

RESALE AGREEMENT

BETWEEN

**CENTURYTEL OF WASHINGTON, INC.
CENTURYTEL OF INTER ISLAND, INC.
CENTURYTEL OF COWICHE, INC.**

AND

GRANITE TELECOMMUNICATIONS, LLC

IN THE STATE OF WASHINGTON

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This Resale Agreement (the "Agreement"), is by and between CenturyTel of Washington, Inc., CenturyTel of Inter Island, Inc. and CenturyTel of Cowiche, Inc., with the address for purposes of this Agreement at 100 CenturyTel Drive, Monroe, Louisiana 71203 (collectively "CenturyTel"), and Granite Telecommunications, LLC, ("GRANITE") in its capacity as a certified provider of local dial-tone service within the CenturyTel exchange areas in Washington. GRANITE, with its address for this Agreement at 234 Copeland Street, Quincy, MA 02169. (CenturyTel and GRANITE being referred to collectively as the "Parties" and individually as a "Party"). This Agreement covers services in the State of Washington only (the "State").

WHEREAS, Section 251 of the Telecommunications Act of 1996 (the "Act") imposes specific obligations on LECs with respect to the resale of their telecommunications services;

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, CenturyTel and GRANITE hereby covenant and agree as follows:

ARTICLE I

SCOPE AND INTENT OF AGREEMENT

Pursuant to this Agreement, the Parties will extend certain arrangements to one another within each area in which they both operate within the State for the purchase of certain telecommunications services. This Agreement governs the purchase by GRANITE of certain telecommunications services provided by CenturyTel in its franchised areas in the State for resale by GRANITE. This Agreement is an integrated package that reflects a balancing of interests critical to the Parties. This Agreement will be submitted to the State Public Service or Public Utilities Commission (the "Commission"), as applicable for approval. The Parties agree that their entry into this Agreement is without prejudice to and does not waive any positions they may have taken previously, or may take in the future, in any legislative, regulatory, judicial or other public forum addressing any matters, including matters related to the same types of arrangements and/or matters related to CenturyTel's cost recovery covered in this Agreement. GRANITE agrees to negotiate reciprocal terms and conditions with CenturyTel based on this Agreement.

The services and facilities to be provided to GRANITE by CenturyTel in satisfaction of this Agreement may be provided pursuant to CenturyTel tariffs and then current practices. Should such services and facilities be modified by tariff or by Order, including any modifications resulting from other Commission proceedings, Federal court review or other judicial action, and unless otherwise specified herein, such modifications will be deemed to automatically supersede any rates and terms and conditions of this Agreement. The Parties shall cooperate with one another for the purpose of incorporating required modifications into this Agreement.

CenturyTel represents and warrants that it is a "rural telephone company" as that term is defined in the Act, 47 U.S.C. 153. Pursuant to Section 251 (f) (1) of the Act, CenturyTel is exempt from Section 251 (c) of the Act. Notwithstanding such exemption, CenturyTel has entered into and accepted this Agreement for purposes of providing services and facilities to GRANITE pursuant to CenturyTel tariffs and then current practices. CenturyTel's execution of the Agreement does not in any way constitute a waiver or limitation of CenturyTel's rights under Section 251 (f) (1) or 251 (f) (2) of the Act. Accordingly, CenturyTel expressly reserves the right to assert its right to an exemption or waiver and modification of Section 251 (c) of the Act, in response to other requests for interconnection by CLEC or any other carrier.

ARTICLE II

DEFINITIONS

1. General Definitions.

Except as otherwise specified herein, the following definitions shall apply to all Articles and Appendices contained in this Agreement. Additional definitions that are specific to the matters covered in a particular Article may appear in that Article. To the extent that there may be any conflict between a definition set forth in this Article II and any definition in a specific Article or Appendix, the definition set forth in the specific Article or Appendix shall control with respect to that Article or Appendix.

1.1 Act

The Telecommunications Act of 1996, Public Law 104-104 of the 104th United States Congress effective February 8, 1996.

1.2 Affiliate

A person, corporation or other legal entity that, directly or indirectly, owns or controls a Party, or is owned or controlled by, or is under common ownership or control with a Party.

1.3 Applicable Law

All laws, statutes, common law, regulations, ordinances, codes, rules, guidelines, orders, permits, and approvals of any Governmental Authority, which apply or relate to the subject matter of this Agreement.

1.4 As-Is Transfer (AIT)

The transfer and provision by CenturyTel of all telecommunications services and features available for resale, that are currently being provided for a specific account, without the requirements of a specific enumeration of the services and features on the Local Service Request (LSR) with all such services being provided "as is."

1.5 Automatic Location Identification/Data Management System (ALI/DMS)

The emergency services (E-911/911) database containing customer location information (including name, address, telephone number, and sometimes, special information from the local service provider) used to process subscriber access records into Automatic Location Identification (ALI) records.

1.6 Business Day

Monday through Friday, except for holidays on which the non-priority U.S. mail is not delivered.

1.7 CenturyTel Service Guide

The CenturyTel Service Guide, which contains CenturyTel's operating procedures for ordering, provisioning, trouble reporting and repair for resold services. Except as specifically provided otherwise in this Agreement, service ordering, provisioning,

billing and maintenance shall be governed by the CenturyTel Service Guide, which may be amended from time to time by CenturyTel as needed.

1.8 **Certificate of Operating Authority**

GRANITE must represent and warrant to CenturyTel that it is a certified provider of local exchange service in the State and authorized within the CenturyTel local service area. GRANITE will provide a copy of its Certificate of Operating Authority or other evidence of its status to CenturyTel upon request. GRANITE will notify CenturyTel if its certificate has been revoked.

1.9 **CLASS**

CLASS is an acronym for Custom Local Area Signaling Services. It is based on the availability of channel interoffice signaling. CLASS consists of number-translation services, such as call-forwarding and caller identification, available within a local exchange. CLASS is a service mark of Bellcore, now Telcordia.

1.10 **CLLI Codes**

Common Language Location Identifier Codes

1.11 **Commission**

The State Public Service or Public Utilities Commission, as applicable

1.12 **Competitive Local Exchange Carrier (CLEC)**

Any company or person authorized to provide local exchange services in competition with an ILEC.

1.13 **Compliance**

Environmental and safety laws and regulations based upon a Federal regulatory framework, with certain responsibilities delegated to the States. An environmental/safety compliance program may include review of applicable laws/regulations, development of written procedures, training of employees and auditing.

1.14 **CTOC or CenturyTel**

The CenturyTel Operating Company in the State that is a Party to this Agreement.

1.15 **Currently Available**

Existing as part of CenturyTel's network at the time of the requested order or service and does not include any service, feature, function or capability that CenturyTel either does not provide to itself or to its own end users, or does not have the capability to provide.

1.16 **Customer**

The Party receiving service from the other. CenturyTel or GRANITE, depending on the context and which Party is receiving the service from the other Party.

1.17 **E-911 Service**

A method of routing 911 calls to a PSAP that uses a customer location database to determine the location to which a call should be routed. E-9-1-1 service includes the forwarding of the caller's Automatic Number Identification (ANI) to the PSAP where the ANI is used to retrieve and display the Automatic Location Identification (ALI) on a terminal screen at the answering attendant's position. It usually includes selective routing.

1.18 **Exchange Message Record (EMR)**

An industry standard record used to exchange telecommunications message information among GRANITE's for billable, non-billable, sample, settlement and study data. EMR format is defined in BR-010-200-010 CRIS Exchange Message Record, published by Telcordia Technologies.

1.19 **Exchange Service**

All basic access line services or any other services offered to end users which provide end users with a telephonic connection to, and a unique telephone number address on, the Public Switched Telecommunications Network (PSTN), and which enable such end users to place or receive calls to all other stations on the PSTN.

1.20 **FCC**

The Federal Communications Commission

1.21 **Incumbent Local Exchange Carrier (ILEC)**

Any local exchange carrier that was as of February 8, 1996, deemed to be a member of the Exchange Carrier Association as set forth in 47 C.F.R. §69.601(b) of the FCC's regulations.

1.22 **Information Access Traffic**

Information Access Traffic, for the purpose of this Agreement, is traffic (excluding CMRS traffic) that is transmitted to or returned from the Internet at any point during the duration of the transmission between the Parties. Information Access Traffic is not Local Traffic unless the traffic is between an end-user and an ISP physically located in the same CenturyTel Local Calling Area. The term Information Access Traffic does not include transmission of voice telecommunications traffic regardless of whether it is delivered to an ISP and regardless of whether it is carried at any point on facilities via Internet protocol.

1.23 **Information Service Provider or "ISP"**

A provider of Information Service, as defined in 47 U.S.C. § 153 (20). Information Service Provider includes, but is not limited to, Internet Service Providers.

1.24 **Interexchange Carrier (IXC)**

A telecommunications service provider authorized by the FCC to provide interstate long distance communications services between LATAs and is authorized by the State to provide inter- and/or intraLATA long distance communications services within the State.

1.25 **Local Access and Transport Area (LATA)**

A geographic area for the provision and administration of communications service; i.e., intraLATA or interLATA.

1.26 **Local Calling Area**

Local Calling Area includes the local exchange area, and any mandatory Extend Area Service (EAS) exchanges, as defined in CenturyTel local exchange tariffs.

1.27 **Local Exchange Carrier (LEC)**

Any company certified by the Commission to provide local exchange telecommunications service. This includes the Parties to this Agreement.

1.28 **Local Number Portability (LNP)**

The ability of 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.

1.29 **Local Provider**

A carrier authorized to provide local telecommunications service in the State.

1.30 **Local Service Request (LSR)**

The industry standard form, which contains data elements and usage rules, used by the Parties to establish, add, change or disconnect resold services and unbundled elements for the purposes of competitive local services.

1.31 **Local Traffic**

Local Traffic is traffic (excluding CMRS traffic) that is originated and terminated within the CenturyTel Local Calling Area, or mandatory Extended Area Service (EAS) area, as defined in CenturyTel's local exchange tariffs. Local Traffic does not include optional local calling (i.e., optional rate packages that permit the end-user to choose a Local Calling Area beyond the basic exchange serving area for an additional fee), referred to hereafter as "optional EAS". Local Traffic includes Information Access Traffic to the extent that the end user and the ISP are physically located in the same CenturyTel Local Calling Area.

