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DIVISION OF
COMPETITIVE SERVICES

April 10, 2001

www.smartcitytelecom.com

Mr. Walter D'Haeseleer
Director
Division of Competitive Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

010000

Dear Mr. D'Haeseleer:

Enclosed are five (5) copies of a fully executed version of the Carrier Services Agreement dated March 1, 2001 between Smart City Telecommunications LLC d/b/a Smart City Telecom and the Walt Disney World Co., et al. (the "Agreement").

This Agreement was referenced in FPSC Order No. PSC-00-2230-PAA-TP in Docket No. 001536-TP, which became final without protest as memorialized in Order No. PSC-00-2415-CO-TP, issued December 18, 2000.

The closing of the sale of substantially all of the assets of Vista-United Telecommunications to Smart City Telecommunications LLC d/b/a Smart City Telecom occurred on March 1, 2001. As a result, this executed version of the Carrier Services Agreement is now being filed with the Commission for completeness so that the Commission has a copy of the executed version in its files.

Should you have any questions regarding this matter, please contact me at (407) 828-6730.

Sincerely,

Lynn B. Hall
Director - Contracts and Tariffs

- APP _____ Enclosures
 - CAF _____
 - CMP _____
 - COM _____ cc:
 - CTR _____
 - ECR _____
 - LEG _____
 - OPC _____
 - PAI _____
 - RGO _____
 - SEC _____
 - SER _____
 - OTH _____
- Cover letter*

- cc: John McGowan, Esq.
- David Monassebian, Esq.
- Martin A. Rubin
- Lee Schmutde, Esq.
- James T. Schumacher

DOCUMENT NUMBER-DATE

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CARRIER SERVICES AGREEMENT
BETWEEN
WALT DISNEY WORLD CO., ET AL.
AND
SMART CITY TELECOMMUNICATIONS LLC

March 1, 2001

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CARRIER SERVICES AGREEMENT

THIS CARRIER SERVICES AGREEMENT (the "**Agreement**") is made and executed the 1st day of March, 2001 (and shall be effective of 12:01 a.m. on such date) by and among Walt Disney World Co., Walt Disney World Hospitality & Recreation Corporation, The Celebration Company, Walt Disney Travel Co., Inc., If Productions, LLC, Disney Business Productions, LLC, Vista Insurance Services, LLC, Disney Worldwide Services, Inc., Vista Communications, Inc., Disney Vacation Development, Inc., Disney Vacation Club Management Corp., Walt Disney Entertainment, Inc., Compass Rose Corporation, Disney Production Services, Inc. and Walt Disney Parks and Resorts, LLC (each of the foregoing named entities being referred to herein separately as a "**Disney Customer**") and their now and hereinafter Affiliated Companies (collectively, the "**Customer**"), and Smart City Telecommunications LLC, a Delaware limited liability company (the "**Carrier**"). As used in this Agreement, the term Affiliated Companies shall include entities that are direct or indirect wholly-owned subsidiaries of The Walt Disney Company and which have operations within the geographic area in which Carrier provides local exchange telecommunications services as of the date of this Agreement as well as entities in which Customer shall acquire a direct or indirect wholly-owned interest at any time during the duration of this Agreement, and which have operations within the geographic area in which Carrier provides local exchange telecommunications services as of the date of this Agreement. For purposes of this Agreement, the term "**operations within the geographic area**" shall mean operation and management of permanent facilities within the geographic area in which Carrier provides local exchange telecommunications services as of the date of this Agreement. The geographic area within which Carrier presently provides local exchange telecommunications service (the "**Service Area**") is indicated by the coverage map attached hereto as Attachment 1. It is expressly intended that those Affiliated Companies shall be third party beneficiaries to this Agreement. This Agreement is executed under the following circumstances:

RECITALS

WHEREAS, Customer has purchased and received certain telecommunication services, including local exchange service, private line service, data transmission, and video services, from Carrier's predecessor, Vista-United Telecommunications, a Florida general partnership, ("**Vista-United**"), for almost thirty years; and

WHEREAS, Customer and Carrier agree that the terms and conditions of this Agreement are necessary and desirable in light of the sale of the assets of Vista-United to Carrier (the "**Asset Sale**") pursuant to that certain Asset Purchase Agreement dated September 8, 2000, as amended to the date hereof (the "**Asset Purchase Agreement**"); and

WHEREAS, Customer has agreed to execute this Agreement and to purchase telecommunications services, including local exchange service, private line service, data transmission, and video transmission services from the Carrier, in accordance with and subject to this Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated into this Agreement by reference, the Parties, as defined below, agree to enter into this Agreement as of this _____ day of _____, 2001. Carrier and Customer may be referred to collectively as "**Parties**" and each singularly as a "**Party**."

SECTION 1

1. SERVICES.

1.1. Services Provided.

1.1.1. Carrier agrees to provide at locations identified by Customer and Customer agrees to accept, subject to the terms of this Agreement, the following telecommunication services provided by Carrier within the Service Area:

1.1.1.(a) services set forth in Carrier's Florida Public Service Commission ("FPSC") General Exchange Tariff (the "**FPSC GET Tariff**");

1.1.1.(b) services set forth in Carrier's Federal Communications Commission ("FCC") tariff No. 1 (Access Service) (the "**FCC Tariff**");

1.1.1.(c) services set forth in Carrier's Florida Interexchange (IXC Resale) Services Tariff (the "**FPSC IXC Tariff**");

1.1.1.(d) services set forth in BellSouth's Intrastate Access Service Tariff (the "**BellSouth Intrastate Tariff**") to the extent Carrier concurs therein;

1.1.1.(e) services set forth in BellSouth's Florida Private Line Tariff (the "**Bellsouth Private Line Tariff**") to the extent Carrier concurs therein;

1.1.1.(f) services set forth in the National Exchange Carrier Association's FCC Tariff No. 5 (the "**NECA Tariff**") to the extent Carrier concurs therein;

1.1.1.(g) any other telecommunications services currently being provided by Carrier to Customer under any other FPSC or FCC tariff;

1.1.1.(h) services identified on Exhibit A attached hereto; and

1.1.1.(i) services and facilities for the purpose of routing to interexchange carriers long distance traffic which is originated by the calling party dialing access codes such as toll free numbers (e.g., 1-800, 1-888, 1-877 and such other codes which may be designated from time to time for toll free calling), as well as 1010XXX or other access codes which may be used to originate interexchange calls on other than a 1+ or 0+ dialing basis.

(collectively, the "**Current Services**"). The FPSC GET Tariff and the FPSC IXC Tariff are collectively referred to herein as the FPSC Tariff. The FPSC Tariff, FCC Tariff, BellSouth Intrastate Tariff, BellSouth Private Line Tariff and the NECA Tariff are collectively referred to herein as the Tariffs. For purposes of this Agreement, the term "**local exchange service**" shall have the meaning set forth in the FPSC Tariff and shall also have the same meaning as the term "**Telephone Exchange Service**" as such term is defined in the Communications Act of 1934, as amended (47 U.S.C. § 153(47)). The term "**IntraLATA toll services**" shall be as defined in the FPSC Tariff and shall be consistent with the definition of "**Local Access and Transport Area**" (LATA) as set forth in the Communications Act of 1934, as amended (47 U.S.C. § 153(25)). Such Current Services, as well as Additional Services, as such term is defined below in Section 1.3.1, and Advanced Services as such term is defined below in Section 1.3.2 shall hereinafter collectively be known as the "**Service**" or "**Services**"). Subject to the terms of this Agreement, Customer shall have the sole and absolute discretion to choose and utilize from Carrier any of the Services (e.g., Customer may choose the Services such as ISDN, 100 MB ECS, T1, dedicated circuits, Asynchronous Transfer Mode and other Services).

1.1.2. Except for the Excluded Services (as hereinafter defined), in consideration of Carrier's agreement not to increase rates except as permitted hereby, Customer agrees to obtain exclusively from Carrier, (the "**Carrier Exclusive**") during the Minimum Service Term (as hereinafter defined), and all extensions thereof, but only to the extent that such services are required by Customer, all telecommunications services referred to in Section 1.1.1.(a) through (i) as well as Additional Services and Advanced Services to the extent Carrier elects to provide and Customer is obligated to accept such Services pursuant to Section 1.3.1 and Section 1.3.2 and the following services (whether or not also defined in Section 1.1.1.(a) through (i)):

1.1.2.(a) transmission/transport of voice traffic throughout the Service Area for all voice traffic from or terminating within the Disney Properties (as hereinafter defined) except for four digit PBX dialing or similar services from or on the real properties owned (now or in the future) by Customer and located in the Service Area (the “Disney Properties”) and except to the extent included in the Excluded Services;

1.1.2.(b) transmissions/transport of data traffic throughout the Service Area except to the extent included in the Excluded Services; and

1.1.2.(c) the switching of voice and data traffic to analog, digital and internet protocol (ip) networks outside of the Service Area except to the extent included in the Excluded Services.

Notwithstanding the foregoing, Customer reserves the right to reduce or terminate its usage of any specific Services provided by Carrier depending upon Customer’s needs or changes in technology. Customer reserves the right to determine the quantities of services which it needs based upon its assessment of demand and business conditions.

1.2. Services Excluded.

Notwithstanding any other provision of this Agreement, Customer shall retain the right to provide for itself or to obtain from other providers certain telecommunications services (such telecommunication services being excluded from the Carrier Exclusive) (the “Excluded Services”) under the following circumstances:

1.2.1. Internal Data Services - Customer is currently and may continue in the future designing, developing, implementing, operating and arranging its own data communication networks (e.g., local area networks, inside area networks, intranet networks, dial-in remote network access, high speed campus area networks, network management, proxy services, directory services, messaging domain name services, etc.) for the transmission of its own data (e.g., ticketing system, attraction access system, etc.), provided that such facilities are not connected to any locations outside the Disney Properties or the property of any direct or indirect wholly owned subsidiary of The Walt Disney Company, and provided further that such data transmission facilities are not connected to the public switched networks of Carrier or of any other provider.

1.2.2. Existing Services and Facilities - Customer may continue to utilize services and facilities of other telecommunications providers as described in **Exhibit B** attached hereto and replacements thereof solely for the uses for which Disney is using such services and facilities as of September 1, 2000.

1.2.3. Redundancy or Diversity - Customer may provide its own services and facilities or may procure services and facilities from other providers which are duplicative of or substitutable for Service provided by Carrier in circumstances where Customer has a need for redundant or diverse sources of telecommunications capacity (voice and/or data transmission) and where such alternative sources of capacity are necessary to ensure redundancy or diversity. Circumstances where such redundancy or diversity is deemed necessary shall include, but not be limited to, transport into and out of Customer’s North Service Area Data Center (“Data Center”) both on-premises and off-premises. In circumstances in which redundancy and/or diversity are required by Customer (for voice or data traffic) and to the extent such redundant or diverse services or facilities would be a service which would otherwise be included in the Carrier Exclusive but for this **Section 1.2.3**, Customer commits to use Carrier’s Services to achieve such redundancy or diversity if Carrier provides or is willing and able to provide truly redundant and diverse services and facilities at prices competitive with prices available from other providers in the State of Florida for comparable services provided to similarly situated customers. For example, in the case of transport into and out of the Data Center, Customer shall use Carrier's Services to achieve redundancy and diversity if Carrier provides or is willing and able to provide direct access and transport between the Data Center and a Point of Presence (“POP”) in the greater Orlando, Florida area operated and maintained by interexchange service providers selected by Customer for the long distance transport of said data, provided that said redundant or diverse service is provided by Carrier to Customer at prices

competitive with prices available from other providers in the State of Florida for comparable services provided to similarly situated customers. For purposes of this Section 1.2.3, direct access and transport shall mean the provision of a direct connection between said Data Center (in the case of transport of traffic into and out of the Data Center) and, in the case of any other voice or data traffic originating or terminating on the Disney Properties, the location at which such traffic would be delivered to Customer and said POP without being routed and/or switched through a Central Office operated by Carrier. If Carrier is unable to provide such redundancy or diversity as described herein at prices competitive with prices of other service providers for comparable services in the State of Florida provided to similarly situated customers, Customer may utilize the services of other telecommunications providers to obtain such redundancy or diversity. If, pursuant to the immediately preceding sentence, Customer elects to utilize the services of another telecommunications provider to obtain service redundancy or diversity as described above, Carrier shall be obligated to provide access to its conduit to such other telecommunications provider for the purpose of installing and maintaining its own facilities in order to provide such redundancy or diversity to Customer. The price to be charged by Carrier to such other telecommunications provider for such conduit access shall be the price for conduit usage as determined in accordance with the maximum rate formula of the pricing rules and regulations established by the FCC and in accordance with Section 251(b) of the Telecommunications Act of 1996 for the pricing of conduit rentals. Notwithstanding the foregoing, Customer's right to use the services of other providers for such redundancy or diversity is conditioned upon Customer's use thereof not resulting in diminution of Services provided by Carrier to Customer, except to the extent that such diminution is occasioned by Customer's reasonable need to use such redundant or diverse services for system balancing, to carry overflow traffic in circumstances in which Carrier's facilities do not provide sufficient capacity to meet Customer's needs and to ensure immediate availability of such redundancy or diversity at all times. Notwithstanding the foregoing, Customer shall not use system balancing for the purpose of Bypass. Customer shall have no obligation to use Carrier's Services for redundancy or diversity in accordance with this Section 1.2.3 to the extent that the telecommunications service for which such redundancy or diversity is required is an Excluded Service.

1.2.4. Wireless Services – The experience of Customer's guests on Disney Properties (the "On-Property Guest Experience") and the ability of employees of Customer to communicate while mobile ("Employee Communications Efficiency") may be improved or enhanced through wireless services to provide greater personal communications capabilities and functionalities to its guests and employees.

Customer may provide and may engage other telecommunication providers to provide wireless services within Disney Properties, the purpose of which is to improve or enhance the On-Property Guest Experience and Employee Communications Efficiency.

These wireless services may include, but are not limited to, Commercial Mobile Service, (within the meaning of that term as used in Section 332 of the Communications Act of 1934, as amended (47 U.S.C. §332)), cellular services, personal communications services, wireless LAN and paging service (one-way and two-way), so long as such services are not used for the purpose of Bypass. By way of example and not of limitation, the following shall be deemed to be an Excluded Service under this Section 1.2.4: (i) the provision by Customer or a third party telecommunications provider of cellular telephones to Customer's executive employees; (ii) the provision of one-way or two-way pagers or other mobile personal communications devices to guests or employees of Customer; and (iii) Customer or other third party telecommunications provider providing a cellular telephone to each guest of Customer while such guest is on Disney Properties even if such cellular telephone has the capability of making calls to destinations outside of Disney Properties.

In the event Customer desires to provide wireless services then Customer shall endeavor to give reasonable notice to Carrier who will be entitled to bid for such wireless.

1.2.5. Non-Regulated Services - Customer may provide, or engage other telecommunications providers to provide, for itself, its guests while on Disney Properties and its third party operating participants, tenants and ground lessees located on Disney Properties those telecommunications services which were

provided by Vista-United to Customer prior to the Asset Sale but which are not currently being provided by Carrier immediately after execution of this Agreement, such telecommunications services being commonly referred to as the "Non-Regulated Services") (e.g., the leasing, operation, maintenance and repair of PBX's, telephone handsets, etc., PBX four-digit dialing capabilities, etc.), and any new or future telecommunications services which replace such Non-Regulated Services.

For purposes of this Agreement, "Bypass" shall mean and be defined as the use of any telecommunications services, facilities or technologies, other than those provided by Carrier for the purpose of obtaining or replacing any Service referred to in Section 1.1.1.(a) through (i), any service referred to in Section 1.1.2.(a) through (c) and any Additional Services and Advanced Services to the extent Carrier elects to provide and Customer is obligated to accept such Services pursuant to Section 1.3.1 and 1.3.2. Notwithstanding the foregoing, the definition of Bypass contained herein shall not be construed so as to preclude, limit or inhibit Customer from providing for itself or obtaining from other telecommunications providers any Excluded Service as set forth in this Section 1.2, except as limited by Section 1.2.3 and Section 1.2.4 and any Advance Service or Additional Service except as limited by Section 1.3.1 and 1.3.2.

