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January 9, 2007

VIA HAND DELIVERY

Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Local Traffic Exchange Agreement by and between Loretto Telephone
Company, Inc. and Charter Fiberlink-Tennessee, LLC*

Dear Ms. Dillon:

Attached for filing is the original signed agreement referenced above, along with thirteen copies of same and our check in the amount of \$50.00 to cover your filing fee.

Please note that, in the near future, Loretto Telephone Company will be supplementing this exchange agreement with their Disaster Recovery Plan as required by the TRA.

As always, thank you for your kind assistance. Please do not hesitate to contact me should you have any questions or need anything further.

Yours truly,



Sarah Martin McConnell
Paralegal

SMM:bms
Enclosures

cc: William T. Ramsey
Steven G. Kraskin
Desda K. Passarella Hutchins

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T.N.A. DOCKET ROOM

07-00018

LOCAL TRAFFIC EXCHANGE AGREEMENT

BY AND BETWEEN

LORETTO TELEPHONE COMPANY, INC.

AND

CHARTER FIBERLINK – TENNESSEE, LLC

DECEMBER 8, 2006

TRA Docket No. _____

LOCAL TRAFFIC EXCHANGE AGREEMENT

THIS LOCAL TRAFFIC EXCHANGE AGREEMENT (this "Agreement") is made by and between Loretto Telephone Company, Inc. ("Loretto") and Charter Fiberlink - Tennessee, LLC ("Charter") and shall be effective on December 8, 2006 (the "Effective Date"). This Agreement may refer to either Loretto or Charter or both as a "Party" or "Parties."

Witnesseth:

WHEREAS, Loretto is an Incumbent Local Exchange Carrier providing local exchange service in its territory; and

WHEREAS, Charter is authorized by the Tennessee Regulatory Authority to operate as a Competitive Local Exchange Carrier in the State of Tennessee and provides local service to its End User customers in its territory; and

WHEREAS, this Agreement is entered into under subsections 251(a) and (b) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the "Act"); and

WHEREAS, Loretto represents that it is a rural telephone company (as defined in 47 U.S.C. § 153), and the Parties agree that by voluntarily entering into this Agreement, Loretto is not waiving any rights it may have pursuant to 47 U.S.C. § 251 (f) of the Act.

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

1. DEFINITIONS

1.1. **Affiliate** is defined as 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 equivalent thereof) of more than 10 percent (10%).

1.2. **Commission** is defined as the Tennessee Regulatory Authority.

1.3. **End User** means the ultimate user of a voice communications service provided by a Party to this Agreement.

1.4. **FCC** means the Federal Communications Commission.

1.5. **Incumbent Local Exchange Carrier ("ILEC")** is as defined in the Act.

1.6. **Interconnection** is the direct or indirect linking of networks for the exchange, transmission and routing of traffic.

1.7. **Inter-LATA Toll Traffic** means, regardless of the form, format, code or protocol used for call origination, transport or termination, two-way interexchange traffic between the Parties in which a call originates at a point in one LATA and terminates at a point in another LATA, and is not

otherwise subject to terms applicable to a calling scope established by the FCC, the Commission or Loretto's tariff service offering to be treated as non-toll traffic.

1.8. **Interstate Toll Traffic** means, regardless of the form, format, code or protocol used for call origination, transport or termination, two-way interexchange traffic between the Parties in which a call originates at a point in one state and terminates at a point in another state, and is not otherwise subject to terms applicable to a calling scope established by the FCC, the Commission or Loretto's tariff service offering to be treated as non-toll traffic.

1.9. **Intra-LATA Toll Traffic** means, regardless of the form, format, code or protocol used for call origination, transport or termination, two-way interexchange traffic between the Parties in which a call originates at a point in one LATA and terminates at a point in the same LATA, and is not otherwise subject to terms applicable to a calling scope established by the Commission or Loretto's tariff service offering to be treated as non-toll traffic.

1.10. **Intrastate Toll Traffic** means, regardless of the form, format, code or protocol used for call origination, transport or termination, two-way interexchange traffic between the Parties in which a call originates at a point in a state and terminates at a point in the same state, and is not otherwise subject to terms applicable to a calling scope established by the Commission or Loretto's tariff service offering to be treated as non-toll traffic.

1.11. **ISP-bound Traffic** is defined as calls to a provider of Internet Services or information services and which, for purposes of inter-carrier compensation, in the absence of this Agreement, would be subject to the FCC's Order on Remand and Report and Order, FCC 01-131, CC Docket Nos. 96-98 and 99-68 as modified or amended. ISP-bound Traffic does not include Internet Protocol-enabled, real time, multi-directional voice calls.

1.12. **Local Access and Transport Area ("LATA")** is as defined in the Act.

1.13. **Local Calling Area** means one or more exchanges, as specified in Loretto's tariff or as established by the Commission, within which any End User customer of Loretto or of another ILEC may, on a non-optional basis, make a call to any other such End User without incurring a toll charge.

