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DOCKET NO. _____

IN THE MATTER OF THE FILING BY U
S WEST COMMUNICATIONS, INC. FOR
APPROVAL OF AN
INTERCONNECTION AGREEMENT
BETWEEN U S WEST
COMMUNICATIONS, INC. AND
DAKOTA TELECOM, INC. AND
DAKOTA TELECOMMUNICATIONS
SYSTEMS, INC.

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
7/7 97	Filed and Packaged,
7/10 97	T.C. Log Filing;
7/22 97	Staff Analysis and Recommendation;
8/27 97	Order Approving Regulated Interconnection Agreement,
8/27 97	Secret Class
9/17 98	Amended Interconnection Agreement,
9/17 98	Public Filing;
10/21 98	Order Approving Amended Regulated Interconnection Agreement
10/21 98	Secret Class

TC97-126

U S WEST, Inc.
1801 California Street, Suite 5100
Denver, Colorado 80202
303 872-2810
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William P. Heaston
Senior Attorney

USWEST

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JUL 07 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

July 3, 1997

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

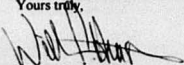
Re: Filing of Interconnection Agreement between
U S WEST Communications, Inc. and
Dakota Telecom, Inc. and
Dakota Telecommunications Systems, Inc.
(collectively "Dakota") for South Dakota

Dear Mr. Bullard:

Enclosed herewith for filing and Commission approval is the original and eight copies of the negotiated Interconnection Agreement SEA-970501-1601/C between U S WEST and Dakota.

Please date stamp the additional copy enclosed and return in the self-addressed stamped envelope enclosed. Thank you for your cooperation.

Yours truly,


William P. Heaston

WPH:mb
Enclosures

cc: Service List

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ORIG.

TC97-126

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JUL 07 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

**INTERCONNECTION
AGREEMENT**

BETWEEN

U S WEST COMMUNICATIONS, INC.

AND

DAKOTA TELECOM, INC.

AND

DAKOTA TELECOMMUNICATIONS SYSTEMS, INC.

FOR

SOUTH DAKOTA

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INTERCONNECTION AGREEMENT

This Interconnection Agreement, made as of the 17th day of June, 1997, is between Dakota Telecom, Inc. and Dakota Telecommunications Systems, Inc. (collectively "Dakota") and U S WEST Communications, Inc. ("USWC"), a Colorado corporation.

I. RECITALS

- A. Pursuant to this Interconnection Agreement ("Agreement"), Dakota and USWC (collectively, "the Parties") will extend certain arrangements to one another within and between the telephone exchange service areas within the state of South Dakota. This Agreement includes terms, conditions, and prices for facilities-based network interconnection. Notwithstanding this mutual commitment, however, the Parties enter into this Agreement without prejudice to any positions they have taken previously, or may take in the future in any legislative, regulatory, or other public forum addressing any matters, including matters related to the types of arrangements prescribed by this Agreement.
- B. The Parties agree and understand that USWC is proposing certain provisions in this Agreement, based, in large part, on the FCC's First Report and Order, In the Matter of Implementing of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, rel. Aug. 8, 1996 ("FCC 1st Order") and the Second Report and Order and Memorandum Opinion and Order, In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, rel. Aug. 8, 1996 ("FCC 2d Order"). To the extent that certain of the rules contained in the FCC 1st Order and the FCC 2d Order, or any other FCC Order adopted to implement the Telecommunications Act of 1996, are deemed by the courts to be not effective, the Parties agree to enter into negotiations to modify those portions of this Agreement necessary to comport with the final court decisions and subsequent FCC rules adopted to comply with the court's decisions; the remaining provisions of this Agreement will remain in full force and effect. The Parties agree to negotiate in good faith on replacement language.

II. SCOPE OF AGREEMENT

- A. This Agreement sets forth the terms, conditions and prices under which the parties agree to provide interconnection and reciprocal compensation for the exchange of local traffic between USWC and Dakota for purposes of offering telecommunications services. Unless otherwise provided in this Agreement, the parties will perform all of their obligations hereunder throughout, to the extent provided in the Appendices attached hereto. The Agreement includes all accompanying appendices.
- B. In the performance of their obligations under this Agreement, the Parties shall act in good faith and consistently with the intent of the Act. Where notice, approval or similar action by a Party is permitted or required by any provision of

this Agreement, (including, without limitation, the obligation of the Parties to further negotiate the resolution of new or open issues under this Agreement) such action shall not be unreasonably delayed, withheld or conditioned.

- C. Dakota will notify USWC when Dakota begins offering residential and business exchange services in this state through the use of its facilities.

III. DEFINITIONS

- A. "Access Service Request" or "ASR" means the industry standard forms and supporting documentation used for ordering Access Services. The ASR will be used to order trunking and facilities between Dakota and USWC for Local Interconnection Service.
- B. "Access Services" refers to the tariffed interstate and intrastate switched access and private line transport services offered for the origination and/or termination of interexchange traffic (see each Parties' appropriate state and interstate access tariffs).
- C. "Act" means the Communications Act of 1934 (47 U.S.C. 151 et seq.), as amended by the Telecommunications Act of 1996, and as from time to time interpreted in the duly authorized rules and regulations of the FCC or a Commission within its state of jurisdiction.
- D. "Basic Exchange Telecommunications Service" means a service offered to end users which provides the end user with a telephonic connection to, and a unique local telephone number address on, the public switched telecommunications network, and which enables such end user to generally place calls to, or receive calls from, other stations on the public switched telecommunications network. Basic residence and business line services are Basic Exchange Telecommunications Services. As used solely in the context of this statement and unless otherwise agreed, Basic Exchange Telecommunications Service includes access to ancillary services such as 911, directory assistance and operator services.
- E. "Calling Party Number" or "CPN" is a Common Channel Signaling ("CCS") parameter which refers to the number transmitted through a network identifying the calling party. Reference Technical Pub. 77342.
- F. "Central Office Switch" means a switch used to provide Telecommunications Services, including, but not limited to:
 - 1. "End Office Switches" which are used to terminate customer station loops for the purpose of interconnecting to each other and to trunks; and
 - 2. "Tandem Office Switches" which are used to connect and switch trunk circuits between and among other Central Office Switches. Access

tandems provide connections for exchange access and toll traffic while local tandems provide connections for local/EAS traffic.

- G. "Commission" means the South Dakota Public Utilities Commission.
- H. "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special signaling network fully separate from the public voice switched network elements that carry the actual call. The CCS used by the Parties shall be Signaling System 7.
- I. "Competitive Local Exchange Carrier" ("CLEC") means an entity authorized to provide Local Exchange Service that does not otherwise qualify as an incumbent LEC.
- J. "Digital Signal Level" means one of several transmission rates in the time division multiplexing hierarchy.
- K. "Digital Signal Level 0" or "DS0" means the 64 Kbps zero-level signal in the time-division multiplex hierarchy.
- L. "Digital Signal Level 1" or "DS1" means the 1.544 Mbps first-level signal in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS1 is the initial level of multiplexing.
- M. "Digital Signal Level 3" or "DS3" means the 44.736 Mbps third-level in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS3 is defined as the third level of multiplexing.
- N. "Extended Area Service (EAS)/Local Traffic" means traffic that is originated by an end user of one Party and terminates to an end user of the other Party as defined in accordance with USWC's then current EAS/local serving areas, as determined by the Commission. EAS/Local Traffic to be exchanged hereunder includes traffic originated and terminated by and to Dakota through the Point of Interconnection established hereunder.
- O. "Information Service Traffic" means Local Traffic or IntraLATA Toll Traffic which originates on a Telephone Exchange Service line and which is addressed to an information service provided over a Party's information services platform (e.g., 976).
- P. "Interconnection" is as described in the Act and refers to the connection of separate pieces of equipment, facilities, or platforms between or within networks for the purpose of transmission and routing of Telephone Exchange Service traffic and Exchange Access traffic.
- Q. "Interexchange Carrier" or "IXC" means a carrier that provides, directly or indirectly, interLATA or intraLATA Telephone Toll Services.

- R. "IntraLATA Toll" is defined in accordance with USWC's current intraLATA toll serving areas, as determined by the Commission.
- S. "Meet-Point Billing" or "MPB" refers to an agreement whereby two LECs (including a LEC and CLEC) jointly provide switched access service to an Interexchange Carrier, with each LEC (or CLEC) receiving an appropriate share of the transport element revenues as defined by their effective access tariffs.
- T. "Mid-Span Meet" is a point of interconnection between two networks, designated by two telecommunications carriers, at which one carrier's responsibility for service begins and the other carrier's responsibility ends.
- U. "North American Numbering Plan" or "NANP" means the numbering plan used in the United States that also serves Canada, Bermuda, Puerto Rico and certain Caribbean Islands. The NANP format is a 10-digit number that consists of a 3-digit NPA code (commonly referred to as the area code), followed by a 3-digit NXX code and 4-digit line number.
- V. "NXX" means the fourth, fifth and sixth digits of a ten-digit telephone number.
- W. "Party" means either USWC or Dakota and "Parties" means USWC and Dakota.
- X. "Point of Interface" or "POI" is a mutually agreed upon point of demarcation where the exchange of traffic between two LECs (including a LEC and a CLEC) takes place.
- Y. "Rate Center" means the specific geographic point and corresponding geographic area which are associated with one or more particular NPA-NXX codes which have been assigned to a LEC (or CLEC) for its provision of basic exchange telecommunications services. The "rate center point" is the finite geographic point identified by a specific V & H coordinate, which is used to measure distance-sensitive end user traffic to/from, the particular NPA-NXX designations associated with the specific Rate Center. The "rate center area" is the exclusive geographic area identified as the area within which the LEC (or CLEC) will provide Basic Exchange Telecommunications Service bearing the particular NPA-NXX designations associated with the specific Rate Center. The Rate Center point must be located within the Rate Center area.
- Z. "Routing Point" means a location that a LEC or CLEC has designated on its own network as the homing (routing) point for traffic, bearing a certain NPA-NXX designation, that is inbound to Basic Exchange Telecommunications Services provided by the LEC or CLEC. The Routing Point is employed to calculate mileage measurements for the distance-sensitive transport element charges of Switched Access Services. Pursuant to Bellcore Practice BR 795-100-100, the Routing Point may be an "End Office" location, or a "LEC Consortium Point of Interconnection". Pursuant to that same Bellcore Practice, examples of the latter shall be designated by a common language location identifier (CLI) code with (x)KD in positions 9, 10, 11, where (x) may be any alphanumeric A-Z or 0-9. The above referenced Bellcore document refers to the Routing Point as the Rating

Point. The Rating Point/Routing Point must be located within the rate center area.

- AA. "Switched Exchange Access Service" means the offering of transmission or switching services to Telecommunications Carriers for the purpose of the origination or termination of Telephone Toll Service. Switched Exchange Access Services include: Feature Group A, Feature Group B, Feature Group D, 800/888 access, and 900 access and their successors or similar Switched Exchange Access services.
- BB. "Tariff Services" as used throughout this Agreement refers to the Parties' interstate tariffs and state tariffs, price lists, price schedules and catalogs.
- CC. "Telecommunications Carrier" means any provider of telecommunications services, except that such term does not include aggregators of telecommunications services (as defined in Section 226 of the Act). A Telecommunications Carrier shall be treated as a common carrier under the Act only to the extent that it is engaged in providing telecommunications services, except that the Commission shall determine whether the provision of fixed and mobile satellite service shall be treated as common carriage.
- DD. "Wire Center" denotes a building or space within a building, that serves as an aggregation point on a given carrier's network, where transmission facilities are connected or switched. Wire Center can also denote a building where one or more Central Offices, used for the provision of Basic Exchange Telecommunications Services and Access Services, are located. However, for purposes of Collocation Service, Wire Center shall mean those points eligible for such connections as specified in the FCC Docket No. 91-141, and rules adopted pursuant thereto.
- EE. Terms not otherwise defined here, but defined in the Act or in regulations implementing the Act, shall have the meaning defined there.

IV. RATES AND CHARGES GENERALLY

Prices for termination and other appropriate services are set forth in Appendix A.

V. RECIPROCAL TRAFFIC EXCHANGE

A. Scope

Reciprocal traffic exchange addresses the exchange of traffic between Dakota end users and USWC end users. If such traffic is EAS/Local, the provisions of this Agreement shall apply. Where either Party acts as an intraLATA toll provider or interLATA Interexchange Carrier (IXC) or where either Party

interconnects and delivers traffic to the other from third parties, each Party shall bill such third parties the appropriate charges pursuant to its respective tariffs or contractual offerings for such third party terminations. Absent a separately negotiated agreement to the contrary, the Parties will directly exchange traffic between their respective networks, without the use of third party transit providers.

B. Types of Traffic

1. The types of traffic to be exchanged under this Agreement include EAS/local traffic as defined above.
2. The traffic not covered by this Agreement includes, but is not limited to, IntraLATA toll traffic, Switched Access traffic, InterLATA toll traffic, Transit traffic, and certain ancillary traffic such as:
 - a. Directory Assistance
 - b. Operator call termination (busy line interrupt and verify)
 - c. 800/888 database dip
 - d. LIDB
 - e. Information services requiring special billing
 - f. Wireless traffic terminating on either Party's network from a Commercial Mobile Radio Service provider.

Certain other traffic not covered by this Agreement is being exchanged by the Parties pursuant to other existing arrangements. This Agreement is not intended to alter or change those arrangements.

C. Types of Exchanged Traffic

1. Termination of Local Traffic.

Local traffic will be terminated as Local Interconnection Service (LIS).

2. Transport of Local Traffic

As negotiated between the Parties, the exchange of local traffic between the Parties may occur in several ways:

- a. While the Parties anticipate the use of two way trunks for the delivery of local traffic, either Party may elect to provision its own one-way trunks for delivery of local traffic to be terminated on the other Party's network at the "initial" point of interconnection.
- b. The Parties may elect to purchase transport services from each other or from a third party. Such transport delivers the originating Party's local traffic to the terminating Party's end office or tandem for call termination. Transport may be purchased as either

tandem switched transport (which is included in the tandem call termination rate) or direct trunk transport.

- c. Based on forecasted traffic at either Party's busy hour in CCS, where there is a DS1's worth of traffic (512 CCS) between the either Party's switch and the other Party's end office, the Parties agree to provision a dedicated (i.e., direct) two-way trunk group from either Party's switch directly to the other Party's end office. To the extent that a Party has established a collocation arrangement at the other Party's end office location, and has available capacity, the Parties agree that such Party shall provide two-way direct trunk facilities, when required, from that end office to the other Party's switch. In all other cases, the direct facility may be provisioned by either Party or a third party, but if both Parties desire to provision the facility and cannot otherwise agree, the Parties may agree to resolve the dispute through the submission of competitive bids.

D. Rate Structure -- Local Traffic

1. Call Termination

- a. The Parties agree that call termination rates as described in Appendix A will apply reciprocally for the termination of local/EAS traffic per minute of use.
- b. For traffic terminated at a either Party's end office, the end office call termination rate in Appendix A shall apply.
- c. For traffic terminated at either Party's tandem switch, the tandem call termination rate in Appendix A shall apply.
- d. For purposes of call termination of the initial traffic, the initial switches shall be treated as end office switches.
- e. For purposes of call termination, this Agreement recognizes the unique status of traffic originated by and terminated to enhanced service providers. These parties have historically been subject to an access charge exemption by the FCC which permits the use of Basic Exchange Telecommunications Service as a substitute for switched access service. USWC expects that the FCC will address this exemption in its forthcoming access charge reform proceeding. Until any such reform affecting enhanced service providers is accomplished, USWC believes it is appropriate to exempt traffic originated to and terminated by enhanced service providers from the reciprocal compensation arrangements of this Agreement.

2. Transport

- a. If the Parties elect to each provision their own one-way trunks to the other Party's end office for the termination of local traffic, each Party will be responsible for its own expenses associated with the trunks and no transport charges will apply. Call termination charges shall apply as described above.
- b. If one Party desires to purchase direct trunk transport from the other Party, it shall be the subject of a separate agreement.
- c. Direct-trunked transport facilities are provided as dedicated DS3 or DS1 facilities without the tandem switching functions, for the use of either Party between the point of interconnection and the terminating end office or tandem switch.

E. LIS Interface Code Availability And Optional Features

1. Interface Code Availability.

Supervisory Signaling specifications, and the applicable network channel interface codes for LIS trunks, are the same as those used for Feature Group D Switched Access Service, as described in the Parties' applicable switched access tariffs.

2. Optional Features.

a. Inband MF or SS7 Out of Band Signaling.

Inband MF signaling and SS7 Out of Band Signaling are available for LIS trunks. MF signaling or SS7 Out-of-Band Signaling must be requested on the order for the new LIS trunks. Provisioning of the LIS trunks equipped with MF signaling or SS7 Out of Band Signaling is the same as that used for Feature Group D Switched Access. Common Channel Signaling Access Capability Service, as set forth in this Agreement, must be ordered by Dakota when SS7 Out-of-Band Signaling is requested on LIS trunks.

b. Clear Channel Capability.

Clear Channel Capability permits 24 DS0-64 kbit/s services or 1.536 Mbit/s of information on the 1.544 Mbit/s line rate. Clear Channel Capability is available for LIS trunks equipped with SS7 Out-of-Band Signaling. Clear Channel Capability is only available on trunks to USWC's access tandem switch or USWC's end office switches (where available); (Clear Channel Capability is not available on trunks to USWC's local tandem switches or end offices where it is currently not deployed. Dakota agrees to use the Bona Fide Request ("BFR") process to request clear channel

capability for such additional switches. Prices for such additional clear channel capability, if any, will be established through the BFR Process). Clear Channel Capability must be requested on the order for the new LIS trunks. The provisioning of the LIS trunks equipped with Clear Channel Capability is the same as that used for Feature Group D Switched Access Service. USWC will provide Dakota with a listing of USWC end offices, local tandems and access tandems equipped with clear channel capability.

F. Measuring Local Interconnection Minutes

1. Measurement of terminating Local Interconnection Minutes begins when the terminating LIS entry switch receives answer supervision from the called end user's end office indicating the called end user has answered. The measurement of terminating call usage over LIS trunks ends when the terminating LIS entry switch receives disconnect supervision from either the called end user's end office, indicating the called end user has disconnected, or Dakota's point of interconnection, whichever is recognized first by the entry switch.
2. USWC and Dakota are required to provide each other the proper call information (e.g., originated call party number and destination call party number, etc.) to enable each Party to issue bills in a complete and timely fashion.

G. Testing

1. Acceptance Testing

At the time of installation of an LIS trunk group, and at no additional charge, the Parties will cooperatively test the same parameters tested for terminating Feature Group D Switched Access Service. Please see USWC's applicable switched access tariff for the specifications.

2. Testing Capabilities

- a. Terminating LIS testing is provided where equipment is available, with the following test lines: seven-digit access to balance (100 type), milliwatt (102 type), nonsynchronous or synchronous, automatic transmission measuring (105 type), data transmission (107 type), loop-around, short circuit, open circuit, and non-inverting digital loopback (108 type).
- b. In addition to LIS acceptance testing, other tests are available (e.g., additional cooperative acceptance testing, automatic scheduled testing, cooperative scheduled testing, manual scheduled testing, and non-scheduled testing) at the applicable tariff rates.

H. Ordering

1. When ordering LIS, the ordering Party shall specify on the service order:
1) the type and number of interconnection facilities to terminate at the point of interconnection in the serving wire center; 2) the type of interoffice transport, (i.e., direct trunk transport or tandem switched transport); 3) the peak busy hour CCS from the Dakota end office; 4) the number of trunks to be provisioned at a local exchange office or tandem; 5) and any optional features (see form Appendix B). When the ordering Party requests facilities, routing, or optional features different than those determined to be available, the Parties will work cooperatively in determining an acceptable configuration, based on available facilities, equipment and routing plans.
2. When the ordering Party initially orders a DS3 interconnection facility, in conjunction with tandem switched transport to a tandem, or DS3 direct trunk transport facilities to a tandem or local exchange office, the provider will forward the appropriate DS1 facility record information necessary to identify the circuit facility assignment (CFA). On subsequent orders utilizing existing DS3 interconnection facilities, or DS3 direct trunk transport facilities, the provider will assign the DS1 facility to the DS3 interconnection facility or DS3 direct trunk transport facility, as directed by the ordering Party.
3. A joint planning meeting will precede Dakota and USWC trunking orders. These meetings will result in the transmittal of Access Service Requests (ASRs) to initiate order activity. A Party requesting tandem interconnection will provide its best estimate of the traffic distribution to each end office subtending the tandem.
4. Service intervals and due dates for negotiated arrangements will be determined on an individual case basis.

I. Mileage Measurement

Where required, the mileage measurement for LIS facilities and trunks is determined in the same manner as the mileage measurement for Feature Group D Switched Access Service.

J. Construction Charges

If applicable, construction charges will apply as detailed in Section XVII of this Agreement.

VI. INTERCONNECTION

A. Definition

1. "Interconnection" is the linking of the USWC and Dakota networks for the mutual exchange of traffic. Interconnection does not include the transport and termination of traffic. Interconnection is provided by entrance facilities or Mid-Span Meet arrangements.
2. USWC will provide interconnection at the trunk side of the local switch or at the trunk interconnection points of the tandem switch.

B. Mid-Span Meet POI

A Mid-Span Meet POI is a negotiated point of interface, limited to the interconnection of facilities between one Party's switch and the other Party's switch. The actual physical point of interface and facilities used will be subject to negotiations between the Parties. Each Party will be responsible for its portion of the build to the Mid-Span Meet POI, if the meet point arrangement is used exclusively for the exchange of local traffic.

C. Entrance Facility

Interconnection may be accomplished through the provision of an entrance facility. An entrance facility extends from the serving wire center of the provider to the other Party's switch location. Entrance facilities may not extend beyond the area described by the provider's serving wire center. Should entrance facilities be desired, the Parties' standard entrance facility charge will apply.

D. Quality of Interconnection

USWC will not, for the purpose of interconnection, provide to Dakota less favorable terms and conditions than USWC provides itself or in a manner less efficient than it would impose on itself. The quality of interconnection will be at least equal to that of USWC. To the extent that Dakota requests higher or lower quality interconnection, Dakota agrees to use the Bona Fide Request procedure described in Section XV.

Both Parties agree to manage their network switches in accordance with the Bellcore LSSGR. The acceptable service levels for LIS and the criteria for applying protective controls will be administered in the same manner as the network management for Switched Access Service.

E. Points of Interface (POI)

Upon the request for specific point to point routing, USWC will make available to Dakota information indicating the location and technical characteristics of USWC's network facilities. The following alternatives are negotiable: (1) a DS1 or DS3 entrance facility, where facilities are available (where facilities are not

available and USWC is required to build, special construction charges will apply.); and (2) negotiated Mid-Span Meet facilities. Each Party is responsible for providing its own facilities up to the Mid-Span Meet POI. The Parties will negotiate the facilities arrangement between their networks.

F. Trunking Requirements

1. The Parties agree to provide designed interconnection facilities that meet the same technical criteria and service standards, such as probability of blocking in peak hours and transmission standards, in accordance with industry standards.
2. Two-way trunk groups will be established wherever possible. Exceptions to this provision will be based on billing, signaling, and network requirements.
3. Trunk group connections will be made at a DS1 or multiple DS1 level for exchange of EAS/local traffic.
4. The Parties will provide Common Channel Signaling (CCS) to one another, where available, in conjunction with all Local/EAS Trunk Circuits. All CCS signaling parameters will be provided including calling party number (CPN), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored.
5. Where CCS is not available, in-band multi-frequency (MF) wink start signaling will be provided.
6. The Parties shall terminate local/EAS traffic exclusively on local/EAS trunk groups. No local/EAS trunk groups shall be terminated on either Party's access tandems.

G. Interconnection Forecasting

1. The Parties agree that during the first year of interconnection, joint forecasting and planning meetings will take place no less frequently than once per quarter.
2. The Parties shall establish joint forecasting responsibilities for traffic utilization over trunk groups. Intercompany forecast information must be provided by the Parties to each other four times a year. The quarterly forecasts shall include forecasted requirements for each end office and tandem. In addition, the forecast shall include, for tandem-switched traffic, the quantity of tandem-switched traffic forecasted for each subtending end office. The Parties recognize that, to the extent historical traffic data can be shared between the Parties, the accuracy of the forecasts will improve. Forecasts shall be for a minimum of three (current and plus-1 and plus-2) years and shall include;

- a. The use of Common Language Location Identifier (CLLI-MSG), which are described in Bellcore documents BR 795-100-100 and BR 795-400-100;
 - b. A description of major network projects anticipated for the following six months that could affect the other Party. Major network projects include trunking or network rearrangements, shifts in anticipated traffic patterns, or other activities that are reflected by a significant increase or decrease in trunking demand for the following forecasting period. This planning will include the issues of network capacity, forecasting and compensation calculation, where appropriate.
3. If differences in quarterly forecasts of the Parties vary by more than 24 additional DS0 two-way trunks for each Local Interconnection Trunk Group, the Parties shall meet to reconcile the forecast to within 24 DS0 trunks.
 4. If a trunk group is under 75 percent of centum call seconds (ccs) capacity on a monthly average basis for each month of any three month period, either Party may request to resize the trunk group, which resizing will not be unreasonably withheld. If a resizing occurs, the trunk group shall not be left with less than 25 percent excess capacity. In all cases, grade of service objectives identified below shall be maintained.
 5. Each Party shall provide a specified point of contact for planning, forecasting and trunk servicing purposes.

H. Service Interruptions.

1. Standards and procedures for notification of trunk disconnects will be jointly developed by the Parties. Neither Party shall be expected to maintain active status for a trunk disconnected by the other Party for an extended or indefinite period of time. Collectively, the Parties will use their best good faith efforts to complete and agree on such plan.
2. The characteristics and methods of operation of any circuits, facilities or equipment of either Party connected with the services, facilities or equipment of the other Party pursuant to this Agreement shall not: 1) interfere with or impair service over any facilities of the other Party; its affiliated companies, or its connecting and concurring carriers involved in its services; 2) cause damage to their plant; 3) violate any applicable law or regulation regarding the invasion of privacy of any communications carried over the Party's facilities; or 4) create hazards to the employees of either Party or to the public. Each of these requirements is hereinafter referred to as an "Impairment of Service".
3. If either Party causes an Impairment of Service, as set forth in this Section, the Party whose network or service is being impaired (the

"Impaired Party") shall promptly notify the Party causing the Impairment of Service (the "Impairing Party") of the nature and location of the problem. The Impaired Party shall advise the Impairing Party that, unless promptly rectified, a temporary discontinuance of the use of any circuit, facility or equipment may be required. The Impairing Party and the Impaired Party agree to work together to attempt to promptly resolve the Impairment of Service. If the Impairing Party is unable to promptly remedy the Impairment of Service, the Impaired Party may temporarily discontinue use of the affected circuit, facility or equipment.

4. Each Party shall be solely responsible, and bear the expense, for the overall design of its services. Each Party shall also be responsible for any redesign or rearrangement of its services that may be required because of changes in facilities, operations or procedures, minimum network protection criteria, and operating or maintenance characteristics of the facilities.
5. To facilitate trouble reporting and to coordinate the repair of the service provided by each Party to the other under this Agreement, each Party shall designate a Trouble Reporting Control Office (TRCO) for such service.
6. Where new facilities, services and arrangements are installed, the TRCO shall ensure that continuity exists and take appropriate transmission measurements before advising the other Party that the new circuit is ready for service.
7. Each Party shall furnish a trouble reporting telephone number for the designated TRCO. This number shall give access to the location where facility records are normally located and where current status reports on any trouble reports are readily available. Alternative out-of-hours procedures shall be established to ensure access to a location that is staffed and has the authority to initiate corrective action.
8. Before either Party reports a trouble condition, they shall use their best efforts to isolate the trouble to the other's facilities.
 - a. In cases where a trouble condition affects a significant portion of the other's service, the Parties shall assign the same priority provided to other interconnecting carriers.
 - b. The Parties shall cooperate in isolating trouble conditions.

VII. ANCILLARY SERVICES AND ARRANGEMENTS

A. 911/E-911 Service

1. In counties where USWC has obligations under existing agreements as the primary provider of the 911 System to the county, Dakota will participate in the provision of the 911 System as described in this Agreement.
2. Each party will be responsible for those portions of the 911 System for which it has total control, including any necessary maintenance to each Party's portion of the 911 System. The Parties agree to separately negotiate an agreement for 911 service where either Party does not have total control of the 911 System.
3. Dakota will separately negotiate with each county regarding the collection and reimbursement to the county of applicable customer taxes for 911 service.
4. Dakota is responsible for network management of its network components in compliance with the Network Reliability Council Recommendations and meeting the network standard of USWC for the 911 call delivery.
5. The Parties shall provide a single point of contact to coordinate all activities under this Agreement.
6. Each Party shall be responsible for any expenses incurred by that Party in conjunction with 911 services.

VIII. ACCESS TO TELEPHONE NUMBERS

A. Number Resources Arrangements.

1. Nothing in this Agreement shall be construed in any manner to limit or otherwise adversely impact either Party's right to the request and assignment of any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines (last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 4/19/96, formerly ICCF 93-0729-010). NXXs, and the initial points of interface for interconnection between the Parties' networks, will be included in Addenda to this Agreement.
2. To the extent USWC serves as Central Office Code Administrator for a given region, USWC will support all Dakota requests related to central

office (NXX) code administration and assignments in the manner required and consistent with the Central Office Code Assignment Guidelines.

3. The Parties will comply with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines.
4. It shall be the responsibility of each Party to program and update its own switches and network systems pursuant to the Local Exchange Routing Guide (LERG) guidelines to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities. The Parties will cooperate to establish procedures to ensure the timely activation of NXX assignments in their respective networks.
5. Each Party shall be responsible for notifying its customers of any changes in numbering or dialing arrangements to include changes such as the introduction of new NPAs or new NXX codes.
6. Until an impartial entity is appointed to administer telecommunications numbering and to make such numbers available on an equitable basis, USWC will assign NXX codes to Dakota in accordance with national guidelines at no charge.
7. Each Party is responsible for administering NXX codes assigned to it. Each Party is responsible for obtaining Local Exchange Routing Guide ("LERG") listings of CLI codes assigned to its switches. Each party shall use the LERG published by Bellcore or its successor for obtaining routing information and shall provide all required information to Bellcore for maintaining the LERG in a timely manner.

IX. DIALING PARITY

The Parties shall provide Dialing Parity to each other as required under Section 251(b)(3) of the Act. This Agreement does not impact either Party's ability to default intraLATA toll via a specific dialing pattern until otherwise required by the Act.

X. U S WEST DEX ISSUES

USWC and Dakota agree that certain issues, such as yellow page advertising, directory distribution, access to call guide pages, yellow page listings, will be the subject of negotiations between Dakota and directory publishers, including U S WEST DEX. USWC acknowledges that Dakota may request USWC to facilitate discussions between Dakota and U S WEST DEX.

XI. ACCESS TO DATABASES

In accordance with Section 271 of the Act, USWC shall provide Dakota with interfaces to access USWC's databases and associated signaling necessary for the routing and completion of Dakota traffic. Except where otherwise specified, access to such databases, and the appropriate interfaces, shall be made available to Dakota via a Bona Fide Request.

XII. NOTICE OF CHANGES

If a Party makes a change in its network which it believes will materially affect the inter-operability of its network with the other Party, the Party making the change shall provide advance notice of such change to the other Party in accordance with the applicable FCC regulations.

XIII. REFERRAL ANNOUNCEMENT

When an end user customer changes from USWC to Dakota, or from Dakota to USWC, and does not retain their original main/listed telephone number, the Party formerly providing service to the end user will provide a transfer of service announcement on the abandoned telephone number. Each Party will provide this referral service consistent with its tariff. This announcement will provide details on the new number that must be dialed to reach this customer.

XIV. COORDINATED REPAIR CALLS

A. Dakota and USWC will employ the following procedures for handling misdirected repair calls;

1. Dakota and USWC will provide their respective customers with the correct telephone numbers to call for access to their respective repair bureaus.
2. Customers of Dakota shall be instructed to report all cases of trouble to Dakota. Customers of USWC shall be instructed to report all cases of trouble to USWC.
3. To the extent the correct provider can be determined, misdirected repair calls will be referred to the proper provider of Basic Exchange Telecommunications Service.
4. Dakota and USWC will provide their respective repair contact numbers to one another on a reciprocal basis.
5. In responding to repair calls, neither Party shall make disparaging remarks about each other, nor shall they use these repair calls as the basis for internal referrals or to solicit customers to market services.

Either Party may respond with accurate information in answering customer questions.

XV. BONA FIDE REQUEST PROCESS

- A. Any request for interconnection that is not already available as described herein shall be treated as a Bona Fide Request ("BFR"). USWC shall use the BFR Process to determine technical feasibility of the requested interconnection and, for those items found to be feasible, to provide the terms and timetable for providing the requested items.
- B. A BFR shall be submitted in writing and shall, at a minimum, include: (a) a technical description of each requested interconnection; (b) the desired interface specification; (c) each requested type of interconnection; (d) a statement that the interconnection will be used to provide a telecommunications service; and (e) the quantity requested, (f) the specific location requested.
- C. Within 15 business days of its receipt, USWC shall acknowledge receipt of the BFR and in such acknowledgment advise Dakota of any missing information, if any, necessary to process the BFR. Thereafter, USWC shall promptly advise Dakota of the need for any additional information that will facilitate the analysis of the BFR.
- D. Within 30 calendar days of its receipt of the BFR and all information necessary to process it, USWC shall provide to Dakota a preliminary analysis of the BFR. The preliminary analysis shall specify: (a) USWC's conclusions as to whether or not the requested interconnection is technically feasible; and (b) any objections to qualification of the requested interconnection under the Act.
 - 1. If USWC determines during the 30 day period that a BFR is not technically feasible or that the BFR otherwise does not qualify as Interconnection that is required to be provided under the Act, USWC shall advise Dakota as soon as reasonably possible of that fact, and USWC shall promptly, but in no case later than ten days after making such a determination, provide a written report setting forth the basis for its conclusion.
 - 2. If USWC determines during the thirty day period that the BFR is technically feasible and otherwise qualifies under the Act, it shall notify Dakota in writing of such determination within ten days.
 - 3. As soon as feasible, but in any case within 90 days after USWC notifies Dakota that the BFR is technically feasible, USWC shall provide to Dakota a BFR quote which will include, at a minimum, a description of each interconnection, the quantity to be provided, any interface specifications, and the applicable rates (recurring and nonrecurring) including the separately stated amortized development costs of the interconnection and any minimum volume and term commitments

required to achieve amortization of development costs. An initial payment for development cost is appropriate only where Dakota is the only conceivable customer or where requested quantity is insufficient to provide amortization.

- E. If USWC has indicated minimum volume and term commitments, then within 30 days of its receipt of the BFR quote, Dakota must either agree to purchase under those commitments, cancel its BFR, or seek mediation or arbitration.
- F. If Dakota has agreed to minimum volume and term commitments under the preceding paragraph, Dakota may cancel the BFR or volume and term commitment at any time, but in the event of such cancellation Dakota will pay USWC's reasonable development costs incurred in providing the interconnection, to the extent that those development costs are not otherwise amortized.
- G. If either Party believes that the other Party is not requesting, negotiating or processing any BFR in good faith, or disputes a determination, or quoted price or cost, it may seek arbitration or mediation under §252 of the Act. Dakota is not required to use this section as the exclusive method of seeking access to interconnection.

XVI. AUDIT PROCESS

- A. "Audit" shall mean the comprehensive review of:
 - 1. Data used in the billing process for services performed and facilities provided under this Agreement; and
 - 2. Data relevant to provisioning and maintenance for services performed or facilities provided by either of the Parties for itself or others that are similar to the services performed or facilities provided under this Agreement for interconnection.
- B. The data referred to in subsection A.2., above, shall be relevant to any performance standards that are adopted in connection with this Agreement, through negotiation, arbitration or otherwise.

This Audit shall take place under the following conditions:

- 1. Either Party may request to perform an Audit.
- 2. The Audit shall occur upon 30 business days written notice by the requesting Party to the non-requesting Party.
- 3. The Audit shall occur during normal business hours.

4. There shall be no more than one Audit requested by each Party under this Agreement in any 12-month period.
5. The requesting Party may review the non-requesting Party's records, books and documents, as may reasonably contain information relevant to the operation of this Agreement.
6. The location of the Audit shall be the location where the requested records, books and documents are retained in the normal course of business.
7. All transactions under this Agreement which are over 24 months old will be considered accepted and no longer subject to Audit.
8. Each Party shall bear its own expenses occasioned by the Audit, provided that the expense of any special data collection shall be born by the requesting Party.
9. The Party requesting the Audit may request that an Audit be conducted by a mutually agreed-to independent auditor. Under this circumstance, the costs of the independent auditor shall be paid for by the Party requesting the Audit.
10. In the event that the non-requesting Party requests that the Audit be performed by an independent auditor, the Parties shall mutually agree to the selection of the independent auditor. Under this circumstance, the costs of the independent auditor shall be shared equally by the Parties.
11. The Parties agree that if an Audit discloses error(s), the Party responsible for the error(s) shall, in a timely manner, undertake corrective action for such error(s).

- C. All information received or reviewed by the requesting Party or the independent auditor in connection with the Audit is to be considered Proprietary Information as defined by this Agreement. The non-requesting Party reserves the right to require any non-employee who is involved directly or indirectly in any Audit or the resolution of its findings as described above to execute a nondisclosure agreement satisfactory to the non-requesting Party. To the extent an Audit involves access to information of other competitors, Dakota and USWC will aggregate such competitors' data before release to the other Party, to insure the protection of the proprietary nature of information of other competitors. To the extent a competitor is an affiliate of the party being audited (including itself and its subsidiaries), the Parties shall be allowed to examine such affiliates' disaggregated data, as required by reasonable needs of the audit.

XVII. CONSTRUCTION CHARGES

- A. All rates, charges and initial service periods specified in this Agreement contemplate the provision of network interconnection services, equipment and facilities to the extent available. Where USWC is required to build facilities for network interconnection, construction charges will apply. Construction charges will also apply when USWC determines that the placement of facilities will be temporary, or facilities are ordered in advance of actual Dakota demand for service.
- B. When facilities for interconnection services are not available and USWC is required to construct said facilities, USWC will develop the cost required to be paid by Dakota to provide the service.
- C. Except where required, all necessary construction will be undertaken at the discretion of USWC, consistent with budgetary responsibilities and consideration for the impact on the general body of customers.
- D. A quote for the Dakota portion of a specific job will be provided to Dakota. The quote will be in writing and will be binding for ninety (90) days after the issue date. When accepted, Dakota will be billed the quoted price and construction will commence after receipt of payment. If Dakota chooses not to have USWC construct the facilities, USWC reserves the right to bill Dakota for the expense incurred for producing the engineered job design.
- E. In the event a construction charge is applicable, Dakota service application date will become the date upon which USWC receives the required payment.

XVIII. SERVICE STANDARDS

A. Definitions

When used in this Section, the following terms shall have the meanings indicated.

- 1. "Specified Performance Commitment" means the commitment by the Parties to meet the Performance Criteria for any Specified Activity during the Specified Review Period.
- 2. "Specified Activity" means the installation by the Parties of interconnection trunks for the mutual exchange of local exchange traffic ("LIS Trunk Installation").
- 3. "Performance Criteria" means, with respect to a Specified Review Period (i.e., a calendar month or quarter), the performance by each Party of the Specified Activities for the other Party will meet or exceed the average

performance by the performing Party for the total universe of Specified Activities.

- B. Failure to Meet the Performance Criteria. If during a Specified Review Period, either Party fails to meet the performance criteria, such Party will use its best efforts to meet the Performance Criteria for the next Specified Review Period. If either Party fails to meet the Performance Criteria for three consecutive Specified Review Periods, the Parties will submit to an "Alternate Dispute Resolution Process" to rectify the situation.
- C. Limitations. Either Party's failure to meet or exceed any of the Performance Criteria cannot be as a result, directly or indirectly, of a Delaying Event. A "Delaying Event" means (a) a failure by either Party to perform any of its obligations set forth in this Agreement, (b) any delay, act or failure to act by a customer, agent or subcontractor of the Parties or (c) any Force Majeure Event. If a Delaying Event prevents either Party from performing a Specified Activity, then such Specified Activity shall be excluded from the calculation of the Party's compliance with the Performance Criteria.
- D. Sole Remedy. The "Alternate Dispute Resolution Process" shall be the sole and exclusive remedy of the Parties under this Agreement for either Party's failure to meet the Performance Criteria as described in Clause A. of this Section.
- E. Records. Each Party shall maintain complete and accurate records, for the Specified Review Period, of its performance under this Agreement for each Specified Activity and its compliance with the Performance Criteria. The Parties shall provide to each other such records in a self-reporting format. The Parties agree that such records shall be deemed "Proprietary Information".

XIX. MISCELLANEOUS TERMS

A. General Provisions

- 1. Each Party is individually responsible to provide facilities within its network which are necessary for routing, transporting, measuring, and billing traffic from the other Party's network and for delivering such traffic to the other Party's network in the standard format compatible with the other Party's network and to terminate the traffic it receives in that standard format to the proper address on its network. Such facility shall be designed based upon the description and forecasts provided under this Agreement. The Parties are each solely responsible for participation in and compliance with national network plans, including the National Network Security Plan and the Emergency Preparedness Plan.
- 2. Neither Party shall use any service related to or use any of the services provided in this Agreement in any manner that interferes with other persons in the use of their service, prevents other persons from using

their service, or otherwise impairs the quality of service to other carriers or to either Party's customers, and each Party may discontinue or refuse service if the other Party violates this provision. Upon such violation, either Party shall provide the other Party notice of such violation, if practicable, at the earliest practicable time.

3. Each Party is solely responsible for the services it provides to its customers and to other Telecommunications Carriers.
4. The parties shall work cooperatively to minimize fraud associated with third-number billed calls, calling card calls, and any other services related to this Agreement.

B. Term of Agreement

This Agreement shall be effective for a period of 2 years, expiring on July 30, 1999. The Parties agree to commence negotiations on a new agreement no later than 1 1/2 years after this Agreement becomes effective. This Agreement shall become effective pursuant to Sections 251 and 252 of the Act.

C. Most Favored Nation Terms and Treatment

The parties agree that the provisions of Section 252(i) of the Act shall apply, including state and federal interpretive regulations in effect from time to time.

D. Payment

1. Amounts payable under this Agreement are due and payable within thirty (30) days after the date of invoice.
2. Unless otherwise specified in this Agreement, any amount due and not paid by the due date stated above shall be subject to a late charge equal to either i) 0.03 percent per day compounded daily for the number of calendar days from the payment due date to and including, the date of payment, that would result in an annual percentage rate of 12% or ii) the highest lawful rate, whichever is less. If late payment charges for services are not permitted by local jurisdiction, this provision shall not apply.
3. Should either Party dispute any portion of the monthly billing under this Agreement, that Party will notify the other in writing within thirty (30) days of the receipt of such billing, identifying the amount and details of such dispute. The disputing Party shall pay all amounts due. Both Dakota and USWC agree to expedite the investigation of any disputed amounts in an effort to resolve and settle the dispute prior to initiating any other rights or remedies. Should the dispute be found in Dakota's favor, USWC will reimburse Dakota the resolved amount plus interest from the date of payment at the late payment factor of the Intrastate Access

Service Tariffs, General Regulations for the state in which the service is rendered. Should the dispute be found in USWC's favor, Dakota will reimburse USWC the resolved amount plus interest from the date of payment at the late payment factor of the Intrastate Access Service Tariffs, General Regulations for the state in which the service is rendered.

E. Taxes

Each Party securing services hereunder shall pay or otherwise be responsible for all federal, state, or local sales, use, excise, gross receipts, transaction or similar taxes, fees or surcharges levied against or upon such securing Party (or the providing Party when such providing Party is permitted to pass along to the securing Party such taxes, fees or surcharges), except for any tax on either Party's corporate existence, status or income. Whenever possible, these amounts shall be billed as a separate item on the invoice. To the extent a sale is claimed to be for resale tax exemption, the securing Party shall furnish the providing Party a proper resale tax exemption certificate as authorized or required by statute or regulation by the jurisdiction providing said resale tax exemption. Failure to timely provide said resale tax exemption certificate will result in no exemption being available to the securing Party.

F. Force Majeure

Neither Party shall be liable for any delay or failure in performance of any part of this Agreement from any cause beyond its control and without its fault or negligence including, without limitation, acts of nature, acts of civil or military authority, government regulations, embargoes, epidemics, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, work stoppages, equipment failure, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions, inability to secure products or services of other persons or transportation facilities or acts or omissions of transportation carriers (collectively, a "Force Majeure Event"). In the event of a labor dispute or strike the Parties agree to provide service to each other at a level equivalent to the level they provide themselves.

G. Limitation of Liability

1. Each Party shall be liable to the other for direct damages for any loss, defect or equipment failure resulting from the causing Party's conduct or the conduct of its agents or contractors in performing the obligations contained in this Agreement.
2. Neither Party shall be liable to the other under this Agreement for indirect, incidental, consequential, or special damages, including (without limitation) damages for lost profits, lost revenues, lost savings suffered by the other Party regardless of the form of action, whether in contract, warranty, strict liability, tort, including (without limitation) negligence of

any kind and regardless of whether the Parties know the possibility that such damages could result.

3. Nothing contained in this Section shall limit either Party's liability to the other for wilful or intentional misconduct.
4. Nothing contained in this Section shall limit either Party's obligations of indemnification as specified in the Indemnity Section of this Agreement.

H. Indemnity

1. With respect to third party claims, each of the Parties agrees to release, indemnify, defend and hold harmless the other Party and each of its officers, directors, employees and agents (each an "Indemnitee") from and against and in respect of any loss, debt, liability, damage, obligation, claim, demand, judgment or settlement of any nature or kind, known or unknown, liquidated or unliquidated including, but not limited to, costs and attorneys' fees, whether suffered, made, instituted, or asserted by any other party or person, for invasion of privacy, personal injury to or death of any person or persons, or for loss, damage to, or destruction of property, whether or not owned by others, resulting from the indemnifying Party's performance, breach of Applicable Law, or status of its employees, agents and subcontractors; or for failure to perform under this Agreement, regardless of the form of action.
2. The indemnification provided herein shall be conditioned upon:
 - a. The indemnified Party shall promptly notify the indemnifying Party of any action taken against the indemnified Party relating to the indemnification. Failure to so notify the indemnifying Party shall not relieve the indemnifying Party of any liability that the indemnifying Party might have, except to the extent that such failure prejudices the indemnifying Party's ability to defend such claim.
 - b. The indemnifying Party shall have sole authority to defend any such action, including the selection of legal counsel, and the indemnified Party may engage separate legal counsel only at its sole cost and expense.
 - c. In no event shall the indemnifying Party settle or consent to any judgment pertaining to any such action without the prior written consent of the indemnified Party.

I. Intellectual Property

1. Each Party hereby grants to the other Party the limited, personal and nonexclusive right and license to use its patents, copyrights and trade

secrets but only to the extent necessary to implement this Agreement or specifically required by the then applicable federal and state rules and regulations relating to interconnection and access to telecommunications facilities and services, and for no other purposes. Nothing in this Agreement shall be construed as the grant to the other Party of any rights or licenses to trademarks.

2. The rights and licenses under Section 1.1. above are granted "AS IS" and the other Party's exercise of any such right and license shall be at the sole and exclusive risk of the other Party. Neither Party shall have any obligation to defend, indemnify or hold harmless, or acquire any license or right for the benefit of, or owe any other obligation or have any liability to, the other based on or arising from any claim, demand, or proceeding (hereinafter "claim") by any third party alleging or asserting that the use of any circuit, apparatus, or system, or the use of any software, or the performance of any service or method, or the provision of any facilities by either Party under this Agreement constitutes infringement, or misuse or misappropriation of any patent, copyright, trade secret, or any other proprietary or intellectual property right of any third party.
3. Neither Party shall, without the express written permission of the other Party, state or imply that: 1) it is connected, or in any way affiliated with the other Party or its affiliates, 2) it is part of a joint business association or any similar arrangement with the other Party or its affiliates, 3) it and its affiliates are in any way sponsoring, endorsing or certifying the other Party and its goods and services, or 4) with respect to advertising or promotional activities or materials, that the goods and services are in any way associated with or originated from the other Party or any of its affiliates. Nothing in this paragraph shall prevent either Party from truthfully describing the network elements it uses to provide service to its customers.
4. Nothing in this Agreement shall be construed as the grant of a license, either express or implied, with respect to any patent, copyright, logo, trademark, tradename, trade secret or any other intellectual property right now or hereinafter owned, controlled or licensable by either Party. Dakota may not use any patent, copyright, logo, trademark, tradename, trade secret or other intellectual property right of USWC or its affiliates without execution of a separate agreement between the Parties. USWC may not use any patent, copyright, logo, trademark, tradename, trade secret or other intellectual property right of Dakota or its affiliates without execution of a separate agreement between the Parties.
5. As a condition to the access or use of patents, copyrights, trade secrets and other intellectual property (including software) owned or controlled by a third party to the extent necessary to implement this Agreement or specifically required by the then applicable federal and state rules and regulations relating to interconnection and access to telecommunications facilities and services, the Party providing access may require the other

upon written notice, from time to time, to obtain permission for such access or use, make all payments in connection with obtaining such permission, and provide evidence of such permission.

6. Dakota acknowledges the value of the marks "U S WEST" and "U S WEST Communications" (the "Marks") and the goodwill associated therewith and acknowledges that such goodwill is a property right belonging to U S WEST, Inc. and USWC respectively (the "Owners"). USWC acknowledges the value of the marks Dakota Telecom, Inc. ("DTI") Dakota Telecommunications Systems, Inc. ("DTS") and "Dakota Telecommunications Group" ("DTG") (the "Dakota Marks") and the goodwill associated therewith and acknowledges that such goodwill is a property right belonging to Dakota (the "Owners"). Dakota recognizes that nothing contained in this Agreement is intended as an assignment or grant to Dakota of any right, title or interest in or to the Marks and that this Agreement does not confer any right or license to grant sublicenses or permission to third parties to use the Marks and is not assignable. USWC recognizes that nothing contained in this Agreement is intended as an assignment or grant to USWC of any right, title or interest in or to the Dakota Marks and that this Agreement does not confer any right or license to grant sublicenses or permission to third parties to use the Dakota Marks and is not assignable. Dakota will do nothing inconsistent with the Owner's ownership of the Marks, and all rights, if any, that may be acquired by use of the Marks shall inure to the benefit of the Owners. USWC will do nothing inconsistent with the Owner's ownership of the Dakota Marks, and all rights, if any, that may be acquired by use of the Dakota Marks shall inure to the benefit of the Owners. Dakota will not adopt, use (other than as authorized herein), register or seek to register any mark anywhere in the world which is identical or confusingly similar to the Marks or which is so similar thereto as to constitute a deceptive colorable imitation thereof or to suggest or imply some association, sponsorship, or endorsement by the Owners. The Owners make no warranties regarding ownership of any rights in or the validity of the Marks. USWC will not adopt, use (other than as authorized herein), register or seek to register any mark anywhere in the world which is identical or confusingly similar to the Dakota Marks or which is so similar thereto as to constitute a deceptive colorable imitation thereof or to suggest or imply some association, sponsorship, or endorsement by the Owners. The Owners make no warranties regarding ownership of any rights in or the validity of the Marks.

J. Warranties

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, THE PARTIES AGREE THAT NEITHER PARTY HAS MADE, AND THAT THERE DOES NOT EXIST, ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

K. Assignment

Neither Party may assign or transfer (whether by operation of law or otherwise) this Agreement (or any rights or obligations hereunder) to a third party without the prior written consent of the other Party provided that each Party may assign this Agreement to a corporate affiliate or an entity under its common control or an entity acquiring all or substantially all of its assets or equity by providing prior written notice to the other Party of such assignment or transfer. Any attempted assignment or transfer that is not permitted is void ab initio. Without limiting the generality of the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties' respective successors and assigns.