1.3. Additional Services and Advanced Services.

1.3.1. Additional Services. Throughout the Minimum Service Term (as hereinafter defined in Section 2.3), and any extension thereof, Carrier shall provide to Customer upon reasonable request Additional Services which shall be defined for purposes of this Agreement to include all Telecommunication Services (as hereinafter defined) (other than the Excluded Services) not currently provided by Carrier to Customer, which are (i) currently offered by Carrier in the State of Florida, or offered by Carrier in the State of Florida within six (6) months after Customer's request for such Telecommunications Service, or (ii) which are generally commercially available from one-half (1/2) or more of the other franchised incumbent Local Exchange Carriers ("LECs") in the State of Florida, at prices (including, to the extent such Additional Service is included in the FPSC Tariff, the recovery of any special construction charges or charges reflecting contribution in aid of construction as permitted by the special conditions portion of FPSC Tariff or as set forth and provided in the "Charges Applicable Under Special Conditions" set forth in Exhibit C attached hereto), and subject to terms and conditions no less favorable to Customer than the prices at which such services generally are made available by Carrier and LECs to such other similarly situated customers in the State of Florida. To the extent the special conditions portion of the FPSC Tariff is inconsistent with the Charges Applicable Under Special Conditions set forth in Exhibit C with respect to the recovery of special construction charges or charges reflecting contribution in aid of construction, the terms and provisions of Exhibit C shall prevail. For the purposes of this Agreement, the term "incumbent Local Exchange Carrier" or "incumbent LEC" shall have the meaning accorded to the term "Local Exchange Carrier" codified in the rules of the Florida Public Service Commission (i.e., "Any company certificated by the Commission to provide local exchange telecommunications service in this state on or before June 30, 1995."). For the purposes of this Agreement, the term "Telecommunication Services" shall mean all the services, and systems of any sort to be used in or related, directly or indirectly, to the provision of telecommunication services and, with respect to those referred to in clause (ii) above, are being provided as services regulated by the FPSC or FCC or successor entities. Telecommunications Services shall also have the meaning accorded to that term by the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (47 U.S.C. § 153 (46)) (to wit, . . . "the offering of telecommunications for a fee directly to the public, or to such classes of the public as to be directly available to the public, regardless of the facilities used."). Carrier shall furnish to Customer within thirty (30) days of any written request a schedule identifying the Additional Services it is currently providing to its customers which it is not currently providing to Customer and the pricing and rates at which it is willing to provide such Telecommunications Services to Customer. Upon the written request by Customer, Carrier shall make available to the Customer at locations identified by Customer within the Service Area any Additional Service as promptly as commercially possible and in no event later than six (6) months of such request, unless because of unusual conditions a longer period is required (but in no event longer than nine (9) months) or, at the Customer's discretion, a later date, at prices and subject to terms and conditions as described above. To the extent that Carrier is unwilling or unable to provide one or more Additional Services to Customer at prices and subject to

available to such other providers, the use of Carrier's facilities on reasonable rates, terms, and conditions, as needed to provide such Advanced Services or Additional Services to Customer, in accordance with the requirements of the Communications Act of 1934, as amended, and the pricing rules and regulations of the FCC for pricing of network elements. If in accordance with the provisions of this Agreement, Customer utilizes the services of another telecommunications provider, Customer shall be entitled to continue to utilize such service with such provider for the duration of any contractual term with such provider.

1.3.4. **Written Request for Additional Services or Advanced Services.** Additional Services or Advanced Services requested by Customer to be provided by Carrier hereunder shall be requested in writing. Each such written request shall reference this Agreement.

1.3.5. **Development of New Services.** As part of their respective obligations under this Agreement, the Parties shall work cooperatively with each other to identify, coordinate, and implement new services and to plan for network and facilities expansion and improvements based upon technological developments and consumer demand. In addition, Customer and Carrier shall work cooperatively with each other during the development of Additional Services and Advanced Services, and shall fund the costs associated with such development and construction of new facilities to support such Additional Services and Advanced Services in a manner specified in the Tariff or as mutually agreed upon. Any such new services or facilities shall be projected to provide rates of returns generally expected by incumbent LECs in the State of Florida for new services taking into account the remaining term of this Agreement.

1.3.6. **Training and Support.** Whenever Carrier shall provide to Customer any Additional Service or any Advanced Service pursuant to this Agreement, Carrier shall be obligated to provide Customer with such training and customer support as reasonably necessary and appropriate for Customer to be able to utilize such Additional Service or such Advanced Service. Said training and support shall be at levels appropriate for customers of comparable size and character to that of Customer, and shall be provided to Customer at no separate charge, except for Customer requests which exceed industry practice and norms, in which case such charges shall be mutually agreed upon by the Parties.

1.4. **Quality of Services.**

At all times during the Minimum Service Term, and any extension thereof, Carrier shall provide, engineer and operate the Services so as to maintain service quality standards consistent with those generally achieved in the commercial telecommunications services industry and shall conform its services with applicable service quality standards established by the FPSC, the FCC, and generally-recognized telecommunications industry standards organizations.

1.4.1. In addition, in order to ensure that the quality of Services provided by Carrier to Customer conforms with the Service standards codified in the Agreement and that Service is being provided in a manner satisfactory to Customer, Carrier and Customer have established procedures to govern communications between them regarding service quality and performance. Those procedures and Service Quality Standards are set forth in a separate document, entitled Service Quality Procedures and Standards, which is attached hereto as Attachment 2 and incorporated herein by reference. Customer shall have the reasonable right to audit Carrier's conformance with the Service Quality Standards set forth in Attachment 2.

1.4.2. In order to further ensure that Carrier provides Services to Customer, throughout the term of this Agreement in accordance with the Service Quality Standards required by this Agreement, Carrier agrees to utilize, maintain, upgrade and replace equipment and technology at quality levels and at intervals not less than those levels and intervals provided by Carrier to other similarly situated telecommunications users.

1.5. **Quantity of Service.**

In consideration of Carrier's agreement not to increase rates except as permitted hereby, Customer hereby agrees that the quantity of services purchased by Customer during the Minimum Service Term, and any extension thereof, shall at no time be less than Seven Thousand Five Hundred (7,500) Access Lines ("Customer's Minimum Access Line Commitment"). For purposes hereof, Access Lines shall be defined as any line connecting a Customer's premises with Service Provider's central office or remote switching office. A T-1 trunk line is twenty-four (24) Access Lines. Notwithstanding the foregoing, for purposes of this **Section 1.5** only, a T-1 trunk line shall be billed as twenty-four (24) individual Access Lines.

1.6. **407-WDISNEY.**

Customer covenants and agrees that throughout the Minimum Service Term, and so long as Customer or its Affiliates continue to operate and maintain the Disney Reservation Center within the geographical area covered as of the date hereof by the 407 area code, Customer and its Affiliates shall continue to have all telephone calls to the number "407-WDISNEY" terminate in the same manner as such calls are being terminated as of the date hereof. Notwithstanding the foregoing, Carrier does not warrant or guarantee, and hereby disclaims any warranty or guarantee, of the amount of telephone calls terminated at any time to "407-WDISNEY" or any amount of revenues to be received by Carrier as a result of such traffic or lack thereof, and further notwithstanding the foregoing, Customer shall have the absolute right, at any time, to use 1-800 (1-888, 1-877, etc.) or other type of telecommunications services in which charges for telephone calls are billed to the recipient of such calls, for terminating calls to its reservation center regardless of the effect such service would have on traffic generated by telephone calls to "407-WDISNEY". If the Disney Reservation Center is physically moved to a geographic area outside of the geographic area currently covered by the 407 area code, neither Customer nor any of its Affiliates shall have any further duties or obligations under this **Section 1.6** unless, and only to the extent that, Carrier agrees to and does pay any and all charges and expenses incurred by Customer as a result of continuing to maintain the "407-WDISNEY" telephone number, in which case Customer agrees that such calls shall continue to terminate in the same manner as on the date hereof.

SECTION 2

2. INITIAL SERVICE TERM.

2.1. **Effective Date.**

This Agreement shall be effective between the Parties as of the date (the "Effective Date") that this Agreement is executed by both Parties.

2.2. **Start of Service.**

Carrier's obligation to provide and Customer's obligation to accept and pay for Service shall be binding to the extent provided for in this Agreement upon the execution of this Agreement by both Parties. The obligations of the Parties shall commence with respect to any Service as of the date of this Agreement or, in the event Additional Services or Advanced Services are requested by Customer pursuant to **Section 1.3**, upon the date Service becomes available or such other date as the Parties may mutually agree upon (the "Start of Service").

2.3. **Minimum Service Term.**

The Minimum Service Term of this Agreement is eighty-four (84) months beginning with the first day of the first full billing month on or after the Effective Date of this Agreement (hereinafter referred to as the "Customer's Initial Service Date" or "CISD") for the Services provided under this Agreement. Upon the expiration of the Minimum Service Term, subject to **Section 2.4** herein, the Agreement shall continue in effect on a month-to-month basis subject to termination by either Party upon thirty (30) days prior written notice to the other Party.

2.4. Negotiations For Extension.

Commencing by the end of the seventy-second (72nd) month of the Minimum Service Term, the Parties may convene non-binding negotiations for extension of the Minimum Service Term for an additional term to be agreed upon. In the event that such extension negotiations are not completed such that a new carrier services agreement or amendment to this Agreement is not executed by the Parties by the end of the Minimum Service Term, Carrier shall remain obligated to provide all Services provided pursuant to this Agreement for up to one additional twelve (12) month period beyond expiration of the Minimum Service Term, upon and subject to the terms and conditions set forth in this Agreement, during which period the Parties may continue to attempt to negotiate an extension of the Agreement. If, during the last year of the Minimum Service Term or the one year period following the end of the Minimum Service Term, either or both of the Parties shall decide for any reason or no reason not to extend the Agreement for an additional term, then Carrier shall remain obligated to provide all Services for the remainder of the twelve (12) month period immediately following expiration of the Minimum Service Term so as to afford Customer a reasonable opportunity to enter into arrangements to obtain Services from other provider(s). The rates charged by Carrier during such twelve (12) month period after the Minimum Service Term may be increased by Carrier in accordance with Section 3.3. Furthermore, if the Parties do not agree to extend the Agreement for an additional term, or if the Agreement is terminated pursuant to Section 5 of the Agreement, Carrier shall not obstruct or interfere with another provider of telecommunications services providing such Services to Customer, and Carrier shall make available to such other provider the use of Carrier's facilities on reasonable rates, terms, and conditions, as needed to provide such Services to Customer, in accordance with the requirements of the Communications Act of 1934, as amended, and all other applicable rules and regulations. The foregoing notwithstanding, neither party shall have any obligation to negotiate or execute an extension to this Agreement or new Agreement and any such negotiations may be discontinued or terminated by either Party for any reason or no reason at either Party's sole, absolute and unfettered discretion.

SECTION 3

3. CARRIER SERVICE RATES, COMMITMENTS.

3.1. IntraLATA Toll Service Usage Rates.

The usage rates to Customer for Outbound intraLATA toll service usage when such service is provided to Customer by Carrier shall be those rates set forth in the applicable Tariffs on file with the FPSC and FCC and in effect as of the Effective Date.

3.2. Local Exchange Service.

The rates to Customer for Local Exchange Service shall be those rates set forth in Carrier's applicable Tariffs on file with the FPSC and FCC in effect as of the Effective Date. Rates for services provided to Customer, but which are not reflected in the Tariffs, shall be those rates in effect as of the Effective Date. Such rates are listed in Exhibit A to this Agreement which is attached hereto.

3.3. Rate Changes.

In consideration of Customer's Minimum Access Line Commitment and Customer's grant of the Carrier Exclusive, Carrier acknowledges and agrees that during the Minimum Service Term of this Agreement except as may be required by any Regulatory Requirement (as hereinafter defined), it shall not file any revisions to any Tariffs or other document filed with the FPSC or FCC which results in any Service rate increase to Customer. Subsequent to the Minimum Service Term and during any extension thereof, and except as may be required by any Regulatory Requirement, Carrier shall not file any revisions to any Tariffs or other documents filed with the FPSC or FCC effecting any rate increase to Customer without providing Customer with at least sixty (60) days prior written notice, (it being agreed that such sixty (60) day notice may be given

during the Minimum Service Term provided that the increase is not effective until after expiration of the Minimum Service Term). Except as may be required by any Regulatory Requirement, the maximum incremental percentage rate increase to Customer above the rates in effect as of the Effective Date for any Service allowed to be charged by Carrier after expiration of the Minimum Service Term shall not exceed ten percent (10%) in any twelve (12) month period. Customer acknowledges that Carrier may charge other parties different prices than those charged to Customer and Customer agrees to reasonably cooperate, at no cost to Customer, with Carrier in connection with the filing of tariffs or tariff amendments with respect thereto; provided that there is no material, adverse effect on Customer. In the event that any Regulatory Requirement would have the effect of increasing any Service rates charged to Customer which would otherwise violate this **Section 3.3**, Carrier shall use good faith, reasonable efforts, with Customer's cooperation, to challenge the applicability of such Regulatory Requirement to this Agreement and shall use good faith, reasonable efforts to obtain an exemption from such Regulatory Requirement for this Agreement. To the extent that any rate increase that would otherwise be prohibited under this **Section 3.3** are required by any Regulatory Requirement, any such increases shall be subject to **Section 5.1** hereof. In the event of any reduction in price of any service during the Minimum Service Term pursuant to any Regulatory Requirement (as defined in **Section 5.1**), Customer shall receive the benefit of any and all such rate reductions. In the event that any such reduction is reflected in the Tariffs as a result of a Carrier initiative, Customer shall be entitled to elect to receive the benefit of such reduction provided that to the extent that other prices to be paid by Customer and as reflected in the Tariffs are increased in connection with such Carrier initiative, the price to be paid by Customer for any such service will similarly be increased in the event of such election. In the event that Carrier enters into a services contract (whether filed as a tariff or not) with a third party, which, when taken as a whole, results in service pricing more favorable than the pricing available to Customer hereunder, subject to any applicable regulatory restrictions and except as to 1-800 out-bound service, Carrier shall so notify Customer and Customer shall have the right to elect to have such contract, as a whole apply to it.

3.4. **Rate Changes for Non-Recurring Charges.**

Notwithstanding anything to the contrary contained herein, Carrier may file revisions to the Tariffs which result in an increase in any non-recurring charges associated with the initiation, modification or maintenance of Services, including, but not limited to, Service connection, Service order, installation and repair charges and, in the event of such filing, such charges shall be applicable to Customer provided that no such increase to Customer shall exceed the annual change in the Consumer Price Index ("CPI"). "**Consumer Price Index**" shall mean the Consumer Price Index for All Urban Consumers (CPI-U) – U.S. Average, All Items (1982 – 1984 = 100), published by the Bureau of Labor Statistics of the U.S. Department of Labor, provided, however, that if the CPI shall be discontinued, the CPI shall be replaced by the index of consumer prices in the U.S. most closely comparable to the discontinued CPI, after making such adjustments in items included or method of computation as may be prescribed by the agency publishing same. In the event a comparable substitute index is not available, then the price index used in making CPI-capped adjustments permitted above shall be the successor thereto, compiled and published by an agency of the United States government which determines the purchasing power of the dollar.

SECTION 4

4. **PAYMENT TERMS.**

4.1. **Charges.**

Billings for Service shall be made on a monthly basis, or upon such other basis as may be mutually agreed to by the Parties following CISD. Services shall be billed in accordance with this Agreement. Carrier shall invoice Customer in an electronic format mutually acceptable to the Parties unless Customer specifically requests in writing that Carrier render invoices in hard copy format, in which cases invoices shall be provided in the requested hard copy format ("**Invoice**"). Each Invoice shall detail: (i) the amount due Carrier, or the credit due Customer, and (ii) any other sums due Carrier. Each invoice shall contain sufficient information

and shall be presented in a format such that the invoiced amounts may be audited by Customer and verified by Customer as being accurate. Upon request of Customer, Carrier shall render invoices separately and directly to specifically designated Disney Customers or Affiliated Companies. In all circumstances where Carrier renders invoices directly to Disney Customers or Affiliated Companies, such invoices shall conform in all other respects with the applicable billing requirements set forth in this Section and throughout this Agreement. Carrier and Customer shall work together cooperatively to develop and implement invoice format and content which are deemed suitable based upon current industry standards for telecommunications service customers of comparable size and complexity to that of Customer.

4.2. Payment.

Except as provided in Section 9.7, each Invoice shall be paid by Customer in immediately available U.S. dollars so that the payment is received by Carrier no later than thirty (30) calendar days from the date of the Invoice (the date that the Customer receives the Invoice shall be known as the "**Invoice Date**" and the date that payment of such Invoice is due shall be known as the "**Due Date**"). Carrier agrees that (i) the Invoice Date will be the same day that the Invoice is electronically transmitted to the Customer, or in the event that the Invoice is mailed, five (5) business days after the date of postmark. Any Invoice sent by facsimile shall be faxed on a Business Day. Subject to Section 4.5 and Section 9.7, any Invoice not paid by the Due Date shall be subject to late payment fees ("**Late Payment Fees**") for the number of days delinquent computed based on an annual percentage rate equal to the lesser of (i) the annual prime lending rate for commercial banks as published in the *Wall Street Journal* as of the date that payment is made plus two percent (2%) or (ii) the maximum rate allowed by law. Walt Disney World Co. (in this capacity, the "**Guarantor**") hereby guarantees, for the term of this Agreement, and any extension thereof, the timely performance of all of the duties and obligations (collectively, the "**Obligations**") of Disney under this Agreement. Such guarantee includes, but is not limited to, the guarantee of the timely payment of any payment Obligations hereunder. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to its guarantee of the Obligations and waives any requirements that Carrier exhaust any remedy or take any action against any Disney Customer or any other person or party. Carrier or Customer may, at any time without notice to or the consent of Guarantor, and without impairing or releasing such guarantee or incurring any obligation to the Guarantor, (1) waive or amend (in accordance with the provisions for amendment hereof) any terms or provisions of this Agreement including without limitation increases, additions or other changes to the payment provisions hereof or the obligations of Customer hereunder, (2) exercise or refrain from exercising any rights against any party hereto, including the Guarantor, (3) settle or compromise any obligations of Customer hereunder, and (4) apply any sums received from any Disney Customer to any obligation of Customer hereunder in any manner or order it chooses. Notwithstanding the foregoing, if and to the extent that Carrier fails to pay Customer when due any installment of the Deferred Purchase Price (as that term is defined in the Asset Purchase Agreement) and such failure continues for more than ten (10) business days after Carrier's receipt of written notice of such failure from Customer, Customer may apply as a credit against the Invoice payment, the amount of the unpaid installment of Deferred Purchase Price and reduce the payment made by Carrier towards the Invoice accordingly.