1.32 **911 Service**

A universal telephone number, which gives the public direct access to the PSAP. Basic 911 service collects 911 calls from one or more local exchange switches that serve a geographic area. The calls are then sent to the correct authority designated to receive such calls.

1.33 **North American Numbering Plan (NANP)**

The system of telephone numbering employed in the United States, Canada, and Caribbean countries.

- 1.34 **Party/Parties**
CenturyTel and/or GRANITE.
- 1.35 **Provider**
The Party providing service to the other. CenturyTel or GRANITE depending on the context and which Party is providing the service to the other Party.
- 1.36 **Public Safety Answering Point (PSAP)**
An answering location for 911 calls originating in a given area. A PSAP may be designated as Primary or Secondary, which refers to the order in which calls are directed for answering. Primary PSAPs respond first; Secondary PSAPs receive calls on a transfer basis only, and generally serve as a centralized answering location for a particular type of emergency call. PSAPs are staffed by employees of Emergency Response Agencies (ERAs) such as police, fire or emergency medical agencies or by employees of a common bureau serving a group of such entities.
- 1.37 **State**
The State in which services are to be provided under this Agreement
- 1.38 **Subsidiary**
A corporation or other legal entity that is majority owned by a Party
- 1.39 **Telcordia Technologies**
A wholly owned subsidiary of Science Applications International Corporation (SAIC). The organization conducts research and development projects for its owners, including development of new telecommunications services. Telcordia Technologies also provides certain centralized technical and management services for the regional holding companies and also provides generic requirements for the telecommunications industry for products, services and technologies.
- 1.40 **Telecommunications Services**
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.
- 1.41 **Undefined Terms**
Undefined terms may appear in this Agreement. Parties acknowledge and agree that any such terms shall be construed in accordance with CenturyTel's tariffs or, if not defined therein, under customary usage in the telecommunications industry as of the effective date of this Agreement.
- 1.42 **Vertical Features (including CLASS Features)**
Vertical services and switch functionalities provided by CenturyTel.

ARTICLE III

GENERAL PROVISIONS

1. Scope of General Provisions.

Except as may otherwise be set forth in a particular Article or Appendix of this Agreement, in which case the provisions of such Article or Appendix shall control, these General Provisions apply to all Articles and Appendices of this Agreement.

2. Term and Termination.

2.1 Term.

Subject to the termination provisions contained in this Agreement, the term of this Agreement shall be for a period of two (2) years from the effective date of this Agreement as defined in Section 38. This Agreement shall not continue past the end of the then-current term unless CenturyTel gives GRANITE written notice of an offered extension period, which extension shall be effective at the end of the then current term ("Termination Date"). GRANITE must agree in writing to an offered extension period in order for the extension to become effective. Absent any written notice of extension from CenturyTel, to ensure a continuing relationship, GRANITE should request negotiation for a new agreement no later than 180 days prior to the Termination Date. GRANITE may at any time request that CenturyTel extend this Agreement past the Termination Date but CenturyTel reserves the right to deny such a request and require negotiation of a new agreement pursuant to Sec 251 (c) (1) of Title 47 of the U. S. Code.

2.2 Post-Termination Arrangements.

Except in the case of termination as a result of either Party's Default under Section 2.3 below, or a termination upon sale, pursuant to Section 2.5, for service arrangements made available under this Agreement and existing at the time of termination, service arrangements may continue:

- (a) As if under this Agreement, if either Party has requested negotiations for a new agreement pursuant to Sections 251 and 252 of the Act, (i) until this Agreement has been replaced by a new agreement, or (ii) for up to one hundred eighty (180) calendar days following the Termination Date, whichever is earlier.
- (b) If this Agreement is not continued pursuant to subsection (a) preceding, under a new agreement voluntarily executed by the Parties, then service arrangements between the Parties, if any, shall be governed by standard terms and conditions approved and made generally effective by the Commission, if any; tariff terms and conditions made generally available to all Local Providers; and any rights under Section 252(i) of the Act, whichever provisions are applicable.

2.3 Termination Upon Default.

Either Party may terminate this Agreement in whole or in part in the event of a Default (defined below) by the other Party; *provided however*, that the non-defaulting

Party notifies the defaulting party in writing of the Default and that the defaulting Party does not cure the Default within twenty (20) Business Days of receipt of written notice thereof. Following CenturyTel's notice to GRANITE of its Default, CenturyTel shall not be required to process new service orders until the Default is timely cured. Default is defined to include:

- (a) A Party's insolvency or the initiation of bankruptcy or receivership proceedings by or against the Party; or
- (b) A Party's Certificate of Operating Authority has been revoked by the Commission, or
- (c) A Party's refusal or failure in any material respect properly to perform its obligations under this Agreement, including nonpayment of Unpaid Charges, as defined in Section 4 of Article IV, or the violation of any of the material terms or conditions of this Agreement.

2.4 Termination Upon Ordering and Implementation Inactivity.

Notwithstanding anything to the contrary contained herein, CenturyTel may terminate this Agreement in the event GRANITE has not (a) placed any initial orders for any of the services to be provided pursuant to this Agreement and (b) implemented any said services to GRANITE customers within one (1) year from the effective date of this Agreement.

2.5 Termination Upon Sale.

Notwithstanding anything to the contrary contained herein, a Party may terminate this Agreement as to a specific operating area or portion thereof if such Party sells or otherwise transfers the area or portion thereof to a non-affiliate. The selling or transferring Party shall provide the other Party with at least sixty (60) Business Days' prior written notice of such termination, which shall be effective on the date specified in the notice. Notwithstanding termination of this Agreement as to a specific operating area, this Agreement shall remain in full force and effect in the remaining operating areas.

2.6 Liability Upon Termination.

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

3. 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.

4. Assignment.

Any assignment by either Party of any right, obligation, or duty, in whole or in part, or of any interest, without the prior written consent of the other Party shall be void, except that either

Party may assign all of its rights, and delegate its obligations, liabilities and duties under this Agreement, either in whole or in part, to any entity that is, or that was immediately preceding such assignment, a Subsidiary or Affiliate of that Party without consent, but with written notification. The effectiveness of an assignment shall be conditioned upon the assignee's written assumption of the rights, obligations, and duties of the assigning Party and the other Party being reasonably satisfied that the assignee is able to fulfill the assignor's obligations hereunder.

5. Authority.

Each person whose signature appears on this Agreement represents and warrants that he or she has authority to bind the Party on whose behalf he or she has executed this Agreement. Each Party represents he, she or it has had the opportunity to consult with legal counsel of his, her or its choosing and GRANITE has not relied on CenturyTel counsel, nor on representations by CenturyTel personnel not specifically contained in this Agreement, in entering into this Agreement.

6. Responsibility for Payment.

CenturyTel may charge GRANITE and GRANITE will pay CenturyTel a deposit before CenturyTel is required to perform under this Agreement if CenturyTel so deems a deposit appropriate after examination of GRANITE's payment and/ or credit history. Such deposit will be calculated based on CenturyTel's estimated two-month charges to GRANITE using GRANITE's forecast of resale lines. 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. CenturyTel reserves the right to modify the deposit, when, in its sole judgment, the conditions justify such action based on actual billing history and the credit rating of GRANITE. Interest will be paid on the deposit in accordance with state requirements for end user deposits. The fact that a deposit has been made in no way relieves GRANITE from complying with CenturyTel'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 CenturyTel providing for the discontinuance of service for non-payment of any sums due CenturyTel.

7. CLEC Profile.

Before orders can be taken under this Agreement, the CLEC Profile in the form provided by CenturyTel must be completed and returned by GRANITE to CenturyTel; and, if required by CenturyTel, an advance deposit paid. Among other things, GRANITE will provide CenturyTel with its Operating Company Number (OCN), Company Code (CC), and Customer Carrier Name Abbreviation (CCNA) as described in the CenturyTel Service Guide. GRANITE agrees to warrant to CenturyTel that it is a certified provider of telecommunications service in the State. GRANITE will document its State Certificate of Operating Authority on the CLEC Profile and agrees to promptly update this CLEC Profile as necessary to reflect its current certification.

8. Contact Exchange.

The Parties agree to exchange and to update contact and referral numbers for order inquiry, trouble reporting, billing inquiries, and information required to comply with law enforcement and other security agencies of the local, State and Federal government.

9. Ordering and Electronic Interface.

Manual interface is currently being used for GRANITE to order services, and it includes facsimile orders and E-mail orders in accordance with the CenturyTel Service Guide. Conventional electronic ordering interface is not currently available. If CenturyTel later makes electronic interface ordering available to GRANITE, then the Parties agree that, to the extent practicable, electronic interface will be used by GRANITE for ordering services and manual interface will be discontinued unless this is impracticable.

10. Billing and Payment.

Except as provided elsewhere in this Agreement and where applicable, in conformance with Multiple Exchange Carrier Access Billing (MECAB) guidelines and Multiple Exchange Carriers Ordering and Design Guidelines for Access Services-Industry Support Interface (MECOD), GRANITE and CenturyTel agree to exchange all information to accurately, reliably, and properly order and bill for features, functions and services rendered under this Agreement.

10.1 Back Billing.

The Parties will bill each other in a timely manner. Neither Party will bill the other Party for previously unbilled charges for services that were provided longer ago than one (1) year or the applicable Federal or State statute of limitations, whichever is longer.

10.2 Payment.

GRANITE shall remit payment in full of all undisputed bills within thirty (30) calendar days after each Invoice/Bill Date (the "Bill Due Date") and CenturyTel shall be paid in accordance with the terms of this Agreement. If the Bill Due Date is a Saturday, Sunday, or has been designated a bank holiday, payment will be made the next business day. Late payment charges, if any, will be assessed in accordance with the requirements in this Agreement.

10.3 Late Payment Charge.

If any undisputed amount due on the billing statement is not received by Provider by the Bill Due Date, Provider shall calculate and assess, and Customer agrees to pay, at Provider's option, a charge on the past due balance at an interest rate equal to the amount of 1 ½% per month, or the maximum nonusurious rate of interest under applicable law. Late payment charges shall be included on the next Provider's statement.