L. Default

If either Party defaults in the payment of any amount due hereunder, or if either Party violates any other provision of this Agreement, and such default or violation shall continue for thirty (30) days after written notice thereof, the other Party may seek legal and/or regulatory relief. The failure of either Party to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision, but the same shall, nevertheless, be and remain in full force and effect.

M. Disclaimer of Agency

Except for provisions herein expressly authorizing a Party to act for another, nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party. Except as otherwise expressly provided in this Agreement, no Party undertakes to perform any obligation of the other Party whether regulatory or contractual, or to assume any responsibility for the management of the other Party's business.

N. Severability

The Parties recognize that the FCC is promulgating rules addressing issues contained in this Agreement. In the event that any one or more of the provisions contained herein shall for any reason be held to be unenforceable in any respect under law or regulation, the Parties will negotiate in good faith for replacement language. If replacement language cannot be agreed upon, either Party may seek regulatory intervention, including negotiations pursuant to Sections 251 and 252 of the Act.

O. Nondisclosure

1. All information, including but not limited to specifications, microfilm, photocopies, magnetic disks, magnetic tapes, drawings, sketches, models, samples, tools, technical information, data, employee records, maps, financial reports, and market data, (i) furnished by one Party to the other Party dealing with customer specific, facility specific, or usage specific information, other than customer information communicated for the purpose of publication of directory database inclusion, or (ii) in written, graphic, electromagnetic, or other tangible form and marked at the time of delivery as "Confidential" or "Proprietary", or (iii) communicated and declared to the receiving Party at the time of delivery, or by written notice given to the receiving Party within ten (10) days after delivery, to be "Confidential" or "Proprietary" (collectively referred to as "Proprietary Information"), shall remain the property of the disclosing Party. A Party who receives Proprietary Information via an oral communication may request written confirmation that the material is Proprietary Information. A Party who delivers Proprietary Information via an oral communication may request written confirmation that the Party receiving the information understands that the material is Proprietary Information.
2. Upon request by the disclosing Party, the receiving Party shall return all tangible copies of Proprietary Information, whether written, graphic or otherwise, except that the receiving Party may retain one copy for archival purposes.
3. Each Party shall keep all of the other Party's Proprietary Information confidential and shall use the other Party's Proprietary Information only in connection with this Agreement. Neither Party shall use the other Party's Proprietary Information for any other purpose except upon such terms and conditions as may be agreed upon between the Parties in writing.
4. Unless otherwise agreed, the obligations of confidentiality and non-use set forth in this Agreement do not apply to such Proprietary Information as:
 - a. was at the time of receipt already known to the receiving Party free of any obligation to keep it confidential evidenced by written records prepared prior to delivery by the disclosing Party; or
 - b. is or becomes publicly known through no wrongful act of the receiving Party; or
 - c. is rightfully received from a third person having no direct or indirect secrecy or confidentiality obligation to the disclosing Party with respect to such information; or

- d. is independently developed by an employee, agent, or contractor of the receiving Party which individual is not involved in any manner with the provision of services pursuant to the Agreement and does not have any direct or indirect access to the Proprietary Information; or
 - e. is disclosed to a third person by the disclosing Party without similar restrictions on such third person's rights; or
 - f. is approved for release by written authorization of the disclosing Party; or
 - g. is required to be made public by the receiving Party pursuant to applicable law or regulation provided that the receiving Party shall give sufficient notice of the requirement to the disclosing Party to enable the disclosing Party to seek protective orders.
5. **Effective Date Of This Section.** Notwithstanding any other provision of this Agreement, the Proprietary Information provisions of this Agreement shall apply to all information furnished by either Party to the other in furtherance of the purpose of this Agreement, even if furnished before the date of this Agreement.

P. Survival

The Parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.

Q. Dispute Resolution

If any claim, controversy or dispute between the Parties, their agents, employees, officers, directors or affiliated agents ("Dispute") cannot be settled through negotiation, it shall be resolved by arbitration conducted by a single arbitrator engaged in the practice of law, under the then current rules of the American Arbitration Association ("AAA"). The Federal Arbitration Act, 9 U.S.C. Secs. 1-16, not state law, shall govern the arbitrability of all Disputes. The arbitrator shall not have authority to award punitive damages. All expedited procedures prescribed by the AAA rules shall apply. The arbitrator's award shall be final and binding and may be entered in any court having jurisdiction thereof. Each Party shall bear its own costs and attorneys' fees, and shall share equally in the fees and expenses of the arbitrator. The arbitration shall occur in Sioux Falls, South Dakota. Nothing in this Section shall be construed to waive or limit either Party's right to seek relief from the Commission or the Federal Communications Commission as provided by state or federal law.

No Dispute, regardless of the form of action, arising out of this Agreement, may be brought by either Party more than two (2) years after the cause of action accrues.

R. Controlling Law

This Agreement was negotiated by the Parties in accordance with the terms of the Act and the laws of the state where service is provided hereunder. It shall be interpreted solely in accordance with the terms of the Act and the applicable state law in the state where the service is provided.

S. Joint Work Product

This Agreement 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.

T. Responsibility for Environmental Contamination

Neither Party shall be liable to the other for any costs whatsoever resulting from the presence or release of any environmental hazard that either Party did not introduce to the affected work location. Both Parties shall defend and hold harmless the other, its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties and expenses (including reasonable attorneys' fees) that arise out of or result from (i) any environmental hazard that the indemnifying Party, its contractors or agents introduce to the work locations or (ii) the presence or release of any environmental hazard for which the indemnifying Party is responsible under applicable law.

U. Notices

Any notices required by or concerning this Agreement shall be sent to the Parties at the addresses shown below:

U S WEST Communications, Inc.
Director Interconnection Services
1801 California, Suite 2340
Denver, CO 80202

Dakota Telecom, Inc.
Dakota Telecommunications Systems, Inc.
Legal Department
29705 453rd Avenue
Irene, SD 57037

Each Party shall inform the other of any changes in the above addresses.

V. Responsibility of Each Party

Each Party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Agreement and retains full control over the employment, direction, compensation and discharge of all employees assisting in the performance of such obligations. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes and all other regulations governing such matters. Each Party will be solely responsible for proper handling, storage, transport and disposal at its own expense of all (i) substances or materials that it or its contractors or agents bring to, create or assume control over at work locations or, (ii) waste resulting therefrom or otherwise generated in connection with its or its contractors' or agents' activities at the work locations. Subject to the limitations on liability and except as otherwise provided in this Agreement, each Party shall be responsible for (i) its own acts and performance of all obligations imposed by applicable law in connection with its activities, legal status and property, real or personal and, (ii) the acts of its own affiliates, employees, agents and contractors during the performance of that Party's obligations hereunder.

W. 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 privilege.

X. Referenced Documents

All references to Sections, Exhibits, and Schedules shall be deemed to be references to Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Whenever any provision of this Agreement refers to a technical reference, technical publication, Dakota practice, USWC practice, any publication of telecommunications industry administrative or technical standards, or any other document specifically incorporated into this Agreement, it will be deemed to be a reference to the most recent version or edition (including any amendments, supplements, addenda, or successors) of such document that is in effect, and will include the most recent version or edition (including any amendments, supplements, addenda, or successors) of each document incorporated by reference in such a technical reference, technical publication, Dakota practice, USWC practice, or publication of industry standards (unless Dakota elects otherwise). Should there be any inconsistency between or among publications or standards, Dakota shall elect which requirement shall apply.

Y. Publicity and Advertising

Neither Party shall publish or use any advertising, sales promotions or other publicity materials that use the other Party's logo, trademarks or service marks without the prior written approval of the other Party.

Z. Amendment

Dakota and USWC may mutually agree to amend this Agreement in writing. Since it is possible that amendments to this Agreement may be needed to fully satisfy the purposes and objectives of this Agreement, the Parties agree to work cooperatively, promptly and in good faith to negotiate and implement any such additions, changes and corrections to this Agreement.

AA. Executed in Counterparts

This Agreement 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.

BB. Headings of No Force or Effect

The headings of Articles and Sections of this Agreement are for convenience of reference only, and shall in no way define, modify or restrict the meaning or interpretation of the terms or provisions of this Agreement.

CC. Cancellation Charges

Except as provided pursuant to a Bona Fide Request, or as otherwise provided in any applicable tariff or contract referenced herein, no cancellation charges shall apply.

DD. Regulatory Approval

The Parties understand and agree that this Agreement will be filed with the Commission and may thereafter be filed with the FCC and shall, at all times, be subject to review by the Commission or the FCC. In the event any such review rejects any portion of this Agreement, renders it inoperable or creates any ambiguity of requirement for further amendment, the Parties agree to meet and negotiate in good faith to arrive at a mutually acceptable modification.

EE. Compliance

Each party shall comply with all applicable federal, state, and local laws, rules and regulations applicable to its performance under this Agreement.

FF. Compliance with the Communications Law Enforcement Act of 1994 ("CALEA")

Each Party represents and warrants that any equipment, facilities or services provided to the other Party under this Agreement comply with CALEA. Each party shall indemnify and hold the other Party harmless from any and all penalties imposed upon the other Party for such noncompliance and shall at the non-compliant Party's sole cost and expense, modify or replace any equipment, facilities or services provided to the other Party under this Agreement to ensure that such equipment, facilities and services fully comply with CALEA.

GG. Entire Agreement

This Agreement constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements, representations, statements, negotiations, understandings, proposals and undertakings with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives.

Dakota Telecom, Inc.

T.W. Hertz
Signature

Thomas W. Hertz
Name Printed/Typed

General Manager/CEO
Title

June 18, 1997
Date

U S WEST Communications, Inc.

Kathy L. Fleming
Signature

Kathy Fleming
Name Printed/Typed

Executive Director - Interconnect
Title

June 24, 1997
Date

Dakota Telecommunications Systems, inc.

T.W. Hertz
Signature

Thomas W. Hertz
Name Printed/Typed

General Manager/CEO
Title

6/18/97
Date

APPENDIX A
Rates and Charges

INTERCONNECTION PRICE LIST

SOUTH DAKOTA

INTERCONNECTION - LOCAL EXCHANGE

Call Termination

Price

Average Per Minute of Use

\$0.003322

Tandem Switching

Price

Tandem Switching, Per Minute Of Use

\$0.002278

**APPENDIX B
ENGINEERING REQUIREMENTS
TRUNK FORECAST FORMS**

**INTERCONNECTION CHECKLIST
MEET POINT**

DATE OF MEETING:

Interconnector Information

Name:	
Address:	
City, State, Zip:	
Technical Contact Person:	
Technical Contact Person Telephone #:	
USWC Negotiator:	
USWC Negotiator Telephone #:	
Desired U S WEST Central office	
CLI:	
Central Office address:	
City, State:	
Meet Point Address:	

Equipment

Manufacture/ model#	Quantity	

Cable Makeup

Number of cables:	
Number of fibers per cable:	
Distance from USWC to Meet Point	
Distance from Dakota to Meet Point	
Service Requirements	

	Year 1	Year 2	Year 3
DS3			
DS1			

Remarks:

Please attach a sketch of the requested meet point arrangement:

**Appendix B -- PAGE 2
INTERCONNECTION CHECKLIST
ADDITIONAL TRUNKING**

Interconnector Information

Name:	
Address:	
City, State, Zip:	
Technical Contact Person:	
Technical Contact Person Telephone #:	
USWC Negotiator:	
USWC Negotiator Telephone #:	
Desired Central office (TANDEM)	
CLLI:	
Central Office address:	
City, State:	
Meet Point Address:	

Service Requirements

	Year 1	Year 2	Year 3
USWC End Office:			
- Terminating CCS (peak busy hr)			
USWC End Office:			
- Terminating CCS (peak busy hr)			
USWC End Office:			
- Terminating CCS (peak busy hr)			
USWC End Office:			
- Terminating CCS (peak busy hr)			

Remarks:

Please attach a sketch of the agreed upon meet point arrangement



South Dakota Public Utilities Commission

State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070



July 22, 1997

Mr. William P. Heaston
Senior Attorney
U S WEST Communications, Inc.
1801 California, Suite 5100
Denver, CO 80202

Ms. Colleen Sevold
Manager - Public Policy
U S WEST Communications, Inc.
125 South Dakota Avenue, 8th Floor
Sioux Falls, SD 57194

Mr. Robert G. Marmet
Attorney at Law
DTI and DTS
P. O. Box 66
Irene, SD 57037

Re: Interconnection Agreement between U S WEST
Communications, Inc., and DTI and DTS
Docket TC97-126

Dear Folks:

Enclosed each of you will find a copy of Staff Analysis and Recommendation in the above captioned matter. This is intended as service upon you by mail.

Very truly yours,

Camron Hoseck
Staff Attorney

CH:dk
Enc.

Capitol Office
Telephone (605)773-3281
FAX (605)773-3889

Transportation/
Warehouse Division
Telephone (605)773-5280
FAX (605)773-3225

Consumer Hotline
1-800-332-1782

TTY Through
Relay South Dakota
1-800-877-1113

Internet
bills@puc.state.sd.us

Jim Berg
Chairman
Pam Nelson
Vice-Chairman
Lanka Schoenfelder
Commissioner

William Bullard Jr.
Executive Director

Edward R. Anderson
Harlan Best
Martin C. Bettmann
Charlie Bolle
Sue Cichos
Karen E. Cremer
Marlette Fischbach
Shirleen Fugitt
Lewis Hammond
Lemi Healy
Camron Hoseck
Dave Jacobson
Bob Knadlie
Delaine Kolbo
Terri J. Leumeister
Jeffrey P. Lorenson
Terry Norum
Gregory A. Riskov
Tammi Stangor
Steven M. Wegman
Rosalynne Aulis Wiest

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING OF AN)
INTERCONNECTION AGREEMENT BETWEEN)
U S WEST COMMUNICATIONS, INC. AND)
DAKOTA TELECOM, INC. AND DAKOTA)
TELECOMMUNICATIONS SYSTEMS, INC.

STAFF ANALYSIS AND
RECOMMENDATION
TC 97-126

PRELIMINARY STATEMENT

At 47 U.S.C. Section 252 (a)(1) the law provides that negotiated interconnection agreements which have been reached are to be submitted to the Public Utilities Commission (Commission) for approval. Submission of the agreement is to be in accordance with subsection (e) of this provision. Subsection (e) provides that the Commission may approve the agreement or reject it with written findings as to deficiencies. The grounds for rejection are specified in Subsection (e)(2). As summarized, those reasons include discrimination, inconsistency with the public interest, convenience and necessity or inconsistency with section 251 or the standards of (d) of Section 252.

The following analyses and recommendations are based upon the standards of (1) discrimination and (2) the public interest, convenience and necessity.

ANALYSIS

At the outset, it should be noted that this Agreement represents a marked improvement in quality and in protecting the consuming public in the eyes of the undersigned staff attorney. Several objections which staff has made to other negotiated interconnection agreements have been addressed. The following are comments intended to assist the Commission in evaluating this Agreement.

1. DISCRIMINATION

a. quality of service

At Section VI, "Interconnection," paragraph D "Quality of Interconnection," at page 1, the Agreement provides for U S WEST to provide terms and conditions to Dakota which are not less than those provided to itself or in a less efficient manner. The same standard of service quality applies to the quality of interconnection. This provides some basic service quality assurance to Dakota. Previously this has not been an assurance extended to interconnection agreements with domestic South Dakota, non-cellular carriers; it has been extended to cellular interconnection agreements. The Commission may wish to consider whether this constitutes a pattern of discrimination which is prohibited by the federal statute cited above.

B. payment penalty

Under Section XIX "Miscellaneous Terms," paragraph D "Payment" on page 23, late payments are addressed and it appears that the disconnection penalty in payment disputes has been removed. Facially, this provides consumers with a level of protection for continuity of service in the event of billing disputes between U S WEST and Dakota. protection significantly different than was granted non-cellular companies in prior agreements presented to the Commission for approval. Domestic South Dakota, non-cellular companies have been treated differently from this provision in two instances: PAM Oil, Inc. and Firstel, Inc. Disconnection of service was U S WEST's ultimate remedy. Two cellular Agreements, one arbitrated, one negotiated, have taken a financial penalty approach. The Commission may wish to consider whether, in the entire scheme of these interconnection agreements that it is called upon to arbitrate or approve, U S WEST has demonstrated a pattern of disparate treatment of those with whom it does business.

II. Public interest, convenience and necessity

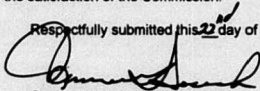
A. In Paragraph XIX "Miscellaneous Terms," paragraph J "Warranties" on page 27 there is a standard provision for warranties. Again, I would question how the public interest, convenience and necessity is served by a warranty when the contract is for a service. Warranties typically apply to the sale of goods.

B. In Paragraph XIX "Miscellaneous Terms," paragraph R, "Controlling Law" at page 31, there is reference to the applicable law which is the law of the state where the service is provided. Consistent with my approach in prior cases, I would strongly recommend that this Agreement not be approved until this explicitly states that the Agreement shall be construed in accordance with the law of the state of South Dakota. The vagueness of this provision for construing the Agreement in accordance with the law of the state where the service is provided presents a problem. If different services under the Agreement are performed in states other than South Dakota, then different parts of the contract could potentially be interpreted by laws of a variety of states. In order to protect the consuming public in South Dakota, South Dakota's laws should govern the execution and performance of this Agreement.

RECOMMENDATION

I recommend that this Agreement **NOT** be approved until these matters are resolved to the satisfaction of the Commission.

Respectfully submitted this 22nd day of July, 1997.



Camron Hoseck, Staff Attorney

CERTIFICATE OF SERVICE

I hereby certify that copies of Staff Analysis and Recommendation were served on the following by mailing the same to them by United States Post Office First Class Mail, postage thereon prepaid, at the address shown below on this the 22nd day of July, 1997.

William P. Heaston
Senior Attorney
U S WEST Communications, Inc.
1801 California, Suite 5100
Denver, CO 80202

Colleen Sevold
Manager - Public Policy
U S WEST Communications, Inc.
125 South Dakota Avenue, 8th Floor
Sioux Falls, SD 57194

Mr. Robert G. Marmet
Attorney at Law
DTI and DTS
P. O. Box 66
Irene, SD 57037



Camron Hoseck
Staff Attorney
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY U S WEST) COMMUNICATIONS, INC. FOR APPROVAL OF) AN INTERCONNECTION AGREEMENT) BETWEEN U S WEST COMMUNICATIONS,) INC. AND DAKOTA TELECOM, INC. AND) DAKOTA TELECOMMUNICATIONS SYSTEMS,) INC.)	ORDER APPROVING NEGOTIATED INTERCONNECTION AGREEMENT TC97-126
--	---

On July 7, 1997, U S WEST Communications, Inc. (U S WEST) filed for approval by the South Dakota Public Utilities Commission (Commission) of the negotiated Interconnection Agreement between U S WEST and Dakota Telecom, Inc. and Dakota Telecommunications Systems, Inc. (collectively Dakota).

On July 10, 1997, the Commission electronically transmitted notice of this filing to interested individuals and entities. The notice stated that any person wishing to comment on the parties' request for approval may do so by filing written comments with the Commission on or before July 28, 1997. Parties to the agreement had until August 15, 1997, to file written responses to the comments. On July 22, 1997, Staff filed its Analysis and Recommendation.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-31, and the Federal Telecommunications Act of 1996. Upon review of the agreement, the Commission unanimously voted to approve the negotiated agreement, subject to the condition that the agreement be revised to state that it shall be construed in accordance with the laws of the state of South Dakota. It is therefore

ORDERED, that the Commission approves the negotiated agreement, subject to the condition that the agreement be revised to state that it shall be construed in accordance with the laws of the state of South Dakota.

Dated at Pierre, South Dakota, this 27th day of August, 1997.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: *Adrian Kalds*

Date: 9/2/97

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

TC 97-126

RECEIVED

SEP 10 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

**AMENDMENT TO
INTERCONNECTION AGREEMENT**

BETWEEN

US WEST COMMUNICATIONS, INC.

AND

DAKOTA TELECOM, INC.

AND

DAKOTA TELECOMMUNICATIONS SYSTEMS, INC.

FOR

SOUTH DAKOTA

Based upon the Order of the Public Utilities Commission of the State of South Dakota in Docket TC97-126, the Agreement entered into by and between the parties in that docket is amended as follows:

R. Controlling Law

This Agreement was negotiated by the Parties in accordance with the terms of the Act and the laws of the state of South Dakota. It shall be interpreted solely in accordance with the terms of the Act and the applicable state law of South Dakota.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives.

DAKOTA TELECOM, INC.

T. W. Hertz

Thomas W. Hertz, President/CEO
Name & Title

August 19, 1997
Date

US WEST COMMUNICATIONS, INC.

Kathy L. Fleming

Kathy Fleming, Executive Director/Interconnect
Name & Title

8/22/97
Date

DAKOTA TELECOMMUNICATIONS SYSTEMS, INC.

T. W. Hertz

Thomas W. Hertz, President/CEO
Name & Title

August 19, 1997
Date

U S WEST, Inc.
1801 California Street, Suite 5100
Denver, Colorado 80202
303 872-2877
Facsimile 303 298-6197

James H. Gallegos
Senior Attorney

USWEST

RECEIVED

SEP 17 1998

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

VIA FEDERAL EXPRESS

September 16, 1998

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

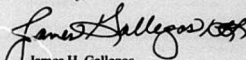
**RE: Filing of Amended Interconnection Agreement between Dakota Telecom, Inc. and
U S WEST Communications, Inc. for South Dakota, Docket No. TC97-126**

Dear Mr. Bullard:

Enclosed for filing are an original and ten (10) copies of the Amended Interconnection Agreement between Dakota Telecom, Inc. and U S WEST Communications.

Please return a date-stamped copy of this letter in the enclosed self-addressed stamped envelope. Thank you for your cooperation.

Sincerely,


James H. Gallegos

Enclosures

cc: Service List

SERVICE LIST
(By Regular Mail)

Dakota Telecom, Inc.
William P. Heaston, General Counsel
P.O. Box 66
Irene, SD 57037

U S WEST Communications, Inc.
Juliann Knott
Director - Interconnection Compliance
1801 California St., Suite 2420
Denver, CO 80202

Ms. Colleen Sevold
Manager - Public Policy
USWC - Public Policy
125 S. Dakota Avenue, 8th Floor
Sioux Falls, SD 57194

RECEIVED

SEP 17 1998

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

AMENDED INTERCONNECTION AGREEMENT

BETWEEN

DAKOTA TELECOM, INC.

AND

U S WEST COMMUNICATIONS, INC.

FOR

SOUTH DAKOTA

- 1 RECITALS
- 2 SCOPE OF AGREEMENT
- 3 TERMS OF AGREEMENT
- 4 DEFINITIONS
- 5 RATES AND CHARGES GENERALLY
- 6 RECIPROCAL TRAFFIC EXCHANGE
 - 6.1 Scope
 - 6.2 Types of Traffic
 - 6.3 Exchange of Traffic
 - 6.4 Rate Structure - Local Traffic
 - 6.5 Rate Structure - Toll Traffic
 - 6.6 Rate Structure - Transit Traffic
 - 6.7 LIS Interface Code Availability And Optional Features
 - 6.8 Measuring Local Interconnection Minutes
 - 6.9 Testing
 - 6.10 Ordering
 - 6.11 Billing Arrangements
 - 6.12 Mileage Measurement
 - 6.13 Construction Charges
- 7 INTERCONNECTION
 - 7.1 Definition
 - 7.2 Mid-span Meet POI
 - 7.3 Collocation
 - 7.4 Entrance Facility
 - 7.5 Quality of Interconnection
 - 7.6 Points of Interface (POI)
 - 7.7 Trunking Requirements
 - 7.8 Service Interruptions
 - 7.9 Interconnection Forecasting
- 8 COLLOCATION
 - 8.1 General Terms
 - 8.2 Virtual Collocation

- 8.3 Physical Collocation
- 8.4 Collocation Rate Elements
- 8.5 Collocation Installation Intervals
- 9 INTERIM NUMBER PORTABILITY
 - 9.1 General Terms
 - 9.2 Description of Service
- 10 PERMANENT NUMBER PORTABILITY
- 11 DIALING PARITY
- 12 ACCESS TO TELEPHONE NUMBERS
- 13 CALL COMPLETION FROM U S WEST OPERATORS
- 14 BUSY LINE VERIFY/INTERRUPTS
- 15 TOLL AND ASSISTANCE OPERATOR SERVICES
- 16 DIRECTORY ASSISTANCE
- 17 911/E-911 SERVICE
 - 17.1 Scope
 - 17.2 Performance Criteria
 - 17.3 Information
- 18 U S WEST "Dex" (Directory Publishing) ISSUES
- 19 ACCESS TO POLES, DUCTS, CONDUITS, AND RIGHTS OF WAY
- 20 ACCESS TO OPERATIONAL SUPPORT SYSTEMS
 - 20.1 Purpose
 - 20.2 Use of Standards
 - 20.3 Reimbursement
 - 20.4 Scope
 - 20.5 Systems Interfaces
 - 20.6 Real Time Performance
 - 20.7 Compliance with Industry Standards
 - 20.8 Scheduled Availability
 - 20.9 Pre-Order
 - 20.10 Ordering and Provisioning
 - 20.11 Maintenance and Repair
 - 20.12 Recorded Customer Usage

- 20.13 Billing Format for Resale and UNE Payables
- 20.14 Recorded UNE Local or Access Receivables
- 20.15 Local Account Maintenance
- 20.16 Directory Assistance Database
- 20.17 Testing and Acceptance
- 20.18 Joint Implementation Agreement Development
- 21 NOTICE OF CHANGES
- 22 REFERRAL ANNOUNCEMENT
- 23 COORDINATED REPAIR CALLS
- 24 BONA FIDE REQUEST
- 25 AUDIT PROCESS
- 26 AUDIO TEXT AND MASS ANNOUNCEMENT SERVICES
- 27 LOCAL INTERCONNECTION DATA EXCHANGE FOR BILLING
- 28 SIGNALING ACCESS TO CALL-RELATED DATABASES
- 29 INTERCONNECTION TO LINE INFORMATION DATA BASE (LIDB)
 - 29.1 Description of LIDB
 - 29.2 Interfaces
 - 29.3 LIDB Access
 - 29.4 Toll Free Number Database
- 30 SPECIAL CONSTRUCTION CHARGES
- 31 RESALE
 - 31.1 Description
 - 31.2 Scope
 - 31.3 Ordering and Maintenance
 - 31.4 Sprint Responsibilities
 - 31.5 Rates and Charges
 - 31.6 Directory Listings
 - 31.7 Deposit
 - 31.8 Payment
 - 31.9 General Requirements for Recorded Usage Data
- 32 UNBUNDLED NETWORK ELEMENTS
 - 32.1 General Terms

- 32.2 Description of Unbundled Elements
- 33 SECTION LEFT INTENTIONALLY BLANK
- 34 SERVICE MEASURES AND STANDARDS
- 35 MISCELLANEOUS TERMS
- 36 GENERAL PROVISIONS
 - 36.1 Master Services Agreement
 - 36.2 Most Favored Nation Terms and Treatment
 - 36.3 Customer Authorization
 - 36.4 Taxes
 - 36.5 Revenue Protection
 - 36.6 Intellectual Property
 - 36.7 Severability
 - 36.8 Responsibility for Environmental Contamination
 - 36.9 Responsibility of Each Party
 - 36.10 Referenced Documents
 - 36.11 Publicity and Advertising
 - 36.12 Executed in Counterparts
 - 36.13 Headings of No Force or Effect
 - 36.14 Entire Agreement
 - 36.15 Joint Work Product
 - 36.16 Disclaimer of Agency
 - 36.17 Survival
 - 36.18 Effective Date
 - 36.19 Amendment of Agreement
 - 36.20 Indemnity
 - 36.21 Limitation of Liability
 - 36.22 Controlling Law
 - 36.23 Cancellation Charges
 - 36.24 Regulatory Approval
 - 36.25 Compliance
 - 36.26 Compliance with the Communications Law Enforcement Act of 1994 ("CALEA")
 - 36.27 Independent Contractor

- 36.28 Force Majeure
- 36.29 Dispute Resolution
- 36.30 Commission Decision
- 36.31 Nondisclosure
- 36.32 Notices
- 36.33 Assignment
- 36.34 Warranties
- 36.35 Default
- 36.36 Nonexclusive Remedies
- 36.37 No Third Party Beneficiaries
- 36.38 Credit Worthiness Database
- 36.39 Branding

APPENDIX A: Application of Rates and Charges

APPENDIX B: Amendments to the Contract

AMENDED INTERCONNECTION AGREEMENT

This Amended Interconnection Agreement ("Amended Interconnection Agreement") made as of this ____ day of ____, 1998, is between Dakota Telecom, Inc. ("DTI") and U S WEST Communications, Inc. ("U S WEST"), a Colorado corporation.

1. RECITALS

- 1.1 Pursuant to this Amended Interconnection Agreement, DTI and U S WEST, collectively "the Parties" have mutually agreed to amend their Interconnection Agreement dated June 17, 1997 in accordance with the terms of conditions set forth below. This Amended Interconnection Agreement will supersede the Interconnection Agreement dated as forth in Section 36.14 below.
- 1.2 Pursuant to this Amended Interconnection Agreement, DTI and U S WEST, will extend certain arrangements to one another within each LATA in which they both operate within the State of South Dakota. This Amended Interconnection Agreement is a combination of agreed terms and terms imposed by arbitration under Section 252 of the Communications Act of 1934, as modified by the position of either Party on any given issue. The Parties enter into this Amended Interconnection Agreement without prejudice to any position they may have taken previously, or may take in the future in any legislative, regulatory, or other public forum addressing any matters, including matters related to the types of arrangements prescribed by this Amended Interconnection Agreement.
- 1.3 The Parties agree and understand that USWC is proposing certain provisions in this Amended Interconnection Agreement, based, in large part, on the FCC's First Report and Order, in the Matter of Implementing of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, rel. Aug. 8, 1996 ("FCC 1st Order") and the Second Report and Order and Memorandum Opinion and Order, in the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, rel. Aug. 8, 1996 ("FCC 2d Order"). To the extent that certain of the rules contained in the FCC 1st Order and the FCC 2d Order, or any other FCC Order adopted to implement the Telecommunications Act of 1996, are deemed by the courts to be not effective, the Parties agree to enter into negotiations to modify those portions of this Amended Interconnection Agreement necessary to comport with the final court decisions and subsequent FCC rules adopted to comply with the court's decisions; the remaining provisions of this Amended Interconnection Agreement will remain in full force and effect. The Parties agree to negotiate in good faith on replacement language.

2. SCOPE OF AGREEMENT

- 2.1 This Amended Interconnection Agreement sets forth the terms, conditions and prices under which U S WEST agrees to provide (a) services for resale (hereinafter referred to as "Local Services") (b) certain Unbundled Network

Elements, Ancillary Functions and additional features to DTI (hereinafter collectively referred to as "Network Elements" or "Unbundled Network Elements") for DTI's own use or for resale to others. The Amended Interconnection Agreement also sets forth the terms, conditions and prices under which the parties agree to provide interconnection and reciprocal compensation for the exchange of local traffic between U S WEST and DTI for purposes of offering telecommunications services. The Amended Interconnection Agreement includes all accompanying appendices. Unless otherwise provided in this Amended Interconnection Agreement, U S WEST will perform all of its obligations hereunder throughout its entire service area subject to State and Federal rules. *True*

- 2.2 In the performance of their obligations under this Amended Interconnection Agreement, the Parties shall act in good faith and consistently with the intent of the Act. Where notice, approval or similar action by a Party is permitted or required by any provision of this Amended Interconnection Agreement, (including, without limitation, the obligation of the Parties to further negotiate the resolution of new or open issues under this Amended Interconnection Agreement) such action shall not be unreasonably delayed, withheld or conditioned. The parties will assign an implementation team of sufficient expertise to implement this agreement.
- 2.3 DTI will notify U S WEST when DTI begins offering residential and business exchange services in this state through the use of its facilities.
- 2.4 This Amended Interconnection Agreement is effective in the state of South Dakota. The Parties agree to further amend this Agreement in accordance with decisions rendered in DTI/U S WEST Arbitration cases.
- 2.5 U S WEST is not required to provide service superior to what it currently offers to itself. This condition is applicable for the entire contract and takes precedence over any other conflicting section. The absence of specific references to this Section in potentially conflicting sections is not to be construed to mean that this Section does not apply.
- 2.6 The parties will make available to the other party those portions of their network that may become available as part of the normal and typical course of upgrading a telecommunications network. However, to foster competition and to improve consumer choice, neither party is required to make available to the other party any proprietary, competitive or non-industry standard technological developments, including but not limited to new products, systems or enhancements that such party may develop in the future. The absence of specific references to this Section in potentially conflicting sections is not to be construed to mean that this Section does not apply.

3. TERM OF AGREEMENT

- 3.1 The Parties agree to commence negotiations on a new agreement no later than six months before the termination of this Amended Interconnection Agreement, or consistent with Section 252 (l) of the Act, DTI may opt into a then-existing, valid interconnection agreement, in its entirety, at the conclusion of the said term of this Amended Interconnection Agreement. In the event either party, within 135 days of the expiration date of this Amended Interconnection Agreement, fail to reach agreement on a replacement contract, that party may seek arbitration.

4. DEFINITIONS

- 4.1 "Act" means the Communications Act of 1934 (47 U.S.C. 151 et seq.), as amended by the Telecommunications Act of 1996, and as from time to time interpreted in the duly authorized rules and regulations of the FCC or a Commission within its state of jurisdiction.
- 4.2 "Access Services" refers to the tariffed interstate and intrastate switched access and private line transport services offered for the origination and/or termination of interexchange traffic (see each Parties' appropriate state and interstate access tariffs).
- 4.3 "ADSL" or "Asymmetrical Digital Subscriber Line" means a transmission technology which transmits an asymmetrical digital signal using one of several transmission methods (for example, carrier - less AM/PM discrete multi-tone, or discrete wavelet multi-tone).
- 4.4 "Access Service Request" or "ASR" means the industry standard forms and supporting documentation used for ordering Access Services. The ASR will be used to order trunking and facilities between Dakota and USWC for Local Interconnection Service
- 4.5 "Advanced Intelligent Network (AIN)" is a network functionality platform that permits service-specific conditions to be programmed into a switch which, when met, directs the switch to suspend call processing and to receive special instructions for further call handling instructions in order to enable carriers to offer advanced features, services and routing.
- 4.6 "AMA" means the Automated Message Accounting structure inherent in switch technology that initially records telecommunication message information. AMA format is contained in the Automated Message Accounting document, published by Bellcore as GR-1100-CORE which defines the industry standard for message recording.
- 4.7 "Automatic Number Identification" or "ANI" means a signaling parameter which refers to the number transmitted through a network identifying the billing number of the calling party.

- 4.8 "Basic Exchange Telecommunications Service" means a service offered to end users that provides the end user with a telephonic connection to, and a unique local telephone number address on, the public switched telecommunications network, and that enables such end user to generally place calls to, or receive calls from, other stations on the public switched telecommunications network. Basic residence and business line services are Basic Exchange Telecommunications Services. As used solely in the context of this statement and unless otherwise agreed, Basic Exchange Telecommunications Service includes access to ancillary services such as 911, directory assistance and operator services.
- 4.9 "BLV/BLVI Traffic" means an operator service call in which the caller inquires as to the busy status of or requests an interruption of a call on another Customer's Telephone Exchange Service Line.
- 4.10 "Calling Party Number" or "CPN" is a Common Channel Signaling ("CCS") parameter which refers to the number transmitted through a network identifying the calling party. Reference Technical Pub. 77342.
- 4.11 "Central Office Switch" means a switch used to provide Telecommunications Services, including, but not limited to:
- 4.11.1 "End Office Switches" which are used to terminate customer station loops for the purpose of interconnecting to each other and to trunks; and
 - 4.11.2 "Tandem Office Switches" which are used to connect and switch trunk circuits between and among other Central Office Switches. Access tandems provide connections for exchange access and toll traffic while local tandems provide connections for local/EAS traffic.
- 4.12 "Centrex" ("Centron") means a telecommunications Service that uses central office switching equipment for call routing to handle direct dialing of calls, and to provide many private branch exchange-like features.
- 4.13 "CLASS features" are optional end user switched services that include, but are not necessarily limited to: Automatic Call Back; Call Trace; Caller ID and Related Blocking Features; Distinctive Ringing/Call Waiting; Selective Call Forward; Selective Call Rejection. (See Bellcore documentation for definition).
- 4.14 "Collocation" means an arrangement whereby one Party's (the "Collocating Party") facilities are terminated in its equipment necessary for Interconnection or for access to Network Elements on an unbundled basis which has been installed and maintained at the premises of a second Party (the "Housing Party"). Collocation may be "physical" or "virtual". In "Physical Collocation," the Collocating Party installs and maintains its own equipment in the Housing Party's premises. In "Virtual Collocation," the Housing Party installs and maintains the Collocating Party's equipment in the Housing Party's premises.

- 4.15 "Combinations" consist of multiple Elements that are logically related to enable DTI to rebundle and provide service in a geographic area or to a specific customer. In no event does U S WEST have any obligation to rebundle and/or combine unbundled elements. *TOX*
- 4.16 "Commission" means the South Dakota Public Utilities Commission or alternatively named governmental agency responsible to regulate telecommunications.
- 4.17 "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special signaling network fully separate from the public voice switched network elements that carry the actual call. The CCS used by the Parties shall be Signaling System 7.
- 4.18 "Competitive Local Exchange Carrier" ("CLEC") means an entity authorized to provide Local Exchange Service that does not otherwise qualify as an incumbent LEC.
- 4.19 "Customer" means a third-party that subscribes to telecommunications Services provided by either of the Parties.
- 4.20 "Customer Account Record Exchange" ("CARE") This refers to customer account data exchanged electronically between a Local Exchange Carrier (U S WEST) and another Carrier (e.g., DTI LD, etc.) in order to maintain current, accurate data on the customer's account status.
- 4.21 "Customer Usage Data" means the local telecommunications Services usage data of a DTI Customer, measured in minutes, sub-minute increments (e.g.: 1/10 minutes, seconds, 1/10 seconds, etc.), message units, or otherwise, that is recorded by U S WEST and forwarded to DTI.
- 4.22 "Digital Signal Level" means one of several transmission rates in the time division multiplex hierarchy.
- 4.23 "Digital Signal Level 0" or "DS0" means the 64 Kbps zero-level signal in the time-division multiplex hierarchy.
- 4.24 "Digital Signal Level 1" or "DS1" means the 1.544 Mbps first-level signal in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS1 is the initial level of multiplexing.
- 4.25 "Digital Signal Level 3" or "DS3" means the 44.736 Mbps third-level in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS3 is defined as the third level of multiplexing.
- 4.26 "E911 Service" is a method of routing 911 calls to a PSAP that uses customer location data in the ALI/DMS to determine the PSAP to which a call should be routed.

- 4.27 "EAS/Local "Extended Area Service (EAS)/Local Traffic" means traffic that originates and terminates in a geographically defined area (Local Calling Area) as toll free service which is established by the effective tariffs of the incumbent local exchange carrier. This may also include Local Measured Service.
- 4.28 "Electronic Data Interface (EDI)" is a means of electronically sending and receiving data messages computer to computer.
- 4.29 "Enhanced White Pages" means optional features for White Pages Directory listings (e.g., bold, all capitals, additional line of text, indented).
- 4.30 "Exchange Message Record" or "EMR" is the standard used for exchange of telecommunications message information between telecommunications providers for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 CRIS Exchange Message Record, a Bellcore document that defines industry standards for exchange message records.
- 4.31 "Expanded Interconnection Channel Termination (EICT)," telecommunications Interconnection between DTI collocated equipment and U S WEST's network is accomplished via an Expanded INTERCONNECTION Channel Termination (EICT). This element can be at OCn (meaning OC3, OC12, OC48 etc.), DS3, DS1 or DS0 level depending on the U S WEST service it is connecting to.
- 4.32 "Fiber-Meet" means an interconnection architecture method whereby the Parties physically interconnect their networks via an optical fiber interface (as opposed to an electrical interface) at a mutually agreed upon location.
- 4.33 "HDSL" or "High-Bit Rate Digital Subscriber Line" means a two-wire or four-wire transmission technology which typically transmits a DS1-level signal (or, higher level signals with certain technologies), using: 2 Binary/1 Quaternary ("2B1Q").
- 4.34 "IABS" means the Interexchange Access Billing System which is U S WEST's version of the Carrier Access Billing System (CABS) and is described in a document prepared under the direction of the Billing Committee of the OBF. The Carrier Access Billing System document is published by Bellcore and contains the recommended guidelines for the billing of access and other connectivity services.
- 4.35 "Information Service Traffic" means Local Traffic or IntraLATA Toll Traffic which originates on a Telephone Exchange Service line and which is addressed to an information service provided over a Party's information services platform (e.g., 976).
- 4.36 "Integrated Digital Loop Carrier (IDLC)" means a subscriber loop carrier system which integrates within the switch at a DS1 or higher digital transmission signal level.

- 4.37 "Integrated Services Digital Network" or "ISDN" means a switched network service that provides end-to-end digital connectivity for the simultaneous transmission of voice and data. Basic Rate Interface-ISDN (BRI-ISDN) provides for a digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel (2B+D). Primary Rate Interface - ISDN (PRI-ISDN) provides a digital transmission of 23 bearer channels and one data channel (23+D).
- 4.38 "Interconnection" is as described in the Act and refers to the connection of separate pieces of equipment, facilities, or platforms between or within networks for the purpose of transmission and routing of Telephone Exchange Service traffic and Exchange Access traffic.
- 4.39 "Interexchange Carrier" or "IXC" means a carrier that provides, directly or indirectly, interLATA or intraLATA Telephone Toll Services.
- 4.40 "Interim Number Portability (INP)" INP applies to those situations where an end-user customer elects to transfer service from the INP Provider to the INP Requester and they also wish to retain their existing telephone number. INP consists of INP Provider's provision to the INP Requester the capability to route calls placed to telephone numbers assigned to the INP Provider's switches to the INP Requester's switches. INP is available prior to the implementation of Permanent Number Portability (PNP) and uses methods such as Remote Call Forwarding to provide number portability.]
- 4.41 "IntraLATA Toll" means traffic that is originates and terminates within a given LATA and is not considered local switched traffic. The LATA boundaries are established by the effective tariffs of the incumbent local exchange carrier as of the date of this agreement or as may be changed by Commission order.
- 4.42 "Line Information Data Base(s) (LIDB)" means one or all, as the context may require, of the Line Information Databases owned individually by U S WEST and other entities which provide, among other things, calling card validation functionality for telephone line number cards issued by U S WEST and other entities. A LIDB also contains validation data for collect and third number-billed calls, which include billed number screening.
- 4.43 "Local Interconnection Service (LIS)" provides for local call termination services under reciprocal traffic exchange. LIS provides DTI the ability to terminate calls within a U S WEST defined Local Calling Area, Extended Area Service (EAS) area or LATA, as set forth herein.
- 4.44 "Local Loop Transmission" or "Loop" means the entire transmission path which extends from the network interface or demarcation point at a Customer's premises to the Main Distribution Frame or other designated frame or panel in a Party's Wire Center which serves the Customer and includes all necessary loop concentrators/multiplexers.

- 4.45 Local Number Portability is the ability of an end user customer to retain their telephone when changing service providers and or offices in a common rate center.
- 4.46 "Main Distribution Frame" or "MDF" means the distribution frame of the Party providing the Loop used to interconnect cable pairs and line and trunk equipment terminals on a switching system.
- 4.47 "MECAB" refers to the Multiple Exchange Carrier Access Billing (MECAB) document prepared by the Billing Committee of the Ordering and Billing Forum (OBF), that functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for telecommunications Industry solutions (ATIS). The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an access service provided by two or more LECs (including a ILEC and a CLEC), or by one LEC in two or more states within a single LATA.
- 4.48 "MECOD" refers to the Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services-Industry Support Interface, a document developed by the ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum (OBF), that functions under the auspices of the Carrier Liaison Committee (CLC) of the Alliance for telecommunications Industry Solutions (ATIS). The MECOD document published by Bellcore as Special Report SR STS-002643, establishes recommended guidelines for processing orders for access service that is to be provided by two or more LECs (including a ILEC and a CLEC). It is published by Bellcore as SR-BDS-00983.
- 4.49 "Meet-Point Billing" or "MPB" refers to an agreement whereby two LECs (including a CLEC and U S WEST) jointly provide switched access service to an Interexchange Carrier, with each LEC (or CLEC) receiving an appropriate share of the transport element revenues as defined by their effective access tariffs.
- 4.50 "Mediated Access" is an electronic gateway solution that acts as a control point between the CLEC's and U S WEST's operations systems, supporting functions such as Pre-Order, Order, Trouble Administration and Billing, while implementing security for the interface, protecting the integrity of the U S WEST network and its databases, and ensuring that Customer Proprietary Network Information (CPNI) is maintained.
- 4.51 "Mid-Span Meet" is a point of interconnection between two networks, designated by two telecommunications carrier's where responsibility for service begins and the other carrier's responsibility ends.
- 4.52 "NDM" means Network Data Mover and is an IBM platform for electronic transmission of data.
- 4.53 "Network Element" means a facility or equipment used in the provision of a telecommunications service. Network Element includes features, functions, and capabilities that are provided by means of such facility or equipment, including

subscriber numbers, databases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, service monitoring, maintenance or other provision of a telecommunications service.

- 4.54 "North American Numbering Plan" or "NANP" means the numbering plan used in the United States that also serves Canada, Bermuda, Puerto Rico and certain Caribbean Islands. The NANP format is a 10-digit number that consists of a 3-digit NPA (commonly referred to as the area code), followed by a 3-digit NXX code and 4-digit line number.
- 4.55 "NXX" means the fourth, fifth and sixth digits of a ten-digit telephone number.
- 4.56 "Party" means either U S WEST or DTI and "Parties" means U S WEST and DTI.
- 4.57 "Permanent Number Portability" (PNP) is a database solution to provide transparent LNP for all customers and all providers.
- 4.58 "Point of Interface" or "POI" is a mutually agreed upon point of demarcation where the exchange of traffic between two LECs (including an ILEC and a CLEC) takes place.
- 4.59 "Pole Attachment" means the connection of a facility to a utility pole. Some examples of facilities are mechanical hardware, grounding and transmission cable, and equipment boxes.
- 4.60 "Port" (Local Switching) means a termination on a Central Office Switch that permits customers to send or receive telecommunications services over the public switched network.
- 4.61 "Rate Center" means the specific geographic point and corresponding geographic area which are associated with one or more particular NPA-NXX codes which have been assigned to U S WEST (or CLEC) for its provision of basic exchange telecommunications services. The "rate center point" is the finite geographic point identified by a specific V & H coordinate, which is used to measure distance-sensitive end user traffic to/from, the particular NPA-NXX designations associated with the specific Rate Center. The "rate center area" is the exclusive geographic area identified as the area within which U S WEST (or CLEC) will provide Basic Exchange telecommunications Service bearing the particular NPA-NXX designations associated with the specific Rate Center. The Rate Center point must be located within the Rate Center area.
- 4.62 "Real Time" means the actual time in which an event takes place, with the reporting on or the recording of the event practically simultaneous with its occurrence.
- 4.63 "Reseller" is a category of Local Exchange service provider that obtains dial tone and associated telecommunications services from another provider through the purchase of end user services for resale to its end user customers.

- 4.64 "Right of Way" (ROW) is the right to use the land or other property of another party to place poles, conduits, cables, other structures and equipment, or to provide passage to access such structures and equipment. A ROW may run under, on, or above public or private property (including air space above public or private property) and may include the right to use discrete space in buildings, building complexes, or other locations.
- 4.65 "Routing Point" means a location which U S WEST or DTI has designated on its own network as the homing (routing) point for traffic inbound to Basic Exchange Services provided by U S WEST or DTI which bear a certain NPA-NXX designation. The Routing Point is employed to calculate mileage measurements for the distance-sensitive transport element charges of Switched Access Services. The Routing Point may be an "End Office" location, or a "U S WEST Consortium Point of Interconnection". Pursuant to that same Bellcore Practice, examples of the latter may be designated by a common language location identifier (CLLI) code with (x)KD in positions 9, 10, 11, where (x) may be any alphanumeric A-Z or 0-9. The above referenced Bellcore document refers to the Routing Point as the Rating Point. For the purposes of this agreement, the Routing Point can be distinct from the Rating Point. The Rate Center Point (Rating Point) must be located in the Rate Center area. The Routing Point may be located outside of the Rate Center Area.
- 4.66 "Service Control Point" or "SCP" means a signaling end point that acts as a database to provide information to another signaling end point (i.e., Service Switching Point or another SCP) for processing or routing certain types of network calls. A query/response mechanism is typically used in communicating with an SCP.
- 4.67 "Signaling Transfer Point" or "STP" means a signaling point that performs message routing functions and provides information for the routing of messages between signaling end points. An STP transmits, receives and processes Common Channel Signaling ("CCS") messages.
- 4.68 "Switched Access Service" means the offering of transmission or switching services to telecommunications carriers for the purpose of the origination or termination of Telephone Toll Service. Switched Exchange Access Services include: Feature Group A, Feature Group B, Feature Group D, 800/888 access, and 900 access and their successors or similar Switched Exchange Access services.
- 4.69 "Tariff Services" as used throughout this Amended Interconnection Agreement refers to the applicable Party's interstate tariffs and state tariffs, price lists, price schedules and catalogs.
- 4.70 "Technically Feasible" Interconnection, access to unbundled network elements, collocation, and other methods of achieving interconnection or access to unbundled network elements at a point in the network shall be deemed technically feasible absent technical or operational concerns that prevent the fulfillment of a request by a telecommunications carrier for such interconnection,

access, or methods. A determination of technical feasibility does not include consideration of economic, accounting, billing, space, or site concerns, except that space and site concerns may be considered in circumstances where there is no possibility of expanding the space available. The fact that U S WEST must modify its facilities or equipment to respond to such request does not determine whether satisfying such request is technically feasible. U S WEST is, however, entitled to recover the costs through specific methods approved by the state commission of such modification of facilities or equipment.

- 4.71 "Telecommunications Carrier" means any provider of telecommunications services, except that such term does not include aggregators of telecommunications services (as defined in Section 226 of the Act). A Telecommunications Carrier shall be treated as a common carrier under the Act only to the extent that it is engaged in providing telecommunications services, except that the Commission shall determine whether the provision of fixed and mobile satellite service shall be treated as common carriage.
- 4.72 "Traffic Type" is the characterization of intraLATA traffic as "local" (local includes EAS), or "toll" which shall be the same as the characterization established by the effective tariffs of the incumbent local exchange carrier.
- 4.73 "Wire Center" denotes a building or space within a building, that serves as an aggregation point on a given carrier's network, where transmission facilities are connected or switched. Wire Center can also denote a building where one or more Central Offices, used for the provision of Basic Exchange Telecommunications Services and Access Services, are located. However, for purposes of Collocation Service, Wire Center shall mean those points eligible for such connections as specified in the FCC Docket No. 91-141, and rules adopted pursuant thereto.
- 4.74 Terms not otherwise defined here, but defined in the Act or in regulations implementing the Act, shall have the meaning defined there.

5. RATES AND CHARGES GENERALLY

Prices for termination and other appropriate services are set forth in Appendix A.

- 5.1 For Interconnection, Resold Services and Unbundled Network Elements, DTI and U S WEST agree to use state-specified permanent rates where established, or where no state-specified permanent rate exists, DTI agrees to use the state-specified interim rates where established. Where no state-specified permanent or interim rates exist, DTI agrees to use the ordered and approved AT&T rates as interim rates until such time as the state Commission issues an order in a generic proceeding or arbitration, implementing approved rates, whether those approved rates are interim or final. Upon issuance of the order, U S WEST will move DTI to such approved rates for those states and true up the amounts charged to that point. If either interim, permanent or approved AT&T rates are

later modified on appeal, on a retroactive basis, an additional true up will occur. For purposes of this agreement, "Rates" include rate structure.

