

May 06, 2005

Public Utility Commission of Oregon  
Attn: Filing Center  
550 Capitol Street N.E. #215  
Salem, Oregon 97308-2148

RE: Affiliated Interest Joint Application of CenturyTel of Oregon, Inc. and CenturyTel of Eastern Oregon, Inc.

Enclosed for filing please find an original and five copies of the Joint Application of CenturyTel of Oregon, Inc. and CenturyTel of Eastern Oregon, Inc. for approval of a services agreement with CenturyTel Holdings Missouri, Inc.

Thank you for you attention to this matter.

Sincerely,

Calvin K. Simshaw  
Assoc. General Counsel - Regulatory

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UI 230

In the Matter of the Application of            )  
CenturyTel of Oregon, Inc. and                )  
CenturyTel of Eastern Oregon, Inc. for       )  
Approval of a Service Agreement            )  
with CenturyTel Holdings Missouri, Inc.      )

**JOINT APPLICATION**

CenturyTel of Oregon, Inc. and CenturyTel of Eastern Oregon, Inc. (“Joint Applicants”) hereby seek authority pursuant to ORS 759.390 to engage in affiliated interest transactions with CenturyTel Holdings Missouri, Inc. In support of this joint application, Joint Applicants make the following statements providing information in the manner and form set forth in (OAR 860-27-040 (2)):

1. (OAR 860-27-040 (2) (a)): The exact name and principal business office address of Joint Applicants are:

CenturyTel of Oregon, Inc.  
8102 Skansie Ave.  
Gig Harbor, WA 98332

CenturyTel of Eastern Oregon, Inc.  
8102 Skansie Ave.  
Gig Harbor, WA 98332

2. (OAR 860-27-040 (2) (b)): The name and address of the person authorized to receive notices, inquiries, and communications for CenturyTel regarding this application is:

Ken Buchan  
Manager, Regulatory Finance  
100 CenturyTel Drive  
Monroe, LA 71203

(318) 362-1538  
[ken.buchan@centurytel.com](mailto:ken.buchan@centurytel.com)

3. (OAR 860-27-040 (2) (c)): Both Joint Applicants, CenturyTel of Oregon, Inc., and CenturyTel of Eastern Oregon, Inc. are one hundred percent owned by CenturyTel of the Northwest, Inc. (f/k/a Pacific Telecom, Inc.) which is in turn one hundred percent owned by CenturyTel Holdings, Inc., which is in turn one hundred percent owned by CenturyTel, Inc. CenturyTel Holdings Missouri, Inc. is one hundred percent owned by CenturyTel Holdings, Inc., which in turn is one hundred percent owned by CenturyTel, Inc. Therefore Joint Applicants and CenturyTel Holdings Missouri, Inc. are ultimately owned and controlled by CenturyTel, Inc. and are affiliates under ORS 759.010.

4. (OAR 860-27-040 (2) (d)): Neither Joint Applicants nor CenturyTel Holdings Missouri, Inc. holds any voting securities in each other. However, as noted in Paragraph 3, the voting securities of both Joint Applicants and CenturyTel Holdings Missouri, Inc. are ultimately held and controlled by CenturyTel, Inc.

5. (OAR 860-27-040 (2) (e)): A list of all individuals who are officers or directors of CenturyTel Holdings Missouri, Inc. and are also officers or directors of the Joint Applicants is as follows:

Officers

Glen F. Post, III  
Karen A. Puckett  
Stacey W. Goff  
R. Stewart Ewing, Jr.  
David D. Cole  
Michael A. Maslowski  
Neil A. Sweasy  
G. Clay Bailey  
Kay C. Buchart

Directors

Glen F. Post, III  
Stacey W. Goff  
R. Stewart Ewing, Jr.

6. (OAR 860-27-040 (2) (f)): No officer or director is a party to the contract.

7. (OAR 860-27-040 (2) (g)): The services to be provided to Joint

Applicants by CenturyTel Holdings Missouri, Inc. are described in the service agreement, a copy of which is included with this joint application as Attachment No. 1. The services to be provided are in the areas of operational supervision, maintenance of telephone plant facilities, technical advice and assistance, customer service, engineering/construction, facilities assignments, trouble reporting, fleet management, and other services.

