

**OPERATOR SERVICES AGREEMENT**

This Agreement is made and entered into by and between U S WEST Communications, Inc. ("USWC"), a Colorado corporation, and Frontier Local Services, Inc. ("FRONTIER"), a Michigan corporation.

**RECITALS**

A. FRONTIER is an operating telephone company, duly authorized to provide telephone and telecommunication service within the state of Washington, in accordance with and pursuant to all necessary permits, certificates, and authorities.

B. USWC is duly authorized to transact business within that State, and it is in the business of providing operator services to telecommunication companies, such as FRONTIER. USWC acts on behalf of FRONTIER when providing services for FRONTIER's end users.

C. FRONTIER desires to obtain operator services from USWC and USWC is willing to provide operator services to FRONTIER, all in accordance with and subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, the parties agree as follows:

**SECTION 1. SCOPE OF AGREEMENT**

This Agreement sets forth the terms and conditions for the provision of certain Operator Services ("Services") by USWC to FRONTIER as described and set forth in Exhibit A, Service Description, incorporated herein by this reference and made part of this Agreement.

**SECTION 2. TERM AND TERMINATION OF AGREEMENT**

This Agreement arises out of an Interconnection Agreement between the Parties, which was approved by the public utilities commission in the state where the Services will be delivered. This Agreement shall be effective upon execution and delivery by the Parties (or any required approval), and it shall terminate at the same time as the said Interconnection Agreement. Provided, however, either Party may terminate this Agreement upon sixty (60) days prior written notice to the other. If USWC continues to provide and FRONTIER continues to purchase Services upon the expiration of this Agreement, such activity will be governed by the terms of this Agreement at USWC's then-current rates, including either Party's ability to terminate this Agreement, in whole or in part, on sixty (60) days notice.

**SECTION 3. SERVICES**

3.1. The Services set forth in Exhibit A are those that USWC will provide to FRONTIER. USWC will perform Services provided under this Agreement in accordance with operating methods, practices, and standards in effect to all its end users.

3.2. FRONTIER agrees to pay for Services provided under this Agreement originating from FRONTIER's existing exchanges and any FRONTIER exchanges established in the future. Prices for Services provided under this Agreement are as listed in Exhibit B, incorporated herein by this reference and made part of this Agreement.

3.3. It is understood that not all Services may be available to each exchange of FRONTIER. Nothing contained herein is intended to obligate or require USWC to provide Services to each exchange of FRONTIER, nor shall it be construed or required that USWC continue to offer all or any part of Services during the term of this Agreement.

#### **SECTION 4. PRICING FOR SERVICES PROVIDED UNDER THIS AGREEMENT**

4.1. Charges for the Services provided by USWC appear in Exhibit B of this Agreement.

4.2. The prices set forth in Exhibit B shall be subject to adjustment upon thirty (30) days prior written notice.

#### **SECTION 5. QUALITY ASSURANCE DISCOUNT**

5.1. USWC agrees to maintain a monthly average answer of 6.0 seconds or less, a minimum of 75% of the measured quarter hours (between 6AM and midnight).

5.2. If USWC fails to meet the standards set forth above, FRONTIER will receive, netted on its monthly statement, a discount equal to 2% of the gross charges for Operator Services for the month in which the standards were not met. In the case of measurements which are compiled quarterly, the 2% discount will be applied to the appropriate months' Operator Services charges.

#### **SECTION 6. BILLING AND PAYMENT**

6.1. USWC shall bill FRONTIER per the prices referenced in Exhibit A of this Agreement with the monthly amount netted on the ancillary portion of the statement. Each month, USWC will compute FRONTIER's invoice based on operator work seconds, as defined in Exhibit B, and USWC will charge FRONTIER whichever is lower. FRONTIER shall remit all charges owed to USWC within thirty (30) days of the date of the bill.

6.2. FRONTIER shall, within forty-five (45) days of date of statement, notify USWC in writing in the event of any dispute relating to a statement. If FRONTIER provides evidence to USWC that the statement is inaccurate, USWC shall perform an audit on its records, in accordance with its own customary audit practices. USWC shall provide, within thirty (30) days of USWC's receipt of evidence from FRONTIER, the results of the audit.

6.3. If, due to equipment malfunction or other error, USWC does not have available the necessary information to compile an accurate billing statement, USWC may render a reasonably estimated bill, but shall notify FRONTIER of the methods of such estimate and cooperate in good faith with FRONTIER to establish a fair, equitable estimate. USWC shall render a bill reflecting actual billable quantities when and if the information necessary for the billing statement becomes available.

## **SECTION 7. USWC EQUIPMENT**

USWC shall provide and maintain, at its offices, the equipment and personnel necessary to perform Services specified in this Agreement.