10.4 Federal Universal Service Charge.

The Federal Universal Service Charge (FUSC) is an end user charge that allows local exchange carriers to recover the costs of their universal service contributions from their customers.

10.5 Universal Service Fund.

In order to collect the costs of CenturyTel's contribution to the Federal Universal Service Fund (FUSF) in an equitable manner, CenturyTel's end-user customers are

being charged a Federal Universal Service Charge (FUSC). The only customers who are exempt from paying this Federal Universal Service Charge to CenturyTel are those reseller customers who themselves contribute to the FUSF, or who otherwise qualify for an exemption under the FCC's universal service rules. The FCC obligates underlying carriers to obtain a signed statement from a reseller customer that it is reselling the services provided by the underlying carrier in the form of telecommunications, and will, in fact, contribute directly to the FUSF. If the reseller customer does not provide this statement, or certifies that it is exempt from remitting the FUSC, CenturyTel must report the revenues obtained from the provision of service to the reseller customer as end-user revenues, for FUSF contribution purposes, and is permitted to assess a FUSC on such customer.

Appended to this Agreement as APPENDIX B is the form for RESELLER'S CERTIFICATION OF FEDERAL UNIVERSAL SERVICE FUND CONTRIBUTION STATUS. GRANITE is obligated to complete this form at the time it executes this Agreement. In addition, GRANITE agrees to provide CenturyTel with an updated annual certification, no later than February 1 of each calendar year, so that CenturyTel may ensure that it continues to accurately report its revenues for FUSF contribution purposes.

It is expressly understood and agreed that the GRANITE provision to CenturyTel of evidence of its making adequate payments into the Universal Service Fund and GRANITE representations to CenturyTel in connection therewith are subject to the indemnification provisions of Section 31.1, which, for purposes of this section, are to be enjoyed by CenturyTel.

11. Audits

11.1 Audit Rights

Subject to restrictions regarding Proprietary Information set forth in this Agreement, a Party (Auditing Party) may audit the other Party's (Audited Party) books, records, data and other documents, as provided herein, one time each Contract Year for the purpose of evaluating the accuracy of Audited Party's billing and invoicing. For purposes of this Section 11.1, "Contract Year" means a twelve (12) month period during the term of the Agreement commencing on the Effective Date and each anniversary thereof. The scope of the audit shall be limited to the services provided and purchased by the Parties and the associated charges, books, records, data and other documents relating thereto for the period which is the shorter of (i) the period subsequent to the last day of the period covered by the audit which was last performed (or if no audit has been performed, the Effective date) and (ii) the twelve (12) month period immediately preceding the date the Audited Party received notice of such requested audit. Except as otherwise agreed upon by the Parties, such audit shall begin no fewer than thirty (30) days after Audited Party receives a written notice requesting an audit and shall be completed no later than forty-five (45) calendar days after the start of such audit. Such audit shall be conducted by one (1) or more

auditor(s) mutually agreed upon by the Parties. The Parties shall select such auditor(s) by the thirtieth day following the Audited Party's receipt of a written audit notice. The Auditing Party shall cause the auditor(s) to execute a nondisclosure agreement in a form agreed upon by the Parties. Notwithstanding the foregoing, an Auditing Party may audit as provided herein more than one time during any Contract Year if the previous audit found previously uncorrected net variances or errors in invoices in Audited Party's favor with an aggregate value of at least one and one-half percent (1 1/2%) of the amounts payable by Auditing Party for audited services provided during the period covered by the audit.

11.2 Expenses

Each Party shall bear its own expenses in connection with the conduct of the audit. Each audit shall be conducted on the premises of Audited Party during normal business hours. Audited Party shall cooperate fully in any such audit, providing the auditor reasonable access to any and all appropriate Audited Party employees and books, records and other documents reasonably necessary to assess the accuracy of Audited Party's billing and invoicing. No Party shall have access to the data of the other Party, but shall rely upon summary results provided by the auditor. Audited Party may redact from the books, records and other documents provided to the auditor any confidential Audited Party information that reveals the identity of other Customers of Audited Party. Each Party shall maintain reports, records and data relevant to the billing of any services that are the subject matter of this Agreement for a period of not less than twenty-four (24) months after creation thereof, unless a longer period is required by Applicable Law.

11.3 Adjustments

Adjustments to Audited Party's charges shall be made to correct errors or omissions disclosed by an audit. The performance of adjustments shall be subject to examination. Audited Party will provide a formal written response to any findings in an audit within thirty (30) days of receipt of any such findings. Auditing Party in turn will respond to Audited Party's response within forty-five (45) days of receipt of Audited Party's response.

11.4 Overcharge or Undercharge

If any audit examination confirms any undercharge or overcharge, then Audited Party shall (i) for any overpayment promptly correct any billing error, including making refund of any overpayment by Auditing Party in the form of a credit on the invoice for the first full billing cycle after the Parties have agreed upon the accuracy of the audit results and (ii) for any undercharge caused by the actions of or failure to act by Audited Party, immediately compensate Auditing Party for such undercharge, in each case with interest at the lesser of (x) one and one-half (1 1/2%) percent per month and (y) the highest rate of interest that may be charged under Applicable Law,

compounded daily, for the number of days from the date on which such undercharge or overcharge originated until the date on which such credit is issued or payment is made and available, as the case may be. Notwithstanding the foregoing, GRANITE shall not be liable for any under billed Charges for which Customer Usage Data was not furnished by CenturyTel to GRANITE within six (6) months of the date such usage was incurred.

11.5 Disputes

Any Disputes concerning audit results shall be referred to the Parties' designated representative(s) who have authority to settle the Dispute. If these individuals cannot resolve the Dispute within thirty (30) days of the referral, either Party may request in writing that one additional audit shall be conducted by an auditor acceptable to both Parties, subject to the requirements set out in this Audit Section. Such additional audit shall be at the requesting Party's expense. If the second audit fails to resolve the Dispute, the matter shall be resolved in accordance with the procedures set forth herein regarding Dispute Resolution.

12. Disputed Amounts and Escrow Accounts.

If any portion of an amount due to CenturyTel under this Agreement is subject to a bona fide dispute between the Parties, GRANITE shall, prior to the Bill Due Date, give written notice to CenturyTel of the amounts it disputes ("Disputed Amounts") and include in such written notice the specific details and reasons for disputing each item. GRANITE shall pay when due (i) all undisputed amounts to CenturyTel, and (ii) all Disputed Amounts into an interest bearing escrow account with a third-party escrow agent mutually agreed upon by the Parties. To be acceptable, the third-party escrow agent must meet all of the following criteria:

- 12.1 The financial institution proposed as the third-party escrow agent must be located within the continental United States;
- 12.2 The financial institution proposed as the third-party escrow agent may not be an Affiliate of either Party; and
- 12.3 The financial institution proposed as the third-party escrow agent must be authorized to handle Automatic Clearing House (ACH) (credit transactions) (electronic funds) transfers.
- 12.4 In addition to the foregoing requirements for the third-party escrow agent, GRANITE and the financial institution proposed as the third-party escrow agent must agree that the escrow account will meet all of the following criteria:
 - 12.4.1 The escrow account must be an interest bearing account;

- 12.4.2 All charges associated with opening and maintaining the escrow account will be borne by GRANITE;
- 12.4.3 That none of the funds deposited into the escrow account or the interest earned thereon may be subjected to the financial institution's charges for serving as the third-party escrow agent;
- 12.4.4 All interest earned on deposits to the escrow account shall be disbursed to the Parties in the same proportion as the principal.
- 12.4.5 Except as provided in this section, all billing disputes will be resolved pursuant to the Dispute Resolution and Escalation provisions in this Agreement.

13. Disbursement of Escrow Accounts.

- 13.1 Disbursements from the escrow account shall be limited to those:
 - 13.1.1 authorized in writing by both the GRANITE and CenturyTel (that is, signature(s) from representative(s) of GRANITE only are not sufficient to properly authorize any disbursement); or
 - 13.1.2 made in accordance with the final, non-appealable order of the arbitrator appointed pursuant to the provisions of the Agreement; or
 - 13.1.3 made in accordance with the final, non-appealable order of the court that had jurisdiction to enter the arbitrator's award.
- 13.2 Disputed Amounts in escrow shall be subject to Late Payment Charges as set forth herein.
- 13.3 If the GRANITE disputes any charges and any portion of the dispute is resolved in favor of GRANITE, the Parties shall cooperate to ensure that all of the following actions are taken:
 - 13.3.1 CenturyTel shall credit the invoice of GRANITE for that portion of the Disputed Amounts resolved in favor of GRANITE, together with any Late Payment charges assessed with respect thereto no later than the second Bill Due Date after the resolution of the Dispute;
 - 13.3.2 within fifteen (15) calendar days after resolution of the Dispute, the portion of the escrowed Disputed Amounts resolved in favor of GRANITE shall be released to GRANITE, together with any accrued interest thereon;

13.3.3 within fifteen (15) calendar days after resolution of the Dispute, the portion of the Disputed Amounts resolved in favor of CenturyTel shall be released to CenturyTel, together with any accrued interest thereon; and

13.3.4 no later than the third Bill Due Date after the resolution of the dispute regarding the Disputed Amounts, GRANITE shall pay CenturyTel the difference between the amount of accrued interest such CenturyTel received from the escrow disbursement and the amount of any Late Payment Charges.

14. Binding Effect.

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

15. Capacity Planning and Forecasting.

Within twenty (20) Business Days from the effective date of this Agreement, or as soon after the effective date as practicable, the Parties agree to meet and develop joint planning and forecasting responsibilities which are applicable to resold services. CenturyTel may delay processing GRANITE service orders should the Parties not perform obligations as specified in this section. Such responsibilities shall include but are not limited to the following:

15.1 The Parties will notify one another no later than six (6) months in advance of changes that would impact either Party's provision of services.

15.2 GRANITE will furnish to CenturyTel information that provides for statewide annual forecasts of order activity and in-service quantity forecasts.

15.3 GRANITE shall notify CenturyTel promptly of changes greater than ten percent (10%) to current forecasts (increase or decrease) that generate a shift in the demand curve for the following forecasting period.