The costs incurred by CenturyTel Holdings Missouri, Inc. to provide the services will include expenditures customarily associated with these types of activities including: salaries, wages, and other compensation of personnel performing the services; travel and other expenses of such personnel; office expenses including rent, telephone, heating, power, postage, office supplies; maintenance and depreciation of furniture, vehicles, computers and other equipment used in performance of the service; taxes; and insurance.

CenturyTel Holdings Missouri, Inc. does not sell the services subject to the agreement on the open market. However, Joint Applicants assert that CenturyTel Holdings Missouri, Inc. is an efficient provider of the services covered in the agreement. As such there is no reason to believe that the market value of the services would differ

from CenturyTel Holdings Missouri, Inc. costs and in no event would be less than those costs. The agreement provides that CenturyTel Holdings Missouri, Inc. costs allocated to Joint Applicants shall not exceed the costs that Joint Applicants would pay for provision of these same services without the benefit of CenturyTel Holdings Missouri, Inc.

8. (OAR 860-27-040 (2) (h)): Joint Applicants estimate that the amount they will pay to CenturyTel Holdings Missouri, Inc. for the services rendered will be approximately \$309,000 per year for CenturyTel of Oregon, Inc. and \$315,000 per year for CenturyTel of Eastern Oregon, Inc. Joint Applicants will record the payments in the following accounts:

	<u>Account No.</u>
Network Operations _____	6530
<del>Marketing _____</del>	<del>6610</del>
Executive and Planning _____	6710
General and Administrative _____	6720
Non-Regulated _____	7990
<del>6530</del>	<del>Network Operations _____</del>
<del>Marketing _____</del>	<del>6610</del>
<del>Services _____</del>	<del>6620</del>

9. (OAR 860-27-040 (2) (i)): Joint Applicants and their customers will benefit from the services obtained from CenturyTel Holdings Missouri, Inc. The services to be rendered by CenturyTel Holdings Missouri, Inc. are essential to Joint Applicants' ability to provide high quality local exchange telecommunications services at reasonable prices. Joint Applicants submit that obtaining these services from CenturyTel Holdings Missouri, Inc. has definite advantages over either trying to self-provision these services or obtaining them from a provider outside of the CenturyTel corporate holdings.

CenturyTel Holdings Missouri, Inc. has been able to capitalize on economies of scope and scale in the provision of these services. This is particularly the case in the

maintenance and operation of various systems relating to operations, finance, administrative, management, engineering, and customer service. Joint Applicants could not capture the same economies of scope and scale if they attempted to self-provision these services.

The various CenturyTel Holdings Missouri, Inc. systems have the added advantage of having been developed specifically to address the unique needs and challenges associated with providing telecommunications services in rural and small town areas. Essentially all of the CenturyTel Holdings Missouri, Inc. affiliated local exchange carrier operating entities serve territories and markets similar to Joint Applicants'. The CenturyTel Holdings Missouri, Inc. personnel are experienced and knowledgeable in the provision of service to rural areas. They are in effect rural service experts. This expertise would most likely be lost if Joint Applicants were to go outside of the CenturyTel corporate structure to obtain the services that CenturyTel Holdings Missouri, Inc. provides.

Joint Applicants' customers derive benefit from the services provided by CenturyTel Holdings Missouri, Inc. in the form of higher quality telecommunications services at lower prices. The economies of scope and scale presented by CenturyTel Holdings Missouri, Inc. operations allow Joint Applicants to keep their costs down. It is also the case that the services provided by CenturyTel Holdings Missouri, Inc. are specifically tailored for, and suited to, utilization in the provision of telecommunications services to customers in rural and small town areas. This helps Joint Applicants to overcome or at least mitigate factors inherent in rural demographics that might otherwise adversely affect quality of service.

10 (OAR 860-27-040 (2) (j)) Joint Applicants did not utilize a competitive bid process in the selection of CenturyTel Holdings Missouri, Inc. to be the provider of the services that are the subject of this joint application. Joint Applicants submit that such a process would not be in the best interests of themselves or their customers, as it would not result in lower costs or higher quality services. The nature of the services rendered is such that they are most effectively acquired through a centralized regional and or corporate function. This approach is very common amongst telecommunication holding company systems with operations in multiple states.

CenturyTel Holdings Missouri, Inc. is able to provide all of the services in a coordinated package. That is, the various systems underlying the services are designed to be combined with each other to support an operating local exchange carrier in a rural service territory. Joint Applicants are not aware of any outside vendor that could provide all of these support systems in a single and coordinated package. Even if various individual systems were available from outside vendors, there is no assurance that they would be compatible with the other systems that Joint Applicants would need to utilize in order to create the total package.

