

NEWMAN, COMLEY & RUTH

PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS AT LAW
MONROE BLUFF EXECUTIVE CENTER
601 MONROE STREET, SUITE 301
P.O. BOX 537
JEFFERSON CITY, MISSOURI 65102-0537
www.ncrpc.com

TELEPHONE: (573) 634-2266
FACSIMILE: (573) 636-3306

ROBERT K. ANGSTEAD
MARK W. COMLEY
CATHLEEN A. MARTIN
STEPHEN G. NEWMAN
JOHN A. RUTH
J. MATTHEW SHELLENBERGAR
ALICIA EMBLEY TURNER

June 17, 2003

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

RECEIVED²

JUN 17 2003

*Records
Public Service Commission*

Re: KMC Telecom III, LLC

Dear Judge Roberts:

On February 19, 2003, KMC Telecom III, LLC ("KMC") filed its Notice of Adoption of the Missouri 271 Interconnection Agreement ("M2A") of Southwestern Bell Telephone, L.P., d/b/a Southwestern Bell Telephone Company ("SWBT").

KMC and SWBT have entered into three separate unnumbered Amendments (which I will refer to as Amendment Nos. 1, 2 and 3) to their interconnection agreement, an original and five copies of each of which I enclose for filing with your office.

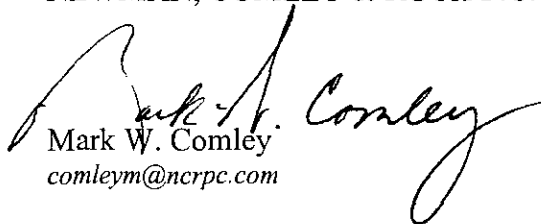
Amendment No. 1 pertains to the Reciprocal Compensation; Amendment No. 2 revises the UNE Remand Agreement; and Amendment No. 3 revises Appendix NIM of the Agreement, adding Section 8 entitled "Terminating Traffic Language."

Would you bring this filing to the attention of the appropriate Commission personnel. As always, if there are any questions, please contact me.

Very truly yours,

NEWMAN, COMLEY & RUTH P.C.

By:


Mark W. Comley
comleym@ncrpc.com

MWC:ab

Enclosure

cc: Office of Public Counsel
General Counsel's Office
D. Randy Fontenot

**AMENDMENT
SUPERSEDING CERTAIN RECIPROCAL COMPENSATION,
INTERCONNECTION AND TRUNKING TERMS**

This Amendment Superseding Certain Reciprocal Compensation, Interconnection and Trunking Terms (Amendment) is applicable to this and any future Interconnection Agreement between Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated d/b/a Ameritech Indiana, Michigan Bell Telephone Company d/b/a Ameritech Michigan, The Ohio Bell Telephone Company, Wisconsin Bell Inc. d/b/a Ameritech Wisconsin, Nevada Bell Telephone Company d/b/a SBC Nevada Bell Telephone Company, Pacific Bell Telephone Company d/b/a SBC Pacific Bell Telephone Company, The Southern New England Telephone Company, and Southwestern Bell Telephone, L.P. d/b/a Southwestern Bell Telephone Company and any of its future affiliates, subsidiaries, successor and assigns which are the Incumbent Local Exchange Carrier in California, Nevada, Texas, Missouri, Oklahoma, Kansas, Arkansas, Illinois, Wisconsin, Michigan, Indiana, Ohio, or Connecticut through May 31, 2004 (hereinafter "ILEC") and KMC Telecom, Inc., KMC Telecom II, Inc., KMC Telecom III, Inc. and KMC Telecom V, Inc., and any and all subsidiaries, successors and assigns which are a Certified Local Exchange Carrier in California, Nevada, Texas, Missouri, Oklahoma, Kansas, Arkansas, Illinois, Wisconsin, Michigan, Indiana, Ohio, or Connecticut through May 31, 2004 (hereinafter, "CLEC"), whether such Agreement is negotiated, arbitrated, or arrived at through the exercise of Section 252 (i) "Most Favored Nation" (MFN) rights. ILEC and CLEC may be referred to individually as "Party" or collectively as the "Parties".