1.14. **Local Service Area** means a contiguous geographic area within a LATA comprising one or more exchanges within which Loretto provides local exchange services. A Local Service Area may include all or part of one or more Local Calling Areas.

1.15. **Local Traffic** means, regardless of the form, format, code or protocol used for call origination, transport or termination, two-way telephone exchange traffic exchanged between the Parties that originates and terminates within Loretto's Local Calling Area and includes any other traffic mandated by the Commission to be treated as non-toll traffic (e.g., intra-county calling routes, Extended Area Service ("EAS") routes and Extended Community Calling ("ECC") areas. For the avoidance of doubt, the term Local Traffic does not include traffic originated by or terminated to a commercial mobile radio service provider.

1.16. **Non-Local Traffic** means Interstate Toll Traffic, Intrastate Toll Traffic, Inter-LATA Toll Traffic and Intra-LATA Toll Traffic, all of which are subject to applicable interstate or intrastate access charges.

1.17. **Originating Party** means the Party who delivers Local Traffic and ISP-bound Traffic originating on its network to the other Party, for termination on the other Party's network.

1.18. **Terminating Party** means the Party to whom Local Traffic and ISP-bound Traffic is delivered by the other Party for termination on such Party's network.

2. SCOPE OF AGREEMENT

2.1. This Agreement sets forth the terms and conditions under which Loretto and Charter agree to exchange Local Traffic and ISP-bound Traffic between their respective networks. This Agreement does not obligate either Party to provide arrangements not provided for herein.

2.2. The Parties agree to exchange Local Traffic and ISP-bound Traffic through Direct or Indirect Interconnection as described herein.

3. TERM OF THE AGREEMENT

3.1. The initial term of this Agreement shall be three (3) years, beginning on the Effective Date.

3.2. At the end of the initial term and each renewal term this Agreement shall automatically renew for additional terms of one year unless either Party gives notice at least ninety (90) days prior to the end of the then-current term of its desire to terminate this Agreement and negotiate a new agreement to govern the exchange of Local Traffic and ISP-bound Traffic between the Parties' networks.

3.3. If either Party gives notice pursuant to section 3.2 of its desire to terminate this Agreement and negotiate a new agreement, the Parties shall promptly commence to negotiate in good faith in an effort to reach a new agreement and shall continue to exchange Local Traffic and ISP-bound Traffic pursuant to the terms and conditions of this Agreement until they reach a new agreement.

3.4. If the Parties are unable to negotiate a new agreement within one hundred and thirty five (135) days after notice is provided pursuant to section 3.2, either Party may petition the Commission to mediate or arbitrate any open issues pursuant to Section 252 of the Act. Provided the Parties are pursuing mediation or arbitration of a new agreement, this Agreement shall continue in full force and effect until such new Agreement is effective.

3.5. The Parties may otherwise terminate this Agreement at any time only by mutual agreement.

4. INDIRECT INTERCONNECTION.

4.1. Either Party may deliver Local Traffic and ISP-bound Traffic indirectly to the other for termination through any carrier to which both Parties' networks are interconnected directly or indirectly. Subject to the Change of Law provisions set forth at Section 13.6 below, the Originating Party shall bear all charges payable to the transiting carrier(s) for such transit service with respect to Local Traffic and ISP-bound Traffic.

4.2. Unless otherwise agreed, the Parties shall exchange all Local Traffic and ISP-bound Traffic indirectly through one or more transiting carriers until the total volume of Local Traffic and ISP-bound Traffic being exchanged between the Parties' networks exceeds 240,000 minutes per month for three (3) consecutive months, at which time the Parties will establish Direct Interconnection, in accordance with section 5.1, upon the written request of either Party. Notwithstanding the foregoing, either Party may unilaterally, and at its sole expense, utilize one-way trunk(s) for the delivery of its originated Local Traffic and ISP-bound Traffic to the other Party.

4.3. After the Parties have established Direct Interconnection between their networks, neither Party may continue to transmit its originated Local Traffic and ISP-bound Traffic indirectly except in the case of emergency, temporary equipment failure, overflow, or blocking. In the instance of overflow or blocking, the Parties will work cooperatively in a commercially reasonable manner to install additional trunks and associated facilities in accordance with Section 5.8.

5. DIRECT INTERCONNECTION.

5.1. At such time as either Party requests Direct Interconnection pursuant to section 4.2 or as otherwise agreed, the Parties shall establish Direct Interconnection of their networks at a single Point of Interconnection ("POI") for the exchange of all Local Traffic and ISP-bound Traffic between their networks except for indirect overflow traffic as provided in section 4.3. The Parties will establish trunks to exchange Local Traffic and ISP-bound Traffic and agree that all Local Traffic and ISP-bound Traffic exchanged between them over Direct Interconnections will be on trunks exclusively dedicated to Local Traffic and ISP-bound Traffic. If the Parties agree to two-way trunk groups to exchange Local Traffic they will mutually coordinate the provisioning and quantity of trunks. To the extent that the Parties are unable to agree upon the provisioning and quantity of two-way trunks, each Party shall use one-way trunks to deliver its originated Local Traffic and ISP-bound Traffic to the other Party.