11. (OAR 860-27-040 (2) (k)) N/A

12. (OAR 860-27-040 (2) (l)) A copy of the Service Agreement between Joint Applicants and CenturyTel Holdings Missouri, Inc. is included herewith as Attachment No. 1.

13. (OAR 860-27-040 (2) (m)) It is not Joint Applicants' practice to require a resolution from its board of directors in order to execute this type of service agreement.

Based upon the foregoing, Joint Applicants assert that the Service Agreement presented in this application is fair and reasonable and not contrary to the public interest and therefore meets the standard for approval under ORS 759.390(3). Joint Applicants respectfully request that the Commission authorize the affiliated interest transactions embodied in the Service Agreement.

Submitted this \_\_\_ day of May 2005.

CENTURYTEL OF OREGON, INC.  
CENTURYTEL OF EASTERN OREGON, INC.

By: \_\_\_\_\_  
Calvin K. Simshaw  
Associate General Counsel



**SERVICE CONTRACT  
(Holdings Missouri)**

This SERVICE CONTRACT ("Agreement") is made and entered into effective as of the 1st day of September, 2002, by and among CenturyTel Holdings Missouri, Inc., a Missouri corporation (the "SERVICE PROVIDER"), on the one hand, and those of its affiliates listed on *Exhibit A* attached hereto (collectively, the "PROCURERS OF SERVICES"), on the other hand.

WITNESSETH:

WHEREAS, SERVICE PROVIDER has personnel who are experienced and qualified to provide the services described hereinafter to each of the PROCURERS OF SERVICES;

WHEREAS, SERVICE PROVIDER is prepared to furnish such services to PROCURERS OF SERVICES; and

WHEREAS, PROCURERS OF SERVICES desire to avail themselves of these and other related services offered by SERVICE PROVIDER as needed;

NOW, THEREFORE, the Parties (as defined below) agree as follows:

**I. SERVICES TO BE PROVIDED**

Upon request, any PROCURER OF SERVICES may from time to time purchase from SERVICE PROVIDER the following services:

- A. **Operating Services:** Services necessary to operate or monitor telephone facilities, to provide local exchange services to customers, and to discharge contractual commitments.
- B. **Maintenance:** Repair, preventative maintenance and removal of telephone plant facilities.
- C. **Technical:** Advice and assistance in insurance, pensions, marketing and sales, organization and personnel, regulatory matters, computer systems administration, public relations and advertising.
- D. **Customer Services:** Customer services in areas of billing, sales, payments and any customer needs that may arise.
- E. **Engineering/Construction:** Advice, assistance, procurement and staffing in planning, coordinating, and constructing telephone facilities plant and equipment.
- F. **Facilities Assignments and Trouble Reporting:** Ordering and assigning telephone and access facilities, and receiving trouble calls and dispatching repair personnel.
- G. **Fleet:** Maintenance and administration of company-owned fleet vehicles.

Notwithstanding the foregoing, those affiliates identified on *Exhibit A* as being “SOLE SOURCE PROCURERS” shall receive services hereunder from SERVICE PROVIDER without any need to request such services in advance.

## II. COSTS OF SERVICES

A. **Classification of Charges:** Except to the extent otherwise provided on *Exhibit A*, the costs of services performed under this Agreement may include reasonable charges for:

1. Salaries, wages, fees, benefits and other compensation of personnel performing the services.
2. Travel and other expenses of such personnel.
3. Cost of house service (including telephone, rent, heat, light, electric service).
4. Depreciation and amortization charges associated with vehicles, equipment, computers, office furniture and other capital assets used in connection with performing services hereunder, and any costs to rent any such assets.
5. All reasonable repair and maintenance charges associated with vehicles, equipment, computers, office furniture and other capital assets used in connection with performing services hereunder.
6. All postage charges and all costs of forms, envelopes, stationery or other office supplies used in performing the services.
7. Insurance, including public liability, fire and extended coverage, vehicle coverage and costs of meeting workmen’s compensation requirements.
8. Property, franchise and occupational taxes.
9. All payroll taxes levied by federal, state, city or other taxing authorities applicable to employees engaged in performing the services.
10. All sales or use taxes levied on the services sold.
11. All other reasonable expenses necessary or incidental to providing services under this Agreement.
12. A reasonable return on SERVICE PROVIDER’S capital needed to perform the services required in this Agreement. The reasonable return



will be recovered by applying a return factor to the allocations from SERVICE PROVIDER to PROCURERS OF SERVICES. The return factor will be calculated to result in a return on investment to SERVICE PROVIDER based upon weighted cost of capital, which includes actual cost of debt and a return on equity reasonably determined to be commensurate with the arms' length rate of return that would be necessary to attract the same (or a comparable) investment in the open market.

