plans may be made available for resale at rates, terms and conditions as set forth by BellSouth and without the wholesale discount.

IV. BellSouth's Provision of Services to KMC II

A. KMC II agrees that its resale of BellSouth services shall be as follows:

1. The resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.

2. To the extent KMC II is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, KMC II shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth pursuant to this Agreement in any of the states covered under this Agreement. For the purposes of this subsection, to jointly market means any advertisement, marketing effort or billing in which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by KMC II are packaged, tied, bundled, discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale arrangements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer interLATA services in that state, whichever is earlier.

3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital end users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to Independent Payphone Provider (IPP) customers. Shared Tenant Service customers can only be sold those telecommunications services available in the Company's A23 Shared Tenant Service Tariff. This provision does not preclude KMC II from providing additional services to Hotels/Motels and Hospitals that do not violate tariff class of service restrictions and/or the terms and conditions of this Agreement.

4. KMC II is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (end users) as stated in A2 of the Company's Tariff except for backup service as indicated in the applicable state tariff Section A3.

5. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, KMC II will be notified and billing for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, back billing, and interest as described in this subsection shall apply at the Company's sole discretion. Interest at a rate as

set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff for the applicable state, compounded daily for the number of days from the back billing date to and including the date that KMC II actually makes the payment to the Company may be assessed.

6. The Company reserves the right to periodically audit services purchased by KMC II to establish authenticity of use. Such audit shall not occur more than once in a calendar year. KMC II shall make any and all records and data available to the Company or the Company's auditors on a reasonable basis. The Company shall bear the cost of said audit.

B. Resold services can only be used in the same manner as specified in the Company's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of the Company in the appropriate section of the Company's Tariffs.

C. KMC II may resell services only within the specific resale service area as defined in its certificate.

D. Telephone numbers transmitted via any resold service feature are intended solely for the use of the end user of the feature. Resale of this information is prohibited.

E. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. KMC II is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any BellSouth name or trademark.

V. Maintenance of Services

A. Both Parties agree to work cooperatively to develop a maintenance and installation interface process.

B. Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company.

C. KMC II or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

D. KMC II accepts responsibility to notify the Company of situations that arise that may result in a service problem.

E. KMC II will be the Company's single point of contact for all repair calls on behalf of KMC II's end users. The parties agree to provide one another with toll-free contact numbers for such purposes.

F. KMC II will contact the appropriate repair centers in accordance with procedures established by the Company.

G. For all repair requests, KMC II accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.

H. The Company will bill KMC II for handling troubles that are found not to be in the Company's network pursuant to its standard time and material charges. The standard time and material charges will be no more than what BellSouth charges to its retail customers for the same services.

I. The Company reserves the right to contact KMC II's customers, if deemed necessary, for maintenance purposes. The Company shall not market its own services during contact with KMC II's end users while performing its obligations under this agreement.

VI. Establishment of Service

A. After receiving certification as a local exchange company from the appropriate regulatory agency, KMC II will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for KMC II. Such documentation shall include the Application for Master Account, proof of authority to provide telecommunications services, an Operating Company Number ("OCN") assigned by the National Exchange Carriers Association ("NECA") and a tax exemption certificate, if applicable. When necessary deposit requirements are met, the Company will begin taking orders for the resale of service.

B. Service orders will be in a standard format designated by the Company and will adhere to approved industry standards.

C. When notification is received from KMC II that a current customer of the Company will subscribe to KMC II's service, standard service order intervals for the appropriate class of service will apply. The standard service ordering intervals will be the same intervals that apply to end users of the Company.

D. The Company will not require end user confirmation prior to establishing service for KMC II's end user customer. KMC II must, however, be able to demonstrate end user authorization upon request.

E. KMC II will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services except that the Company will accept a request directly from the end user for conversion of the end user's service from KMC II to the Company or will accept a request from another OLEC for conversion of the end user's service from the KMC II to the other LEC. The Company will notify KMC II that such a request has been processed.