5.2. The Parties shall endeavor to establish the location of the POI for Direct Interconnection by mutual agreement. Except as expressly provided otherwise in this section 5.2, the POI must be located within Loretto's Local Service Area. The POI must be a technically feasible interconnection point that has been established on the network of Loretto or, alternatively, a new technically feasible interconnection point on the network of Loretto established between the Parties as a result of mutual agreement. In selecting the POI, both Parties will act in good faith and select a point that is reasonably efficient for each Party. If the Parties are unable to agree upon the location of the POI, either Party may petition the Commission to arbitrate any open issues regarding location of the POI pursuant to Section 252 of the Act.

5.3. Each Party has the obligation to install and maintain the appropriate trunks, trunk ports and associated facilities on its respective side of the POI and, except as expressly provided otherwise in this section 5.3, is responsible for bearing its costs for such trunks, trunk ports and associated facilities on its side of the POI. Notwithstanding the foregoing, to the extent that Loretto has a meet point with the direct trunk provider for such Direct Interconnection trunks that is at a location that is different than Loretto's Local Service Area boundary (e.g., the meet point occurs at Loretto's switch inside Loretto's Local Service Area boundary or the meet point occurs at a location outside Loretto's Local Service Area boundary), Loretto agrees to be operationally and financially responsible for the Direct Interconnection trunks used to deliver its originated traffic to and to receive Charter

originated traffic from either (a) Loretto's Local Service Area boundary in the case of a meet point location with the direct trunk provider that is inside Loretto's Local Service Area boundary, or (b) the meet point with the direct trunk provider in the case of a meet point location that is outside Loretto's Local Service Area boundary.

5.4. A Party may provide its own facilities on its side of the POI, lease facilities from a third party, or obtain facilities from the other Party, if available, at tariffed rates. If either Party chooses to lease transport from the other Party, the same physical facility may be used to provision separate trunks for Non-Local Traffic and other trunks, such as special access or Feature Group D trunks.

5.5. Fiber Meet.

a. "Fiber Meet" is an interconnection arrangement whereby the Parties mutually agree to physically interconnect their networks via an optical fiber interface at a Fiber Meet Point.

b. If Charter and Loretto mutually agree to interconnect pursuant to a Fiber Meet, Charter and Loretto shall jointly engineer and operate the transmission systems on their respective sides of the Fiber Meet Point. The Parties shall interconnect their transmission and routing of Local Traffic and ISP-bound Traffic at the DS1 or DS3 Level. The Parties shall work jointly to determine the specific transmission system. Each Party's equipment must be compatible with the other Party's equipment. Each Party, at its own expense, shall procure, install and maintain the equipment on its side of the Fiber Meet Point.

c. The Parties shall endeavor to designate a point at or near the border of Loretto's Local Service Area, or some other mutually agreeable point, as a Fiber Meet Point, and ILEC shall make all necessary preparations to receive, and to allow and enable Charter to deliver, fiber optic facilities into the Fiber Meet Point with sufficient spare length to reach the fusion splice point at the Fiber Meet Point.

d. Each Party, at its own expense, shall deliver and maintain its fiber strands to the Fiber Meet Point. Upon oral or electronic mail request by Charter, Loretto shall allow Charter access to the Fiber Meet entry point for maintenance purposes as promptly as possible.

e. The Parties shall jointly coordinate and undertake maintenance of the SONET transmission system.

f. Each Party will be responsible, at its own expense, for providing its own transport facilities to the Fiber Meet Point.

5.6. Signaling. The Parties will directly or indirectly interconnect their networks using Signaling System 7 ("SS7") signaling as defined in applicable industry standards including ISDN user part ("ISUP") for trunk signaling and transaction capabilities application part ("TCAP") for common channel signaling based features in the interconnection of their networks. Signaling information shall be shared between the Parties at no charge to either Party.

5.7. Signaling Parameters. Loretto and Charter shall provide each other, or the transit service provider in the event the Parties are utilizing indirect interconnection for the exchange of traffic, the proper signaling information (e.g., originating Calling Party Number ("CPN"),