- B. Cost Allocation:** Costs associated with the general administration of SERVICE PROVIDER, and costs incurred for all services performed for or furnished to PROCURERS OF SERVICES, shall be allocated on the basis of direct cost identification where practicable. Otherwise the common costs shall be allocated to all PROCURERS OF SERVICES receiving services from SERVICE PROVIDER on an equitable basis. Such allocation shall be in accordance with a formula or formulas which, in the considered judgment of officers responsible for making such allocations, will result in charges to each PROCURER OF SERVICES, as nearly as practicable, equal in amount to the actual costs incurred in rendering services for that company.

The Parties agree that costs incurred by SERVICE PROVIDER on behalf of PROCURERS OF SERVICES, rather than being invoiced, will be charged each month to the appropriate accounts within PROCURERS OF SERVICES' books and records. This will be accomplished using the general ledger and cost allocation systems owned by CenturyTel Service Group, LLC, which are used to record accounting transactions for most of CenturyTel, Inc.'s subsidiaries.

Notwithstanding anything herein to the contrary, (i) all services hereunder shall be provided under the general supervision of the directors and officers of the applicable PROCURER OF SERVICES, (ii) the directors and officers of each PROCURER OF SERVICES shall retain managerial authority, control and responsibility for operating its business, and (iii) nothing herein shall relieve such directors or officers from their respective duties or limit the exercise of their respective powers.

### **III. GENERAL TERMS AND CONDITIONS**

- A. Term:** This Agreement has been executed and delivered on December 1, 2003, but shall be effective as of the date above written and shall, from such effective date, continue in force until terminated upon (i) the mutual written agreement of all Parties, (ii) SERVICE PROVIDER providing 30 days written notice of termination to each PROCURER OF SERVICES or (iii) each PROCURER OF SERVICES providing 30 days written notice of termination to SERVICE PROVIDER. In addition, any PROCURER OF SERVICES, upon providing 30 days written notice to SERVICE PROVIDER, may terminate its receipt of services hereunder in connection with a merger, sales transaction, or other corporate restructuring or reorganization, whereupon this Agreement shall lapse as between the notifying PROCURER OF SERVICES and SERVICE



PROVIDER but shall remain in effect as between all other PROCURERS OF SERVICES and SERVICE PROVIDER.

- B. **Assignment**: No PROCURER OF SERVICES shall have the right to assign this Agreement without the written consent of SERVICE PROVIDER (such consent not to be unreasonably withheld), and SERVICE PROVIDER shall have no right to assign this Agreement without the written consent of each PROCURER OF SERVICES (such consents not to be unreasonably withheld). The effectiveness of an assignment shall be conditioned upon the assignee's written assumption of the rights, obligations, and duties of the assigning Party.
- C. **Amendments**: Any amendment, restatement, modification, or supplement to this Agreement must be in writing and signed by an authorized representative of each Party. The term "this Agreement" shall include future amendments, restatements, modifications, and supplements. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, it is the Parties' intention that such determination will not be held to affect the validity or enforceability of any other provision of this Agreement, which provisions will otherwise remain in full force and effect.
- D. **Authority**: Each person whose signature appears on this Agreement represents and warrants that he or she has authority to bind the Party on whose behalf he or she has executed this Agreement.
- E. **Binding Effect**: This Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the Parties.
- F. **Compliance with Laws and Regulations**: Each Party shall comply with all federal, state, and local statutes, regulations, rules, ordinances, judicial decisions, and administrative rulings applicable to its performance under this Agreement, including without limitation all applicable regulations of the Federal Communications Commission, the Rural Utilities Service, and any state public service or utility commission having jurisdiction over such Party's operations.
- G. **Confidential Information**:
1. **Identification**: Any Party may disclose to another Party proprietary or confidential customer, technical, or business information in written, graphic, oral or other tangible or intangible forms ("Confidential Information"). In order for information to be considered Confidential Information under this Agreement, it must be marked "Confidential" or "Proprietary," or bear a marking of similar import. Orally or visually disclosed information shall be deemed Confidential Information only if contemporaneously identified as such and reduced to writing and delivered to the other Party with a statement or marking of confidentiality within 30 calendar days after oral or visual disclosure.