F. If the Company determines that an unauthorized change in local service to KMC II has occurred, the Company will reestablish service with the appropriate local service provider and will assess KMC II as the OLEC initiating the unauthorized change, the unauthorized change charge described in F.C.C. Tariff No. 1, Section 13. Appropriate nonrecurring charges, as set forth in Section A4. of the General Subscriber Service Tariff, will also be assessed to KMC II. These charges can be adjusted if KMC II provides satisfactory proof of authorization. Similarly, if KMC II determines that an unauthorized change of a KMC II end user to the Company has occurred, the Company will reestablish the end user's service with KMC II and will credit KMC II an amount equal to the above described charge.

G. The Company may, in order to safeguard its interest, require KMC II to make a deposit to be held by the Company as a guarantee of the payment of rates and charges, unless satisfactory credit has already been established. Any such deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.

H. Such deposit may not exceed two months' estimated billing.

I. The fact that a deposit has been made in no way relieves KMC II from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for non-payment of any sums due the Company.

J. The Company reserves the right to increase the deposit requirements when, in its sole judgment, the conditions justify such action.

K. In the event that KMC II defaults on its account, service to KMC II will be terminated and any deposits held will be applied to its account.

L. In the case of a cash deposit, interest at the rate of six percent per annum shall be paid to KMC II during the continuance of the deposit. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to KMC II by the accrual date.

VII. Payment And Billing Arrangements

A. When the initial service is ordered by KMC II, the Company will establish an accounts receivable master account for KMC II.

B. The Company shall bill KMC II on a current basis all applicable charges and credits.

C. Payment of all charges will be the responsibility of KMC II. KMC II shall make payment to the Company for all services billed. The Company is not responsible for payments not received by KMC II from KMC II's customer. The Company will not become involved in billing disputes that may arise between KMC II and its customer. Payments made to the Company as payment on account will be credited to an accounts receivable master account and not to an end user's account.

D. The Company will render bills each month on established bill days for each of KMC II's accounts.

E. The Company will bill KMC II, in advance, charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, to KMC II.

F. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.

If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.

G. Upon proof of tax exempt certification from KMC II, the total amount billed to KMC II will not include any taxes due from the end user. KMC II will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.

H. As the customer of record, KMC II will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other authorized charges of a similar nature.

I. If any undisputed portion of the payment is received by the Company after the payment due date as set forth preceding, or if any portion of the payment is received by the Company in funds that are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff.

J. Any switched access charges associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, the Company. No additional charges are to be assessed to KMC II.

K. The Company will not perform billing and collection services for KMC II as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within the Company.

L. Pursuant to 47 CFR Section 51.617, the Company will bill KMC II end user common line charges identical to the end user common line charges the Company bills its end users.

M. In general, the Company will not become involved in disputes between KMC II and KMC II's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, KMC II shall contact the designated Service Center for resolution. The Company will make every effort to assist in the resolution of the dispute and will work with KMC II to resolve the matter in as timely a manner as possible. KMC II may be required to submit documentation to substantiate the claim.

VIII. Discontinuance of Service

A. The procedures for discontinuing service to an end user are as follows:

1. Where possible, the Company will deny service to KMC II's end user on behalf of, and at the request of, KMC II. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of KMC II.
2. At the request of KMC II, the Company will disconnect a KMC II end user customer.
3. All requests by KMC II for denial or disconnection of an end user for nonpayment must be in writing.
4. KMC II will be made solely responsible for notifying the end user of the proposed disconnection of the service.

5. The Company will continue to process calls made to the Annoyance Call Center and will advise KMC II when it is determined that annoyance calls are originated from one of their end user's locations. The Company shall be indemnified, defended and held harmless by KMC II and/or the end user against any claim, loss or damage arising from providing this information to KMC II. It is the responsibility of KMC II to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in the Company's disconnecting the end user's service.

B. The procedures for discontinuing service to KMC II are as follows:

1. Pursuant to the Section 33.0 of the Interconnection Agreement and upon a determination that KMC II has violated Section 36.4 of the Interconnection Agreement, BellSouth shall reserve the right to discontinue service to KMC II.

2. The procedures for discontinuing resale service to KMC II shall be as delineated in Sections 21.0, 30.0 and 33.0 of the Interconnection Agreement.