- 5.2 Sections of this Amended Interconnection Agreement referring to TELRIC are agreements in principle on their use of TELRIC. References to TELRIC in this agreement include the condition that the parties do not necessarily agree to a specific TELRIC methodology. The Parties agree to utilize the specific methodology that is ultimately ordered by the arbitrators/regulators.
- 5.3 U S WEST will not charge DTI any non-recurring charges incurred as a result of U S WEST implementing network redesigns/reconfigurations or electronic system redesign/reconfigurations solely initiated by U S WEST to its own network or systems. However, any redesign or reconfiguration expenses required by a regulatory body where the regulatory body orders a cost-sharing arrangement may be billed as appropriate on a non-discriminatory basis to DTI.
- 5.4 Prices for termination and transport of traffic, interconnection, access to unbundled network elements, and ancillary services are set forth in 5.1 above.
- 5.5 U S WEST's wholesale discounts for resale services are set forth in 5.1 above.
- 5.6 The underlying provider of a resold service shall be entitled to receive, from the purchaser of switched access, the appropriate access charges pursuant to its then effective switched access tariff. For the purposes of this paragraph, Unbundled Elements as defined in this agreement and the Act are not considered as resold services.
- 5.7 All Individual Case Basis (ICB), or Time and Material based charges will be accompanied by sufficient documentation to verify charges when billed.

6. RECIPROCAL TRAFFIC EXCHANGE

6.1 Scope

U S WEST has the duty to provide reciprocal compensation arrangements for the transport and termination of telecommunications with DTI. Reciprocal traffic exchange addresses the exchange of traffic between DTI end users and U S WEST end users. If such traffic is local, the provisions of this Amended Interconnection Agreement shall apply or where either party interconnects and delivers traffic to the other from third parties, each party shall bill such third parties the appropriate charges pursuant to its respective tariffs or contractual offerings for such third party terminations. U S WEST and DTI will each be responsible for originating/terminating traffic to/from the meet point with the other carrier.

6.2 Types of Traffic

The types of traffic to be exchanged under this Amended Interconnection Agreement include:

6.2.1. EAS/local traffic as defined above.

6.2.2. IntraLATA toll traffic as defined above.

6.2.3. Switched access traffic, or interLATA toll traffic, as specifically defined in U S WEST's state and interstate switched access tariffs, and generally identified as that traffic that originates at one of the Party's end users and terminates at an IXC point of presence, or originates at an IXC point of presence and terminates at one of the Party's end users, whether or not the traffic transits the other Party's network.

6.2.4. Transit traffic is any traffic other than switched access, that originates from one telecommunications Carrier's network, transits another telecommunications Carrier's network, and terminates to yet another telecommunications Carrier's network.

Transit service provides the ability for a telecommunications carrier to use its connection to a local or access tandem for delivery of calls that originate with a telecommunications carrier and terminate to a company other than the tandem company, such as another CLEC, an existing exchange carrier, or a wireless carrier. In these cases, neither the originating nor terminating end user is a customer of the tandem telecommunications carrier. The tandem telecommunications carrier will accept traffic originated by a Party and will terminate it at a point of interconnection with another local, intraLATA or interLATA network telecommunications carrier. This service is provided through local and access tandem switches.

6.2.5. Ancillary traffic includes all traffic destined for ancillary services, or that may have special billing requirements, including, but not limited to the following:

- | | |
|----------|--|
| 6.2.5.1. | Directory Assistance |
| 6.2.5.2. | 911 /E911 |
| 6.2.5.3. | Operator call termination (busy line interrupt and verify) |
| 6.2.5.4. | 800/888 database dip |
| 6.2.5.5. | LIDB |
| 6.2.5.6. | Information services requiring special billing. |

6.2.6. Unless otherwise stated in this Amended Interconnection Agreement, ancillary traffic will be exchanged in accordance with whether the traffic is Local/EAS, intraLATA toll, or Switched Access.

6.3. Exchange of Traffic

6.3.1 Termination of Local Traffic

Local traffic will be terminated as Local Interconnection Service (LIS).

6.3.2 Transport of Local Traffic

As negotiated between the Parties, the exchange of local traffic between the Parties may occur in several ways:

6.3.2.1 While the Parties anticipate the use of two way trunks for the delivery of local traffic, either Party may elect to provision its own one-way trunks for delivery of local traffic to be terminated on the other Party's network at the point of interconnection.

6.3.2.2 The Parties may elect to purchase transport services from each other or from a third party. Such transport delivers the originating Party's local traffic to the terminating Party's end office or tandem for call termination. Transport may be purchased as either tandem switched transport (which is included in the tandem call termination rate) or direct trunk transport.

6.3.2.3 Based on forecasted traffic at DTI's busy hour in CCS, where there is a DS1's worth of traffic (512 CCS) between the DTI switch and a U S WEST end office, the Parties agree to provision a dedicated (i.e., direct) two-way trunk group from the DTI switch directly to the U S WEST end office. To the extent that DTI has established a collocation arrangement at a U S WEST end office location, and has available capacity, the Parties agree that DTI shall arrange for (via: its own facilities, a third parties' facilities or using unbundled elements) two-way direct trunk facilities as required in this paragraph, from that end office to the DTI switch. In all other cases, the direct facility may be provisioned by U S WEST or DTI or a third party. If both DTI and U S WEST desire to provision the facility and cannot otherwise agree, the parties may agree to resolve the dispute through the Dispute Resolution Process in Section 36.29 of this Amended Interconnection Agreement.

6.3.3 Transit Traffic

6.3.3.1 U S WEST will accept traffic originated by DTI and will terminate it at a point of interconnection with another CLEC, Exchange Carrier, Interexchange Carrier or Wireless Carrier. U S WEST will provide this transit service through local and access tandem switches. DTI may also provide U S WEST with transit service at DTI rates. This provision shall not in any way restrict DTI from routing traffic over new or existing direct end office trunks.

6.3.3.2 The Parties expect that all networks involved in transporting transit traffic will deliver calls to each involved network with CCS/SS7 protocol and the appropriate ISUP/TCAP message to facilitate full interoperability and billing functions. In all cases, the originating company is responsible to follow the EMR standard and to exchange records with both the transiting company and the terminating company, to facilitate the billing process to the originating network.

6.3.3.3 The Parties will use industry standards developed to handle the provision and billing of Switched Access by multiple providers (MECAB, MECOD and the Parties' FCC tariffs), including the one-time provision of notification to DTI of the billing name, billing address and carrier identification codes of all interexchange carriers originating or terminating at each U S WEST access tandem.

6.3.4 Toll Traffic.

6.3.4.1 Toll traffic (including 800 and 900 type calls) routed to an access tandem, or directly routed to an end office, will be terminated as Switched Access Service. Traffic terminated at the access tandem will be routed to the end offices within the LATA that subtend the U S WEST access tandem switch. Switched Access Service also allows for termination at an end office or tandem via direct trunked circuits provisioned either by U S WEST or DTI.

6.3.4.2 Tandem and transport cost, based upon TELRIC if any, between tandem and end office shall be recovered from the originating Interexchange Carrier.

6.4 Rate Structure -- Local Traffic

Appendix A of this Amended Interconnection Agreement describes the application of rates and charges. Appendix A will be amended as necessary by the parties to reflect further unbundling, further negotiations and industry changes.

6.4.1 Call Termination

6.4.1.1 The Parties agree that call termination rates as described in Section 5.1 will apply reciprocally for the termination of local/EAS traffic per minute of use.

6.4.1.2 For traffic terminated at an U S WEST or DTI end office, the end office call termination rate in Section 5.1 shall apply.

6.4.1.3 For traffic terminated at a U S WEST or DTI tandem switch, the tandem call termination rate in Section 5.1 shall apply. The tandem call termination rate provides for end office call termination, tandem switched transport and tandem switching. For purposes of call termination, initially the DTI switch shall be treated as an end office switch until such time as DTI demonstrates it is providing tandem switching functionality with that switch.

6.4.2 Transport

6.4.2.1 The Parties may mutually agree to each provision their own one-way trunks to the other Party's end office for the termination of local traffic, each Party will be responsible for its own expenses associated with the trunks and no transport charges will apply. Call termination charges shall apply as described above.

6.4.2.2 Either Party may purchase direct trunk transport from the other Party. Transport rate elements include the direct trunk transport facilities between the POI and the terminating party's tandem or end office switches. The applicable rates are described in Section 5.1.

6.4.2.3 Direct-trunked transport facilities are provided as dedicated facilities without the tandem switching functions, for the use of either Party between the point of interconnection and the terminating end office or tandem switch.

6.4.2.4 If the Parties elect to establish two-way direct trunks, the compensation for such jointly used 'shared' facilities shall be adjusted as follows. The nominal compensation shall be pursuant to the rates for direct trunk transport in Section 5.1. The actual rate paid to the provider of the direct trunk facility shall be reduced to reflect the provider's use of that facility. The adjustment in the direct trunk transport rate shall be a percentage that reflect the provider's relative use (i.e., originating minutes of use) of the facility in the busy hour.

6.4.2.5 Multiplexing options are available at rates described in Section 5.1.

6.5 Rate Structure -- Toll Traffic.

Appendix A of this Amended Interconnection Agreement describes the application of rates and charges. Appendix A will be amended as necessary by the parties to reflect further unbundling, further negotiations and industry changes.

6.5.1 Applicable Switched Access Tariff rates, terms, and conditions apply to toll traffic routed to a tandem, or directly to an end office. Relevant rate

elements include Direct Trunk Transport (DTT) or Tandem Switched Transport (TST), Interconnection Charge (IC), Local Switching, and Carrier Common Line, as appropriate.

6.6 Rate Structure -- Transit Traffic.

Appendix A of this Amended Interconnection Agreement describes the application of rates and charges. Appendix A will be amended as necessary by the parties to reflect further unbundling, further negotiations and industry changes.

6.6.1 Applicable switched access, Type 2 or LIS transport rates apply for the use of U S WEST's network to transport transit traffic. For transiting local traffic, the applicable local transit rate applies to the originating party.

6.6.2 For transiting toll traffic, the Parties will charge the applicable switched access rates to the responsible carrier. For terminating transiting wireless traffic, the Parties will charge their applicable rates to the wireless provider. For transiting wireless traffic, the parties will charge each other the applicable local transit rate.

6.7 LIS Interface Code Availability And Optional Features

6.7.1 Interface Code Availability.

Supervisory Signaling specifications, and the applicable network channel interface codes for LIS trunks, are the same as those used for Feature Group D Switched Access Service, as described in the Parties' applicable switched access tariffs.

6.7.2 Optional Features.

6.7.2.1 Inband MF or SS7 Out of Band Signaling.

Inband MF signaling and SS7 Out of Band Signaling are available for LIS trunks. MF signaling or SS7 Out-of-Band Signaling must be requested on the order for the new LIS trunks. Provisioning of the LIS trunks equipped with MF signaling or SS7 Out of Band Signaling is the same as that used for Feature Group D Switched Access. Common Channel Signaling Capability Service, as set forth in Section 28 herein, must be ordered by DTI when SS7 Out-of-Band Signaling is requested on LIS trunks.

6.7.2.2 Clear Channel Capability.

Clear Channel Capability permits 24 DSO-64 Kbps services or 1.536 Mbps of information on the 1.544 Mbps line rate. Clear Channel Capability is available for LIS trunks equipped with SS7 Out-of-Band Signaling. Clear Channel Capability is only available on trunks to U S WEST's access tandem switch or U S WEST's

end office switches; Clear Channel Capability is not available on trunks to U S WEST's local tandem switches or end offices where it is not deployed. DTI agrees to use the Bona Fide Request process to request clear channel capability for such additional switches. Prices for such additional Clear Channel Capability, if any, will be established through the BFR Process. Clear Channel Capability must be requested on the order for the new LIS trunks. The provisioning of the LIS trunks equipped with Clear Channel Capability is the same as that used for Feature Group D Switched Access Service. U S WEST will provide DTI with a listing of U S WEST end offices, local tandems and access tandems equipped with Clear Channel Capability.

6.8 Measuring Local Interconnection Minutes

6.8.1 Measurement of terminating Local Interconnection Minutes begins when the terminating LIS entry switch receives answer supervision from the called end user's end office indicating the called end user has answered. The measurement of terminating call usage over LIS trunks ends when the terminating LIS entry switch receives disconnect supervision from either the called end user's end office, indicating the called end user has disconnected, or DTI's point of interconnection, whichever is recognized first by the entry switch.

6.8.2 U S WEST and DTI are required to provide each other the proper call information (e.g., originated call party number and destination call party number, etc.) to enable each Party to issue bills in a complete and timely fashion.

6.8.3 U S WEST shall make available the Station Message Desk Interface Enhanced (SMDI-E) or, Station Message Desk Interface (SMDI) where SMDI-E is not available, feature capability allowing for Voice Mail Services. U S WEST shall make available the Message Waiting Indicator (MWI) stutter dial-tone and message waiting light feature capabilities. U S WEST shall make available Call Forward on Busy/Don't Answer (CF-B/DA), Call Forward on Busy (CF/B), and Call Forward Don't Answer (CF/DA) feature capabilities allowing for Voice Mail services.

6.9 Testing

6.9.1 Acceptance Testing

At the time of installation of an LIS trunk group, and at no additional charge, the Parties will cooperatively test the same parameters tested for terminating Feature Group D Switched Access Service. U S WEST's applicable switched access tariff contain these specifications.

6.9.2 Testing Capabilities

6.9.2.1 Terminating LIS testing is provided where equipment is available, with the following test lines:

6.9.2.2 seven-digit access to balance (100 type),

6.9.2.3 milliwatt (102 type),

6.9.2.4 nonsynchronous or synchronous,

6.9.2.5 automatic transmission measuring (105 type),

6.9.2.6 data transmission (107 type),

6.9.2.7 loop-around,

6.9.2.8 short circuit,

6.9.2.9 open circuit, and

6.9.2.10 non-inverting digital loopback (108 type).

6.9.2.11 In addition to LIS acceptance testing, other tests are available (e.g., additional cooperative acceptance testing, automatic scheduled testing, cooperative scheduled testing, manual scheduled testing, and non-scheduled testing). Initial rates are found in U S WEST tariffs concerning comparable services.

6.9.2.12 U S WEST will provide all test and turn-up procedures as applicable in support of the unbundled elements, combinations, and services ordered by DTI where services or facilities are provided by U S WEST.

6.9.2.13 The dial tone provider will have the ability to mechanize through test all facilities for continuity, where technically feasible.

6.9.2.14 U S WEST will provide a system to mark DTI's circuits and elements as applicable to interconnection, unbundled elements, and resale services (e.g., Hospitality and Coin telephone services, etc.), that are provisioned by U S WEST. U S WEST will mark DTI's circuit/loops in the same manner that it marks its own circuits including those for essential lines and telecommunications service priority. In addition, U S WEST will mark trunks between DTI's switches and U S WEST switches to ensure equal

treatment of service restoration to DTI and U S WEST trunk facilities, (e.g. isolated central office).

6.10 Ordering

- 6.10.1 When ordering LIS, the ordering Party shall specify on the service order (e.g.: ASR, LSR or other agreed upon service order mechanism): a) the type and number of interconnection facilities to terminate at the point of interconnection in the serving wire center; b) the type of interoffice transport, (i.e., direct trunk transport or tandem switched transport); c) a "Best Estimate" of the peak busy hour CCS from the DTI end office; d) the number of trunks to be provisioned at a local exchange office or tandem; and, e) any optional features. When the ordering Party requests facilities, routing, or optional features different than those determined to be available, the Parties will work cooperatively in determining an acceptable configuration, based on available facilities, equipment and routing plans.
- 6.10.2 When the ordering Party initially orders a DS3 or higher interconnection facility, in conjunction with tandem switched transport to a tandem, or direct trunk transport facilities to a tandem or local exchange office, the provider will forward the appropriate facility record information necessary to identify the Circuit Facility Assignment (CFA). On subsequent orders utilizing existing interconnection facilities, or direct trunk transport facilities, the provider will assign the facility to the interconnection facility or direct trunk transport facility, as directed by the ordering Party.
- 6.10.3 A joint planning meeting will precede DTI and U S WEST trunking orders. These meetings will result in initiation of order activity. A Party requesting tandem interconnection will provide its best estimate of the traffic distribution to each end office subtending the tandem. The frequency of these meetings is defined in Section 7 of this Amended Interconnection Agreement.
- 6.10.4 U S WEST shall adhere to competitive intervals for installation of interconnection arrangements. The objective in no case shall be longer than 30 to 45 calendar days, absent extenuating circumstances (e.g. facility construction). Service intervals and due dates for negotiated arrangements will be determined on an individual case basis.
- 6.10.5 U S WEST and DTI will work cooperatively to provide or establish the following:
- 6.10.5.1 U S WEST will have dedicated Service Representatives available in U S WEST Mass Markets and Interconnect Service Centers to handle DTI activity. Also, U S WEST will have an Account Manager assigned to DTI in the U S WEST Interconnect Service Center (ISC).

6.10.5.2 Industry standardized electronic interfaces for the exchange of ordering information must be adopted and made available using industry standard order formats and methods that are developed (e.g., EDI). Electronic interfaces shall be established to provide access to the U S WEST order processing database. Prior to industry standards being established, U S WEST shall develop interim electronic interfaces arrangements with their systems.

6.10.5.3 Aside from the provision in Section 6.6.4 following, U S WEST is responsible for ordering facilities to terminate traffic to DTI.

6.10.5.4 When two-way trunking is employed, the parties will select a mutually agreeable automated ordering process.

6.10.5.5 Appropriate ordering/provisioning codes shall be established for each identified service and unbundled Combination.

6.10.5.6 When Combinations are ordered where the elements are currently interconnected and functional, those elements will remain interconnected and functional without any unnecessary interruption in service.

6.10.5.7 DTI and U S WEST will adopt an industry standard service order/disconnect order format.

6.10.5.8 U S WEST and DTI shall mutually plan for disaster recovery planning in accordance with industry standards within 90 days of the effective date of this agreement.

6.10.6 DTI and U S WEST must agree to a process to expedite network augmentations and other orders.

6.11 Billing Arrangements

6.11.1 U S WEST and DTI desire to submit separate bills, pursuant to their separate tariffs, to interexchange carriers for their respective portions of jointly provided switched access service.

6.11.2 Based on the negotiated POI, the Parties will agree on a meet point percentage to enable the joint provisioning and billing of Switched Access Services to third parties in conformance with the Meet-Point Billing guidelines adopted by and contained in the Ordering and Billing Forum's MECAB and MECOD documents and referenced in U S WEST's Switched Access Tariffs. The Parties understand and agree that MPB arrangements are available and functional only to/from Interexchange Carriers who directly connect with the tandem(s) that DTI subtends in each LATA.

- 6.11.3 The Parties will use industry standards developed to handle the provision and billing of Switched Access by multiple providers (MECAB, MECOD and the Parties' FCC tariffs), including the one-time provision of notification to DTI of the billing name, billing address and carrier identification codes of all interexchange carriers originating or terminating at each U S WEST access tandem. Each party will render a separate bill to the IXC using their own tariffs. They will exchange Billing Account Reference and Bill Account Cross Reference information and will coordinate Initial Billing Company/Subsequent Billing Company billing cycles. There shall be no discrete development charges imposed on DTI for the establishment of meet point billing arrangements except as may be established by regulators.
- 6.11.4 If MPB data is not submitted within ten (10) days of the agreed upon data submission due date, or is not in the proper format as set forth in this Amended Interconnection Agreement, and if as a result the other party is delayed in billing the IXC for the appropriate charges it incurs, the delaying party shall pay the other party a late MPB data delivery charge which will be the total amount of the delayed charges times the highest interest rate which may be levied by law for commercial transactions, compounded daily for the number of days from the date the MPB charges shall have been received to and including the date the MPB charge information is actually received.
- 6.11.5 Errors in MPB data exchanged by the parties may be discovered by DTI, U S WEST or the billable IXC. Both DTI and U S WEST agree to provide the other party with notification of any discovered errors within two (2) business days of the discovery. The other party shall correct the error within eight (8) business days of notification and resubmit the data. In the event the errors cannot be corrected within the time period specified above, the erroneous data shall be considered lost. If MPB data is lost due to uncorrectable errors or otherwise, the parties shall follow the procedures set forth in the Customer Billing Data Attachment of this Amended Interconnection Agreement and compensate the other for the lost MPB billing data.
- 6.11.6 Meet point billing arrangements shall be made available to DTI on the same terms and conditions as made available to other independent LECs engaged in meet point billing arrangements with U S WEST as provided for in FCC rules as effective.
- 6.11.7 DTI and U S WEST shall implement industry standard CARE records for correct provisioning and billing to IXCs. In the interim the parties will develop and agree to a CARE-like process.
- 6.11.8 U S WEST and DTI agree to record and share recorded call records for billing purposes. Where U S WEST provides transit functions, U S WEST will prepare and transmit to DTI Inward Terminating call records for the appropriate IXC. U S WEST shall capture inward terminating call

records and send them to DTI in agreed upon industry standard format (e.g. EMR).

- 6.11.9 DTI and U S WEST agree to capture EMR records for inward terminating and outward originating calls and send them to U S WEST or DTI, as appropriate, in daily files via an agreed upon media (e.g., Network Data Mover ("NDM")) at no additional charge.
- 6.11.10 U S WEST and DTI agree to exchange test files to support implementation of meet point billing prior to live bill production.
- 6.11.11 Application of Termination Charges on Unbundled Port. The parties agree to continue to negotiate the operating details of the application of Termination Charges on Unbundled Network Elements, at such time as the Parties determine that an agreement cannot be reached, either Party may appeal this issue to the Commission.
- 6.11.12 To the extent that either Party is liable to any toll provider for fraud and to the extent that either Party could not have reasonably prevented such fraud, the causing Party must indemnify the other for any fraud due to compromise of its network (e.g., clip-on, missing information digits, missing toll restriction, etc.).
- 6.11.13 The Parties will use reasonable efforts, individually and collectively, to maintain provisions in their respective federal and state access tariffs, and/or provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff, sufficient to reflect this MPB arrangement, including MPB percentages.
- 6.11.14 As detailed in the MECAB document, DTI and U S WEST will exchange all information necessary to bill third parties for Switched Access Services traffic jointly handled by DTI and U S WEST via the meet point arrangement in a timely fashion. Information shall be exchanged in Exchange Message Record ("EMR") format (Bellcore Standard BR 010-200-010, as amended) on magnetic tape or via a mutually acceptable electronic file transfer protocol. The Parties will exchange records pursuant to this paragraph without additional compensation.
- 6.11.15 The Parties will employ the reasonable audit standards and procedures contained in Section 25 of this contract to ensure billing accuracy.

- 6.11.16 Each company will bill the IXC's the appropriate rate elements in accordance with their respective interstate and intrastate tariffs, as follows:

Rate Element	Billing Company
Carrier Common Line	Dial Tone Provider
Local Switching	Dial Tone Provider
Interconnection Charge	Dial Tone Provider
Local Transport Termination	Based on negotiated BIP
Local Transport Facility	Based on negotiated BIP (also called Tandem Transmission per mile)
Tandem Switching	Access Tandem Provider
Entrance Facility	Access Tandem Provider

- 6.11.17 For originating 800/888 traffic routed to an access tandem, the tandem provider will perform 800/888 database inquiry and translation functions and bill the inquiry charge and translation charge (if any) to the interexchange carrier pursuant to tariff.

6.12 Mileage Measurement

Where required, the mileage measurement for LIS facilities and trunks is determined in the same manner as the mileage measurement for Feature Group D Switched Access Service.

6.13 Construction Charges

If applicable, construction charges will apply as detailed in Section 30 of this Amended Interconnection Agreement.

7. INTERCONNECTION

7.1 Definition and General Requirements

- 7.1.1 "Interconnection" is the linking of the U S WEST and DTI networks for the mutual exchange of traffic and for DTI access to unbundled network elements. Interconnection does not include the transport and termination of traffic. Interconnection is provided by virtual or physical collocation, entrance facilities or meet point arrangements.

- 7.1.2 U S WEST will provide interconnection at the line side of the local switch, the trunk side of the local switch, trunk interconnection points of the tandem switch, central office cross-connect points, signaling transfer points and such other points as technically feasible necessary to exchange traffic and access call related databases at rates, terms and prices that are just, reasonable and non-discriminatory, in a timely manner, and in a manner that provides DTI with at least interconnection quality equal to that which U S WEST provides to itself, its affiliate or third parties.

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7.1.3 For Interconnection at points other than those referenced in 7.1.2 above, U S WEST shall interconnect its facilities with those of DTI upon approval of a Bona Fide Request pursuant to Section 24, at any technically feasible points within the U S WEST network.

7.1.4 General Provisioning Requirements

DTI may order either individual Elements or multiple Elements which it may wish to combine pursuant to Commission rules and regulations. Combinations ("Combinations") consist of multiple elements that are logically related to enable DTI to provide service in a geographic area or to a specific customer. Depending on the particular elements ordered by DTI which form a combination, those elements may generally be placed on the same order by DTI. Designed services may not be placed on the same order as simple services such as traditional elements used for a 1FB. DTI will provide U S WEST with a list of combinations it desires to use.

7.1.5 U S WEST will evaluate the administrative feasibility of creating new codes in order that Combinations can be identified and described by DTI so that they can be ordered and provisioned together and not require the enumeration of each Element within that Combination on each provisioning order. Such an evaluation shall include the effects on all CLECs. At such point as U S WEST offers any combination capability to any other party it will immediately make it to available DTI.

7.2 Mid-Span Meet POI

7.2.1 A Mid-Span Meet POI is a negotiated point of interface, limited to the interconnection of facilities between one Party's switch and the other

7.4 Entrance Facility

Interconnection may be accomplished through the provision of an entrance facility. An entrance facility extends from the serving wire center of the provider to the other party's switch location. Entrance facilities may not extend beyond the area described by the provider's serving wire center. The rates for entrance facilities are provided in Section 5.1.

7.5 Quality of Interconnection

7.5.1 U S WEST will not, for the purpose of interconnection, provide to DTI less favorable terms and conditions than U S WEST provides itself, or in a manner less efficient than it would impose on itself. The quality of interconnection will be at least equal to that of U S WEST.

7.5.2 Both Parties agree to manage their network switches in accordance with the Bellcore LSSGR. The processes for managing LIS service levels and protective controls will be accomplished in the same manner as the network management for Switched Access Service.

7.6 Points of Interface (POI)

7.6.1 Upon the request for specific point to point routing, U S WEST will make available to DTI information indicating the location and technical characteristics of U S WEST's network facilities. The following alternatives, where available, are negotiable: (a) a DSI, DS3 or Optical rates in general or SONET Ring configuration entrance facility, (b) Virtual Collocation; (c) Physical Collocation; and (d) negotiated Mid-Span Meet facilities. Each Party is responsible for providing its own facilities up to the Mid-Span Meet POI. The Parties will negotiate the facilities arrangement between their networks.

7.6.2 DTI must designate at least one POI on U S WEST's network within a U S WEST calling area for the purpose of routing local traffic where DTI desires to exchange local traffic. Toll traffic may, at DTI's option, be routed via one or more POI(s) per LATA. DTI has the responsibility for providing its own facilities (1) to route calls originating on its network and terminating on U S WEST's network to its POI, and (2) to route calls originating on U S WEST's network, but terminating on its network from that carrier's POI. DTI need not interconnect at each tandem or end office to terminate calls to the entire local calling or toll call area of U S WEST.

7.6.3 U S WEST and DTI agree to install sufficient facilities to carry traffic to route calls originating on their networks and terminating on the other carrier's network to its POI, and (2) to route calls originating on the other carrier's network, but terminating on its network from that carrier's POI, and will work cooperatively to ensure such.

- 7.6.4 U S WEST shall be responsible for provisioning 50 percent of the interconnection facilities or to the U S WEST wire center boundary, whichever is less. DTI shall be responsible for provisioning 50 percent of the interconnection facilities or to the U S WEST wire center boundary whichever is greater unless otherwise agreed to by the parties.
- 7.6.5 U S WEST may not impose any restrictions on traffic types delivered to/from the POI(s) but may require the development and reporting of a jurisdictional usage factor indicating local, intrastate interexchange, and interstate interexchange usage along with reasonable audit rights or DTI may report U S WEST usage. This language shall not be interpreted to undermine reference to Section 7.7.5. following.
- 7.6.6 DTI may make any modifications or additions to its designated POIs in order to add capacity or establish new POIs. Such changes shall not require a new contract, but are governed by the master service agreement.
- 7.6.7 Once traffic is delivered to the POI, it is the terminating carrier's responsibility to terminate the traffic to its end-users or to route transit traffic to other carriers utilizing the tandem function of U S WEST (e.g., subtending U S WEST's, CMRS carriers and IXCs). Calls shall be routed or terminated using the same network, ensuring the same quality of service, as the carrier provides its own end-users.

7.7 Trunking Requirements

- 7.7.1 Trunking shall be available to any switching center designated by either carrier including end offices, local tandems, access tandems, 911 routing switches, directory assistance/operator services switches, or any other feasible point in the network. DTI shall have the option for either one-way or two way trunking. Two-way trunking shall be used where technically feasible unless otherwise agreed to by the Parties.
- 7.7.2 Where available Carriers shall offer B8ZS Extended Super Frame ("ESF") facilities to each other, and make facilities available to allow for transmission of voice and data traffic.
- 7.7.3 Interconnection shall be available at any technically feasible point that used in the transmission of telecommunications services.
- 7.7.4 The Parties agree to provide designed interconnection facilities that meet the same technical criteria and service standards, such as probability of blocking in peak hours and transmission standards, in accordance with industry standards. U S WEST must agree to specified design objectives on local interconnection facilities. DTI's standard is P.01 in the busy-day busy-hour end to end which requires P.005 on network to network interface final trunking.

7.7.5 Two-way trunk groups will be established wherever possible. Exceptions to this provision will be based on billing, signaling, and network requirements. For example, (1) billing requirements - switched access vs. local traffic, (2) signaling requirements - MF vs. SS7, and (3) network requirements directory assistance traffic to TOPS tandems. When U S WEST has the capability to combine local and toll traffic on the same trunk group for itself, U S WEST will make this capability also available to DTI. When Local, intraLATA toll, interLATA access and other traffic is not required to be separated across trunk groups, without good technical reason, U S WEST will accept percentage of use factors or DTI traffic measurements of traffic delivered to U S WEST as necessary. DTI shall accept U S WEST percentage of use factors or U S WEST measurements of traffic delivered to DTI, as necessary. The following is the current list of traffic types that require separate trunk groups, unless specifically otherwise stated in this Amended Interconnection Agreement.

7.7.5.1 IntraLATA and interLATA toll on a combined meet point trunk group.

7.7.5.2 EAS/local trunks.

7.7.5.3 Directory Assistance trunks

7.7.5.4 911 /E911 trunks

7.7.5.5 Operator services

7.7.5.6 Commercial Mobile Radio Service (Wireless traffic for which DTI serves as the transit provider between the CMRS provider and U S WEST)

7.7.5.7 Non-U S WEST local transit

7.7.6 U S WEST will make available the necessary facilities and equipment to allow for the exchange of Local Exchange, Exchange Access, and Transit functions. U S WEST must make available intermediary tandem switching and transport services for DTI's connection of its end-user to a local end-user of U S WEST other LECs, ITCS, CMRS providers and IXCs, and Other Services. U S WEST must make available connection and call routing for 911, directory assistance, and operator assistance services between U S WEST and DTI.

7.7.7 Trunk group connections will be made at a DS1 or multiple DS1 level for exchange of EAS/local, intraLATA toll, wireless/Commercial Mobile Radio Service, and switched access traffic. Ancillary service trunk groups will be made below a DS1 level, as negotiated.

7.7.8 Where available, the Parties will provide Common Channel Signaling (CCS) to one another in conjunction with all Local/EAS Trunk Circuits. All CCS signaling parameters which U S WEST provides to itself, affiliates or third parties, will be provided to DTI which may include but are not limited to, calling party number (CPN), originating line information (OLI), Carrier Identification (CIP), Carrier Selection (CSP), Generic Address (GAP), User to User information (UUI), calling party category, charge number, etc. All privacy indicators will be honored.

- 7.7.9 Where CCS is not available, in-band multi-frequency (MF) wink start signaling will be provided. When the Parties interconnect via CCS for jointly provided switched access service, the tandem provider will provide MF/CCS interworking as required for interconnection with interexchange carriers who use MF signaling.
- 7.7.10 The Parties will follow all Ordering and Billing Forum adopted standards pertaining to CIC/OZZ codes.
- 7.7.11 U S WEST will cooperate in the provision of TNS (Transit Network Selection) for the joint provision of switched access.
- 7.7.12 No local/EAS trunk groups shall be terminated on U S WEST's access tandems. When U S WEST has the capability to terminate local and toll traffic at the same tandem for itself, its affiliates or other third parties, it will make this capability available to DTI. This in no way restricts DTI's ability to route traffic via new or existing direct end office trunks.

7.8 Service Interruptions

- 7.8.1 Standards and procedures for notification of trunk disconnects will be jointly developed by the Parties. Neither Party shall be expected to maintain active status for a trunk disconnected by the other Party for an extended or indefinite period of time. Collectively, the Parties will use their best good faith efforts to complete and agree on such plan.
- 7.8.2 The characteristics and methods of operation of any circuits, facilities or equipment of either Party connected with the services, facilities or equipment of the other Party pursuant to this Amended Interconnection Agreement shall not: 1) interfere with or impair service over any facilities of the other Party; its affiliated companies, or its connecting and concurring carriers involved in its services; 2) cause damage to their plant; 3) violate any applicable law or regulation regarding the invasion of privacy of any communications carried over the Party's facilities; or 4) create hazards to the employees of either Party or to the public. Each of these requirements is hereinafter referred to as an "Impairment of Service".
- 7.8.3 If either Party causes an Impairment of Service, as set forth in this Section, the Party whose network or service is being impaired (the "Impaired Party") shall upon recognition of the impairment notify the Party causing the Impairment of Service (the "Impairing Party") of the nature and location of the problem. The Impaired Party shall advise the Impairing Party that, unless promptly rectified, a temporary discontinuance of the use of any circuit, facility or equipment may be required. The Impairing Party and the Impaired Party agree to work together to resolve the Impairment of Service as soon as possible. If the Impairing Party is unable to remedy the Impairment of Service in a timely

manner as determined by the Impaired Party, the Impaired Party may temporarily discontinue use of the affected circuit, facility or equipment. Appropriate credits will apply during the period of impairment.

- 7.8.4 Each Party shall be solely responsible, and bear the expense, for the overall design of its services. Each Party shall also be responsible for any redesign or rearrangement of its services that may be required because of changes in facilities, operations or procedures, minimum network protection criteria, and operating or maintenance characteristics of the facilities.
- 7.8.5 To facilitate trouble reporting and to coordinate the repair of the service provided by each Party to the other under this Amended Interconnection Agreement, each Party shall designate a Trouble Reporting Control Office (TRCO) for such service.
- 7.8.6 Where new facilities, services and arrangements are installed, the TRCO shall ensure that continuity exists and take appropriate transmission measurements before advising the other Party that the new circuit is ready for service.
- 7.8.7 Each Party shall furnish a trouble reporting telephone number for the designated TRCO. This number shall give access to the location where facility records are normally located and where current status reports on any trouble reports are readily available. Alternative out-of-hours procedures shall be established to ensure access to a location that is staffed and has the authority to initiate corrective action.
- 7.8.8 Before either Party reports a trouble condition, they shall use their best efforts to isolate the trouble to the other's facilities.
- 7.8.8.1 In cases where a trouble condition affects a significant portion of the other's service, the Parties shall assign the same priority provided to itself, affiliates, other third parties, and/or, other interconnecting carriers.
- 7.8.8.2 The Parties shall cooperate in isolating trouble conditions.
- 7.8.9 DTI will have "Mediated" access to the U S WEST maintenance and trouble report systems including the following systems and/or functionality:
- 7.8.9.1 Trouble reporting/dispatch capability - access must be real time provided at parity with U S WEST;
- 7.8.9.2 Repair status (as available, subject to technician reporting of status) /confirmations; maintenance/trouble report systems provided at parity with U S WEST;

- 7.8.9.3 Planned/unplanned outage reports that impact DTI customers. Each carrier has the duty to alert the other(s) to any network events that can result or have resulted in service interruption, blocked calls, changes in network performance, on a real time basis;
- 7.8.9.4 Interconnection: U S WEST will, on an as-needed basis, perform manual testing of the loop.
- 7.8.10 U S WEST and DTI shall develop an escalation process to assist in problem resolution within 90 days of the effective date of this Amended Interconnection Agreement.
- 7.8.11 U S WEST and DTI must work cooperatively to plan and implement coordinated repair procedures for local interconnection trunks and facilities to ensure trouble reports are resolved in a timely and appropriate manner. DTI and U S WEST must agree on a process for circuit and unbundled element provision and restoration whereby certain identified DTI circuits will be afforded emergency treatment. General trunking and interconnection shall receive parity with comparable U S WEST facilities.
- 7.8.12 Cooperative practices and processes for law enforcement and annoyance call handling must be specified. DTI shall not be charged for compliance with court-ordered trap and trace, subpoenas and court ordered wire tap orders on U S WEST resold lines. U S WEST and DTI agree to conform with industry standards once they are developed. In the meantime, the parties will mutually agree upon a cooperative process.
- 7.8.13 U S WEST shall provide, at the same level it provides itself, its affiliates or other third parties, progress status reports so that DTI will be able to provide end-user customers with detailed information and an Estimated Time To Repair ("ETTR"). U S WEST will close all trouble reports with DTI. DTI will close all trouble reports with the end-user.
- 7.8.14 A non-branded, customer-not-at-home card shall be left at the customer's premises when a DTI customer is not at home for an appointment. DTI will provide or pay for cards used in its behalf.
- 7.8.15 U S WEST will ensure that all applicable alarm systems that support DTI customers are operational and the support databases are accurate so that equipment that is in alarm will be properly identified. U S WEST will respond to DTI customer alarms consistent with how and when U S WEST responds to alarms for its own customers.
- 7.8.16 DTI shall receive prior notification of any scheduled maintenance activities performed by the local supplier that may be service affecting to DTI local customers (e.g., central office outages, cable throws, power tests, etc.).

7.8.17 U S WEST must provide emergency restoration of all trunk or network outages on the same terms/conditions it provides itself, its affiliates or other third parties.

7.9 Interconnection Forecasting

7.9.1 U S WEST will strive to ensure that DTI has access to ample capacity of facilities. U S WEST and DTI will, at least quarterly, exchange technical descriptions and forecasts of their interconnection and traffic requirements in sufficient detail to assure traffic completion to and from all customers within the appropriate calling areas.

7.9.2 The Parties shall establish joint forecasting responsibilities for traffic utilization over trunk groups. Intercompany forecast information must be provided by the Parties to each other four times a year. The quarterly forecasts shall be good faith estimates and include forecasted requirements for each trunk group identified in Paragraph 7.7.5 of this Section. In addition, the forecast shall include, for tandem-switched traffic, the quantity of tandem-switched traffic forecasted for each subtending end office. The Parties recognize that, to the extent historical traffic data can be shared between the Parties, the accuracy of the forecasts will improve. Forecasts shall be for a minimum of three (current and plus-1 and plus-2) years and include:

7.9.2.1 The use of Common Language Location Identifier (CLLI- MSG), which are described in Bellcore documents BR 795-100-100 and BR 795-400-100;

7.9.2.2 A description of major network projects anticipated for the following six months that could affect the other Party. Major network projects include trunking or network rearrangements, shifts in anticipated traffic patterns, or other activities that are reflected by a significant increase or decrease in trunking demand for the following forecasting period. This planning will include the issues of network capacity, forecasting and compensation calculation, where appropriate.

7.9.3 If differences in quarterly forecasts of the Parties vary by more than 24 additional DSO two-way trunks for each Local Interconnection Trunk Group, the Parties shall meet to reconcile the forecast to within 24 DSO trunks.

7.9.4 If a trunk group is under 75 percent of centum call seconds (ccs) capacity on a monthly average basis for each month of any three month period, either Party may request to resize the trunk group, which resizing will not be unreasonably withheld. If a resizing occurs, the trunk group shall not be left with less than 25 percent excess capacity. In all cases, grade of service objectives identified below shall be maintained.

- 7.9.5 Each Party shall provide a specified point of contact for planning, forecasting and trunk servicing purposes.

8. COLLOCATION

8.1 General Terms

- 8.1.1 Collocation allows DTI to obtain dedicated space in a U S WEST wire center and to place equipment in such spaces to interconnect with the U S WEST network. Upon the request for specific point to point routing, U S WEST will make available to DTI information indicating the location and technical characteristics of U S WEST's network facilities. The following alternatives, where available, are negotiable: (a) A DSI, DS3 or Optical rate interface entrance facility; (b) Virtual Collocations; (c) Physical Collocation; and (d) negotiated Mid-Span Meet facilities. Each Party is responsible for providing its own facilities up to the Mid-Span Meet POI. The Parties will negotiate the facilities arrangement between their networks. Collocation is available at tandem switches, end office switches, and other wire centers. DTI may request collocation at other U S WEST locations pursuant to the BFR Process or through additional interconnection negotiations under the Act.
- 8.1.2 Collocation is offered for network interconnection between the Parties. The collocated party may cross connect to other collocated parties via a U S WEST facility provided by U S WEST, provided that DTI's collocated equipment is used for interconnection with U S WEST or access to U S WEST's unbundled network elements. Additional terms, conditions and rates apply in conjunction with subsequent call termination (e.g., call termination charges, tandem switching, tandem-switched transport. See Section 6, Reciprocal Traffic Exchange.).
- 8.1.3 DTI will be responsible for providing its own fiber optic cable to the U S WEST designated point of interconnection, which may be inside or outside of the U S WEST wire center at DTI's option. U S WEST will extend fiber optic cable from the POI to DTI's collocated space within the wire center. The parties may mutually agree to alternative methods of interconnection.
- 8.1.4 DTI will be provided two points of entry into the U S WEST wire center only when there are at least two existing entry points for U S WEST cable and when there are vacant entrance ducts in both. U S WEST will promptly remove any unused cabling to free up entrance ducts when no other ducts are available. Cable entry will be limited to fiber facilities. Other types of facilities may be requested on a Bona Fide Request basis by DTI.

- 8.1.5 DTI may collocate transmission equipment to terminate basic transmission facilities pursuant to the FCC or state commission rules. DTI may request collocation of other equipment pursuant to the BFR process or through additional interconnection negotiations under the Act. DTI will identify the power, floor leading, heat release, environmental particulant level, layout, and HVAC requirements of equipment to be installed in the collocated space.
- 8.1.6 Nothing in this part shall be construed to limit DTI's ability to obtain both virtual and physical collocation in a single location.
- 8.1.7 U S WEST shall provide parity accommodations for DTI collocated equipment as it does its own similarly situated equipment. This includes power, surge protection, environmental variable etc.
- 8.1.8 When interconnection or access to unbundled elements is provided where collocation is utilized, DTI will be allowed to lease transport from the collocation facility to any other point on U S WEST's network and to directly connect via U S WEST with other third parties, or collocators per FCC rules as effective.
- 8.1.9 DTI collocation equipment may include any equipment necessary for interconnection or access to unbundled elements.
- 8.1.10 IXC ISSUES. Transition from current access facilities to expanded interconnect facilities will be negotiated to ensure a coordinated conversion of all circuits and facilities with a goal to rearrange existing service in less time than for comparable new service.
- 8.1.11 The cost of providing collocation shall be a TELRIC plus a forward-looking allocation of reasonable joint and common costs.
- 8.1.12 U S WEST shall request of DTI, with sufficient prior notice, access to DTI collocated space for U S WEST or its subcontractors to perform work in the collocated space occupied by DTI. DTI shall not unreasonably withhold permission to enter the collocated space.
- 8.1.13 U S WEST will inform DTI by telephone of any emergency related activity that U S WEST or its subcontractors may be performing which could potentially affect the equipment in the collocated space occupied by DTI.
- 8.1.14 U S WEST shall construct the collocated space in compliance with the agreed upon request for cable holes, ground bars, doors, and convenience outlets, etc. Any deviation to the agreed upon request must be approved by DTI.
- 8.1.15 U S WEST will provide DTI with reasonable notice of scheduled AC or DC power work or related activity in the collocated facility that will or might cause an outage or any type of power disruption to DTI equipment

located in the U S WEST facility. U S WEST will notify DTI immediately of any emergency power activity that would impact DTI equipment.

8.1.16 U S WEST will take DTI requests for collocation space into account when renovating existing facilities and constructing new facilities.

8.1.17 Other than reasonable security restrictions, U S WEST shall place no restriction on access to the DTI collocated space by DTI's employees and designated agents. Such space shall be available to DTI designated agents twenty-four (24) hours per day each day of the week. In no case shall any reasonable security restrictions be more restrictive than those U S WEST places on their own personnel. An Inspector call-out may be required after normal business hours.

8.2 Virtual Collocation

8.2.1 U S WEST shall provide virtual collocation for the purpose of Interconnection or access to unbundled Network Elements subject to the rates, terms and conditions of this Amended Interconnection Agreement.

8.2.2 DTI will not have physical access to the U S WEST wire center building pursuant to a virtual collocation agreement.

8.2.3 DTI will be responsible for obtaining and providing to U S WEST administrative codes, e.g., common language codes, for all equipment specified by DTI and installed in wire center buildings.

8.2.4 DTI will be responsible for a one time payment for training of U S WEST employees for the maintenance, operation and installation of DTI's virtually collocated equipment when that equipment is different than the equipment used by U S WEST.

8.2.5 DTI will be responsible for payment of charges incurred in the maintenance and/or repair of DTI's virtually collocated equipment.

8.2.6 U S WEST does not guarantee the reliability of DTI's virtually collocated equipment.

8.2.7 DTI is responsible for ensuring the functionality of virtually collocated SONET equipment provided by different manufacturers.

8.2.8 Maintenance Labor, Inspector Labor, Engineering Labor and Equipment Labor business hours are considered to be Monday through Friday, 8:00am to 5:00pm and after business hours are after 5:00pm and before 8:00am, Monday through Friday, all day Saturday, Sunday and holidays.

8.2.9 DTI will transfer possession of DTI's virtually collocated equipment to U S WEST via a no cost lease. The sole purpose of the lease is to provide U S WEST with exclusive possessory rights to DTI's virtually

collocated equipment. Title to the DTI virtually collocated equipment shall not pass to U S WEST.

- 8.2.10 Installation and maintenance of DTI's virtually collocated equipment will be performed by U S WEST or a U S WEST authorized vendor to the same level that U S WEST provides to itself, affiliates and other third parties.
- 8.2.11 DTI shall ensure that upon receipt of the DTI virtually collocated equipment by U S WEST, all warranties and access to ongoing technical support are passed through to U S WEST, all at DTI's expense. The interconnector shall advise the manufacturer and seller of the virtually collocated equipment that it will be possessed, installed and maintained by U S WEST.
- 8.2.12 DTI's virtually collocated equipment must comply with the Bellcore Network Equipment Building System (NEBS) Generic Equipment Requirements TR-NWT-000063, Company wire center environmental and transmission standards and any statutory (local, state or federal) and/or regulatory requirements in effect at the time of equipment installation or that subsequently become effective. DTI shall provide U S WEST interface specifications (E.g., electrical, functional, physical and software) of DTI's virtually collocated equipment.
- 8.2.13 DTI must specify all software options and associated plug-ins for its virtually collocated equipment.
- 8.2.14 Unless otherwise agreed to by the Parties, or in accordance with FCC rules, DTI is responsible for purchasing and maintaining a supply of spares. Upon failure of DTI's virtually collocated equipment, DTI is responsible for transportation and delivery of maintenance spares to U S WEST at the wire center housing the failed equipment.

8.3 Physical Collocation

- 8.3.1 U S WEST shall provide to DTI Physical Collocation of equipment necessary for Interconnection or for access to unbundled Network Elements, except that U S WEST may provide for Virtual collocation if U S WEST demonstrates to the Commission that Physical Collocation is not practical for technical reasons or because of space limitations, as provided in Section 251 (c) (6) of the Act. U S WEST shall provide such Collocation for the purpose of Interconnection or access to unbundled Network Elements, except as otherwise mutually agreed to in writing by the Parties or as required by the FCC or the appropriate Commission subject to the rates, terms and conditions of the Amended Interconnection Agreement.
- 8.3.2 Where DTI is Virtually Collocated in a premises which was initially prepared for Virtual Collocation, DTI may elect to (i) retain its Virtual

Collocation in that premises and expand that Virtual Collocation according to the rates, terms and conditions of this Amended Interconnection Agreement, or (ii) unless it is not practical for technical reasons or because of space limitations, convert its Virtual Collocation at such premises to Physical Collocation, in which case DTI shall coordinate the construction and rearrangement with U S WEST of its equipment (IDLC and transmission) and circuits for which DTI shall pay U S WEST at applicable rates, and pursuant to the other terms and conditions in this Amended Interconnection Agreement. In addition, all applicable Physical Collocation recurring charges shall apply.

- 8.3.3 DTI will be allowed access to the POI on non-discriminatory terms. DTI owns and is responsible for the installation, maintenance and repair of its transmission equipment located within the space rented from U S WEST.
- 8.3.4 DTI must use leased space promptly and may not warehouse space for later use or sublease to another party. Physical collocation is offered on a space-available, first come, first-served basis.
- 8.3.5 The minimum standard leasable amount of floor space is 100 square feet. DTI must efficiently use the leased space; If more than 100 feet of floor space is purchased, the no more than 50% of the floor space may be used for storage cabinets and work surfaces. The Commission will be the final arbitrator in points of dispute between the parties.
- 8.3.6 DTI's leased floor space will be separated from other competitive providers and U S WEST space through cages or hard walls. DTI may elect to have U S WEST construct the cage, or choose from U S WEST approved contractors (or request approval of DTI preferred contractors) to construct the cage, meeting U S WEST's installation Technical Publication 77350.
- 8.3.7 DTI and U S WEST will complete an acceptance walk through of all collocated space requested from U S WEST. Exceptions that are noted during this acceptance walk through shall be corrected by U S WEST in a timely fashion after the walk through. The correction of these exceptions from the original collocation request shall be at U S WEST's expense.
- 8.3.8 The following standard features will be provided by U S WEST:
 - 8.3.8.1 Heating, ventilation and air conditioning. (power, back-up power, surge protection, grounding flood protection, et. al.).
 - 8.3.8.2 Smoke/fire detection and any other building code requirement.

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Collocation in that premises and expand that Virtual Collocation according to the rates, terms and conditions of this Amended Interconnection Agreement, or (ii) unless it is not practical for technical reasons or because of space limitations, convert its Virtual Collocation at such premises to Physical Collocation, in which case DTI shall coordinate the construction and rearrangement with U S WEST of its equipment (IDLC and transmission) and circuits for which DTI shall pay U S WEST at applicable rates, and pursuant to the other terms and conditions in this Amended Interconnection Agreement. In addition, all applicable Physical Collocation recurring charges shall apply.

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- 8.3.6 DTI's leased floor space will be separated from other competitive providers and U S WEST space through cages or hard walls. DTI may elect to have U S WEST construct the cage, or choose from U S WEST approved contractors (or request approval of DTI preferred contractors) to construct the cage, meeting U S WEST's installation Technical Publication 77350.
- 8.3.7 DTI and U S WEST will complete an acceptance walk through of all collocated space requested from U S WEST. Exceptions that are noted during this acceptance walk through shall be corrected by U S WEST in a timely fashion after the walk through. The correction of these exceptions from the original collocation request shall be at U S WEST's expense.
- 8.3.8 The following standard features will be provided by U S WEST:
 - 8.3.8.1 Heating, ventilation and air conditioning. (power, back-up power, surge protection, grounding flood protection, et. al.).
 - 8.3.8.2 Smoke/fire detection and any other building code requirement.

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8.3.9 U S WEST Responsibilities.