2. Handling: In order to protect such Confidential Information from improper disclosure, each Party agrees:
  - a. That all Confidential Information shall be and shall remain the exclusive property of the source;
  - b. To limit access to such Confidential Information to authorized employees who have a need to know the Confidential Information for performance of this Agreement;
  - c. To keep such Confidential Information confidential and to use the same level of care to prevent disclosure or unauthorized use of the received Confidential Information as it exercises in protecting its own Confidential Information of a similar nature;
  - d. Not to copy, publish, or disclose such Confidential Information to others or authorize anyone else to copy, publish, or disclose such Confidential Information to others without the prior written approval of the source;
  - e. To return promptly any copies of such Confidential Information to the source at its request; and
  - f. To use such Confidential Information only for purposes of providing or supervising services performed hereunder and for other purposes only upon such terms as may be agreed upon between the applicable Parties in writing.
3. Exceptions: These obligations shall not apply to any Confidential Information that was legally in the recipient's possession prior to receipt from the source, was received in good faith from a third party not subject to a confidentiality obligation to the source, now is or later becomes publicly known through no breach of any confidentiality obligation by the recipient, was developed by the recipient without the developing persons having access to any of the Confidential Information received in confidence from the source, or is required to be disclosed pursuant to subpoena or other process issued by a court or administrative agency having appropriate jurisdiction; *provided, however*, that the recipient shall give prior notice to the source and shall reasonably cooperate if the source deems it necessary to seek protective arrangements.
4. Survival: The obligation of confidentiality and use with respect to Confidential Information disclosed by one Party to another Party shall survive any termination of this Agreement for a period of three years from the date of the initial disclosure of the Confidential Information.



- H. **Consent:** Where notice, consent, approval, or ~~mutual~~ agreement is permitted or required of a Party, it shall not be unreasonably ~~withheld~~ or delayed.
- I. **Entire Agreement:** This Agreement constitutes ~~the~~ entire agreement of the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, negotiations, proposals, and representations, whether written or oral, and all contemporaneous oral agreements, ~~negotiations~~, proposals, and representations concerning such –subject ~~matter~~. No representations, understandings, agreements, or warranties, expressed or implied, have been made or relied upon in the making of this Agreement ~~other~~ than those specifically set forth herein.
- J. **Force Majeure:** In the event performance of this Agreement, or any obligation hereunder, is either directly or indirectly prevented, restricted, or interfered with by reason of fire, flood, earthquake or like acts of God, wars, revolution, civil commotion, explosion, acts of public enemy, embargo, acts of the government in its sovereign capacity, labor difficulties, including without limitation strikes, slowdowns, picketing, or boycotts, unavailability of equipment from vendors, changes requested by a customer, or any other circumstances beyond the reasonable control and without the fault or negligence of the Party affected, the Party affected, upon giving prompt notice to each other affected Party, shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction, or interference (and each other affected Party shall likewise be excused from performance of its obligations on a day-to-day basis until the delay, restriction or interference has ceased); *provided, however*, that the Party so affected shall use diligent efforts to avoid or remove such causes of nonperformance and the Parties shall proceed with performance hereunder whenever such causes are removed or cease.
- K. **Good Faith Performance:** In the performance of their obligations under this Agreement, the Parties shall act in good faith.
- L. **Governing Law:** This Agreement shall be governed by and construed in accordance with applicable federal law and (to the extent not inconsistent therewith) the internal laws of the State of Louisiana, and shall be subject to the exclusive jurisdiction of the federal and state courts in Louisiana.
- M. **Headings:** The headings in this Agreement are inserted for convenience and identification only and shall not be considered in the interpretation of this Agreement.
- N. **Independent Contractor Relationship:** The personnel provided by SERVICE PROVIDER to perform its obligations hereunder shall be solely that Party's employees and shall be under the sole and exclusive direction and control of that Party. They shall not be considered employees of any other Party for any purpose, and no other Party shall have any direct or indirect authority regarding the supervision, oversight or termination of such employees. Each Party shall remain



an independent contractor with respect to the others and shall be responsible for compliance with all laws, rules and regulations including, but not limited to, employment of labor, hours of labor, health and safety, working conditions, and payment of wages. Each Party shall also be responsible for payment of taxes or governmental charges, including federal, state and municipal taxes, assessed with respect to its employees, such as Social Security, unemployment, workers' compensation, disability insurance, and federal and state withholding. Each Party shall indemnify the others for any loss, damage, liability, claim, demand, or penalty that may be sustained by reason of its failure to comply with this provision.