IX. Liability

A. The liability of the Company for damages arising out of mistakes, omissions, interruptions, preemptions, delays errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of KMC II, or of the Company in failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision shall in no event exceed an amount equivalent to the proportionate charge to KMC II for the period of service during which such mistake, omission, interruption, preemption, delay, error or defect in transmission or defect or failure in facilities occur. The Company shall not be liable for damage arising out of mistakes, omission, interruptions, preemptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the service of the Company, (1) caused by customer-provided equipment (except where a contributing cause is the malfunctioning of a Company-provided connecting arrangement, in which event the liability of the Company shall not exceed an amount equal to a proportional amount of the Company billing for the period of service during which such mistake, omission, interruption, preemption, delay, error, defect in transmission or injury occurs), or (2) not prevented by customer-provided equipment but which would have been prevented had Company-provided equipment been used.

B. The Company shall be indemnified and saved harmless by KMC II against any and all claims, actions, causes of action, damages, liabilities, or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) of whatever kind or nature that may be made by any third party as a result of the Company's furnishing of service to KMC II.

C. The Company shall be indemnified, defended and held harmless by KMC II and/or the end user against any claim, loss or damage arising from the use of services offered for resale involving:

1. Claims for libel, slander, invasion of privacy or infringement of copyright arising from KMC II's or end user's own communications.

2. Claims for patent infringement arising from acts combining or using Company services in connection with facilities or equipment furnished by the end user or KMC II.

3. All other claims arising out of an act or omission of KMC II or its end user in the course of using services.

D. KMC II accepts responsibility for providing access for maintenance purposes of any service resold under the provisions of the appropriate Tariffs. The Company shall not be responsible for any failure on the part of KMC II with respect to any end user of KMC II.

X. Treatment of Proprietary and Confidential Information

A. 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 and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall either be in writing or other tangible format and clearly marked with a confidential, private or proprietary legend, or, when the Information is communicated orally, it shall also be communicated that the Information is confidential, private or proprietary. 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. 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.

B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

XI. Resolution of Disputes

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the applicable state Public Service Commission for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by that Public Service Commission concerning this Agreement.

XII. Limitation of Use

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

XIII. 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.

XIV. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia, without regard to its conflict of laws principles.

XV. Arm's Length Negotiation

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

XVI. Notices

A. 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.

CLEC Account Team
600 North 19th Street
9th floor
Birmingham, AL 35203

KMC ~~II~~ Telecom, Inc.

Don Menendez
3075 Breckinridge Boulevard, Suite 415
Duluth, GA 30136
(770) 806-4980 Fax (770) 806-4988

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


B. 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.

XVII. Amendments

This Agreement may be amended at any time upon written agreement of both parties.

XVIII. Entire Agreement

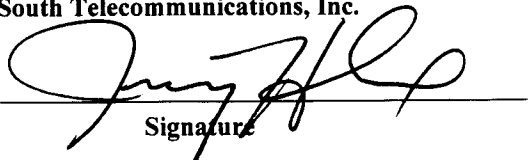
This Agreement sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant 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.

KMC Telecom, Inc.
BY: 
Signature

NAME: Michael A. Sternberg
Printed Name

TITLE: President

DATE: September 24, 1998

BellSouth Telecommunications, Inc.
BY: 
Signature

NAME: Jerry Hendrix
Printed Name

TITLE: Director

DATE: 10/1/98

DUPLICATE ORIGINAL

EXHIBIT "A"

APPLICABLE DISCOUNTS

The telecommunications services available for purchase by KMC II for the purposes of resale to KMC II end users shall be available at the following discount off of the retail rate.

DISCOUNT

<u>STATE</u>	<u>RESIDENCE</u>	<u>BUSINESS</u>
ALABAMA	17%	17%
FLORIDA	21.83%	16.81%
GEORGIA	20.3%	17.3%
KENTUCKY	16.79%	15.54%
LOUISIANA*	20.72%	20.72%
MISSISSIPPI	15.75%	15.75%
NORTH CAROLINA	21.5%	17.6%
SOUTH CAROLINA	14.8%	14.8%
TENNESSEE**	16%	16%

* Effective as of the Commission's Order in Louisiana Docket No. U-22020 dated November 12, 1996.