16. Compliance with Laws and Regulations.

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

17. Confidential Information.

17.1 Identification.

Either Party may disclose to the other proprietary or confidential customer, technical, or business information in written, graphic, oral or other tangible or intangible forms owned by the disclosing party ("Confidential Information"). In order for information to be considered Confidential Information under this Agreement, it must be marked "Confidential" or "Proprietary," or bear a marking of similar import. Orally or visually disclosed information shall be deemed Confidential Information only if contemporaneously identified as such and reduced to writing and delivered to the other Party with a statement or marking of confidentiality within twenty (20) Business Days after oral or visual disclosure.

Notwithstanding the foregoing, preorders and all orders for services placed by GRANITE pursuant to this Agreement, and information that would constitute customer proprietary network information of GRANITE end user customers pursuant to the Act and the rules and regulations of the FCC, as well as recorded usage information with respect to GRANITE end users, whether disclosed by GRANITE to CenturyTel or otherwise acquired by CenturyTel in the course of its performance under this Agreement shall be deemed Confidential Information without having to be defined as such. Confidential Information shall not be disclosed or used for any purpose other than to provide service as specified in this Agreement.

17.2 Handling.

In order to protect such Confidential Information from improper disclosure, each Party agrees:

- (a) That all Confidential Information shall be and shall remain the exclusive property of the owning party;
- (b) To limit access to such Confidential Information to authorized employees who have a need to know the Confidential Information for performance of this Agreement;
- (c) To keep such Confidential Information confidential and to use the same level of care to prevent disclosure or unauthorized use of the received Confidential Information as it exercises in protecting its own Confidential Information of a similar nature;
- (d) Not to copy, publish, or disclose such Confidential Information to others or authorize anyone else to copy, publish, or disclose such Confidential Information to others without the prior written approval of the owning party;
- (e) To return promptly any copies of such Confidential Information to the owning party at its request; and
- (f) To use such Confidential Information only for purposes of fulfilling work or services performed hereunder and for other purposes only upon such terms as may be agreed upon between the Parties in writing.

17.3 Exceptions.

These obligations shall not apply to any Confidential Information that was legally in the recipient's possession prior to receipt from the owning party, was received in good faith from a third party not subject to a confidential obligation to the owning party, now is or later becomes publicly known through no breach of confidential obligation by the recipient, was developed by the recipient without the developing persons having access to any of the Confidential Information received in confidence from the owning party, Confidential Information that recipient obtained more than three (3) years ago, or that is required to be disclosed pursuant to subpoena or other process issued by a court or administrative agency having appropriate jurisdiction, provided, however, that the recipient shall give prior notice to the owning party and shall reasonably cooperate if the owning party deems it necessary to seek protective arrangements.

17.4 Survival.

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

18. Consent.

Where notice, consent, approval, mutual agreement, or similar action is required of a Party by any provision of this Agreement, it shall not be conditional, unreasonably withheld, or delayed.

19. Fraud.

GRANITE assumes responsibility for all fraud associated with its end-user customers and accounts. CenturyTel shall bear no responsibility for, nor is it required to investigate or make adjustments to GRANITE's account in cases of fraud.

20. Reimbursement of Expenses.

In performing under this Agreement CenturyTel may be required to make expenditures or otherwise incur costs that are not otherwise reimbursed under this Agreement. In such event CenturyTel is entitled to reimbursement from GRANITE for all such costs. For all such costs and expenses CenturyTel shall receive through nonrecurring charges ("NRCs") the actual costs and expenses incurred, including labor costs and expenses, overhead and fixed charges, and may include a reasonable contribution to CenturyTel's common costs.

21. Dispute Resolution.

21.1 Alternative to Litigation.

The Parties desire to resolve disputes arising out of or relating to this Agreement without litigation. Accordingly, except for action seeking a temporary restraining order or an injunction related to the purposes of this Agreement, or suit to compel compliance with this dispute resolution process, the Parties agree to use the following alternative dispute resolution procedures as the sole remedy with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

21.2 Negotiations.

At the written request of a Party, each Party will appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising out of or relating to this Agreement. The Parties intend that these negotiations be conducted by non-lawyer, business representatives. The location, format, frequency, duration, and conclusion of these discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for purposes of settlement, exempt from discovery, and shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of all Parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise discoverable, be discovered or if otherwise admissible, be admitted in evidence, in the arbitration or lawsuit.

21.3 Arbitration.

If the negotiations do not resolve the dispute within sixty (60) Business Days after the initial written request, the dispute shall be submitted to binding arbitration. At the election of either Party, arbitration shall be before the State Commission. Otherwise, arbitration shall be by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association (“AAA”) except that the Parties may select an arbitrator outside AAA rules upon mutual agreement. If the State Commission is selected as the arbitrator, its arbitration rules shall apply. Otherwise, the rules described in part (a) below shall be applicable.

- (a) A Party may demand such arbitration in accordance with the procedures set out in the AAA rules. Discovery shall be controlled by the arbitrator and shall be permitted to the extent set out in this section. Each Party may submit in writing to a Party, and that Party shall so respond to, a maximum of any combination of thirty-five (35) (none of which may have subparts) of the following: interrogatories, demands to produce documents, or requests for admission. Each Party is also entitled to take the oral deposition of one individual of another Party. Additional discovery may be permitted upon mutual agreement of the Parties. The arbitration hearing shall be commenced within sixty (60) Business Days of the demand for arbitration. The arbitration shall be held in a mutually agreeable city. The arbitrator shall control the scheduling so as to process the matter expeditiously. The Parties may submit written briefs. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) Business Days after the close of hearings. The times specified in this section may be extended upon mutual agreement of the Parties or by the arbitrator upon a showing of good cause.
- (b) Judgment upon the award rendered by the arbitrator, whether it be the State Commission or an AAA or other arbitrator, may be entered in any court having jurisdiction.

21.4 Expedited Arbitration Procedures.

If the issue to be resolved through the negotiations referenced in Section 21 directly and materially affects service to either Party's end-user customers, then the period of resolution of the dispute through negotiations before the dispute is to be submitted to binding arbitration shall be five (5) Business Days. Once such a service-affecting dispute is submitted to arbitration, and if arbitration with the State Commission is not selected, the arbitration shall be conducted pursuant to the expedited procedures rules of the Commercial Arbitration Rules of AAA (i.e., rules 53 through 57).

21.5 Costs.

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

21.6 Continuous Service.

The Parties shall continue providing services to each other during the pendency of any dispute resolution procedure, and the Parties shall continue to perform their obligations (including making payments in accordance with Article IV, Section 4 in accordance with this Agreement. However, during the pendency of any dispute

resolution procedures CTOC reserves the right not to accept new GRANITE service orders.

22. 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.

23. 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.

24. Force Majeure.

In the event performance of this Agreement, or any obligation hereunder, is either directly or indirectly prevented, restricted, or interfered with by reason of fire, flood, earthquake or likes acts of God, wars, terrorism, revolution, civil commotion, explosion, acts of public enemy, embargo, acts of the government in its sovereign capacity, labor difficulties, including, without limitation, strikes, slowdowns, picketing, or boycotts, unavailability of equipment from vendor, changes requested by Customer, or any other material change of circumstances beyond the reasonable control and without the fault or negligence of the Party affected, the Party affected, upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction, or interference (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis until the delay, restriction or interference has ceased); *provided however*, that the Party so affected shall use diligent efforts to avoid or remove such causes of nonperformance and both Parties shall proceed whenever such causes are removed or cease. It is expressly agreed that financial difficulties of a Party are not subject to this section.

25. Good Faith Performance.

In the performance of their obligations under this Agreement, the Parties shall act in good faith.

26. Governing Law.

This Agreement shall be governed by and construed in accordance with the Act, applicable Federal and (to the extent not inconsistent therewith) domestic laws of the State where the services are provided or the facilities reside and shall be subject to the exclusive jurisdiction of the State or Federal courts of Monroe, Louisiana.

27. Standard Practices.

The Parties acknowledge that CenturyTel shall be adopting some industry standard practices or establishing its own standard practices for various requirements hereunder applicable to the CLEC industry which may be added in the CenturyTel Service Guide. GRANITE agrees that CenturyTel may implement such practices to satisfy any CenturyTel obligations under this Agreement.

28. Headings.

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

29. Independent Contractor Relationship.

The persons provided by each Party to perform its obligations hereunder 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.

30. Law Enforcement Interface.

30.1 Except to the extent not available in connection with CenturyTel's operation of its own business, CenturyTel shall provide seven day a week/twenty-four hour a day assistance to law enforcement persons for emergency traps, assistance involving emergency traces and emergency information retrieval on customer invoked CLASS services.

30.2 CenturyTel agrees to work jointly with GRANITE in security matters to support law enforcement agency requirements for taps, traces, court orders, etc. Charges for providing such services for GRANITE customers will be billed to GRANITE.

30.3 CenturyTel will, in non-emergency situations, inform the requesting law enforcement agencies that the end-user to be wire tapped, traced, etc. is a GRANITE Customer and shall refer them to GRANITE.

30.4 Subsequent to the Parties' execution of this Agreement and its approval by the Commission, the Parties shall establish a separate contract or authorization agreement specific to the Nuisance Call Bureau (NCB) and Security Control Center (SCC) for GRANITE procedures, which will be in compliance with applicable state and Federal laws.

31. Liability and Indemnity.

31.1 Indemnification.

Subject to the limitations set forth in Section 31.4, 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 person, for invasion of privacy, personal injury to or death of any person or persons, or for losses, damages, or destruction of property, whether or not owned by others, proximately caused by the indemnifying Party's (the "Indemnifying Party") negligence or willful misconduct, regardless of form of action. The Indemnified Party (the "Indemnified Party") agrees to notify the

Indemnifying Party promptly, in writing, of any written claims, lawsuits, or demands for which it is claimed that the Indemnifying Party is responsible under this section and to cooperate in every reasonable way to facilitate defense or settlement of claims. The Indemnifying Party shall have complete control over defense of the case and over the terms of any proposed settlement or compromise thereof. The Indemnifying Party shall not be liable under this section for settlement by the Indemnified Party of any claim, lawsuit, or demand, if the Indemnifying Party has not approved the settlement in advance, unless the Indemnifying Party has had the defense of the claim, lawsuit, or demand tendered to it in writing and has failed to assume such defense within a reasonable time thereafter. In the event of such failure to assume defense, the Indemnifying Party shall be liable for any reasonable settlement made by the Indemnified Party without approval of the Indemnifying Party.