WHEREAS, ILEC and CLEC entered into an interconnection agreement pursuant to Sections 251 and 252 of the Communications Act of 1934, as amended (the "Act") that was approved by the state commission (the "ICA"); and

WHEREAS, for the states of California, Nevada, Texas, Missouri, Oklahoma, Kansas, Arkansas, Illinois, Wisconsin, Michigan, Indiana, Ohio or Connecticut the Parties wish to amend, modify and supersede certain compensation, interconnection and trunking provisions of the ICAs that are addressed in this Amendment and also incorporate the terms of this Amendment in future interconnection agreements between the Parties in such states through May 31, 2004.

NOW, THEREFORE, for and in consideration of the premises, mutual promises and covenants contained in this Amendment, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The Parties agree that this Amendment will act to supersede, amend and modify the applicable provisions currently contained in this ICA. This Amendment shall also be incorporated into and become a part of, by exhibit, attachment or otherwise, any future interconnection agreement between the Parties through May 31, 2004, whether negotiated, arbitrated, or arrived at through the exercise of Section 252(i) "Most Favored Nation" (MFN) rights. Any inconsistencies

between the provisions of this Amendment and other provisions of the current ICA or future interconnection agreements described above, through May 31, 2004, will be governed by the provisions of this Amendment, unless this Amendment is specifically and expressly superseded by a future amendment between the Parties. Provided, however, if the underlying ICA or interconnection agreement expires sooner than May 31, 2004, the Parties agree that the Amendment shall not extend or otherwise alter the term and termination rights of the underlying ICA or interconnection agreement, but instead, the Amendment will be incorporated into any successor interconnection agreement between the Parties through May 31, 2004. Also, the Parties recognize that an MFN interconnection agreement often receives quicker state public utility commission (PUC) approval than the negotiated Amendment which will be affixed to that interconnection agreement. To the extent that the date of state PUC approval of the underlying MFN interconnection agreement precedes the date of state PUC approval of the Amendment, the Parties agree that the rates, terms and conditions of the Amendment will, upon state PUC approval of the Amendment, apply retroactively to the date of such state PUC approval of the underlying interconnection agreement, or June 1, 2001, whichever is later, so that the Rate Schedule will apply uninterrupted from June 1, 2001 through May 31, 2004.

2. During the term of this Amendment period, June 1, 2001 through May 31, 2004, the Parties agree that neither of the Parties will seek, directly or indirectly, to obtain alternate terms and conditions to those stated in this Amendment. CLEC hereby waives its section 252(i) MFN rights for any reciprocal compensation, points of interconnection (POIs) or trunking requirements that are subject to this Amendment; provided, however, that if such other rates, terms, and conditions have been voluntarily agreed to by ILECs or their Affiliates across the thirteen-state region as a whole, CLEC and all subsidiaries, successors and assigns may exercise their rights under section 252(i) of the Act to obtain the rates, terms, and conditions in their entirety governing reciprocal compensation, POIs or trunking requirements to which ILEC(s) or its Affiliates have agreed. This waiver includes, but is not limited to, any material sale of CLEC's assets, in which case CLEC shall obtain the purchaser's consent to be bound by the reciprocal compensation terms and conditions set forth herein.

3. During the period June 1, 2001 through May 31, 2004, and except as stated in this Section 2, the Parties waive any rights they may have under the Intervening/Change of Law provisions of the ICAs or interconnection agreements with respect to any reciprocal compensation or compensable traffic (as defined herein), POIs or trunking requirements that are subject to this Amendment. The Parties specifically acknowledge their awareness of various pending regulatory actions which may affect the nature of reciprocal compensation and treatment of internet service provider (ISP) traffic and other compensable traffic for compensation purposes. Each Party specifically acknowledges that this Amendment is intended to be a binding agreement, without regard to the standards set forth in subsections (b) and (c) of Section 251, made pursuant to Section 252 (a)(1) of the Act, and each Party further acknowledges that this