Jurisdiction Indication Parameter ("JIP") and destination called party number, etc.) to enable each Party to issue bills in a complete and timely fashion. All SS7 signaling parameters will be provided, where technically feasible, including CPN, JIP, Originating Line Information Parameter ("OLIP") on calls to 8XX telephone numbers, calling party category, charge number, etc. All privacy indicators will be honored. If either Party fails to provide CPN (valid originating information) or JIP on at least ninety-five percent (95%) of its total traffic, then traffic sent by one Party to the other Party without CPN or JIP (such traffic hereinafter referred to as "Unidentified Traffic") will be handled in the following manner. If the Unidentified Traffic is less than five percent (5%), such Unidentified Traffic will be treated as having the same jurisdictional ratio as the identified traffic. If the Unidentified Traffic exceeds five percent (5%), then the Party receiving such Unidentified Traffic shall notify the other Party in writing of such excessive Unidentified Traffic and each Party will cooperate with the other Party and exchange data as necessary to identify its traffic sent to the other Party, to determine the cause of the CPN or JIP failure, and to assist in its correction; provided, however, that if, after sixty (60) days following the receipt of such written notice, the Party receiving Unidentified Traffic continues to receive an amount of Unidentified Traffic exceeding five percent (5%) of the total traffic sent by the other Party, all the Unidentified Traffic shall be treated as intrastate toll and will be subject to intrastate access charges; further provided, however, that neither Party shall be responsible for paying intrastate access charges to the other Party on any traffic sent to a transit service provider with proper signaling information if such transit service provider corrupts, modifies or fails to provide such signaling information to the receiving Party of such traffic, and the traffic is not otherwise subject to intrastate access charges.

5.8. Facility Additions. From time to time, upon mutual agreement of the Parties, additional interconnection trunks and associated facilities shall be installed and maintained when the capacity of existing trunks are exceeded or are expected to be exceeded. Where additional trunks or associated facilities are required, such equipment shall be obtained, engineered, and installed on the same basis and with the same intervals as any similar addition of trunks or facilities for the provisioning Party's own internal needs.

5.9. Neither Party will deliver Non-Local Traffic, untranslated traffic to service codes (e.g., 800, 888), or N11 Traffic (unless otherwise agreed) to the other Party pursuant to this Agreement.

6. NETWORK MANAGEMENT.

6.1. General. The Parties will work cooperatively with each other to install and maintain effective and reliable interconnected networks, including but not limited to, the exchange of maintenance contact numbers and escalation procedures. The Parties will provide public notice of network changes in accordance with applicable federal and state rules and regulations.

6.2. Dialing Parity. Loretto and Charter shall provide local and toll dialing parity, as defined in FCC rules and regulations, with no unreasonable dialing delays.

6.3. Programming. Each Party is responsible for obtaining Local Exchange Routing Guide ("LERG") listings of the Common Language Location Identifier ("CLLI") assigned to its switches. Charter will provide Loretto with notice and associated LERG related information to identify those Charter NPA-NXX codes that Charter reasonably believes should be treated as numbers that may be called by a Loretto End User on a local dialed basis and without a toll charge.

Loretto shall promptly program and update its switches to recognize and route traffic to Charter's NPA-NXX codes after receipt of Charter's written request unless Loretto, in good faith, reasonably believes that Charter's NPA-NXX codes should not be treated as numbers that may be called by its End User on a local dialed basis and without a toll charge in which case Loretto shall, within three (3) business days after receipt of Charter's request, provide to Charter, in writing, its reasons for refusing to load Charter's NPA-NXX codes. Neither Party shall impose any fees or charges whatsoever on the other Party for code loading activities, nor shall either Party unreasonably refuse to promptly load the other Party's assigned NPA-NXX codes into its switch(es) after receipt of a written request.

6.4. **Grade of Service.** Each Party shall provision its network to provide a designed blocking objective of P.01.

6.5. **Protective Controls.** Either Party may use protective network traffic management controls such as 7-digit and 10-digit code gaps on traffic toward each other's network, when required to protect the public switched network from congestion due to facility failures, switch congestion or failure, or focused overload. Charter and Loretto will immediately notify each other of any protective control action planned or executed.

7. COMPENSATION FOR CALL TRANSPORT AND TERMINATION.

7.1. **Local Traffic and ISP-bound Traffic.** The Parties agree that the mutual provisions and relative obligations of the Parties pursuant to this Agreement represent good and valuable consideration, the sufficiency of which between the Parties is acknowledged, and that neither Party has any obligation to provide any monetary compensation to the other Party for such other Party's transport and termination of Local Traffic and ISP-bound Traffic in accordance with this Agreement. The Parties have each individually considered the scope of its Local Traffic and ISP-bound Traffic and the other Party's Local Traffic and ISP-bound Traffic and have concluded that the exchange of such traffic between the Parties will be balanced and that the exchange of ISP-bound Traffic will be de-minimis. Accordingly, the Parties agree that neither Party shall be required to compensate the other for the transport and termination of Local Traffic and ISP-bound Traffic.

7.2. **Non-Local Assignment of Numbers.** If either Party assigns an NPA/NXX to a Rate Center and assigns one or more numbers from that NPA/NXX to an End User physically located outside of the Local Calling Area associated with such Rate Center, (i) traffic originating from within the Local Calling Area associated with the Rate Center to which the NPA/NXX is assigned and delivered to an End User physically located outside of such Local Calling Area, and (ii) traffic originating from such number and terminating within the Local Calling Area associated with such Rate Center shall not be deemed to be Local Traffic. Each Party agrees to identify any such Non-Local Traffic to the other Party and to compensate the other Party for originating and terminating such Non-Local Traffic at their applicable tariffed interstate or intrastate switched access rates, as applicable.