4.3. Taxes.

Customer acknowledges and understands that all charges stated in Tariff and Service Schedules are computed by Carrier exclusive of any applicable use, excise, gross receipts, sales and privilege taxes, duties, fees or other taxes or similar liabilities, including, but not limited to, governmentally-imposed or authorized charges like, for example, universal service charges, Primary Interexchange Carrier Charges, or similar charges imposed or authorized pursuant to federal, state, or local regulatory authorities (other than general income or property taxes), whether charged to or against Carrier or Customer because of the Service furnished to Customer ("**Government-imposed Charges**") provided that if such Government-imposed Charges are governmentally authorized but not required, such charges shall only be charged to Customer if such Charges are generally charged to other similarly situated customers within the jurisdiction of the Governmental Authority charging such Government-imposed Charges. Any Government-imposed Charges assessed by Carrier on Customer,

including universal service or similar regulatory charges, shall be done in accordance with applicable laws and regulations, including applicable regulations governing the manner in which such charges are to be identified on invoices. Government-imposed Charges shall be paid by Customer in addition to all other charges provided for in this Agreement. Upon execution of this Agreement, Customer shall furnish Carrier with all applicable, properly executed Certificates of Exemption for all foreign, federal, state, county and local taxes and fees (if any). When Customer is billing for service provided by Carrier to end users, Customer shall be responsible for the collection of all applicable end-user taxes and fees and the remittance of such taxes and fees to the relevant government authorities.

4.4. **Fraudulent Usage.**

Customer understands that fraudulent use of its Service is its responsibility to protect against, and that Carrier has only limited ability to prevent fraudulent use of Customer's Service. Therefore, Carrier is not responsible for fraudulent usage of Services, unless such fraudulent usage is caused by any act or omission of Carrier. Unless caused by acts or omissions of Carrier, claims of fraudulent usage shall not constitute a valid basis for dispute of an invoice. However, Carrier shall use reasonable efforts to work cooperatively with Customer to prevent fraudulent usage of Service and shall make available to Customer Originating Line Screening, Billed Number Screening, and such other fraud prevention and screening services generally made available by telecommunications carriers in general and local exchange carriers in particular. Carrier shall be deemed to be negligent if it does not employ such fraud prevention services which are generally used by LECs in the State of Florida or which are required to be used pursuant to rules, regulations or policies of the FCC or the Florida PSC.

4.5. **Billing Disputes.**

Except as provided in **Section 4.4** hereof, in the event that Customer disputes any charges on any invoice rendered to it by Carrier, Customer shall notify Carrier in writing of such bona fide dispute on or before the Due Date. Such notification shall state the amount in dispute and the basis for the dispute. Customer shall pay all undisputed amounts on or before the Due Date, but may withhold payment of the disputed amount pending resolution of the dispute subject to **Section 9.7**. The Parties agree to work cooperatively and in good faith to resolve any billing disputes and shall use reasonable efforts to achieve such resolution within sixty (60) days of notification of the dispute.

SECTION 5

5. **TERMINATION RIGHTS; DEFAULTS.**

5.1. **Regulatory Changes.**

5.1.1. If the FCC, FPSC, any other state or other regulatory agency or court of competent jurisdiction issues any rules, regulations, laws or orders which are binding on Carrier and which have the effect of canceling, changing, or superseding any material term or provision of the Agreement (collectively "**Regulatory Requirement**"), then this Agreement shall be deemed modified in such a way as to be consistent with the form, intent and purpose of this Agreement and as necessary to comply with such Regulatory Requirement, provided that such modification is applicable to all similarly situated customers of Carrier if any similarly situated customers exist. Should the Parties not be able to agree on modifications necessary to comply with a Regulatory Requirement within thirty (30) days after the Regulatory Requirement becomes binding on Carrier, the matter shall be submitted to binding arbitration pursuant to the rules then in effect of the American Arbitration Association. The arbitration shall take place in Orlando, Florida or such other place as mutually acceptable to the parties and judgment upon the arbitration ruling may be entered in any court having jurisdiction thereof. In the event that the result of such binding arbitration is a ruling that modification of this Agreement so as to comply with such Regulatory Requirement is not possible nor commercially reasonable,

then upon written notice, either Party may, to the extent practicable, terminate that portion of this Agreement not in compliance with the Regulatory Requirement or enforcement thereof.

5.1.2. The parties hereto are each aware that the FCC is currently considering a proposal commonly referred to as the Multi-Association Group (“MAG”) proposal which, if adopted, would result in (a) reductions in the Carrier’s interstate access charges that Carrier is entitled to charge long distance carriers (the “**Interstate Access Charges**”); (b) increases in the subscriber line charges assessed to end users; and/or (c) increases in universal service support funds received by the Carrier to offset loss of or reductions in Interstate Access Charges. Notwithstanding the uncertainty regarding the ultimate decisions rendered by the FCC in any such proceeding, it is the intent of the parties that any such regulatory changes shall not, to the extent possible, affect the economic value of the transactions contemplated herein or provide a windfall to any party. Accordingly, the parties hereto agree that in the event that the FCC adopts either the MAG proposal or an alternative proposal affecting interstate access charge levels, subscriber line charges, and/or resulting associated changes in universal service fund support levels during a period which would otherwise impact the implementation of any provision of this Agreement:

5.1.2.(a) Carrier shall be entitled to increase Customer's subscriber line charges to the extent required by law notwithstanding the provisions of Section 3 hereof; and

5.1.2.(b) Customer will compute its net effect (the “**Customer Net Effect**”) as follows: Customer will first determine the total increase in charges it incurs as a result of the increase in Customer's subscriber line charges imposed by Carrier. From this total, Customer will subtract all reductions in Customer’s switched long distance toll rates directly attributable to the reduction in the Carrier’s Interstate Access Charges. The result is the Customer Net Effect. The Carrier will compute its net effect (the “**Carrier Net Effect**”) by adding the additional revenues it receives as a result of increases in the subscriber line charge retained by Carrier and any associated increase in universal service support attributable to the reduction in Carrier's Interstate Access Charges. From this total, Carrier will subtract the revenue reduction resulting from decreases in Interstate Access Charges. The result is the Carrier Net Effect. If the Customer Net Effect is greater than zero and the Carrier Net Effect is greater than zero, then Carrier shall reimburse Customer, by lawful adjustments to other charges assessed to Customer pursuant to this Agreement, an amount equal to the lower of the Customer Net Effect or the Carrier Net Effect. Carrier shall use good faith, reasonable efforts to modify its tariffed rate structure, as necessary, to assure that Customer receives the economic benefit of this Section in compliance with applicable law. The Carrier Net Effect and the Customer Net Effect will be calculated on an annual basis no later than April 30th of each year with respect to the twelve-month period ending on the immediately preceding February 28th. Promptly upon completion of such computation, Customer and Carrier shall provide its computation to the other.

5.1.2.(c) In the event of a dispute solely with respect to any computation under this Section 5.1, such dispute shall be submitted to binding arbitration pursuant to the rules then in effect of the American Arbitration Association. The arbitration shall take place in Orlando, Florida or such other place as mutually acceptable to the parties and judgment upon the arbitration ruling may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, any dispute with respect to either party’s rights, duties and obligations under this Section, other than disputes regarding the calculation of the amount due either party hereunder, shall not be subject to nor submitted to arbitration.

5.2. Core Service Defaults.

The Parties agree and understand that reliable, always available, and efficient telecommunications services are critical to the Customer’s business operations, including, but not limited to, its operation of resort and entertainment facilities. Accordingly, Carrier’s failure to provide the Core Services (as defined below) to Customer in accordance with the terms of this Agreement shall be deemed a “**Core Service Default.**” For purposes of this Agreement and subject to Section 7, each of the following shall be deemed to be a Core Service Default: a) Carrier’s failure to provide Service more than twice in any twelve (12) month period

to twenty-five (25) percent or greater of Customer's Access Lines served by Carrier for more than twenty-four (24) consecutive hours; b) Carrier's failure to provide Service to twenty-five (25) percent or greater of Customer's Access Lines provided and maintained by Carrier (a "**Significant Service Failure**") for more than twelve (12) consecutive hours on four (4) or more occasions within any ninety (90) consecutive day period; c) a pattern of failing to meet the Service Quality Standards set forth and described in Section II of Attachment 2 attached hereto; d) Carrier's failure more than four times in any twelve (12) month period to repair a Major Service Disruption or Failure (as defined in Section I of Attachment 2 attached hereto) in accordance with the requirements of subsection D of Section I of Attachment 2 ("**Major Service Disruptions and Failures**"); and e) a pattern of failing to satisfy and comply with the repair guidelines for Other Service Disruptions and Failures set forth in subsection E of Section I of Attachment 2. Immediately upon occurrence of any Core Service Default as defined in this **Section 5.2**, and subject to **Section 5.8**, Customer may pursue all rights and remedies available at law or in equity to an aggrieved party for breach of contract including, without limitation, termination of this Agreement, actual damages or equitable injunctive relief subject to the limitations of **Section 8.3.2** hereof. Notwithstanding the foregoing, Customer shall be entitled to make alternative arrangements ("**Alternative Arrangements**"), at its sole cost and expense, for the provision of any Core Services which Carrier fails to provide or which are interrupted and such failure or interruption continues for more than two (2) consecutive hours after Carrier's receipt of verbal notice from Customer (promptly followed by written notice delivered by facsimile). For purposes of the foregoing, verbal notice shall be made to the Hotline set forth and described in Section I of Attachment 2 attached hereto or such other telephone number as may be designated from time to time in writing by Carrier to Customer, or, if no Hotline then exists and if no telephone number has been designated in writing then such verbal notice shall be delivered to Jim Pearson at 201-444-8766; and, in all events, facsimile notice shall be delivered pursuant to **Section 9.16** hereof. In the event that Customer is entitled to make Alternative Arrangements and such Alternative Arrangements are made and the Core Service failure or interruption for which such Alternative Arrangements were made is a Significant Service Failure or a Major Service Disruption and Failure, Carrier shall be liable for all fees, costs and expenses reasonably incurred by Customer with respect to the Alternative Arrangements but only to the extent that, and for the period of time during which, such Significant Service Failure or Major Service Disruption and Failure continues for more than twelve (12) hours. Notwithstanding the foregoing, if any delays in repairing or restoring Core Services are caused by Customer or its agents, employees or invitees, such delays shall not be considered in determining whether a Core Service Default has occurred and in determining whether Alternative Arrangement can be made or must be paid for by Carrier.

5.2.1. **Core Services.** For the purposes of this Agreement, the following services, to the extent provided by Carrier, shall be deemed to be "**Core Services**": a) local exchange service (the provision of access lines connecting Customer locations with Carrier's network facilities, and the ability to originate and receive local calls); b) intraLATA toll service (calls within a single LATA, for which toll charges apply); c) special access service; d) data transmission; e) interexchange access service (use of the Carrier's network facilities for the origination and/or termination of interexchange calls); f) access to operator assistance (use of live or automated operators for completion or billing of calls); and g) access to emergency assistance (E-911) service.

5.3. **Non-Core Service Defaults.**

Subject to **Section 7** hereof, the failure of Carrier to provide any Services required herein that do not rise to the level of a Core Service Default shall be a Non-Core Service Default. Carrier shall cure such Non-Core Service Default within thirty (30) days of notification of said Non-Core Service Default. If such Non-Core Service Default is not cured in full within thirty (30) days of Carrier's receipt of Customer's written notice of such Non-Core Service Default, or if such Non-Core Service Default cannot reasonably be cured within such thirty (30) day period if Carrier does not promptly commence within such thirty (30) day period and does not diligently and continuously pursue such cure and such Non-Core Service Default remains uncured after a reasonable period of time not to exceed one hundred eighty (180) days, then Customer, subject to **Section 5.8**, may pursue all rights and remedies available at law or in equity to an aggrieved party for breach of contract including, without limitation, termination of this Agreement, actual damages or equitable injunctive relief subject to the limitations of **Section 8.3.2** hereof. Any breach or default of this Agreement not constituting either

a Core Service Default (pursuant to Section 5.2) or a Non-Core Service Default (pursuant to Section 5.3) shall be deemed to be a Non-Service Default, (provided, however, that in determining whether there has been a breach or default, reference shall be made to Section 7 hereof) (Core Service Defaults, Non-Core Service Defaults, and Non-Service Defaults shall collectively be referred to herein as “**Defaults**”). Customer shall use good faith efforts, at no cost to Customer, to assist Carrier in timely repairing or restoring any Services and shall cooperate with and not unreasonably interfere with Carrier's efforts to make repairs and restorations so as to avoid Core Service Defaults and Non-Core Service Defaults.

5.4. Non-Service Default.

A Non-Service Default shall constitute a breach of this Agreement by Carrier the occurrence of which shall entitle Customer to terminate the Agreement for cause pursuant to Section 5.5 hereof. A Non-Service Default shall include any of the following:

5.4.1. Carrier's subcontracting of its major or service related functions and duties under the Agreement (including, without limitation, management, engineering, service, maintenance and repair) to outside vendors unaffiliated with Carrier without obtaining Customer's prior written approval which shall not unreasonably be withheld; provided, however, that Carrier shall be entitled to thirty (30) days after Carrier's receipt of written notice from Customer of Carrier's breach of the foregoing obligation to obtain Customer's written consent to such subcontracting to cure such Default. Among other reasons, it shall be reasonable for Customer to withhold its consent if any such subcontractor refuses to comply with all reasonable standards, rules and regulations of Customer which may be in effect from time to time and applicable to employees of entities sponsoring attractions or corporate displays in the WALT DISNEY WORLD® Resort or any part thereof, including, for example, the rules of conduct and appearance for its own employees governing contact with Customer's guests and governing employees' presence in all public areas (collectively, the “**Disney Employee Standards**”). Notwithstanding the foregoing, Carrier shall be entitled to subcontract its major or service related function's without Customer's prior written consent provided that (i) such subcontracting is in a manner reasonably consistent with the subcontracting practices of Carrier's predecessor prior to the date hereof or such subcontracting is limited to occasional, short-term subcontracting to fill usual needs, and (ii) each such subcontract is for ten (10) or less individuals each of whose subcontract employment is for one (1) year or less.

Further notwithstanding the foregoing, Carrier shall require that all its subcontractors (whether or not Customer's consent is required) comply with the Disney Employee Standards.