Amendment is intended to and shall remain unaffected by and survive whatever regulatory, legislative or judicial results or orders, including, without limitation, the Federal Communications Commission's Order on Remand and Report and Order, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Inter-carrier Compensation for ISP-Bound Traffic, FCC 01-131, CC Docket Nos. 96-98, 99-68 (rel. April 27, 2001), may occur during its term regarding such compensation. In consideration of the additional covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, both Parties covenant not to sue or arbitrate to enforce or interpret any subsequent rulings of any regulatory, legislative or judicial body against a Party to this Amendment in contravention of the terms and conditions herein, during its term. The Parties agree, however that the provisions of this Section 3. do not apply to state PUC required changes in the geographic scope or definition of local calling areas. Where the local calling scope has changed as a result of state PUC action, either Party may exercise the right to renegotiate the number and location of POIs required under this Amendment.

4. POI Requirements:

- 4.1. In order to qualify for receipt of the reciprocal compensation at the rates provided in the Rate Schedule, attached hereto and made a part hereof as Exhibit A, CLEC must achieve and maintain the minimum points of interconnection and trunk engineering guidelines set forth in Sections 4. through 6. of this Amendment.
- 4.2. Compliance with the provisions of this Amendment shall be on a local calling area by local calling area basis for each CLEC subsidiary, which means that CLEC's eligibility to receive reciprocal compensation on a per subsidiary basis shall not be restricted except for the particular local calling area for the same period during which it is not in compliance with Sections 4. through 6. of this Amendment.
- 4.3. CLEC will exert commercially reasonable efforts in each ILEC state to establish a physical POI in each mandatory local calling area in which it has listed telephone numbers (NPA/NXXs) in the Local Exchange Routing Guide (LERG) or from where CLEC ports telephone numbers listed in the LERG by other local exchange carriers (including ILEC companies).
 - 4.3.1. In California, Nevada, Connecticut, Michigan, Ohio, Indiana, Illinois and Wisconsin, the Parties agree that Section 4. is satisfied, as to all sub-tending end offices and rate centers in which CLEC has established a dialable telephone number local to the rate center or ports any number established by other local exchange carriers (including ILEC companies), if a physical POI is

established at the appropriate local or access tandem serving, or at any mutually agreed end office within, the rate center.

4.3.2. In Arkansas, Missouri, Kansas, Oklahoma and Texas , the Parties agree that Section 4. is satisfied, as to all sub-tending end offices and rate centers where CLEC has established a dialable telephone number local to the rate center or ports any number established by other local exchange carriers (including ILEC companies), if a physical POI is established at the appropriate tandem, if applicable, or any mutually agreed end office within, the local exchange area.

4.4. When establishing a POI required under Section 4. of this Amendment, the Parties agree:

4.4.1. CLEC may utilize existing interconnection arrangements at existing POIs, including the mid-span fiber meet architecture in service or being currently jointly planned; or

4.4.2. CLEC may utilize its collocation facilities in end offices or local tandems within the local calling area or tandem serving area, including, but not limited to fiber cable handoffs. Where CLEC has spare fiber cable in an existing collocation space, CLEC may establish interconnection by terminating such fiber cable to an ILEC fiber optic terminal (FOT). This fiber cable handoff from CLEC's collocation facility to an ILEC FOT shall be in accordance with the applicable collocation provisions in the ICA, interconnection agreement or state tariff. If there are no provisions in the ICA, interconnection agreement or state tariff, then the fiber cable hand-off will be as mutually agreed upon by the Parties; or

4.4.3. CLEC may utilize new, mutually agreed upon, mid-span fiber meets, where CLEC will connect to the ILEC FOT by providing fiber cable at the last entrance (or agreed upon) manhole outside of the tandem, or at the last entrance (or agreed upon) manhole outside of an end office in the rate center where the Parties agree to interconnection at an end office; or

4.4.4. CLEC may utilize its existing facilities or the existing facilities of CLEC's interexchange carrier subsidiary (IXC), at the serving wire center locations where CLEC or its IXC have a facilities presence for switched and/or dedicated access traffic; or