** The Wholesale Discount is set as a percentage off the tariffed rates. If OLEC provides its own operator services and directory services, the discount shall be 21.56%. These rates are effective as of the Tennessee Regulatory Authority's Order in Tennessee Docket No. 90-01331 dated January 17, 1997.

EXHIBIT B

	Type of Service	AL		FL		GA		KY		LA	
		Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1	Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Contract Service Arrangements	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
3	Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Promotions - < 90 Days	Yes	No	Yes	No	Yes	No	No	No	Yes	No
5	Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
6	911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
7	N11 Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
8	Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

	Type of Service	MS		NC		SC		TN	
		Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1	Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Contract Service Arrangements	Note 5	Note 5	Yes	Yes	Yes	No	Yes	Yes
3	Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 3
4	Promotions - < 90 Days	Yes	No	Yes	No	Yes	No	No	No
5	Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 4
6	911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	N11 Services	No	No	No	No	Yes	Yes	Yes	Yes
8	Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Additional Comments:

- 1 **Grandfathered services** can be resold only to existing subscribers of the grandfathered service.
- 2 Where available for resale, **promotions** will be made available only to end users who would have qualified for the promotion had it been provided by BellSouth directly.
- 3 In Tennessee, long-term **promotions** (offered for more than ninety (90) days) may be obtained at one of the following rates:
 - (a) the stated tariff rate, less the wholesale discount;
 - (b) the promotional rate (the promotional rate offered by BellSouth will not be discounted further by the wholesale discount rate)
- 4 **Lifeline/Link Up** services may be offered only to those subscribers who meet the criteria that BellSouth currently applies to subscribers of these services. In Tennessee, Reseller shall purchase BellSouth's Message Rate Service at the stated tariff rate, less the wholesale discount. Reseller must further discount the wholesale Message Rate Service to LifeLine customers with a discount which is no less than the minimum discount that BellSouth now provides. Reseller is responsible for recovering the Subscriber Line Charge from the National Exchange Carriers Association interstate toll settlement pool just as BellSouth does today. The maximum rate that reseller may charge for LifeLine Service shall be capped at the flat retail rate offered by BellSouth.
- 5 In Mississippi, all **Contract Service Arrangements** entered into by BellSouth or terminating after the effective date of the Commission Order (3/10/97) will be subject to resale without the wholesale discount. All CSAs which are in place as of the effective date of the Commission order (3/10/97) will not be eligible for resale.
- 6 Some of BellSouth's local exchange and toll telecommunications services are not available in certain central offices and areas.

**Amendment to Master Interconnection Agreement between
KMC Telecom II, Inc. and
BellSouth Telecommunications, Inc.**

Pursuant to this Agreement, (the "Amendment"), KMC Telecom II, Inc. (KMC II), and BellSouth Telecommunications, Inc. ("BellSouth"), hereinafter referred to collectively as the "Parties," hereby agree to amend that certain Interconnection Agreement between the Parties dated February 23, 1998 ("Agreement").

WHEREAS, BellSouth and KMC II entered into an Interconnection Agreement on February 23, 1998, and;

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

1. Sections III.C. and D. of Exhibit 6 of the Interconnection Agreement is deleted in its entirety and substituted in its place are new sections III.C. and D. respectively, as follows:

Demarcation Point. BellSouth will designate the point(s) of interconnection between KMC II's equipment and/or network and BellSouth's network. Each party will be responsible for maintenance and operation of all equipment/facilities on its side of the demarcation point. For 2-wire and 4-wire connections to BellSouth's network, the demarcation point shall be a common block on the BellSouth designated conventional distributing frame. KMC II shall be responsible for providing, and KMC II's BellSouth Certified Vendor shall be responsible for installing and properly labeling/stenciling, the common block, and necessary cabling pursuant to construction and provisioning interval requirements. For all other terminations BellSouth shall designate a demarcation point on a per arrangement basis. KMC II or its agent must perform all required maintenance to equipment/facilities on its side of the demarcation point, pursuant to the subsection following, and may self-provision cross-connects that may be required within the collocation space to activate service requests. At KMC II's option, a Point of Termination (POT) bay or frame may be placed in the Collocation Space.