5.4.2. Carrier executing an agreement or entering into a transaction for (i) the sale, transfer or other disposition of all or any portion of Carrier's assets located within the Service Area (except in the ordinary course of business); (ii) if Carrier is a subsidiary of one or more other entities, the sale, transfer or other disposition of a Controlling Interest (as hereinafter defined) of Carrier to an entity that is not a Carrier Affiliate (as hereinafter defined); or (iii) the sale, disposition or other transfer of a Controlling Interest of Carrier or any one or more of its direct or indirect parent entities to an Entertainment Company (as hereinafter defined) (collectively “**Prohibited Transfers**”), without in each and every instance providing advance written notice of the Prohibited Transfer to Customer and obtaining Customer's prior written consent to such Prohibited Transfer. For Prohibited Transfers governed by clause (iii) of this Section 5.4.2 Customer's consent may be granted or withheld in Customer's sole and absolute discretion. For all other Prohibited Transfers, Customer may grant or withhold its consent in its sole and absolute discretion unless the proposed transferee satisfies each of the following criteria in which case Customer's consent to such Prohibited Transfer shall not be unreasonably withheld or delayed:

5.4.2.(a) The Proposed Transferee (as hereinafter defined) or Transferee Parent (as hereinafter defined) must have at least five (5) years experience as an incumbent local exchange company or reasonable equivalent; and

5.4.2.(b) The Proposed Transferee or Transferee Parent shall have revenues of at least One Hundred Million and NO/100 Dollars (\$100,000,000.00) per year in each of the last three (3) years; and

5.4.2.(c) As of the date the Proposed Transferee is identified to Customer, the Proposed Transferee or Transferee Parent shall have either (i) a net worth of at least One Hundred Million and NO/100 Dollars (\$100,000,000.00) or (ii) a market capitalization or, in the case of a private company, market value (provided that there has been, within the previous two (2) years, a valuation event (such as an investment in the company by an unrelated third party, a sale of shares or interests in the company at fair market value or grant of options at fair market value) determining such market value and further provided that there has been no intervening event or events materially adversely affecting such market value) of at least Two Hundred Million and NO/100 Dollars (\$200,000,000.00); and

5.4.2.(d) The Proposed Transferee or Transferee Parent shall have at least twenty thousand (20,000) Access Lines; and

5.4.2.(e) Neither the Proposed Transferee nor any Transferee Affiliate (as hereinafter defined) shall have, within the past five (5) years, been criminally convicted as a result of acts involving fraud, perjury or bribery, and, as of the date the Proposed Transferee is identified to Customer, shall not be under an indictment or investigation for fraud, perjury or bribery; and

5.4.2.(f) Neither the Proposed Transferee nor any Transferee Affiliate shall have a pattern or practice of engaging in unfair or deceptive trade practices, violations of local, state or federal consumer practices laws, violations of state, local or federal environmental laws or acts involving dishonesty, deceit or unethical business practices; and

5.4.2.(g) Neither the Proposed Transferee nor any Transferee Affiliate shall have a public identity or public perception inconsistent with the overall theme, concept, atmosphere, quality and family-oriented environment associated with the Walt Disney World® Resort; and

5.4.2.(h) Neither the Proposed Transferee nor any Transferee Affiliate shall have ever been involved in the production, manufacture, sale or distribution of pornography provided that ownership of a network on which pornography may be transmitted shall not be deemed to be the production, manufacture, sale or distribution of pornography; and

5.4.2.(i) The Proposed Transferee or Transferee Parent shall be financially solvent based upon financial information or statements submitted to Customer as well as other data as may be reasonably requested by Customer; and

5.4.2.(j) The Proposed Transferee or Transferee Parent shall have the financial and technical capability to enable it to satisfy Carrier's obligations under this Agreement for the remainder of the term of this Agreement; and

5.4.2.(k) Neither the Proposed Transferee nor any Transferee Affiliate shall have in the previous two (2) years been in material default under any material, written agreement with any direct or indirect subsidiary (wholly or partially owned) of The Walt Disney Company.

In the event that any one or more of clauses (a), (b), (c), (d), (i) or (j) of this **Section 5.4.2** is satisfied by a Transferee Parent but not by the Proposed Transferee, it shall be reasonable for Customer to condition its consent to the Proposed Transferee by requiring an appropriate guarantee by the Transferee Parent of the Proposed Transferee's assumed obligations as a result of the Prohibited Transfer.

Notwithstanding the foregoing, nothing herein shall preclude the grant by Carrier to its lender of a lien on all or substantially all of its assets including this Agreement, provided, however, that such lender is not an Entertainment Company and further provided that to the extent such lender or other party obtains title to

Carrier's assets as a result of such lien, such lender or other party shall not be relieved of the transfer restrictions contained in this **Section 5.4.2** and any proposed transfer by the lender or other third party shall be subject to such restrictions and limitations. For purposes of this Agreement, "**Proposed Transferee**" shall mean the person or entity with whom Carrier desires to enter into a Prohibited Transfer; "**Affiliate**" shall mean any person or entity owned by, under common control with, or controlled, directly or indirectly, by another person or entity; "**Carrier Affiliate**" shall mean an Affiliate of Carrier; "**Transferee Parent**" shall mean the person or entity with the power to control, either directly or indirectly, the Proposed Transferee; "**Controlling Interest**" shall mean that percentage of equity ownership (regardless of whether Carrier is a partnership, corporation, limited liability company or other entity, which, if transferred sold or otherwise disposed of, would result in a change in the persons or entities which have the right and/or power, directly or indirectly, to direct and control the business and affairs of Carrier; "**Entertainment Company**" shall mean a person or entity owning (which shall mean for purposes hereof owning a ten percent (10%) or greater interest in), managing or operating one (1) or more Entertainment Venues; and "**Entertainment Venue**" shall mean any individual entertainment facility, or a group, district or other assemblage of entertainment facilities, and any and all parts and components thereof, offering attractions, rides, shows, exhibits, amusement devices (such as game arcades, virtual reality or similar entertainment devices) and/or other forms of entertainment, regardless of whether an admission fee is charged for admission thereto (collectively "**Attractions**") such as, by way of example, but without limitation, MAGIC KINGDOM® Park, Epcot®, Disney-MGM Studios, Pleasure Island, Church Street Station, City Walk, Sixflags, Cedar Point, Busch Gardens, DISNEY'S BLIZZARD BEACH Water Park, Universal® Studios, Sea World®, Splendid China, Arabian Knights, and Wet & Wild; and any and all related areas and facilities which are promoted, advertised or marketed with or under the same or similar name as, including, without limitation, resorts, hotels, restaurants, golf courses and shopping areas; provided, however, that such Attractions and their related areas and facilities occupy, in the aggregate, at least 100,000 square feet of floor area.

5.4.3. If within the first thirty (30) months of the Minimum Service Term, neither James Pearson nor Martin Rubin (the "**Key Managers**") is continuously involved in the management of Carrier (unless such failure is due to the illness, death, or mental or physical disability of the Key Managers), and, in the event of such failure, such Key Managers are not replaced with at least one individual reasonably acceptable to Customer within one hundred eighty (180) days after the failure of the last of the two Key Managers to be involved in the management of Carrier.

5.4.4. Carrier's failure to hold and maintain in effect any and all licenses, certificates, authorizations and permits required for the performance of Service under this Agreement; provided, however, that Carrier shall be entitled to a reasonable time period after Carrier's receipt of notice of such default from Customer or the appropriate governmental agency to cure such Default so long as there is no Core Service Default or Non-Core Service Default as a result of such failure.

5.4.5. Carrier's enforcement or attempted enforcement against Customer of any amendments or revisions to the Tariff, or any other contract or document which would have the effect of (i) changing any rates charged to Customer under this Agreement, except as provided by the terms hereof, or (ii) altering the level or quality of Services provided pursuant to this Agreement or would otherwise contradict or be inconsistent with this Agreement (including, without limitation, Carrier's obligations under this Agreement) without Customer's prior written approval, provided, however, that Carrier shall be entitled to thirty (30) days after Carrier's receipt of written notice of Default, to cure such Default.

5.4.6. Carrier divulging any of Customer's Proprietary Information, except as permitted by **Section 9.8** and **Section 9.9**.

5.4.7. Carrier's failure to pay Customer when due any installment of the Deferred Purchase Price (as that term is defined in the Asset Purchase Agreement) if such failure continues for more than ten (10) business days after Carrier's receipt of written notice from Customer of such failure.

5.4.8. An Event of Default (beyond any applicable cure period) shall have occurred under either or both of the Pledge and Security Agreement dated of even date herewith between Vista-United Telecommunications and Carrier and/or the Pledge and Security Agreement dated of even date herewith by and between Walt Disney World Co. and Carrier.

5.4.9. Any other material violation of this Agreement which shall not be cured within thirty (30) days following notification to Carrier from Customer of the violation; provided, however, that if such material violation cannot reasonably be cured within thirty (30) days, and Carrier promptly commences and diligently pursues cure, such material violation shall not be a Default unless the material violation remains uncured after a reasonable period of time to cure not exceeding one hundred eighty (180) days.

5.5. **Breach of Agreement.**

Upon the occurrence of a Non-Service Default as defined in **Section 5.4**, and if such Non-Service Default is not cured within any applicable cure period then Customer may pursue all rights and remedies available at law or in equity to an aggrieved party for breach of contract including, without limitation, termination of this Agreement, actual damages or equitable injunctive relief subject to the limitations of **Section 8.3.2** hereof.

5.6. **Other Reasons for Termination.**

In addition to the foregoing, this Agreement may be terminated at any time upon the mutual written agreement of the Parties.

5.7. **Breach by Customer.**

In the event of a breach of this Agreement by Customer and such breach is not cured within thirty (30) days (ten (10) business days for failure to pay an Invoice) after receipt by Customer of written notice of such breach from Carrier, or, if such breach cannot reasonably be cured within such thirty (30) day period, if Customer does not promptly commence within such thirty (30) day period and does not diligently and continuously pursue such cure and such breach remains uncured after a reasonable period of time not to exceed one hundred eighty (180) days, then Carrier may pursue all rights and remedies available at law or in equity to an aggrieved party for breach of contract including, without limitation, termination of this Agreement, actual damages or equitable injunctive relief subject to the limitations of **Section 8.3.1** hereof.

5.8. **Waiver of Default.**

In the event of a Default by either Party under this Agreement, if the non-defaulting Party fails to notify the defaulting Party in writing of such Default or fails to exercise its right to terminate this Agreement (to the extent such non-defaulting Party has such right), within one hundred eighty (180) days after the later of (i) the occurrence of the last event giving rise to such Default or (ii) the date that the non-defaulting Party knew or reasonably should have known of such Default (the "**Estoppel Period**"), then such Default shall be forever waived by the non-defaulting Party; provided, however that such waiver (x) shall not apply to the extent that a Default is a Continuing Default and (y) shall not be deemed a waiver of any subsequent Defaults (whether or not similar in nature to the waived Default). For purposes hereof, a Default shall not be considered a "**Continuing Default**" if, among other things, a cure of the event giving rise to the occurrence of such Default has been effected on or before the end of the Estoppel Period, even if such cure was effected after the expiration of any time period otherwise applicable to the creation of such Default or after any grace period otherwise applicable thereto, or, if as a result of the passage of time, the Default cannot be cured.

SECTION 6

6. REPRESENTATIONS, WARRANTIES AND COVENANTS.

6.1. **Carrier's Warranties.**

Carrier warrants that Service provided pursuant to this Agreement shall conform, in all material respects, with generally-recognized telecommunications industry standard setting organizations, as well as those Service Quality Standards referenced in and/or attached to this Agreement and shall comply, in all material respects, with applicable service standards established by the PSC and the FCC (the "Regulatory Standards") and that Carrier shall cure any violations of the Regulatory Standards within any applicable period granted by such regulatory bodies to effect such cure. EXCEPT AS EXPRESSLY MADE HEREIN, CARRIER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

6.2. **Customer's Representations.**

Customer jointly and severally makes the following representations to Carrier.

6.2.1. The Current Services, together with the service being provided by Carrier pursuant to that certain Pay Telephone Service Agreement and that Bulk Non-Wire Center Facilities Lease Agreement, both of even date herewith, include all of telecommunications services provided by Vista-United to Customer (except for differences (increases or decreases) based on customer demand, growth, changes in technology, etc., and excluding the Non-Regulated Services) during the 1999 calendar year.

6.2.2. To the knowledge of Customer's Representative without inquiry, as of the date hereof, there are no Additional Services referred to in clause (ii) of the first sentence of **Section 1.3.1** hereof which Carrier would be required to provide if requested by Customer.

6.2.3. A sufficient amount of inventory was conveyed by Vista-United to Carrier to enable Carrier to satisfy, as of the date hereof, Carrier's obligation under **Section 5.2** but only to the extent that such obligations are satisfied in a manner consistent with the prior operating procedures of Vista-United. For purposes of this representation, the amount of inventory conveyed by Vista-United to Carrier shall be deemed to be sufficient unless Carrier can establish that any purported insufficiency of inventory can only be cured with the purchase of inventory with an aggregate purchase price (with consideration for any distributor discount) of more than One Hundred Thousand and NO/100 Dollars (\$100,000.00).

6.2.4. As of the date hereof, Carrier's local telephone exchange network (excluding employees and assets not critical to the provision of the Current Services) acquired by Carrier from Vista-United on the date hereof is in a condition (with due consideration for and subject to reasonable wear and tear, the age of each specific element of the local telephone exchange network, typical equipment replacement programs and typical, industry standard, new equipment mortality rates) to satisfy the technical standards for availability required under this Agreement, it being understood and agreed by Carrier that this representation shall in no event be deemed to be a warranty or guarantee of any specific elements of the local telephone exchange network.

6.2.5. Since January 1, 1999, there have been no occurrences which if they had occurred while this Agreement was in effect, would have resulted in a Core Service Default or a Non-Core Service Default (assuming in each case that any appropriate notice was given).

Each and every one of the representations of Customer in this **Section 6.2** shall terminate, expire and be of no further force and effect as of the date which is six (6) months after the date hereof. EXCEPT AS EXPRESSLY MADE HEREIN, CUSTOMER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

6.3. **Additional Customer Covenants.**

Customer covenants that, during the Minimum Service Term or any extension thereof, Customer:

6.3.1. shall not grant or convey easements for the installation of telecommunications facilities for the provision of telecommunication services covered by the Carrier Exclusive over that portion of the Disney Properties located north of U.S. Highway 192 and west of Interstate 4 to any third party telecommunications companies except as may now or hereafter be required by law or any court or regulatory agency of competent jurisdiction or in conjunction with and as necessary for Customer to obtain Excluded Services or those Additional Services and Advanced Services which Carrier is unwilling or unable to provide;

6.3.2. to the extent that Customer grants easements for the installation of telecommunications facilities for the provision of telecommunications services covered by the Carrier Exclusive over that portion of the Disney Properties located east of Interstate 4 or south of U.S. Highway 192 to any third party telecommunications companies, Customer shall provide the same or substantially similar easements to Carrier upon Carrier's request; and

6.3.3. shall not use any other telecommunications technology or telecommunications provider as a means of Bypass except as necessary for Customer to obtain Excluded Services or those Additional Services or Advanced Services which Carrier is unwilling or unable to provide; and

6.3.4. shall not resell any Service purchased from Carrier except, to the extent permitted by law, for services used by guests of Customer while on the Disney Properties, third party operating participants located within the Disney Properties and other tenants and service providers of Customer located on Disney Properties.

6.4. Customer's Post-Termination Obligation.

6.4.1. The FCC is currently considering a proposal commonly referred to as the Rural Task Force ("RTF") Recommendation which could alter the manner in which the universal service support to a rural telephone company is determined. Adoption of the RTF Recommendation could result in a loss of universal service support to an incumbent rural telephone company in the event that a competing local exchange carrier were to provide service to customers previously served by the incumbent rural telephone company. In the event that the FCC adopts, within the two (2) year period after the date hereof, the RTF Recommendation or alternative rules which result in the incumbent rural telephone company receiving reduced universal service support payments and a competing local exchange carrier who provides service to customers previously served by the incumbent rural telephone company having an opportunity to receive a related increase in universal service support, and if such rules and regulations are in effect upon the expiration date of the Minimum Service Term, Customer covenants and agrees as follows:

6.4.1.(a) For a period of thirteen (13) years beginning on the date of expiration of the Minimum Service Term and ending on the twentieth anniversary of the Customer's Initial Service Date (the "USF Term"), in the event that Customer elects to obtain one or more of the Current Services from a carrier (the "Competing Carrier") other than Carrier, and such utilization of the Competing Carrier results in a loss of universal service support received by Carrier and an opportunity of a Competing Carrier to receive a related increase in universal service support pursuant to then applicable rules and regulations of the FCC (or its successor), Customer shall reimburse or partially reimburse Carrier for the amount of the loss of universal service support in accordance with the following (the "USS Reimbursement Obligation"). The amount of any such reimbursement (or partial reimbursement) from Customer to Carrier during any calendar year shall be an amount equal to the lesser of (i) the amount of savings achieved by Customer during the same calendar year solely due to and as a result of its decision to obtain Current Services from the Competing Carrier; or (ii) the reduction in the amount of universal service support payments received by Carrier during the same calendar year solely as a result of Customer's election to obtain Current Services from the Competing Carrier instead of Carrier during such calendar year less the amounts received by Carrier from Competing Carrier for Competing

Carrier's use of unbundled elements of Carrier's network in providing the Current Services to Customer during such calendar year, provided that Customer shall have no USS Reimbursement Obligation for any calendar year with respect to which the amount thereof is less than \$650,000, plus, for any calendar year commencing on or after the thirteenth anniversary of the date of this Agreement, the percentage increase in the CPI (as defined in **Exhibit A-1** of this Agreement) for the immediately preceding calendar year over the CPI for the eleventh calendar year. Any reimbursements due by Customer to Carrier for any calendar year shall be due and payable from Customer to Carrier on the later to occur of April 1 of the following calendar year or ninety (90) days after Customer's receipt of written demand for such reimbursement from Carrier. Any reimbursements due by Customer to Carrier during the last calendar year in the USF Term shall be prorated based upon the number of days between January 1 of such last calendar year and the end of the USF Term. Notwithstanding the foregoing, this **Section 6.4** shall be automatically null and void and of no further force and effect and Customer shall have no reimbursement obligations to Carrier hereunder if Customer terminates this Agreement as a result of a Default by Carrier under the terms of this Agreement. For purposes of this Section, the term "**universal service support**" has the same meaning as given to that term in Section 254(e) of the Telecommunications Act of 1996, and the term shall be inclusive of any payment mechanism recognized by the FCC (or its successor) as "**Universal Service Support**" irrespective of any other or additional name or label with which it may be recognized or associated.