31.2 End-User and Content-Related Claims.

The Indemnifying Party agrees to release, indemnify, defend, and hold harmless the Indemnified Party, its affiliates, and any third-party provider or operator of facilities involved in the provision of services under this Agreement from all losses, claims, demands, damages, expenses, suits, or other actions, or any liability whatsoever, including, but not limited to, costs and attorney's fees, suffered, made, instituted, or asserted by the Indemnifying Party's end-users against an Indemnified Party arising from Services. The Indemnifying Party further agrees to release, indemnify, defend, and hold harmless the Indemnified 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, suffered, made, instituted, or asserted by any third party against an Indemnified Party arising from or in any way related to actual or alleged defamation, libel, slander, interference with or misappropriation of proprietary or creative right, or any other injury to any person or property arising out of content transmitted by the Indemnifying Party and the Indemnified Party or such Indemnified Party's end-users, or any other act or omission of the Indemnified Party or such Party's end-users.

31.3 DISCLAIMER.

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

31.4 Limitation of Liability.

Each Party's liability, whether in contract, tort or otherwise, shall be limited to direct damages, which shall not exceed the monthly charges, plus any related costs/expenses CenturyTel may recover, including those under Section 20 above, plus any costs/expenses for which the Parties specify reimbursement in this Agreement for the services or facilities for the month during which the claim of liability arose. Under no circumstance shall either Party be responsible or liable for indirect, incidental, consequential or punitive damages, including, but not limited to, economic loss or lost business or profits, damages arising from the use or performance of equipment or software, or the loss of use of software or equipment, or

any accessories attached thereto, delay, error, or loss of data. Should either Party provide advice, make recommendations, or supply other analysis related to the services or facilities described in this Agreement, this limitation of liability shall apply to the provision of such advice, recommendations, and analysis.

31.5 Intellectual Property.

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

32. 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.

33. No Third Party Beneficiaries.

Except as may be specifically set forth in this Agreement, this Agreement does not provide and shall not be construed to provide third parties with any remedy, claim, liability, reimbursement, cause of action, or other right or privilege.

34. 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, on the date receipt is acknowledged in writing by the recipient if delivered by regular U.S. 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. Any notice shall be delivered using one of the alternatives mentioned in this section and shall be directed to the applicable street or post office box address indicated below or such address as the Party to be notified has designated by giving notice in compliance with this section. Although E-mail shall not be used to provide notice, the Parties provide their E-mail addresses below to facilitate informal communications.

If to CenturyTel: CenturyTel
Attn: Regional Director-Carrier Relations
805 Broadway
Vancouver, WA 98660
Telephone Number: (360) 905-6985
Facsimile Number: (360) 905-6811
E-mail: jackie.phillips@centurytel.com

With a copy to: CenturyTel
Attn: Division Vice President – Carrier Relations
100 CenturyTel Drive
Monroe, LA 71203

Telephone number: (318) 388-9000
Facsimile number: (318) 388-9072

If to GRANITE:

GRANITE TELECOMMUNICATIONS, LLC
Attn: Contracts Manager
234 Copeland Street
Quincy, MA 02169
Telephone Number: (866) 847-1500
Facsimile Number: (866) 847-5550
E-mail: nmhunter@granitenet.com

35. Protection.

35.1. Impairment of Service.

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

35.2. Resolution.

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

36. Publicity.

Any news release, public announcement, advertising, or any form of publicity pertaining to this Agreement, provision of services pursuant to it, or association of the Parties with respect to provision of the services described in this Agreement shall be subject to prior written approval of both CenturyTel and GRANITE.

37. Regulatory Agency Control.

This Agreement shall at all times be subject to changes, modifications, orders, and rulings by the Federal Communications Commission and/or the applicable State Commission to the extent the substance of this Agreement is or becomes subject to the jurisdiction of such agency or agencies.

38. Effective Date.

This Agreement will be effective upon execution by both Parties, unless prior Commission approval is required, in which case this Agreement shall be effective upon Commission approval. The "effective date" of this Agreement for all purposes shall be in accordance with the previous sentence. The Parties agree that orders for services will not be submitted or accepted until the latter of (a) the submission of the CLEC Profile required by Section 7; or (b) the expiration of the first ten (10) Business Days after the Agreement is effective.

39. Regulatory Matters.

Each Party shall be responsible for obtaining and keeping in effect all FCC, State Commission, franchise authority and other regulatory approvals that may be required in connection with the performance of its obligations under this Agreement.

40. Rule of Construction.

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

41. Section References.

Except as otherwise specified, references within an Article of this Agreement to a section refer to sections within that same Article.

42. Severability.

If any provision of this Agreement is held by a court or regulatory agency of competent jurisdiction to be unenforceable, the rest of the Agreement shall remain in full force and effect and shall not be affected unless removal of that provision results, in the opinion of either Party, in a material change to this Agreement. If a material change as described in this paragraph occurs as a result of action by a court or regulatory agency, the Parties shall negotiate in good faith for replacement language. If replacement language cannot be agreed upon within a reasonable period, either Party may terminate this Agreement without penalty or liability for such termination upon written notice to the other Party.

43. Subcontractors.

Provider may enter into subcontracts with third parties or affiliates for the performance of any of Provider's duties or obligations under this Agreement, provided that a Provider remains liable for the performance of its duties and obligation hereunder.

44. Subsequent Law.

The terms and conditions of this Agreement shall be subject to any and all applicable laws, rules, or regulations that subsequently may be prescribed by any Federal, State or local governmental authority. To the extent required by any such subsequently prescribed law, rule, or regulation, the Parties agree to modify, in writing, the affected term(s) and condition(s) of this Agreement to bring them into compliance with such law, rule, or regulation. Further, to the extent such law, rule or regulation allows one or both Parties the choice to operate, voluntarily, in a manner contrary to the current term(s) and condition(s) of this Agreement, the Parties agree to modify, in writing, the affected term(s) and condition(s), should one or both Parties choose to avail themselves of such law, rule or regulation. The Dispute Resolution provisions of Section 21 shall also govern any disputes arising out of or relating to such modifications. To the extent that subsequent applicable laws, rules or regulations of Federal, State or local governmental authority require modification or

negotiation of one or more terms of this Agreement, the Parties agree to begin negotiating such terms within twenty (20) Business Days after such subsequent change. If negotiations fail within forty (40) Business Days thereafter, this matter shall proceed to the Dispute Resolution procedures of Section 21, with the consequent changes in this Agreement to be retroactive to when negotiations began under this section.

45. Taxes.

Any state or local excise, sales, or use taxes (defined in Section 45.1 but excluding any taxes levied on income) and fees/regulatory surcharges (defined in Section 45.1) resulting from the performance of this Agreement shall be borne by the Party upon which the obligation for payment is imposed under applicable law, even if the obligation to collect and remit same is placed upon the other Party. The collecting Party shall charge and collect from the obligated Party, and the obligated Party agrees to pay to the collecting Party, all applicable taxes or fees/regulatory surcharges, except to the extent that the obligated Party notifies the collecting Party and provides to the collecting Party appropriate documentation as CenturyTel requires that qualifies the obligated Party for a full or partial exemption. Any such taxes or fees/regulatory surcharges shall be shown as separate items on applicable billing documents between the Parties. The obligated Party may contest the same in good faith, at its own expense, and shall be entitled to the benefit of any refund or recovery, provided that such Party shall not permit any lien to exist on any asset of the other Party by reason of the contest. The collecting Party shall cooperate in any such contest by the other Party. The other Party will indemnify the collecting Party from any sales or use taxes that may be subsequently levied on payments by the other Party to the collecting Party, subject to the limitations in Section 31.4.

Notwithstanding anything to the contrary contained herein, GRANITE is responsible for furnishing tax exempt status information to CenturyTel at the time of the execution of the Agreement. GRANITE is also responsible for furnishing any updates or changes in its tax exempt status to CenturyTel during the Term of the Agreement and any extensions thereof. In addition, GRANITE is responsible for submitting and/or filing tax exempt status information to the appropriate regulatory, municipality, local governing, and/or legislative body. It is expressly understood and agreed that the GRANITE's provision of evidence of its tax exempt status to CenturyTel and the GRANITE's representations to CenturyTel concerning the status of GRANITE's claimed tax exempt status, if any, and its impact on this Section 45 are subject to the indemnification provisions of Section 31.1, which, for purposes of this section, are to be enjoyed by CenturyTel.

45.1 Tax.

A tax is defined as a charge which is statutorily imposed by the State or local jurisdiction and is either (a) imposed on the seller with the seller having the right or responsibility to pass the charge(s) on to the purchaser and the seller is responsible for remitting the charge(s) to the State or local jurisdiction or (b) imposed on the purchaser with the seller having an obligation to collect the charge(s) from the purchaser and remit the charge(s) to the state or local jurisdiction.

Taxes shall include but not be limited to: Federal excise tax, State/local sales and use tax, State/local utility user tax, State/local telecommunication excise tax, state/local gross receipts tax, and local school taxes. Taxes shall not include income, income-like, gross receipts on the revenue of a Provider, or property taxes. Taxes shall not include payroll withholding taxes unless specifically required by statute or ordinance.

45.2 Fees/Regulatory Surcharges.

A fee/regulatory surcharge is defined as a charge imposed by a regulatory authority, other agency, or resulting from a contractual obligation, in which the seller is responsible or required to collect the fee/surcharge from the purchaser and the seller is responsible for remitting the charge to the regulatory authority, other agency, or contracting party. Fees/Regulatory Surcharges shall include but not be limited to E-911/911, other N11, franchise fees, and Commission surcharges.

46. Trademarks and Trade Names.

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

47. Waiver.

The failure of either Party to insist upon the performance of any provision of this Agreement, or to exercise any right or privilege granted to it under this Agreement, shall not be construed as a waiver of such provision or any provisions of this Agreement, and the same shall continue in full force and effect.