KMC II's Equipment and Facilities. KMC II, or if required by this Agreement, KMC II's BellSouth certified vendor, is solely responsible for the design, engineering, installation, testing, provisioning, performance, monitoring, maintenance and repair of the equipment and facilities used by KMC II. Such equipment and facilities may include but are not limited to cable(s); equipment; and point of termination connections.

2. Sections III.E. and IX of Exhibit 6 of the Interconnection Agreement are deleted in their entirety and substituted in their place is a new section IX, including the rates in Exhibit 1, Attachment A, as follows:

Access. Pursuant to Security and Safety requirements below, KMC II shall have access to the Collocation Space twenty-four (24) hours a day, seven

(7) days a week. KMC II agrees to provide the name, social security number, and date of birth of each employee, contractor, or agents provided with Access Keys or cards ("Access Keys") prior to the issuance of said Access Keys. KMC II must submit to BellSouth the completed Access Control Request Form (RF-2906-A) for all employees or agents requiring access to the BellSouth Central Office a minimum of 30 calendar days prior to the date KMC II desires access to the Collocation Space. Access Keys shall not be duplicated under any circumstances. KMC II agrees to be responsible for all Access Keys and for the return of all said Access Keys in the possession of KMC II employees, contractors, guests, or agents after termination of the employment relationship, contractual obligation with KMC II or upon the termination of this Agreement or the termination of occupancy of an individual collocation arrangement.

Lost or Stolen Access Keys. KMC II shall notify BellSouth in writing immediately in the case of lost or stolen Access Keys. KMC II will pay BellSouth \$250.00 per Access Key(s) lost or stolen. Should it become necessary for BellSouth to re-key buildings as a result of a lost Access Key(s) or for failure to return an Access Key(s), KMC II shall pay for all reasonable costs associated with the re-keying.

Security and Safety Requirements. Only BellSouth employees, BellSouth certified vendors and authorized employees, or authorized agents of KMC II will be permitted in the BellSouth Central Office. KMC II shall provide its employees and agents with picture identification, which must be worn and visible at all times while in the Collocation Space or other areas in or around the Central Office. The photo Identification card shall bear, at a minimum, the employee's name and photo, and the KMC II name. BellSouth reserves the right to remove from its premises any employee of KMC II not possessing identification issued by KMC II. KMC II shall hold BellSouth harmless for any damages resulting from such removal of its personnel from BellSouth premises.

KMC II will be required, at its own expense, to conduct a statewide investigation of criminal history records for each KMC II employee being considered for work on the BellSouth Central Office, for the states/counties where the KMC II employee has worked and lived for the past five years. Where state law does not permit statewide collection or reporting, an investigation of the applicable counties is acceptable.

KMC II will be required to administer to their personnel assigned to the BellSouth Central Office security training either provided by BellSouth, or meeting criteria defined by BellSouth.

KMC II shall not assign to the BellSouth Central Office any personnel with records of felony criminal convictions. KMC II shall not assign to the BellSouth Central Office any personnel with records of misdemeanor convictions, without advising BellSouth of the nature and gravity of the offense(s). BellSouth reserves the right to refuse building access to any KMC II personnel who have been identified to have misdemeanor criminal convictions.

For each KMC II employee requiring access to a BellSouth Central Office pursuant to this agreement, KMC II shall furnish BellSouth, prior to an employee gaining such access, a notarized affidavit certifying that the aforementioned background check and security training were completed. The affidavit will contain a statement certifying no felony convictions were found and certifying that the security training was completed by the employee. If the employee's criminal history includes misdemeanor convictions, KMC II will disclose the nature of the convictions to BellSouth at that time.

At BellSouth's request, KMC II shall promptly remove from the BellSouth's premises any employee of KMC II BellSouth does not wish to grant access to its premises pursuant to any investigation conducted by BellSouth.