## **SECTION 8. FRONTIER EQUIPMENT**

FRONTIER shall provide and maintain, at its offices, the equipment, facilities, lines and materials necessary to connect its telecommunication facilities to an agreed upon intraLATA point of connection.

## **SECTION 9. FRONTIER END USERS**

FRONTIER alone and independently establishes all prices it charges its end users for Services provided by means of this Agreement.

## **SECTION 10. CONFIDENTIAL INFORMATION**

10.1. "Confidential Information" or "Information" means all documentation and technical and business information, whether oral, written or visual which a party to this Agreement may furnish to the other party or has furnished in contemplation of this Agreement to such other party. Each party agrees (1) to treat all such Information strictly as confidential and (2) to use such Information only for purposes of performance under this Agreement or for related purposes.

10.2. The parties shall not disclose Confidential Information to any person outside their respective organizations unless disclosure is made in response to, or because of an obligation to any federal, state, or local governmental agency or court with appropriate jurisdiction, or to any person properly seeking discovery before any such agency or court. The parties' obligations under this Section shall continue for one (1) year following termination or expiration of this Agreement.

## **SECTION 11. FORCE MAJEURE**

With the exception of payment of charges due under this Agreement, a party shall be excused from performance if its performance is prevented by acts or events beyond the party's reasonable control, including but not limited to, severe weather and storms; earthquakes or other natural occurrences; strikes or other labor unrest; power failures; computer failures; nuclear or other civil or military emergencies; or acts of legislative, judicial, executive, or administrative authorities.

## **SECTION 12. LIMITATION OF LIABILITY**

USWC shall be liable to FRONTIER, and FRONTIER only, for the acts or omissions of USWC, expressly including the negligent acts or omissions of USWC or those attributable to USWC, in connection with USWC's supplying or FRONTIER's using the Services, but strictly in accordance with and subject to the terms of this Agreement. It is expressly agreed that USWC's liability to FRONTIER, and FRONTIER's sole and only remedy for any damages arising in connection with the Services and this Agreement shall be a refund to FRONTIER of

the amount of the charges billed and paid by FRONTIER to USWC for failed or defective Services. Under no circumstances or theory, whether breach of Agreement, product liability, tort, or otherwise, shall USWC be liable for loss of revenue, loss of profit, consequential damages, indirect damages or incidental damages, and any claim for direct damages shall be limited as set forth above. Under no circumstances shall USWC ever be liable to FRONTIER's end users for any damages whatsoever.

### **SECTION 13. INDEMNIFICATION**

Each party to this Agreement hereby indemnifies and holds harmless the other party with respect to any third-party claims, lawsuits, damages or court actions arising from performance under this Agreement to the extent that the indemnifying party is liable or responsible for said third-party claims, losses, damages, or court actions. FRONTIER is indemnifying USWC from any claims made against it by a FRONTIER end user on account of FRONTIER's end user's use or attempted use of the Service. Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification shall promptly notify the other party of the claim and, when known, the facts constituting the basis for such claim. In the event that one party to this Agreement disputes the other party's right to indemnification hereunder, the party disputing indemnification shall promptly notify the other party of the factual basis for disputing indemnification. Indemnification shall include, but is not limited to, costs and attorney fees.

### **SECTION 14. LAWFULNESS OF AGREEMENT**

14.1. This Agreement and the parties' actions under this Agreement shall comply with all applicable federal, state, and local laws, rules, regulations, court orders, and governmental agency orders. This Agreement shall only be effective when mandatory regulatory filing requirements are met, if applicable. If a court or a governmental agency with proper jurisdiction determines that this Agreement, or a provision of this Agreement, is unlawful, this Agreement, or that provision of this Agreement shall terminate on written notice to FRONTIER to that effect.

14.2. If a provision of this Agreement is so terminated, the parties will negotiate in good faith for replacement language. If replacement language cannot be agreed upon, either party may terminate this Agreement.

### **SECTION 15. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the state in which Services are provided under this Agreement.

### **SECTION 16. DISPUTE RESOLUTION**

All claims arising out of this Agreement shall be resolved by arbitration in accordance with the then current rules of the American Arbitration Association. The arbitration shall be conducted by a single arbitrator engaged in the practice of law. The arbitrator's decision and award shall be final and binding and may be entered in any court with jurisdiction.

## SECTION 17. DEFAULT

17.1. Either party may terminate this Agreement if the other party defaults by failing to perform any substantial obligation on its part. In the event of default, a party shall have thirty (30) days after written notice to cure or correct such default. If the defaulting party does not cure or correct the default within such time, then the non-defaulting party may immediately terminate this Agreement, and pursue an action to recover the actual damages incurred by it proximately caused by the defaulting party's breach. This Agreement may not be terminated as a result of default unless and until written notice detailing such default is given to the defaulting party.