4.4.5. CLEC may by purchase Special Access or switched dedicated transport access facilities and services from ILEC as provided for in Section 4.8; or

4.4.6. CLEC may utilize the transport facilities from a third party; or

- 4.4.7. CLEC may utilize any other technically feasible arrangement that the Parties may agree meets the requirements of Section 4.
- 4.4.8. Where CLEC leases facilities from ILEC to establish a POI, CLEC shall not be required to begin paying ILEC for such facilities until the facilities are jointly tested and accepted at a trunk level.
- 4.5. When establishing a POI required by Section 4, ILEC will allow CLEC to establish local interconnection trunk groups to transport local or intraLATA traffic utilizing the facilities of any of CLEC's multiple CLEC subsidiary; provided, however, that each CLEC subsidiary traffic will be assigned a separate trunk group on the facility. ILEC will also allow CLEC to establish local interconnection trunk groups to transport local and intraLATA traffic utilizing the access facilities of CLEC's IXC subsidiary(s); provided, however, that each CLEC subsidiary's traffic will be assigned a separate trunk group and CLEC may not combine local interconnection and inter-exchange access traffic over the same trunk group on the IXC facility.
- 4.6. Where CLEC and ILEC have an existing interconnection architecture that meets the POI requirements described above, this existing interconnection architecture cannot be changed without the mutual agreement of both Parties; provided, however, nothing herein shall prevent CLEC from eliminating or decommissioning a POI at its option.
- 4.7. When a new POI is established under Section 4, ILEC shall be responsible for the provisioning and cost of facilities on its side of the POI and CLEC shall be responsible for the provisioning and cost of facilities from its side of the POI back to the CLEC facilities and network.
- 4.8. When CLEC establishes a POI by purchasing Special Access facilities and services or switched dedicated access transport facilities and services from ILEC, these facilities shall be considered available for local interconnection trunks; provided, however, that CLEC shall be responsible for the ordering and cost. CLEC may purchase these facilities and services out of the ILEC's intrastate access tariffs or interstate access tariffs, access contracts or other access pricing plans as authorized by the FCC. Except as provided in Section 4.8.1 below, CLEC will submit orders to the applicable ILEC Access Service Center (ASC) and the orders will be governed by the ordering and provisioning terms of the applicable FCC Access tariff.
- 4.8.1. Where CLEC establishes a new POI by purchasing Special Access facilities from ILEC, the Parties agree that where facilities exist between the new POI to be established and an existing CLEC POI, the new POI may be established as a "Billing POI" by utilizing

existing facilities without physically moving trunks onto a newly established dedicated facility. When establishing such a "Billing POI", the CLEC will issue an order to the applicable ILEC Access Service Center or Local Service Center for its use of bandwidth on the existing facility, if the facilities were to be installed. In this manner, the Parties agree that new facilities need not be physically established and any ordering and installation and engineering charges shall not apply.

- 4.8.2. The Parties reserve their rights to challenge in any manner the rates, terms and conditions upon which the dedicated services or facilities referred to in this Section or Section 4.4.5 are provided by ILEC, including but not limited to challenges pursuant to the dispute resolution provisions of the applicable ICA or interconnection agreement, regardless of the time limits contained therein.
- 4.9. CLEC will have a transition period of six months from the Effective Date of this Amendment to establish the new POIs required by Section 4. and achieve the Direct End Office Trunk (DEOT) criteria identified in Section 6.4 below, unless the Parties otherwise agree to a different date. At the end of this six month transition period, if CLEC has not established a physical POI or achieved the DEOT criteria, CLEC shall not be entitled to receive reciprocal compensation for calls from that local calling area. During this six month transition period, CLEC will not be subject to the charges for the facilities described in Section 4.8.
5. During the term of this Amendment, CLEC may order and ILEC will provide, where facilities are available, sufficient dedicated services or facilities as referenced in Section 4.8 to the nearest existing CLEC POI in the Local Access and Transport Area (LATA). ILEC will choose the most efficient facility route to deliver these dedicated services or facilities to the CLEC POI. These dedicated services and facilities will be provided for the purpose of establishing trunking consistent with the traffic engineering guidelines contained in the existing ICA or interconnection agreement. Trunking services or facilities will be established prior to exchanging live traffic and the Parties agree to abide by the trunk engineering/administration guidelines as stated in the ICA or interconnection agreement. Each Party shall be financially responsible for one hundred percent (100%) of the facilities, trunks, and equipment on its side of the POI.
6. When interconnecting at ILEC's digital End Offices, the Parties have a preference for use of B8ZS ESF two-way trunks for all traffic between their networks. Where available, such trunk equipment will be used for these Local Interconnection Trunk Groups. Where AMI trunks are used, either Party may request upgrade to B8ZS ESF when such equipment is available.