7.3. Neither Party shall represent switched access traffic or other Non-Local Traffic as Local Traffic or ISP-bound Traffic for purposes of determining compensation for the call. Compensation for originating and terminating Non-Local Traffic between the Parties shall be based on the applicable tariffed interstate or intrastate switched access rates.

7.4. Nothing herein is intended to limit any ability of the Terminating Party to obtain compensation from a transiting carrier for Local Traffic or ISP-bound Traffic transmitted to the Terminating Party through such transiting carrier.

8. BILLING AND PAYMENT.

8.1. **Billing.** Subject to Section 7, above, each Party shall bill the other Party on a monthly basis for all applicable charges under this Agreement. Charges will be billed in advance for all services and facilities to be provided during the next billing period except for charges associated with service usage and nonrecurring charges, which will be billed in arrears.

8.2. **Payment Due.** Payment of all invoices is due within thirty (30) days after the invoice date. If the thirtieth day after the invoice date falls on a Saturday, Sunday or designated bank holiday, the payment due date shall be the next day thereafter that is not a Saturday, Sunday or designated bank holiday.

8.3. **Late Payment Charge.** Late payments (including late payment of disputed amounts that are resolved in favor of the Billing Party) shall be subject to a late payment charge equal to the lesser of one and one-half percent (1.5%) per month or portion thereof or the maximum rate allowed by law of the unpaid balance until the full amount due, including associated late payment charges, is paid in full.

8.4. Billing Disputes.

a. **Unpaid Amounts.** The billed Party shall provide written notice to the billing Party of any dispute concerning any billed but unpaid amount within sixty (60) days after the invoice date, providing specific details regarding the disputed amount and the reason for disputing each disputed item. The billed Party shall pay by the payment due date all disputed amounts that are not disputed within sixty (60) days of the invoice date, subject to the right to dispute amounts after payment as provided in section 8.4.b.

b. **Paid Amounts.** The billed Party shall provide written notice to the billing Party of any dispute concerning any billed amount which the billed Party has already paid within one hundred eighty (180) days after the invoice date. If the billed Party fails to dispute any amount within such one hundred eighty (180) day period, whether paid or not, the amount billed shall conclusively be deemed correct, and the billed Party shall be deemed to have waived any right to dispute its obligation to pay such amount or to seek a refund thereof.

c. **Prospectively Disputed Class of Charges.** If a class of charges has been invoiced to the billed Party for three consecutive billing periods and the billed Party has specifically disputed that class of charges in accordance with section 8.4.a during each of the three consecutive billing periods and such dispute either remains unresolved or is resolved in the billed Party's favor, the billed Party may dispute that class of charges on a prospective basis beginning with the fourth billing period in which that class of charges is invoiced until the dispute is resolved by giving written notice of such prospective dispute within ten (10) business days after the due date of the fourth consecutive invoice containing the disputed class of charges, providing specific details

regarding the disputed class, as well as the circumstances surrounding and reasons for disputing the class of charges.

d. **Resolution of Disputes.** All disputes concerning invoiced amounts will be resolved pursuant to the Dispute Resolution provisions set forth in section 9. Upon resolution of any disputed charges—

i. no later than the second bill date following resolution of the dispute, the billing Party shall credit the billed Party's account for all disputed amounts resolved in favor of the billed Party, any late payment charges actually paid by the billed Party with respect to such disputed amounts, and interest at the same rate as the late payment charge on all amounts actually paid by the billed Party with respect to such disputed amounts; and

ii. within fifteen (15) days following resolution of the dispute, the billed Party shall remit to the billing Party any unpaid portion of all disputed amounts resolved in favor of the billing Party, together with applicable late payment charges on such unpaid amounts.

8.5. **Back Billing.** Neither Party will bill the other Party for previously unbilled charges for services or facilities that were provided more than one (1) year prior to the date of billing.

8.6. **Recording.** The Parties shall each perform traffic recording and identification functions necessary to provide and bill for the services contemplated hereunder. Each Party shall calculate terminating minutes of use based on standard automatic message accounting records made within its network. The records shall contain ANI or service provider information necessary to identify the originating carrier. The Originating Party shall generate and provide traffic records to the Terminating Party in Exchange Message Interface or another agreed-upon record format. The Parties shall each use commercially reasonable efforts, to provide these records monthly, but in no event later than thirty (30) days after generation of the usage data.

9. DISPUTE RESOLUTION.

9.1. Except as provided under Section 252 of the Act with respect to the approval of this Agreement by the Commission and when arbitration by the Commission is otherwise expressly provided for herein, the Parties desire to resolve disputes arising out of or relating to this Agreement without litigation to the extent reasonably possible. Accordingly, except for action seeking a temporary restraining order or an injunction related to the purposes of this Agreement, or to compel compliance with this dispute resolution process, the Parties agree to use the following dispute resolution procedures with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

9.2. **Informal Resolution of Disputes.** At the written request of either Party, each Party will appoint a knowledgeable, responsible representative, empowered to resolve such dispute, to meet and negotiate in good faith to resolve any dispute arising out of or relating to this Agreement. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for purposes of settlement, exempt from discovery, and shall not be admissible in any arbitration, lawsuit or regulatory proceeding without the concurrence of all Parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise

discoverable, be discovered or if otherwise admissible, be admitted in evidence, in any arbitration, lawsuit or regulatory proceeding.