## SECTION 18. SUCCESSORS, ASSIGNMENT

This Agreement binds the parties, their successors, and their assigns. Either party may assign its rights and delegate its duties under this Agreement with the express, written permission of the other party, which permission shall not unreasonably be withheld; provided, however, that USWC may assign its rights and delegate its duties under this Agreement to its parent, its subsidiaries, or its affiliates without prior, written permission.

## SECTION 19. ENTIRE AGREEMENT

This Agreement, together with all Exhibits, Attachments, Notices, and any jointly-executed written Supplements to this Agreement, constitutes the entire Agreement and the complete understanding between the parties. No other verbal or written representation of any kind affects the rights or the obligations of the parties regarding any of the provisions in this Agreement.

## SECTION 20. AMENDMENTS TO AGREEMENT

The parties may by mutual agreement and execution of a written Supplement to this Agreement amend, modify, or add to the provisions of this Agreement.

## SECTION 21. NOTICES

All notices required or appropriate in connection with this Agreement shall be in writing and shall be deemed effective and given upon deposit in the United States Mail, postage pre-paid, addressed as follows:

U S WEST  
Director Interconnector Compliance  
1801 California, Room 2410  
Denver, CO 80202

Frontier Local Services Inc.  
Director, CLEC  
Larry Davis  
180 South Clinton Avenue  
Rochester, NY 14646

with a copy to:

Frontier Corporation  
180 South Clinton Avenue  
Rochester, NY 14646  
Attn: Vice President and General Counsel

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed for and on its behalf on the day and year indicated below:

Frontier Local Services, Inc.

*M. J. Shortley*  
Signature

MICHAEL J. SHORTLEY, JR.  
Name Printed/Typed

SENIOR ATTORNEY & DIRECTOR -  
Title REGULATORY SERVICES

7 July 98  
Date

U S WEST Communications, Inc.

*Cynn Arthur*  
Signature

CYNN ARTHUR  
Name Printed/Typed

SR ACCOUNT EXECUTOR  
Title

7-31-98  
Date

**EXHIBIT A**  
**SERVICE DESCRIPTION**

The Operator Services provided by live operators and computers (machine) available from USWC as of the date of execution of this Agreement, include the following:

**LOCAL ASSISTANCE**

Provide assistance to FRONTIER's end user requesting help or information on placing or completing local calls, connecting to home NPA directory assistance, and for handling the emergency local calls for police, sheriff, highway patrol and fire of FRONTIER's end user. Provide other information and guidance such as credit requests, business office or repair and other assistance as necessary in placing local calls.

**INTRALATA TOLL ASSISTANCE**

Provide assistance to FRONTIER's end user requesting help or information on placing or completing intraLATA toll calls, and for handling the emergency intraLATA toll calls to police, highway patrol and fire, of FRONTIER's end user.

**VERIFICATION AND INTERRUPT**

Provide operator assistance to (1) determine if a conversation is in progress; and (2) interrupt conversation in progress for FRONTIER's end user.

**QUOTE SERVICE**

Provide time and charges to hotel/motel and other end users of FRONTIER for guest/account identification.

**COIN REFUND REQUESTS**

Provide information regarding FRONTIER's end users requesting coin refunds.

**CENTRALIZED AUTOMATIC MESSAGE ACCOUNTING/OPERATOR NUMBER IDENTIFIED  
(CAMA ONI OR ANI FAILURE)**

Provide identification of the billing number of FRONTIER's end user and recording on AMA tape for billing purposes the details of the end user dialed toll calls.

**EXHIBIT B  
SERVICE BILLING OPTIONS  
Washington**

OPTION B: Price Per Work Second

Per Operator Work Second and Computer Handled Calls

Operator Handled	<u>\$.0181</u>	Per operator work second for all operator assisted Services and functions of Services.
Machine Handled	<u>\$.13</u>	Per call for all Services which are handled solely by computers and USWC equipment.

FRONTIER is charged per work second for all calls originating from its exchange(s) that go to USWC's operator for handling, except for calls which are transferred to an interexchange carrier's operator, quote service calls, and CAMA calls. Work second charging begins when the USWC operator position connects with FRONTIER's end user and terminates when the USWC operator completes contact with the end user.

Calls without live operator intervention are computer (machine) handled and include, but are not limited to, credit card calls where the end user enters the calling card number, calls originating from coin telephones where the computer requests deposit of sums, additional end user key actions, recording of end user voice, etc.