7. The Parties shall establish direct End Office primary high usage Local Interconnection trunk groups when end office traffic (actual or forecasted) requires twenty-four (24) or more trunks over three consecutive months for the exchange of IntraLATA Toll and Local traffic. These trunk groups will be two-way and will utilize Signaling System 7 ("SS7") signaling or MF protocol where required.
 - 7.1. The Parties will exert commercially reasonable efforts to achieve and maintain a network architecture within a tandem serving area such that the DEOT does not fall below 70% of the total number of trunks the CLEC has in service in the tandem serving areas for two consecutive months. To determine the 70% threshold, the total number of DEOTs will be divided by the total number of trunks CLEC has in use in the tandem serving area that CLEC has interconnection into. ILEC will be responsible for the costs and provisioning of the DEOTs to the POI and CLEC shall be responsible for making facility assignments at the POI for the DEOTs to be connected to CLEC's transport facilities from the POI back to CLEC's network. If, upon request by ILEC, CLEC does not make the appropriate facility assignments which causes the DEOT to fall below 70% of the total number of trunks the CLEC has in service in the tandem serving areas, ILEC shall be entitled to withhold reciprocal compensation from the particular local calling area. Where the traffic in the tandem serving area does not exceed 144 trunks to justify DEOT at the 70% level, this paragraph shall not apply in such tandem serving area. Where the traffic does exceed 144 trunks to justify DEOT at the 70% level, this paragraph applies to all trunks in that tandem serving area.
8. Under no circumstances will, CLEC be penalized for non-compliance with the POI and DEOT criteria during the six (6) month transition period in Section 4.9, or any time thereafter, if such non-compliance results from ILEC's failure to perform required network administration activities (including provisioning, activation, and translations).
9. The Parties recognize that embedded one-way trunks exist for Local/IntraLATA toll traffic via end point meet facilities. The Parties agree the existing architecture may remain in place and be augmented for growth as needed. The Parties may subsequently agree to negotiate a transition plan to migrate the embedded one-way trunks to two-way trunks via a mid-span fiber meet architecture as described in Appendix NIM or Network of the applicable ICA or interconnection agreement or, the SBC-13 STATE Generic Agreement if an Appendix NIM or Network, or a similarly named network appendix, is not contained in said ICA or interconnection agreement. The Parties will coordinate any such migration, trunk group prioritization, and implementation schedule. ILEC agrees to develop a cutover plan and project manage the cutovers with CLEC participation and agreement.