9.3. **Formal Dispute Resolution.** If negotiations fail to produce an agreeable resolution of any dispute within sixty (60) days, then either Party may proceed with any remedy available to it pursuant to law, equity or agency mechanisms; provided, that upon mutual agreement of the Parties such disputes may also be submitted to binding arbitration. Each Party shall bear its own costs arising from any formal dispute resolution process, except that the Parties shall equally split the fees of any mutually agreed upon arbitration procedure and the associated arbitrator.

9.4. **Continuity of Service.** During the pendency of any dispute resolution procedure the Parties shall continue providing services to each other and shall continue to perform their payment obligations (including making payments in accordance with this Agreement).

10. LIABILITY.

10.1. **Indemnity.** Each Party (the "Indemnifying Party") shall indemnify and hold harmless the other Party ("Indemnified Party") from and against losses, costs, claims, liabilities, damages, and expenses (including reasonable attorney's fees) (collectively, "Damages") suffered or asserted by End Users and other third parties for:

- a. damage to tangible personal property or personal injury proximately caused by the negligence or willful misconduct of the Indemnifying Party, its employees, agents or contractors;

- b. claims for libel, slander, or infringement of copyright arising from the material transmitted over the Indemnified Party's facilities arising from the Indemnifying Party's own communications (including its employees, agents and contractors) or the communications of such Indemnifying Party's End Users; and

- c. claims for infringement of patents arising from combining the Indemnified Party's facilities or services with, or the using of the Indemnified Party's services or facilities in connection with, facilities of the Indemnifying Party.

Neither Party's indemnification obligations hereunder shall be applicable to any Damages to the extent caused by, arising out of or in connection with the negligence, intentional acts or omissions or willful misconduct of the Indemnified Party, including its employees, agents and contractors.

10.2. **Procedure.** The Indemnified Party will notify the Indemnifying Party promptly in writing of any claims, lawsuits, or demands by End Users or other third parties for which the Indemnified Party alleges that the Indemnifying Party is responsible under this section, and, if requested by the Indemnifying Party, will tender the defense of such claim, lawsuit or demand. In the event the Indemnifying Party does not promptly assume or diligently pursue the defense of the tendered action, then the Indemnified Party may proceed to defend or settle said action and the Indemnifying Party shall hold harmless the Indemnified Party from any loss, cost liability, damage and expense. In the event the Party otherwise entitled to indemnification from the other elects to decline such indemnification, then the Party making such an election may, at its own expense, assume defense and settlement of the claim, lawsuit or demand. The Parties will cooperate in every reasonable manner with the defense or settlement of any claim, demand, or lawsuit. Neither Party shall accept

the terms of a settlement that involves or references the other Party in any matter without the other Party's written approval.

10.3. Limitation. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, EXCEPT TO THE EXTENT CAUSED BY ITS GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER, ITS AFFILIATES, ITS END USERS OR OTHER THIRD PARTIES FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL COSTS, LIABILITIES, OR DAMAGES, INCLUDING ECONOMIC LOSS OR LOST BUSINESS OR PROFITS, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR TORT (INCLUDING STRICT LIABILITY), WHETHER FORESEEN OR FORESEEABLE, ALL CLAIMS FOR WHICH ARE HEREBY SPECIFICALLY WAIVED.

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

10.5. The limitation of liability in section 10.3 shall not apply to:

- a. provable damages arising from the gross negligence or willful misconduct of either Party or its Affiliates or
- b. provable damages arising from either Party's breach of the confidentiality provisions of section 13.4 or the indemnification provisions of section 10.1. Nothing herein shall restrict either Party's right to injunctive relief.

11. NOTICES.

11.1. Notices given by one Party to the other Party under this Agreement shall be in writing and shall be: (i) delivered personally; (ii) delivered by express delivery service; or (iii) mailed, certified mail, return receipt requested to the following addresses of the Parties:

To Charter:

Charter Communications, Inc.
Attn: Legal Department
12405 Powerscourt Drive
St Louis, Missouri 63131
314-965-6640 (fax)

To Loretto:

Loretto Telephone Company, Inc.
Attn: A.J. Passarella, General Manager
P.O. Box 130
136 South Main Street
Loretto, Tennessee 38469
931-853-4329 (fax)

with a copy to:

Charter Communications, Inc.
Attn: Corporate Telephone – Carrier
Relations
12405 Powerscourt Drive
St. Louis, Missouri 63131
314-288-3555 (fax)

and

Charles A. Hudak, Esq.
Friend, Hudak & Harris, LLP
Three Ravinia Drive, Suite 1450
Atlanta, Georgia 30346
770-395-0000 (fax)
chudak@fh2.com

or to such other address as either Party shall designate by proper notice. Notices will be deemed given as of the earlier of: (i) the date of actual receipt; (ii) the next business day when notice is sent via express mail, overnight courier, or personal delivery; (iii) three (3) days after mailing in the case of certified U.S. mail.