O. **Limitation of Liability; Limitation of Warranty:**

1. In no event shall SERVICE PROVIDER or its affiliates, or their respective officers, directors, managers, and employees, be liable for any debts or other obligations of PROCURERS OF SERVICES or their subsidiaries or for any damages, either direct, indirect, actual, compensatory, consequential, special, incidental or punitive, or for any lost profits of any kind, arising out of the provision of services by SERVICE PROVIDER or its affiliates or out of any mistakes, accident, errors, omissions, delays, or defects in any services provided under or related to this Agreement or the obligations of SERVICE PROVIDER hereunder, unless such damages arise from a breach of the confidentiality covenants of Section III(G) or the gross negligence or willful misconduct of SERVICE PROVIDER or its affiliates, in which case the liability of SERVICE PROVIDER and its affiliates shall be limited to direct out-of-pocket damages actually incurred. Except as provided in Section III(S), SERVICE PROVIDER make no warranty, express, implied or statutory, as to the description, quality, merchantability, completeness or fitness for any purpose of any service, or as to any other matter, all of which warranties are hereby excluded and disclaimed.
2. Each PROCURER OF SERVICES hereby releases and agrees to indemnify and discharge SERVICE PROVIDER, its affiliates, and each of their respective directors, officers, managers, employees and agents from and against all damages, losses, liabilities, costs, judgments and expenses directly or indirectly arising from, based on, or connected with the provision of services hereunder, except to the extent caused by a breach of the confidentiality covenants of Section III(G) or the gross negligence or the willful misconduct of SERVICE PROVIDER or any of its affiliates.

P. **Multiple Counterparts:** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall together constitute but one and the same document.

Q. **No Third Party Beneficiaries:** Except as may be specifically set forth in this Agreement, this Agreement does not provide and shall not be construed to provide



third parties with any remedy, claim, liability, reimbursement, cause of action, or other right or privilege.

- R. **Notices:** Any notice to a Party required or permitted under this Agreement shall be in writing and shall be deemed to have been received on the date of service if served personally, on the date receipt is acknowledged in writing by the recipient if delivered by regular U.S. mail, or on the date stated on the receipt if delivered by certified or registered mail or by a courier service that obtains a written receipt. Upon prior immediate oral agreement of the Parties' designated recipients identified below, notice may also be provided by facsimile, Internet or electronic messaging system, which shall be effective immediately if sent before 5:00 p.m. Central Time on that day, or effective on the next business day if sent after 5:00 p.m. Central Time. Any notice shall be delivered using one of the alternatives mentioned in this section and shall be directed to the applicable address below or such address as the Party to be notified has designated by giving notice in compliance with this section:

**IF TO SERVICE PROVIDER:**

CENTURYTEL HOLDINGS MISSOURI, INC.

Attention: General Counsel

100 CenturyTel Drive

Monroe, LA 71203

Telephone number: (318) 388-9539

Facsimile number: (318) 388-9488

**IF TO PROCURERS OF SERVICES:**

CENTURYTEL (state appropriate name)

Attention: Vice President

100 CenturyTel Drive

Monroe, LA 71203

Telephone number: (318) 362-1288

Facsimile number: (318) 362-1299

S. **Representations and Warranties:**

1. SERVICE PROVIDER represents and warrants to PROCURERS OF SERVICES, and each PROCURER OF SERVICES represents and warrants to SERVICE PROVIDER, as follows:
  - a. It (i) is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the state of its organization, (ii) is duly qualified and authorized to do business and is in good standing in every other jurisdiction where the nature of its respective businesses requires such qualification, (iii) has all requisite power and authority, and all requisite governmental licenses and permits, to own and operate its properties and to carry



on its businesses as conducted immediately prior to the effective date hereof, and (iv) has the requisite power and authority to enter into and perform its obligations under this Agreement.