ARTICLE IV

GENERAL RULES GOVERNING RESOLD SERVICES

1. General.

General regulations, terms and conditions governing rate applications, technical parameters, service availability, definitions and feature interactions, as described in the appropriate CenturyTel intrastate local, toll and access tariffs, apply to retail services made available by CenturyTel to GRANITE for resale, unless otherwise specified in this Agreement. As applied to services offered under this Agreement, the term "Customer" contained in the CenturyTel Retail Tariff shall be deemed to mean "GRANITE" as defined in this Agreement.

2. Liability of CenturyTel

In addition to the general limitation of liability in Section 31.4 of Article III, the following shall also limit CenturyTel's liability under this Agreement.

2.1 Inapplicability of Tariff Liability.

CenturyTel's general liability, as described in the CenturyTel local exchange or other tariffs, does not extend to GRANITE's customers or any other third party. Liability of CenturyTel to GRANITE resulting from any and all causes arising out of services, or any other items relating to this Agreement shall be governed by the liability provisions contained in this Agreement and no other liability whatsoever shall attach to CenturyTel. CenturyTel shall be liable for the individual services, facilities or elements that it separately provides to GRANITE and shall not be liable for the integration of components combined by GRANITE.

2.2 GRANITE Tariffs or Contracts.

GRANITE shall, in its tariffs or other contracts for services provided to its end-users using services obtained from CenturyTel, provide that in no case shall CenturyTel be liable to GRANITE's end-users or any third parties for any indirect, special, consequential or punitive damages, including, but not limited to, economic loss or lost business or profits, whether foreseeable or not, and regardless of notification by GRANITE of the possibility of such damages and GRANITE shall indemnify and hold CenturyTel harmless from any and all claims, demands, causes of action and liabilities based on any reason whatsoever from GRANITE customers as provided in this Agreement. Nothing in this Agreement shall be deemed to create a third-party beneficiary relationship with GRANITE's end-users.

2.3 No Liability for Errors.

CenturyTel is not liable for mistakes that appear in CenturyTel's listings, 911 and other information databases, or for incorrect referrals of end-users to GRANITE for any ongoing GRANITE service, sales or repair inquiries, and with respect to such mistakes or incorrect referrals, GRANITE shall indemnify and hold CenturyTel harmless from any and all claims, demands, causes of action and liabilities whatsoever, including costs, expenses and reasonable attorney's fees incurred on account thereof, by third parties, including GRANITE's end-users or employees. For purposes of this Section 2.3, mistakes and incorrect referrals shall not include matters arising out of the willful misconduct of CenturyTel or its employees or agents.

3. Unauthorized Changes.

3.1 Procedures.

If GRANITE submits an order for resold services under this Agreement in order to provide service to an end-user that at the time the order is submitted is obtaining its local exchange services from CenturyTel or another LEC using CenturyTel resold services, and the end-user notifies CenturyTel that the end-user did not authorize GRANITE to provide local exchange services to the end-user, GRANITE must provide CenturyTel with written documentation of authorization from that end-user within thirty (30) Business Days of notification by CenturyTel. If GRANITE cannot provide written documentation of authorization within such time frame, GRANITE must within three (3) Business Days thereafter:

- (a) direct CenturyTel to change the end-user back to the LEC providing service to the end-user before the change to GRANITE was made; and
- (b) provide any end-user information and billing records GRANITE has obtained relating to the end-user to the LEC previously serving the end-user; and
- (c) notify the end-user and CenturyTel that the change back to the previous LEC has been made.

Furthermore, CenturyTel will bill GRANITE fifty dollars (\$50.00) per affected line to compensate CenturyTel for switching the end-user back to the original LEC.

4. Timely Payment of Service Charges.

4.1 In General.

Satisfactory GRANITE current billing history is a prerequisite to the ordering of services. GRANITE is solely responsible for the payment of all charges for any and all services furnished under this Agreement, including, but not limited to, calls originated or accepted at its or its end-users' service locations, including without limitation any and all non-Local Traffic charges and measured usage charges, including casual usage-based calls.

4.2 Effect of Not Timely Paying Service Charges.

If GRANITE fails to pay before the Bill Due Date all undisputed charges, including any late payment charges, and fails to pay before the Bill Due Date all disputed charges into an escrow, as provided by Section 12 of Article III (collectively, "Unpaid Charges"), GRANITE shall be in Default as defined in Section 2.3 of Article III.

4.3 Default Notice of Unpaid Charges.

Following such Default resulting from Unpaid Charges within the required thirty (30) Days following the bill date, CenturyTel shall notify GRANITE in writing that it must pay all Unpaid Charges within **seven (7)** Business Days, and the Parties specifically agree that no new service orders will be accepted by CenturyTel until the past due balance is brought to current status. If GRANITE disputes any or all of the Unpaid Charges, it shall, within **seven (7)** Business Days of receiving the CenturyTel notice, provide sufficient written dispute documentation to CenturyTel as described in Section 12 of Article III and pay all disputed Unpaid Charges into an escrow pursuant to Section 12 of Article III. Nevertheless, CenturyTel reserves the right not

to provision new services if there is a substantial unpaid balance, no matter what proportion of it is disputed.

4.4 Resolving Disputed Charges.

If GRANITE and CenturyTel are unable to resolve issues related to the disputed charges within thirty (30) Days following payment of Disputed Amounts into escrow, then either GRANITE or CenturyTel may file a request for arbitration under Article III Section 21 of this Agreement to resolve those issues. Upon resolution of any dispute hereunder, adjustments and payments shall be made pursuant to Article III, Section 13.

4.5 End-User Notice Requirement.

If GRANITE fails to pay Unpaid Charges, GRANITE shall, at its sole expense, during the seven (7) Business Days Default notice period provided in Section 4.3, notify its end-users that their service may be disconnected for GRANITE's failure to pay Unpaid Charges, and that its end-users must select a new provider of local exchange services.

4.6 Remedies for CenturyTel.

Upon GRANITE's failure to pay all Unpaid Charges within the seven (7) Business Days Default notice period in Section 4.3, CenturyTel may discontinue service to GRANITE, and CenturyTel shall have no liability to GRANITE or GRANITE's end-users in the event of such disconnection. If GRANITE fails to provide notification under Section 4.5 or any of GRANITE's end-users fail to select a new provider of services within the applicable time period, CenturyTel, in its discretion, may provide local exchange services to GRANITE's end-users under CenturyTel's applicable end-user tariff at the then current charges for the services being provided, subject to any local rules. In this circumstance, otherwise applicable service establishment charges will not apply to GRANITE's end-users, but will be assessed to GRANITE.

4.7 Applicable Regulatory Law Notice Restriction.

Notwithstanding the foregoing, the notice provisions of this Section 4 shall be subject to the requirements of the applicable regulation body.

5. Unlawful Use of Service.

Services provided by CenturyTel pursuant to this Agreement shall not be used by GRANITE or its end-users for any purpose in violation of law. GRANITE, and not CenturyTel, shall be responsible to ensure that GRANITE and its end-users' use of services provided hereunder comply at all times with all applicable laws. CenturyTel may refuse to furnish service to GRANITE or disconnect particular services provided under this Agreement to GRANITE or, as appropriate, GRANITE's end-user when (i) an order is issued by a court of competent jurisdiction finding that probable cause exists to believe that the use made or to be made of the service is prohibited by law or (ii) CenturyTel is notified in writing by a law enforcement agency acting within its jurisdiction that any facility furnished by CenturyTel is being used or will be used for the purpose of transmitting or receiving gambling or other information in interstate or foreign commerce in violation of law. Termination of service shall take place after reasonable notice is provided to GRANITE, or as ordered by the court. If facilities have been physically disconnected by law enforcement officials at the premises where located, and if there is not presented to CenturyTel the written finding of a court, then upon request of

GRANITE and its agreement to pay restoration of service charges and other applicable service charges, CenturyTel shall promptly restore such service.

6. Timing of Messages.

With respect to CenturyTel resold measured rate local service(s), where applicable, chargeable time begins when a connection is established between the calling station and the called station. Chargeable time ends when the calling station "hangs up," thereby releasing the network connection. If the called station "hangs up" but the calling station does not, chargeable time ends when the network connection is released by automatic timing equipment in the network.

7. Procedures for Preordering, Ordering, Provisioning, Etc.

Certain procedures for preordering, ordering, provisioning, maintenance and billing for many of these functions are governed by the CenturyTel Service Guide. In accordance with Article III, Section 7, CenturyTel will not process resale orders until the CLEC Profile has been completed and returned, and, if required, an advance deposit paid.

8. Letter of Authorization

8.1 CenturyTel will not release the Customer Service Record (CSR) containing Customer Proprietary Network Information (CPNI) to GRANITE on CenturyTel end-user customer accounts unless GRANITE first provides to CenturyTel a written Letter of Authorization (LOA). Such LOA may be a blanket LOA or other form agreed upon between CenturyTel and GRANITE authorizing the release of such information to GRANITE or, if State or Federal law provides otherwise, in accordance with such law.

8.2 An LOA will be required before CenturyTel will process an order for services provided in cases in which the subscriber currently receives local exchange service from CenturyTel or from a local service provider other than GRANITE. Such LOA may be a blanket LOA or such other form as agreed upon between CenturyTel and GRANITE.

9. Customer Contacts.

Except as otherwise provided in this Agreement or as agreed to in a separate writing by GRANITE, GRANITE shall provide the exclusive interface with GRANITE's end-user customers in connection with the marketing or offering of GRANITE services. CenturyTel will not become involved in billing disputes that may arise between GRANITE and its customers. Except as otherwise provided in this Agreement, in those instances in which CenturyTel personnel are required pursuant to this Agreement to interface directly with GRANITE's end-users, such personnel shall not identify themselves as representing CenturyTel. All forms, business cards or other business materials furnished by CenturyTel to GRANITE end-users shall be generic in nature. In no event shall CenturyTel personnel acting on behalf of GRANITE pursuant to this Agreement provide information to GRANITE end-users about CenturyTel products or services unless otherwise authorized by GRANITE.

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

ARTICLE V

RESALE OF SERVICES

1. General.

The purpose of this Article V is to define specifically the exchange services and related vertical features and other telecommunication services (collectively referred to for purposes of this Article V as the "Services") that may be purchased from CenturyTel and resold by GRANITE and the terms and conditions applicable to such resold Services. Except as specifically provided otherwise in this Agreement, provisioning of exchange services for resale will be governed by the CenturyTel Service Guide (stated below in Section 3.1 and also covering billing, maintenance and service ordering). CenturyTel will make available to GRANITE for resale any Service that CenturyTel currently offers, or may offer hereafter, on a retail basis to subscribers that are not telecommunications carriers, except as qualified by this Article V, below.