11.2. In order to facilitate trouble reporting and to coordinate the repair of transport facilities, trunks, and other inter-network connection arrangements provided by the Parties under this Agreement, each Party has established contact(s) available 24 hours per day, seven days per week, at telephone numbers to be provided by the Parties. Each Party shall call the other at these respective telephone numbers to report trouble with connection facilities, trunks, and other inter-network connection arrangements, to inquire as to the status of trouble ticket numbers in progress, and to escalate trouble resolution.

24 Hour Network Management Contacts:

For Charter:

NOC Phone: 866-248-7662
Email:
DLCorpNSOCTechs@chartercom.com

For Loretto:

Monday through Friday (except Holidays):
7:30 a.m. – 4:30 p.m. (Central)
Tel: 931-853-4351
Outside Business Hours (Stated Above):
Tel: 931-853-6100
If No Answer, Then Dial:
Tel: 931-242-2793

Before either party reports a trouble condition, it must first use reasonable efforts to isolate the trouble to the other Party's facilities, service, and arrangements. Each Party will advise the other of any critical issues associated with the inoperative facilities, service, and arrangements and any need for expedited clearance of trouble. In cases where a Party has isolated the trouble to the other Party's network and has indicated the essential or critical need for restoration of the facilities, services or arrangements, the other Party shall use its best efforts to expedite the clearance of trouble.

12. REGULATORY APPROVAL.

12.1. The Parties understand and agree that this Agreement will be filed with the Commission, and to the extent required by FCC rules, may thereafter be filed with the FCC. Each Party covenants and agrees to fully support approval of this Agreement by the Commission or the FCC under Section 252(e) of the Act without modification. 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 or FCC rejects this Agreement in whole or in part, the Parties agree to meet and negotiate in good faith to arrive at a mutually acceptable modification of the rejected portion(s). Further, this Agreement is subject to change, modification, or cancellation as may be required by a regulatory authority or court in the exercise of its lawful jurisdiction.

12.2. The Parties agree that their entrance into this Agreement is without prejudice to any positions they may have taken previously, or may take in future, in any legislative, regulatory, judicial or other public forum addressing any matters, including matters related to the same types of arrangements covered in this Agreement.

13. MISCELLANEOUS.

13.1. Compliance. Each Party shall comply with all applicable federal, state, and local laws, rules and regulations applicable to its performance under this Agreement.

13.2. Independent Contractors. Neither this Agreement, nor any actions taken by either Party in compliance with this Agreement, shall be deemed to create an agency or joint venture relationship between the Parties, or any relationship other than that of provider and receiver of services. Neither this Agreement, nor any actions taken by either Party in compliance with this Agreement, shall create a contractual, agency, or any other type of relationship or third party liability between either Parties' End Users or others.

13.3. Force Majeure. Neither Party shall be liable for any delay or failure in performance of any part of this Agreement other than an obligation to pay money for services or facilities already rendered from any cause beyond its control and without its fault or negligence including, without limitation, acts of nature, acts of civil or military authority, government regulations, embargoes, epidemics, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, work stoppages, equipment failure, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions or any other circumstances beyond the reasonable control and without the fault or negligence of the Party affected (collectively, a "Force Majeure Event"). If any Force Majeure Event occurs, the Party delayed or unable to perform shall give prompt notice to the other Party and shall take all reasonable steps to correct the Force Majeure Event. During the pendency of the Force Majeure Event, the duties of the Parties under this Agreement affected by the Force Majeure Event (other than obligations to pay money for services or facilities already rendered) shall be abated and shall resume without liability thereafter.

13.4. Confidentiality. The Parties shall protect the confidentiality of each other's proprietary information and use such information only for the purpose of performing their obligations under this Agreement and shall protect the confidentiality of all customer proprietary network information as required by 47 U.S.C. § 222, and all applicable state statutes and regulations. The Parties agree that

all information concerning each Party's network, traffic and customers that has not been made public by such Party and all information expressly or impliedly designated by a Party as proprietary information is either: (i) the proprietary information of such Party pursuant to 47 U.S.C. § 222(a) and (b), and all traffic and customer information other than subscriber list information is customer proprietary network information as defined in 47 U.S.C. § 222(h)(1); or (ii) is otherwise confidential and proprietary information of the disclosing Party. The Parties shall comply with all valid regulations of the FCC promulgated pursuant to 47 U.S.C. § 222, in addition to all applicable state statutes and regulations.