- b. The execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate action on its part. This Agreement has been duly and validly executed and delivered by it. This Agreement constitutes a legal, valid and binding obligation, enforceable against it in accordance with its respective terms.
- c. The execution, delivery and performance by it of this Agreement:
  - (i) do not and will not conflict with or result in any breach of any of the provisions of, or constitute a default under, or result in the creation of any lien or encumbrance upon its assets under, its articles of incorporation, by-laws or comparable organizational documents, or any mortgage, indenture or other agreement or instrument to which it is a party or by which it or its properties is bound;
  - (ii) do not conflict with or violate any law, rule or regulation applicable to it;
  - (iii) do not require any approval or consent of any trustee or holder of its indebtedness, any of its shareholders or members, or any other person under any agreement to which it is a party or by which it or its properties is bound, except such as have been duly obtained, remain in full force and effect, and are subsisting and adequate for their intended purposes; and
  - (iv) do not require the consent, permit, license or approval of, the giving of notice to, the registration with, or the taking of any other action by or in respect of any governmental authority, except such as have been duly obtained, remain in full force and effect, and are subsisting and adequate for their intended purposes.
- d. There is no action or proceeding pending or, to the best of its knowledge, threatened against it before any governmental authority which questions the validity or enforceability of this Agreement or would materially affect its ability to perform its obligations hereunder.



- e. It is not in violation of any law, rule or regulation applicable to its assets, business or operations, which violation might materially impair its ability to perform its obligations under this Agreement.
2. SERVICE PROVIDER further represents and warrants to PROCURERS OF SERVICES as follows:
- a. All services provided pursuant to this Agreement will be performed in a professional, diligent and timely manner and in accordance with generally accepted quality standards and practices.
  - b. The costs charged under Section II shall not exceed the cost that PROCURERS OF SERVICES would pay for provision of these same services by an unaffiliated third party.
- T. **Parties:** Each Party acknowledges that affiliates of CenturyTel, Inc. may from time to time be (i) added as a PROCURER OF SERVICES promptly upon the execution and delivery to the General Counsel of CenturyTel, Inc. of a joinder pursuant to which such affiliate agrees to be bound by the terms and conditions of this Agreement or (ii) deleted as a PROCURER OF SERVICES in the manner provided in Section III(A). The General Counsel of CenturyTel, Inc. or his designee shall at all times maintain a complete and current copy of *Exhibit A* that reflects any such additions or deletions. The term "Parties" shall at all times refer to all of the entities then listed in *Exhibit A* and SERVICE PROVIDER, and the term "Party" shall refer individually to any of the Parties.
- U. **Other Service Relationships:** Nothing herein shall restrict (i) SERVICE PROVIDER from providing services to other affiliated entities or (ii) any PROCURER OF SERVICES from procuring services from other affiliated or unaffiliated entities, including without limitation (A) managerial, financial, legal, accounting, treasury, data processing, engineering, billing, human resource, tax, insurance, marketing, procurement, printing or other administrative services to be provided by CenturyTel, Inc. and certain of its affiliates under separate administrative services agreements and (B) other services that may be provided by other telephone affiliates of CenturyTel, Inc. under any separate service contracts.
- V. **Labor Relationships:**
- 1. Services provided under this Agreement to each SOLE SOURCE PROCURER will be generally provided by employees who, prior to the effective date of this Agreement, were employed by such SOLE SOURCE PROCURER (or its predecessor); provided, however, that SERVICE PROVIDER shall be entitled to utilize any of its employees to provide services as long as SERVICE PROVIDER is in compliance with this Section III(V).

2. SERVICE PROVIDER shall comply in all material respects with all collective bargaining agreements applicable to its employees, and shall not assign employees to provide services under this Agreement or to provide services under any other agreement in a manner which would violate the terms of any applicable collective bargaining agreement, including the geographic and work jurisdiction limitations thereof.

W. **Construction Guaranties:** Effective at such time as SERVICE PROVIDER receives final payment for completing any construction services hereunder on behalf of a PROCURER OF SERVICES, SERVICE PROVIDER shall transfer, or cause its affiliates to transfer, to the applicable PROCURER OF SERVICES any third-party guarantees of materials or workmanship running in favor of SERVICE PROVIDER or its affiliates.

#### IV. **RELEASE OF INFORMATION TO REGULATORY AGENCIES**

The Parties hereto agree that, if requested by any public service or utility commission or any other regulatory agency having jurisdiction over the operations of any PROCURER OF SERVICES, detail of all charges from SERVICE PROVIDER for the account or benefit of any one or more PROCURERS OF SERVICES will be supplied to such agency.