6.4.2. In the event of a dispute solely with respect to any computation under this **Section 6.4**, such dispute shall be submitted to binding arbitration pursuant to the rules then in effect of the American Arbitration Association. The arbitration shall take place in Orlando, Florida or such other place as mutually acceptable to the parties and judgment upon the arbitration ruling may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, any dispute with respect to either party's rights, duties and obligations under this Section, other than disputes regarding the calculation of the amount due either party hereunder, shall not be subject to nor submitted to arbitration.

6.4.3. This Section 6.4 shall survive expiration or earlier termination of this Agreement.

SECTION 7

7. FORCE MAJEURE.

Other than with respect to failure to make payments due hereunder, either Party's performance under this Agreement shall be excused and the Parties shall not be liable where their failure to perform is caused by events beyond their reasonable control including, but not limited to, fire, earthquake, flood, labor disputes or shortages, utility curtailments, power failures, explosions, civil disturbances, governmental actions, shortages of equipment or supplies, unavailability of transportation, hurricanes, named tropical storms, tornadoes, acts or omissions of third parties. The Party asserting occurrence of a force majeure situation shall use commercially reasonable efforts (i) to prepare for events of force majeure which are or may be reasonably anticipated by Carrier and (ii) to remedy its performance at the earliest possible time. Carrier is specifically obligated to maintain available alternative power sources to prevent or mitigate disruption of Services in the event of a power outage, reduction or other disruption to its primary source of power.

SECTION 8

8. INDEMNIFICATION, SPECIFIC PERFORMANCE, AND LIMITATION OF LIABILITY.

8.1. Indemnification.

Subject to the provisions of **Section 8.3**, each Party shall indemnify, defend, and hold harmless the other Party, its affiliates, respective officers, shareholders, employees, agents, successors, and assigns from and against any and all liabilities, costs, damages, fines, assessments, penalties, and expenses, including

reasonable attorneys' fees and costs, including those incurred in enforcing its rights hereunder (collectively "Damages"), resulting from (1) breach of any provision, warranty, or term of this Agreement by the indemnifying Party, its employees or agents, or 2) any misrepresentation, negligence, or illegal act or omission of the indemnifying Party, its employees or agents, arising out of the indemnifying Party's performance under this Agreement. The Parties' obligations under this subsection shall survive the expiration or termination of this Agreement.

8.2. Specific Performance.

Carrier's obligations to provide Services under this Agreement are unique to the Carrier and, to the extent allowed under applicable law, Carrier acknowledges and agrees that the Service which it provides pursuant to this Agreement is critical to Customer and its guests, and that its failure to provide the Service under and pursuant to the terms of this Agreement would inflict significant harm on Customer and guests. Accordingly, in the event of any dispute regarding this Agreement or any Default by Carrier or termination by Customer, and without modification to this Agreement, the Carrier hereby provides Customer the right to request that Carrier, and Carrier shall be obligated upon such request, to provide the Service pursuant to the terms of this Agreement until Customer is able to obtain the Service from other providers under such terms deemed acceptable in Customer's sole discretion; provided, however, that if Customer is not timely making payments to Carrier for such continued Services (subject to bona fide disputes in accordance with Section 9.7 hereof) or if solely as a result of Customer's actions, Carrier's cash flow is materially adversely affected, Carrier shall have no such obligation but shall in no event be relieved of any legal or regulatory obligation to provide telecommunication services at the then current tariffed rates to Customer as a consequence of being the incumbent LEC. Upon receipt of reasonable notice of the need for Service by Customer, Carrier shall provide any Service already being provided pursuant to this Agreement upon request by Customer for a period up to, but not to exceed twelve (12) months from the date that this Agreement is terminated so as to afford Customer a reasonable opportunity to enter into arrangements to obtain Service from other providers. Notwithstanding anything else to the contrary in this Section, and except as may be required by law or Regulatory Requirement, in no circumstance shall Carrier be obligated to provide Service to Customer beyond the ninety-sixth (96th) month after the date of this Agreement pursuant to this Section 8.2. Neither shall Carrier be obligated to provide any specific Service to a specific Customer if that specific Customer has failed to remit timely payment to Carrier of amounts due in accordance with Section 4.2, subject to Customer's right to cure such non-payment breach pursuant to Section 5.7. The foregoing right to discontinue providing Services shall be limited to discontinuance of the specific Service or Services for which a specific Customer has failed to timely pay and limited to the specific Customer who has failed to make such payments. In addition, during the term of this Agreement to the extent Customer is entitled under this Agreement to engage another provider of telecommunication services and after termination of this Agreement, Carrier shall not obstruct or interfere with another provider of telecommunication services to provide such Service to Customer (so long as any signal carried by such provider does not interfere with signals carried by Carrier), and Carrier shall make available to such other provider the use of Carrier's facilities on reasonable rates, terms and conditions, as needed to provide such Service to Customer, in accordance with the Communications Act of 1934, as amended, as well as all applicable rules and orders of the FCC and FPSC. Further, Carrier agrees that the posting of any bond shall not constitute a defense for its obligations under this subsection. The Parties' obligations under this subsection shall survive the expiration or termination of this Agreement.

8.3. Liability Limits.

8.3.1. Customer's Liability Limits.

8.3.1.(a) Customer's Default. In the event that one or more Defaulting Disney Customers are pursuant to Section 5.7 hereof, in material default under the terms of this Agreement beyond any applicable cure period or of any indemnity obligation pursuant to Section 8.1, Carrier's amount of recovery for damage shall at all times be limited to, and shall in no event exceed, the lesser of (i) Carrier's amount of actual damages incurred as a result of such material default by the Defaulting Disney Customer or Customers, as the

case may be, (excluding any consequential, incidental, or indirect damages, including, without limitation, indirect lost profits, indirect lost revenues and loss of business opportunity (whether or not Customer was aware or should have been aware of the possibility of these damages) or punitive damages (collectively, the "**Consequential Damages**") the right to which Carrier hereby absolute waives); or (ii) the Termination Fee (as hereinafter defined). Notwithstanding the foregoing limitation on the recovery of Consequential Damages, Carrier shall not be prohibited from pursuing recovery, as an element of actual damages, of Carrier's lost profits arising directly under this Agreement. Nothing herein shall be deemed to limit either Party's obligation to mitigate its damages as a result of the other Party's Default.

8.3.1.(b) **Early Termination by Customer.** In the event that Customer terminates this Agreement prior to the expiration of the Minimum Service Term for reasons other than a Default by Carrier or mutual agreement of the parties, Customer shall upon such termination, pay to Carrier, as Carrier's sole and exclusive remedy for such termination, the Termination Fee (as hereinafter defined). Customer shall only be obligated to pay one Termination Fee and only upon termination of the Agreement by all entities constituting Customer. No individual Disney Customer or Affiliated Company shall have the right to terminate this Agreement early unless all Disney Customers and Affiliated Companies terminate this Agreement at the same time.

8.3.1.(c) **Termination Fee.** The "**Termination Fee**" shall be defined as the sum of (i) the amount due to Carrier under the terms of this Agreement for services rendered to Customer as of the date of termination of this Agreement (the "**Termination Date**") plus (ii) an amount equal to the Termination Multiplier (as hereinafter defined) multiplied by the Average Monthly Fee (as hereinafter defined) multiplied by the number of months remaining in the Minimum Service Term as measured from the Termination Date. The "**Average Monthly Fee**" shall mean the average monthly billings charged by Carrier to Customer for Customer's monthly usage for all Services provided by Carrier to Customer under this Agreement for the twelve (12) full calendar months preceding the Termination Date; provided, however, that if the Termination Date occurs prior to the end of the first twelve (12) months of the Minimum Service Term, the calculation of the Average Monthly Fee shall include a sufficient number of months of Customer usage prior to the CSID to obtain a twelve (12) month average. The "**Termination Multiplier**" shall equal one of the following: (i) one hundred percent (100%) if the Termination Date occurs within the first, second, third, fourth or fifth years of the Minimum Service Term; or (ii) eighty percent (80%) if the Termination Date occurs within the sixth or seventh years of the Minimum Service Term. For purposes of the foregoing, each year in the Minimum Service Term shall be measured from the CISD or yearly anniversary of the CISD as applicable.

8.3.2. **Carrier's Liability Limits.** In the event that Carrier shall fail to provide Service requested by Customer as contemplated by this Agreement which Carrier is obligated to provide under the terms of this Agreement or in the event that Carrier engages in a Default of this Agreement which is not cured within any applicable grace period, or is liable to Customer pursuant to **Section 8.1** then, notwithstanding any contrary provision of the Tariff or this Agreement, Carrier's liability to Customer shall include such additional costs reasonably incurred by Customer and its Affiliated Companies beyond the rates charged by the Carrier to obtain replacement service from other sources. Notwithstanding anything else to the contrary in this Agreement, Carrier shall not be liable for any Consequential Damages, whether or not Carrier was aware or should have been aware of the possibility of these costs or punitive damages. Nothing herein shall be deemed to limit either Party's obligation to mitigate its damages as a result of the other Party's Default. This right is in addition to any other right to which Customer is entitled pursuant to this Agreement.

SECTION 9

9. MISCELLANEOUS.

9.1. **Assignment; Successors and Assigns.**

9.5. **Labor and Personnel Matters.**

9.5.1. Carrier shall conduct its activities in such a manner as to minimize (i) any labor-related disruption of work or non-compliance in the provision of Services pursuant to this Agreement, and (ii) any interference with the business or activities of Customer or its Affiliated Companies. Whenever Carrier has knowledge of any threatened or actual labor dispute involving the employees of Carrier, its subcontractors, or others that may affect the provision of Service to Customer, Carrier shall so inform Customer's Representative and the Parties shall cooperate to minimize the effect of such dispute on the provision of Services, irrespective of where such labor dispute occurs. Carrier will keep Customer's Representative informed of all existing and potential labor disputes, including, but not limited to, collective bargaining negotiations with labor unions, which could result in work stoppages, strikes, or other labor actions having the potential to affect availability and quality of Service.

9.5.2. All Carrier's employees utilized by Carrier in performing any of its responsibilities under this Agreement shall be subject to and comply with all reasonable standards, rules and regulations of Customer which may be in effect from time to time and applicable to employees of entities sponsoring attractions or corporate displays in the Walt Disney World® Resort or any part thereof, including, for example, the rules of conduct and personal appearance standards established by Customer for its own employees governing contact with Customer's guests and governing employees' presence in all public areas.

9.6. **Premises Access.**

The Parties shall afford each other reasonable access to each other's premises as needed to perform their respective obligations under this Agreement. The Parties further agree to use reasonable efforts to access each other's premises during time periods and in manners which will cause minimal disruption to either Party's operations. Where possible, the Party seeking to access the other Party's premises will provide advance notice, and will seek to avoid visits to the other Party's premises during periods of peak business activity, except when necessary to maintain Service. Each Party will abide by the other Party's security-related access rules to each other's facilities. The access to be provided to each Party by the other Party pursuant hereto shall be provided in a manner which will reasonably enable such Party to satisfy its obligations and exercise its rights hereunder.

9.7. **Amounts in Dispute.**

In the event that a bona fide dispute arises between the Parties concerning any amounts to be paid by Customer to Carrier under this Agreement, (i) such amounts in dispute shall not be considered to be due, (ii) interest and late charges shall not accrue on such amounts, (iii) Customer's failure to remit payment of such disputed amounts shall not constitute a Default of this or any other Agreement between the Parties, and (iv) such amounts shall only be considered to be due upon resolution of the bona fide dispute, either pursuant to agreement between the Parties or pursuant to litigation. In the event that more than one (1) bona fide dispute in any given calendar year is resolved in favor of Carrier, either pursuant to agreement between the Parties or pursuant to litigation, then, for all bona fide disputes resolved in favor of Carrier after the first such dispute per calendar year, Customer shall be liable to Carrier for payment of the Late Payment Fees commencing as of the original Due Date of such disputed payment (determined as though the amount had not been disputed) and as set forth at **Section 4.2**. For the first bona fide dispute resolved in favor of Carrier in each calendar year, Customer shall only be liable for Late Payment Fees commencing as of the date such dispute is resolved.

9.8. **Proprietary Information.**

Each Party agrees that all information furnished to it by the other Party, or to which it has access under this Agreement, shall be deemed the confidential and proprietary information or trade secrets (collectively referred to as "**Proprietary Information**") of the Disclosing Party and shall remain the sole and exclusive property of the Disclosing Party (the Party furnishing the Proprietary Information referred to as the

“Disclosing Party” and the other Party referred to as the “Receiving Party”). Each Party shall treat the Proprietary Information and the contents of this Agreement in a confidential manner and, except to the extent necessary in connection with the performance of its obligations under this Agreement, neither Party may directly or indirectly disclose the same to anyone other than its employees, investors, lenders and advisors on a need to know basis and who agree to be bound by the terms of this subsection, without the written consent of the Disclosing Party. In no event shall either Party make available Proprietary Information to any competitor of the other Party regarding the terms of this Agreement or any transaction or Service referenced or contemplated by this Agreement unless compelled to do so by any court or governmental agency of competent jurisdiction. In addition, the Parties shall comply with all applicable statutes and regulations governing Proprietary Information, including, but not limited to, the rules of the FCC governing Customer Proprietary Network Information. The Parties’ obligations under this subsection shall survive termination of this Agreement. Any subscriber list information or advertising material provided by Customer to Carrier for purposes of publication in a directory shall not be Proprietary Information.

9.9. **Confidentiality.**

The obligations of Section 9.8 do not apply to any portion of the Proprietary Information which (i) becomes public knowledge through no fault of the Receiving Party; (ii) is in the lawful possession of Receiving Party prior to disclosure to it by the Disclosing Party (as confirmed by the Receiving Party’s records); (iii) is disclosed to the Receiving Party without restriction on disclosure by a person who has the lawful right to disclose the information; or (iv) is disclosed pursuant to the lawful requirements or request of a court or governmental agency of competent jurisdiction. If the Receiving Party is requested or legally compelled by a court or governmental agency of competent jurisdiction to disclose any of the Proprietary Information of the Disclosing Party, the Receiving Party agrees that it will provide the Disclosing Party with prompt written notice of such requests so that the Disclosing Party has the opportunity to pursue its legal and equitable remedies regarding potential disclosure. Except as required by applicable law, under no circumstances shall (i) Carrier disclose to any person Proprietary Information concerning Customer or its Affiliated Companies, or (ii) Customer disclose to any person Proprietary Information concerning Carrier or Carrier’s Affiliates. The Parties’ obligations under this subsection shall survive the expiration or termination of this Agreement.

9.10. **Insurance.**

9.10.1. Carrier shall, throughout the performance of its Services pursuant to this Agreement maintain:

9.10.1.(a) Occurrence basis commercial general liability insurance (including broad form contractual coverage) and automobile liability insurance, with minimum limits of Five Million and NO/100 Dollars (\$5,000,000.00) and Five Million and NO/100 Dollars (\$5,000,000.00), respectively, combined single limit per occurrence, protecting it and Customer from claims for bodily injury (including death) and property damage which may arise from or in connection with the performance of Carrier hereunder or from or out of any act or omission of Carrier, its related, affiliated and subsidiary companies and the officers, directors, agents, employees and assigns of each.

9.10.1.(b) Worker’s compensation insurance as required by applicable law (and employer’s liability insurance) with minimum limits of One Hundred Thousand and NO/100 Dollars (\$100,000.00) per occurrence.

9.10.2. All insurance provided by Carrier as required herein shall name Customer, its subsidiary, related and Affiliated Companies and the officers, directors, agents, employees and assigns of each, as additional insureds thereunder except for any liability arising under Customer’s indemnity under this Agreement. The liability insurance required above shall be primary with respect to any other insurance available to said named insureds. All such insurance required in Paragraph (a) shall be with companies licensed to issue insurance in the State of Florida and which have a Best Guide rating of B+ VII or better, and shall

provide that Customer, its parent, related and Affiliated Companies be named as additional insureds and that the coverage thereunder may not be reduced or canceled unless thirty (30) days prior written notice thereof is furnished to Customer. Certificates of insurance, together with copies of the binding endorsements identifying the Additional Insureds, shall be furnished to Customer. In the event of any cancellation or reduction of coverage, Carrier shall obtain substitute coverage as required hereunder, without any lapse of coverage to Customer.

9.11. **Governing Law.**

This Agreement is subject to the laws of the State of Florida, and shall be interpreted, construed, and enforced in all respects in accordance with the laws of the State of Florida, without regard to conflict of law principles.