13.5. **Governing Law.** For all claims under this Agreement that are based upon issues within the jurisdiction (primary or otherwise) of the FCC, the exclusive jurisdiction and remedy for all such claims shall be as provided for by the FCC and the Act. For all claims under this Agreement that are based upon issues within the jurisdiction (primary or otherwise) of the Commission, the exclusive jurisdiction for all such claims shall be with the Commission, and the exclusive remedy for such claims shall be as provided for by such Commission. In all other respects, the domestic laws of the State of Tennessee without reference to conflict of law provisions shall govern this Agreement.

13.6. **Change of Law.** The terms and conditions of this Agreement shall be subject to any and all applicable laws, rules, regulations or guidelines that subsequently may be adopted by any federal, state, or local government authority. Any modifications to this Agreement occasioned by such change shall be effected through good faith negotiations. In the event that the parties are unable to reach mutual agreement regarding any such modifications, the matter shall be resolved in accordance with Section 9, above.

13.7. **Taxes.** Each Party purchasing services hereunder shall pay or otherwise be responsible for all federal, state, or local sales, use, excise, gross receipts, transaction or similar taxes, fees or surcharges levied against or upon such purchasing Party (or the providing Party when such providing Party is permitted to pass along to the purchasing Party such taxes, fees or surcharges), except for any tax on either Party's corporate existence, status or income.

13.8. **Assignment.** This Agreement shall be binding upon the Parties 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 any facilities used in the performance of this Agreement, it will require as a condition of such transfer that the transferee assume this Agreement and the obligations of such Party hereunder 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, which consent will not be unreasonably withheld; provided that either Party may assign this Agreement to a corporate Affiliate 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.

13.9. **Audit and Review.** Upon reasonable written notice, each Party or its authorized representative shall have the right to conduct annual reviews of and make copies of the relevant data (including without limitations billing records) possessed by the other Party to give assurance of

compliance with the provisions of this Agreement. Each Party's right to access information for review purposes is limited to data not in excess of twelve (12) months in age and the Party requesting a review shall fully cooperate with the Party being reviewed and shall bear its own costs associated with conducting such review. The Party being reviewed will fully cooperate with the reviewing Party and provide access to necessary and applicable information at no charge to the reviewing Party during normal business hours.

13.10. Non-Waiver. Failure of either Party to insist on performance of any term or condition of this Agreement or to exercise any right or privilege hereunder shall not be construed as a continuing or future waiver of such term, condition, right or privilege.

13.11. Publicity and Use of Marks. Neither Party nor its subcontractors or agents shall use the other Party's trademarks, service marks, logos or other proprietary trade dress in any advertising, press releases, publicity matters or other promotional materials without such Party's prior written consent.

13.12. No Third Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein expressed or implied shall create or be construed to create any third-party beneficiary rights hereunder.

13.13. No License. No license under patents, copyrights, or any other intellectual property right (other than the limited license to use consistent with the terms, conditions and restrictions of this Agreement) is granted by either Party, or shall be implied or arise by estoppel with respect to any transactions contemplated under this Agreement.

13.14. Technology Upgrades. Nothing in this Agreement shall limit either Party's ability to upgrade its network through the incorporation of new equipment, new software or otherwise, provided that the Party initiating the upgrade shall provide the other Party written notice at least ninety (90) days prior to the incorporation of any such upgrade in its network which will materially impact the other Party's service. Each Party shall be solely responsible for the cost and effort of accommodating such changes in its own network.

13.15. Entire Agreement. This Agreement, together with all schedules, exhibits, and addenda hereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof, superseding all prior and contemporaneous understandings, proposals and other communications, oral or written. Neither Party shall be bound by any terms additional to or different from those in this Agreement that may appear subsequently in the other Party's form documents, purchase orders, quotations, acknowledgments, invoices or other communications. This Agreement may not be amended, modified, or supplemented except by written instrument signed by both Parties.

13.16. Severability. In the event that any one or more of the provisions contained herein, is, for any reason, held to be unenforceable in any respect under law or regulation, the remainder of this Agreement will not be affected thereby and will continue in full force and effect.

13.17. Joint Work Product. This Agreement is the joint work product of the Parties and has been negotiated by the Parties and/or their respective counsel and shall be fairly interpreted in

accordance with its terms. In the event of any ambiguities, no inferences shall be drawn against either Party.

13.18. Survival. Any provision of this Agreement or Attachment, that by its nature should survive the expiration or termination of the Agreement, shall so survive.

13.19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

13.20. Authority. The Parties each represent and warrant that the undersigned representative of each Party is fully authorized to execute this Agreement and so bind that Party to the terms herein.

IN WITNESS WHEREOF, the Parties have caused this LOCAL TRAFFIC EXCHANGE AGREEMENT to be executed on their behalf by their duly authorized representatives on the dates set forth below.

Loretto:

Charter:

Loretto Telephone Company, Inc.

Charter Fiberlink - Tennessee, LLC

By: Louise Brown

By: Ted Schremp

Name: Louise Brown

Name: Ted Schremp

Title: President

Title: SVP & GM, Charter Telephone

Date: 12-8-06

Date: 12/7/06