- 8.3.9.1 Design the floor space within each wire center which will constitute DTI's leased space.
- 8.3.9.2 Ensure that the necessary construction work is performed to build DTI's leased physical space and the riser from the vault to the leased physical space.
- 8.3.9.3 Develop a quotation specific to DTI's request.
- 8.3.9.4 Extend U S WEST-provided and owned fiber optic cable from the POI through the cable vault and extending the cable to DTI's leased physical space or place the cable in fire retardant tubing prior to extension to DTI's leased physical space.
- 8.3.9.5 Installation and maintenance and all related activity necessary to provide Channel Termination between U S WEST's and DTI's equipment.
- 8.3.9.6 Work cooperatively with DTI in matters of joint testing and maintenance.
- 8.3.9.7 U S WEST is responsible for security of the area which contains DTI's collocated space.

8.3.10 DTI Responsibilities

- 8.3.10.1 Determine the type of enclosure for the physical space
 - 8.3.10.2 Where applicable, procure, install and maintain all fiber optic facilities up to the U S WEST designated POI.
 - 8.3.10.3 Install, maintain, repair and service all DTI's equipment located in the leased physical space.
 - 8.3.10.4 Ensure that all equipment installed by DTI complies with Bellcore Network Equipment Building System TR-NWT-000063 Generic Equipment requirements, U S WEST wire center environmental and transmission standards, and any statutory (local, federal, or state) or regulatory requirements in effect at the time of equipment installation or that subsequently become effective.
- 8.3.11 Once construction is complete for physical collocation and DTI has accepted its leased physical space, DTI may order its DS0, DS1, DS3, OCn level or other Expanded Interconnection Channel Terminations.

8.3.12 If, at any time, U S WEST determines that the equipment or the installation does not meet requirements, DTI will be responsible for the costs associated with the removal, modification to, or installation of the equipment to bring it into compliance. Upon written notice of non-compliance, DTI will initiate corrective action within 15 days. In the event that completion of the corrective action will exceed 15 days, DTI will propose a schedule for completion for U S WEST approval. If DTI fails to correct any non-compliance within the agreed upon schedule, U S WEST may have the equipment removed or the condition corrected at DTI's expense.

8.3.13 If, during installation, U S WEST determines DTI activities or equipment are unsafe, non-standard or in violation of any applicable laws or regulations, U S WEST has the right to stop work until the situation is remedied. If such conditions pose an immediate threat to the safety of U S WEST employees, interfere with the performance of U S WEST's service obligations, or pose an immediate threat to the physical integrity of the conduit system or the cable facilities, U S WEST may perform such work and/or take action as is necessary to correct the condition at DTI's expense.

8.3.14 DTI is responsible for the security of the actual physical collocated space.

8.4 Collocation Rate Elements

8.4.1 Common Rate Elements

The following rate elements are common to both virtual and physical collocation:

8.4.1.1 Quote Preparation Fee. This covers the work involved in developing a quotation for DTI for the total costs involved in its collocation request.

8.4.1.2 Entrance Facility. Provides for fiber optic cable on a per fiber basis from the point of interconnection utilizing U S WEST owned, conventional single mode type of fiber optic cable to the collocated equipment (for virtual collocation) or to the leased space (for physical collocation). Entrance facility includes riser, fiber placement, entrance closure, conduit/innerduct, and core drilling.

8.4.1.3 Cable Splicing. Represents the labor and equipment to perform a subsequent splice to the DTI provided fiber optic cable after the initial installation splice. Includes a per-setup and a per-fiber-spliced rate elements.

8.4.1.4 Volt Power. Provides 48 volt power to the DTI collocated equipment. Charged on a per ampere basis per Section 5.1.

8.4.1.5 Volt Power Cable. Provides for the transmission of -48 Volt DC power to the collocated equipment. It includes engineering, furnishing and installing the main distribution bay power breaker, associated power cable, cable rack and local power bay to the closest power distribution bay. It also includes the power cable (feeders) A and B from the local power distribution bay to the leased physical space (for physical collocation) or the collocated equipment (for virtual collocation).

8.4.1.6 Inspector Labor. Provides for the U S WEST qualified personnel necessary when DTI required access to the point of interconnection after the initial installation or access to its physical collocation floor space, where an escort is required. A call-out of an inspector after business hours is subject to a minimum charge of four hours. The minimum call-out charge shall apply when no other employee is present in the location, and an 'on-shift' on behalf of DTI.

8.4.1.7 The telecommunications interconnection between DTI's collocated equipment and U S WEST's network is accomplished via an Expanded Interconnection Channel Termination (EICT). This element can be at the DS0, DS1, DS3, OCn or other level depending on the U S WEST service it is connecting to. Connection to any other network or telecommunications source within the wire center is allowed only through U S WEST services.

8.4.1.8 Expanded Interconnection Channel Regeneration. Required when the distance from the leased physical space (for physical collocation) or from the collocated equipment (for virtual collocation) to the U S WEST network is of sufficient length to require regeneration.

8.4.2 Physical Collocation Rate Elements

The following rate elements apply only to physical collocation arrangements:

8.4.2.1 Floor Space Rental. Provides the monthly rent for the leased physical space, property taxes and base operating cost without -48 Volt DC power. Includes convenience 110 AC, 15 amp electrical outlets provided in accordance with local codes and may not be used to power transmission equipment or -48 Volt DC power generating equipment. Also includes maintenance for the leased space; provides for the preventative maintenance (climate controls, filters, fire and life systems and alarms, mechanical systems, standard HVAC); biweekly housekeeping services (sweeping, spot cleaning, trash removal) of the U S WEST wire center areas surrounding the leased physical space and general repair and maintenance.

8.4.2.2 Enclosure Buildout. The Enclosure Buildout element, either Cage or, at the DTI's option, hardwall, includes the material and labor to construct the enclosure specified by DTI or DTI may choose from U S WEST approved contractors (or USWC approved DTI preferred contractors) to construct the cage, meeting U S WEST's installation Technical Publication 77350. It includes the enclosure (cage or hardwall), air conditioning (to support DTI loads specified), lighting (not to exceed 2 watts per square foot), and convenience outlets (3 per cage or number required by building code of the hardwall enclosure). Also provides for humidification, if required. Pricing for this physical collocation rate element will be provided on an individual basis due to the uniqueness of DTI's requirements, central office structure and arrangements.

8.4.3 Virtual Collocation Rate Elements

The following rate elements apply uniquely to virtual collocation:

8.4.3.1 Maintenance Labor-Provides for the labor necessary for repair of out of service labor and/or service-affecting conditions and preventative maintenance of the DTI virtually collocated equipment. DTI is responsible for ordering maintenance spares. U S WEST will perform maintenance and/or repair work upon receipt of the replacement maintenance spare and/or equipment for DTI. A call-out of a maintenance technician after business hours is subject to a minimum charge as specified above.

8.4.3.2 Training Labor-Provides for the billing of vendor-provided training for U S WEST personnel on a metropolitan service area basis, necessary for DTI virtually collocated equipment which is different from U S WEST provided equipment. U S WEST will require three U S WEST employees to be trained per metropolitan service area in which the DTI virtually collocated equipment is located. If, by an act of U S WEST, trained employees are relocated, retired, or are no longer available, U S WEST will not require DTI to provide training for additional U S WEST employees for the same virtually collocated equipment in the same metropolitan area. The amount of training billed to DTI will be reduced by half, should a second collocater in the same metropolitan area select the same virtually collocated equipment as DTI.

8.4.3.3 Equipment Bay-Provides mounting space for the DTI virtually collocated equipment. Each bay includes the 7 foot bay, its installation, all necessary environmental supports. Mounting space on the bay, including space for the fuse panel and air gaps necessary for heat dissipation is limited to 78 inches. The monthly rate is applied per shelf.

8.4.3.4 Engineering Labor-Provides the planning and engineering of the DTI virtually collocated equipment at the time of installation, change or removal.

8.4.3.5 Installation Labor-Provides for the installation, change or removal of the DTI virtually collocated equipment.

8.5 Collocation Installation Intervals

The following intervals are common to both virtual and physical collocation:

8.5.1 Acknowledgment of Floor Space Availability. Within fifteen (15) days of the receipt by U S WEST from DTI of a Request for Collocation and an associated Quote Preparation Fee, U S WEST will notify DTI whether sufficient floor space is available to accommodate DTI's request.

8.5.2 Quote Preparation. Within twenty-five (25) business days of the receipt by U S WEST from DTI of a Request for Collocation and an associated Quote Preparation Fee, U S WEST will provide DTI with a written quotation containing all non-recurring charges for the requested collocation arrangement.

8.5.3 Quote Acceptance. DTI will have 30 days from the receipt of a U S WEST quotation, to accept the U S WEST proposed quotation. Acceptance shall require payment to U S WEST to fifty percent of the non-recurring charges provided on the quotation.

8.5.4 Completion of Cage Construction (physical collocation only). Within ninety (90) days of the acceptance of the quotation by DTI, the construction of the necessary cage/hardwall enclosure shall be completed. At this time, the leased floor space will be available to DTI for installation of its collocated equipment.

8.5.5 Completion of Collocated Equipment Installation (virtual collocation only)-U S WEST shall complete the installation of DTI's collocated equipment within ninety (90) days of U S WEST's receipt of DTI's collocated equipment. The installation of line cards and other minor modifications shall be performed by U S WEST on intervals equivalent to those that U S WEST applies to itself, but in no instance shall any such interval exceed ninety (90) days.

9. INTERIM NUMBER PORTABILITY

9.1 General Terms

9.1.1 U S WEST shall immediately implement interim number portability solutions to permit end-users to change to DTI without changing their telephone numbers. Such interim solutions include Remote Call

Forwarding ("RCF") and flexible Direct Inward Dialing ("DID"). DTI preferred interim solution is RCF. The Parties shall provide Number Portability on a reciprocal basis to each other to extent technically feasible, and in accordance with rules and regulations as from time to time prescribed by the FCC and/or the Commission.

- 9.1.2 Until Permanent Number Portability is implemented by the industry pursuant to regulations issued by the FCC or the Commission, the Parties agree to provide Interim Number Portability ("INP") to each other through remote call forwarding, or direct inward dialing.
- 9.1.3 DID is an INP method that makes use of direct inward dialing trunks. Each DID trunk group used for INP is dedicated to carrying DID INP traffic between the U S WEST end office and the DTI switch. Traffic on these trunks cannot overflow to other trunks, so the number of trunks shall be conservatively engineered by U S WEST. Also, inter-switch signaling is usually limited to multi-frequency (MF). This precluded passing Calling Line ID to the DTI switch. Once permanent number portability is implemented pursuant to FCC or Commission regulation, either Party may withdraw, at any time and its sole discretion, its INP offerings, subject to advance notice to the other Party and coordination to allow the seamless and transparent conversion of INP customer numbers to permanent number portability. Upon implementation of permanent number portability pursuant to FCC regulations, both parties agree to conform and provide such permanent number portability.
- 9.1.4 DTI shall have the right to use the existing U S WEST 911 infrastructure for all 911 capabilities. With respect to 911 service associated with ported numbers under INP, U S WEST agrees that all ported directory numbers (DN) will remain in the Public Service Answering Points (PSAP) routing databases. When RCF is used, both the ported numbers and shadow numbers for DTI ported subscribers shall be stored in PSAP databases. DTI shall have the right to verify the accuracy of the information in the PSAP databases
- 9.1.5 U S WEST will update its Line Information Database ("LIDB") listings for retained numbers, and restrict or cancel calling cards associated with these forwarded numbers as directed by DTI. LIDB updates shall be completed by the Parties on the same business day each INP arrangement is activated. Further, U S WEST will not block third party and collect calls to those numbers unless requested by DTI.
- 9.1.6 U S WEST shall exchange with DTI, SS7 TCAP messages as required for the implementation of Custom Local Area Signaling Services (CLASS) or other features available in the U S WEST network. Certain features are not available in the U S WEST network. Certain features are not available for INP telephone numbers due to technical limitations. The following lists the technically available services under INP. Terminating features are those related to calls TO DID or RCF customer's ported

telephone numbers. Originating features are those related to calls FROM the ported customer's DTI provided line.

<u>Terminating Features:</u>	<u>DID</u>	<u>RCF</u>	<u>Notes</u>
Caller Identification	No	Yes	1
Last Call Return	No	Yes	1
Selective Call Forwarding	No	Yes	1
Call Rejection	No	Yes	1
Call Trace	No	Yes	1
Priority Call	No	Yes	1,2
Call Waiting	Yes	Yes	2
Busy Line Verification	No	No	
Continuous Redial	No	No	3

NOTES:

1. Requires SS7 connectivity between U S WEST and DTI switches (SS7 connectivity not available with DID) and appropriate hardware/software in DTI switch to offer "like" services (for RCF).
2. Requires ability to forward more than one simultaneous call (for RCF).
3. Continuous Redial will not be available for caller dialing ported telephone number.

<u>Originating Features:</u>	<u>DID</u>	<u>RCF</u>	<u>Notes</u>
Caller Identification	No	No	1,2,3
Last Call Return	No	Yes	1,2
Selective Call Fwd	No	No	1,2,3
Call Rejection	No	No	1,2,3

NOTES:

1. Assumes DTI SS7 connectivity and/or offering of services.
2. Assumes DTI has assigned ported customer a new telephone number in its switch.
3. Called party would receive new DTI assigned telephone number that they may not associate with a ported customer.

9.1.7 Upon request, U S WEST shall provide to DTI INP via Direct Inward Dial Trunks pursuant to applicable tariffs.

9.1.8 Where either party has activated an entire NXX for a single customer, or activated a substantial portion of an NXX for a single customer with the remaining numbers in that NXX either reserved for future use or otherwise unused, if such customer chooses to receive service from the other Party, the first Party shall cooperate with the second Party to have the entire NXX reassigned in the LERG (and associated industry databases, routing tables, etc.) to an End Office operated by the second

Party. Such transfer will be accomplished with appropriate industry lead-times for movement of NXXs from one switch to another. Other applications of NXX migration will be discussed by the Parties as circumstances arise.

- 9.1.9 The data required for interim local number portability and for billing access, when interim local number portability is used, must be provided to DTI at no additional cost above that already paid for with interim local number portability.

9.1.10 Access On Interim Number Portability

The terminating carrier shall receive the carrier common line and local switching charges. Transport charges shall be shared based on the meet point billing arrangement.

9.2 Description of Service

- 9.2.1 Interim Number Portability Service ("INP") is a service arrangement that can be provided by U S WEST to DTI or by DTI to U S WEST. For the purposes of this Section, the Party porting traffic to the other Party shall be referred to as the "INP Provider" and the Party receiving INP traffic for termination shall be referred to as the "INP Requester".

- 9.2.2 INP applies to those situations where an end-user customer elects to transfer service from the INP Provider to the INP Requester and they also wish to retain their existing telephone number. INP consists of INP Provider's provision to the INP Requester the capability to route calls placed to telephone numbers assigned to the INP Provider's switches to the INP Requester's switches. INP is available only for working telephone numbers assigned to the INP Provider's customers who request to transfer to the INP Requester's service.

- 9.2.3 INP is available as INP-Remote Call Forwarding ("INP-RCF") permitting a call to a INP Provider's assigned telephone number to be translated to the INP Requester's dialable local number. INP Requester may terminate the call as desired. Additional capacity for simultaneous call forwarding is available where technically feasible. The INP Requester will need to specify the number of simultaneous calls to be forwarded for each number ported.

- 9.2.4 INP is subject to the following restrictions

9.2.4.1 An INP telephone number may be assigned by INP Requester only to the Requester's customers located within the INP Provider's local calling area and toll rating area that is associated with the NXX of the portable number.

9.2.4.2 INP is applicable only if the INP Requester is engaged in a reciprocal traffic exchange arrangement with the INP Provider.

9.2.4.3 Only the existing, INP Provider assigned end-user telephone number may be used as a ported number for INP.

9.2.4.4 INP will not be provided by the INP Provider for customers whose accounts are in arrears and who elect to make a change of service provider unless and until the following conditions are met:

- Full payment for the account (NOT including directory advertising charges associated with the customer's telephone number) is made by customer or INP Requester agrees to make full payment on behalf of customer.
- INP Provider is notified in advance of the charge in service provider and a Change of Responsibility form is issued.
- INP Provider accepts the transfer of responsibility.

9.2.4.5 INP services shall not be resold, shared or assigned by either Party to another CLEC.

9.2.4.6 INP is not offered for NXX Codes 555, 976, 960 and coin telephones, and Service Access Codes (i.e. 500, 700, 800/888, 900). INP is not available for FGA seven-digit numbers, including foreign exchange (FEX), FX and FX/ONAL and foreign Central Office Service. Furthermore, INP numbers may not be used for mass calling events.

9.2.4.7 The ported telephone number will be returned to the originating company (or to the common pool of telephone numbers upon implementation of permanent number portability) when the ported service is disconnected. The company purchasing a ported number may not retain it and reassign it to another customer. The normal intercept announcement will be provided by the INP Provider for the period of time until the telephone number is reassigned by the Provider.

9.2.5 Ordering and Maintenance

9.2.5.1 The INP Requester is responsible for all dealings with and on behalf of its end users, including all end user account activity, e.g. end user queries and complaints.

9.2.5.2 The INP Provider will work cooperatively with the Requester to ensure a smooth customer transition and to avoid unnecessary duplication of other facilities (e.g., unbundled loops). If an end user requests transfer of service from the INP Requester back to

INP Provider, the Provider may rely on that end user request to institute cancellation of the INP service. The Provider must have a CA or equivalent verification of the end user intent to convert back. The INP Provider will provide at least 48 hours notice to the INP Requester of the cancellation of INP service, and will work cooperatively with the Requester to ensure a smooth customer transition and to avoid unnecessary duplication of other facilities (e.g., unbundled loops). The Parties will cooperate to develop intercompany procedures to implement the requirements of this paragraph.

9.2.5.3 The Requester's designated INP switch must return answer and disconnect supervision to the INP Provider's switch.

9.2.5.4 The Requester will provide to the E911 database provider the network telephone number that the Requester assigned to the Provider assigned, ported telephone number. Updates to and maintenance of the INP information to the E911 database are the responsibility of the INP Requester.

9.2.5.5 The INP Requester will submit to the INP Provider a disconnect order for each ported number that is relinquished by the Requester's end users.

9.2.6 Cost Recovery

9.2.6.1 Number Ported – This cost is incurred per number ported, per month. Should the INP Requester provide the transport from the Provider's end office to the Requester's end office switch, a lower cost is incurred. This cost represents a single call path from the Provider's end office switch to the Requester for the portable number.

9.2.6.2 Additional Call Path – This cost is incurred per additional call path per month added to a particular ported telephone number. Should the INP Requester provide the transport from the Provider's end office to the Requester's end office switch, a lower cost is incurred.

9.2.6.3 Service Establishment – Per Switch. This non-recurring cost is incurred for each INP Provider's end office switch that is equipped to provide INP to the INP Requester.

9.2.6.4 Service Establishment – Per Number. This non-recurring cost is for each telephone number equipped with INP.

9.2.6.5 Rates are contained in Section 5.1.

10. PERMANENT NUMBER PORTABILITY (PNP)

- 10.1 Upon implementation of Permanent Number Portability (PNP) pursuant to FCC regulations, both parties agree to conform and provide such Permanent Number Portability. To the extent consistent with the FCC rules as amended from time to time, the requirements for PNP shall include the following:
- 10.2 Subscribers must be able to change local service providers and retain the same telephone number(s).
- 10.3 The PNP network architecture shall not subject alternate local exchange carriers to any degradation of service compared to U S WEST in any relevant measure, including transmission quality, switching and transport costs, increased call set-up time and post-dial delay.
- 10.4 When an office is equipped with PNP, all NXXs in the office shall be defined as portable and translations will be changed in the Parties' switches to open those NXXs for database queries. An NXX will be activated for PNP when the first request for PNP is received for that NXX.
- 10.5 When an NXX is defined as portable, it shall also be defined as portable in all PNP capable offices which have direct trunks to the given switch.
- 10.6 Prior to implementation of PNP, the Parties agree to develop, implement, and maintain efficient methods to maintain 911 database integrity when a subscriber ports to another service provider. The Parties agree that the customer shall not be dropped from the 911 database during the transition.
- 10.7 During the process of porting a subscriber a trigger feature shall be applied to the Subscriber's line at most 24 hours prior to the order due date in order to overcome donor network time delays in the disconnection of the subscriber's line within fifteen (15) minutes of the donor network Local SMSs having received broadcast.

11. DIALING PARITY

- 11.1 Except where otherwise ordered by a state commission, the Parties shall provide Dialing Parity to each other as required under Section 251 (b)(3) of the Act. This Amended Interconnection Agreement does not impact either Party's ability to default intraLATA toll via a specific dialing pattern until otherwise required by the Act.
- 11.2 Pursuant to Sec. 271 of the act and the FCC rules as effective, U S WEST shall provide dialing parity for intraLATA toll, operator assisted and directory assistance calls. The full two-PIC option must be available for intraLATA and interLATA dialing parity in conformance with Sec. 271.

- 11.3 For resale, or when Port/Switching Services are provided by U S WEST any end-user shall be able to access the DTI network for services using the same dialing protocol that the end-user would use to access the same service on the U S WEST network, subject to the provision in Section 9.2.
- 11.4 U S WEST must provide routine reporting on local dialing plans by switching type and end office.
- 11.5 U S WEST shall make N11 services available per the FCC Rules as effective.

12. ACCESS TO TELEPHONE NUMBERS

- 12.1 When DTI purchases switching capabilities or resold services from U S WEST, until such time as numbering is administered by a third party, DTI requires the ability to obtain telephone numbers on-line from U S WEST, and to assign these numbers with the DTI customer on-line. DTI also requires to be provided vanity numbers at parity with U S WEST's own internal marketing and order taking personnel. Reservations and aging of numbers remain the responsibility of U S WEST.
- 12.2 Nothing in this Amended Interconnection Agreement shall be construed in any manner to limit or otherwise adversely impact either Party's right to the request and assignment of any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines (last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 4/19/96, formerly ICCF 93-0729-010). NXXs, and the initial points of interface for interconnection between the Parties' networks, will be included in Addenda to this Amended Interconnection Agreement.
- 12.3 Administration and assignment of numbers shall be moved to a neutral third party. To the extent U S WEST serves as Central Office Code Administrator for a given region, U S WEST will support all DTI requests related to central office (NXX) code administration and assignments in the manner required and consistent with the Central Office Code Assignment Guidelines.
- 12.4 The Parties shall provide local dialing parity to each other as required under Section 251 (b)(3) of the Act.
- 12.5 The Parties will comply with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines.
- 12.6 It shall be the responsibility of each Party to program and update its own switches and network systems pursuant to the Local Exchange Routing Guide (LERG) guidelines to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities. The Parties will cooperate to

establish procedures to ensure the timely activation of NXX assignments in their respective networks.

- 12.7 Each Party shall be responsible for notifying its customers of any changes in numbering or dialing arrangements to include changes such as the introduction of new NPAs or new NXX codes.
- 12.8 Until an impartial entity is appointed to administer telecommunications numbering and to make such numbers available on an equitable basis, U S WEST will assign - NXX codes to DTI in accordance with national guidelines at no charge.
- 12.9 Each Party is responsible for administering NXX codes assigned to it. Each Party is responsible for obtaining Local Exchange Routing Guide ("LERG") listings of CLLI codes assigned to its switches. Each party shall use the LERG published by Bellcore or its successor for obtaining routing information and shall provide all required information to Bellcore for maintaining the LERG in a timely manner.
- 12.10 U S WEST must establish process for the management of NPA splits as well as NXX splits. U S WEST must describe the details and requirements on handling NPA-NXX splits.
- 12.11 U S WEST testing and loading of DTI's NXXs shall be the same as if to itself.

13. CALL COMPLETION FROM U S WEST OPERATORS

U S WEST Operators will provide operator call completion and quote DTI rates for services and like assistance to any end user customer reaching U S WEST Operators (including information for calls to DTI's NXXs) in the same manner as they provide such services for end user customers served by U S WEST NXXs and for calls involving only U S WEST NXXs.

14. BUSY LINE VERIFY/INTERRUPT

- 14.1. Busy Line Verification ("BLV") is performed when one Party's Customer requests assistance from the operator bureau to determine if the called line is in use, however, the operator bureau will not complete the call for the Customer initiating the BLV inquiry. Only one BLV attempt will be made per Customer operator bureau call, and a charge shall apply whether or not the called party releases the line.
- 14.2. Busy Line Verification Interrupt ("BLVI") is performed when one Party's operator bureau interrupts a telephone call in progress after BLV has occurred. The operator bureau will interrupt the busy line and inform the called party that there is a call waiting. The operator bureau will only interrupt the call and will not complete the telephone call of the Customer initiating the BLVI request. The

operator bureau will make only one BLVI attempt per Customer operator telephone call and the applicable charge applies whether or not the called party releases the line.

14.3. Rates are contained in Section 5.1.

14.4. Each Party's operator bureau shall accept BLV and BLVI inquiries from the operator bureau of the other Party in order to allow transparent provision of BLV/BLVI Traffic between the Parties' networks.

14.5. Each Party shall route BLV/BLVI Traffic inquiries over operator service direct trunks (and not the Local/IntraLATA Trunks) established between the Parties' respective operator bureaus. Unless otherwise mutually agreed, the Parties shall configure BLV/BLVI trunks over the Interconnection architecture defined in Section 6, Interconnection, consistent with the Joint Grooming Plan. Each Party shall compensate the other Party for BLV/BLVI Traffic as set forth above.

15 TOLL AND ASSISTANCE OPERATOR SERVICES

15.1 Description of Service.

Toll and Assistance refers to functions customers associate with the "0" operator. Subject to availability and capacity, access may be provided via operator services trunks purchased from U S WEST or provided by DTI to route calls to DTI's platform.

15.2 Functions Include:

15.2.1 0-Coin, Automatic Coin Telephone Service (ACTS) - these functions complete coin calls, collect coins and provide coin rates.

15.2.2 Alternate Billing Services (ABS or 0+ dialing): Bill to third party, Collect and Mechanized Credit Card System (MCCS).

15.2.3 0- or operator assistance which provides general assistance such as dialing instruction and assistance, rate quotes, emergency call completion and providing credit.

15.2.4 Automated Branding - ability to announce the carrier's name to the customer during the introduction of the call.

15.2.5 Rating Services - operators have access to tables that are populated with all toll rates used by the operator switch.

15.2.6 Local call completion - 0+ and 0-, billed to calling cards, collect and third Party.

15.2.7 Quotation of billable charges to customers-time and charges, etc.

15.2.8 U S WEST shall complete: station to station, person to person, credit card, collect, third party, and emergency calls.

15.3 Pricing for Toll and Assistance Operator Services shall be determined on a case-by-case basis, upon request.

15.4 Interconnection to the U S WEST Toll and Assistance Operator Services from an end office to U S WEST T/A is technically feasible at three distinct points on the trunk side of the switch. The first connection point is an operator services trunk connected directly to the T/A host switch. The second connection point is an operator services trunk connected directly to a remote T/A switch. The third connection point is an operator services trunk connected to a remote access tandem with operator concentration capabilities.

15.5 Trunk provisioning and facility ownership will follow the guidelines recommended by the Trunking and Routing, IOF and Switch sub-teams. All trunk interconnections will be digital.

15.6 Toll and Assistance interconnection will require an operator services type trunk between the end office and the interconnection point on the U S WEST switch.

15.7 Connecting a position to the host system requires two circuits (one voice and one data) per position on a TI facility.

15.8 The technical requirements of operator services type trunks and the circuits to connect the positions to the host are covered in the OSSGR under Section 6 (Signaling) and Section 10 (System Interfaces) in general requirements form.

15.9 U S WEST shall allow resale of Operator Services, where technically feasible, until such time that U S WEST may route Operator Traffic to the Operator Service provider of DTI's choice. U S WEST resold Operator Service shall be branded "DTI" and U S WEST operators shall be capable of quoting DTI's rates for both Card and Operator Services functions where systems and capabilities permit and shall provide service that is at least at parity for services delivered to U S WEST end-users. To the extent that separate trunk groups are needed to provide this functionality, and upon DTI acceptance of a U S WEST price quote, DTI agrees to pay the costs for the development and support of this capability.

16. DIRECTORY ASSISTANCE

16.1 U S WEST agrees to (a) provide to DTI's operators on-line access to U S WEST's directory assistance database; (b) provide to DTI unbranded directory assistance service (costs to be borne by DTI) (c) provide to DTI directory assistance service under DTI brand (where technically feasible); (d) allow DTI or a DTI designated operator bureau to license U S WEST's directory assistance database for use in providing competitive directory assistance services; and (e) in conjunction with (b) or (c) above, provide caller-optional

directory assistance call completion service which is comparable in every way to the directory assistance call completion service U S WEST makes available to its own users.

- 16.2. The price for directory assistance, provided pursuant to this Amended Interconnection Agreement, is contained in Section 5.1. As an alternative, the Parties may obtain directory assistance service pursuant to effective tariffs.
- 16.3. The price for directory call completion services shall be as shown in Section 5.1 per call, pending the completion of a state Commission approved cost study. Additional charges, for U S WEST intraLATA toll services, also apply for completed intraLATA toll calls. IntraLATA toll service shall be available pursuant to the wholesale discount provided in Section 31, Resale, herein. Where available, call completion service is an optional end-user service. DTI may, at its option, request U S WEST to not provide call completion services to DTI customers.
- 16.4. General Requirements
 - 16.4.1 U S WEST shall make DTI's data available to anyone calling U S WEST's Directory Assistance (DA), and U S WEST's data available to anyone calling DTI's DA.
 - 16.4.2 U S WEST shall store proprietary customer information provided by DTI in their DA database; such information shall be able to be identified by source provider in order to provide the necessary protection of DTI or DTI customer proprietary or protected information.
 - 16.4.3 U S WEST must allow wholesale resale of DA service.
 - 16.4.4 U S WEST shall provide data for DA feeds in accordance with agreed upon industry format.
 - 16.4.5 DTI shall be able to buy unbundled DA databases and utilize them in the provision to its own DA service. U S WEST will provide the same level of DA database service as it provides itself, its affiliates or other third parties.
 - 16.4.6 U S WEST shall make available to DTI all service enhancements on non-discriminatory basis.
 - 16.4.7 U S WEST shall make "DTI" branded DA available to DTI for resale. DTI will pay any additional costs necessary to obtain this service.
 - 16.4.8 Upon DTI acceptance of U S WEST price quotation and where technically feasible U S WEST shall route DTI customer DA calls to DTI DA centers. DTI will pay the reasonable and appropriate costs to obtain this service.

- 16.5 U S WEST must place DTI customer listings in its DA database. U S WEST shall make its unbundled DA database available to DTI. Prices shall be, reasonable, and non-discriminatory at TELRIC plus a reasonable forward-looking allocation of joint and common costs.
- 16.6 From the time that U S WEST receives the data, the processing interval for updating the database with DTI customer data must be provided at parity with U S WEST.
- 16.7 U S WEST shall provide an automated capability (e.g. tape transfer or other data feed) to update the U S WEST DA database for updating and inquiries.
- 16.8 U S WEST will provide equivalent speed-to-answer times as it provides its customers.
- 16.9 U S WEST's DA database must be updated and maintained with DTI customer data daily. These changes include:
- 16.9.1 disconnect;
 - 16.9.2 install;
 - 16.9.3 request "Change" orders (telephone #, Address);
 - 16.9.4 are Non-Published;
 - 16.9.5 are Non-Listed; and/or
 - 16.9.6 are Non-Published/Non-Listed
- 16.10 DTI bills its own end-users.
- 16.11 DTI shall be billed in a CRIS format that is acceptable to DTI in the resale environment and, generally, in the (IABS) format in the unbundled environment.
- 16.12 U S WEST and DTI shall develop intercompany procedures to correct errors when they are identified in the DA database.
- 16.13 Listings Service ("Listings") consists of U S WEST placing the names, addresses and telephone numbers of DTI's end users in U S WEST's listing database, based on end user information provided to U S WEST by DTI. U S WEST is authorized to use Listings in Directory Assistance (DA) as noted in paragraph 16.16., below.
- 16.14 DTI will provide in standard, mechanized format, and U S WEST will accept at no charge, one primary listing for each main telephone number belonging to DTI's end user customers. Primary listings are as defined for U S WEST end users in U S WEST's general exchange tariffs. DTI will be charged for premium listings, e.g., additional, foreign, cross reference, informational, etc., at the rates set forth in Section 5.1. DTI, utilizing Remote Call Forwarding for local number portability, can list only one number without charge - either the end customer's original telephone number or the DTI-assigned number. The standard discounted rate for an additional listing applies to the other number.

16.15 U S WEST will furnish DTI the Listings format specifications. DTI may supply a maximum of one batch file daily, containing only Listings that completed on or prior to the transmission date. U S WEST cannot accept Listings with advance completion dates. Large volume activity (e.g., 100 or more listings) on a caption set is considered a project that requires coordination between DTI and U S WEST to determine time frames.

16.16 DTI grants U S WEST a non-exclusive license to incorporate listings information into its directory assistance database. Prior authorization is required from DTI for all other uses. DTI makes its own, separate agreements with U S WEST, third parties and directory publishers for all uses of its Listings beyond DA. U S WEST will sell listings to directory publishers (including U S WEST's publisher affiliate), other third parties and U S WEST products only after the third party presents proof of DTI's authorization. U S WEST shall be entitled to retain all revenue associated with any such sales. Listings shall not be provided or sold in such a manner as to segregate end users by carrier.

16.17 To the extent that state tariffs limit U S WEST's liability with regard to Listings, the applicable state tariff(s) is incorporated herein and supersedes Section 30.20., "Limitation of Liability", of this Amended Interconnection Agreement with respect to Listings only.

16.18 U S WEST Responsibilities

16.18.1 U S WEST is responsible for maintaining Listings, including entering, changing, correcting, rearranging and removing Listings in accordance with DTI orders. U S WEST will take reasonable steps in accordance with industry practices to accommodate non-published and non-listed Listings provided that DTI has supplied U S WEST the necessary privacy indicators on such Listings.

16.18.2 U S WEST will include DTI listings in U S WEST's Directory Assistance service to ensure that callers to U S WEST's Directory Assistance service have non-discriminatory access to DTI's listings.

16.18.3 U S WEST will incorporate DTI listings provided to U S WEST in the white pages directory published on U S WEST's behalf.

16.18.4 Directory Service shall provide up to two listing requests per call and, where available and if requested, shall complete the call to one of the provided listings.

16.19 DTI Responsibilities

16.19.1 DTI agrees to provide to U S WEST its end user names, addresses and telephone numbers in a standard mechanized format, as specified by U S WEST.

- 16.19.2 DTI will supply its ACNA/CIC or CLCC/OCN, as appropriate, with each order to provide U S WEST the means of identifying listings ownership.
- 16.19.3 End user information provided by DTI will be to the best of DTI's knowledge, accurate and correct. DTI further represents and warrants that it has reviewed all listings provided to U S WEST, including end user requested restrictions on use such as non-published and non-listed. DTI shall be solely responsible for knowing and adhering to state laws or rulings regarding listings (e.g., no solicitation requirements in the states of Arizona and Oregon, privacy requirements in Colorado), and for supplying U S WEST with the applicable Listing information.
- 16.19.4 DTI is responsible for all dealings with, and on behalf of, DTI's end users, including:
- 16.19.4.1 All end user account activity, e.g. end user queries and complaints.
- 16.19.4.2 All account maintenance activity, e.g., additions, changes, issuance of orders for Listings to U S WEST.
- 16.19.4.3 Determining privacy requirements and accurately coding the privacy indicators for DTI's end user information. If end user information provided by DTI to U S WEST does not contain a privacy indicator, no privacy restrictions will apply.
- 16.19.4.4 Any additional services requested by DTI's end users.

17. 911/E-911 SERVICE

17.1 Scope

- 17.1.1 DTI exchanges to be included in U S WEST's E-911 Data Base will be indicated via written notice and will not require an amendment to this Amended Interconnection Agreement.
- 17.1.2 In counties where U S WEST has obligations under existing agreements as the primary provider of the 911 System to the county, DTI will participate in the provision of the 911 System as described in this Amended Interconnection Agreement.
- 17.1.2.1 Each party will be responsible for those portions of the 911 System for which it has total control, including any necessary maintenance to each Party's portion of the 911 System.
- 17.1.2.2 U S WEST, or its agent, will be responsible for maintaining the E-911 Data Base. U S WEST, or its agent, will provide a copy

of the Master Street Address Guide ("MSAG"), and quarterly updates, to DTI.

17.1.2.3 DTI assumes all responsibility for the accuracy of the data that DTI provides to U S WEST for MSAG preparation and E-911 Data Base operation.

17.1.2.4 DTI will provide end user data to the U S WEST ALI data base utilizing NENA-02-001 Recommended Formats For Data Exchange, NENA-02-002 Recommended Standard For Street Thoroughfare Abbreviations and NENA-02-003 Recommended Protocols For Data Exchange. U S WEST will furnish DTI any variations to NENA recommendations required for ALI data base input.

17.1.2.5 DTI will provide end user data to the U S WEST ALI data base that are Master Street Address Guide (MSAG) valid and meet all components of the NENA-02004 Recommended Measurements For Data Quality.

17.1.2.6 DTI will update its end user records provided to the U S WEST ALI data base to agree with the 911 MSAG standards for its service areas.

17.1.2.7 U S WEST will provide DTI with the identification of the U S WEST 911 controlling office that serves each geographic area served by DTI.

17.1.2.8 The Parties will cooperate in the routing of 911 traffic in those instances where the ALI/ANI information is not available on a particular 911 call.

17.1.2.9 U S WEST will provide DTI with the ten-digit telephone numbers of each PSAP agency, for which U S WEST provides the 911 function, to be used by DTI operators for handling emergency calls in those instances where the DTI customer dials "O" instead of "911".

17.1.2.10 U S WEST must implement a process to identify and correct errors to the ALI database to ensure that the accuracy of data entered by U S WEST for DTI is no less accurate than its own data. DTI is responsible for record data provided to U S WEST for entry or entered by DTI.

17.1.2.11 U S WEST must identify process for handling of "reverse ALI" for 911.

17.1.3 If a third party; i.e., U S WEST, is the primary service provider to a county, DTI will negotiate separately with such third party with regard to

the provision of 911 service to the county. All relations between such third party and DTI are totally separate from this Amended Interconnection Agreement and U S WEST makes no representations on behalf of the third party.

- 17.1.4 If DTI is the primary service provider to the county, DTI and U S WEST will negotiate the specific provisions necessary for providing 911 service to the county and will include such provisions in an amendment to this Amended Interconnection Agreement.
- 17.1.5 DTI will separately negotiate with each county regarding the collection and reimbursement to the county of applicable customer taxes for 911 service.
- 17.1.6 DTI is responsible for network management of its network components in compliance with the Network Reliability Council Recommendations and meeting the network standard of U S WEST for the 911 call delivery.
- 17.1.7 The parties shall provide a single point of contact to coordinate all activities under this Amended Interconnection Agreement.
- 17.1.8 Neither Party will reimburse the other for any expenses incurred in the provision of E-911 services.

17.2 Performance Criteria

E-911 Data Base accuracy shall be as set forth below:

- 17.2.1 Accuracy of ALI (Automatic Location Identification) data will be measured jointly by the PSAPs (Public Safety Answering Points) and U S WEST in a format supplied by U S WEST. The reports shall be forwarded to DTI by U S WEST when relevant and will indicate incidents when incorrect or no ALI data is displayed.
- 17.2.2 Each discrepancy report will be jointly researched by U S WEST and DTI. Corrective action will be taken immediately by the responsible party.
- 17.2.3 Each party will be responsible for the accuracy of its customer records. Each party specifically agrees to indemnify and hold harmless the other party from any claims, damages, or suits related to the accuracy of customer data provided for inclusion in the ALI/E911 Data Base.
- 17.2.4 The additional parameters by which the Parties will utilize the 911 or E-911 database will be the subject of further discussion between the parties.

17.3 Information

- 17.3.1 Where permitted by law, USWEST, or its agent, will make available to DTI the mechanized Master Street Address Guide ("MSAG") and routine updates.
- 17.3.2 U S WEST will provide mapping of NXXs to Selective Routers and PSAPs.
- 17.3.3 U S WEST must provide reports to identify the locations of E911 tandems with CLLI codes.
- 17.3.4 U S WEST must provide reporting to identify rate center to wire center to central office relationships; which 911 tandems serve which NXXs, primarily or exclusively.
- 17.3.5 U S WEST must provide access to NXX overlay maps and detailed NXX boundaries, as well as network maps to identify diversity routing for purposes of 911 service provisioning. DTI shall not use information provided under this section for other purposes.
- 17.3.6 U S WEST must provide reports to identify which databases cover which states or areas of the state.
- 17.3.7 DTI requires and U S WEST shall provide a point-of-contact for each database administrator.
- 17.3.8 U S WEST must identify any special operator-assisted calling requirements to support 911 such as current procedures for deaf and disabled, handicapped, and back door numbers for emergency locations.
- 17.3.9 U S WEST shall provide DTI with a list of emergency numbers (e.g. same digit PSAP numbers, police, fire, etc.) on the same basis that it provides those numbers to itself. DTI shall hold U S WEST harmless for the accuracy of such lists.
- 17.3.10 U S WEST must provide interconnection to 911 selective routing switch to route calls from DTI network to correct Public Safety Answering Point ("PSAP").
- 17.3.11 U S WEST must identify any special routing arrangements to complete overflow.
- 17.3.12 U S WEST must identify any requirements for emergency backup number in case of massive trunk failures.
- 17.3.13 U S WEST must provide sufficient planning information regarding anticipated move to the use of SS7 signaling within the next 12 months.

17.3.14 U S WEST shall identify any special default ESN requirements.

17.3.15 U S WEST shall adopt NENA standards for street addressing and abbreviations.

17.3.16 U S WEST shall adopt use of a carrier code (NENA standard 5-character field) on all ALI records received from DTI; carrier code will be useful when remote call forwarding is used as an interim "solution" to local number portability, and will be even more important when a true local number portability solution has been implemented.

18. U S WEST DEX (DIRECTORY PUBLISHING) ISSUES

U S WEST and DTI agree that certain issues, such as yellow page advertising, directory distribution, access to call guide pages, yellow page listings, will be the subject of negotiations between DTI and directory publishers, including U S WEST Dex. U S WEST acknowledges that DTI may request U S WEST to facilitate discussions between DTI and U S WEST Dex.

19. ACCESS TO POLES, DUCTS, CONDUITS, AND RIGHTS OF WAY

19.1 Each Party shall provide the other Party access to its poles, ducts, rights-of-way and conduits it controls on terms, conditions and prices comparable to those offered to any other entity pursuant to each party's applicable tariffs and/or standard agreements.

19.2 Where facilities are available and to the extent allowable by law, regulation and/or property owner/manager, U S WEST must make available to any telecommunications carrier requesting access with equal and non-discriminatory competitively neutral access to, by way of example and not limited to, any pole, pole attachment, duct, conduit, and Right of Way (ROW) on, over or under public or private property, on terms and conditions equal to that obtained by U S WEST. Other users of these facilities cannot interfere with the availability or use of these facilities by DTI.

19.3 Any authorization to attach to poles, over-lashing requirements, or modifications to the conduit system or other pathways to allow access to and egress from the system shall not be unreasonably restricted, withheld, or delayed.

19.4 U S WEST will take no action to intervene against, or attempt to delay, the granting of permits to DTI for use of public ROWs or access with property owners so long as such Rights of Way do not interfere with U S WEST's Right of Way rights.

19.5 Application Fees related to engineering surveys for potential right-of-way use shall be cost-based as defined by the FCC rules as they are finalized.

- 19.6 Charges shall be consistent with the provisions in the Act and/or effective Commission rulings.
- 19.7 U S WEST will provide routine notification of changes to poles, conduits, ROW, etc., related to DTI's network utilizing these facilities.
- 19.8 U S WEST will make available access, as needed, on a route-specific request basis, to current pole-line prints, and conduit prints, and make available maps of conduit and manhole locations, and allow manhole/conduit break-outs and audits to confirm usability.
- 19.9 U S WEST will provide information on the location of, and the availability to access inner-duct, poles, etc., to DTI when requesting such information, within 10 working days after the request.
- 19.10 All charges assessed by U S WEST for access to and use of public or private ROWs provided by U S WEST shall be based on U S WEST cost.
- 19.11 U S WEST shall not attach, or permit other entities to attach facilities on existing DTI facilities without DTI's prior written consent.
- 19.12 U S WEST shall make available to DTI, by lease or otherwise, the entire innerduct.
- 19.13 U S WEST shall provide to DTI a single point of contact for negotiating all structure lease and ROW agreements.
- 19.14 DTI shall have the option to be present at the field based survey and U S WEST shall provide DTI at least 24 hours notice prior to the start of such field survey. During the field survey, U S WEST shall allow DTI personnel to enter manholes and equipment spaces and view pole structures to inspect such structures in order to confirm usability or assess the condition of the structure.
- 19.15 At DTI's request and DTI's acceptance of a U S WEST cost estimate, U S WEST shall relocate and/or make ready existing ROW, conduit or pole attachments where necessary and feasible to provide space for DTI's requirements. Subject to the requirements above, the parties shall endeavor to mutually agree upon the time frame for the completion of such work. However, such work shall in no case exceed 30 days unless otherwise agreed to by the parties upon demonstration of sufficient cause for the delay.
- 19.16 DTI may, at its option, make pole attachments and use DTI or DTI designated personnel to attach its equipment to U S WEST poles.
- 19.17 Whenever U S WEST intends to modify or alter any ROW, conduit or pole attachments which contain DTI's facilities, U S WEST shall provide written notification of such action to DTI so that DTI will have the opportunity to add to or modify DTI's facilities. If DTI adds to or modifies its facilities according to this

paragraph, DTI shall bear its proportionate share of the costs incurred by U S WEST in making such facilities accessible.

- 19.18 In the event of a relocation necessitated by a governmental entity exercising the power of eminent domain, when such relocation is not reimbursable each party shall bear its proportionate cost of relocating the ROW, conduits and pole attachments. U S WEST is responsible for the costs for moving the structure and its facilities, while DTI is responsible for the costs to move its facilities located on or in the structure. To the extent that DTI has a separate permit for a ROW, DTI will be responsible for obtaining a new permit. If DTI elects to add new facilities during the relocation effort, DTI shall pay the costs of any new DTI facilities and the costs of installation of those facilities in the newly rebuilt U S WEST ROW, conduit and pole attachment.

20. ACCESS TO OPERATIONAL SUPPORT SYSTEMS

20.1 Purpose

20.1.1 This section sets forth the interface requirements for pre-ordering, ordering and provisioning, maintenance and repair, and billing, where DTI provides service to its customers through resale of Local Services or through the use of Unbundled Network Elements and Combinations.

20.1.2 For all Local Services, Network Elements and Combination ordered under this Amended Interconnection Agreement, U S WEST will provide DTI pre-ordering, ordering and provisioning, maintenance and repair, and billing services within the same level of quality of service available to U S WEST. Systems capabilities will be implemented according to a mutually agreed upon and documented schedule.

20.2 Use of Standards

20.2.1 As described below, DTI and U S WEST agree to implement each interface described below based upon existing and evolving industry standards or as mutually agreed upon. The Parties shall transition the electronic interfaces to industry standards within a time-frame mutually agreed to.

20.3 Reimbursement

20.3.1 Reimbursement for operational interfaces shall be as determined by the appropriate regulatory agency as set forth in this Amended Interconnection Agreement.

20.1.2 For all Local Services and Network Elements ordered under this Amended Interconnection Agreement, U S WEST will provide DTI pre-ordering, ordering and provisioning, maintenance and repair, and billing services within the same level of quality of service available to U S WEST. Systems capabilities will be implemented according to a mutually agreed upon and documented schedule.

20.2 Use of Standards

20.2.1 As described below, DTI and U S WEST agree to implement each interface described below based upon existing and evolving industry standards or as mutually agreed upon. The Parties shall transition the electronic interfaces to industry standards within a time-frame mutually agreed to.

20.3 Reimbursement

20.3.1 Reimbursement for operational interfaces shall be as determined by the appropriate regulatory agency as set forth in this Amended Interconnection Agreement.

20.4 Scope

20.4.1 This Attachment addresses the real-time transaction based protocols and transport networks that will be used to exchange information for:

20.4.1.1 Pre-order/Ordering/Provisioning for Service Resale (SR) and Customer Specific Unbundled Network Elements (UNEs)

20.4.1.2 Maintenance/Repair for SR and UNEs

20.4.2 It also addresses the batch protocols and transport networks that will be used to exchange information for:

20.4.2.1 Recorded Customer Usage for SR and UNE

20.4.2.2 Wholesale Billing for SR and UNE

20.4.2.3 Recorded Usage Receivables for UNE

20.4.2.4 Local Account Maintenance for SR and UNE

20.4.2.5 Directory Assistance Database

20.4.3 The preceding list of information to be exchanged is intended to be exemplary and does not represent a comprehensive list of such information to be exchanged between the Parties.

20.4.4 DTI and U S WEST will use at least one method of exchanging pre-order information which will be real-time transaction based. DTI and U S WEST may also assess and determine the arrangements and conditions to support Batch file transmittal for certain types of pre-order

Electronic Bonding - Trouble Administration (EB-TA) will be used. DTI and U S WEST will use an X.25 transport network which is the currently defined standard.

20.5.3 For Billing, DTI and U S WEST will use EDI 811 and OBF Billing Output Specification (BOS) formats via CONNECT: Direct. Section 20.13, further defines the conditions when one or the other format will be used.

20.5.4 For Local Account Maintenance (LAM), DTI and U S WEST agree to use CONNECT: Direct.

20.5.5 For Directory Assistance Database Information, DTI and U S WEST agree to use a batch protocol and transport network that is yet to be determined.

20.5.6 Modifications to OBF forms that are required due to the absence of, or existence of unnecessary data fields, contents, or formats will be addressed in the Joint Implementation Agreement (JIA) described in Section 18 of this Attachment.

20.6 Real Time Performance

20.6.1 The pre-order real time interface will support the DTI customer contact as executed within DTI's Sales and Service Centers. Gateway-to-gateway query-response cycle time performance requirements will be specified as part of the Joint Implementation Agreement (Section 18).

20.6.2 The transaction response time U S WEST provides to DTI Sales and Service Center will be equal in quality with that which U S WEST provides to itself. U S WEST agrees to provide DTI benchmarking information for end-user performance based on transaction volumes (nominal - light volume, standard - typical volume, and worst case - heavy volume). DTI may request an improvement in the transaction response time U S WEST provides to DTI's Sales and Service Center above that which U S WEST provides to itself, through the Bona Fide Request Process, which is defined in the Interconnection Amended Interconnection Agreement should cycle times not meet DTI's business requirements.

20.7 Compliance with Industry Standards

20.7.1 DTI and U S WEST agree to discuss the modification of these interfaces based upon evolving standards (e.g., data elements, protocols, transport networks, etc.) and guidelines issued by or referenced by relevant Alliance for Telecommunication Industry Solution (ATIS) committees. Establishment of new, or changes to industry standards and guidelines will be reviewed on no less than an annual basis commencing on the Effective Date of this Amended Interconnection Agreement. This review will consider standards and guidelines that have reached final closure as

well as those published in final form. Both parties agree to evaluate evolving standards and mutually determine the relevant modification to be implemented based upon the latest approved version adopted or the latest version reflecting final closure by the relevant (ATIS) committee or subcommittee. The parties will use reasonable effort to reach closure upon the necessary changes within no more than three months of initiating each review and to implement the changes within nine months or earlier, if reasonably possible, unless there is mutual agreement to a different implementation schedule.

- 20.7.2 In the course of establishing operational ready system interfaces between U S WEST and DTI to support Local Service delivery, DTI and U S WEST may need to define and implement system interface specifications that are supplemental to existing standards. Where mutually agreed to, DTI and U S WEST will submit such specifications to the appropriate standards committee and will work towards its acceptance as a standard.

20.8 Scheduled Availability

- 20.8.1 DTI and U S WEST agree to define an operational/production readiness target date of [TBD] for the delivery of all systems interfaces described within this document, with the mutual understanding that (1) product delivery content is dependent on requirements definition and the time required to develop to these requirements and (2) operational readiness is dependent upon satisfactory test results for the transaction volumes projected by DTI. DTI and U S WEST agree to work to mutually identify, prioritize and track those functions which may need to be positioned in a subsequent systems interface delivery. These functions will be jointly reviewed to define the time frame for development of subsequent releases of the system interfaces and establish mutually agreeable delivery dates.