9.12. **Jurisdiction and Venue; Waiver of Jury Trial.**

ANY LEGAL ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER UNDER THIS AGREEMENT SHALL BE SUBMITTED FOR TRIAL, WITHOUT A JURY, EXCLUSIVELY BEFORE THE CIRCUIT COURT FOR ORANGE COUNTY, FLORIDA; OR IF SUCH COURT SHALL NOT HAVE JURISDICTION, THEN BEFORE ANY OTHER COURT SITTING IN THE STATE OF FLORIDA HAVING SUBJECT MATTER JURISDICTION. THE PARTIES CONSENT AND SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT AND AGREE TO ACCEPT SERVICE OF PROCESS OUTSIDE THE STATE OF FLORIDA IN ANY MATTER TO BE SUBMITTED TO ANY SUCH COURT PURSUANT HERETO, AND EXPRESSLY WAIVE ALL RIGHTS TO TRIAL BY JURY FOR ANY MATTERS ARISING UNDER THIS AGREEMENT.

9.13. **Attorneys' Fees.**

In the event either Party employs an attorney or brings an action against the other arising out of the terms of this Agreement, the prevailing Party (whether such prevailing Party has been awarded a money judgment or not) shall receive from the other party (and the other party shall be obligated to pay) the prevailing Party's reasonable legal fees and expenses (including the fees and expenses of experts and para-professionals), whether such fees and expenses are incurred before, during or after any trial, re-trial, re-hearing, mediation or arbitration administrative proceedings, appeals or bankruptcy or insolvency proceedings, and irrespective of whether the prevailing Party would have been entitled to such fees and expenses under applicable law in the absence of this Section. Without limiting the generality of the foregoing, the term "**expenses**" shall include expert witness fees, bonds, filing fees, administrative fees, transcriptions, depositions or proceedings, costs of discovery and travel costs. The term "**prevailing Party**" as used in this Section shall mean that Party whose positions substantially prevail in such action or proceeding, and any action or proceeding brought by either Party against the other as contemplated in this Section may include a plea or request for judicial determination of the "prevailing Party" within the meaning of this Section. In the event neither party substantially prevails in its positions in such action or proceeding, the court may rule that neither party has so substantially prevailed, in which event each party shall be responsible for its own fees and expenses in connection therewith. In addition, the fees and expenses for the services of "in-house" counsel (if any) shall be included within the prevailing Party's fees and expenses as fully as if such in-house legal services were provided by an "outside" attorney or law firm as contemplated within this Section, irrespective of whether "outside" legal services are obtained in connection with such matter. The fees and expenses on the part of in-house counsel as aforesaid shall be determined based upon the prevailing hourly rates, fees and expenses for an attorney(s) of comparable experience in the Orlando, Florida area.

9.14. **Representation.**

Lake Buena Vista, FL 32830
Att: Crawford Barley
Fax No. 407-828-1264

With a copy to

Walt Disney World Co.
P.O. Box 10,000
1375 Buena Vista Drive
Team Disney 4N
Lake Buena Vista, FL 32830-1000
Attn: General Counsel/Legal Department
Fax No: (407) 934-8889

Notwithstanding anything in this Section to the contrary, any Notice delivered in accordance herewith to the last designated address of any person or party to which a Notice may be or is required to be delivered pursuant to this Agreement shall not be deemed ineffective if actual delivery cannot be made due to a change of address of the person or party to which the Notice is directed or the failure or refusal of such person or party to accept delivery of the Notice.

9.17. Trade Names.

Except as required by law, neither Party may use the name, logo, trade name, service marks, or printed materials of the other Party, in any promotional or advertising material statement, document, press release or broadcast without the prior written consent of the other Party, which consent may be granted or withheld at the other Party's sole discretion. Except as specifically provided in this Agreement, Carrier shall acquire no right under this Agreement to use, and shall not use, the name of Customer or any of its Affiliated Companies, the name "The Walt Disney Company," "ABC," or "ESPN" (either alone or in conjunction with or as a part of any word, mark, or name) or any marks, fanciful characters or designs of the Walt Disney Company or any of their related, subsidiary or affiliated companies (collectively "Companies") (i) in any of its advertising, publicity or promotion; (ii) nor to express or imply any endorsements by Companies of their products or services; (iii) nor to use any other of said names, characters, or designs in any other manner (whether or not similar to the uses hereinabove specifically prohibited). Customer reserves the right to approve or disapprove, in its sole discretion, any advertising and promotional materials to be used on, within, in conjunction with, or in any way mentioning, advertising or promoting Carrier's business with respect to Customer or its Affiliated Companies. Notwithstanding the foregoing Carrier shall be entitled to identify itself to third parties as the certificated or incumbent local exchange company or local telephone company whose certificated service area includes the Walt Disney World® Resort. Except as specifically provided in this Agreement, Customer shall acquire no right under this Agreement to use, and shall not use, the name of Carrier or Carrier's Affiliates (either alone or in conjunction with or as part of any word, mark or name) or any marks, fanciful characters, or designs of Carrier or Carrier's Affiliates (i) in any of its advertising, publicity, or promotion; (ii) nor to express or imply any endorsements by Carrier or Carrier's Affiliates of Customer's products or services; (iii) nor to use any other of said names, characters or designs in any other manner (whether or not similar to the uses hereinabove specifically prohibited). Carrier reserves the right to approve or disapprove, in its sole discretion, any advertising and promotional materials to be used on, in or in conjunction with, or in any way mentioning, advertising or promoting Customer's business with respect to Carrier or Carrier's affiliates. The Parties' obligations under this subsection shall survive the expiration or termination of this Agreement.

9.18. Unenforceability.

The illegality or unenforceability of any provision of this Agreement shall not affect the legality or enforceability of any other provision or portion of this Agreement. Subject to Section 5.1, if any provision or portion of this Agreement is deemed illegal or unenforceable for any reason, there shall be deemed to be made

such minimum change in such provision or portion as is necessary to make it valid and enforceable as so modified.

9.19. **Entire Agreement.**

This Agreement and all Attachments and Schedules incorporated herein, represent the entire agreement between the Parties with respect to the subject matter hereof and supersede and merge all prior

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

agreements, promises, understandings, statements, representations, warranties, indemnities and inducements to the making of this Agreement relied upon by either Party, whether written or oral.

9.20. Exercise of Rights and Remedies.

Subject to Section 5.8, any delay in a Party's exercise of any of its rights as a result of the other Party's default shall not be deemed a waiver of such right.

9.21. Headings.

The captions and headings used in this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation hereof.

By its signature below, each Party acknowledges and agrees that sufficient allowance has been made for review of this Agreement by respective counsel and that each Party has been advised as to its legal rights, duties and obligations under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

SMART CITY TELECOMMUNICATIONS LLC

By: Martin A. Rubin
Name: Martin A. Rubin
Title: President

WALT DISNEY WORLD CO.

By: [Signature]
Name: Lee G. Schmutte
Title: Vice President

WALT DISNEY HOSPITALITY & RECREATION CORPORATION

By: [Signature]
Name: Lee G. Schmutte
Title: Assistant Secretary

THE CELEBRATION COMPANY

By: [Signature]
Name: Perry S. Reader
Title: President

WALT DISNEY TRAVEL CO., INC.

By: [Signature]
Name: Lee G. Schmutte
Title: Vice President

IF PRODUCTIONS, LLC

By: _____

Name: _____

Title: _____

DISNEY PRODUCTION SERVICES, INC.

By: Bruce Laval

Name: BRUCE LAVAL

Title: Executive Vice President

VISTA INSURANCE SERVICES, LLC

By: G. Barler

Name: G. Barler

Title: Vice President

DISNEY WORLDWIDE SERVICES, INC.

By: Lee G. Schmudde

Name: Lee G. Schmudde

Title: Assistant Secretary

VISTA COMMUNICATIONS, INC.

By: Lee G. Schmudde

Name: Lee G. Schmudde

Title: Vice President

DISNEY VACATION DEVELOPMENT,
INC.

By: Ilese Meltzer Flamm

Name: Ilese Meltzer Flamm

Title: ASSISTANT SECRETARY

IF PRODUCTIONS, LLC

By: [Signature]

Name: SUP Lon Potroak

Title: SUP VICE President

DISNEY PRODUCTION SERVICES, INC.

By: [Signature]

Name: BRUCE LAVAL

Title: VICE President

VISTA INSURANCE SERVICES, LLC

By: [Signature]

Name: A. Barley

Title: Vice President

DISNEY WORLDWIDE SERVICES, INC.

By: [Signature]

Name: Lee G. Schmutde

Title: Assistant Secretary

VISTA COMMUNICATIONS, INC.

By: [Signature]

Name: Lee G. Schmutde

Title: Vice President

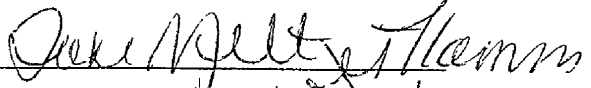
DISNEY VACATION DEVELOPMENT,
INC.

By: [Signature]

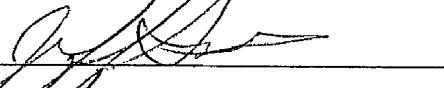
Name: These Meltzer Flamm

Title: ASSISTANT SECRETARY

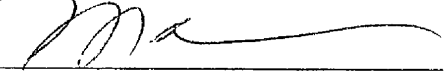
DISNEY VACATION CLUB
MANAGEMENT CORP.

By: 
Name: JESSE MELTZER HAMM
Title: ASSISTANT SECRETARY

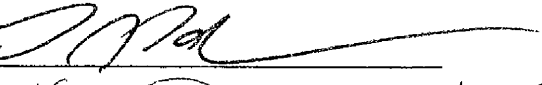
WALT DISNEY ENTERTAINMENT, INC.

By: 
Name: JEFFREY H. SMITH
Title: ASSISTANT SECRETARY

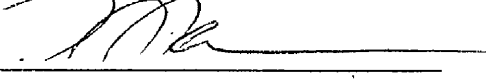
COMPASS ROSE CORPORATION

By: 
Name: Lee G. Schmutte
Title: Vice President

DISNEY BUSINESS PRODUCTIONS, LLC

By: 
Name: ~~Vice President~~ Lee G. Schmutte
Title: Vice President

WALT DISNEY PARKS AND RESORTS,
LLC

By: 
Name: Lee G. Schmutte
Title: Assistant Secretary

ATTACHMENT 1

GENERAL EXCHANGE TARIFF

VISTA-UNITED TELECOMMUNICATIONS

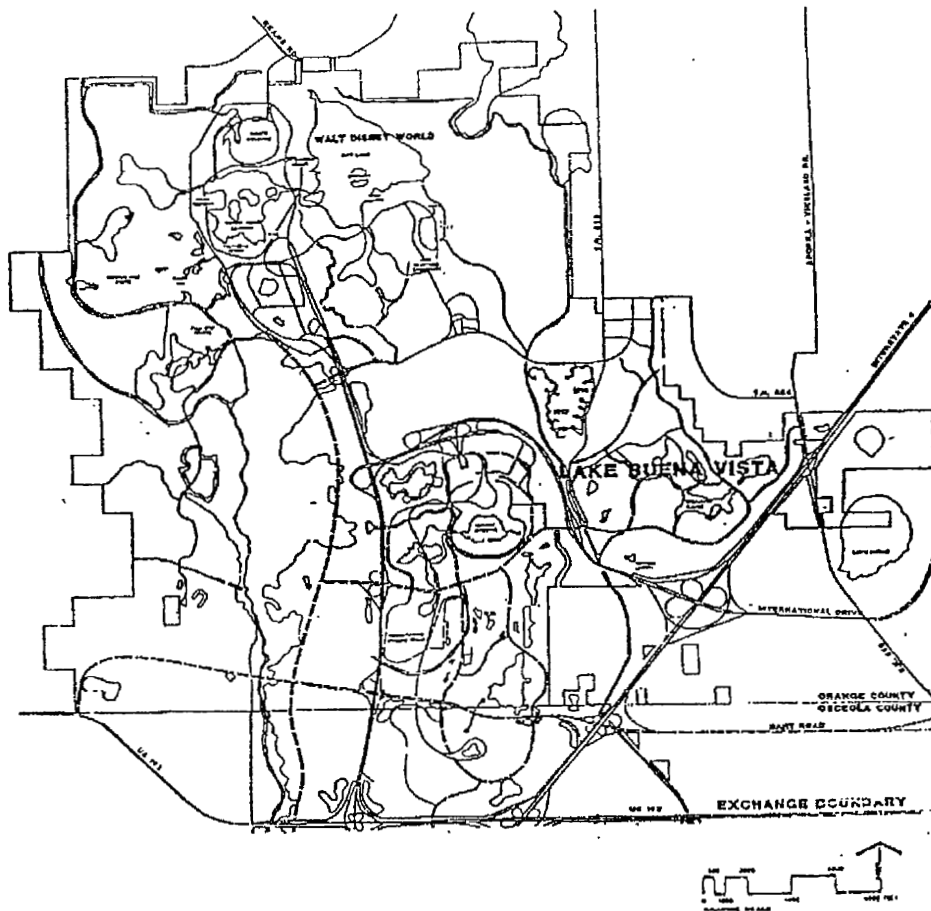
SUPPLEMENT SECTION A3
1st Revised Sheet 2
Canceling Original Sheet 2

ISSUED: April 16, 1996
BY: JAMES T. SCHUMACHER
MANAGER, BUSINESS AFFAIRS

EFFECTIVE: May 1, 1996

EXCHANGE SERVICE AREA MAP

LAKE BUENA VISTA EXCHANGE



GENERAL EXCHANGE TARIFF

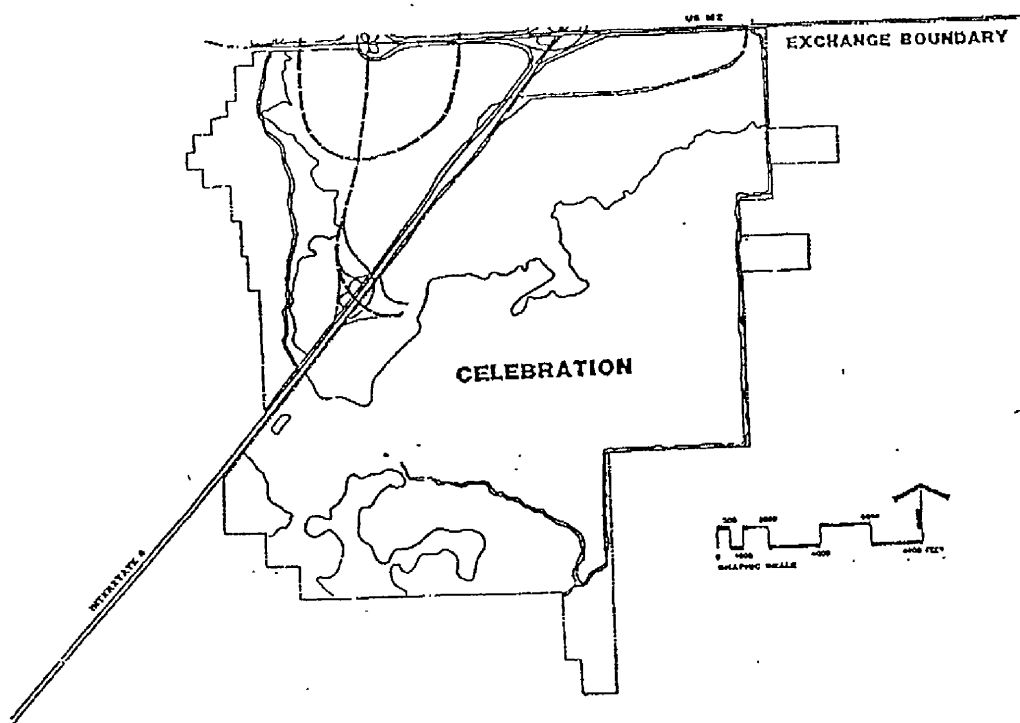
VISTA-UNITED TELECOMMUNICATIONS

SUPPLEMENT SECTION A3
1st Revised Sheet 3
Canceling Original Sheet 3

ISSUED: April 16, 1996
BY: JAMES T. SCHUMACHER-
MANAGER, BUSINESS AFFAIRS

EFFECTIVE: May 1, 1996

EXCHANGE SERVICE AREA MAP
CELEBRATION EXCHANGE



ATTACHMENT 2

SERVICE QUALITY PROCEDURES AND STANDARDS

I. SERVICE QUALITY PROCEDURES

To ensure that telecommunications Services provided by Carrier to Customer comply with all Service Quality Standards agreed upon between Carrier and Customer and with all applicable telecommunications industry standards, the following procedures will be implemented by the Parties to the Agreement:

A. Performance Reports - In order for Customer to be informed about the levels of Carrier's Service, Carrier will provide quarterly service quality Performance Reports to Customer. These Performance Reports will indicate actual service quality levels achieved during each reporting period and will compare those achieved levels with the standards set forth at Section II of this Attachment to the Agreement.