10. When establishing a new POI in an Existing Local Calling Area, CLEC will notify its ILEC Account Manager of its intention to establish a new POI in an existing local calling area 90 days prior to the end of the six month transition period by letter to the ILEC Account Manager for CLEC. This 90 day notice is intended to give both Parties adequate time to plan, issue orders, and implement the orders in the 6 month transition period.
11. When establishing a POI in a New Local Calling Area, CLEC will notify its ILEC Account Manager 90 days prior to the LERG effective date for the new NPA-NXXs it wishes to activate. Joint planning meetings for the new POI will be held within 10 days of ILEC's receipt of such notification. The outcome of the joint planning meeting will be orders for facilities and trunks for the new POI.
12. Upon expiration of this Amendment, CLEC and ILEC agree to evaluate whether to add or eliminate POIs to create an effective post-Amendment architecture. Both Parties will cooperate in adding or eliminating POIs so long as they are consistent with the then effective ICA or interconnection agreement concerning interconnection between the Parties.
13. **Classifications of Traffic:**
 - 13.1. Intercarrier traffic includes local and transited traffic, intraLATA toll and optional Extended Area Service (EAS) traffic (where applicable) as well as traffic that originates on the network of one Party and connects to an Internet Service Provider (ISP) on the other Party's network
 - 13.2. If CLEC designates different points for rating and routing such that traffic that originates in one rate center is carried by ILEC to a routing point designated by CLEC in a rate center that is not local to the calling party even though the called NXX is local to the calling party, such traffic, referred to as Virtual Foreign Exchange (Virtual FX) traffic, shall be rated in reference to the rate centers associated with the NXX prefixes of the calling and called parties' numbers, and treated as Local traffic for purposes of compensation. Should CLEC fail to establish a POI with respect to a specific local calling area or other serving area as applicable during the transition periods, it shall not be subject to any charges for the origination of Virtual Foreign Exchange traffic with respect to that local calling area or serving area once it has established the relevant POI.
 - 13.3. InterLATA toll and IXC carried intraLATA toll are subject to Meet Point Billing as outlined in the ICA or interconnection agreement and applicable tariffs.
 - 13.4. The rates for the termination of intraLATA toll and Originating 8YY traffic are governed by the Parties' switched access tariffs.

- 13.5. Compensation for SWBT-transited minutes of use (MOU) will be governed by the ICAs and interconnection agreement.

14. Total Compensable Local Traffic for Purposes of This Amendment:

- 14.1 Local, Mandatory Local and Optional EAS traffic eligible for reciprocal compensation will be combined with traffic terminated to ISPs to determine Total Compensable Local Traffic and the balance of traffic between the Parties.
- 14.2 IntraLATA toll and transited MOU will be excluded from these calculations.
- 14.2.1. Subject to applicable confidentiality guidelines, ILEC and CLEC will cooperate to identify transiting traffic; originators of such transiting traffic; and information useful for settlement purposes with such transit traffic originators.
- 14.2.2. ILEC and CLEC agree to explore additional options for management and accounting of transit traffic, including, but not limited to the exchange of additional signaling/call-related information in addition to Calling Party Number.
- 14.2.3. The Parties agree to explore additional options for management and accounting of the jurisdictional nature of traffic exchanged between their networks.

15. Rate Structure and Rate Levels:

- 15.1. The compensation structure and rates set forth in Exhibit A, hereto, shall be effective June 1, 2001 through May 31, 2003, and shall apply symmetrically for traffic terminated on either Party's network.
- 15.2. Treatment of In-Balance traffic:
- 15.2.1. Compensable Local Traffic volume each month below a terminating/originating ratio of 3:1 will be compensated at an In Balance Traffic blended rate as specified in Exhibit A, hereto.
- 15.3. Treatment of Out-of-Balance traffic:
- 15.3.1. Compensable Local Traffic volume each month exceeding a terminating/originating ratio of 3:1 is considered Out of Balance traffic and will be compensated at an Out of Balance Traffic blended rate as specified in Exhibit A, hereto.

- 15.4. Beginning June 1, 2003, and running through May 31, 2004, the compensation structure and rates set forth in Exhibit A, shall continue to apply symmetrically for traffic terminated on either Party's network, but the distinction between In-Balance and Out-of-Balance traffic shall not apply. During the period June 1, 2003 through May 31, 2004, Total Compensable Local Traffic as defined herein will be exchanged in all states at the rate of \$.0005 per MOU, regardless of the balance of traffic between the networks.