Notification to BellSouth. BST reserves the right to interview KMC II's employees, agents, or contractors. KMC II and its contractors shall cooperate fully with BellSouth's investigation into allegations of wrongdoing or criminal conduct committed by or involving KMC II's employees, agents, or contractors. Additionally, BellSouth reserves the right to bill KMC II for all costs associated with investigations involving its employees, agents, or contractors if it can be reasonably established that KMC II's employees, agents, or contractors are responsible for the alleged act. BellSouth shall bill KMC II for BellSouth property which is stolen or damaged where an investigation determines the culpability of KMC II's employees, agents, or contractors. KMC II shall notify BellSouth in writing immediately in the event that KMC II discovers one of its employees already working on the BellSouth premises is a possible security risk. BellSouth reserves the right to permanently remove from its premises any employee of KMC II identified as posing a security risk to BellSouth or any other CLEC, or having violated BellSouth policies set forth in the BellSouth CLEC Security Training. KMC II shall hold BellSouth harmless for any damages resulting from such removal of its personnel from BellSouth premises.

Use of BellSouth Supplies by KMC II Employees. Use of any BellSouth supplies by a KMC II employee, whether or not used routinely to provide telephone service (e.g. plug-in cards,) will be considered theft and will be handled accordingly. Costs associated with such unauthorized use of BellSouth property may be charged to KMC II as may be all associated investigative costs. At BellSouth's request, KMC II shall promptly and permanently remove from BellSouth's Central Office any employee of KMC II found to be in violation of this rule.

Use of Official Lines by KMC II Employees. Except for local calls necessary in the performance of their work, KMC II employees shall not use the telephones on BellSouth Central Office. Charges for unauthorized telephone calls made by a KMC II employee may be charged to KMC II as may be all associated investigative costs. At BellSouth's request, KMC II shall promptly and permanently remove from BellSouth's premises any employee of KMC II found to be in violation of this rule.

Accountability. Full compliance with the Security requirements of this section shall in no way limit the accountability of KMC II for the improper actions of its employees.

3. All of the other provisions of the Agreement, dated February 23, 1998, shall remain in full force and effect.

4. Either or both of the Parties is authorized to submit this Amendment to the respective state regulatory authorities for approval subject to Section 252(e) of the Federal Telecommunications Act of 1996.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

BellSouth Telecommunications, Inc.

KMC Telecom II, Inc.

Signature on File
Signature

Signature on File
Signature

Jerry D. Hendrix
Name

Michael Sternberg
Name

Senior Director

President & CEO

October 28, 1999
Date

October 18, 1999
Date

EXHIBIT 1
Attachment A

Rates marked with an asterisk (*) are interim and are subject to true-up.

USOC	Rate Element Description	Unit	Recurring Rate (RC)	Non-Recurring Rate (NRC)
PE1A1	Security Access System			
	Security system*	Per Central Office	\$52.00	
	New Access Card Activation*	Per Card		\$55.00
	Administrative change, existing card*	Per Card		\$35.00
	Replace lost or stolen card*	Per Card		\$250.00

Rate "True-Up." The Parties agree that the prices reflected as interim herein shall be "trued-up" (up or down) based on final prices either determined by further agreement or by final order, including any appeals, in a proceeding involving BellSouth before the regulatory authority for the state in which the services are being performed or any other body having jurisdiction over this agreement (hereinafter "Commission"). Under the "true-up" process, the interim price for each service shall be multiplied by the volume of that service purchased to arrive at the total interim amount paid for that service ("Total Interim Price"). The final price for that service shall be multiplied by the volume purchased to arrive at the total final amount due ("Total Final Price"). The Total Interim Price shall be compared with the Total Final Price. If the Total Final Price is more than the Total Interim Price, KMC II shall pay the difference to BellSouth. If the Total Final Price is less than the Total Interim Price, BellSouth shall pay the difference to KMC II. Each party shall keep its own records upon which a "true-up" can be based and any final payment from one party to the other shall be in an amount agreed upon by the Parties based on such records. In the event of any disagreement as between the records or the Parties regarding the amount of such "true-up," the Parties agree that the Commission shall be called upon to resolve such differences.