B. Customer Service Committee - To ensure that there is constant and ongoing communication between Carrier and Customer regarding the quality of Service being provided by Carrier to Customer and to afford Customer reasonable opportunity to be engaged in an ongoing dialogue with Carrier regarding Carrier's performance in the provision of Services under this Agreement, there shall be established a Carrier-Customer Service Committee. The Committee will meet at least once per month (except as otherwise agreed upon between the parties) and more frequently, if necessary, to resolve Service-related issues between Carrier and Customer. Carrier may appoint up to five Members of Carrier-Customer Service Committee. Carrier Members of Carrier-Customer Service Committee shall include representatives of senior management of Carrier, including, for example, the areas of general management, operations, customer service and billing. Customer shall have the right to appoint up to five Members of the Committee. Customer Members shall be selected by Customer from among those of its employees whose responsibilities include procurement and management of telecommunications services. Minutes of Carrier-Customer Service Committee meetings shall be distributed to all Committee Members and to senior management officials of Customer. At the first meeting of the Committee, the parties shall mutually agree in writing upon the Committee's procedural rules which shall govern all subsequent meetings of the Committee.

C. Service Command Center and Hotline - To afford Customer the ability to notify Carrier of Service failures and other problems as soon as they occur or are known to Customer and to enable Carrier to respond to such failures and other problems expeditiously, Carrier shall establish and maintain a Customer Service Command Center and Hotline. The Command Center will be staffed by appropriately trained employees of Carrier twenty-four (24) hours per day seven (7) days per week. Command Center staff will answer and respond to calls from Customer to the Hot Line maintained by Carrier. The Hot Line shall be available to Customer to report Service outages and other disruptions and failures. Customer shall have the right to notify its Affiliated Companies of the existence of the Command Center and the Hot Line. The Command Center and the Hot Line are to be made available to Customer and its Affiliated Companies to communicate with Carrier. The Command Center and Hot Line shall not be available to guests and other patrons of Customer or its Affiliated Companies. Customer calls to the Hot Line shall be recorded and coded by date and time received. Carrier shall also compile records of its responses to and resolutions of Hot Line calls. Such Hot Line call and response records shall be maintained by Carrier for one (1) year and shall be used by Carrier and Customer to measure and evaluate Carrier's performance during each year that Services are provided pursuant to the Agreement. Carrier may make available to its other customers access to said Hot Line. Carrier shall be entitled to subcontract to a third party the performance of the obligations of Carrier under this Section C with Customer's prior written consent which shall not be unreasonably

withheld provided the Carrier shall remain primarily liable to Customer for the performance of such obligations. Any such subcontracting to Customer is hereby approved.

D. Major Service Disruptions and Failures - A “Major Service Disruption or Failure” is one which results in Service being unavailable (“out-of-service” or “OOS”) to all access lines and special access lines for more than thirty (30) minutes at any major facility owned or operated by Customer or an Affiliated Company. Such facilities will include theme parks, hotels, office buildings, and major support facilities. Upon notification of a Major Disruption or Failure, either by communication through the Hot Line or by Carrier’s internal systems, Carrier shall, within thirty (30) minutes, begin to implement a plan for action to resolve the Major Disruption or Failure and to restore service. Restoration of a Major Service Disruption or Failure shall be scheduled to insure that such interruptions are cleared within twenty-four (24) hours of notification. At all times, Carrier shall use commercially reasonable efforts to restore service promptly following notification of any Major Disruption or Failure. During service restorations, Carrier shall keep Customer informed of the progress of restoration until the service is fully restored.

E. Other Service Disruptions and Failures - For all Service Disruptions and Failures not deemed to be Major Disruptions or Failures, Carrier will exercise reasonable efforts to insure that at least ninety-five percent (95%) of such Service Disruptions and Failures (including Service Disruptions and Failures that result in an OOS condition and Service Disruptions and Failures that do not result in an OOS condition) are repaired within twenty-four (24) hours of notification.

F. Joint Service Recovery and Disaster Contingency Planning.

(i) Carrier shall cooperate with Customer in the development, testing, and execution of Customer’s contingency and disaster recovery plans and in the testing of equipment, services, and facilities to be used in the event of a disaster within or directly affecting Customer’s operations. Such cooperation shall include, but not be limited to, providing Carrier personnel at Customer locations to the extent reasonably necessary for the conduct of periodic tests and for the actual execution of Customer’s contingency plans.

(ii) Carrier shall also cooperate with Customer in the development, testing, and execution of Carrier’s contingency and disaster recovery plans to be used in the event of a disaster within the telecommunications networks used to provide the Services pursuant to this Agreement. Such cooperation shall include, but not be limited to, making presentations to personnel, as designated by Customer from time to time, no less frequently than once during each twelve (12) month period during the term of the Agreement regarding such plans, providing Customer with schematic maps/diagrams that show the routing of Customer’s Services.

II. SERVICE QUALITY STANDARDS

In addition to the Service Quality Standards provided in the Tariff referenced in Section 1.1, the following shall apply for each of the following Service Categories:

Design and Installation Standards

SERVICE CATEGORY 1

Line Installation/Change of Line Features or Similar - Time Between Order Receipt and Completion

1-10 Lines/Feature Changes Order Size	95% Completed Within 5 Business Days
11-25 Lines/Feature Changes Order Size	95% Completed Within 10 Business Days
25+ Lines/Feature Changes Order Size	95% Completed Within Deadline Provided Customer. Deadlines to be provided within 5 business days of request. Deadlines must be within general industry standards.

SERVICE CATEGORY 2

Trunk Installation or Similar

1-5 Trunks Order Size	95% Completed Within 5 Business Days
6-10 Trunks Order Size	95% Completed Within 10 Business Days
10+ Trunks Order Size	95% Completed Within Deadline Provided Customer. Deadlines to be provided within 5 business days of request. Deadlines must be within general industry standards.

SERVICE CATEGORY 3

Voice Grade Special Access or Similar

1-5 Circuits	95% Completed Within 5 Business Days
6-10 Circuits	95% Completed Within 10 Business Days
10+ Circuits	95% Completed Within Deadline Provided Customer. Deadlines to be provided within 5

business days of request. Deadlines must be within general industry standards.

SERVICE CATEGORY 4

PRI/TI Installation or Similar

1-5 Lines Order Size

95% Completed Within 10 Business Days

6+ Lines Order Size

95% Completed Within Deadline Provided Customer. Deadlines to be provided within 5 business days of request. Deadlines must be within general industry standards.

SERVICE CATEGORY 5

WATS/800 Access Lines or Similar

		<u>Design</u>	<u>Installation</u>
1-5 Circuits	95% Complete	Within 10 Business Days	Within 10 Business Days of Direction to Proceed
6-10 Circuits	95% Complete	Within 15 Business Days	Within 20 Business Days of Direction to Proceed
10+ Circuits	95% Complete	Within General Industry Standards	Within General Industry Standards

SERVICE CATEGORY 6

Video and Wide Band Circuits or Similar

Follow PSC Standard if Available or General Industry Standard If No PSC Guidance Available

SERVICE CATEGORY 7

All Other

Follow PSC Standard if Available or General Industry Standard If No PSC Guidance Available

SERVICE CATEGORY 8

Operating Standards

Voice Grade Service	As provided in Section A20 of Tariff (referenced in <u>Section 1.1</u>).
Data Grade Service	As provided in Section A20 of Tariff (referenced in <u>Section 1.1</u>).
Bit Error Rate	1×10^{-9}

The service and installation deadlines set forth above for Service Categories 1 through 6 shall not apply to the extent any additional plant construction is required or unusual circumstances are applicable. In any such case, Carrier's deadline shall conform to general industry standards. All such service and installation deadlines are based upon reasonably prompt access to Customer's facilities to the extent reasonably necessary. For purposes hereof, a "Business Day" shall mean any day which is not a national holiday, a Saturday or a Sunday.

Availability

99.5% Network Availability which means PBXs, on average, shall have a loss budget for off-Net calls of .5 hours per month or less. Following failures are counted against the outage budget:

Failure of more than 25% of the trunks serving PBXs.

Failure or impairment of any switching system to which PBXs connect; and

Failure of T-1 or other facilities over Carrier's network to PBXs or key systems that results in loss of more than 25% of the trunks serving the system.

Following failures are excluded from outage budget:

Failures attributable to any Customer-owned switching system.

Failures in any Customer provided cable or fiber optic facilities or other facilities for which Customer is billed directly from another service provider, and for which Carrier has no maintenance responsibility; and

Failure of access to the IXC unless such access is over Carrier-provided circuits for which Carrier is directly responsible to Customer.

The obligations of Carrier to meet the foregoing Availability requirements shall be excused to the extent that a failure to meet such requirements is due to acts or omissions of Customer and its employees and agents.

EXHIBIT A

NON-TARIFFED SERVICES

Items and Description

Billing Rate

- | | |
|--|---|
| <p>1. <u>Dedicated Fiber Optic Strand or Coaxial Cable</u> - A dedicated fiber optic strand or coaxial cable is an unpowered fiber optic or coaxial cable transmission facility without attached multiplexing, aggregation or other electronics that connects two Customer Premises (connects a Disney location with another location of Disney or one or more of its Affiliates) or connects a Customer Premises with one or more locations of Customer's tenants located on Disney Properties. No line terminating elements terminated to such strands to make its transmission capabilities operational will be available. No regeneration or optical amplification will be included. See <u>Exhibit A-1</u> for pricing and terms..</p> <p>2. <u>Vista Way Apartments CATV</u> - Vista provides for transmission of specified television programming to Vista Way Apartment residents pursuant to a 10-year agreement (Vista #95-013) through February 2005.</p> <p>3. <u>Broadcast/Video Transport</u> - Vista provides broadcast quality video to conventions, sports events and other events.</p> | <p>1. <u>Strand Rate</u> - See <u>Exhibit A-1</u> attached hereto..</p> <p>2. Pursuant to contract.</p> <p>3. <u>Installation</u> - \$460 per installation.</p> <p><u>Rates</u> - \$300 per day for one (1) circuit both ends for point to point, on-property video connection; \$600 per day for VYVYX connectivity to off-property VYVYX point of presence; and optional standby technicians each site at the hourly rate of \$46 per hour straight time, \$69 per hour overtime and \$92 per hour double time with a four (4) – hour minimum. The rates charged in this item 3 are subject to CPI increases in accordance with <u>Exhibit A-1</u>.</p> |
|--|---|

EXHIBIT A-1
DARK FIBER AND COAXIAL CABLING
LEASE RATES

Carrier shall make available and lease to Customer, for Customer's internal use and use in providing information to its guests and tenants located on the Disney Properties, Dark Fiber and Coaxial Cabling where it exists in Carrier's network and where as a result of future building or deployment, it becomes available.

Billing Units

Dark Fiber is billed on a strand mile basis (or fraction thereof) whereby a strand mile is defined as a one mile length of a fiber strand.

Coaxial Cabling is billed on a cable mile basis (or fraction thereof) whereby a cable mile is defined as a one mile length of coaxial cabling.

Coaxial Cabling Billing Rate

The monthly billing rate for Coaxial Cabling is \$100 per cable mile (or fraction thereof).

Dark Fiber Billing Rate

The monthly billing rate for Dark Fiber is \$7,000 for up to 100 strand miles. After the first 100 strand miles are leased, a volume discount based on strand miles leased by Customer at the time of order is available.

<u>Volume Strand Miles</u>	<u>Monthly Billing Rate (Per Strand Mile or Fraction Thereof)</u>
101 - 200	\$55
201 - 300	\$50
301 - 400	\$45
401 and Greater	\$40

For further clarification, Customer is billed a minimum charge of \$7,000 for the first 100 strand miles (or less), \$55 per strand mile for the next 100 strand miles, \$50 per strand mile for the next 100 strand miles, etc.

Dark Fiber Order Minimum

If the Customer has 300 strand miles or less under lease with Carrier at the time of the order then the order placed by Customer is subject to a minimum order of 6 strand miles; otherwise, there is no order minimum.

Dark Fiber Installation Charge

If the Customer has 300 strand miles or less under lease at the time of the order then each installation is subject to a one-time charge of \$2,518 per run. If the Customer has more than 300 strand miles under lease at the time of the order then each installation is subject to a one-time charge of \$622 per run.

Note: This schedule will be interpreted so that customer pays the installation rates attributable to the total number of strand miles being leased by Customer from Carrier at the time of each new request for additional fiber (not including the new fiber). For example, if a Customer leases 300 strand miles and orders and additional one mile or more of Dark Fiber, the installation rate, per installation per run shall be \$2,518.00 but if Customer leases 301 stand miles and orders one or more miles of Dark Fiber the installation rate, per installation, per run shall be \$622.00.

Note: Installation rates shall not be increased during calendar year 2001 but may thereafter be increased once per calendar year by a percentage no greater than a fraction, the numerator of which shall be the "**CPI Index**" (as defined below) in effect for the month which is two (2) calendar months prior to the date that such increase is to become effective and the denominator of which shall be the "**CPI Index**" in effect for the same calendar month in the immediately preceding calendar year. The term "**CPI Index**", as used herein, shall mean the Consumer Price Index for All Urban Consumers (CPI-U) - U.S. Average, All Items (1982-1984 = 100), published by the Bureau of Labor Statistics of the U.S. Department of Labor ("**CPI**"); provided, however, that if the CPI shall be discontinued, the CPI Index shall be the index of Consumer Prices in the U.S. most closely comparable to the discontinued CPI Index, after making such adjustments in items included or method of computation as may be prescribed by the agency publishing the same. In the event a comparable substitute index is not available, then the price index used in making the CPI-based adjustments provided above shall be the successor thereto, compiled and published by an agency of the United States government which determines the purchasing power of the dollar.

EXHIBIT B

EXCLUDED FACILITIES

1. Services and facilities required to handle existing services provided by other telecommunications providers (UUNET and Sprint) to alternative points of presence utilized by Disney's North Service Area data center (UUNET and Level 3).

2. Services and facilities required to handle services provided by other telecommunications providers utilized by the WALT DISNEY WORLD® Resort to handle outgoing 1-XXX-XXX-XXXX (so-called "SDN Services") as configured as of September 1, 2000.

3. Services and facilities owned by Disney and others required to provide satellite service utilized by and for the WALT DISNEY WORLD® Resort to handle special event broadcasting and other specialized needs (Disney owns the satellite antennas collocated at the Carrier's central office).

EXHIBIT C

CHARGES APPLICABLE UNDER SPECIAL CONDITIONS

EXHIBIT "C"

CHARGES APPLICABLE UNDER SPECIAL CONDITIONS

A. SCOPE

This section of the Carrier Services Agreement ("CSA") generally serves to protect the Carrier from undue risk associated with the provision of facilities under special conditions and to prevent undue subsidization by the general body of Carrier's rate payers. It defines the various regulations, rates, charges, terms and conditions applicable to the provision of certain facilities under special conditions by the Carrier for the Customer. All other regulations, charges, terms and conditions applicable to the provision of facilities under special conditions by the Carrier for the Customer not covered herein shall be in accordance with the Carrier's Florida General Exchange Tariff.

B. DEFINITIONS

The following terms are applicable to this section of the CSA.

1. **ACTUAL COST** – denotes all identifiable direct costs applicable to the specific case of Facilities provided under special conditions, plus prorated costs of items used in common with other facilities, minus estimated Net Salvage.
2. **CUSTOMER** – as defined in the CSA.
3. **ESTIMATED COST** – denotes the estimated direct costs applicable to the specific case of Facilities provided under special conditions plus prorated costs of items used in common with other Facilities, minus estimated Net Salvage.
4. **EXCESS CAPACITY** – denotes a quantity of Facilities requested by the Customer which is greater than that which the Carrier would construct to fulfill the Customer's order for service.
5. **FACILITIES** – denotes any cable, poles, conduit, microwave or carrier equipment, wire center distribution frames, central office switching equipment, computers (both hardware and software), business machines, etc., utilized to provide the services offered under this section of the CSA or the services provided by the Customer for his own use.
6. **FIVE (5) YEAR FORECAST** – denotes a projection of the maximum number of access circuits the Customer will require over a five (5) year period that is mutually agreed upon by the Customer and the Carrier. This is normally the Initial Liability Period (ILP).
7. **INITIAL LIABILITY PERIOD (ILP)** – denotes a separate written agreement between the Carrier and the Customer on the quantity of cable pairs to be provided and the length of time in which the Customer expects to place the cable pairs in service.
8. **MAXIMUM TERMINATION LIABILITY (MTL) CHARGE** – denotes the maximum amount of money for which the Customer is liable in the event all services or Facilities ordered in a case of Special Construction of Facilities are discontinued before a specified period of time.
9. **MAXIMUM TERMINATION LIABILITY (MTL) PERIOD** – denotes the length of time the Customer is liable for a Termination Charge in the event that the use of Facilities provided pursuant to Special Construction are terminated. The MTL period for any case of Special Construction of Facilities covered by this CSA is twelve (12) years.
10. **NET SALVAGE** – denotes the estimated the greater of the scrap, sale, or trade-in value, less the estimated cost of salvage. Cost of salvage includes the costs of demolishing, tearing down, removing, or otherwise disposing of the material and any other applicable costs. Because the cost of removal may exceed salvage, Facilities may have negative net salvage.