2. Terms and Conditions.

2.1 Restrictions on Resale.

[Restrictions on resale may vary among States and should be examined on a State by State basis.]

All resold services shall only be provided to GRANITE under applicable CenturyTel retail tariff terms and conditions. The following restrictions shall apply to the resale of retail services by GRANITE.

2.1.1 GRANITE shall not resell to one class of customers a Service that is offered by CenturyTel only to another class of customers in accordance with state requirements (e.g., R-1 to B-1, disabled services or lifeline services to non-qualifying customers).

2.1.2 GRANITE shall not resell lifeline services and services for the disabled. Where GRANITE desires to provide lifeline services to a Customer, CenturyTel will sell the Customer's line as an R-1, and GRANITE shall be responsible for recertifying the line pursuant to applicable law and for participating in the lifeline discount pool without the assistance of CenturyTel. In no event shall CenturyTel be responsible for recovering or assisting in the recovery of lifeline discounts on behalf of GRANITE.

2.1.3 GRANITE shall not resell promotional offerings of ninety (90) days or less in duration. CenturyTel will charge GRANITE the applicable retail service rate rather than the special promotional rate for these offerings.

2.2 Resale of Some Retail Services.

2.2.1 GRANITE may resell ICB/Contract services only to end-user customers that already have such services.

2.2.2 GRANITE may resell COCOT coin or coinless lines.

2.2.3 GRANITE may resell special access, excluding ADSL.

2.3 Volume, Term and Other Discounts on Resold Services.

GRANITE may resell services that are provided at a volume, term or other discount in accordance with terms and conditions of the applicable tariff. GRANITE shall not aggregate end-user lines and/or traffic in order to qualify for a volume, term or other discount unless permitted by tariff.

2.4 Resale to Other Carriers.

Services available for resale may not be used by GRANITE to provide access to the local network as an alternative to tariffed switched and special access by other carriers, including, but not limited to, interexchange carriers, wireless carriers, competitive access providers, or other retail telecommunications providers.

3. Ordering and Billing.

3.1 Service Ordering, Service Provisioning and Billing.

Except as specifically provided otherwise in this Agreement, service ordering, provisioning, billing and maintenance shall be governed by the CenturyTel Service Guide.

3.2 Local Service Request.

Orders for resale of services will be placed utilizing standard LSR forms. CenturyTel will continue to participate in industry forums for developing service order/disconnect order formats and will incorporate appropriate industry standards. Complete and accurate forms (containing the requisite end-user information as described in the CenturyTel Service Guide) must be provided by GRANITE before a request can be processed.

3.2.1 CenturyTel will accept orders for As-Is Transfer (AIT) of services from CenturyTel to GRANITE where CenturyTel is the end-user's current local exchange company. CenturyTel cannot provide an AIT of service from one reseller selling CenturyTel's services to another reseller. In such cases the reseller acquiring the end-user must obtain the services directly from CenturyTel.

3.2.2 GRANITE will be the customer of record for all Services purchased from CenturyTel. Except as specified herein, CenturyTel will take orders from, bill and expect payment from GRANITE for all Services ordered.

3.3 Certificate of Operating Authority.

When ordering, GRANITE must represent and warrant to CenturyTel that it is a certified provider of local dial-tone service in the State. GRANITE will provide a copy of its Certificate of Operating Authority or other evidence of its status to CenturyTel upon request.

3.4 Nonrecurring Charges.

GRANITE shall be responsible for the payment of all nonrecurring charges (NRCs) applicable to resold Services (e.g., installation, changes, ordering charges) as listed in Appendix A. In addition, NRCs for field service work (installation/repair requiring on site visits) will be charged from the appropriate tariff.

3.5 End-User Transfers Between GRANITE and Another Reseller of CenturyTel Services.

When GRANITE has obtained an end-user customer from another reseller of CenturyTel services, GRANITE will inform CenturyTel of the transfer by submitting standard LSR forms to CenturyTel.

3.5.1 CenturyTel cannot accept an order for AIT of Service from one CLEC reselling CenturyTel Services to another reseller of CenturyTel Services.

3.6 Local Calling Detail.

Except for those Services and in those areas where measured rate local service is available to end-users, monthly billing to GRANITE does not include local calling detail. However, GRANITE may request and CenturyTel shall consider developing the capabilities to provide local calling detail in those areas where measured local service is not available for a mutually agreeable charge.

3.7 Originating Line Number Screening (OLNS).

Upon request and where CenturyTel is technically able to provide and bill the service, CenturyTel will update the database to provide OLNS, which indicates to an operator the acceptable billing methods for calls originating from the calling number (e.g., penal institutions, COCOTS).

3.8 End-Users With An Unpaid Balance

If an end-user has an unpaid balance with CenturyTel, CenturyTel will be unable to process a GRANITE service order for the end-user until the balance is paid, unless this condition is precluded by State or other regulatory law.

4. Maintenance.

4.1 Maintenance, Testing and Repair.

CenturyTel will provide repair and maintenance services to GRANITE and its end-user customers for resold Services in accordance with the same standards and charges used for such Services provided to CenturyTel end-user customers. CenturyTel will not initiate a maintenance call or take action in response to a trouble report from a GRANITE end-user until, such time trouble is reported to CenturyTel by GRANITE.

GRANITE must provide to CenturyTel all end-user information necessary for the installation, repair and servicing of any facilities used for resold Services according to the procedures described in the CenturyTel Service Guide.

5. Services Available for Resale.

5.1 Description of Local Exchange Services Available for Resale.

Services available to GRANITE for resale are limited to circumstances and service areas where CenturyTel is technically able to provide and bill for the service. Resold basic exchange service includes, but is not limited to, the following elements:

- (a) Voice Grade Local Exchange Access Line - includes a telephone number and dial tone together with:

- (i) Access to long distance carriers. However, GRANITE must have agreement directly with Interexchange carriers for presubscribed or Casual usage non-Local Traffic. It is the responsibility of GRANITE to order non-Local Traffic calls provided by other carriers directly from such carriers. CenturyTel has no ordering, billing, or payment obligations in connection therewith, and GRANITE assumes full responsibility for such obligations, while also agreeing that these undertakings include the indemnification provisions of Section 31.1 of Article III, which, for purposes of this subsection, are to be enjoyed by CenturyTel,
 - (ii) E-911 Emergency Dialing,
 - (iii) Access to Service Access Codes - e.g., 800, 888, 900,
 - (iv) Listing of telephone number in an appropriate "white pages" directory, subject to Article VI, Section 6 herein, and in accordance with the terms and conditions of a Directory Service Agreement with CenturyTel,
 - (v) Copy of "White Pages" and "Yellow Pages" Directories for the appropriate CenturyTel service area subject to Article VI, Section 6 herein, and in accordance with the terms and conditions of a Directory Service Agreement with CenturyTel, and
 - (vi) IntraLATA toll if CenturyTel is the primary toll service provider.
- (b) Local Calling - at local usage measured rates if applicable to the end-user customer.
 - (c) End-user Private Line Services.

5.2 Other Services Available for Resale.

Any new retail services that CenturyTel offers in such tariffs to customers who are not telecommunications carriers may also be available to GRANITE for resale under the same terms and conditions contained in this Agreement and required by the Act.

5.2.1 Promotional Services. CenturyTel shall make available for resale, those promotional offerings that are greater than ninety (90) days in duration.

5.3 Rates

The prices charged to GRANITE for local services shall be applicable to CenturyTel's local tariff.

5.4 Grandfathered Services.

Services identified in CenturyTel tariffs as grandfathered in any manner are available for resale only to end-user customers that already have such grandfathered service. An existing end-user customer may not move a grandfathered service to a new service location. Grandfathered services are subject to the terms and conditions of the CenturyTel local tariff.

5.5 Access Charges.

CenturyTel retains all revenue due from other carriers for access to CenturyTel facilities, including both switched and special access charges.

6. Responsibility for Miscellaneous Charges by GRANITE's Customer.

GRANITE shall be responsible for the payment of any and all charges for services incurred by GRANITE's customer, where GRANITE has not requested blocking of said services, or where blocking of said services is not available. These charges include, but are not limited to, the following:

- (a) Casual use charges.
- (b) CLASS features charges.
- (c) Casual dial around non-Local Traffic charges.
- (d) Collect and Third-Number Billed charges.
- (e) Measured local usage charges.

ARTICLE VI

ADDITIONAL SERVICES AND COORDINATED SERVICE ARRANGEMENTS

1. Misdirected Calls.

The Parties will employ the following procedures for handling any misdirected calls (e.g., business office, repair bureau, etc.):

- 1.1 To the extent the correct provider can be determined each Party will refer misdirected calls to the proper provider of local exchange service. When referring such calls, both Parties agree to do so in a courteous manner at no charge.
- 1.2 For misdirected repair calls, the Parties will provide their respective repair bureau contact number to each other on a reciprocal basis and provide the end-user the correct contact number.
- 1.3 In responding to misdirected calls, neither Party shall make disparaging remarks about the other, nor shall they use these calls as a basis for internal referrals or to solicit end-users or to market services.

2. 911/E-911 Arrangements.

These arrangements shall be provided pursuant to local tariff or a separate agreement of the Parties if not in a local tariff.

3. Information Services.

3.1 Billing and Collection and Information Service Provider (ISP) Remuneration.

- 3.1.1 In the event CenturyTel performs switching of ISP traffic associated with resale for GRANITE, CenturyTel shall provide to GRANITE the same call detail records that CenturyTel records for its own end-users, so as to allow GRANITE to bill its end-users. CenturyTel shall not be responsible or liable to GRANITE or the ISP for Billing and Collection and/or any receivables of Information Service Providers.
- 3.1.2 Notwithstanding and in addition to Article III, Section 31, CenturyTel shall be indemnified and held harmless by GRANITE from against any and all suits, actions, losses, damages, claims, or liability of any character, type or description, including all expenses of litigation and court costs which may arise as a result of the provisions contained in this Article VI, Section 3.1. The Indemnity contained in this section shall survive the termination of this Agreement, for whatever reason.
- 3.1.3 CenturyTel agrees to notify GRANITE in writing within ten (10) Business Days, by registered or certified mail at the address specified in Article III, Section 34, of any claim made against CenturyTel with respect to the obligations subject to the indemnification and hold harmless provisions of Article VI, Section 3.1.2.