- 20.8.2 DTI and U S WEST agree that project schedules, timelines, milestone deliverables, reporting processes, among others, will be specified in the Joint Implementation Agreement. These schedules and deliverables will be reviewed and revised as needed as part of regularly scheduled meetings conducted throughout the development/implementation cycle.

20.9 Pre-Order

- 20.9.1 The Parties agree that the exchange of pre-ordering information for resale services and for services provided using UNEs will be transmitted over the same interface.
- 20.9.2 DTI and U S WEST will establish a transaction-based electronic communications interface based upon the most current (as of the Effective Date of this Amended Interconnection Agreement) version of the Service Order Subcommittee (SOSC) implementation guideline for

Electronic Data Interchange (EDI). An exchange protocol, such as Electronic Communications-Lite (EC-Lite) will be used to transport EDI formatted content necessary to perform inquiries including but not limited to: Switch/Feature/Facility Availability, Address Verification, Telephone Number Assignment, Appointment Scheduling, and Customer Service Record requests. Without limiting other restrictions which may apply, Customer Service Records are provided for the limited purpose of supporting the resale of U S WEST local exchange services by DTI or the sale of unbundled elements on behalf of that customer. The use of records in a manner not associated with the ordering process, is expressly forbidden, and is a violation of the terms of this agreement.

20.10 Order and Provisioning

20.10.1 When DTI is the customer of record for the resold local exchange service(s), the exchange of information relating to the ordering and provisioning of local exchange service will be based upon the American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 Standards as documented by the SOSC of the Telecommunications Industry Forum/Electronic Data Interchange (TCIF/EDI) committee. The Implementation Guidelines for Electronic Data Interchange EDI Guidelines Customer Services Issue 7 will be used as a baseline for implementation despite the fact that this document may not have reached final approval stage by the Effective Date of this Amended Interconnection Agreement. An exchange protocol, such as EC-Lite will be used to transport EDI formatted content. The information exchange will be forms-based, using Local Service Request (LSR) Form, End User Information Form, and the Resale Service Form developed by the OBF as specified in the August 1996 version of the OBF forms in Bellcore SR STS-4710XX, and for Directory Listings, included with a local service request, as specified in SR STS-471102.

20.10.2 The customer specific UNE order will be based upon OBF LSR forms. The applicable SOSC implementation guidelines described previously also apply to the Customer Specific Provisioning UNE orders. U S WEST and DTI agree that the information exchange will be forms-based using the Local Service Request Form, End User Information Form, Loop Service Form (which may ultimately be renamed the Loop Element form) and Port Form (which may ultimately be renamed the Switch Element Form) developed by the OBF. Customer-specific elements, or combinations thereof, to be supported in UNE orders shall be as permitted in the applicable Amended Interconnection Agreement for unbundled elements and subject to FCC and state regulatory requirements.

20.10.3 Subject to regulatory direction or mutual agreement relative to the requirement of providing combinations of UNE components, DTI and U S WEST will establish a method to relate, track and process as a single entity the individual U S WEST provided customer specific UNE

components specified at the time of the initial order.

- 20.10.4 DTI and U S WEST will use the same transaction based protocol, such as EC-Lite, and transport network specified for service resale for customer specific UNE orders.

- 20.10.5 The ordering of common use UNEs, as may be permitted under the Amended Interconnection Agreement for unbundled elements and subject to FCC and state regulatory requirements, will be supported by a process separate from that described in the preceding paragraphs for customer-specific UNEs. Unless U S WEST is otherwise required to provide equivalent, non-discriminatory treatment to DTI, this process will not employ the electronic interfaces specified in this Amended Interconnection Agreement, unless modified by separate agreement. U S WEST will support, if and to the extent required by law, this Amended Interconnection Agreement or mutually agreed to, interconnection and operation of customer specific UNEs used in combination with common use UNEs. The systems and ordering process as outlined herein is separate and apart from the Bona Fide Request Process agreed to by the parties. The Joint Implementation Agreement will address the details related to defining a mechanism to correlate customer-specific UNE orders placed via system interfaces with Common Use UNEs that may have been previously ordered.

- 20.10.6 U S WEST will accept an 860 transaction that contains the complete refresh of the previously provided order information (under the original 850 transaction) simultaneously with the delivery of supplemental (new/revised) information from DTI, subject to mutually agreed upon business rules. This treatment with respect to the 860 transaction will be accepted by both parties until the SOSC explicitly clarifies the information exchanges associated with supplementing orders, or DTI and U S WEST mutually agree to change the treatment.

20.11 Maintenance and Repair

- 20.11.1 The exchange of maintenance and repair information, for both U S WEST retail local exchange services to be resold by DTI and for services DTI provides using a U S WEST UNE or combinations of U S WEST UNEs, will be transmitted over the same interface.

- 20.11.2 For the purpose of exchanging fault management information, DTI and U S WEST will establish an electronic bonding interface, based upon ANSI standards T1.227-1995 and T1.228-1995, and Electronic Communication Implementation Committee (ECIC) Trouble Report Format Definition (TRFD) Number 1 as defined in ECIC document ECIC/TRA/95-003, and all standards referenced within those documents. The Parties will use the functions currently implemented for reporting access circuit troubles. These functions include, but are not limited to: Enter Trouble, Request Trouble Report Status, Add Trouble Information,

Modify Trouble Report Attributes, Trouble Report Attribute Value Change (AVC) Notification and Cancel Trouble Report, all of which are fully explained in ANSI T1.227/T1.228-1995. Additional functions not currently implemented by the parties or defined by the standards may be supported by mutual agreement (e.g. Test Access and Trouble History).

- 20.11.3 Modifications that are required due to the absence of, or existence of unnecessary data fields, contents, or formats will be addressed in the Joint Implementation Agreement.

20.12 Recorded Customer Usage

- 20.12.1 U S WEST will record the mutually agreed upon customer usage data that DTI requires for its retail local service customers. The content of such data will be based upon a mutually agreeable interpretation of the BellCore Exchange Message Record (EMR) format to be documented within the JIA. U S WEST will provide electronic transmission of the recorded data using CONNECT: Direct daily on Monday through Friday on a schedule to be determined in the Joint Implementation Agreement (excluding holidays). This interface and format will be used to deliver recorded usage when DTI is reselling retail local exchange services of U S WEST and when usage is associated with customers served by DTI through one or more UNEs provided by U S WEST. DTI and U S WEST will mutually agree upon the conditions when customer usage data recording will be provided on behalf of DTI.

20.13 Billing Format for Service Resale (SR) and Unbundled Network Elements (UNE) Payables

- 20.13.1 Billing information for unbundled loop and port elements that are flat rated will be provided in a single EDI 811 format across all U S WEST regions via Connect:Direct. Billing information for unbundled trunks/interoffice transport elements that are flat rated will be provided in a BOS format via Connect:Direct and will appear in the Customer Service Record of the facility bill. Billing information for SR products and services that are flat rated will be provided in a single EDI 811 format across all U S WEST regions via Connect:Direct. Exceptions include, but are not limited to, frame relay which will be provided in a BOS format via Connect:Direct. The display of rating codes and the associated charge will be mutually agreed upon in both formats. Charges associated with a specific loop will reflect the circuit ID format.

- 20.13.2 For usage-rated billing, U S WEST will issue bills to DTI for SR/UNE in the formats described under the flat-rated SR/UNE billing section. Usage rated billing for SR/UNE will be uniquely identified and displayed in the Usage Sections of the bill. For products using BOS format, jurisdiction will be specified per BOS guidelines. Conversation time, by chargeable traffic type, will be displayed and billed per applicable tariffs. Delivery of usage rated SR/UNE bills will be provided as

described under the flat-rated SR/UNE billing section.

- 20.13.3 UNEs which U S WEST agrees to provide, under the terms and conditions of the Amended Interconnection Agreement or to the extent required by law, that are recombined as a single service, will be grouped together by U S WEST and displayed together on the bill.

20.14 Recorded UNE Local or Access Usage Receivables

- 20.14.1 U S WEST will record all agreed upon originating and terminating usage billed to and associated with a UNE provided by U S WEST to DTI. The usage recorded will be in the same BellCore Exchange Message Record format discussed within Section 20.12 and will be subject to the same terms and conditions for modification and/or replacement of the format as discussed in Section 20.12.

- 20.14.2 DTI and U S WEST will mutually agree upon the Local and Long Distance access customer usage data recording that U S WEST will provide to DTI consistent with FCC and State regulatory guidelines and requirements, so that DTI may bill other carriers for the local and exchange access usage charges to which DTI is entitled, if any. DTI and U S WEST will perform mutually agreeable systems testing, as documented in the Joint Implementation Agreement (Section 20.18), in advance of the [TBD] target delivery date for interfaces.

- 20.14.3 U S WEST will provide electronic transmission of the recorded usage using Connect:Direct daily on Monday through Friday on a schedule to be determined in the Joint Implementation Agreement (excluding holidays). The same or similar interface used for delivery of Recorded Customer Usage, discussed in Section 20.12, will be used for delivery of the recorded usage discussed in this section.

20.15 Local Account Maintenance

- 20.15.1 When acting as the switch provider for DTI, where DTI either is reselling retail services of U S WEST or employing UNEs to provide local service, U S WEST will notify DTI whenever the local service customer transfers service from DTI to another local service provider. U S WEST will provide this notification via CONNECT: Direct using a mutually agreeable 4 digit Local Use Transaction Code Status Indicator (TCSI) that will be used to indicate that the retail customer is terminating local service with DTI. This notice will be provided on the next processing day after implementing the transfer, where processing days are Monday through Friday (excluding holidays). The TCSI, sent by U S WEST, will be in the 960 byte industry standard CARE record format.

- 20.15.2 DTI and U S WEST will process account changes that affect only the pre-subscribed intraLATA and/or interLATA toll provider (PIC) via a Records Change service order form using the same EC-Lite transaction

based protocol and transport network employed for ordering resale service as specified in Section 20.5.1.

20.15.3 When appropriate regulatory guidelines exist, the mechanism U S WEST will use to reject an interexchange carrier initiated change of the Primary Interexchange Carrier (PIC), where U S WEST is the switch provider either for the retail local services of U S WEST that DTI resells or UNEs of U S WEST that DTI employs in providing service, will be the industry standard CARE message TCSI 3148.

20.15.4 Agreement by U S WEST and DTI to the Local Account Maintenance described above does not, in any way, set a precedence or remove any obligation for U S WEST and DTI to work towards an industry solution for supporting customer movement between and among other ILECs and CLECs

20.16 Directory Assistance Database

20.16.1 DTI and U S WEST will use a batch protocol and transport network to exchange Directory Assistance Database information similar to existing U S WEST listings products (i.e., DA F20 List, DA F20 Updates). The specific protocol and transport network to be used has not been determined or mutually agreed to and will be specified in the JIA.

20.16.2 Without limiting other restrictions which may apply, directory service listing products are provided for the limited purpose of supporting provision of services as outlined in the Amended Interconnection Agreement. The use of listings in a manner not associated with this use, is expressly forbidden, and is a violation of the terms of the Amended Interconnection Agreement.

20.17 Testing and Acceptance

20.17.1 DTI and U S WEST agree that no interface will be represented as either generally available as to DTI or as operational as to DTI until end-to-end integrity and load testing, as agreed to in the Joint Implementation Agreement (Section 20.18.), or other mutually acceptable documentation is completed to the satisfaction of both parties. The intent of the end-to-end integrity testing is to establish, through the submission and processing of test cases, that transactions agreed to by DTI and U S WEST will successfully process, in a timely and accurate manner, through both parties' supporting OSS as well as the interfaces. Irreconcilable differences regarding the interpretation of operational status of the interfaces will be handled through the Dispute Resolution Process to be defined in the Amended Interconnection Agreement approved by the applicable state commission.

20.17.2 An interoperability testing suite shall ensure the implementation of functions, capabilities, and acceptance criteria enumerated in the JIA,

with both parties agreeing to resolve any material defects in the software.

20.17.3 The test process shall include a series of tests in which the transactions, representative of the predominant business transactions associated with local customer servicing, are performed side-by-side using the mediated access gateway interface to U S WEST Legacy systems and the Legacy system interface utilized by U S WEST service representatives and repair attendants. The purpose of this series of tests will be to verify that the performance and response times visible to a user of the mediated access gateway for nominal and worst case scenarios are at statistical parity with those seen by a user of the Legacy systems directly.

20.17.4 U S WEST does not warrant that its systems and access to those systems will be error-free.

20.17.5 Products and services already billed via the Integrated Access Billing System (IABS) will be included in the existing pre-bill certification process for general availability and a re-certification process conducted in accordance with current practices. For products and services billed outside of IABS, the parties will work towards establishing a mutually agreed upon pre-bill certification process.

20.17.6 DTI and U S WEST agree that metrics are required in order to monitor the performance and assure the on-going delivery of non-discriminatory access to U S WEST systems for Pre-Order/Ordering/Provisioning, Maintenance/Repair, Billing, and Directory Assistance databases. A performance measurement plan that addresses the definition, measurement, and review of quality, timeliness, accuracy and availability of each interface and associated transactions or files will be jointly developed and documented within the JIA for each interface.

20.17.7 DTI and U S WEST agree to periodic status meetings to review the overall progress toward achieving fully operational interfaces by the target date of [TBD]. The results of testing are considered confidential information, as it relates to the disclosure of confidential information described in the Amended Interconnection Agreement.

20.18 Joint Implementation Agreement Development

20.18.1 DTI and U S WEST recognize that the preceding provisions are not sufficient to fully resolve all, technical and operational details related to the interfaces described. Therefore, DTI and U S WEST agree to document the additional, technical and operational details in the form of a Joint Implementation Agreement (JIA). The purpose of the JIA is to establish the working details of the systems interfaces between the two parties, and as such, they will not be submitted to the state commissions for approval as amendments to the Amended Interconnection Agreement, except that they will be submitted in Minnesota. These JIA may be

modified, by mutual agreement, over the life of the interconnection agreement without subjecting the balance of the interconnection agreement to renegotiation or modification.

20.18.2 Both parties further agree that any technical, operational or implementation issues directly associated with the systems interfaces, once identified at the working team level, may be escalated by the initiative of either party thirty (30) days after an issue is identified. The escalation will proceed first to the senior management of both companies who will seek to resolve the issue. Within 14 days of acceptance of this Amended Interconnection Agreement, DTI and U S WEST will document the agreed upon escalation process including the names and contact information of responsible senior management. If an issue is not resolved within thirty days following receipt of the issue by senior management, either party may submit the issue to the Alternative Dispute resolution process contained in the Amended Interconnection Agreement approved by the applicable state commission.

20.18.3 DTI and U S WEST will document an overall project implementation schedule within 60 days of signing this Amended Interconnection Agreement. This schedule will be mutually binding and can be modified by mutual consent. The parties will each identify an implementation team with members necessary to complete the plan.

20.18.4 In addition, DTI and U S WEST agree to document both a topical outline for the JIA, and establish a schedule for identifying, discussing, resolving and documenting resolution of issues related to each aspect of the JIA topical outline for each interface discussed in this document. In no case will either end to end integrity testing or load testing begin without both parties mutually agreeing that each interface JIA documents the intended operation of the interface scheduled for testing. In the event the parties can not so agree, within 120 days of the target date for Operational Readiness, disputes over the sufficiency of documentation will be submitted to arbitration pursuant to the Alternative Dispute Resolution process contained in the Amended Interconnection Agreement.

20.18.5 By mutual agreement, specific paragraphs or entire sections of the Amended Interconnection Agreement may be identified and documented to serve the purpose described for the Joint Implementation Agreement for specific interfaces. Any issues identified and subsequently resolved through either the end-to-end integrity or load testing processes will be incorporated into the impacted interface section of the JIA within 30 days of issue resolution.

20.18.6 An illustrative outline for a JIA follows:

- 20.18.6.1 Introduction
- 20.18.6.2 Purpose of Joint Implementation Agreement

- 20.18.6.3 Terms of Amended Interconnection Agreement
- 20.18.6.4 "System" Interface
 - 20.18.6.4.1 Business Process and Data requirements
 - 20.18.6.4.2 Overall Responsibilities
 - 20.18.6.4.3 Identification & Definitions of Activities
- 20.18.6.5 Information To Be Provided Per Transaction
- 20.18.6.6 Process Information for Each Activity & Transaction
- 20.18.7 Delivery Criteria
 - 20.18.7.1 Data Standard
 - 20.18.7.2 Message Protocol
 - 20.18.7.3 Transmission Protocol
 - 20.18.7.4 Destination
 - 20.18.7.5 Frequency Of Data
 - 20.18.7.6 Deviations to Generic Specification
 - 20.18.7.7 Error Processing
 - 20.18.7.8 Process for Notification of Late Transmittals
 - 20.18.7.9 Escalation & Expedite Procedures
 - 20.18.7.10 Transaction Response Times
 - 20.18.7.11 File Format Specifications
 - 20.18.7.12 Rules for the Physical Interface
- 20.18.8 File Structure
 - 20.18.8.1 Data Format
 - 20.18.8.2 Error Controls
 - 20.18.8.3 Physical Tape Specifications
 - 20.18.8.4 Site Information
 - 20.18.8.5 Contact Person
 - 20.18.8.6 Transmission Hours
- 20.18.9 Testing
 - 20.18.9.1 Cooperative Testing
 - 20.18.9.2 Pairwise Testing
 - 20.18.9.3 ETE Testing
 - 20.18.9.4 Test Order ETE (Employees)
 - 20.18.9.5 Future Testing Requirements
- 20.18.10 Interface Metrics
 - 20.18.10.1 Data Timeliness
 - 20.18.10.2 Data Completeness
 - 20.18.10.3 Data Accuracy
- 20.18.11 Contact Information
 - 20.18.11.1 Contacts/Escalation Contacts
 - 20.18.11.2 Schedules for Center Operations (days/hours of Operation)
- 20.18.12 Data Requirements
 - 20.18.12.1 Retention of Data

- 20.18.12.2 Back-up and Recovery Procedures
- 20.18.12.3 Disaster Recovery
- 20.18.12.4 System Change Notification
- 20.18.12.5 Guarding of Proprietary Data
- 20.18.13 Reporting Information
 - 20.18.13.1 Reports to be Generated
 - 20.18.13.2 Frequency
 - 20.18.13.3 Data Requirements
 - 20.18.13.4 Transmission
- 20.18.14 Change Control Process
- 20.18.15 Issue Resolution Process
- 20.18.16 Termination of Interface Notification

21. NOTICE OF CHANGES

- 21.1 If a Party makes a change in its network which it believes will materially affect the inter-operability of its network with the other Party, the Party making the change shall provide advance notice of such change to the other Party in accordance with the applicable FCC regulations.
- 21.2 U S WEST must provide notification of any pending tandem moves, NPA splits, or scheduled maintenance outages in advance, providing enough time for DTI to react.

22. REFERRAL ANNOUNCEMENT

When an end user customer changes from U S WEST, DTI, or from DTI to U S WEST, and does not retain their original telephone number, the Party formerly providing service to the end user will provide a transfer of service announcement on the abandoned telephone number. Each Party will provide this referral service free for the initial period as specified in the tariffs, but not less than 90 days. This announcement will provide details on the new number that must be dialed to reach this customer. In those cases where referral announcements are not requested, the disconnected number will be connected to a recorded intercept announcement.

23. COORDINATED REPAIR CALLS

- 23.1 U S WEST will utilize 7 digit or 800 number access to business office and repair centers so that DTI customers have dialing parity to similar U S WEST centers. U S WEST shall provide DTI with at least the same intervals and level of service provided by U S WEST to itself or another party at any given time to ensure parity in treatment.

- 23.2 U S WEST will investigate the use of Voice Response Units (VRU) or similar technologies or intercept solutions to refer/transfer calls from DTI customers to DTI for proper customer service action.
- 23.3 U S WEST and DTI shall develop a mutually agreeable process for the management of misdirected service calls. DTI and U S WEST will employ the following procedures for handling misdirected repair calls:
- 23.3.1 DTI and U S WEST will provide their respective customers with the name of their provider and the correct telephone numbers to call for access to their respective repair bureaus.
 - 23.3.2 Customers of DTI shall be instructed to report all cases of trouble to DTI. Customers of U S WEST shall be instructed to report all cases of trouble to U S WEST.
 - 23.3.3 To the extent the correct provider can be determined, misdirected repair calls will be referred to the proper provider of Basic Exchange Telecommunications Service.
 - 23.3.4 DTI and U S WEST will provide their respective repair contact numbers to one another on a reciprocal basis.
 - 23.3.5 In responding to repair calls, neither Party shall make disparaging remarks about each other, nor shall they use these repair calls as the basis for internal referrals or to solicit customers to market services. Either Party may respond with accurate information in answering customer questions.

24. BONA FIDE REQUEST PROCESS

- 24.1 Any request for interconnection or access to an Unbundled Network Element] that is not already available as described herein shall be treated as a Bona Fide Request (BFR). Pursuant to Section 24.2 following, U S WEST shall use the BFR Process to determine the terms and timetable for providing the requested items, where applicable.
- 24.2 A qualifying BFR must address the following:
- 24.2.1 If the requested unbundled Network Element is a proprietary element as specified in Section 251(d)(2) of the Act, DTI must submit documentation that demonstrates that access to such Network Element is necessary; that the failure to provide access to such Network Element would impair the ability of DTI to provide the services that it seeks to offer; and that DTI's ability to compete would be significantly impaired or thwarted without access to such requested proprietary element.

- 24.2.2 For non-proprietary elements as specified in Section 251(d)(2) of the Act, DTI must submit documentation that demonstrates that denial of access to such unbundled non-proprietary Network Elements would decrease the quality or increase the cost of the service sought to be offered by DTI.
- 24.2.3 For a request for interconnection pursuant to Section 7.1.3 above, DTI must submit documentation that demonstrates that the requested interconnection is technically feasible.
- 24.3 A BFR shall be submitted in writing and shall, at a minimum, include:
- 24.3.1 a technical description of each requested Network Element or interconnection;
 - 24.3.2 the desired interface specification;
 - 24.3.3 each requested type of interconnection or access;
 - 24.3.4 a statement that the interconnection or Network Element will be used to provide a telecommunications service;
 - 24.3.5 the quantity requested; and
 - 24.3.6 the specific location requested.
- 24.4 Within 15 business days of its receipt, U S WEST shall acknowledge receipt of the BFR and in such acknowledgment advise DTI of any missing information, if any, necessary to process the BFR. Thereafter, U S WEST shall promptly advise DTI of the need for any additional information that will facilitate the analysis of the BFR.
- 24.5 Within 30 calendar days of its receipt of the BFR and all information necessary to process it, U S WEST shall provide to DTI a preliminary analysis of the BFR. The preliminary analysis shall specify: U S WEST's conclusions as to whether or not the requested interconnection or access to an unbundled Network Element complies with the unbundling requirements pursuant to Sections 24.2 and 24.3 above.
- 24.5.1 U S WEST determines during the 30 day period that a BFR does not qualify as a Network Element of interconnection that is required to be provided pursuant to Section 24.2, U S WEST shall advise DTI as soon as reasonably possible of that fact, and U S WEST shall promptly, but in no case later than ten days after making such a determination, provide a written report setting forth the basis for its conclusion.
- 24.5.2 U S WEST determines during the thirty day period that the BFR qualifies pursuant to Section 24.2, it shall notify DTI in writing of such determination within ten days.

24.5.3 As soon as feasible, but in any case within 90 days after U S WEST notifies DTI that the BFR qualifies pursuant to Section 24.2, U S WEST shall provide to DTI a BFR quote. The BFR quote will include, at a minimum, a description of each interconnection and Network Element] the quantity to be provided, any interface specifications, and the applicable rates (recurring and non-recurring) including the separately stated development costs and construction charges of the interconnection or the network elements and any minimum volume and term commitments required.

24.6 Within 30 days of its receipt of the BFR quote, DTI must either agree to purchase under those terms, cancel its BFR, or seek mediation or arbitration.

24.6.1 If DTI agrees to pay the development costs, and requests U S WEST to proceed:

24.6.1.1 U S WEST will additionally charge those development cost, on a prorated basis, as set forth below, to the next nine parties who place an initial order after DTI for the interconnection or Network Element;

24.6.1.2 As each additional party places its initial order for the interconnection or Network Element, U S WEST will refund the appropriate prorated portion of the development cost to parties who have previous paid development costs, as set forth below; and

24.6.1.3 The charges and refunds will be made using the proration chart set forth below, but this scheme of charges and refunds shall end and U S WEST shall not be obligated to make further refunds with respect to the development costs of a particular interconnection or Network Element after two years from the date when U S WEST first makes the particular interconnection or Network Element available.

24.6.1.4 Refund Table

Requester	Development Cost	Refund	Refund to
1st	100%	NA	NA
2nd	50%	50.00%	1st Party
3rd	33.33%	16.67%	1st & 2nd
4th	25%	8.33%	1st - 3rd
5th	20%	5.00%	1st - 4th
6th	16.67%	3.33%	1st - 5th
7th	14.29%	2.38%	1st - 6th
8th	12.50%	1.79%	1st - 7th
9th	11.11%	1.39%	1st - 8th
10th	10%	1.11%	1st - 9th

No Further Refunds

- 24.7 If DTI has agreed to the terms of the BFR minimum volume and term commitments under the preceding paragraph, DTI may cancel the BFR or volume and term commitment at any time, but in the event of such cancellation DTI will pay U S WEST's reasonable development costs incurred in providing the interconnection or network element, to the extent that those development costs are not otherwise amortized.
- 24.8 If either Party believes that the other Party is not requesting, negotiating or processing any BFR in good faith, or disputes a determination, or quoted price or cost, it may seek dispute resolution under Section 36.29 of this Amended Interconnection Agreement.
- 24.9 DTI is not required to use this Section as the exclusive method of seeking access to interconnection or Network Elements.

25. AUDIT PROCESS

- 25.1 "Audit" shall mean the review of:
- 25.1.1 data used in the billing process (including usage data) for services performed and facilities provided under this Amended Interconnection Agreement; and
 - 25.1.2 data relevant to pre-ordering, ordering, provisioning and maintenance for services performed or facilities provided by either of the Parties for itself or others that are similar to the services performed or facilities provided under this Amended Interconnection Agreement for interconnection, resale or access to unbundled elements.
 - 25.1.3 The extent of review shall be determined on a case by case basis depending on business needs.
- 25.2 The data referred to in subsection 25.1.2 above, shall be relevant to any performance standards that are adopted in connection with this Amended Interconnection Agreement, through negotiation, arbitration or otherwise.
- 25.3 This Audit shall take place under the following conditions:
- 25.3.1 Either Party may request to perform an Audit.
 - 25.3.2 The Audit shall occur upon 30 business days written notice by the requesting Party to the non-requesting Party.
 - 25.3.3 The Audit shall occur during normal business hours.
 - 25.3.4 There shall be no more than one Audit per identified area of operation - requested by each Party under this Amended Interconnection

Agreement in any 12-month period or as mutually agreed to by the parties. Should the auditing party find an aggregate variance of greater than 1% of the total annual billed amount, the auditing party may perform an additional audit in the same 12 month period to verify resolution of the issue.

- 25.3.5 The requesting Party may review the pertinent information contained in the non-requesting Party's records, books, documents and processes, relevant to the audit.
- 25.3.6 The location of the Audit shall be the location where the requested records, books and documents are retained in the normal course of business.
- 25.3.7 All transactions under this Amended Interconnection Agreement which are over 24 months old are no longer subject to specific Audit unless otherwise agreed to by the parties. However, should a problem be discovered during the course of an audit that is older than 24 months, the auditing party shall have the right to review the problem back to its origin subject to state regulation or law.
- 25.3.8 Each Party shall bear its own expenses occasioned by the Audit, provided that the expense of any special data collection shall be borne by the requesting Party.
- 25.3.9 The Party requesting the Audit may request that an Audit be conducted by a mutually agreed-to independent auditor. Under this circumstance, the costs of the independent auditor shall be paid for by the Party requesting the Audit.
- 25.3.10 In the event that the non-requesting Party requests that the Audit be performed by an independent auditor, the Parties shall mutually agree to the selection of the independent auditor. Under this circumstance, the costs of the independent auditor shall be shared equally by the Parties.
- 25.3.11 The Parties agree that if an Audit discloses error(s), the Party responsible for the error(s) shall, in a timely manner, undertake corrective action for such error(s). The parties will develop a mutually agreeable corrective action plan including a schedule for completion.
- 25.4 All information received or reviewed by the requesting Party or the independent auditor in connection with the Audit is to be considered Proprietary Information as defined by this Amended Interconnection Agreement. The non-requesting Party reserves the right to require any non-employee who is involved directly or indirectly in any Audit or the resolution of its findings as described above to execute a nondisclosure agreement satisfactory to the non-requesting Party. To the extent an Audit involves access to information of other competitors, DTI and U S WEST will aggregate such competitors' data before release to the other

Party, to insure the protection of the proprietary nature of information of other competitors.

26. AUDIOTEXT AND MASS ANNOUNCEMENT SERVICES

- 26.1 The Parties agree that access to the audiotext, mass announcement and information services of each Party shall be made available to the other Party upon execution of an agreement defining terms for billing and compensation of such calls. Services included in this category include 976 calls, whether flat rated or usage sensitive, intraLATA 900 services and other intraLATA 976-like services. Such calls will be routed over the Local Interconnection Trunks.
- 26.2 DTI and U S WEST will work together in good faith to negotiate and execute the agreement for billing and compensation for these services within 90 days of the execution of this Amended Interconnection Agreement. The Parties agree that their separate agreement on audiotext and mass announcement services will include details concerning the creation, exchange and rating of records, all of which will occur without any explicit charge between the Parties, as well as a process for the handling of uncollectibles so that the company that has the relationship with the Information Provider has responsibility for uncollectibles.
- 26.3 Until such time that DTI has the capability to bill 900 type calls, DTI may choose to block such calls, or DTI will provide at no charge Billing Name and Address of the of the Originating caller to the Information Provider or its billing agent.

27. LOCAL INTERCONNECTION DATA EXCHANGE FOR BILLING

- 27.1 There are certain types of Resale or Unbundled Network Element configured calls or types of interconnection that require exchange of billing records between the Parties, including, for example, alternate billed and Toll Free Service calls. The Parties agree that all call types must be routed between the networks, accounted for, and settled among the parties. Certain calls will be handled via the Parties' respective operator service platforms. The Parties agree to utilize, where possible, and appropriate, existing accounting and settlement systems to bill, exchange records and settle revenue, including, but not limited to, return feeds as necessary.
- 27.2 The exchange of billing records for alternate billed calls (e.g., calling card, bill to third number, and collect) will be distributed through the existing CMDS processes, unless otherwise separately agreed to by the Parties.
- 27.3 Inter-Company Settlements ("ICS") revenues will be settled through the Calling Card and Third Number Settlement System ("CATS"). Each Party will provide for its own arrangements for participation in the CATS processes, through direct participation or a hosting arrangement with a direct participant.

27.4 Non-ICS revenue is defined as collect calls, calling card calls, and billed to third number calls which originate on one service provider's network and terminate on another service provider's network in the same Local Access Transport Area ("LATA"). The Parties agree to negotiate and execute an Agreement within 30 days of the execution of this Agreement for settlement of non-ICS revenue. This separate arrangement is necessary since existing CATS processes do not permit the use of CATS for non-ICS revenue. Existing settlement processes will be used to transport and settle call records for this traffic.

27.4.1 Access to in and out-collect process for intra-region alternately billed messages via the appropriate BellCore Client Company will be provided as available to other connecting local exchange carriers.

27.4.2 Long term, the Parties will utilize a neutral third party for in and out-collect processing for inter and intra-region alternately billed messages.

27.5 Both Parties will provide the appropriate call records to the intraLATA Toll Free Service Provider, thus permitting the Service Provider to bill its subscribers for the inbound Toll Free Service.

27.6 Both parties will return unbillable or misdirected messages for credit to the Originating party via normal data exchange processes. Further adjustments, such as, uncollectibles and the data elements to be included with the returned message detail will be determined jointly by the parties.

27.7 Out-collects

Provided DTI pays U S WEST for Operator Services for Out-collect-type calls, U S WEST will provide to DTI the unrated message detail that originates from an DTI subscriber line but which is billed to a telephone number other than the originating number (e.g., calling card, bill-to-third number, etc.). U S WEST will transmit such data to DTI on daily basis. DTI as the LSP will be deemed the earning company and will be responsible for rating the message at DTI tariffed rates and DTI will be responsible for providing the billing message detail to the billing company for end-user billing. DTI will pay to U S WEST charges as agreed to under separate agreement and DTI will be compensated by the billing company for the revenue it is due as agreed to under separate agreement. DTI agrees to use the BFR process to implement the modifications necessary to U S WEST's billing systems to implement this section.

28. SIGNALING ACCESS TO CALL-RELATED DATABASES

- 28.1 When DTI is purchasing local switching from USWEST, USWEST will provide access via the STP to call related databases used in AIN services. The Parties agree to work in the industry to define the mediated access mechanisms for SCP access. Access to the U S WEST SMS will be provided to DTI to create, modify, or update information (including the creation of new AIN triggers) in the call related databases, equivalent to the U S WEST access.
- 28.2 U S WEST will offer unbundled signaling via LIS-Common Channel Signaling Capability (CCSAC). CCSAC service utilizes the SS7 network and provides access to call-related databases that reside at U S WEST's SCPS, such as the Line Information Database (LIDB) and the 800 Database. The access to U S WEST's SCPS will be mediated via the STP Port in order to assure network reliability.
- 28.3 CCSAC includes:
- 28.3.1 Entrance Facility - This element connects DTI's signaling point of interface with the U S WEST serving wire center (SWC). DTI may purchase this element or it may self-provision the entrance facility. If the entrance facility is self-provisioned, DTI would need to purchase collocation and an expanded interconnection channel termination.
 - 28.3.2 Direct Link Transport (DLT) - This element connects the SWC to the U S WEST STP. DTI may purchase this element or self-provision transport directly to the STP. If DTI provides the link to the STP, it must purchase collocation and an expanded interconnection channel termination at the STP location.
 - 28.3.3 STP Port - This element provides the switching function at the STP. One STP Port is required for each DLT Link. The Port provides access to the Service Control Point (SCP).
- 28.4 Access to Advanced Intelligent Network (AIN) functions is available only through the STP.
- 28.5 U S WEST will provide access to Service Management Systems (SMS) through its off-line Service Creation Environment (SCE) on an equivalent basis as U S WEST provides to itself to allow DTI to create, modify, or update information in call related databases. Currently, the SCE process is predominantly manual.
- 28.6 The pricing for CCSAC service is provided in Section 5.1.
- 28.6.1 All appropriate industry standards for signaling inter-operability will be followed. When available for its own use, U S WEST shall also provide all defined and supported optional parameters.

- 28.6.2 Carriers shall have the option for Multi-frequency ("MF") signaling, but only when either party does not have the technical capacity to provide SS7 facilities.
- 28.6.3 To the extent available, in its network, U S WEST shall provide SS7 call set-up signaling protocol, at no charge. DTI presumes there is no incremental recurring costs associated with this request and believes no charges are appropriate. If after performing a state Commission approved cost study, incremental cost are identified, DTI will pay those costs for delivery of this information to DTI. If chargeable, DTI will likewise perform a cost study to identify this costs when it provides this information to U S WEST and shall charge U S WEST in a similar manner. At the option of DTI, U S WEST must provide SS7 functionality via GR-394 SS7 format and/or GR-317 SS7 format and GR-444 format for ISDN where ISDN capability is available.
- 28.6.4 Where available, U S WEST must support intercompany 64 KBPS clear channel for "D" links.
- 28.6.5 Carriers will cooperate in the exchange of TCAP messages to facilitate full inter-operability of SS7 - based features between their representative networks, including all CLASS features and functions, to the extent each carrier offers such features and functions to its own end-users.
- 28.6.6 Inter-network connection and protocol must be based on industry standards developed through a competitively neutral process, consistent with Sec. 256 of the Federal Telecommunications Act of 1996, open to all companies for participation. All carriers must adhere to the standard.
- 28.6.7 The standards and U S WEST developed requirements/ specifications for the U S WEST network-user interface must be compatible between U S WEST and DTI. Specifically, U S WEST shall not develop products and services with proprietary network interfaces that inhibit or restrict the ability of DTI to utilize the product or service in the provisioning of DTI services. This is not intended to limit U S WEST's ability to develop new proprietary services which would not impact DTI's current provisioning of services (e.g., voice dialing, voice messaging).
- 28.7 SS7 signaling links and STP access must be provided.
- 28.8 SS7 functionality for signaling within U S WEST company network and to any network with which the U S WEST company is connected must be provided.
- 28.9 All call-related databases must be unbundled and available for query by DTI including LIDB, Toll Free Calling and Number Portability through physical access at the U S WEST STP related to the database.

- 28.10 Access to AIN databases will be available for access through a U S WEST STP by DTI through either purchase of the U S WEST local switching element or through the SS7 connection with DTI's switch.
- 28.11 U S WEST STPs shall maintain global title translations necessary to direct AIN queries for select global title address and translation type values to the DTI SS7 network.

29. INTERCONNECTION TO LINE INFORMATION DATA BASE (LIDB)

29.1 Description of Line Information Data Base (LIDB).

Line Information Data Base (LIDB) stores various line numbers and Special Billing Number (SBN) data used by, among other things, operator services systems to process and bill calls and provision of caller ID name. The operator services system accesses LIDB data to provide origination line (calling number), billing number and termination line (called number) management functions. LIDB is used for calling card validation, fraud verification, preferred IC association with the calling card, billing or service restrictions and the sub-account information to be included on the call's billing record.

29.2 Interfaces.

29.2.1 Bellcore's GR-446-CORE defines the interface between the administration system and LIDB including specific message formats. (Bellcore's TR-NWP-000029, Section 10).

29.3 LIDB Access.

29.3.1 All LIDB queries and responses from operator services systems and end offices are transmitted over a CCS network using a Signaling System 7 (SS7) protocol (TR-NWT-000246, Bell Communications Research Specification of Signaling System 7).

29.3.2 All LIDB queries and responses from the Public Packet Switched Network (PPSN) nodes are transmitted over one or more PPSN as TRTSY000301 describes. The application data needed for processing LIDB data are formatted as TCAP messages. TCAP messages may be carried as an application level protocol network using SS7 protocols for basic message transport.

29.3.3 The SCP node provides all protocol and interface support. U S WEST SS7 connections will be required to meet Bellcore's GR905, TR954 and U S WEST's Technical Publication 77342 specifications.

29.3.4 U S WEST will allow DTI to store any customer line or Special Billing number in the U S WEST LIDB database. DTI will submit LIDB updates through the exchange carrier service center and the LSS service

bureau. These two centers enter information into U S WEST's service order process interface system, SOPI.

- 29.3.5 U S WEST's will allow LIDB access to non-U S WEST companies through regional STPS.
- 29.3.6 All additions, updates and deletions of DTI data to the LIDB shall be solely at the direction of DTI.
- 29.3.7 Normal requests for LIDB updates will be processed on the same basis as U S WEST provides to itself, its affiliates or others but, DTI may request of U S WEST priority updates to DTI LIDB data upon demonstration of critical need (e.g., to support fraud protection, deny/restore, etc.).
- 29.3.8 Until U S WEST develops mediated access to LIDB, U S WEST shall provide DTI, upon request, direct verification of the accuracy of DTI data in LIDB through screen print reports of specific numbers in question or statistical sampling of the entire universe of numbers. DTI shall be responsible for the reasonable and appropriate costs of DTI requested reports.
- 29.3.9 U S WEST shall perform backup and recovery of all of DTI's data in LIDB on the same basis as it provides itself.

29.4 Toll Free Number Database

- 29.4.1 The Toll Free Number Database is a SCP that provides functionality necessary for toll free (e.g., 800 and 888) number services by providing routing information and additional so-called vertical features during call set-up in response to queries from SSPs.
- 29.4.2 U S WEST shall make the U S WEST Toll Free Number Database available for DTI to query from DTI's designated switch (which includes U S WEST's Local Switching when purchased by DTI as a Network Element) with a toll-free number and originating information.
- 29.4.3 The Toll Free Number Database shall return carrier identification and, where applicable, the queried toll free number, translated numbers and instructions as it would in response to a query from a U S WEST switch.
- 29.4.4 The signaling interface between the DTI or other local switch and the Toll-Free Number database shall use the TCAP protocol.

30. SPECIAL CONSTRUCTION CHARGES

- 30.1 All rates, charges and initial service periods specified in this Amended Interconnection Agreement contemplate the provision of network interconnection services and access to Network Elements where available. Except for modifications to existing facilities necessary to accommodate Interconnection and access to Network Elements specifically provided for in this Amended Interconnection Agreement, U S WEST is not required to build additional or further facilities for network interconnection and access to Network Elements.
- 30.2 To the extent that U S WEST agrees to construct facilities for interconnection services, U S WEST will develop the up front costs required to be paid by DTI to provide the service. Up front costs paid by DTI will be refunded by U S WEST to DTI as additional users utilize the facilities including U S WEST itself.

30.2.1 Refund Table

Requester	Develop Cost	Refund	Refund to
1st	100%	NA	NA
2nd	50%	50.00%	1st Party
3rd	33.33%	16.67%	1st & 2nd
4th	25%	8.33%	1st - 3rd
5th	20%	5.00%	1st - 4th
6th	16.67%	3.33%	1st - 5th
7th	14.29%	2.38%	1st - 6th
8th	12.50%	1.79%	1st - 7th
9th	11.11%	1.39%	1st - 8th
10th	10%	1.11%	1st - 9th

No Further Refunds

- 30.3 All necessary construction will be undertaken at the discretion of U S WEST, consistent with budgetary responsibilities and consideration for the impact on the general body of customers.
- 30.4 A quote for DTI portion of a specific job will be provided to DTI or others requesting the construction. The quote will be in writing including the negotiated start and completion dates and will be binding for ninety (90) days after the issue date. When accepted, DTI will be billed the quoted price and construction will commence after receipt of payment. If DTI chooses not to have U S WEST construct the facilities, U S WEST reserves the right to bill DTI for the reasonable expenses incurred for producing the engineered job design.
- 30.5 In the event a construction charge is applicable, DTI service application date will become the date upon which U S WEST receives the required payment.

31. RESALE

31.1 Description

U S WEST Basic Exchange Telecommunications Service, Basic Exchange Switched Features, and intraLATA toll will be available for resale from U S WEST pursuant to the Act and will reference terms and conditions (except prices) in U S WEST tariffs, where applicable. Section 5.1 lists services which are available for resale under this Amended Interconnection Agreement and applicable discounts. The Parties agree that, at this time, certain U S WEST services are not available for resale under this Amended Interconnection Agreement. (e.g., Voice Mail, inside wire, and deregulated services).

31.2 Scope

31.2.1 U S WEST shall not discriminate against DTI or DTI customers (where the services offered under this contract require U S WEST to directly deal with DTI customers) and shall provide parity treatment (as compared to its own end-user or other carriers) to DTI and DTI customers (where the services offered under this contract require U S WEST to directly deal with DTI customers) in all regards to (by way of example and not limited to) ordering, provisioning, maintenance, call completion, pricing, numbering, restoration, directory listing, data protection (e.g., CPNI), service availability, intervals, and signaling.

31.2.2 CPNI of one party's subscribers obtained by virtue of Local Interconnection or any other service provided under this Amended Interconnection Agreement shall be proprietary information and may not be used by the other party for any purpose except performance of its obligations under this Amended Interconnection Agreement, and in connection with such performance, shall be disclosed only to employees with a need to know, unless the subscriber expressly authorizes the other party to disclose such information. The parties may not use CPNI to target customers of the other party to obtain such authorization to disclose.

31.2.3 When purchasing switching capabilities, DTI requires the ability to order all available features on that switch (e.g., call blocking of 900-like calls by line or trunk on an individual service basis) and U S WEST shall provide, as needed, high usage reports to DTI to the extent generated by U S WEST or ordered by a regulatory Commission, so that DTI may provide any regulatory required high usage reports to its end-user. U S WEST examples of high usage reports include those used with toll-cap service and fraud detection where customer service is suspended when usage reaches a certain level.

31.2.4 Based on business needs U S WEST will work toward a U S WEST service center group available 7 days a week, 24 hours a day, and in the

interim must handle U S WEST calls as well as other customer calls in a non-discriminatory manner.

31.2.5 There shall be no restrictions on the resale of basic exchange telecommunications services with the following exceptions:

- 31.2.5.1 Residential services may not be resold to customers not eligible to subscribe to such services from U S WEST.
- 31.2.5.2 Enhanced services are not required to be available for resale.
- 31.2.5.3 Lifeline and Link-up services may only be resold to customers eligible to subscribe to such service offerings.
- 31.2.5.4 Special access services are not required to be offered for resale at a discount.
- 31.2.5.5 Promotions of 90 days or less are not subject to the resale discount. Concurrent running of the same 90 days or less promotion would be subject to the resale discount.

31.2.6 Residence service may not be resold to business customers.

- 31.2.6.1 Basic Exchange Telecommunications Service available to end users may not be resold as a substitute for switched access service.

31.2.7 U S WEST shall bill DTI and DTI is responsible for all applicable charges for the resold services.

31.3 Ordering and Maintenance.

31.3.1 U S WEST will have dedicated Service Representatives available to handle DTI activity. Also, U S WEST will have an Account Manager assigned to DTI in U S WEST's Interconnect Service Center (ISC).

31.3.2 DTI, or DTI's agent, shall act as the single point of contact for its end users' service needs, including without limitation, sales, service design, order taking, provisioning, change orders, training, maintenance, trouble reports, repair, post-sale servicing, billing, collection and inquiry. DTI shall make it clear to its end users that they are customers of the DTI for services. End users intending to contact DTI, but inadvertently contacting U S WEST, will be instructed to contact DTI and U S WEST will not market its products and services nor disparage DTI in any way during that contact.

31.3.3 DTI shall transmit to U S WEST all information necessary for the installation (billing, listing and other information), repair, maintenance

and post installation servicing according to U S WEST's standard procedures, as described in the U S WEST resale operations guide that will be provided to DTI. When U S WEST's end user or the end user's new service provider discontinues the end user's service in anticipation of moving to another service provider, U S WEST will render its closing bill to end user customer effective with the disconnection. Should DTI's end user customer, a new service provider or DTI request service be discontinued to the end user, U S WEST will issue a final bill to DTI for that portion of the service provided to DTI up to the discontinued date. U S WEST will notify DTI by FAX, EDI, or other processes when end user moves to another service provider. The incoming provider shall be responsible for issuing and coordinating the new connect and disconnect orders with related order numbers and corresponding due dates if necessary. For "As Is" migration (re-use) of existing facilities or resold services the new connect order will also serve as the disconnect order for the previous carrier.

- 31.3.4 DTI shall provide U S WEST and U S WEST shall provide DTI with points of contact for order entry, problem resolution, billing and repair of the resold services within 90 days of the effective date.
- 31.3.5 Completion confirmation must be provided at parity with U S WEST own internal work to ensure that all necessary translation work is completed on newly installed facilities or augments. The OSS Mediated Interface will allow DTI access to completion confirmations.
- 31.3.6 DTI will have access to the ICONN database which provides U S WEST Switch Network ID information, NPA/NXXs, rate centers, etc. Features and functions by switch will be available via the OSS mediated databases.
- 31.3.7 U S WEST must provide a list/description of all services and features with availability down to street address detail, including: Type of Class 5 Switch by CLLI, line features availability by LSO, and service and capacity availability by LSO. DTI further requires a complete layout of the data elements that will be required to provision all such services and features.
- 31.3.8 DTI may purchase individual CLASS and custom features and functions, or any package or combination thereof on a customer specific basis.
- 31.3.9 U S WEST shall provide all blocking, screening, and all other applicable functions available for hospitality lines utilized as such.
- 31.3.10 U S WEST must use reasonable efforts to provide DTI with accurate pre-order information and DTI must use reasonable efforts to provide U S WEST with accurate ordering information as received from

U S WEST. U S WEST will provide DTI with at least the same pre-ordering information as it uses for its own purposes.

31.3.11 Customer Authorization

31.3.11.1 U S WEST and DTI will use the existing PIC process as a model, and the same or similar procedures for changes of local providers. For a local carrier change initiated by DTI or an agent of DTI to a customer, one of the following four (4) procedures will constitute authorization for the change: (a) Obtain the customer's written authorization (letter of authorization or LOA); (b) Obtain the customer's electronic authorization by use of an toll-free number; (c) Have the customer's oral authorization verified by an independent third party (third party verification); and (d) Send an information package, including a prepaid, returnable postcard, within three (3) days of the customer's request for a local carrier change, and wait fourteen (14) days before submitting the local carrier change to the previous carrier.

31.3.11.1.1 It is understood by U S WEST and DTI that these procedures may be superseded or modified by FCC rules or industry standards.

31.3.11.1.2 U S WEST will provide DTI authorization for a local carrier change that is initiated by a customer call to DTI. In this case DTI will: (a) maintain internal records verifying the customer's stated intent to switch carriers; and (b) produce the record in case of a slamming dispute consistent with the FCC rules.

31.3.11.2 Prior to placing orders that will disconnect a line from another reseller's account, DTI is responsible for obtaining all information needed to process the disconnect order and reestablish the service on behalf of the end user. Should an end user dispute or a discrepancy arise regarding the authority of DTI to act on behalf of the end user, DTI is responsible for providing written evidence of its authority to U S WEST within three (3) business days following the receipt of the written request in DTI's designated business office, issued in this agreement, as updated from time to time. If there is a conflict between the end user designation and DTI's evidence or its authority, U S WEST shall honor the designation of the end user and change the end user back to the previous service provider. If DTI does not provide the CA within three (3) business days, or if the end user disputes the authority of the CA, then DTI must, by the end of the third business day,:

- 31.3.11.2.1 notify U S WEST to change the end user back to the previous reseller or service provider, and
- 31.3.11.2.2 provide any end user information and billing records DTI has obtained relating to the end user to the previous reseller, and
- 31.3.11.2.3 notify the end user and U S WEST that the change has been made, and
- 31.3.11.2.4 remit to U S WEST a slamming charge as provided in Section 5.1, as compensation for the change back to the previous reseller or service provider, or
- 31.3.11.2.5 request that U S WEST approve an extension of approval which such approval will not be unreasonably withheld.

31.3.12 DTI shall designate the Primary Interexchange Carrier (PIC) assignments on behalf of its end users for interLATA services and intraLATA services when intraLATA presubscription is implemented.

31.3.13 If there is a conflict between an end user (and/or its respective agent) and DTI regarding the disconnection or provision of Unbundled Loops, U S WEST will honor the latest dated Customer Authorization designating an agent by the end user or its respective agent. If the end user's service has been disconnected and the end user's service is to be restored with U S WEST, DTI will be responsible to pay the applicable non-recurring charges as set forth in U S WEST's applicable tariff, to restore the end user's prior service with U S WEST.

31.4 DTI Responsibilities

31.4.1 DTI must send U S WEST complete and accurate end-user listing information for Directory Assistance, Directory, and 911 Emergency Services using the established processes of U S WEST. DTI must provide to U S WEST accurate end-user information to ensure appropriate listings in any databases in which U S WEST is required to retain and/or maintain end-user information. U S WEST assumes no liability for the accuracy of information provided by DTI.

31.4.2 DTI may reserve U S WEST telephone numbers as allowed by tariffs.

31.4.3 U S WEST will treat DTI in the same manner as it treats a U S WEST own end user relative to collection of revenues due to fraud. DTI and U S WEST may share responsibility, and may make appropriate adjustments in cases of fraud where, and to the degree, each are liable, to the degree of their respective gross negligence or intentional

misconduct. The Parties will cooperate in the general prevention and investigation of fraudulent use of resold services.

31.4.4 This agreement does not address the resale of U S WEST provided calling cards, other than U S WEST's calling cards are not available on resold accounts. When end-user accounts are converted to DTI accounts all non-DTI calling cards will automatically be terminated at conversion.