11. **NONRECOVERABLE COST** – denotes the cost of providing Facilities under special conditions for which the Carrier has no foreseeable use should the Customer terminate service.
12. **OTHER TELEPHONE COMPANY** – denotes a company that is not the Carrier but is engaged in the business of furnishing public switched network telephone exchange services.
13. **OVERUTILIZATION CREDIT** – denotes a credit or adjustment applied against a Maximum Termination Liability (MTL) Charge, which is the gross revenues received by the Carrier from all services of whatever nature and whatever source derived from the Facilities provided pursuant to the Special Construction request (e.g. Customer or non-Customer exchange revenues, long distance charges, internet charges, interstate and intrastate access charges, etc.) to the extent all such gross revenues exceed the Carrier's Actual Costs associated with providing the Facilities.
14. **PERMANENT FACILITIES** – denotes Facilities that are expected to remain in place for the normal service life of the plant.
15. **RECOVERABLE COST** – denotes the cost of providing Facilities under special conditions for which the Carrier has a foreseeable reuse, either in place or elsewhere, should the Customer terminate service.
16. **SPECIAL CONSTRUCTION OF FACILITIES** – allows the Carrier to recover its Actual Costs in excess of \$10,000 incurred by the Carrier due to its construction of Facilities for the Customer that will carry services currently offered on a general basis in a Carrier services tariff, for which the associated estimated five (5) year annual exchange revenue for the services to be provided is less than said Actual Costs.
17. **TEMPORARY FACILITIES** – denotes Facilities used to provide service to the Customer where it is known before installation of the newly placed facility that the Facilities will be relocated or removed prior to the normal service life of the plant.
18. **TERMINATION CHARGE** – denotes the Maximum Termination Liability (MTL) Charge that is applied as a nonrecurring charge when all services provided by Special Construction of Facilities are discontinued prior to the expiration of the specified liability period.

C. **GENERAL**

1. **Ownership of Facilities**

Unless otherwise specified in this section of the CSA, the Carrier retains ownership of all Facilities provided hereunder.

2. **Interval to Provide Facilities**

- (a) Based on available information and the type of service ordered, the Carrier will establish an objective date for the installation of necessary Facilities. The date will be established on an individual case basis and provided to the Customer. The Carrier will make commercially reasonable efforts to assure that the date is met.
- (b) Shortage of components, personnel, or other factors may lengthen the installation interval. If the scheduled completion date cannot be met due to circumstances beyond the commercially reasonable control of the Carrier, a new completion date will be established and the Customer will be notified immediately.

3. **Provision of Interstate and Intrastate Facilities Under Special Conditions**

When Facilities provided under special conditions are used to provide both interstate and intrastate services, charges for the portion of said Facilities used to provide intrastate service shall be in

accordance with this section of the CSA. Charges for the portion of said Facilities used to provide interstate service shall be in accordance with the CSA Service Tariff.

4. Charges of Other Carriers

Charges and/or maximum termination liabilities for the provision of Facilities provided under special conditions provided by another carrier will be developed by the other carrier and may be applied by the Carrier, under this section of the CSA, on the other carrier's behalf.

5. Billing of Charges Applicable Under Special Conditions

Unless otherwise provided in this section of the CSA, any charges applicable under special conditions assessed by the Carrier to the Customer hereunder will be up front, nonrecurring, one time charges.

6. Payment of Charges Applicable Under Special Conditions

Unless otherwise provided in this section of the CSA, payment of any nonrecurring, one-time charges applicable under special conditions hereunder will be required to be made by the Customer in advance. Payment by the Customer is due within thirty (30) days of receipt of an appropriate bill or invoice from the Carrier for the charges applicable under special conditions.

7. Liabilities, Charges, and Payments for Provision of Facilities Under Special Conditions

(a) General

The various charges and payments that apply when the Carrier provides Facilities under special conditions in accordance with the Customer's specific request are described as follows. The Customer must provide the Carrier with written approval of all liabilities and charges prior to the start of construction. If more than one (1) condition requiring the provision of Facilities under special conditions is involved, charges for each condition may apply.

(1) Development of Liabilities and Charges

(a) The liabilities and charges billed will be based on Actual Costs. Costs, as used in this context, may include one or more of the following items:

- (1) Labor, engineering, and materials
- (2) Supervision
- (3) Operating expenses, e.g., maintenance, administration, etc.
- (4) Taxes
- (5) Charges associated with construction provided by another Carrier
- (6) Charges securing private rights-of-way
- (7) Charges for securing use of poles and pole line attachments on other company poles
- (8) Equipment or space rental
- (9) Expenses made necessary by damages caused by the Customer or its agents
- (10) Any other identifiable associated cost
- (11) Cost for rearrangements and changes
- (12) Supporting structures

(b) Liabilities and charges developed hereunder for Special Construction of Facilities will be specified in a separate written agreement between the Customer and the Carrier.

(c) If all Actual Costs are not available prior to the start of service, Estimated Costs will be used. As soon as the Actual Costs, including costs of preparation and

processing are subsequently determined, the Estimated Costs will be adjusted to reflect the Actual Costs.

D. TYPES OF CHARGES APPLICABLE UNDER SPECIAL CONDITIONS

1. Charges applicable under special conditions are as follows:

- (a) Special Construction of Facilities Charges
- (b) Cancellation Charge
- (c) Rearrangement and/or Removal Charges
- (d) Expedited Order Charge
- (e) Supporting Structures on Private Property Charges
- (f) Service Entrance Facilities Charges
- (g) Temporary Facilities Charges

2. Special Construction of Facilities Charges

(a) General

- (1) Pursuant to this CSA, Special Construction of Facilities allows the Carrier to recover its Actual Costs in excess of \$10,000 incurred by the Carrier due to its construction of Facilities for the Customer that will carry services currently offered on a general basis in the Carrier's Florida General Exchange Tariff, for which the associated estimated five (5) year annual exchange revenue for the services to be provided is less than said Actual Costs.
- (2) No up-front payments shall be made by Customer, as compensation is set forth in Section 2(c) below.
- (3) The Customer shall not be charged for Special Construction of Facilities for the minimum grade of line offered where the new plant parallels and reinforces existing plant. For example, if Customer orders 500 additional access lines at a location which Carrier already serves (e.g., Polynesian Resort) and notwithstanding the actual cost exceeds five year exchange revenue requirement the Special Construction or Facilities Charge shall be inapplicable.
- (4) The Customer shall not be charged for Special Construction of Facilities where the Carrier's Actual Costs incurred in the construction of said Facilities for the Customer are less than \$10,000.
- (5) When Special Construction of Facilities is required, the provisions of this section of the CSA apply in addition to any applicable and non-conflicting regulations, rates and charges set forth in the appropriate Carrier service tariff.
- (6) All applicable provisions set forth in this section of the CSA will be implemented by separate written twelve (12) year agreements prepared by the Carrier and signed by the Customer, per case of Special Construction of Facilities.

(b) Conditions Requiring Special Construction of Facilities

Special Construction of Facilities is required when suitable Facilities are not available to meet the Customer's order for service and/or the requirements of a mutually agreed upon facility forecast and one or more of the following conditions exist:

- (1) The Carrier has no other material requirement for the Facilities constructed at the Customer's request.

- (2) The Customer requests that service be furnished using a type of facility, or via a route, different than that which the Carrier would normally utilize in furnishing the requested service, unless such alternative facility or route is reasonably available.
- (3) The Customer requests the construction of more Facilities than required to satisfy its initial order for service which was based on the submittal of a mutually agreed upon facility forecast.
- (4) The Customer requests that construction be expedited resulting in added cost to the Carrier.
- (5) The Customer requests that Temporary Facilities be constructed.
- (6) The Carrier's Actual Costs to construct line extension Facilities for the Customer exceed \$10,000 and the associated estimated five (5) year annual exchange revenue from the services to be provided by said facilities is less than said Actual Costs.

(c) Contingent Liabilities

In Special Construction of Facilities cases where the Carrier's Actual Costs exceed \$10,000 and the associated estimated five (5) year annual exchange revenue from the services to be provided by said Facilities is less than said Actual Costs, one (1) or both of two categories of contingent liabilities will apply, and will be covered pursuant to a separate written agreement between the Carrier and the Customer. These liabilities, Maximum Termination Liability (MTL) and Termination Charge and Underutilization Liability (UL) and Underutilization Charge, are described as follows:

(1) Maximum Termination Liability (MTL) and Termination Charge

- (a) Maximum Termination Liability (MTL) is a liability against the Customer for whom Facilities were provided via Special Construction. If the Customer prematurely discontinues the use of the Facilities, the liability will be converted into a Termination Charge if it is determined by the Carrier at the time of disconnect that the Facilities are not reusable.
- (b) Maximum Termination Liability (MTL) is equal to the Nonrecoverable Costs associated with Special Construction of Facilities and is the maximum amount that can be applied as a Termination Charge if all Facilities provided pursuant to Special Construction were discontinued before the MTL period expires.
- (c) The Maximum Termination Liability (MTL) period in any Special Construction of Facilities case covered by this CSA is equal to twelve (12) years and will be expressed in terms of an effective date and expiration date pursuant to a separate written agreement between the Carrier and the Customer.
- (d) A Termination Charge is applicable when all services using Special Construction of Facilities, covered by a separate written and signed agreement for a Maximum Termination Liability, are discontinued at the Customer's request prior to the expiration of the MTL period, unless otherwise specified in the written agreement. The Termination Charge reflects the unamortized portion of the Nonrecoverable Costs representing the Carrier's original Actual Costs and any applicable additional Actual Costs of the Carrier at the time of termination, adjusted for tax effects, Net Salvage, possible reuse, less any applicable Overutilization Credit.

Administrative costs associated with the specific case of Special Construction of Facilities and any cost for restoring a location to its original condition are also

included. A Termination Charge may never exceed the MTL Termination Charge agreed to and signed by the Customer in the separate initial agreement.

- (e) Prior to the expiration of each twelve (12) year liability period, the Customer has the option to terminate the Special Construction of Facilities case and pay the appropriate charges.
- (f) A partial termination of Special Construction of Facilities will be provided, at the election of the Customer. The amount of the Termination Charge is determined by multiplying the Termination Charge which would result if all services using the Facilities that were provided pursuant to Special Construction were discontinued, at the time partial termination is elected, by the percentage of said Facilities to be partially terminated. A new written agreement or an amendment to the existing agreement will be made following a partial termination to list remaining MTL amounts and the number of Facilities provided by Special Construction for which the Customer will remain liable.

Example: A customer with an MTL contract of \$100,000 for 3600 Facilities provided pursuant to Special Construction requests a partial termination of 900 facilities. The Termination Charge for all Facilities, at the time of election, is \$60,000. The partial Termination Charge in this example is $\$60,000 \times 900/3600$, or \$15,000.

- (g) After expiration of any twelve (12) year liability period, Customer shall have no liability for the MTL amount and then shall only be responsible for the normal and customary rates and charges applicable for the services requested by Customer and provided over the respective Facilities pursuant to the Carrier's Florida General Exchange Tariff or CSA.

(2) Underutilization Liability (UL) and Underutilization Charge

- (a) Upon early termination of the Special Construction of Facilities Agreement prior to execution of the 12 year ILP, Customer shall pay to Carrier a fee equal to the difference between the exchange revenue estimated to be realized by Carrier during the first five (5) years of the exchange facility use and the revenue actually realized until the date of early termination.

3. Cancellation Charge

If the Customer cancels an order for provision of Facilities under special conditions prior to the start of service, a Cancellation Charge will apply. The charge will include all Nonrecoverable Costs incurred by the Carrier up to and including the time of cancellation for the provision of the specific - customer request.

4. Rearrangement and/or Removal Charges

- (a) When the Carrier is requested by the Customer to move, change, rearrange or remove existing plant for which no specific charge is quoted in this section of the CSA, the Customer will be required to bear the costs incurred by the Carrier in complying with the request.
- (b) Where by statute, ordinance or other legal requirement, existing aerial Facilities are required to be relocated underground, the Carrier will charge the net cost attributable to such relocation to the Customer located within the political subdivision or area affected by such statute, ordinance or other legal requirement. This nonrecurring charge, developed by dividing the total rearrangement and/or removed cost by the total number of subscribers affected by the ordinance, will be billed as a one-time charge via the Customer's bill. The Customer will have

the option of a lump sum payment or monthly payments spread over a specified agreed to time period.

5. Expedited Order Charge

An Expedited Order Charge applies when the Customer requests that construction be completed on an expedited basis and the Carrier incurs additional costs. The charge is equal to the difference in the estimated cost of construction on an expedited basis and construction without expediting.

6. Supporting Structures on Private Property Charges

- (a) These charges, when applicable as specified in section C.4., include the costs of planning and building supporting structures on private property beyond a mutually agreeable Customer-Carrier terminating point. Supporting structures include poles, conduit, trenching, backfilling and associated costs.
- (b) In cases where the Customer is unable to provide the supporting structures, the Carrier, at its discretion, will perform the work and bill the Customer. Ownership and maintenance of supporting structures on private property is vested in the Customer.

7. Service Entrance Facilities Charges

Entrance facilities include all cable and wire required to reach the normal network interface from the Customer telephones. When, at the request of the Customer, a special route, network location, network arrangement or duplicate facility is required, nonrecurring charges will apply for the Entrance Facilities. The charge will be equal to the additional cost above that which would have normally been incurred if the special route, location or arrangement was not required. These costs will be billed on an Actual Costs or Estimated Costs basis as provided in Section C.7. of this CSA.

8. Temporary Facilities

- (a) Facilities are considered to be "temporary" if one of the following conditions exist:
 - (1) The Facilities are constructed to provide service to the Customer for less than the minimum service period or less than one (1) month, whichever is longer.
 - (2) The Facilities are constructed and it is known in advance that the newly placed plant will be relocated or removed prior to the end of the normal service life of the plant.
 - (3) If a Customer desires to change the service requested from temporary to permanent, such a change will be permitted if the request is made before any initial payment for the temporary service is received by the Carrier. The Customer is liable for any nonrecurring charges for the construction of Temporary Facilities that cannot be reused or transferred to the permanent Facilities. If the permanent Facilities cannot be reused, then a Special Construction of Facilities Agreement for UL and MTL Termination Charge will apply for the permanent Facilities.
 - (4) The nonrecurring charge for Temporary Facilities includes all Nonrecoverable Costs associated with the placement and removal of such facilities.

9. Charges for Route or Type Other Than Normal

This charge applies when the Customer requests construction of Facilities using a route or a type of Facilities other than that which the Carrier would normally utilize to provide service. The charge is the difference between the estimated recurring costs of the Facilities that are provided under special conditions and the estimated recurring costs of the Facilities the Carrier would normally use.

10. Lease Charge

A lease charge applies when the Customer's request results in the Carrier leasing transmission or other equipment (i.e., portable microwave equipment) in order to provide service to meet the Customer's requirements. The amount of the charge is the total added cost to the Carrier caused by the lease.

E. DEFERRAL OF THE START OF SERVICE

1. General

The Customer may request the Carrier to defer the start of service on provision of Facilities under special conditions for a cumulative period of no more than eighteen (18) months. If the deferral exceeds eighteen (18) months, said Facilities are considered to be cancelled and Cancellation Charges apply. Requests for deferral must be in writing and are subject to the following regulations:

(a) Construction Has Not Started

If the Carrier has not incurred any costs (i.e., engineering and/or installation) before receiving the Customer's request for deferral, no charge applies. However, the original quotation will be reviewed by the Carrier at the time of reinstatement to determine if the original charges are still valid. Any change in charges requires the concurrence of the Customer in writing.

(b) Construction Has Started But Is Not Complete

If the construction of Facilities provided under special conditions has started but has not been completed before the Carrier receives the Customer request for deferral, charges will apply. The charges vary depending on whether all or some of the services ordered are deferred.

(1) All Services Are Deferred

When all services involving construction of Facilities provided under special conditions are deferred, a charge equal to the costs incurred during each month of the deferral applies. Those costs include the recurring costs for that portion of the Facilities already completed and any other costs associated with the deferral.

(2) Some But Not All Services Are Deferred

When some, but not all, services utilizing Facilities provided under special conditions are deferred, Underutilization and MTL Termination Charges associated with Special Construction of Facilities will apply.

(3) Construction Complete

If the construction of facilities has been completed before the Carrier receives the Customer's request for deferral, Underutilization and MTL Termination Charges associated with Special Construction of Facilities will apply.