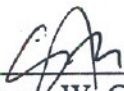
*[Signatures appear on next page]*



IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers, all effective as of the date, month and year first above written.

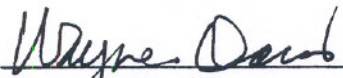
SERVICE PROVIDER:

CENTURYTEL HOLDINGS MISSOURI, INC.

By:  \_\_\_\_\_  
Stacey W. Goff  
Senior Vice President,  
General Counsel and Secretary

PROCURERS OF SERVICES:

All CenturyTel affiliates listed on *Exhibit A*

By:  \_\_\_\_\_  
Wayne R. Davis  
Vice President

**Exhibit A**  
**Service Contract (Holdings Missouri)**  
(as of December 1, 2003)

**LIST OF PROCURERS OF SERVICES**

**Telephone Operating Companies:**

CenturyTel of Alabama, LLC	Alabama
CenturyTel of Arkansas, Inc.	Arkansas
CenturyTel of Central Arkansas, LLC	
CenturyTel of Northwest Arkansas, LLC	
CenturyTel of Mountain Home, Inc.	
CenturyTel of Redfield, Inc.	
CenturyTel of South Arkansas, Inc.	
CenturyTel of Colorado, Inc.	Colorado
CenturyTel of Eagle, Inc.	
CenturyTel of the Gem State, Inc.	Idaho
CenturyTel of Idaho, Inc.	
CenturyTel of Central Indiana, Inc.	Indiana
CenturyTel of Odon, Inc.	
CenturyTel of Chester, Inc.	Iowa
CenturyTel of Postville, Inc.	
CenturyTel of Central Louisiana, LLC	Louisiana
CenturyTel of Chatham, LLC	
CenturyTel of East Louisiana, LLC	
CenturyTel of Evangeline, LLC	
CenturyTel of North Louisiana, LLC	
CenturyTel of Northwest Louisiana, LLC	
CenturyTel of Ringgold, LLC	
CenturyTel of Southeast Louisiana, LLC	
CenturyTel of Southwest Louisiana, LLC	
CenturyTel of Upper Michigan, Inc.	Michigan
CenturyTel of Michigan, Inc.	
CenturyTel Midwest - Michigan, Inc.	
CenturyTel of Northern Michigan, Inc.	
CenturyTel of Minnesota, Inc.	Minnesota
CenturyTel of North Mississippi, Inc.	Mississippi

CenturyTel of Missouri, LLC <sup>1</sup> Spectra Communications Group, LLC <sup>1</sup>	Missouri
CenturyTel of Montana, Inc.	Montana
CenturyTel of the Southwest, Inc.	New Mexico
CenturyTel of Ohio, Inc.	Ohio
CenturyTel of Eastern Oregon, Inc. CenturyTel of Oregon, Inc.	Oregon
CenturyTel of Adamsville, Inc. CenturyTel of Claiborne, Inc. CenturyTel of Ooltewah-Collegedale, Inc.	Tennessee
CenturyTel of Port Aransas, Inc. CenturyTel of San Marcos, Inc. CenturyTel of Lake Dallas, Inc.	Texas
CenturyTel of Inter Island, Inc. CenturyTel of Cowiche, Inc. CenturyTel of Washington, Inc.	Washington
CenturyTel of Central Wisconsin, LLC CenturyTel of Fairwater-Brandon-Alto, LLC CenturyTel of Forestville, LLC CenturyTel of Larsen-Readfield, LLC CenturyTel of the Midwest - Kendall, LLC CenturyTel of the Midwest - Wisconsin, LLC CenturyTel of Monroe County, LLC CenturyTel of Northern Wisconsin, LLC CenturyTel of Northwest Wisconsin, LLC CenturyTel of Southern Wisconsin, LLC CenturyTel of Wisconsin, LLC Telephone USA of Wisconsin, LLC	Wisconsin
CenturyTel of Wyoming, Inc.	Wyoming

**Other Operating Companies:**

CenturyTel Internet Services, LLC

**Other Affiliates:**

CenturyTel Supply Group, Inc.  
CenturyTel Service Group, LLC<sup>2</sup>

<sup>1</sup> "SOLE SOURCE PROCURERS," which, due to the absence of employees, are expected to obtain services from SERVICE PROVIDER on a day-to-day basis.

<sup>2</sup> The costs of services provided to CenturyTel Service Group, LLC shall not include any charges of the type described in Section II(A)(12) of the Agreement.