31.4.5 DTI will provide a three year forecast within ninety (90) days of signing this Amended Interconnection Agreement which shall be considered proprietary information. The forecast shall be updated and provided to U S WEST on a quarterly basis. The initial forecast will provide:

- The date service will be offered (by city and/or state)
- The type and quantity of service(s) which will be offered
- DTI's anticipated order volume
- DTI's key contact personnel

31.4.6. In the event U S WEST terminates the provisioning of any resold services to DTI for any reason, DTI shall be responsible for providing any and all necessary notice to its end users of the termination. In no case shall U S WEST be responsible for providing such notice.

31.5 Rates, Charges, and Other Requirements

31.5.1 Resold services as listed in Section 5.1 are available for resale at the applicable resale tariff rates or at the rates or at the wholesale discount levels set forth in Section 5.1.

31.5.2 If the resold services are purchased pursuant to Tariffs and the Tariff rates change, charges billed to DTI for such services will be based upon the new Tariff rates less the applicable wholesale discount as agreed to herein. The new rate will be effective upon the Tariff effective date.

31.5.3 A Customer Transfer Charge (CTC) as specified in Section 5.1 applies when transferring any existing account or lines to DTI.

31.5.4 A Subscriber Line Charge (SLC) will continue to be paid by DTI without discount for each local exchange line resold under this Amended Interconnection Agreement. All federal and state rules and regulations associated with SLC as found in the applicable tariffs also apply.

31.5.5 DTI will pay to U S WEST the PIC change charge associated with DTI end user changes of interLATA or intraLATA carriers. Any PIC/administration change charge must be at TELRIC plus a reasonable allocation of forward-looking shared and common costs plus a reasonable contribution.

- 31.5.6 DTI agrees to pay U S WEST when its end user activates any services or features that are billed on a per use or per activation basis (e.g., continuous redial, last call return, call back calling, call trace, etc.). Access to these services will not be turned up if DTI requests that those services will be blocked. U S WEST shall not allow any service to be used by DTI customers that have not been purchased from DTI. U S WEST shall provide DTI with detailed billing information (per applicable OBF standards, if any) as necessary to permit DTI to bill its end users such charges.
- 31.5.7 If DTI requests that facilities be constructed or enhanced to provide resold services, U S WEST will review such requests on a case-by-case basis and determine, in its sole discretion, if it is economically feasible for U S WEST to build or enhance facilities. If U S WEST decides to build or enhance the requested facilities, U S WEST will develop and provide to DTI a price quote for the construction. If the quote is accepted, DTI will be billed the quoted price and construction will commence after receipt of payment.
- 31.5.8 As part of the resold line, U S WEST provides operator services, directory assistance and intraLATA long distance. At the request of DTI and where technically feasible, U S WEST will rebrand operator services and directory assistance in DTI's name, provided the costs associated with such rebranding are paid by DTI. DTI will have the option of obtaining such services on an unbranded basis, provided the costs associated with such unbranding are paid by DTI. Where required by state commission, U S WEST must unbrand its own directory services and costs will be assessed per the Commission requirements.
- 31.5.9 U S WEST will address all DTI requests for ancillary resale systems, programs, and initiatives on an individual case basis where not otherwise covered in this agreement.
- 31.5.10 All regulated telecommunications services offered at retail to end-users of U S WEST who are not carriers must be available for resale by DTI.
- 31.5.11 Pursuant to FCC Rules as effective, every retail service rate, including promotions, discounts, and option plans must have a corresponding wholesale rate as referenced in Section 5.1. New U S WEST retail services shall have a wholesale rate established at the same time the new service becomes available pursuant to FCC rules as effective.
- 31.5.12 If U S WEST continues to sell a product to any end-user under grandfathered arrangements, U S WEST must make that product available for resale by DTI to that end-user. If a service withdrawn from certain customers remains available to other customers, that service

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- The type and quantity of service(s) which will be offered
- DTI's anticipated order volume
- DTI's key contact personnel

31.4.6. In the event U S WEST terminates the provisioning of any resold services to DTI for any reason, DTI shall be responsible for providing any and all necessary notice to its end users of the termination. In no case shall U S WEST be responsible for providing such notice.

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- 31.5.6 DTI agrees to pay U S WEST when its end user activates any services or features that are billed on a per use or per activation basis (e.g., continuous redial, last call return, call back calling, call trace, etc.). Access to these services will not be turned up if DTI requests that those services will be blocked. U S WEST shall not allow any service to be used by DTI customers that have not been purchased from DTI. U S WEST shall provide DTI with detailed billing information (per applicable OBF standards, if any) as necessary to permit DTI to bill its end users such charges.
- 31.5.7 If DTI requests that facilities be constructed or enhanced to provide resold services, U S WEST will review such requests on a case-by-case basis and determine, in its sole discretion, if it is economically feasible for U S WEST to build or enhance facilities. If U S WEST decides to build or enhance the requested facilities, U S WEST will develop and provide to DTI a price quote for the construction. If the quote is accepted, DTI will be billed the quoted price and construction will commence after receipt of payment.
- 31.5.8 As part of the resold line, U S WEST provides operator services, directory assistance and intraLATA long distance. At the request of DTI and where technically feasible, U S WEST will rebrand operator services and directory assistance in DTI's name, provided the costs associated with such rebranding are paid by DTI. DTI will have the option of obtaining such services on an unbranded basis, provided the costs associated with such unbranding are paid by DTI. Where required by state commission, U S WEST must unbrand its own directory services and costs will be assessed per the Commission requirements.
- 31.5.9 U S WEST will address all DTI requests for ancillary resale systems, programs, and initiatives on an individual case basis where not otherwise covered in this agreement.
- 31.5.10 All regulated telecommunications services offered at retail to end-users of U S WEST who are not carriers must be available for resale by DTI.
- 31.5.11 Pursuant to FCC Rules as effective, every retail service rate, including promotions, discounts, and option plans must have a corresponding wholesale rate as referenced in Section 5.1. New U S WEST retail services shall have a wholesale rate established at the same time the new service becomes available pursuant to FCC rules as effective.
- 31.5.12 If U S WEST continues to sell a product to any end-user under grandfathered arrangements, U S WEST must make that product available for resale by DTI to that end-user. If a service withdrawn from certain customers remains available to other customers, that service

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must be made available for resale to those customers that could still purchase the service at retail.

- 31.5.13 U S WEST must provide a reasonable notice period for changes/discontinuation of services so that DTI has an opportunity to make the necessary modifications to its ordering, billing, and customer service systems, and so that it can provide sufficient customer notification regarding any changes. If the notice period is insufficient as determined by DTI, DTI may intervene in U S WEST's tariff filing to obtain more time.
- 31.5.14 DTI's local customers must be able to retain their existing U S WEST provided telephone number provided they do not change their service address to an address serviced by a different central office without loss of feature capability and ancillary services such as, but not exclusively: DA, 911/E911 capability. Both DTI and the U S WEST will work cooperatively on exceptions.
- 31.5.15 When U S WEST provides short installation intervals to its end-users, via soft dial tone, U S WEST shall match those installation intervals for DTI (e.g. facilities are already connected at the premises and all that is required is a computer entry activating service, such as "warm line" activation) once the order is received from DTI.
- 31.5.16 The wholesale price for each retail service must be determined based on the FCC or state commission approved methodology where costs U S WEST will avoid will be removed when the service is resold FCC Rule 51.609.
- 31.5.17 Information concerning the Interconnection and Wholesale Telecommunications Services agreements U S WEST has made with other CLECs, ILECs and with its own affiliates will be available in the public domain.
- 31.5.18 U S WEST must provide the ability for DTI to order local and intraLATA/interLATA long distance toll service on a unified order.
- 31.5.19 U S WEST shall provide confirmation of the installation/change activity to DTI via an initial Firm Order Confirmation ("FOC") and positive completion of order activity. When available, U S WEST will provide "as is" order processing via electronic interfaces when customers are migrating from U S WEST to DTI at the same location. On migration type orders, the FOC shall contain all services/features currently being provided by U S WEST and those services/features being migrated to DTI. Via electronic interface, DTI may confirm services and features ordered. While DTI prefers a positive completion notification delineating all the services installed and those not installed to be sent to DTI upon actual completion of the order on the same day the order is completed; but, until available, DTI will accept notification at parity with

U S WEST's internal processes. This will ensure proper billing to end-user customers for services provided.

- 31.5.20. Once DTI has obtained a customer, U S WEST shall provide in pre-ordering and ordering phases of processing the DTI order, U S WEST regulated local features, products, services, elements, and combinations that were previously provisioned by U S WEST for that affected DTI local customer. This applies to all types of local service orders and all elements. DTI requires that U S WEST provide any customer status which qualifies the customer for a special service (e.g., DA exempt, Lifeline, deaf & disabled, etc.).
- 31.5.21. U S WEST and DTI will establish a process to allow for routine reconciliation of customer records.
- 31.5.22. For the period of time that a customer has chosen DTI, as the local service provider, DTI assumes custodianship of Telephone Line Number ("TLN"). Therefore, DTI must have access to the TLN and Line Information Data Base ("LIDB").
- 31.5.23. When DTI rebrands U S WEST local service (becomes the end-user's local service provider), U S WEST shall process all PIC changes provided by DTI on behalf of the IXCs. If PIC changes are received directly by U S WEST from the IXC, U S WEST shall reject the PIC change back to the IXC with the OCN of DTI when available in the appropriate field of the industry standard CARE record.
- 31.5.24. When a CLEC other than DTI or U S WEST sells local service to an existing DTI local customer and an order is submitted to U S WEST for migrating the service, U S WEST shall inform DTI of the disconnect in a manner similar to the existing CARE process for notifying an IXC of a disconnect PIC change (e.g., inform DTI of a disconnect within 24 hours). This will ensure accurate billing to the end-user customer.
- 31.5.25. All notices, invoices, and documentation provided on behalf of DTI to the customer at the customer's premises by U S WEST's field personnel shall either be branded DTI or non-branded. U S WEST shall not market its services or disparage DTI during such calls. DTI will provide or pay for notices used in its behalf.

31.6 Directory Listings

- 31.6.1 As part of each resold line, U S WEST will accept at no charge one primary listing for each main telephone number belonging to DTI's end user customer based on end user information provided to U S WEST by DTI. U S WEST will place DTI's listings in U S WEST's directory listing database for directory assistance purposes and will make listings available to directory publishers and to other third parties.

31.6.2 U S WEST shall publish DTI subscriber listings in U S WEST directories (main listing in White pages), including:

- 31.6.2.1 Primary White Page Listings
- 31.6.2.2 Additional White Page Listings
- 31.6.2.3 Non-Pub/Non-List
- 31.6.2.4 Premium Call Listings
- 31.6.2.5 Information Listings

31.6.3 U S WEST's Service Order processing procedures will be used to update directory database with DTI customer information.

31.6.4 DTI and U S WEST will establish procedures to prevent errors, and to correct them when they do occur.

31.7 Deposit

31.7.1 U S WEST may require DTI to make a suitable deposit to be held by U S WEST as a guarantee of the payment of charges. Any deposit required is due and payable within ten days after the requirement is imposed. The amount of the deposit shall be the estimated charges for the resold, to service which will accrue for a two-month period. Interest on the deposit shall be accumulated by U S WEST at a rate equal to the federal discount rate, as published in the Wall Street Journal from time to time.

31.7.2 When the service is terminated, or when DTI has established satisfactory credit, the amount of the initial or additional deposit, with any interest due, will, at DTI's option, either be credited to DTI's account or refunded. Satisfactory credit for DTI is defined as twelve consecutive months service without a termination for nonpayment and with no more than one notification of intent to terminate Service for nonpayment.

31.8 Billing and Payment

31.8.1 Billable Charges

31.8.1.1 U S WEST will bill and record in accordance with this Amended Interconnection Agreement those charges DTI incurs as a result of DTI purchasing from U S WEST Network Elements, Combinations, and Local Services, as set forth in this Amended Interconnection Agreement (hereinafter "Charges"). Each bill for Charges (hereinafter "Bill") shall be formatted in accordance with CRIS and IABS, as appropriate.

Each such Element, Combination, or Local Service, purchased by DTI shall be assigned a separate and unique billing code in the form agreed to by the parties and such code shall be provided to DTI on each Bill. Each such billing code shall enable DTI to identify the Element(s), or Combinations, Objects and Options as described in the Provisioning section of this Amended Interconnection Agreement ordered by DTI, or Local Services ordered or utilized by DTI in which Charges apply pursuant to this Amended Interconnection Agreement. Each Bill shall set forth the quantity and description of each such Element, Combination, or Local Service provided and billed to DTI. All Charges billed to DTI must indicate the state from which such charges were incurred.

- 31.8.1.2 U S WEST shall provide DTI a monthly Bill that includes all Charges incurred by and credits and/or adjustments due to DTI for those Elements, Combination thereof, or Local Services ordered, established, utilized, discontinued or performed pursuant to this Amended Interconnection Agreement. Each Connectivity Bill provided by U S WEST to DTI shall include: (1) all non-usage sensitive charges incurred for the period beginning with the day after the current bill date and extending to, and including, the next bill date (assumes the same billing Periods as U S WEST retail services), (2) any known unbilled non-usage sensitive charges for prior periods, (3) unbilled usage sensitive charges for the period beginning with the last bill date and extending up to, but not including, the current bill date (assumes the same billing periods as U S WEST retail services), (4) any known unbilled usage sensitive charges for prior periods, and (5) any known unbilled adjustments.
- 31.8.1.3 DTI prefers Interexchange Access Billing Systems ("IABS") format in order to facilitate standard industry auditing practices.
- 31.8.1.4 U S WEST will bill all charges due from DTI within 90 days of the billable event, barring extraordinary circumstances of which DTI will be notified at the time (but within the 90 days) U S WEST knows or should have reasonably known of the circumstance. When notified of late billable charges, U S WEST and DTI will negotiate a due date.

31.8.2 Payment Of Charges

- 31.8.2.1 Subject to the terms of this Amended Interconnection Agreement, DTI and U S WEST will pay each other, unless bills are properly disputed within thirty (30) calendar days from the date of the bill or twenty (20) business days from the date

the bill is received (or in a readable form for electronic transmissions), whichever is later. If the payment due date is a Sunday or is a Monday that has been designated a bank holiday by the bank DTI specifies, payment will be made the next business day. If the payment due date is a Saturday or is on a Tuesday, Wednesday, Thursday or Friday that has been designated a bank holiday by the bank DTI specifies, payment will be made on the preceding business day.

- 31.8.2.2 Payments shall be made in U.S. Dollars via electronic funds transfer or American Clearing House ("EFT" or "ACH") to the other party's bank account. At least thirty (30) days prior to the first transmission of Billing data and information for payment, U S WEST and DTI shall provide each other the name and address of its bank, its account and routing number and to whom Billing payments shall be made payable. If such banking information changes, each party shall provide the other party at least sixty (60) days written notice of the change and such notice shall include the new banking information. DTI will provide U S WEST with one address to which such payments shall be rendered and U S WEST will provide to DTI only one address to which such payments shall be rendered. In the event DTI receives multiple Bills from U S WEST which are payable on the same date, DTI may remit one payment for the sum of all Bills payable to U S WEST's bank account specified in this subsection. Each party shall provide the other party with a contact person for the handling of Billing payment questions or problems.

31.8.3 Billing Disputes

31.8.3.1 Each party agrees to notify the other party upon the discovery of a billing dispute. In the event of a billing dispute, the parties will endeavor to resolve the dispute within sixty (60) calendar days of the Bill Date on which such disputed charges appear. Resolution of the dispute is expected to occur at the first level of management resulting in a recommendation for settlement of the dispute and closure of a specific billing period. The following resolution procedure will be followed:

31.8.3.1.1 If the dispute is not resolved within sixty (60) days of the Bill Date, the dispute will be escalated to the second level of management for each of the respective parties for resolution.

31.8.3.1.2 If the dispute is not resolved within ninety (90) days of the Bill Date, the dispute will be escalated to the third level of management for each of the respective parties for resolution.

31.8.3.1.3 If the dispute is not resolved within one hundred and twenty (120) days of the Bill Date, the dispute will be escalated to the fourth level of management for each of the respective parties for resolution.

31.8.3.1.4 If the dispute is not resolved within one hundred and fifty (150) days of the Bill Date, the dispute will be resolved in accordance with the procedures set forth in the Dispute Resolution Section of this Amended Interconnection Agreement.

31.8.4. Late Payment Charges

31.8.4.1 A late payment charge of 1.5% per month applies to all billed balances, which are not properly disputed, which are not paid by the billing date shown on the next bill. To the extent DTI pays the billed balance on time, but the amount of the billed balance is disputed by DTI, and, it is later determined that a refund is due DTI, interest shall be payable on the refunded amount from the date of payment in the amount of 1.5% per month.

31.8.4.2 If a party disputes a Charge and does not pay such charge by the payment due date, such charges shall be subject to late payment charges as set forth in the Late Payment Charges provision of this agreement if the dispute is resolved in favor of the billing party. If a party disputes Charges and the dispute is resolved in favor of such party, the billing party shall credit the Bill of the disputing party for the amount of the disputed charges along with any late payment charges assessed no later than the second Bill Date after the resolution of the dispute. Accordingly, if a party disputes Charges and the dispute is resolved in favor of the billing party, the disputing party shall pay the billing party the amount of the disputed charges and any associated late payment charges assessed no later than the second bill payment due date after the resolution of the dispute. In no event, however, shall any late payment charges be assessed on any previously assessed late payment charges.

31.8.4.3 Collection procedures and the requirements for deposit are unaffected by the application of a late payment charge.

31.8.5 Adjustments

Subject to the terms of this Attachment, U S WEST will reimburse DTI for incorrect Billing charges; overcharges; Local Services Elements, or any Combination thereof, ordered or requested but

not delivered; interrupted Local Services associated with any Element, or combination thereof, in accordance with U S WEST tariffs. Such reimbursements shall be set forth in the appropriate section of the bill.

31.8.6 Recording Of Call Information

31.8.6.1 The parties agree to record call information in accordance with this subsection. To the extent technically feasible, each party will record all call detail information associated with every call originated or terminated to the other party's local exchange customer. The parties agree that they will record call detail information if technically feasible even if such certain records or call detail information has not been recorded in the past. These records shall be provided at a party's request and shall be formatted pursuant to Bellcore standards and the terms and conditions of this Amended Interconnection Agreement.

31.8.6.2 U S WEST and DTI agree that they will retain, at each party's sole expense, copies of all EMR records transmitted to the other party for at least thirty (30) calendar days after transmission to the other party.

31.8.6.3 U S WEST must return EMI records to IXCs with the DTI industry standard disconnect rejection code and will work toward providing the Operating Company Number ("OCN") of the associated ANI. The OCN is needed so that the IXC will know which local company provides service for the working telephone number.

31.8.7 Remedy for Non-Payment of Undisputed Billed Amounts

31.8.7.1 If DTI fails to make payments of undisputed amounts on dates and times specified, U S WEST may, thirty days following receipt of written notice (by certified U.S. Mail return receipt requested) to the person designated by DTI to receive such notices of noncompliance, refuse additional applications for service and/or refuse to complete any pending orders for service by DTI at any time thereafter. In the case of such discontinuance, all applicable charges, including termination charges, shall become due. If U S WEST does not discontinue the provision of the services involved on the date specified in the thirty (30) days notice, and DTI's noncompliance continues, nothing contained herein shall preclude U S WEST's right to discontinue the provision of the services to DTI without further notice.

31.8.8. Access Charges on Resold Services.

31.8.8.1 When U S WEST local service is rebranded (as opposed to resale of unbundled elements) U S WEST is the appropriate recipient of all access charges, and shall be responsible for directly billing the IXC's for the access related to interexchange calls generated by rebranded customers.

31.8.8.2 The parties agree that there shall no netting of amounts due under this agreement with any other amounts due related to any other services provided under separate agreements. Further, Resale bills, Access bills and bills for Unbundled network elements will be provided as separate bills with separate amounts due that shall not be netted.

31.8.9 Where available, daily receipt of local and intraLATA usage at the call detail level in standard EMR/EMI industry format. Upon receipt of DTI forecast U S WEST will provide for the forecasted areas per wire center the frequency of usage feeds to DTI.

31.9 General Requirements for Recorded Usage Data

31.9.1 Rated and Unrated records sent to DTI. There are two major categories of records that U S WEST will transmit: records that U S WEST records on behalf of DTI when DTI purchases such service, also referred to as unrated records, and records that U S WEST receives from CMDS, other CLECs, etc., that are billable to a DTI local customer or calls that U S WEST is authorized to rate such as information service calls, also referred to as rated records.

31.9.2 Deleted.

31.9.3 General Format and Delivery Information.

U S WEST will shall provide recorded usage data in accordance with the Bellcore EMR standard (Bellcore Practice BR010-200-010) and as modified in this Attachment, which shall be updated periodically by mutual agreement, in writing.

31.9.4 Retention.

U S WEST shall retain Recorded Usage Data in accordance with applicable law and regulation, but not less than 45 days.

31.9.5 Separate UNE/Resale file.

U S WEST shall provide separate transmissions for usage related to UNEs billed from IABS and for usage related to Resold services and UNEs billed from CRIS.

31.9.6 Specific Usage Data to Be Supplied by U S WEST

31.9.6.1 When DTI purchases from U S WEST Local Service, U S WEST will provide to DTI all available Recorded Usage Data relating to measured local and IntraLATA toll calls originating from DTI Customers (business and residence), including, but not limited to, the categories of information listed below.

31.9.6.1.1 For calls originating from or billing to DTI Customers, U S WEST shall provide the following for Unbundled Elements (for Resold services all call attempts on usage based services):

- All available call attempts data for usage based services
- All completed call data, including resold intraLATA calls by customer, within the Local Calling/Free calling area, calls in the Extended Area, general assistance, etc.
- Use Of CLASS/LASS/Custom Features which are sold on a pay per use basis
- 976 Calls To Information Providers Reached Via U S WEST Facilities And Contracted By U S WEST
- Calls To Directory Assistance Where U S WEST Provides Such Service To DTI's Local Service Customer
- Calls Completed Via U S WEST-Provided Operator Services Where U S WEST Provides Such Service To DTI's Local Service Customer
- For U S WEST-Provided Centrex Service, Station Level Detail

31.9.6.1.2 All records shall include complete call detail and complete timing information.

31.9.6.1.3 Deleted

31.9.6.1.4 U S WEST shall provide to DTI Recorded Usage Data for DTI's customers only.

31.9.6.1.5 U S WEST will not submit other carriers' local usage data as part of the DTI Recorded Usage Data. Procedures for return of data sent in error which are set forth in this Attachment shall apply to any data of other carriers sent in error to DTI.

31.9.6.2 Recording Failures

31.9.6.2.1 DTI Recorded Usage Data determined to have been lost, damaged or destroyed as a result of an error or omission by U S WEST in its performance of the recording

function or due to an aberrant switch overload of limited duration and frequency, shall, upon DTI's request, be recovered by U S WEST at no charge to DTI. If U S WEST discovers such failures, U S WEST shall notify DTI upon discovery. In the event the data cannot be recovered by U S WEST, U S WEST shall estimate the messages and associated revenue, with assistance from DTI, based upon the method described below. This method will be applied on a consistent basis, subject to modifications agreed to by U S WEST and DTI. This estimate will be used by the Parties to determine any amounts owed to DTI. U S WEST will provide this amount to DTI via a check accompanied by a statement that clearly identifies the purpose of the check.

31.9.6.2.2 Partial Loss.

U S WEST shall review its daily controls to determine if data has been lost. When there has been a partial loss, actual message and minute volumes shall be reported, if possible. Where actual data are not available, a full day shall be estimated for the recording entity, as outlined in Section 6.1.3 following. The amount of the partial loss is then determined by subtracting the data actually recorded for such day from the estimated total for such day.

31.9.6.2.3 Complete Loss.

Estimated message and minute volumes for each loss consisting of an entire AMA tape or entire data volume due to its loss prior to or during processing, loss after receipt, degaussed before processing, receipt of a blank or unreadable tape, or lost for other causes, shall be reported.

31.9.6.2.4 Estimated Volumes.

From message and minute volume reports for the entity experiencing the loss, U S WEST shall secure message/minute counts for the four (4) corresponding days of the weeks preceding that in which the loss occurred and compute an average of these volumes.

31.9.6.2.5 Exceptions:

If the day of loss is not a holiday but one (1) (or more) of the preceding corresponding days is a holiday, use additional preceding weeks in order to procure volumes for two (2) non-holidays in the previous two (2) weeks that

correspond to the day of the week that is the day of the loss. If the loss occurs on a weekday that is a holiday (except Christmas), U S WEST shall use volumes from the two (2) preceding Sundays. If the loss occurs on Mother's Day, Christmas or the Monday after Thanksgiving, U S WEST shall use volumes from that day in the preceding year, unless DTI volumes have changed over the prior year, in which case the estimate change will be factored in.

31.9.6.2.6 Net Loss Calculation.

The amount due to DTI will be calculated based on the Average Revenue Per Minute (ARPM) minus the average charge per minute (ACPM) that DTI would have paid to U S WEST, times the estimated lost minutes. The parties shall agree upon the appropriate ARPM and ACPM to apply.

32. UNBUNDLED NETWORK ELEMENTS

32.1. General Terms

32.1.1 U S WEST agrees to provide the following unbundled network elements which are addressed in more detail in later sections of the agreement.

- 32.1.1.1 local loop,
- 32.1.1.2 local switching
- 32.1.1.3 tandem switching
- 32.1.1.4 digital cross connect systems (as per the Order)
- 32.1.1.5 dedicated interoffice transmission facilities,
- 32.1.1.6 network interface devices,
- 32.1.1.7 signaling and call-related database facilities,
- 32.1.1.8 operations support systems functions,
- 32.1.1.9 operator services, and
- 32.1.1.10 directory assistance

32.1.2 This Amended Interconnection Agreement provides for the provision of unbundled Network Elements to DTI which DTI may connect or combine

for the purpose of offering finished retail services. U S WEST will not combine U S WEST's unbundled Network Elements to provide a finished service to DTI. U S WEST agrees, however, to offer finished retail services to DTI for resale pursuant to the Resale section of this Amended Interconnection Agreement.

- 32.1.3 U S WEST will not restrict the types of telecommunications services DTI may offer through unbundled elements, nor will it restrict DTI from combining elements with any technically compatible equipment DTI owns. U S WEST will provide DTI with the same features, functions and capabilities of a particular element that U S WEST provides to itself, so that DTI can provide any telecommunications services that can be offered by means of the element.

Unbundled elements will be available at rates shown in Section 5.1.

- 32.1.4 U S WEST will provide unbundled elements to DTI at parity with what U S WEST provides itself, its affiliates or third parties. When new network elements are identified or developed by U S WEST, U S WEST shall make those elements available to DTI. Parity of treatment for unbundled elements includes the following:

- 32.1.4.1 Switch features;
- 32.1.4.2 Treatment during overflow/congestion conditions;
- 32.1.4.3 Equipment/interface protection;
- 32.1.4.4 Power redundancy;
- 32.1.4.5 Sufficient spare facilities to ensure provisioning, repair, performance, and availability;
- 32.1.4.6 Standard facility interfaces;
- 32.1.4.7 Real time access to integrated test functionality (manual testing for interconnection),
- 32.1.4.8 Disaster recovery, and
- 32.1.4.9 Permitting DTI to interconnect DTI facilities or facilities provided by DTI or by third parties with each of U S WEST's UNEs.

- 32.1.5 Within 48 hours of any disconnect, U S WEST will notify DTI of the disconnect of any DTI unbundled element/combination/service where services, or facilities are provided by U S WEST.

- 32.1.6 Unbundled elements will conform to the minimum standards contained in FCC Rule 51.305 and subject to the provisions of CC Docket No. 96-98 First Report and Order ("First R&O") released August 8, 1996, as effective.

32.2 Description of Unbundled Elements

32.2.1 Unbundled Local Loops

Unbundled Local Loops include two - wire and four - wire analog and digital loops and may utilize cross - connects to either other unbundled elements or carrier facilities.

- 32.2.1.1 An Unbundled Loop establishes a transmission path between the U S WEST distribution frame (or equivalent) up to, and including, loop concentrators/multiplexer (if appropriate) and U S WEST's network interface device (NID). For existing loops, the inside wire connection to the NID will remain intact.
- 32.2.1.2 Basic Unbundled Loops are available as a two - wire or four - wire, point -to-point configuration suitable for local exchange type services within the analog voice frequency range of 300 to 3000 Hz. For the two - wire configuration, DTI is requested to specify loop start, ground start or loop reverse battery options. The actual loop facilities that provide this service may utilize various technologies or combinations of technologies. Basic Unbundled Loops provide an analog facility to DTI.
- 32.2.1.3 To the extent DTI requires an Unbundled Loop to provide ISDN, HDSL, ADSL, DSL, DS3 or OCn service, such requirements will be identified on the order for Unbundled Loop Service. Conditioning charges will apply, as required, to condition such loops to ensure the necessary transmission standard.
- 32.2.1.4 Specific channel performance options for the loops can be ordered by identifying the Network Channel (NC)/Network Channel Interface (NCI) for the functions desired. U S WEST will provide DTI with the available NC/NCI codes and their descriptions.
- 32.2.1.5 Unbundled Loops are provided in accordance with the specifications, interfaces and parameters described in the appropriate technical reference publications. U S WEST's sole obligation is to provide and maintain Unbundled Loops in accordance with such specifications, interfaces and parameters. U S WEST does not warrant that Unbundled Loops are compatible with any specific facilities or equipment or can be used for any particular purpose or service.

Transmission characteristics may vary depending on the distance between DTI's end user and U S WEST's end office and may vary due to characteristics inherent in the physical network. U S WEST, in order to properly maintain and modernize the network, may make necessary modifications and changes to the Network in its network on an as needed basis. Such changes may result in minor changes to transmission parameters. Changes that affect network interoperability require advance notice pursuant to Section 21, Notice of Changes, herein.

32.2.1.6 Facilities and lines furnished by U S WEST on the premises of DTI's end users and up to the NID or equivalent are the property of U S WEST. U S WEST must have access to all such facilities for network management purposes. U S WEST's employees and agents may enter said premises at any reasonable hour to test and inspect facilities and lines in connection with such purposes or upon termination or cancellation of the Unbundled Loop service to remove such facilities and lines.

32.2.1.7 Unbundled loops include the facilities between the U S WEST distribution frame up to and including U S WEST's NID located at DTI's end user premise. The connection between the distribution frame and DTI facilities is accomplished via channel terminations that can be ordered in conjunction with either Collocation or Unbundled Interoffice Transport Service.

32.2.1.8 Ordering and Maintenance.

32.2.1.8.1 For the purposes of loop assignment, tracking, and dispute resolution; U S WEST will require a Customer Authorization or validation check for each existing U S WEST end user for which DTI has requested reassignment of the loop serving that end user.

32.2.1.8.2 DTI is responsible for its own end user base and will have the responsibility for resolution of any service trouble report(s) from its customers. U S WEST will work cooperatively with DTI to resolve trouble reports when the trouble condition has been isolated and found to be within a portion of U S WEST's network. DTI must provide to U S WEST switch-based test results when testing its customer's trouble prior to U S WEST performing any repair functions. The Parties will cooperate in developing mutually acceptable test report standards. U S WEST shall provide DTI with Maintenance of Service charges in accordance with applicable time and material charges in U S WEST tariffs when the trouble is not in U S WEST's

network. Billing of Time & Material charges will be accompanied by sufficient documentation to verify such charges.

32.2.1.8.3 DTI will be responsible to submit to U S WEST a disconnect order for a Unbundled Loop that is relinquished by the end user due to cessation of service. Unbundled Loop facilities specified for cessation of service will be returned to U S WEST when the disconnect order is complete. In the event of transfer of the end user's service from one provider to another, the new provider will issue a request for transfer of service, resulting in the appropriate disconnect/reconnection of service. In such case, U S WEST will provide notification to the outgoing CLEC.

32.2.1.8.4 The installation due date will be provided as part of the automated order, but may be negotiated as needed. New connects with related orders will be physically worked within the same calendar day.

32.2.1.8.5 When ordering Unbundled elements, DTI is responsible for ordering elements that are compatible with the service desired.

32.2.1.8.6 When a U S WEST technician is dispatched for repair, and the trouble is found not to be in a U S WEST system or facility, a Trouble Isolation Charge (TIC) based on time and materials will apply. Billing of Time & Material charges will be accompanied by sufficient documentation to verify such charges.

32.2.1.8.7 DTI will be responsible for providing battery and dial tone to its connection point 24 hours prior to the due date on the service order.

32.2.1.8.8 The following procedure shall apply to Unbundled Loops ordered with the option of Basic Testing at Coordinated Time:

32.2.1.8.8.1 At least forty-eight (48) hours before an unbundled loop order cutover, the Parties will agree on a specific cutover time. The cutover time will be defined as a 30 minute window within which both the DTI and U S WEST personnel will make telephone contact to complete the cutover.

32.2.1.9 DTI and U S WEST will work cooperatively to develop forecasts for Unbundled Loop service. U S WEST requests an eighteen month forecast of Unbundled Loop service. The

forecast will include the specific serving Wire Center that will be requested, plus the specific quantity of each service desired. The forecast will be updated quarterly, and will be treated as DTI confidential information.

32.2.1.10 Billing and Usage Measurement for Unbundled Elements.

Billing and usage measurement for unbundled elements will be accomplished in the same manner as described in Section 31, Resale with the following addition:

- the Parties will provide each other all necessary Terminating call records to ensure accurate billing to IXCs, CLECs, or other parties who terminate calls to DTI.

32.2.2 Local Switching Element

32.2.2.1 DELETED

32.2.2.2 DELETED

32.2.2.2.1 Line-side switching includes connection to an MDF where a cross-connect to a loop may be obtained and a switch card with connection to the card.

32.2.2.2.2 Trunk-side switching includes connection to trunk cross-connect and trunk card with features and functions.

32.2.3 Tandem Switching Element

U S WEST will provide a tandem switching element on an unbundled basis. The tandem switch element includes the facilities connecting the trunk distribution frames to the switch, and all the functions of the switch itself, including those facilities that establish a temporary transmission path between two other switches. The definition of the tandem switching element also includes the functions that are centralized in tandems rather than in separate end office switches, such as call recording, the routing of calls to operator services, and signaling conversion functions.

32.2.4 Interoffice Transmission Facilities Element

32.2.4.1 When DTI purchases tandem switching from U S WEST, in conjunction, U S WEST will make available access to common transport facilities between end offices and the tandem switch.

32.2.4.2 Further, U S WEST will provide unbundled access to dedicated transmission facilities that exist between its central

offices or between such offices and those of competing carriers. This includes, but is not limited to, interoffice facilities between end offices and serving wire centers (SWCs), SWCs and IXC POPS, tandem switches and SWCs, end offices or tandems of U S WEST, and the wire centers of U S WEST and requesting carriers. U S WEST will provide, where available, transmission capabilities, such as DS1, DS3, SONET, and Optical Carrier levels (e.g. OC-3/12/48/96) that DTI could use to provide telecommunications services. Dedicated Interoffice Transmission Facilities are available between U S WEST offices or U S WEST offices and the offices of others.

32.2.5 Digital Cross Connect System Element.

A DCS is a network element that interfaces facilities operating, at a standard digital signal rate and automatically connects incoming signals or their constituent tributary signals to any outgoing facility according to an electronically alterable memory map.

- 32.2.5.1 U S WEST will provide DTI with access to mutually agreed upon digital cross-connect system (DCS) points.
- 32.2.5.2 DS 1, DS3 and Optical capabilities shall be provided where available.
- 32.2.5.3 Digital Cross-Connect access will be provided in the same manner such is provided to IXCs.

32.2.6 Network Interface Device (NID) Element

32.2.6.1 Service Description.

A device wired between a telephone protector and the inside wiring to isolate the customer's equipment from the network at the subscriber's premises. It is a device for the termination of inside wire that is available in single and multiple pair configurations.

- 32.2.6.2 U S WEST shall allow DTI access to the network interface device per FCC rules as effective.
- 32.2.6.3 DTI may connect its loops, to the U S WEST NID.
- 32.2.6.4 Any costs associated with DTI connecting to U S WEST's NID will be the responsibility of DTI.
- 32.2.6.5 If DTI purchases an unbundled loop, DTI may provide its own NID or have U S WEST provide the NID.

32.2.6.6 Charges for work performed to connect the loop to the NID will be on a Time and Materials basis and will be accompanied by sufficient documentation to verify such charges.

32.2.7 Operator Services.

Operator Services shall be available on both a wholesale basis and an unbundled basis to DTI. "DTI" shall be the brand on DTI calls when technically feasible. Custom routing shall be provided when technically feasible. DTI rates shall be quoted when technically feasible. Refer to Sections 13, 14, and 15 for more explicit requirements.

32.2.8 Directory Assistance Services.

Directory Assistance shall be available on both a wholesale basis and an unbundled basis to DTI. "DTI" shall be the brand on DTI calls when technically feasible. DTI data shall be included in the U S WEST database. The U S WEST database shall be available to DTI. Custom routing shall be provided when technically feasible. Refer to Section 16 for explicit requirements.

32.2.9 Operations Support Systems.

Operations Support Systems including all systems used in pre-ordering, ordering, provisioning, maintenance and repair, billing, telephone number assignment, service interval information, and maintenance history, including any gateway system, shall be available on an unbundled basis by January 1, 1997. Refer to Section 20 for explicit requirements.

32.2.10. Additional Unbundled Elements

U S WEST shall provide nondiscriminatory access to, and where appropriate, development of additional unbundled network elements not covered in this Amended Interconnection Agreement in response to specific requests therefor, pursuant to the Bona Fide Request process detailed in Section 24 of this Amended Interconnection Agreement.

33. SECTION LEFT INTENTIONALLY BLANK

34. SERVICE MEASURES AND STANDARDS

- 34.1 U S WEST shall indemnify DTI for U S WEST's proportionate share of any forfeitures or civil penalties or other regulator-imposed fines imposed on DTI for failure to meet commission imposed service standards, based upon U S WEST's percentage of fault for failure.

34.2 U S WEST agrees to provide to DTI the same level of service that U S WEST provides to itself as determined by measuring and comparing a statistically significant number of activities listed below.

34.2.1 For those services procured by DTI and unless otherwise noted below, U S WEST shall measure its results as a percentage. U S WEST shall also measure the percentage results of DTI.

DTI agrees to measure its performance related to these performance indicators in providing service to U S WEST.

34.2.2 In some instances, U S WEST may not provide the listed service to itself. If U S WEST does not provide a statistically significant number of a listed activity for itself, U S WEST will provide data which will allow comparison between DTI's performance results and the average performance results of the same performance indicator for a statistically significant number of total activities provided to all other DTIs within the state in which the service was provided.

34.2.3 In no event shall percentage results be provided if the number of measured activities is less than a statistically significant universe of fewer than sixty (60) activities during the time period of measurement.

34.2.4 The list of performance indicators to be measured are as follows:

Resale Indicators

Residence Installation Intervals Offered (Facilities in Place)
Business Installation Intervals Offered (Facilities in Place)
Firm Order Confirmations within 48 hours (DS0) (Facilities in Place)
Firm Order Confirmations within 48 hours (DS1) (Facilities in Place)
Firm Order Confirmations within 48 hours (DS3) (Facilities in Place)
Firm Order Confirmations within 48 hours (Switched) (Facilities in Place)
Average Installation Intervals Delivered (Residence) (Facilities in Place) (Days and Hours)
Average Installation Intervals Delivered (Business) (Facilities in Place) (Days and Hours)
Average Installation Intervals Delivered (DS0) (Facilities in Place) (Days and Hours)
Average Installation Intervals Delivered (DS1) (Facilities in Place) (Days and Hours)
Average Installation Intervals Delivered (DS3) (Facilities in Place) (Days and Hours)
Average Installation Intervals Delivered (Switched) (Facilities in Place) (Days and Hours)
Residence Installation Commitments Met (Facilities in Place)
Business Installation Commitments Met (Facilities in Place)
Designed Installation Commitments Met (DS0) (Facilities in Place)
Designed Installation Commitments Met (DS1) (Facilities in Place)
Designed Installation Commitments Met (DS3) (Facilities in Place)
Designed Installation Commitments Met (Switched) (Facilities in Place)
DTI-caused Installation Misses
Residence Disconnect Commitments Met
Business Disconnect Commitments Met
Residence Installation Reports (Repair Report After Installation) Within 7 Days
Business Installation Reports (Repair Report After Installation) Within 7 Days
Designed Installation Reports (Repair Report After Installation) Within 30 Days (DS0)
Designed Installation Reports (Repair Report After Installation) Within 30 Days (DS1)
Designed Installation Reports (Repair Report After Installation) Within 30 Days (DS3)
Designed Installation Reports (Repair Report After Installation) Within 30 Days (Switched Access)

Residence Percent Out of Service Cleared < 24 hours
 Business Percent Out of Service Cleared in < 24 hours
 Designed Percent Out of Service Cleared < 4 hours (DS0)
 Designed Percent Out of Service Cleared in < 4 hours (DS1)
 Designed Percent Out of Service Cleared < 4 hours (DS3)
 Designed Percent Out of Service Cleared in < 4 hours (Switched)
 Residence Percent Out of Service and Service Affecting Cleared < 48 hours
 Business Percent Out of Service and Service Affecting Cleared < 48 hours
 Residence Repair Commitments Met
 Business Repair Commitments Met
 Residence Repair Repeated Reports Within 30 Days
 Business Repair Repeated Reports Within 30 Days
 Designed Repair Repeated Reports Within 30 Days (DS0)
 Designed Repair Repeated Reports Within 30 Days (DS1)
 Designed Repair Repeated Reports Within 30 Days (DS3)
 Designed Repair Repeated Reports Within 30 Days (Switched)
 Residence Report Rate per 100 Lines
 Business Report Rate per 100 Lines
 DTI-caused Trouble Reports
Unbundled Loop Indicators
 Firm Order Confirmations Within 48 hours (Facilities in Place) 2 Wire
 Firm Order Confirmations Within 48 hours (Facilities in Place) 4 Wire
 Average Installation Intervals Delivered (Facilities in Place) 2 Wire (Days and Hours)
 Average Installation Intervals Delivered (Facilities in Place) 4 Wire (Days and Hours)
 Percent Installation Commitments Met (Facilities in Place) 2 Wire
 Percent Installation Commitments Met (Facilities in Place) 4 Wire
 Installation Reports Within 30 Days 2 Wire
 Installation Reports Within 30 Days 4 Wire
 Percent Out of Service Cleared in < 24 hours 2 Wire
 Percent Out of Service Cleared in < 24 hours 4 Wire
 Percent Out of Service and Service Affecting Cleared in < 48 hours 2 Wire
 Percent Out of Service and Service Affecting Cleared in < 48 hours 4 Wire
 Mean Time to Restore 2 Wire
 Mean Time to Restore 4 Wire
 Repair Repeated Reports Within 30 Days 2 Wire
 Repair Repeated Reports Within 30 Days 4 Wire
LIS Trunk Indicators
 Firm Order Confirmations Within Six Days (Facilities in Place)
 Average Installation Intervals Delivered (Facilities in Place) (Days and Hours)
 Installation Commitments Met (Facilities in Place)
 Installation Reports Within 30 Days
 Out of Service Cleared in < 4 hours
 Repair Repeated Reports Within 30 Days
 DTI-caused Trouble Reports

- 34.3 Failure to Meet the Service Standard. If during a specified review period, the performing Party fails to deliver the same level of service that it provides to itself, such Party will use its best efforts to meet the service standard for the next specified review period. If the performing Party fails to meet the service standard for two consecutive periods, the Parties agree, in good faith, to attempt to resolve such issues through negotiation or pursuant to the Dispute Resolution section of this Amended Interconnection Agreement. This paragraph shall not be construed to waive either Party's right to seek legal or regulatory intervention as provided by state or federal law.
- 34.4 The performing Party's failure to meet the service standard cannot be as a result, directly or indirectly, of a Delaying Event. A "Delaying Event" means (a) a

failure by the receiving Party to perform any of its obligations set forth in this Amended Interconnection Agreement, (b) any delay, act or failure to act by an end user, agent or subcontractor of the receiving Party or (c) any Force Majeure Event. If a Delaying Event prevents the performing Party from performing a measured activity, then such measured activity shall be excluded from the calculation of the performing Party's compliance with the service standard.

- 34.5 Records. Each Party shall maintain complete and accurate records, for the specified review period of its performance under this Amended Interconnection Agreement for each measured activity and its compliance with the service standard. Each Party shall provide to the other such records in a self-reporting format. Such records shall be in the format kept in the performing Party's ordinary course of business. The Parties agree that such records shall be deemed "Proprietary Information".
- 34.6 Cost Recovery. Each Party reserves the right to recover the costs associated with the creation of the above reports and standards through a future proceeding before a regulatory body. Such a proceeding may address a wide range of implementation costs not otherwise recovered through charges established herein.

35. MISCELLANEOUS TERMS

- 35.1 U S WEST will follow Network Reliability Council (NRC) guidelines for the criteria and process used for handling facility and power outages on an agreed upon severity and priority basis.
- 35.2 U S WEST shall make available an initial electronic copy or a hard copy of the Service Address Guide ("SAG"), or its equivalent, on a going-forward basis. Updates are expected as changes are made to the SAG.
- 35.3 U S WEST will provide DTI with parity level knowledge of any engineering changes associated with U S WEST's network elements and deployment of new technologies where DTI is affected. DTI shall receive notice of the availability of new switch features and network replacements at the same time that U S WEST marketing personnel receive it to ensure parity in network information availability. This will be made available following the established ONA network disclosure process.

36. GENERAL PROVISIONS

36.1 Master Service Agreement.

A master services agreement shall be developed providing for all interconnection and electronic bonding. New contracts shall not be required as additional Points of Interconnection ("POI") are established, additional collocation arrangements are created, or additional electronic systems pass data to one another. Rather,

schedules to the master service agreement detailing the inventory of POIs and other items subject to the master services agreement shall be updated.

36.1.1 Each Party shall use its best efforts to comply with an agreed upon Implementation Schedule(s).

36.1.2 Each Party is individually responsible to provide facilities within its network which are necessary for routing, transporting, measuring, and billing traffic from the other Party's network and for delivering such traffic to the other Party's network in the standard format compatible with DTI's network and to terminate the traffic it receives in that standard format or the proper address on its network. Such facility shall be designed based upon the description and forecasts provided under this Agreement. The Parties are each solely responsible for participation in and compliance with national network plans, including the National Network Security Plan and the Emergency Preparedness Plan.

36.1.3 Neither Party shall use any service related to or use any of the services provided in this Agreement in any manner that interferes with other persons in the use of their service, prevents other persons from using their service, or otherwise impairs the quality of service to other carriers or to either Party's Customers, and each Party may discontinue or refuse service if the other Party violates this provision. Upon such violation, either Party shall provide the other Party notice of such violation, if practicable, at the earliest practicable time.

36.1.4 Each Party is solely responsible for the services it provides to its Customers and to other Telecommunications Carriers.

36.1.5 The parties shall work cooperatively to minimize fraud associated with third-number billed calls, calling card calls, and any other services related to this Agreement.

36.2 Most Favored Nation Terms and Treatment

DTI, consistent with Section 252 (i) of the Act, may opt into a then-existing, valid interconnection agreement, in its entirety, at the conclusion of the said term of this Amended Interconnection Agreement. The parties agree that the provisions of Section 252 (i) of the Act shall apply, including state and federal interpretive regulations in effect from time to time.

36.3 Customer Authorization

Where so indicated in Section 31.3.5 of this Amended Interconnection Agreement, DTI is responsible to have a Customer Authorization or have in place and maintain the integrity of a third party PIC verification process. DTI is solely responsible to obtain authorization from its end user for the handling of the disconnection of the end user's service with U S WEST, the provision of service

by DTI, and the provision of Unbundled Loops and all other ancillary services. Should a dispute or discrepancy arise regarding the authority of DTI to act on behalf of the end user, DTI is responsible for providing validation of its authority to U S WEST.

36.4 Taxes

Each party purchasing services hereunder shall pay or otherwise be responsible for all federal, state, or local sales, use, excise, gross receipts, transaction or similar taxes, fees or surcharges levied against or upon such purchasing Party (or the providing Party when such providing Party is permitted to pass along to the purchasing Party such taxes, fees or surcharges), except for any tax on either Party's corporate existence, status or income. Whenever possible, these amounts shall be billed as a separate item on the invoice. To the extent a sale is claimed to be for resale tax exemption, the purchasing Party shall furnish the providing Party a proper resale tax exemption certificate as authorized or required by statute or regulation by the jurisdiction providing said resale tax exemption. Failure to timely provide said resale tax exemption certificate will result in no exemption being available to the purchasing Party.

36.5 Revenue Protection

36.5.1 U S WEST shall make available to DTI fraud prevention or revenue protection features, including prevention, detection, or control functionality embedded within any of the network elements providing U S WEST has these capabilities available for their own network. These features may include, but are not limited to screening codes, call blocking of international, 800, 900, 976, and 700 numbers. U S WEST may provide partitioned access to fraud prevention, detection and control functionality within Operations Support Systems ("OSS") if U S WEST has these features available in their network which currently include Line Information Data Base monitoring systems, High Toll Notifiers, SS7 and AMA suspect traffic alerts. Use of additional fraud techniques over and above what U S WEST has deployed in their network will be billable.

36.5.2 Uncollectible or unbillable revenues resulting from, but not confined to, provisioning, maintenance, or signal network routing errors shall be the responsibility of the party causing such error.

36.5.3 Uncollectible or unbillable revenues resulting from the accidental or malicious alteration of software underlying Network Elements or their subtending operational support systems by unauthorized third parties shall be the responsibility of the party having administrative control of access to said Network Element or operational support system software.

36.5.4 U S WEST shall be responsible for any uncollectible or unbillable revenues resulting from the unauthorized physical attachment to loop facilities from the Main Distribution Frame up to and including the Network Interface Device, including clip-on fraud.

36.5.5 To the extent that incremental costs are directly attributable to a DTI requested revenue protection capability, those costs will be borne by DTI.

36.6 Intellectual Property.

36.6.1 For Resold services, each party agrees to defend and pay any damages awarded against the other Party (the "Requesting Party"), or their customers, based on any claim, demand, or proceeding that the use, sale, offer for sale performance or provision of any facilities, equipment, services or other item provided by that Party (the "Providing Party") under this Amended Interconnection Agreement, infringes any patent, copyright, or constitutes misappropriation of a trade secret, or if based on use of any trademark authorized hereunder, violates any other proprietary or intellectual property right of a third party. The Requesting Party will notify the Providing Party promptly in writing of any such claim, demand or proceeding, and give such information, assistance and such authority as is afforded by applicable laws for the handling or defense of such claim all at the Providing Party's expense. The Providing Party shall have sole control over the defense of any such claim, demand or proceeding and all negotiations regarding its settlement. The Providing Party shall not have any obligation hereunder if any infringement or allegation thereof is based upon use of any item in combination with an other item not furnished by the Providing Party (unless the other item is merely an immaterial part of the combination or is a staple) or based upon use of any item in a manner for which it was not provided or intended. Each party shall use reasonable efforts to avoid infringement and settle any infringement claims, based on the provision of any facilities, equipment, services, or other item provided by the Providing Party. In the event of a claim of infringement, the resellers' liability shall be limited to its proportionate share (e.g. number of reseller lines compared to total Providing Party's and resold lines) of damages in relation to the Providing Party's entire exposure and after the Providing Party stands liable for the first \$500,000 of damages that would be apportioned to the reseller.

36.6.2 For the use and provisioning of unbundled elements, the Parties agree to negotiate provisions related to Intellectual Property defense and apportionment of damages, and third party intellectual property licenses in accordance with FCC decisions as effective resulting from CCB Docket 97-19.

36.6.3 Each Party shall not, without the express written permission of the other Party state that; a) the other party is in any way connected or affiliated with other Party or its affiliates, b) they are part of a joint business association or similar arrangement with the other Party or its affiliates, c) the other Party is sponsoring, endorsing or certifying a Party's goods and services, or d) with respect to a Party's advertising or promotional activities or materials, that the resold goods and services are in any way associated with or originated from the Other Party or any of its affiliates.