3.1.4 It is understood and agreed that the indemnity and hold harmless provisions provided for this in Article VI, Section 3.1.2 are to be interpreted and enforced as to provide indemnification for liability of CenturyTel to the fullest extent now or hereafter permitted by law.

4. 900-976 Call Blocking

CenturyTel shall not unilaterally block 900-976 traffic in which CenturyTel performs switching associated with resale. CenturyTel will block 900-976 traffic when requested to do so in writing, by GRANITE. GRANITE shall be responsible for all costs and liabilities associated with the 900-976 call blocking request. CenturyTel reserves the right to block any and all calls, which may harm or damage its network.

5. Telephone Relay Service.

Local and intraLATA Telephone Relay Service (TRS) enables deaf, hearing-impaired, or speech-impaired TRS users to reach other telephone users. With respect to resold services, GRANITE's end-users will have access to the state authorized TRS provider to the extent required by the Commission, subject to any applicable compensation surcharges.

6. Directory Listings and Directory Distribution.

Directory listings and directory distribution services will be provided by CenturyTel for GRANITE's customers. GRANITE will be required to execute a Directory Service Agreement with CenturyTel. CenturyTel will provide directory listings and directory distribution services in accordance with the terms and conditions of such an Agreement. Further, CenturyTel reserves all existing rights to GRANITE's end-user listings. It is also agreed that CenturyTel has a right to GRANITE's end-user listings, without any charge being paid to GRANITE.

7. Busy Line Verification and Busy Line Verification Interrupt.

Each Party shall establish procedures whereby its operator assistance bureau will coordinate with the operator assistance bureau of the other Party to provide Busy Line Verification (BLV) and Busy Line Verification and Interrupt (BLVI) services on calls between their respective end-users. Each Party shall route BV and BLVI inquiries over separate inward OS trunks. Each Party's operator assistance bureau will only verify and/or interrupt the call and will not complete the call of the end-user initiating the BLV or BLVI. Each Party shall charge the other for the BLV and BLVI services at the rates contained in their respective tariffs.

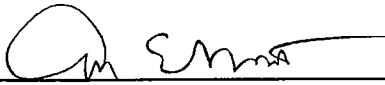
ARTICLE VII

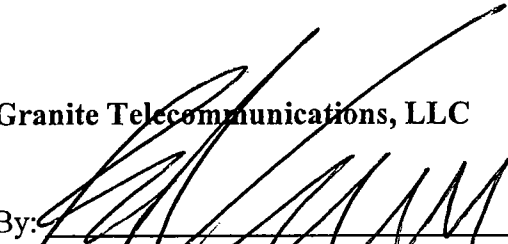
SIGNATURE PAGE

IN WITNESS WHEREOF, each Party has executed this Agreement to be effective in accordance with Article III Section 38.

CenturyTel of Washington, Inc.
CenturyTel of Inter Island, Inc.
CenturyTel of Cowiche, Inc.

Granite Telecommunications, LLC

By:  _____

By:  _____

Name: Guy Miller

Name: RAND CURRIER

Title: Division V P – Carrier Relations

Title: CHIEF OPERATING OFFICER

A duly authorized officer or other agent of
GRANITE with such signature binding
GRANITE

Date: 12/21/05

Date: 11/21/2005

APPENDIX A

SERVICES AVAILABLE FOR RESALE

General. The rates for resold services described in Article V are subject to terms and conditions of CenturyTel's local tariff.

Non-Recurring Charges (NRCs) for Resale Services

NRCs, other than those for ordering and provisioning as listed in this Appendix A, may apply subject to charges as described in the applicable local tariff.

Pre-ordering

CLEC Account Establishment Per CLEC	\$ 274.63
Customer Record Search Per Account	\$ 11.75

Ordering and Provisioning

Engineered Initial Service Order (ISO) - New Service	\$ 310.25
Engineered Initial Service Order - As Specified	\$ 132.42
Engineered Subsequent Service Order	\$ 70.12
Non-Engineered Initial Service Order - New Service	\$ 35.75
Non-Engineered Initial Service Order or SHORT NAME OF RESELLER Account Changes-Change Order	\$ 22.07
Non-Engineered Initial Service Order - As Specified	\$ 46.65
Non-Engineered Subsequent Service Order	\$ 19.72
Central Office Connect	\$ 5.59
Outside Facility Connect	\$ 70.47
Manual Ordering Charge	\$ 11.58
Record Change Charge	\$ 9.25

Product Specific

NRCs, other than those for Pre-ordering, Ordering and Provisioning, and Custom Handling as listed in this Appendix, will be charged from the appropriate retail tariff.

Custom Handling

Service Order Expedite:	
Engineered	\$ 70.51
Non-Engineered	\$ 13.10
Coordinated Conversions:	
ISO	\$ 18.61
Central Office Connection	\$ 9.03
Outside Facility Connection	\$ 8.46
Hot Coordinated Conversion First Hour:	
ISO	\$ 24.56
Central Office Connection	\$ 36.13
Outside Facility Connection	\$ 33.84
Hot Coordinated Conversion per Additional Quarter Hour:	
ISO	\$ 5.01
Central Office Connection	\$ 9.03
Outside Facility Connection	\$ 8.46

Application of NRCs

Pre-ordering:

GRANITE Account Establishment is a one-time charge applied the first time that SHORT NAME OF RESELLER orders any service from this Agreement.

Customer Record Search applies when GRANITE requests a summary of the services currently subscribed to by the end-user.

Ordering and Provisioning:

Engineered Initial Service Order - New Service applies per Local Service Request (LSR) when engineering work activity is required to complete the order, e.g. digital loops.

Non-Engineered Initial Service Order - New Service applies per LSR when no engineering work activity is required to complete the order, e.g. analog loops.

Initial Service Order - As Specified (Engineered or Non-Engineered) it applies only to Complex Services for services migrating from CenturyTel to GRANITE. Complex Services are services that require a data gathering form or have special instructions.

Non-Engineered Initial Service Order - Changeover charges apply only to Basic Services for services migrating from CenturyTel to GRANITE. End-user service may remain the same or change.

Central Office Connect Order-It applies in addition to the ISO when physical installation is required at the central office.

Outside Facility Connect Order-It applies in addition to the ISO when incremental fieldwork is required.

Custom Handling (These NRCs are in addition to any Preordering or Ordering and Provisioning NRCs):

Manual Ordering Charge applies to orders that require CenturyTel to manually enter GRANITE's order into an electronic ordering system. This charge will only be applicable at such time as CenturyTel implements an electronic ordering system.

Record Change Charge applies for record type orders for change in or addition of directory listings or like changes.

Service Order Expedite (Engineered or Non-Engineered) applies if GRANITE requests service prior to the standard due date intervals.

Coordinated Conversion applies if GRANITE requests notification and coordination of service cut-over prior to the service becoming effective.

Hot Coordinated Conversion First Hour applies if GRANITE requests real-time coordination of a service cut-over that takes one hour or less.

The Hot Coordinated Conversion Per Additional Quarter Hour applies, in addition to the Hot Coordinated Conversion First Hour, for every 15-minute segment of real-time coordination of a service cut-over that takes more than one hour.

APPENDIX B

RESELLER'S CERTIFICATION OF FEDERAL UNIVERSAL SERVICE FUND
CONTRIBUTION STATUS

In order for CenturyTel to satisfy the requirements of the Federal Communications Commission (FCC), and for Reseller to be exempted from payment of federal Universal Service Charges (FUSC) associated with services obtained from CenturyTel, Reseller must certify below that it has submitted, or will submit, the FCC Form 499-A for its 200__ revenues. This certification will be taken as confirmation that Reseller: (1) is a provider of telecommunications services; (2) has purchased CenturyTel's telecommunications services for the purposes of reselling those services to end users or other entities; and (3) is directly responsible for its own contributions to the Federal Universal Service Fund (FUSF), as required by the rules and regulations of the FCC. Reseller acknowledges that a determination of exemption from payment of CenturyTel's FUSC will be based upon the information provided by Reseller herein. In the event that CenturyTel exempts the Customer, either wholly or partially, from payment of the FUSC based upon the information represented herein, and thereafter determines that this information is false or inaccurate, Reseller acknowledges that it will be liable for payment of CenturyTel's FUSC for the relevant period. In such a circumstance, Reseller also may be responsible for payment directly to the Universal Service Administrator, and any costs incurred by CenturyTel as a result of the false or inaccurate certification.

Alternatively, if Reseller is not intending to contribute to the FUSF and submit FCC Form 499-A, Reseller must certify below that it qualifies for an exemption from contribution to the FUSF, in accordance with the FCC's rules and regulations of same. Where Reseller does not itself contribute to the FUSF, Reseller may be assessed the FUSC by CenturyTel.

In addition, by Reseller's signature below, Reseller agrees to provide CenturyTel with an updated annual certification, no later than February 1 of each calendar year, so that CenturyTel may ensure that it continues to accurately report its revenues for FUSF contribution purposes.

Certification Option 1:

- I certify that _____ has filed or intends to file FCC Form 499-A for year 200_ and subsequent year revenues, and will be responsible for remitting all FUSF amounts associated with the resale of services obtained from CenturyTel.

Certification Option 2:

- I certify that _____ did not file FCC Form 499-A for year 200_ revenues associated with the resale of services obtained from CenturyTel and was not obligated to do so because we may claim:

- De minimis* status
- End user status
- International carrier with less than 12% domestic revenues status
- Other (please explain) _____

Note that selection of Certification Option 2 will ensure that CenturyTel will remit all FUSF amounts associated with the services provided to Reseller, and will collect these amounts – and any permissible administrative costs – from Reseller.

Reseller Company
Name: _____

By: _____
Authorized Company Representative

Print Name _____

Print Title _____

A duly authorized officer or other agent of SHORT
NAME OF RESELLER with such signature
binding GRANITE

Date _____