16. Reservation of Rights:

- 16.1. The Parties reserve the right to raise the appropriate treatment of Voice Over Internet Protocol (VOIP) traffic under the Dispute Resolution provisions of this ICA or any future interconnection agreements between the Parties through May 31, 2004. The Parties further agree that this Amendment shall not be construed against either Party as a "meeting of the minds" that VOIP traffic is or is not local traffic subject to reciprocal compensation. By entering into the Amendment, both Parties reserve the right to advocate their respective positions before state or federal commissions whether in bilateral complaint dockets, arbitrations under Sec. 252 of the Act, commission established rulemaking dockets, or in any legal challenges stemming from such proceedings.
- 16.2. The Parties continue to disagree as to whether ISP calls are subject to reciprocal compensation obligations under their ICAs and interconnection agreements and Section 251(b)(5) of the Act. By entering into this Amendment neither Party waives its right to advocate its view with respect to these issues, however neither Party will attempt in any way to overturn the provisions of this Amendment during its term. Similarly, the Parties agree that nothing in this Amendment shall be construed as an admission that ISP traffic is, or is not, subject to reciprocal compensation obligations under their ICAs and interconnection agreements or Section 251(b)(5). Therefore, ILEC payments to CLEC under the Agreement shall not be construed as agreement by ILEC that calls to ISPs constitute local traffic subject to reciprocal compensation obligations, provided, however, notwithstanding anything to the contrary, the Parties agree that for purposes of this Amendment compensation is payable as set forth in this Amendment.
- 16.3. The Parties continue to disagree as whether CLEC is required to establish a physical POI in each local calling area. By entering into this Amendment, neither Party waives its right to advocate its view with respect to this issue. Similarly, the Parties agree that nothing in this Amendment shall be construed as an admission that CLEC must or must not establish a POI in each local calling area. Therefore, CLEC's establishment of a physical POI in each local calling area under the Amendment shall not be construed as agreement by CLEC that physical

POIs are required to be established in each local calling area, provided, however, notwithstanding anything to the contrary, the Parties agree that for purposes of this Amendment physical POIs will be established as set forth in this Amendment.

- 16.4. Except as specifically modified by this Amendment with respect to their mutual obligations herein, neither Party relinquishes, and each Party instead fully reserves, any and all legal rights that it had, has and may have to assert any position with respect to any of the matters set forth herein before any state or federal administrative, legislative, judicial or other legal body.

17. Additional Terms and Conditions:

- 17.1. This Amendment contains provisions that have been negotiated as part of an entire amendment and integrated with each other in such a manner that each provision is material to every other provision. The Parties recognize and agree that Exhibit A, hereto, applies to specified periods of time over the course of the full term of this Amendment, and is intended to be date specific. The Parties stipulate that they would not have mutually agreed to this entire Amendment if a third party carrier could later opt into this Amendment under section 252 (i) of the Act and enjoy higher rates than are in effect at that point in the rate schedule. By entering into this Amendment, ILEC neither agrees that is obligated to permit, nor waives its rights to contend that it is not obligated to permit, its tandem switching and common transport facilities to be used without compensation for the carriage of Virtual FX traffic.
- 17.2. The Parties agree that each and every rate, term and condition of this Amendment is legitimately related to, and conditioned on, and in consideration for, every other rate, term and condition in the underlying ICA or interconnection agreement. The Parties agree that they would not have agreed to this Amendment except for the fact that it was entered into on a 13-State basis and included the totality of rates, terms and conditions listed herein.
- 17.3. This Amendment is the joint work product of the Parties and has been negotiated by the Parties and their respective counsel and shall be fairly interpreted in accordance with its terms and, in the event of any ambiguities, no inferences shall be drawn against either Party.
- 17.4. The terms contained in this Amendment and its Exhibit A, constitute the entire agreement with regard to the modification and amendment of the ICAs and incorporation into future interconnection agreements through May 31, 2004, and shall be interpreted solely in accordance with its own terms.

- 17.5. The headings of the Sections of this Amendment are strictly for convenience and shall not in any way be construed to define, modify or restrict the meaning or interpretation of the terms, provisions or conditions of this Amendment.
- 17.6. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original; but such counterparts shall together constitute one and the same instrument.
- 17.7. This Amendment shall be filed by the Parties with the PUCs in each state listed in the introductory paragraph above. Neither Party may seek a stay of the PUCs' approval of this Amendment or in any way seek to delay, postpone or interfere with the PUCs' approval of this Amendment.
- 17.8. The Notice/Contact information for this Agreement and all underlying agreements shall be amended to read as follows:

To CLEC:

Michael Duke
Director, Governmental Regulatory Affairs
KMC Telecom Holdings, Inc.
1755 North Brown Road
Lawrenceville, Georgia 30043
Telephone Number: (678) 985-6266
Fax Number: (678) 985-6213
Email: mduke@kmctelecom.com

With a copy to:

Genevieve Morelli
Counsel to KMC Telecom Holdings, Inc.
Kelley Drye & Warren, LLP
1200 19th Street, NW
Washington, D.C. 20036
Telephone Number: (202) 955-9600
Fax Number: (202) 955-9792
Email: gmorelli@kelleydrye.com

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed on the dates shown below by their respective duly authorized representatives and hereby agree that this Amendment shall be effective between the Parties (the Effective Date) upon the final signature date below.

KMC Telecom, Inc.
KMC Telecom II, Inc.
KMC Telecom III, Inc.
KMC Telecom V

Illinois Bell Telephone Company,
Indiana Bell Telephone Company Incorporated
d/b/a Ameritech Indiana,
Michigan Bell Telephone Company d/b/a
Ameritech Michigan,
The Ohio Bell Telephone Company,
Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin,
Nevada Bell Telephone Company d/b/a
SBC Nevada Bell Telephone Company,
Pacific Bell Telephone Company d/b/a
SBC Pacific Bell Telephone Company,
The Southern New England Telephone Company
and Southwestern Bell Telephone, L P. d/b/a
Southwestern Bell Telephone Company;
by and through their authorized agent,
SBC Telecommunications, Inc.

By:

Name:

Title:

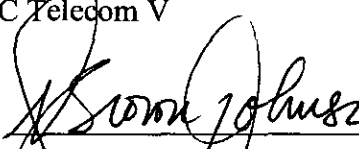
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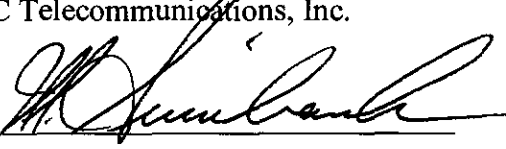
By:

Name:

Title: for/President, Industry Markets

Date:


Name: Marka Brown Johnson
Title: for /SR. Vice President - Legal & Regulatory
Date: March 6, 2003


Name: Mike Auinbauh
Title: for/President, Industry Markets
Date: MAR 05 2003

ATTACHMENT: RATE SCHEDULE

KMC Rates - In Balance Traffic (6/01/01 - 5/31/03)													
	TX	MI	IL	IN	WI	OH	CT	MO	KS	OK	AR	CA	NV
End Office Served	0.001700	0.001004	0.003746	0.004097	0.004241	0.003815	0.002019	0.001988	0.001843	0.002861	0.004358	SEE BELOW	
Tandem Served	0.002465	0.001461	0.005175	0.004556	0.005273	0.004697	0.003824	0.003851	0.002824	0.005347	0.006508		
Blended	0.00193	0.0011411	0.0041747	0.0042347	0.0045506	0.00408	0.002561	0.0025469	0.0021373	0.0036068	0.005003		
KMC Rates - Out of Balance Traffic (6/01/01 - 5/31/03)													
	TX	MI	IL	IN	WI	OH	CT	MO	KS	OK	AR	CA	NV
Year 2 (6/1/01 - 5/31/02)	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Year 3 (6/1/02 - 5/31/03)	0.000794	0.000262	0.001072	0.000307	0.000704	0.00066	0.001805	0.001514	0.000789	0.000956	0.001665	0.00067	0.001261
KMC Rates - All Traffic (6/01/03 - 5/31/04)													
Year 4 - (6/01/03 - 5/31/04)	TX	MI	IL	IN	WI	OH	CT	MO	KS	OK	AR	CA	NV
(Regardless of Traffic Balance)	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005

California (in balance)			
End Office:	Set Up	0.007	
	Duration	0.00187	
	Tandem Served:	Duration	
	Blended:	Duration	
End Office:	Set Up	0.00311	
	Duration	0.002506	
	Tandem Served:	Duration	
	Blended:	Duration	