Nothing in this paragraph shall prevent each Party from truthfully describing the network elements it uses to provide service to its customers.

36.6.4 Except as expressly provided in this Amended Interconnection Agreement, nothing in this Amended Interconnection Agreement shall be construed as the grant of a license, either express or implied, with respect to any patent, copyright, logo, trademark, tradename, trade secret or any other intellectual property now or hereafter owned, controlled or licensable by either Party.

36.6.5 DTI may use the phrase "DTI is a reseller of U S WEST Communications services" (the Authorized Phrase) in DTI's printed materials provided:

36.6.5.1 The Authorized Phrase is not used in connection with any goods or services other than U S WEST services resold by DTI, or included in any advertising materials that contain goods or services other than those being resold by DTI.]

36.6.5.2 DTI's use of the Authorized Phrase does not, in U S WEST's reasonable discretion, cause customers to believe that DTI is U S WEST.

36.6.5.3 The Authorized Phrase, when displayed, appears only in text form (DTI may not use the U S WEST logo) with all letters being the same font and point size. The point size of the Authorized Phrase shall be no greater than one fourth the point size of the largest use of DTI's name and in no event shall exceed 8 point size.

36.6.5.4 DTI shall provide DTI's first use of the Authorized Phrase in a particular printed material to U S WEST for its prior written approval. U S WEST must provide such approval or the reasons for rejection within 10 days of such submission. U S WEST's failure to respond shall be deemed approval.

36.6.5.5 If U S WEST reasonably determines that DTI's use of the Authorized Phrase causes customer confusion, U S WEST may in its reasonable discretion immediately terminate DTI's right to use the Authorized Phrase.

36.6.5.6 Upon termination of DTI's right to use the Authorized Phrase or termination of this Amended Interconnection Agreement, all permission or right to use the Authorized Phrase shall immediately cease and DTI shall immediately cease any and all such use of the Authorized Phrase.

36.6.5.7 DTI's advertising materials comply with all state and federal laws including but not limited to unfair competition, trade libel and trademark law.

36.6.6 DTI acknowledges the value of the marks "U S WEST" and "U S WEST Communications" (the "Marks") and the goodwill associated therewith and acknowledges that such goodwill is a property right belonging to U S WEST, Inc. and U S WEST respectively or their successors in interest (the "Owners"). DTI recognizes that nothing contained in this Amended Interconnection Agreement is intended as an assignment or grant to DTI of any right, title or interest in or to the Marks and that this Amended Interconnection Agreement does not confer any right or license to grant sub-licenses or permission to third parties to use the Marks and is not assignable. DTI will do nothing inconsistent with the Owner's ownership of the Marks, and all rights, if any, that may be acquired by use of the Marks shall inure to the benefit of the Owners. DTI will not adopt, use (other than as authorized herein,) register or seek to register any mark anywhere in the world which is identical or confusingly similar to the Marks or which is so similar thereto as to constitute a deceptive colorable imitation thereof or to suggest or imply some association, sponsorship, or endorsement by the Owners. U S WEST warrants that U S WEST is the owner of or has the right to allow DTI to use the U S WEST Marks.

36.6.7 Notwithstanding the prohibitions of 36.6.2, U S WEST may refer to the fact that DTI is reselling U S WEST services (the "Reference") provided:

- a) The Reference does not, in DTI's reasonable discretion, cause customers to believe that U S WEST is DTI;
- b) DTI's name appears only in text form (U S WEST may not use DTI's logo) with all letters being the same font and point size. The point size of DTI's name shall be no greater than the smallest use of the U S WEST name in the advertisement or material;
- c) U S WEST shall provide U S WEST's first use of the Reference in a particular printed material to DTI for its prior written approval. DTI must provide such approval or the reasons for rejection within 10 days of such submission. DTI's failure to respond shall be deemed approval.
- d) If DTI reasonably determines that U S WEST's Reference causes customer confusion, DTI may in its reasonable discretion, immediately terminate U S WEST's right to make the Reference;
- e) Upon termination of this agreement, all permission or right to make the Reference shall immediately cease to exist and U S WEST shall immediately cease any and all such use, and
- f) U S WEST's advertising materials comply with all state and federal laws including but not limited to unfair competition, trade libel and trademark law.

- g) The Reference is included in a listing of U S WEST's other reseller relationships.

36.6.8 U S WEST acknowledges the value of the marks "DTI" and "Dakota Telecom, Inc." (the "DTI Marks") and the goodwill associated therewith and acknowledges that such goodwill is a property right belonging to DTI and Dakota Telecom, Inc. respectively or their successors in interest (the "Owners"). U S WEST recognizes that nothing contained in this Amended Interconnection Agreement is intended as an assignment or grant to U S WEST of any right, title or interest in or to the DTI Marks and that this Amended Interconnection Agreement does not confer any right or license to grant sub-licenses or permission to third parties to use the DTI Marks and is not assignable. U S WEST will do nothing inconsistent with the Owner's ownership of the DTI Marks, and all rights, if any, that may be acquired by use of the DTI Marks shall inure to the benefit of the Owners. U S WEST will not adopt, use (other than as authorized herein,) register or seek to register any mark anywhere in the world which is identical or confusingly similar to the DTI Marks or which is so similar thereto as to constitute a deceptive colorable imitation thereof or to suggest or imply some association, sponsorship, or endorsement by the Owners.

DTI warrants that DTI is the owner of or has the right to allow U S WEST to use the DTI Marks.

36.6.9. Notwithstanding the above, each Party may refer to the other in comparative advertising provided:

- a) The use of the other Party's name is not more prominent than the name of the Party commissioning the advertising;
- b) A Party's use of the other Party's name does not cause customers to believe that the other Party is connected or affiliated with the Party, or that the other Party sponsors, endorses or certifies the Party;
- c) The other Party's name, when visually displayed, appears only in text form (neither party may use the other Party's logo) with all letters being the same font and point size. The point size of the other Party's name shall be no larger than the nearest use of the other Party's name;
- d) In radio and television advertising and telephone conversations and solicitations, the other Party's name is not referred to in the introduction or conclusion;
- e) The Authorized Phrase and the Reference are not used on or within the comparative advertising materials or during the telephone conversation;
- f) The comparative advertising materials are not distributed with other advertising materials that use the Authorized Phrase and;

- g) The comparative advertising materials comply with all state and federal laws including but not limited to unfair competition, trade libel and trademark law.

36.7 Severability.

The Parties recognize that the FCC is promulgating rules addressing issues contained in this Amended Interconnection Agreement. In the event that any one or more of the provisions contained herein shall for any reason be held to be unenforceable in any respect under law or regulation, the parties will negotiate in good faith for replacement language. If replacement language cannot be agreed upon, either party may seek regulatory intervention, including negotiations pursuant to Sections 251 and 252 of the Act.

36.8 Responsibility for Environmental Contamination.

Neither Party shall be liable to the other for any costs whatsoever resulting from the presence or Release of any Environmental Hazard that either Party did not introduce to the affected Work Location. Both Parties shall defend and hold harmless the other, its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties and expenses (including reasonable attorneys' fees) that arise out of or result from (i) any Environmental Hazard that the indemnifying party, its contractors or agents introduce to the Work Locations or (ii) the presence or Release of any Environmental Hazard for which the indemnifying party is responsible under Applicable Law.

36.9. Responsibility of Each Party.

Each Party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Amended Interconnection Agreement and retains full control over the employment, direction, compensation and discharge of all employees assisting in the performance of such obligations. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes and all other regulations governing such matters. Each Party will be solely responsible for proper handling, storage, transport and disposal at its own expense of all (i) substances or materials that it or its contractors or agents bring to, create or assume control over at work locations or, (ii) waste resulting therefrom or otherwise generated in connection with its or its contractors' or agents' activities at the work locations. Subject to the limitations on liability and except as otherwise provided in this Amended Interconnection Agreement, each Party shall be responsible for (i) its own acts and performance of all obligations imposed by applicable law in connection with its activities, legal status and property, real or personal and, (ii) the acts of its own affiliates, employees, agents and contractors during the performance of that Party's obligations hereunder.

36.10. Referenced Documents.

All references to Sections, Exhibits, and Schedules shall be deemed to be references to Sections of, and Exhibits and Schedules to, this Amended Interconnection Agreement unless the context shall otherwise require. Whenever any provision of this Amended Interconnection Agreement refers to a technical reference, technical publication, DTI practice, U S WEST practice, any publication of telecommunications industry administrative or technical standards, or any other document specifically incorporated into this agreement, it will be deemed to be a reference to the most recent version or edition (including any amendments, supplements, addenda, or successors) or such document that is in effect, and will include the most recent version or edition (including any amendments, supplements, addenda, or successors) or each document incorporated by reference in such a technical reference, technical publication, DTI practice, U S WEST practice, or publication of industry standards (unless DTI elects otherwise). Should there be any inconsistency between or among publications or standards, DTI shall elect which requirement shall apply.

36.11. Publicity and Advertising.

Neither party shall publish or use any advertising, sales promotions or other publicity materials that use the other party's logo, trademarks or service marks without the prior written approval of the other party.

U S WEST shall not make public announcements, press releases or communicate to the media in any way the signing of this contract without the express written permission of the DTI contacts listed herein. This shall not be construed to restrict U S WEST's ability to convey such information in regulatory or legal proceedings.

36.12 Executed in Counterparts.

This Amended Interconnection Agreement 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.

36.13 Headings of No Force or Effect.

The headings of Articles and Sections of this Amended Interconnection Agreement are for convenience of reference only, and shall in no way define, modify or restrict the meaning or interpretation of the terms or provisions of this Amended Interconnection Agreement.

36.14 Entire Amended Interconnection Agreement.

This Amended Interconnection Agreement constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements, including the DTI and U S WEST Interconnection Agreement effective

June 17, 1997, representations, statements, negotiations, understandings, proposals and undertakings with respect to the subject matter hereof.

36.15 Joint Work Product.

This Amended Interconnection Agreement 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.

36.16 Disclaimer of Agency.]

Except for provisions herein expressly authorizing a Party to act for another, nothing in this Amended Interconnection Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party. Except as otherwise expressly provided in this Amended Interconnection Agreement, no Party undertakes to perform any obligation of the other Party whether regulatory or contractual, or to assume any responsibility for the management of the other Party's business.

36.17 Survival.

The Parties' obligations under this Amended Interconnection Agreement which by their nature are intended to continue beyond the termination or expiration of this Amended Interconnection Agreement shall survive the termination or expiration of this Amended Interconnection Agreement.

36.18 Effective Date.

This Amended Interconnection Agreement shall become effective pursuant to Sections 251 and 252 of the Act.

36.19 Amendment of Amended Interconnection Agreement.

DTI and U S WEST may mutually agree to amend this Amended Interconnection Agreement in writing. Since it is possible that amendments to this Amended Interconnection Agreement may be needed to fully satisfy the purposes and objectives of this Amended Interconnection Agreement, the Parties agree to work cooperatively, promptly and in good faith to negotiate and implement any such additions, changes and corrections to this Amended Interconnection Agreement. This agreement is also subject to amendment by Commission order.

36.20. Indemnity.

36.20.1 Each of the Parties agrees to release, indemnify, defend and hold harmless the other Party and each of its officers, directors, employees and agents (each an "Indemnitee") from and against and in respect of any loss, debt, liability, damage, obligation, claim, demand, judgment or settlement of any nature or kind, known or unknown, liquidated or unliquidated including, but not limited to, costs and attorneys' fees, whether suffered, made, instituted, or asserted by any other party or person, for invasion of privacy, personal injury to or death of any person or persons, or for loss, damage to, or destruction of property, whether or not owned by others, resulting from the indemnifying Party's performance, breach of Applicable Law, or status of its employees, agents and subcontractors; or for failure to perform under this Amended Interconnection Agreement, regardless of the form of action.

36.20.2 The indemnification provided herein shall be conditioned upon:

36.20.2.1 The indemnified Party shall promptly notify the indemnifying Party of any action taken against the indemnified Party relating to the indemnification. Failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability that the Indemnifying Party might have, except to the extent that such failure prejudices the Indemnifying Party's ability to defend such claim.

36.20.2.2 The indemnifying Party shall have sole authority to defend any such action, including the selection of legal counsel, and the indemnified Party may engage separate legal counsel only at its sole cost and expense.

36.20.2.3 In no event shall the indemnifying Party settle or consent to any judgment pertaining to any such action without the prior written consent of the indemnified Party.

36.21. Limitation of Liability.

36.21.1 Except as otherwise provided in the indemnity section, no Party shall be liable to the other Party for any Loss, defect or equipment failure caused by the conduct of the other Party, the other Party's agents, servants, contractors or others acting in aid or concert with the other Party.

36.21.2 Except for Losses alleged or made by a Customer of either Party, in the case of any Loss arising from the negligence or willful misconduct of both Parties, each Party shall bear, and its obligations under this Section shall be limited to, that portion (as mutually agreed to by the Parties) of the resulting expense caused by its (including that of its

agents, servants, contractors or others acting in aid or concert with it) negligence or willful misconduct.

36.21.3 Except for indemnity obligations, each Party's liability to the other Party for any Loss relating to or arising out of any negligent act or omission in its performance of this Amended Interconnection Agreement, whether in contract or in tort, shall be limited to the total amount that is or would have been charged to the other Party by such negligent or breaching Party for the service(s) or function(s) not performed or improperly performed.

36.21.4 In no event shall either Party have any liability whatsoever to the other Party for any indirect, special, consequential, incidental or punitive damages, including but not limited to loss of anticipated profits or revenue or other economic loss in connection with or arising from anything said, omitted or done hereunder (collectively, "Consequential Damages"), even if the other Party has been advised of the possibility of such damages; provided, that the foregoing shall not limit a Party's obligation to indemnify, defend and hold the other Party harmless against any amounts payable to a third party, including any losses, costs, fines, penalties, criminal or civil judgments or settlements, expenses (including attorneys' fees) and Consequential Damages of such third party. Nothing contained in this section shall limit either Party's liability to the other for (i) willful or intentional misconduct (including gross negligence); (ii) bodily injury, death or damage to tangible real or tangible personal property proximately caused by such party's negligent act or omission or that of their respective agents, subcontractors or employees nor shall anything contained in this section limit the Parties' indemnification obligations, as specified below.

36.22. Controlling Law.

This Amended Interconnection Agreement was negotiated by the Parties in accordance with the terms of the Act and the laws of the state of South Dakota. It shall be interpreted solely in accordance with the terms of the Act and the applicable state law in the state of South Dakota.

36.23. Cancellation Charges.

Except as provided pursuant to a Network Element Network Interconnection and Bona Fide Request, or as otherwise provided in any applicable tariff or contract referenced herein, no cancellation charges shall apply.

36.24. Regulatory Approval.

The Parties understand and agree that this Amended Interconnection Agreement will be filed with the Commission and may thereafter be filed with the FCC. In the event the Commission rejects any portion of this Amended Interconnection

Agreement, the parties agree to meet and negotiate in good faith to arrive at a mutually acceptable modification to the rejected portion.

36.25. Compliance.

Each party shall comply with all applicable federal, state, and local laws, rules and regulations applicable to its performance under this Amended Interconnection Agreement.

36.26. Compliance with the Communications Law Enforcement Act of 1994 ("CALEA")

Each Party represents and warrants that any equipment, facilities or services provided to the other Party under this Amended Interconnection Agreement comply with CALEA. Each party shall indemnify and hold the other Party harmless from any and all penalties imposed upon the other Party for such noncompliance and shall at the non-compliant Party's sole cost and expense, modify or replace any equipment, facilities or services provided to the other Party under this Amended Interconnection Agreement to ensure that such equipment, facilities and services fully comply with CALEA.

36.27. Independent Contractor.

Each party shall perform services hereunder as an independent contractor and nothing herein shall be construed as creating any other relationship between the Parties. Each party and each Party's contractor shall be solely responsible for the withholding or payment of all applicable federal, state and local income taxes, social security taxes and other payroll taxes with respect to their employees, as well as any taxes, contributions or other obligations imposed by applicable state unemployment or workers' compensation acts. Each party has sole authority and responsibility to hire, fire and otherwise control its employees.

36.28 Force Majeure.

Neither party shall be liable for any delay or failure in performance of any part of this Amended Interconnection Agreement from any cause beyond its control and without its fault or negligence including, without limitation, acts of nature, acts of civil or military authority, government regulations, embargoes, epidemics, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, work stoppages, equipment failure, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions, inability to secure products or services of other persons or transportation facilities or acts or omissions of transportation carriers (collectively, a "Force Majeure Event") In the event of a labor dispute or strike the Parties agree to provide service to each other at a level equivalent to the level they provide themselves.

36.29 Dispute Resolution.

36.29.1 General Provision for Dispute Resolution.

The Parties agree, in good faith, to attempt to resolve any claim, controversy or dispute between the Parties, their agents, employees, officers, directors or affiliated agents ("Dispute") through negotiation or arbitration. This paragraph shall not be construed to waive the Parties' rights to seek legal or regulatory intervention as provided by state or federal law. In the event that simple good faith discussions between the parties cannot resolve an issue the following process will be invoked unless otherwise agreed to by the parties on a case specific basis:

36.29.2 Alternative Dispute Resolution Process.

36.29.2.1 Purpose.

This section is intended to provide for the expeditious, economical, and equitable resolution of disputes between DTI and U S WEST arising under this Amended Interconnection Agreement.

36.29.2.2 Remedy.

36.29.2.2.1 Either Party to this Amended Interconnection Agreement may invoke the informal and formal complaint procedures of the Commission for any dispute arising out of this Amended Interconnection Agreement or its breach, except for disputes or matters for which the Telecommunications Act of 1996 specifies a particular remedy or procedure. By mutual agreement, the parties may refer a dispute to negotiation and arbitration under the procedures provided herein. U S WEST and DTI agree not to resort to any court, agency, or private group with respect to such disputes except in accordance with this Attachment.

36.29.2.2.2 If, for any reason, certain claims or disputes are deemed to be non-arbitrable, the non-arbitrability of those claims or disputes shall in no way affect the arbitrability of any other claims or disputes.

36.29.2.2.3 If, for any reason, the Federal Communications Commission or any other federal or state regulatory agency exercises

jurisdiction over and decides any dispute related to this Amended Interconnection Agreement or to any U S WEST tariff and, as a result, a claim is adjudicated in both an agency proceeding and an arbitration proceeding under this section, the following provisions shall apply:

36.29.2.2.4 To the extent required by law, the agency ruling shall be binding upon the parties for the limited purposes of regulation within the jurisdiction and authority of such agency.

36.29.2.2.5. The arbitration ruling rendered pursuant to this section shall be binding upon the parties for purposes of establishing their respective contractual rights and obligations under this Amended Interconnection Agreement, and for all other purposes not expressly precluded by such agency ruling.

36.29.2.3 Informal Resolution of Disputes.

36.29.2.3.1 Prior to initiating an arbitration pursuant to the American Arbitration Association ("AAA") rules, as described below, the parties to this Amended Interconnection Agreement shall submit any dispute between U S WEST and DTI for resolution to designated representative at the Vice President-or-above level and one representative from U S WEST at the Vice-President-or-above level (or at such lower level as each Party may designate).

36.29.2.3.2 The Parties may enter into a settlement of any dispute at any time. The Settlement Agreement shall be in writing, and shall identify how the Arbitrator's fee for the particular proceeding, if any, will be apportioned.

36.29.2.4 Initiation of an Arbitration.

If the Internal Review process detailed in Section 3 is unable to resolve the dispute within 30 days (or such longer period as agreed to in writing by the Parties) of such submission, and the Parties have not otherwise entered into a settlement of their dispute, the Parties may initiate an arbitration in accordance with the AAA rules.

36.29.2.5 Governing Rules for Arbitration.

The rules set forth below and the rules of the AAA shall govern all arbitration proceedings initiated pursuant to this Attachment; however, such arbitration proceedings shall not be conducted under the auspices of the AAA unless the Parties mutually agree. Where any of the rules set forth herein conflict with the rules of the AAA, the rules set forth in this Attachment shall prevail.

36.29.2.6 Appointment and Removal of Arbitrator.

36.29.2.6.1 A sole Arbitrator (the "Arbitrator") will preside over each dispute submitted for arbitration under this Amended Interconnection Agreement.

36.29.2.6.2 The Parties shall appoint an Arbitrator who will serve for the term of this Amended Interconnection Agreement, unless removed pursuant to Section 6.4 of this Attachment 1. The appointment will be made by mutual agreement in writing within thirty (30) days after the Parties have initiated an arbitration proceeding (or such longer period as the Parties may mutually agree to in writing).

36.29.2.6.3 In the event that multiple arbitration proceedings are in progress simultaneously under this Amended Interconnection Agreement, the Arbitrator may request, in writing, the appointment of one or more additional Arbitrators. The Parties shall appoint such additional Arbitrators within thirty (30) days after receipt of such request (or within such longer period as the Arbitrator's request designates). The Arbitrator may assign arbitration proceedings to the additional Arbitrators in his or her sole discretion, provided that each such proceeding shall be presided over by a single Arbitrator. Additional Arbitrators shall have all the powers and responsibilities of the Arbitrator in proceedings over which they preside, but shall serve only for the duration of the disputes for which they were retained.

36.29.2.6.4 The Parties may, by mutual written agreement, remove an Arbitrator at any time,

and shall provide prompt written notice of removal to such Arbitrator. Notwithstanding the foregoing, any Arbitrator appointed pursuant to Section 36.29.2.6.2 of this Amended Interconnection Agreement may for good cause shown be removed at any time unilaterally by either Party, upon thirty (30) days' prior written notice to the Arbitrator and to the other Party.

36.29.2.6.5 In the event that an Arbitrator resigns, is removed pursuant to Section 36.29.2.6.4 of this Amended Interconnection Agreement, or becomes unable to discharge his or her duties, the Parties shall, by mutual written Amended Interconnection Agreement, appoint a replacement Arbitrator within thirty (30) days after such resignation, removal, or inability, unless a different time period is mutually agreed upon in writing by the Parties. Any matters pending before the Arbitrator at the time he or she resigns, is removed, or becomes unable to discharge his or her duties, will be assigned to the replacement Arbitrator as soon as the replacement Arbitrator is appointed.

36.29.2.6.6 In the event that the Parties do not appoint an Arbitrator within the time limit set forth in Section 36.29.2.6.2 of this Amended Interconnection Agreement, an additional Arbitrator within the time limit set forth in Section 36.29.2.6.3 of this Amended Interconnection Agreement, or a replacement Arbitrator within the time limit set forth in Section 36.29.2.6.5 of this Amended Interconnection Agreement, either Party may apply to AAA for appointment of such Arbitrator. Prior to filing an application with the AAA, the Party filing such application shall provide ten (10) days' prior written notice to the other Party to this Amended Interconnection Agreement.

36.29.2.7 Duties and Powers of the Arbitrator.

The Arbitrator shall receive complaints and other permitted pleadings, oversee discovery, administer oaths and subpoena witnesses pursuant to the United States

Arbitration Act, hold hearings, issue decisions, and maintain a record of proceedings. The Arbitrator shall have the power to award any remedy or relief that a court with jurisdiction over this Amended Interconnection Agreement could order or grant, including, without limitation, the awarding of damages, pre-judgment interest, except that the Arbitrator may not award punitive damages; or any remedy rendered unavailable to the Parties. The Arbitrator shall not have the authority to limit, expand, or otherwise modify the terms of this Amended Interconnection Agreement.

36.29.2.8 Discovery.

U S WEST and DTI shall attempt, in good faith, to agree on a plan for document discovery. Should they fail to agree, either U S WEST or DTI may request a joint meeting or conference call with the Arbitrator. The Arbitrator shall resolve any disputes between U S WEST and DTI, and such resolution with respect to the scope, manner, and timing of discovery shall be final and binding.

36.29.2.9 Privileges.

Although conformity to certain legal rules of evidence may not be necessary in connection with arbitrations initiated pursuant to this Attachment, the Arbitrator shall, in all cases, apply the attorney-client privilege and the work product immunity.

36.29.2.10 Location of Hearing.

Unless both Parties agree otherwise or required by the arbitrator, any arbitration hearings shall take place in Sioux Falls, South Dakota or Minneapolis, Minnesota.

36.29.2.11 Decision.

36.29.2.11.1 The Arbitrator's decision and award shall be final and binding, and shall be in writing unless the Parties mutually agree to waive the requirement of a written opinion. Judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction there of Either Party may apply to the United States District Court for the district in which the hearing occurred for an order enforcing the decision.

36.29.2.11.2 In the event that the Arbitrator's decision results in a written modification of this Amended Interconnection Agreement executed by the parties (the "Modification"), the Modification shall be filed with the appropriate state utilities commissions.

36.29.2.12 Fees.

36.29.2.12.1 The Arbitrator's fees and expenses that are directly related to a particular proceeding shall be shared equally by the Parties. In the event that the Parties settle a dispute before the Arbitrator reaches a decision with respect to that dispute, the Settlement Agreement must include the sharing of the Arbitrator's fees.

36.29.2.12.2 All parties shall bear their own costs directly associated with the arbitration, including an any action to enforce or confirm the arbitrator's decision, unless otherwise directed by the arbitrator.

36.29.2.13 Confidentiality.

36.29.2.13.1 U S WEST, DTI, and the Arbitrator will treat the arbitration proceeding, including the hearings and conferences, discovery, or other related events, as confidential, except as necessary in connection with a judicial challenge to, or enforcement of, an award, or unless otherwise required by an order or lawful process of a court or governmental body.

36.29.2.13.2 In order to maintain the privacy of all arbitration conferences and hearings, the Arbitrator shall have the power to require the exclusion of any person, other than a Party, counsel thereto, or other essential persons.

36.29.2.13.3 To the extent that any information or materials disclosed in the course of an arbitration proceeding contains proprietary or confidential information of either Party, it shall be safeguarded in accordance with this Agreement. However, nothing in this Amended Interconnection Agreement shall be construed to prevent either Party from disclosing the other Party's information to the Arbitrator in connection with or in anticipation of an arbitration proceeding. In addition, the

Arbitrator may issue orders to protect the confidentiality of proprietary information, trade secrets, or other sensitive information.

36.29.2.14 Service of Process.

36.29.2.14.1 Service may be made by submitting one copy of all pleadings and attachments and any other documents requiring service to each Party and one copy to the Arbitrator. Service shall be deemed made (i) upon receipt if delivered by hand; (ii) after three (3) business days if sent by first class certified U.S. Mail; (iii) the next business day if sent by overnight courier service; (iv) upon confirmed receipt if transmitted by facsimile. If service is by facsimile, a copy shall be sent the same day by hand delivery, first class U.S. Mail, or overnight courier service.

36.29.2.14.2 Service by DTI to U S WEST and by U S WEST to DTI at the address designated for delivery of notices in this Amended Interconnection Agreement shall be deemed to be service to U S WEST or DTI, respectfully.

36.30. Commission Decision.

This Amended Interconnection Agreement shall at all times be subject to such review by the Commission or FCC as permitted by the Act. If any such review renders the Amended Interconnection Agreement inoperable or creates any ambiguity or requirement for further amendment to the Amended Interconnection Agreement, the Parties will negotiate in good faith to agree upon any necessary amendments to the Amended Interconnection Agreement.

36.31. Nondisclosure.

36.31.1 All information, including but not limited to specifications, microfilm, photocopies, magnetic disks, magnetic tapes, drawings, sketches, models, samples, tools, technical information, data, employee records, maps, financial reports, and market data, (i) furnished by one Party to the other Party dealing with customer specific, facility specific, or usage specific information, other than customer information communicated for the purpose of publication of directory database inclusion, or (ii) in written, graphic, electromagnetic, or other tangible form and marked at the time of delivery as "Confidential" or "Proprietary", or (iii) communicated [orally] and declared to the receiving Party at the time of delivery, or by written notice given to the receiving Party within ten (10) days after delivery, to be "Confidential" or "Proprietary" (collectively referred to as "Proprietary Information"), shall remain the property of the

disclosing Party. A Party who receives Proprietary Information via an oral communication may request written confirmation that the material is Proprietary Information. A Party who delivers Proprietary Information via an oral communication may request written confirmation that the Party receiving the information understands that the material is Proprietary Information.

36.31.2 Upon request by the disclosing Party, the receiving Party shall return all tangible copies of Proprietary Information, whether written, graphic or otherwise, except that the receiving Party may retain one copy for archival purposes.

36.31.3 Each Party shall keep all of the other Party's Proprietary Information confidential and shall use the other Party's Proprietary Information only in connection with this Amended Interconnection Agreement. Neither Party shall use the other Party's Proprietary Information for any other purpose except upon such terms and conditions as may be agreed upon between the Parties in writing.

36.31.4 Unless otherwise agreed, the obligations of confidentiality and non-use set forth in this Amended Interconnection Agreement do not apply to such Proprietary Information as:

36.31.4.1 was at the time of receipt already known to the receiving Party free of any obligation to keep it confidential evidenced by written records prepared prior to delivery by the disclosing Party; or

36.31.4.2 is or becomes publicly known through no wrongful act of the receiving Party; or

36.31.4.3 is rightfully received from a third person having no direct or indirect secrecy or confidentiality obligation to the disclosing Party with respect to such information; or

36.31.4.4 is independently developed by an employee, agent, or contractor of the receiving Party which individual is not involved in any manner with the provision of services pursuant to the Amended Interconnection Agreement and does not have any direct or indirect access to the Proprietary Information; or

36.31.4.5 is disclosed to a third person by the disclosing Party without similar restrictions on such third person's rights; or

36.31.4.6 is approved for release by written authorization of the disclosing Party; or

36.31.4.7 is required to be made public by the receiving Party pursuant to applicable law or regulation provided that the

receiving Party shall give sufficient notice of the requirement to the disclosing Party to enable the disclosing Party to seek protective orders.

36.31.5 Effective Date Of This Section. Notwithstanding any other provision of this Amended Interconnection Agreement, the Proprietary Information provisions of this Amended Interconnection Agreement shall apply to all information furnished by either Party to the other in furtherance of the purpose of this Amended Interconnection Agreement, even if furnished before the date of this Amended Interconnection Agreement.

36.32 Notices.

Any notices required by or concerning this Amended Interconnection Agreement shall be sent to the Parties at the addresses shown below:

U S WEST

Director Interconnection Compliance
1801 California Street, Room 2410
Denver, CO 80202

With Copy to:

U S WEST Law Department
Attention: General Counsel, Interconnection
1801 California Street, Room 5100
Denver, CO 80202

DTI

Legal Department
P. O. Box 66
Irene, SD 57037

Each Party shall inform the other of any changes in the above addresses.

36.33 Assignment.

Neither Party may assign or transfer (whether by operation of law or otherwise) this Amended Interconnection Agreement (or any rights or obligations hereunder) to a third party without the prior written consent of the other Party provided that each Party may assign this Amended Interconnection Agreement to a corporate affiliate or an entity under its common control or an entity acquiring all or substantially all of its assets or equity by providing prior written notice to the other Party of such assignment or transfer. Any attempted assignment or transfer that is not permitted is void ab initio. Without limiting the generality of the foregoing, this Amended Interconnection Agreement shall be binding upon and shall inure to the benefit of the Parties' respective successors and assigns.

36.34 Warranties.

36.34.1 Notwithstanding any other provision of this Amended Interconnection Agreement, the Parties agree that neither Party has made, and that there does not exist, any warranty, express or implied, including but not limited to warranties of merchantability and fitness for a particular purpose.

36.34.2 Except as otherwise provided herein, each party shall perform its obligations in a nondiscriminatory manner relative to its own operations, or those of its Affiliates, but in no event shall a party use less than reasonable care in the performance of its duties hereunder.

36.35 Default.

If either Party defaults in the payment of any undisputed amount due hereunder, or if either Party violates any other provision of this Amended Interconnection Agreement, and such default or violation shall continue for thirty (30) days after written notice thereof, the other Party may seek legal and/or regulatory relief. The failure of either Party to enforce any of the provisions of this Amended Interconnection Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision, but the same shall, nevertheless, be and remain in full force and effect.

36.36 Nonexclusive Remedies.

36.36.1 Except as otherwise expressly provided in this Amended Interconnection Agreement, each of the remedies provided under this Amended Interconnection Agreement is cumulative and is in addition to any remedies that may be available at law or in equity.]

36.36.2 The obligations of U S WEST and the services offered under this Amended Interconnection Agreement are unique. Accordingly, in addition to any other available rights or remedies, DTI may sue in equity for specific performance.

36.36.3 In the event U S WEST intentionally fails to switch a subscriber to DTI service as requested through an DTI service request, within the intervals set forth in this Amended Interconnection Agreement, the continued provision of Telecommunications Services by U S WEST to such subscriber shall be deemed an illegal change in subscriber carrier selection commencing with the time at which U S WEST failed to switch such subscriber. In such event, U S WEST shall reimburse DTI in an amount equal to all charges paid by such subscriber to U S WEST from the time of such failure to switch to the time at which the subscriber switch is accomplished. This remedy shall be in addition to all other remedies available to DTI under this Amended Interconnection Agreement or otherwise available.

36.36.4. All rights of termination, cancellation or other remedies prescribed in this Amended Interconnection Agreement, or otherwise available, are cumulative and are not intended to be exclusive of other remedies to which the injured party may be entitled at law or equity in case of any breach or threatened breach by the other party of any provision of this Amended Interconnection Agreement. Use of one or more remedies shall not bar use of any other remedy for the purpose of enforcing the provisions of this Amended Interconnection Agreement.

36.37 No Third Party Beneficiaries

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

36.38 Credit Worthiness Database

DTI and U S WEST agree to make available to a mutually agreed upon third-party credit reporting agency, on a timely basis, such of the following Customer payment history information available for each person or entity that applies for local service or intraLATA toll Telecommunications Service(s) from either carrier:

Applicant's name;

Applicant's address;

Applicant's previous phone number, if any;

Amount, if any, of unpaid balance in applicant's name; Whether applicant is delinquent on payments;

Length of service with prior local or intraLATA toll provider;

Whether applicant had local or intraLATA toll service terminated or suspended within the last six (6) months with an explanation of the reason therefore; and,

Whether applicant was required by prior local or intraLATA toll provider to pay a deposit or make an advance payment, or provide another form of security including the amount of each.

36.39 Branding Services offered by DTI that incorporate Network Elements or Combinations made available to DTI pursuant to this Amended Interconnection Agreement, and Local Services that DTI offers for resale shall, at DTI's sole discretion, be branded exclusively as DTI services, or otherwise, as DTI shall determine. DTI shall provide the exclusive customer service interface to DTI Customers in connection with the marketing, offering or provision of DTI services, except as DTI shall otherwise specify. In those instances where DTI requires USWC personnel to interface directly with DTI Customers, either orally, in person, or by telephone, or in writing, such personnel shall identify themselves as representing DTI. All forms, business cards or other business materials furnished by USWC to DTI Customers shall be subject to DTI's prior review, and shall bear no corporate name, logo, trademark or trade name other than DTI's or such other brand as DTI shall determine, unless otherwise specified by the

Commission. In no event shall USWC personnel acting on behalf of DTI pursuant to this Amended Interconnection Agreement provide information to DTI local service customers about USWC products or services. USWC shall provide, for DTI's review, the methods and procedures, training and approaches to be used by USWC to ensure that USWC meets DTI's branding requirements.

IN WITNESS WHEREOF, the parties hereto have caused this Amended Interconnection Agreement to be executed by their respective duly authorized representatives.

Dakota Telecom, Inc.

T.W. Hertz

Signature
Thomas W. Hertz

Name Printed/Typed
Chairman/CEO

Title
July 15, 1998

Date

U S WEST Communications, Inc.

Kathy Fleming

Signature
Kathy Fleming

Name Printed/Typed
Executive Director - Interconnect

Title
7/15/98

Date

APPENDIX A

Application of Rates and Charges for Unbundled Network Elements.

Note: Refer to Section 5.1 regarding rates.

APPENDIX B

Summary of Amendments to the Contract

N/A

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of September 11, 1998 through September 17, 1998

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing. Phone: 605-773-3705. Fax: 605-773-3809.

TELECOMMUNICATIONS

TC97-126 In the Matter of the Filing by U S West Communications, Inc. For Approval of an Interconnection Agreement Between U S West Communications, Inc. And Dakota Telecom, Inc. And Dakota Telecommunications Systems, Inc.

Amended Interconnection Agreement between Dakota Telecom, Inc. and U S WEST Communications, Inc. This amendment adds or replaces language in the original agreement. Any party wishing to comment on the parties' amendment may do so by filing written comments with the Commission and the parties to the agreement no later than October 7, 1998. Parties to the amendment may file written responses to the comments no later than October 26, 1998.

Staff Attorney: Camron Hoseck
Date Filed: September 17, 1998
Responses Due: October 7, 1998

TC98-153 In the Matter of the Petition of East Plains Telecom, Inc., for Approval of Extension of Waiver of Switched Access Rules

Petition by East Plains Telecom, Inc. for an extension of the waiver of the switched access rules granted in TC96-125. East Plains requests that it be allowed to continue charging a seven cent switched access rate in the two exchanges it purchased from U S WEST Communications until the Commission approves a new rate, based on a cost study using calendar year 1998 data. East Plains did not acquire the Alcester and Hudson exchanges until June 1, 1997, and it does not have 12 months of actual operations and traffic information for these two exchanges.

Staff Attorney: Karen Cremer
Staff Analyst: Harlan Best
Date Filed: September 14, 1998
Intervention Deadline: October 2, 1998

TC98-154 In the Matter of the Application of New Concept Communications, LLC for a certificate of authority to provide telecommunications services in South Dakota.

Application by New Concept Communications, LLC for a Certificate of Authority to provide resold interexchange telecommunications services in South Dakota including intrastate long distance, travel and debit cards, and directory assistance.

Staff Attorney: Camron Hoseck
Staff Intern: Kylie Tracy
Date Filed: September 15, 1998
Intervention Deadline: October 2, 1998

TC98-155 In the Matter of the Complaint filed by Loretta Spear, Hill City, South Dakota, against U S WEST Communications, Inc.

Complaint by Loretta Spear against U S West Communications. Complainant raises service issues including service interruptions, service disruptions, delayed repairs, and inability to obtain service. The Complainant requests the following relief: "Return to service within 24 hours after 23 and 3 weeks without telephone service. Also return to service within 24 hours in the area."

Staff Attorney: Camron Hoseck
Staff Analyst: Harlan Best
Date Filed: September 11, 1998
Intervention Deadline: October 2, 1998

TC98-156 In the Matter of the Complaint filed by Dale and Rene Larson, Lead, South Dakota, against U S WEST Communications, Inc.

Complaint by Dale and Rene Larson vs. U S West Communications. Complainants allege that U S West disconnected their telephone number and disconnected their business line. The business line had been disconnected and the problem was discovered. The Complainants requested that U S West return the line. At the time the Complainants filed the complaint, the service was not restored. The Complainants are requesting \$1500 from U S West for damages.

Staff Attorney: Camron Hoseck
Staff Analyst: Harlan Best
Date Filed: September 11, 1998
Intervention Deadline: October 2, 1998

TC98-157 In the Matter of the Complaint filed by Karen Erickson, Aberdeen, South Dakota, against U S WEST Communications Services, Inc.

Complaint by Karen Erickson vs. U S West USA Telecommunications Services, Inc. Complainant alleges that on May 27, 1998, telephone service was requested to be installed at her residence on May 1, 1998. Service was not provided until May 28, 1998. Complainant requests \$185 for switching fees, \$200 for emotional stress, and \$100 for inconvenience.

Staff Attorney: Camron Hoseck
Staff Analyst: Harlan Best
Date Filed: September 11, 1998
Intervention Deadline: October 2, 1998

You may receive copies of the weekly filings via our website or via internet e-mail. You may subscribe to the weekly filings at <http://www.state.sd.us/state/executive/puc/puc.htm>

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY U S WEST)
COMMUNICATIONS, INC. FOR APPROVAL OF)
AN INTERCONNECTION AGREEMENT)
BETWEEN U S WEST COMMUNICATIONS,)
INC. AND DAKOTA TELECOM, INC. AND)
DAKOTA TELECOMMUNICATIONS SYSTEMS,)
INC.)

ORDER APPROVING
AMENDED NEGOTIATED
INTERCONNECTION
AGREEMENT

TC97-126

On July 7, 1997, U S WEST Communications, Inc. (U S WEST) filed for approval by the South Dakota Public Utilities Commission (Commission) of the negotiated Interconnection Agreement dated June 17, 1997, between U S WEST and Dakota Telecom, Inc. and Dakota Telecommunications Systems, Inc. (collectively Dakota). The Commission approved it by Order dated August 27, 1997. On September 17, 1998, U S WEST filed for approval of an Amended Interconnection Agreement amending the June 17, 1997 agreement between it and Dakota Telecom, Inc.

On September 17, 1998, the Commission electronically transmitted notice of this filing to interested individuals and entities. The notice stated that any person wishing to comment on the parties' request for approval may do so by filing written comments with the Commission on or before October 7, 1998. Parties to the agreement had until October 26, 1998, to file written responses to the comments. No comments were received from interested individuals, entities or Commission staff.

At its regularly scheduled October 15, 1998, meeting, the Commission considered the Amended Interconnection Agreement. Commission staff recommended approval.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-31, and the Federal Telecommunications Act of 1996. Upon review of the agreement, the Commission unanimously voted to approve the Amended Interconnection Agreement between U S WEST and Dakota Telecom, Inc. It is therefore

ORDERED, that the Commission approves the Amended Interconnection Agreement between U S WEST and Dakota Telecom, Inc.

Dated at Pierre, South Dakota, this 21st day of October, 1998.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Melvin Kato

Date: 10/22/98

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

NEXT

DOCUMENT (S)

DISREGARD

BACKGROUND

CH DT

DOCKET NO.

In the Matter of

IN THE MATTER OF THE
APPLICATION OF TELCO HOLDINGS,
INC. D/B/A DIAL & SAVE FOR A
CERTIFICATE OF AUTHORITY TO
PROVIDE TELECOMMUNICATIONS
SERVICES IN SOUTH DAKOTA

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
7/9/97	Filed and Racketed;
7/10/97	TC Fax Filing;
10/17/97	Order, Spenteng, COA;
10/17/97	Racket Case

SWIDLER
&
BERLIN
CHARTERED

TC97-127

July 8, 1997

RECEIVED

JUL 09 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

Mr. William Bullard, Executive Director
South Dakota Public Utilities Commission
500 East Capitol, State Capitol Building
Pierre, South Dakota 57501

Re: Application of Telco Holdings, Inc. d/b/a Dial & Save

Dear Mr. Bullard:

Enclosed for filing please find are an original and ten (10) copies of the above-referenced Petition for Certificate of Authority to Provide Intrastate Interexchange Telecommunications Services Within the State of South Dakota. Also enclosed is a check in the amount of \$250.00 in payment of the requisite filing fee.

Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, stamped envelope. Should you have any questions concerning this filing, please do not hesitate to contact Pamela Arluk at (202) 424-7770.

Very truly yours,



Pamela S. Arluk
Jean M. Gibbons

Counsel for Telco Holdings, Inc.
d/b/a Dial & Save

Enclosures

179927.1

**BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

Application of)	
)	
TELCO HOLDINGS, INC. d/b/a)	
DIAL & SAVE)	
)	
For a Certificate of Authority to)	Docket No. _____
Provide Intrastate Interexchange)	
Telecommunications Services)	
Within the State of South Dakota)	

PETITION FOR CERTIFICATE OF AUTHORITY

Telco Holdings, Inc. d/b/a Dial & Save ("Telco" or "Petitioner"), by its undersigned counsel, hereby submits its Petition for a Certificate of Authority to provide intrastate interexchange telecommunications services pursuant to Section 49-31-3 of the South Dakota Codified Laws and the Rules of the Public Utilities Commission. As part of a *pro forma* corporate reorganization, Telco's wholly owned subsidiary, Dial & Save of South Dakota, Inc. ("Dial & Save"), a certificated carrier providing interexchange services in South Dakota, will be merged with and into Telco. Upon consummation of the transaction, Dial & Save will cease to exist. As such, Telco seeks authority from the Commission for a certificate of authority in its own name.

The management team and ultimate ownership and control of the proposed licensee, Telco, will by the same as that of Dial & Save. Dial & Save has successfully been providing interexchange services to customers in the State of South Dakota for more than two years pursuant to a grant of authority issued by the Commission in Docket No. TC95-010 dated May 22, 1995.

ORIGINAL

After the subject merger is completed and Telco becomes the service provider in South Dakota, there will be no change in the manner in which service is provided to the public. The reorganization is simply a paper transaction that will be virtually transparent to customers in terms of the services that they receive. In light of Dial & Save's proven track record of providing interexchange services to customers in the State, and the fact that Telco will operate in the same manner and under the same management as Dial & Save, Petitioner respectfully requests expedited treatment of the instant application so that its proposed reorganization may be completed in a timely manner.

In support of its application for a certificate of authority in its own name, Telco provides the following information as well as a proposed initial tariff:

1. The legal name of the Petitioner is Telco Holdings, Inc. d/b/a Dial & Save. Telco maintains its principal place of business at:

4219 Lafayette Center Drive
Chantilly, Virginia 20151-1209
Telephone: (703) 631-5600
Facsimile: (703) 803-3430

2. Correspondence or communications pertaining to this application should be directed to:

Pamela S. Arluk, Esq.
Jean Gibbons, Esq..
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, D.C. 20007-5116
Telephone: (202) 424-7715
Facsimile: (202) 424-7645

with a copy to:

Bryan Rachlin
Chief Operating Officer, Secretary
and General Counsel
Telco Communications Group, Inc.
4219 Lafayette Center Drive
Chantilly, Virginia 20151
Telephone: (703) 631-5600
Facsimile: (703) 803-3430

3. Telco is incorporated under the laws of the State of Delaware. The duration of Telco's incorporation is perpetual. Copies of Telco's Certificate of Incorporation and Authority to Transact Business within the State of South Dakota are attached hereto as Exhibit 1. Telco is a wholly owned subsidiary of Telco Communications, Group, Inc., ("TCG") a Delaware corporation that is publicly traded on the Nasdaq National Market System, and whose principal offices are located at 4219 Lafayette Center Drive, Chantilly, VA 20151-1209. In addition, on June 5, 1997, TCG entered into an Agreement and Plan of Merger with Excel Communications, Inc. to merge the two entities into subsidiaries of a new holding company. As part of the proposed transaction, a new holding company, New Res, Inc. has been created as a subsidiary of Excel. New Res, Inc. has two merger subsidiaries, E-Sub, Inc. and T-Sub, Inc. Excel and TCG will merge with E-Sub, Inc. and T-Sub, Inc. respectively, leaving Excel and TCG as surviving subsidiaries of New Res, Inc. The Commission was informed of this Agreement by letter dated June 26, 1997. The parties plan to consummate this Agreement by September 15, 1997.

The name and address of Telco's registered agent in South Dakota is:

CT Corporation System
319 South Coteau Street
Pierre, SD 57501
(605) 224-5826

4. Telco seeks to provide resold telecommunications services to subscribers to and from all points in the State of South Dakota and therefore seeks statewide authorization.

5. Telco Services: Petitioner proposes to provide 24-hour intrastate interexchange telecommunications services, 800 services, and postpaid debit travel card services to subscribers to and from all points within the state. Telco Holdings, Inc. hereby adopts the tariff of Dial & Save which has been approved and is on file with the Commission. Attached as Exhibit 4 is a proposed tariff reflecting that all of the services being offered to the customers are the same and that the only modification is the change in name.

Telco will provide high quality (digital wherever possible) service with a blocking rate no greater than P.01 to presubscribed business and residential customers. Telco's services will be available on a full-time basis, twenty-four hours a day, seven days a week. Telco's services will use mostly Feature Group D Access and special access facilities. Telco's toll-free number for customer inquiries is (800) 787-3333.

6. Telecommunications Experience: Telco provides interstate services pursuant to a tariff filed at the Federal Communications Commission. In addition, Telco's Dial & Save subsidiaries are currently authorized to provide resold interexchange services, by virtue of certification, registration or on an unregulated basis, in forty-eight states throughout the United States.

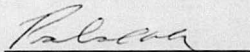
7. Petitioner's officers are well qualified to execute its business plan, having extensive managerial, financial, and technical telecommunications experience. Descriptions of the telecommunications and managerial experience of Petitioner's key personnel are included in TCG's Annual Report to the Securities and Exchange Commission on Form 10-K, which is attached hereto as Exhibit 2.

8. Petitioner is financially qualified to provide interexchange telecommunications services in the State. In particular, Petitioner has access to the financing and capital necessary to conduct its telecommunications operations as specified in this Petition. Petitioner will rely on its existing personnel and technology and financial resources to provide intrastate services; accordingly, no additional investment will be needed to offer the proposed services. Petitioner's financial qualifications to provide interexchange telecommunications services are attached hereto as Exhibit 3.

9. Approval of this Petition will serve the public interest by creating greater competition in the interexchange marketplace and by providing consumers a greater choice of long distance services. Telco, through its Dial & Save of South Dakota subsidiary, has been providing high quality, competitively priced services to customers throughout South Dakota for two years. Petitioner believes that maintaining alternatives in the long distance service market will provide South Dakota callers with the most competitive prices and widest arrangement of service and billing options possible. Information concerning Telco's proposed marketing business structure is attached hereto as Exhibit 5.

WHEREFORE, Telco Holdings, Inc. d/b/a Dial & Save requests that the South Dakota Public Utilities Commission grant the requested authority to resell intrastate telecommunications services in South Dakota.

Respectfully submitted,



Pamela S. Arluk
Jean Gibbons
SWIDLER & BERLIN, CHTD.
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007-5116
Telephone: (202) 424-7715
Facsimile: (202) 424-7645

Counsel for Telco Holdings, Inc.

Dated: July 8, 1997

EXHIBITS

Exhibit 1	Certificate of Incorporation and Certificate of Authority to Transact Business
Exhibit 2	Financial Information
Exhibit 3	Marketing and Business Information
Exhibit 4	Proposed Tariff
Verification	

EXHIBIT 1

Certificate of Incorporation and
Certificate of Authority to Transact Business

THE OFFICE OF THE SECRETARY OF STATE

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "TELCO HOLDINGS, INC.", FILED IN THIS OFFICE ON THE TWENTIETH DAY OF DECEMBER, A.D. 1996, AT 1:30 O'CLOCK P.M.



Edward J. Freel

Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE:

2696784 8100

971039828

8318991

02-06-97

CERTIFICATE OF INCORPORATION
OF
TELCO HOLDINGS, INC.

FIRST: The name of the Corporation is TELCO HOLDINGS, INC.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes that the Corporation shall have authority to issue is 5,000 shares, par value \$0.01 per share, to be issued as shares of Common Stock.

FIFTH: Except as otherwise required by law or expressly provided in this Certificate of Incorporation, each share of Common Stock shall entitle the holder thereof to one (1) vote of each matter submitted to a vote of the stockholders.

SIXTH: The name and mailing address of the incorporator of the Corporation are as follows:

Name

Address

Andrew M. Ray

3000 K Street, N.W.
Suite 300
Washington, D.C. 20007

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation, subject to any specific limitation on such power provided by any By-Laws adopted by the stockholders.

EIGHTH: Elections of directors need not be by written ballot unless the By-Laws of the Corporation so provide.

NINTH: The Corporation is to have perpetual existence.

TENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon the stockholders herein are granted subject to this reservation.

ELEVENTH: A. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. If the General Corporation Law of the State of Delaware is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended. Any repeal or modification of this Section A by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

B. Each person who was or is made a party or is threatened to be made a party to or is or was involved in any action, suit, or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section C of this Article Eleventh with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section B shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of any undertaking by or on behalf of such director or officer, to repay

all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section B or otherwise

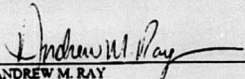
C. If a claim under Section B of this Article Eleventh is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct that make it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or stockholder) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

D. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article Eleventh shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

E. The Corporation may purchase and maintain insurance or furnish similar protection, including, but not limited to, providing a trust fund, letter of credit or self-insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expenses, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

F. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any agent of the Corporation to the fullest extent of the provisions of this Article Eleventh with respect to the indemnification and advancement of expenses of directors, officers and employees of the Corporation.

THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, makes this Certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly has hereunto set his hand and seal this 20th day of December, 1996.



ANDREW M. RAY

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of TELCO HOLDINGS, INC. (DE) to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state under the name of TCG HOLDINGS, INC.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this June 13, 1997.

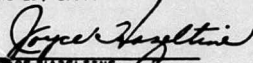

JOYCE HAZELTINE
Secretary of State

EXHIBIT 2

Financial Qualifications

- 0

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COVER
COVER LETTER

TELCO COMMUNICATIONS GROUP, INC.
4219 LAFAYETTE CENTER DRIVE
CHANTILLY, VIRGINIA 20151

March 28, 1997

VIA EDGAR ON-LINE

Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W.
Washington, DC 20459

Re: Telco Communications Group, Inc.
Commission File No.: 2-28668
Registrant CIK No.: 0001013159

Dear Ladies and Gentlemen:

Telco Communications Group, Inc. (the "Registrant"), transmits herewith for filing by your electronic gathering analysis and retrieval ("EDGAR") system are the following documents:

1. One complete electronic copy of Form 10-K Annual Report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 of the Registrant for the period ending December 31, 1996;
2. Exhibit 10.43, Credit Agreement between Telco Communications Group, Inc. and NationsBank of Texas, N.A. as Administrative Lender and Lenders, dated December 20, 1996;
3. Exhibit 10.44, Carrier Agreement between AT&T Corp. and Telco Communications Group, Inc., dated December 23, 1996;
4. Exhibit 10.45, Network Purchase Agreement between Advantis and Telco Network Services, Inc., dated March 11, 1997;
5. Exhibit 10.46, Lease Agreement between Telco Communications Group, Inc. and Frederick C. Stein, dated May 1, 1996 (Fort Lauderdale, Florida Switch Site);
6. Exhibit 10.47, Lease Agreement between Telco Communications Group, Inc. and Hudson Telegraph Associates, dated September 26, 1996 (New York, New York Switch Site);
7. Exhibit 11.1, Schedule of Computation of Earnings Per Share;
8. Exhibit 13.1, Portions of the Telco Communications Group, Inc. Annual Report to Shareholders for the year ended December 31, 1996;
9. Exhibit 21.1, Subsidiaries of Telco Communications Group, Inc.;
10. Exhibit 23.1, Independent Auditor's Consent; and
11. Exhibit 27.1, Financial Data Schedule.

Should you have any questions regarding this filing, please phone the undersigned at (703) 631-5632.

Respectfully submitted,
/s/ Nicholas A. Warrick
Nicholas A. Warrick
Chief Financial Officer

Enclosures

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1996

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-26648

TELCO COMMUNICATIONS GROUP, INC.
Exact name of registrant as specified in its charter:

Virginia 54-1674283
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)
4219 Lafayette Center Drive, Chantilly, Virginia 20151-1209
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (703) 431-5600

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, no par value

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to the
best of the Registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K or any
amendment to this Form 10-K. ☐

The aggregate market value of the voting stock held by non-affiliates of
the Registrant as of March 18, 1997 was approximately \$166,839,089 (based upon
the closing price of the Registrant's Common Stock on the Nasdaq National Market
on such date.) The number of shares outstanding of the Registrant's Common
Stock, as of the close of business on March 18, 1997 was 31,062,662 shares.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of the Registrant's Annual Report to Shareholders for the
fiscal year ended December 31, 1996 are incorporated by reference into Parts II
and IV hereof, as specifically set forth in Parts II and IV.

(2) Portions of the Registrant's definitive Proxy Statement filed in
connection with its Annual Meeting of Shareholders to be held May 15, 1997, are
incorporated by reference in Part III, as specifically set forth in Part III.

Exhibit Index on page 30

(PAGE)

TELCO COMMUNICATIONS GROUP, INC.

Form 10-K

For the fiscal year ended December 31, 1996

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PART I

Item 1. Business

Telco Communications Group, Inc., a Virginia corporation formed in 1991, and its wholly owned subsidiaries collectively "Telco" or "the Company" is a rapidly growing switch-based provider of domestic and international long distance telecommunications services primarily to residential customers in the United States. Substantially all of the Company's customers access its network by dialing a unique carrier identification code "CIC Code" before dialing the number they are calling. Using a CIC Code to access the Company's network is known as "dial around" or "casual calling" because customers can use the Company's services at any time without changing their existing long distance carrier. The Company markets its residential long distance services through marketing subsidiaries under two brands, each with a unique CIC Code: Dial & Save (CIC Code 10457) and the Long Distance Wholesale Club (LDCW) (CIC Code 12197), and prices its services at a discount to the basic "1 plus" rates offered by the three major long distance carriers: AT&T, MCI and Sprint. During December 1996, the Company provided long distance services to approximately 2.6 million customers (switched access lines) in 48 states and the District of Columbia. All dial around operations are conducted through marketing subsidiaries that are referred to collectively as the Consumer Division.

Although dial around has been in existence since the mid-1980s, only recently have companies such as Telco aggressively pursued this market opportunity. The Company markets its services primarily through direct mail and around telemarketing, and believes that this marketing strategy enables the Company to attract residential customers in a cost effective manner. Because dial around customers are not required to cancel or change their preexisting long distance carrier, the Company believes that aggressive "win-back" and other customer acquisition programs prevalent in the residential long distance market have a limited impact on the Company's business.

The Company bills its dial around customers through local exchange carrier ("LEC") billing and collection agreements which enable the Company to place its charges on the monthly local phone bills of its dial around customers. The Company has agreements with LECs, including all of the Regional Bell Operating Companies ("RBOCs"), that cover substantially all of the switched access lines in the United States. The Company believes that these billing arrangements are the most effective mechanism for billing the Company's residential customers, because of the convenience to its customers of receiving one bill for both local and long distance service and the benefits derived from the LECs' extensive collections infrastructure. The Company's billing information systems and services are provided by Tel Labs, Inc. ("Tel Labs"), a wholly owned telecommunications billing company started in 1991 by Telco's Chairman of the Board.

Since the Company's existing customer base is primarily residential, the majority of calls are handled during off-peak evening and weekend periods. In order to increase its volume of call traffic, Telco has begun to sell its daytime capacity on a wholesale basis to other long distance carriers and in addition has created a Commercial Sales Division ("CSD") to target business and carrier customers. As of December 31, 1996, CSD had opened 22 sales offices and employed approximately 220 sales personnel. For the fourth quarter of 1996, CSD's revenues were \$9.3 million, or approximately 7.8% of the Company's consolidated revenues.

The Company's switch-based network currently consists of six DMC DEX 6008, 400 and 400E switches located in Washington, D.C.; Fort Lauderdale, Florida; Savannah, Iowa; Charleston, Tennessee; Austin, Texas and Las Vegas, Nevada. Additionally, the Company is installing a DEX 400E switch in the New York City metropolitan area which is expected to be made operational during the first half of 1997 and has taken receipt of an eighth switch to be installed later in 1997 in a yet undetermined location.

In August 1996, a total of 6,325,000 shares of the Company's common stock ("Common Shares") were sold in an initial public offering ("IPO") at \$14 per share. Existing stockholders sold 1,644,000 Common Shares, and 4,681,000 Common Shares were sold by the Company which resulted in net proceeds to the Company of approximately \$60.0 million, after deducting the expenses of the offering. Concurrent with the IPO, the Company acquired Tel Labs in exchange for 393,134 Common Shares. Tel Labs was owned by Henry G. Lueke, III, the Company's Chairman of the Board, Bryan K. Rachlin, the Company's Chief Operating Officer and General Counsel and two employees of Tel Labs.

Prior to April 1, 1996, LDCW was a 55.49-owned subsidiary of the Company; the remaining 44.4% was held by Thomas J. Cirrito, President of the Consumer Division and a director of the Company, and two of his children. On April 1, 1996, the Company agreed to acquire the remaining 44.4% interest in LDCW in exchange for the issuance of 3,102,125 Common Shares. In connection with the transaction, options issued pursuant to the LDCW stock option plan were converted into options to purchase 39,942 Common Shares under the Company's Amended and Restated 1994 Stock Option Plan.

INDUSTRY OVERVIEW

The U.S. long distance market is dominated by the nation's three largest

long distance carriers. AT&T, MCI and Sprint, which, according to a recent report issued by the Federal Communications Commission (the "FCC"), together accounted for approximately 81% of the 172 billion in interstate revenues generated by all U.S. long distance carriers in 1995. Other long distance carriers, some with national transmission and marketing capabilities, accounted for the remainder of the market. The three largest long distance providers and their interLATA carriers own transmission and switching facilities, and are therefore sometimes referred to as facilities-based carriers. Non-facilities-based carriers lease transmission lines from facilities-based carriers and use other switch-based carriers. Like the Company, or toll-free resellers which rely on third-party carriers for all aspects of call transmission.

The structure of the telecommunications industry since 1984 has been shaped largely by the AT&T divestiture decree, which required the divestiture by AT&T of its Bell operating companies ("BOCs") and divided the country into 101 local access and transport areas ("LATAs") (the "AT&T Divestiture Decree"). The 12 Bell operating companies were combined into seven RBOCs and were permitted to provide local telephone service, local access service to long distance carriers and long distance ("interLATA") service within the LATAs. However, the Bell operating companies were prohibited from providing long distance service, or service between LATAs ("interLATA"). To encourage competition in the long distance market, the AT&T Divestiture Decree and certain regulations of the FCC require most LECs to provide carriers with access to local exchange service that is equal in type, quality and price to that provided to AT&T and with the opportunity to be selected by customers as a preferred long distance service provider ("equal access").

For each long distance call, the originating and terminating LECs charge an access fee to the long distance carrier. The long distance carrier charges its customers a fee for its transmission of the call, a portion of which covers the cost of the access fees charged by the LECs. Access charges represent a significant portion of the Company's cost of service and, generally, such access charges are regulated by the FCC. The FCC has commenced a proceeding to reform the rules governing interstate access charges which is designed to foster a more efficient pricing of access, competition for access services, and to reflect the development of local services prompted by the 1996 Telecommunications Act.

Thus, judicial, legislative and regulatory factors have helped to create a foundation for smaller companies, such as the Company, to emerge as competitive alternatives to the larger facilities-based carriers for long distance services. Equal access, combined with the FCC's policy mandating that carriers not unreasonably restrict resale of their services, allows resellers such as the Company to lease transmission facilities from facilities-based long distance carriers and to offer consumers long distance telecommunications services having the same quality and convenience as those of the facilities-based carriers.

For policy reasons, equal access was fully implemented for interLATA long distance service only. For intraLATA long distance service, a modified form of equal access was adopted, which enables customers to reach a preferred carrier (other than the customers LEC) on a call-by-call basis by dialing a CIC Code. Where equal access is available, a customer can reach the preferred carrier by dialing an access code, such as 10XXX, or 950-0XXX (or on a toll-free basis, where XXX is the CIC). The use of access codes to reach a preferred long distance carrier has recently gained significant exposure and customer acceptance, as evidenced by marketing campaigns of the larger facilities-based carriers, such as AT&T's "1-800-CALLATT" and MCI's "1-800-COLLECT".

In view of anticipated exhaustion of CIC Codes, in April 1994 the FCC initiated a proceeding on the issue and concluded that the expansion of CIC Codes is important because it increases access to the public switched telephone network by both end users and carriers. The FCC tentatively proposed to expand codes from 10XXX to a 10XXXX format, with a transition period of six years, during which both formats could be utilized. Under the FCC's proposal, after expiration of the transition period only the 10XXXX codes will be utilized. The FCC has not yet acted upon its proposal to finally determine the length of the transition period. On April 30, 1994, the FCC released a Public Notice in which it requested additional public comment on the issue of the appropriate length of the transition period. Comments were required to be filed with the FCC by May 21, 1994. It is not known when the FCC will take final action in this proceeding. However, all of the 10XXX CIC Codes have been allocated. Since March 31, 1995, Bell Communications Research, Inc., the administrator of the North American Numbering Plan, has been issuing 10XXXX codes.

The 1996 Telecommunications Act removed the restrictions concerning the provision of long distance service by the RBOCs and QTE Operating Companies ("QTECs"), although the RBOCs will need to obtain specific FCC approval and satisfy other conditions, including a checklist of interconnection and other requirements on LECs, prior to providing long distance service in the regions in which they provide local exchange service.

In addition to promoting competition in the U.S. long distance telecommunications market, the 1996 Telecommunications Act also opened U.S. local service telecommunication markets to competition by preempting state and local laws to the extent they prevent competitive entry into the provision of any telecommunications service, and by imposing a variety of new rules on LECs to promote competition in local exchange services. Among other requirements, all LECs are required to permit resale of their telecommunications services without

unreasonable restrictions or conditions, and on a non-discriminatory basis. The law and its accompanying regulations will enable the Company, upon receipt of all necessary regulatory approvals, to retail local telecommunication services in addition to its long distance services. The rates upon which such local services will be available to carriers such as the Company for resale are to be determined in accordance with the various state public service commissions. Significantly, the 1996 Telecommunications Act mandates that LECs make their services available to resellers at wholesale rates, defined as retail rates less any marketing, bill collection and other costs that will be avoided by the LEC by providing the wholesale service. The Company believes that the opening of the local telecommunication services market to resellers provides the Company with significant growth opportunities.

BUSINESS STRATEGY

The Company's strategy is to achieve continued growth by providing a broad array of competitively priced long distance services. The Company's primary objectives in pursuing this strategy are to:

Continue to Expand the Consumer Division's Dial Around Distribution Channel and Brand Awareness by increasing its direct mail and telemarketing efforts for both the Dial A Save and Long Distance Wholesale Club brand names. The Company continues to explore innovations within this product line including the use of advertising media that are alternative or complementary to direct mail, the development of dial around advertising targeting existing and former customers, specific affinity groups and the creation of new dial around products and services. The Company's goal in all of these efforts is to increase advertising response rates and customer usage and to lower customer attrition, thereby decreasing customer acquisition costs. During 1997 the Company intends to continue its re-marketing efforts in the contiguous 48 states and the District of Columbia, including the ten western states in which the Company began marketing in late 1996 and January 1997.

Expand CSD to enhance the growth prospects of the Company and to optimize the use of the network. CSD's sales strategy is to build its sales force, including direct and independent sales representatives and telemarketing agents targeting commercial and carrier accounts. The Company intends to supplement this sales force with its existing strong customer support functions and field service operations and Tel Labs' direct billing capabilities. Currently, usage of the Company's network occurs mostly during the evenings and on weekends. By increasing the number of commercial customers, the Company intends to more effectively use the significant available daytime capacity of its network.

Decrease Network Cost per minute of use through the continued expansion and development of the Company's network. The Company completed its national network in the third quarter of 1996 with the deployment of its Las Vegas, NV switch. The Company further intends to continue to add low cost fixed capacity to its network in order to keep pace with the Company's growth and to reduce off-network transmission expenses. To enhance the efficiency of the fixed-cost elements of its network, the Company seeks to increase both overall traffic volume and business-driven daytime traffic in order to balance the existing night and weekend off-peak traffic from residential customers. Low cost transmission expenses, coupled with an expensive network, are expected to provide the Company with the continued ability to grow its existing dial around distribution segment and to expand into new distribution channels. Such growth may also be facilitated by select strategic alliances, investments or acquisitions as the Company deems appropriate.

Offer Innovative Products and Services while leveraging its Network and Operating Infrastructure and Business Information Systems, to meet the needs of the Company's residential and commercial customer base. During December 1996, Tel Labs, the Company's wholly owned billing subsidiary, processed approximately 16 million call records. The Company believes that accurate and sophisticated information systems are key to growth and success in the telecommunications industry. Tel Labs provides the support that will enable the Company to grow its existing customer base and to provide new products and services to its residential and commercial customers, including the provision of direct bills to commercial customers. Such products and services may also include the resale of local exchange services, internet services, voice mail, FAX broadcast, paging, video conferencing and conference calling. The Company believes that its network intelligence, billing and reporting systems enhance the Company's competitive ability and provide a platform for future growth and product expansion.

MARKETING AND SERVICES

Since it commenced operations in 1993, the Company's primary focus has been residential sales through the Consumer Division's marketing of dial around services. The Company intends to expand its customer base by adding business customers through CSD. A discussion of the Company's service offerings and residential and commercial marketing follows.

Consumer Division. The Company markets its residential dial around services through marketing subsidiaries under the Dial A Save and Long Distance Wholesale Club brand names. The two brands are differentiated by rate structure and marketing approach, and the Company believes that its dual brand strategy heightens market penetration by broadening customer exposure to dial around and appealing to different segments of the population. Customers access the Company's network by dialing a five digit code before the number they are

calling 1-800 for Dial-a-Save, 1-800 for the Long Distance Wholesale Club, and "creative" are not requiring a permanent change of carrier. Their existing long distance carrier in order to use the Company's service. Since inception, the Company has targeted the domestic residential market, with an estimated 110 million households, and typically offers its customers savings off of the basic direct dialed "1 plus" rates charged by AT&T, MCI and Sprint. Recently, the Consumer Division also introduced a flat rate per minute product with a monthly fee. Approximately 94% of the Company's total customers were residential customers at December 31, 1994. Customers who prefer to access the Company's network by dialing "1 plus" rather than dialing the Company's CIC Codes may select Dial-a-Save or Long Distance Wholesale Club as their presubscribed long distance carrier. Whether a residential customer dialed the Company's access codes or is presubscribed, their calls will appear on the customer's regular monthly local telephone bill.

The Company markets its residential services primarily through direct mail pieces that seek to educate potential customers regarding dial-around and its benefits. Direct mail is targeted towards residential customers within a specified geographic region and includes a service explanation and dialing instructions, a general pricing comparison and a set of reminder stickers highlighting the Company's CIC Codes for customers to keep near their telephone.

Prospective customers do not need to sign-up or call the Company to take advantage of its discounted service offerings upon receiving a Company mail solicitation. The Company works with various outside advertising agencies to design the copy and creative components of the direct mail marketing pieces and contracts with various vendors of mail shop and printing services in an effort to ensure that mail is sent out in a timely and cost-effective manner. The Company's data processing resources allow for prompt monitoring of customer long distance usage and permit the Company to carefully measure response rates to its direct mail campaigns. The Company constantly strives to improve response rates by varying the design and components of its direct mail marketing packages, and seeks to engineer the timing of its initial and follow-on direct mail campaigns to maximize response rate and grow overall market penetration. In addition, the Company also utilizes other media to supplement direct mail.

The Company typically has targeted new and existing geographical areas for a mailing campaign. As its switch network, marketing and back office infrastructure have allowed it to effectively manage incremental growth. Initial mailings to new states are usually sequenced over a time period of several weeks in an effort to ensure proper customer support and efficient call transmission. The Company has previously conducted subsequent mailings into its existing territory to stimulate incremental usage by new and existing customers and to build brand awareness. The Company's experience indicates that subsequent mailings into its geographic markets have generated incremental new customer usage, in some cases with response rates equal to initial mailings into such markets.

The Company's in-bound telesales customer service department is designed to complement the Company's direct mail marketing strategy. Customer service representatives ("CSRs") are available 24 hours a day, 7 days a week to answer marketing inquiries generated by the Company's marketing campaigns, as well as to support existing customers. CSRs are trained to answer a broad range of inquiries from prospective customers relating to service, pricing and optional features.

Commercial Sales Division. In order to provide an additional distribution channel for the Company's telecommunications products and services, the Company implemented a plan during 1994 to build a direct commercial sales force. In April 1994, the Company hired Stephen G. Cantow as the President of its newly formed CSD as part of the Company's plan to sell voice, data and enhanced telecommunications services to business customers. By December 1994, the Company had opened 22 regional sales offices and employed approximately 220 sales personnel in 11 states to market these services. Sales personnel will market the Company's services through personal contacts which emphasize customer service, term plans, network quality, value-added services, reporting, rating and promotional discounts. The expenses associated with the growth of CSD are expected to reduce net income at least through 1997.

Current products offered by the Commercial Sales Division include long distance, calling cards, 800/988 services, call accounting and enhanced billing services and dedicated T-1. In addition to competitive rates and a wide variety of products, the Company is able to offer business customers a highly specialized direct bill summary package that includes call summaries by service type, call type, originating number, account code, area code, country code, time-of-day and most frequently called numbers.

The Company also markets basic long distance services on a presubscribed basis to small business customers through telemarketing campaigns. As of December 31, 1994, CSD employed approximately 37 people in its telesales group.

CSD also sells transmission capacity and services to other long distance carriers. The Company believes that the combination of the Company's nationwide network and Tel-Labs' data processing resources provides an avenue of continuing growth through the wholesaling of one-stop telecommunications services to long distance resellers. The Company offers a complete package of networking, billing and customer service, eliminating the need for resellers to coordinate with multiple vendors and giving them the ability to obtain all of their long distance services from a single source. Additionally, the Company provides

reseller clients with a customized version of the Tel Labs' customer account database software, the TelePhone Maintenance system ("PM"). While revenue per minute from wholesale service sales is generally lower than the Company's average sales to end users, the cost of sales and overhead involved in servicing carrier customers is also lower. Moreover, the Company has used this market segment to more effectively utilize its network during the daytime hours, the busiest time of day for many carrier and reseller customers.

The Company is positioning itself to resell local exchange services and, accordingly, has filed to extend its file applications in all 50 states seeking authorization to resell local exchange telecommunications products and services. As of March 18, 1997, local exchange resale authorization has been obtained from 21 states.

CUSTOMER SERVICES

To ensure that in-bound teleshare marketing and customer service are always available, the Company's customer service department operates 24 hours a day, 7 days a week to provide full-service support for its residential and commercial customer base and to handle marketing inquiries from potential and existing customers. During December 1996, the Company's customer teleshare and service department personally responded to approximately 230,000 customer inquiries and service calls.

As of December 31, 1996 the Company employed approximately 245 CSRs and related customer service personnel. In connection with its mailing campaigns, the Company also employs additional personnel through a temporary employment agency on an ongoing basis, particularly in connection with mass mailings. An intensive two week training program (including hands-on training in the Company's PM system and computer software, participation in role playing exercises, and monitoring of actual customer calls), as well as regular training and repeated quality assurance assessments ensure that CSRs are properly prepared to handle customer calls. The Company maintains a relationship with an inbound telemarketing service provider capable of handling incoming customer service calls should the Company's customer teleshare and service department become disabled.

The Company's call centers are equipped with state-of-the-art computer and telecommunications technology. Incoming calls are managed efficiently with the help of a Micro Phone System, which includes an automatic call distributor and an automated attendant. This high-powered, multi-tasked system allows for swift management of call queue time, the formation of distinct work groups for different projects and on-line monitoring of customer service calls for quality assurance purposes. Bilingual CSRs are available during day and evening shifts.

CSRs use the Company's PM proprietary software which delivers prompt access to accurate, up-to-date customer account information. This customized software is a powerful database which provides CSRs the capability to respond swiftly to customer needs. CSRs are able to issue credits while speaking with a customer, log service trouble tickets for treatment by the Company's Network Control Center, record pertinent customer information into an account memo field to maintain customer history, enter new customers into the database and assign appropriate billing codes. The software also generates actual credit vouchers, as well as letters responding to customer requests for additional stickers and other marketing materials. While Tel Labs has customized the software to accommodate the Company's specific needs, Tel Labs also has made this software available to its other long distance clients.

BILLING AND DATA PROCESSING

The Company believes that accurate and sophisticated information systems are key to growth and success in the telecommunications industry. The Company has dedicated substantial resources to its information systems and believes that the strong growth of its dial around business is largely attributable to the existence of the Tel Labs back office and billing platform. The Company's information systems enable the Company to (i) monitor and respond to the evolving needs of its customers by developing new and customized services; (ii) provide sophisticated billing information that can be tailored to meet the requirements of its customer base; (iii) provide high quality customer service; (iv) detect and minimize fraud; (v) verify payables to suppliers; and (vi) integrate additions to its customer base. The Company believes that its network intelligence, billing and financial reporting systems enhance the Company's competitive ability and provide a platform for future growth and the expansion of its product line.

Tel Labs processes raw switch data into a format that can be used to produce end-user invoices. During December 1996, Tel Labs processed approximately 16 million call records for 20 telecommunications companies, including the Company. This data processing is executed on specially designed personal computers operating a proprietary software program. Tel Labs receives the Company's billing and records directly from the Company's switches, and prepares them for rating by determining the answer status, originating location, terminating location and mileage. The calls are then rated according to standard rates or according to customer specific rates, if applicable. Rated calls are then sorted depending on which IEC will actually bill the end-user and placed in an industry standard format ("EDI"). Tel Labs then prepares management reports which provide the Company with the total number of calls, minutes and dollars billed during that bill cycle.

Since its inception, the Company has billed all of its residential traffic through LECs. The Company has entered into billing and collection agreements with LECs, including all of the RBOCs, that cover substantially all of the switched access lines in the U.S. These agreements permit the Company to place its customers' call detail records on the customers' regular monthly local phone bill. In addition, by billing through the LECs, the Company benefits from the LECs' extensive collections infrastructure. The Company believes that LEC billing agreements are the most effective mechanism for billing the Company's residential customers because consumers can receive the bill for both local and long distance service. The Company also provides billing clear/telephone services through Tel Leds to other unaffiliated long distance carriers.

Since April 1995, the Company has contracted with a third party to manage its billing and collection agreements ("Contract Manager"). After receiving rated call records from Tel Leds, the Contract Manager transmits them to the LEC and ensures that incoming and outgoing call records and revenues are properly tracked. The Company is considering managing its own contracts to enable it to realize greater operating efficiencies and more effectively manage its cash flow.

NETWORK AND OPERATIONS

The Company operates a nationwide advanced telecommunications network consisting of six switches, leased transmission lines and sophisticated network management systems designed to optimize traffic routing. The Company's network currently originates traffic in all or some part of 48 states and the District of Columbia. The Company operates an "open network", meaning that any individual within the Company's originating service area whose LEC provides equal access can access the Company's long distance network by dialing either of the Company's CIC codes, 10437 or 10297, or by pre-subscribing to the Company as their long distance service provider. Because customers do not need to register with the Company before accessing its network, the Company must determine capacity needs and install and test circuits before entering a new geographic market.

The Company's network provides high quality, reliable transmission and switching. The Company's network surveillance capabilities, including self-diagnostic software, generally enable the Company to anticipate and correct problems before they result in service interruption. The Company's technicians remotely monitor the Company's entire network 24 hours a day, 7 days a week, from its two Network Control Centers located in Chantilly, Virginia and Austin, Texas. To reduce the potential impact of any equipment or transmission failure, the Company can reroute or restore transmissions through the Company's standby transmission facilities or reroute traffic over the networks of other carriers. The Company's technicians also monitor the network for fraud on a real-time basis, using computer systems that detect unusual or high volume calling patterns.

Switching facilities. The Company currently operates six DEX DEX 600S, 600 and 600E digital telecommunications switches in Fort Lauderdale, Florida; Davenport, Iowa; Chattanooga, Tennessee; Austin, Texas; Washington, D.C. and Las Vegas, Nevada. Additionally, the Company is installing a DEX 600E switch in metropolitan New York City which is expected to be operational in 1997 and has acquired an eighth switch for a yet-to-be-determined location. Switches are digital computerized routing facilities that receive calls, route calls through transmission lines to their destination and record information about the source, destination and duration of the calls. In order for a call to be completed through a switch, there must be two ports available -- an incoming port and an outgoing port. For example, if a switch is equipped with 10,000 ports, the switch can accommodate up to 10,000 simultaneous telephone calls. The Company's switches are currently configured with between 13,624 and 42,420 equipped ports. The Company's DEX 600 switches can be expanded to a configuration with 10,720 equipped ports while the Company's four DEX 600E switches can be expanded to a configuration with 107,720 equipped ports. The Company continually evaluates the capacity of its switches and in the future may expand its switches' capacity or add new switches in selected markets where the volume of its customer traffic makes such an investment economically viable.

Leased Transmission Lines. The Company leases transmission lines from a variety of facilities-based and resale long distance carriers. The Company's contracts with these entities typically have terms ranging from 18 to 36 months. The Company supplements its leased "on-network" capacity with "off-net" services from a variety of resale and facilities-based long distance carriers. In addition, the Company does not have any on-network international network arrangements and exclusively reroutes the network capacity of other resale and facilities-based long distance carriers to international destinations.

Network Management Systems. Once calls are originated over the Company's circuits, the calls are routed over leased digital, fiber optic transmission facilities to the Company's nearest switch location and then routed on a least-cost basis to either the Company's leased network or to an off-net supplier for transmission. The Company utilizes state-of-the-art Digital Access Cross Connect Systems ("DACS") to electronically cross-connect circuits thereby increasing call routing and circuit provisioning efficiency and providing better network monitoring capabilities. The Company has installed Telidon ASB Titan 9500 3/1 and 530 1/0 DACS equipment on five of the Company's switches. Additional DACS systems are expected to be installed on the remaining operational switches by the end of 1997. In addition, the Company has configured a large portion of its network with Signaling System 7 Common Channel Signaling

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"ISST". This network protocol reduces connect time delays and provides additional technical capabilities and efficiencies for call routing. The Company is currently in the process of deploying ISST in additional portions of its network.

COMPETITION

The telecommunications industry is highly competitive and affected by rapid regulatory and technological change. The Company believes that the principal competitive factors include pricing, customer service, network quality, service offerings and the flexibility to adapt to changing market conditions. The Company's future success will depend upon its ability to compete with AT&T, MCI, Sprint and other carriers, including the RBOCs when approved to enter the long distance market and other dial around companies, many of which have considerably greater financial and other resources than the Company.

The Company believes it competes favorably in its targeted markets, due to its dial around service and billing services, competitive pricing, high network quality and customer service infrastructure. The Company also believes that its success will depend increasingly on its ability to offer on a timely basis new services based on evolving technologies and industry standards. There can be no assurance that new technologies or services will be available to the Company on favorable terms.

Regulatory trends have had, and may have in the future, significant effects on competition in the industry.

REGULATION

The services which the Company provides are subject to varying degrees of federal, state and local regulation. The FCC exercises jurisdiction over all facilities of, and services offered by, telecommunications common carriers to the extent that they involve the provision, origination or termination of jurisdictionally interstate or international communications. The state Public Service Commissions ("PSCs") retain jurisdiction over jurisdictionally intrastate communications.

The 1996 Telecommunications Act. The 1996 Telecommunications Act was enacted in February, 1996. The legislation is intended to introduce increased competition in U.S. telecommunication markets. The legislation opens the local services markets by requiring local exchange carriers to permit interconnection to their networks and by establishing local exchange carrier obligations with respect to unbundled access, resale, number portability, dialing parity, access to rights-of-way, mutual compensation and other matters. In addition, the legislation modifies the local exchange carriers' equal access and nondiscrimination obligations and preempts inconsistent state regulation. The legislation also contains special provisions that eliminate the restrictions on the RBOCs and the GTOCs from providing long distance services. These new provisions permit an RBOC to enter the "out-of-region" long distance market immediately, upon the receipt of any state and/or federal regulatory approvals otherwise applicable to the provision of long distance service, and the "in-region" long distance market if it satisfies several procedural and substantive requirements, including obtaining FCC approval upon a showing that in certain situations facilities-based competition is present in its market, and that it has entered into interconnection agreements which satisfy a 14-point "checklist" of competitive requirements.

The legislation defines in-region service to include every state, in its entirety, in which the RBOC provides local exchange service, even if the RBOC is not the incumbent local exchange service provider in all portions of that state. The GTOCs are permitted to enter the long distance market as of the date of enactment of the 1996 Telecommunications Act, without regard to limitations by region, although necessary regulatory approvals to provide long distance services must be obtained, and the GTOCs are subject to the provisions of the 1996 Telecommunications Act that impose interconnection and other requirements on LECs. The Company will be facing new competition from the RBOCs and the GTOCs that are able to obtain the necessary state and/or FCC approvals to provide out-of-region and/or in-region long distance service, and at least seven RBOCs have announced their intention to request permission from the FCC to enter the long distance market in one or more of their state markets. The legislation provides for certain safeguards to protect against anti-competitive abuse by the RBOCs. Among other things, the legislation limits the ability of the RBOCs to market jointly for a certain time period interLATA long distance service, equipment, and certain information services together with local services. The RBOCs must pursue such activities only through separate subsidiaries with separate books and records, financing, management, and employees. All affiliate transactions must be conducted on an arm's length and non-discriminatory basis. The RBOCs are also prohibited from jointly marketing local and long distance services, equipment, and certain information services unless they permit competitors to offer similar packages of local and long distance services. Further, the RBOCs must obtain in-region long distance authority before jointly marketing local and long distance service in a particular state. It is unknown whether these safeguards will provide adequate protection against anti-competitive conduct by the RBOCs, and the impact of anti-competitive conduct on the Company, if such conduct occurs, is uncertain. In addition, long distance service providers such as the Company will be significantly affected by the implementation and enforcement of statutory and regulatory provisions designed to prevent the RBOCs and the GTOCs from capitalizing on their monopolistic provision of local services to existing subscribers to wire

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InterLATA business.

The 1996 Telecommunications Act also addresses a wide range of other telecommunications issues that will potentially impact the Company's operations, including a number of provisions pertaining to what safeguards designed to prevent RBOCs from capitalizing on their local exchange monopolies will cease to apply; provisions pertaining to regulatory forbearance by the FCC; the creation of new opportunities for competitive local service providers; and requirements pertaining to the treatment and confidentiality of subscriber network information. The legislation also restricts for some period AT&T and other long distance carriers serving more than five percent of the national preassigned access lines from packaging their long distance services with local services provided over RBOC facilities. It is unknown at this time precisely the nature and extent of the impact that the legislation will have on the Company. As required by the legislation, the FCC is still in the process of conducting a large number of proceedings to adopt rules and regulations to implement the new statutory provisions and requirements.

Depending on the exact nature and timing of GTOC and RBOC out-of-region and in-region entry into the long distance market, such entry and the ability of the Company's competitors to market jointly local and long distance services could have a material adverse effect upon the Company's results of operations. It is expected by the Company that most or all of the RBOCs will file applications for out-of-region and also eventually in-region long distance service authority. Certain of the RBOCs have already obtained the necessary authority to provide out-of-region long distance services in multiple states. It is not known when, and under what specific conditions, other applications for long distance authority will be filed by the RBOCs and/or granted by state utility commissions.

FCC Interconnection Orders. As required by the 1996 Telecommunications Act, in August 1996, the FCC adopted new rules implementing certain provisions of the 1996 Telecommunications Act (the "Interconnection Orders"). These rules are designed to implement the pro-competitive, deregulatory, national policy framework of the new statute by removing or minimizing the regulatory, economic, and operational impediments to competition for facilities-based and resold local services, including switched local exchange service. Although setting minimum, uniform, national rules, the Interconnection Orders also rely heavily on states to apply these rules and to exercise their own discretion in implementing a pro-competitive regime in their local telephone markets.

The Interconnection Orders are primarily important to the Company at this time insofar as they establish the basis for the cost to the Company of providing resold services. Consistent with the 1996 Telecommunications Act, the Interconnection Orders require incumbent LECs to offer their telecommunications services at retail prices minus avoided costs. The Interconnection Orders also require, among other things, that intralATA preassignment (pursuant to which LECs must allow customers to choose different carriers for intralATA toll service without having to dial extra digits) be implemented no later than February 1999.

Petitions seeking reconsideration of one or more aspects of the Interconnection Orders have been filed with the FCC and are pending. Also, Interconnection Orders have been appealed to various U.S. Court of Appeals. These appeals have been consolidated into proceedings currently pending before the U.S. Eighth Circuit Court of Appeals. Certain of the rules adopted in the Interconnection Orders, including rules that concern the pricing of local services such as resold local service, have been stayed by the Court pending resolution of the appeal. Although a number of state regulatory commissions have voluntarily adopted pricing rules similar to those mandated in the Interconnection Orders, there can be no assurance of how the Interconnection Orders will be implemented or enforced, or what effect they will have on competition within the telecommunications industry, generally, or on the competitive position of the Company, specifically. Nonetheless, the Company believes the trend toward increased competition and deregulation of the telecommunications industry will be accelerated by the 1996 Telecommunications Act and subsequent developments.

Federal. The FCC has classified the Company as a non-dominant inter-exchange carrier. As a non-dominant carrier, the Company may provide domestic interstate communications without prior FCC authorization, although FCC authorization is required for the provision of international telecommunications by non-dominant carriers. Non-dominant carriers currently are required to file tariffs listing the rates, terms and conditions of interstate and international services provided by the carrier. However, generally the FCC has chosen not to exercise its regulatory power to closely regulate the charges or practices of non-dominant carriers. Nevertheless, non-dominant carriers are required by statute to offer interstate and international services under rates, terms and conditions that are just, reasonable, and not unduly discriminatory, and the FCC acts upon complaints against such carriers for failure to comply with statutory obligations or with the FCC's rules, regulations and policies. The FCC also has the power to impose more stringent regulatory requirements on the Company and to change its regulatory classification. The Company believes that, in the current regulatory environment, the FCC is unlikely to do so.

Until October 1995, AT&T was classified as a dominant carrier, but AT&T successfully petitioned the FCC for non-dominant status in the domestic interstate market. Therefore, certain pricing restrictions that once applied to AT&T have been eliminated, which could result in increased prices for services

The Company purchases from AT&T and more competitive retail prices offered by AT&T to customers. AT&T is, however, still classified as a dominant carrier for international services.

Currently, the Company maintains two types of tariffs on file with the FCC containing the rates, terms and conditions of its services. One governs interstate service and the other governs international service. As is required, the Company retained authority from the FCC prior to providing international services. Changes to existing tariffs can be made on one-day notice, without need for just support. The 1996 Telecommunications Act, however, grants the FCC the authority to "forewarn" from regulating any provider of service if the agency determines that it is in the public interest to do so. In an exercise of its "forewarnance authority," the FCC has recently issued an order changing this and following a transition period which is currently scheduled to conclude in November 1997, nondominant carriers will no longer be able to file tariffs with the FCC concerning their interstate long distance services. (International services will continue to be tariffed.) In lieu of tariffs, nondominant carriers such as the Company will be required to maintain at their offices, and to provide to customers or regulators upon request, information concerning their long distance services.

The FCC order eliminating tariffs has been appealed to the U.S. Court of Appeals for the District of Columbia. That appeal is pending. The court has stayed the FCC's order pending the resolution of the appeal. The appellants argue that tariffing establishes a legally binding relationship between carriers and customers, and that detariffing eliminates certainty with regard to those relationships. They also argue that detariffing imposes costs upon carriers because carriers will need to enter into alternative forms of legally binding relationships with customers. There can be no assurance of whether the appeal will be successful or, if successful, what effect it may have on the Company. However, if mandatory detariffing ultimately takes effect, the Company, like other long distance companies, would likely incur some additional costs in establishing legally binding relationships with customers.

The 1996 Telecommunications Act mandated several other important federal regulatory developments. The first concerns universal service. As required by the 1996 Telecommunications Act, a joint board of federal and state regulators were convened to consider possible changes to the FCC's existing universal service support mechanisms - mechanisms designed to ensure affordable telephone service is available to all customers, including low-income consumers - in light of the pro-competitive paradigm for local competition established by the 1996 Telecommunications Act. In November 1996, the FCC initiated a proceeding to examine universal service issues, and has received comment on the proposals set forth by the joint board. Any decision is expected to comply with the policy principles for preservation and advancement of universal telephone service set forth in the Act: quality service, affordable rates, access to advanced services, access to service in rural and high-cost areas, specific and predictable support mechanisms, equitable and non-discriminatory contribution to support mechanisms, and access to advanced Telecommunications for schools, health care providers, and libraries. An initial decision is expected in May 1997. It is uncertain how any decision might affect the Company.

Another issue that may affect the Company is access charge reform. Access charges are charges imposed by LECs on long distance providers for access to the local exchange network, and are designed to compensate the LEC for its investment in the local network. In addition to economic considerations, when adopted in 1984, at the time AT&T was required to divest the BOCs, access charges rates reflected public policy considerations related to universal service and the desirability of low local rates. Interstate access charges are regulated by the FCC and interstate access charges are regulated by the state public service commissions. As required by the 1996 Telecommunications Act, in December 1996, the FCC issued an order which, among other things, requested comment on a number of access charge reform issues designed to foster efficient pricing of access, competition for access services, and to reflect the development for local services prompted by the 1996 Telecommunications Act. The FCC has also sought comment on whether internet service providers and other information service providers should be subject to access charges. An initial decision is expected in May 1997. It is uncertain how any decision might affect the Company.

An additional issue that may affect the Company relates to the manner in which carriers will be required to compensate payphone owners when a payphone is used to originate a long distance call. The 1996 Telecommunications Act requires carriers to compensate payphone owners on a per call basis. In Orders issued in September and October of 1996, the FCC imposed a compensation scheme that called for certain carriers, including the Company, to compensate payphone owners a flat amount per minute for one year before transitioning to a per call compensation system. This flat rate compensation scheme would effectively require the Company to pay for services it does not receive. The Company and other carriers such as AT&T, have appealed these decisions to the U.S. Court of Appeals for the District of Columbia. The appeal is pending. There can be no assurance of whether the appeal will be successful or, if successful, what effect it may have on the Company.

The FCC also imposes prior approval requirements on transfers of control and assignments of operating authorizations. The FCC has the authority to generally condition, modify, cancel, terminate or revoke operating authority for failure to comply with federal laws and/or the rules, regulations and policies of the FCC. Fines or other penalties also may be imposed for such violations.

There can be no assurance that the FCC or third parties will not raise issues with respect to the Company's compliance with applicable laws and regulations.

Among domestic local carriers, only the incumbent local exchange carriers are currently classified as dominant carriers. Thus, the FCC regulates many of the local exchange carriers' rates, charges and services to a greater degree than the Company's. Although FCC regulation of the local exchange carriers is expected to decrease over time, particularly in light of the 1996 Telecommunications Act. As a result of the Act, incumbent local exchange carriers have recently been afforded a degree of pricing flexibility in setting intrastate access charges where adequate competition is perceived to exist. In January 1997, the FCC issued an order streamlining the process by which incumbent LECs file tariffs for switched and special access services. The new streamlined rules allow LECs to change tariffs on no more than 15-day notice. The shortened notice periods adopted by the FCC may prompt LECs to file tariffs containing discriminatory and anti-competitive rates. It is unclear whether the order will be subject to reconsideration or appeal and, if not, what effect it may have on the Company.

Like other long distance carriers, the Company has been the subject of informal complaints before the FCC regarding certain marketing and billing issues. The Company has filed timely responses to these informal complaints. The Company believes that such matters will be satisfactorily resolved without a material adverse impact upon the Company's results of operations.

State. The Company's intrastate long distance and anticipated local exchange operations are subject to various state laws and regulations including, in most jurisdictions, certification and tariff filing requirements. The vast majority of the states require the Company to apply for certification to provide intrastate local and long distance telecommunications services, or at least to register or to file tariffs with the state regulatory authority before commencing intrastate service. The vast majority of states also require the Company to file and maintain detailed tariffs listing their rates for intrastate service. Many states also impose various requirements regarding requirements and/or require prior approval for transfers of control of certified carriers, and/or for corporate reorganizations, acquisitions of telecommunications operations, assignments of carrier assets, including subscriber bases; carrier stock offerings; and insurance by carriers. Significant state obligations. Certificates of authority can generally be conditioned, modified, canceled, terminated, or revoked by state regulatory authorities for failure to comply with state law and/or the rules, regulations, and policies of the state regulatory authorities. Fines and other penalties also may be imposed for such violations.

The Company has received the necessary FCC authorization and state certificate and tariff approvals to provide intrastate and intrastate long distance service in 48 states and the District of Columbia. In addition, the Company has received the necessary authorization to provide local exchange telecommunications service in 31 states as of March 18, 1997. Applications are pending for multiple subsidiaries for additional state certifications. Although the Company intends and expects to obtain operating authority in each jurisdiction in which operating authority is required, there can be no assurance that one or more of these jurisdictions will not deny the Company's request for operating authority. The Company monitors regulatory developments in all 50 states to ensure regulatory compliance.

Informal complaints concerning certain marketing and billing issues have been lodged against the Company before certain state PRCs. The Company believes that such matters will be satisfactorily resolved without a material adverse impact upon the Company's results of operations.

PSCs also regulate access charges and other pricing for telecommunications services within each state. The RBOCs and other local exchange carriers have been seeking reduction of state regulatory requirements, including greater pricing flexibility. This could adversely affect the Company in several ways. If regulations are changed to allow variable pricing of access charges based on volume, the Company could be placed at a competitive disadvantage over larger long distance carriers. The Company also could face increased price competition from the RBOCs and other local exchange carriers for intraLATA and interLATA long distance services, which may be increased by the removal of former restrictions on long distance service offerings by the RBOCs as a result of the 1996 Telecommunications Act.

INTELLECTUAL PROPERTY

The Company has registered several trademarks for use in its marketing materials. The original logo used to market Dial & Save residential long distance service is a registered trademark of the Company. The logo is used in a limited fashion today, as it has been replaced by a more updated logo design. The new logo used to market the Dial & Save residential long distance service is actively used on all Dial & Save marketing materials. The Company filed a registration application to obtain a trademark for the new logo design and to trademark the words "Dial & Save" in late 1994. The registration application has been suspended pending the disposition of one other application before the Patent and Trademark Office ("PTO"). While each of the Company and the other applicant filed an opposition to the other's application, they commenced discussions to resolve the matter. In December 1996, however, the Company was named as a defendant in litigation brought by Apple A Day, Inc. ("A/D/A Dial and Save" ("Apple"), a company involved in telephone order sales of electronic equipment. The suit claims that the new logo design accompanied by the words

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"Dial a Save" is confusingly similar to a trademark used by Apple as to constitute trademark infringement and violations of related laws. The Company believes it has strong defenses to Apple's claims, including that the marks and markets at issue are dissimilar. See "Item 3 - Legal Proceedings." The Company's FCC Code for its Long Distance Wholesale Club brand is a registered trademark of the Company.

"Prime Business" is the name of the Company's commercial product line. The Company filed registration applications to obtain trademarks for the phrase "Prime Business" and for its logo in 1995. The registration was granted in September 1996.

EMPLOYEES

As of December 31, 1996, the Company has approximately 403 full-time employees, 8 part-time employees, and approximately 185 workers who are employed through various temporary agencies. The temporary agency workers are CSRs who handle inbound marketing inquiries from customers. None of these employees are represented by a union. The Company believes that it has good relations with its employees.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements which express the current beliefs and expectations of Telco's management, but are subject to a number of known and unknown risks that could cause actual results to differ materially from those projected or implied in the forward-looking statements in this press release. Among the risks, factors and uncertainties that could cause actual results to differ materially from those referred to above are: the Company's ability to maintain its current pace in attracting and retaining customers, the development of price competition in the long distance industry, an increase in rates for access and transmission facilities, the costs associated with the continued expansion of the Company's Commercial Sales Division and the ability of the Company to integrate the pending acquisition of the Adventis assets and to generate the anticipated earnings and cash flow.

Item 2. Properties

The Company currently leases approximately 36,327 square feet of space for its corporate headquarters at 4219 Lafayette Center Drive, 4215 Lafayette Center Drive and 4200 Pleasant Valley Road in Chantilly, Virginia, pursuant to various agreements. See "Certain Transactions- Leases of Real Property from Affiliate of Shareholder." The average monthly rent (not including electricity) as of March 1997 is approximately \$29,906. In addition, the Company occupies approximately 14,504 square feet of leased office space on the 11th floor of 1401 Wilson Boulevard in Arlington, Virginia, which also houses the Company's Washington, D.C. Commercial Sales Division. The monthly rental for this space as of December 1996 is approximately \$25,651. The lease expires on May 31, 2000 with an option to renew for one additional term of five years. The Company also leases an aggregate of 27,432 square feet of space in seven locations in Florida, Iowa, Nevada, Tennessee, Texas, and Washington, D.C., to house its telecommunications switching equipment sites and one of its network control centers. Due to the rapid expansion and growth of the Company, there may be a need to lease additional office space. If this need arises, the Company believes additional space can be readily obtained as needed. The Company's Commercial Sales Division is currently utilizing temporary office space in twenty-one of its twenty-two existing locations. The Company expects to secure longer term office space in 1997.

Item 3. Legal Proceedings

In December 1996, Telco Communications Group, Inc. and Long Distance Wholesale Club ("LDWC") became involved in a civil action, AT&T Corp. v. Telco Communications Group, Inc. and Long Distance Wholesale Club, pending in the United States District Court for the District of New Jersey. In this litigation, AT&T claims that Long Distance Wholesale Club advertisements that consumers can save up to 50% off AT&T's basic rates are false and misleading under federal and state law. AT&T seeks treble damages, statutory attorneys' fees and costs, and an injunction. The Company denies the allegations in this litigation and is vigorously defending against them, including that all disclosures are clearly contained in LDWC's advertisements and that it is possible for consumers in any geographic location of the United States to place calls that will achieve up to a 50% savings. Toward that end, the Company is preparing to stipulate the transfer of its own false advertising and tortious interference claims against AT&T, recently pending in the United States District Court for the Eastern District of Virginia, to the District of New Jersey for consolidation with AT&T's action. The Company also plans to file additional counterclaims against AT&T based on AT&T's advertising which the Company believes contains a variety of misleading and deceptive statements. The Company could be found liable for damages and an injunction might issue against future use of the LDWC advertisements, although such advertisements are no longer in use.

On December 31, 1996, Apple filed suit against the Company in the United States District Court for the Eastern District of Maryland, alleging trademark and trademark infringement, unfair competition, false designation of origin, federal trademark dilution, trade dress dilution and violations of Missouri common law. According to the complaint, Apple holds a Dial and Save service mark for telephone order services in the field of electronic equipment. Apple alleges that the Company's use of a Dial a Save logo and trademark in connection with

its sale to consumers of long distance service infringes Apple's mark. Apple seeks an injunction against the Company's further use of the Dial a Save logo and name, disgorgement of all profits made from use of the Dial a Save logo and name, damages for loss of sales, loss of good will and damage to reputation, costs of damages and payment of attorneys fees and costs. The Company denies the allegations and is vigorously defending against them, including on the grounds, among others, that there is no competitive proximity of the electronic equipment that Apple sells and the long distance service that the Company offers and no likelihood of, or actual, confusion regarding the seller, and therefore the source, if each. If the Company is found to have infringed Apple's mark, and if it has liability for Apple's other claims, then it may be found liable to Apple in whole, or in part, for damages of the nature sought by Apple.

On May 9, 1995, the Company, and its subsidiary, Dial a Save of Nevada, Inc., filed suit against Central Telephone Company-Nevada, d/b/a Sprint/Central Telephone Company-Nevada, a division of the Central Telephone Company, Sprint, Inc., et al., in the District Court of Clark County, Nevada. The suit includes claims for breach of contract, promissory and equitable estoppel, unfair trade practices, and breach of the duty of good faith and fair dealing, all in violation of the laws of Nevada. The Company and its subsidiary seek an order for temporary injunctive relief preventing the defendant from denying possession of certain commercial real property in Las Vegas to the Company and its subsidiary and compelling the defendant to execute and honor a commercial real property lease with the Company, as well as compensatory and punitive damages, attorneys fees and costs.

In related litigation, on May 5, 1995, Central Telephone Company-Nevada, d/b/a Sprint/Central Telephone Company-Nevada, a division of the Central Telephone Company, filed suit against the Company in the United States District Court for the District of Nevada. The suit includes claims for negligent and/or malicious invasion of, concealment of, material facts, conversion of personal property and trespass to chattel in violation of the common laws of Nevada, in connection with certain commercial real property and telecommunications facilities owned by the plaintiff in Las Vegas, Nevada. The plaintiff seeks damages and a declaratory judgment specifying the respective rights of the plaintiff and the Company regarding occupancy of the commercial real property and use of the telecommunications facilities in Las Vegas, and requiring the Company to present any complaint against the plaintiff to the FCC prior to bringing any court action. The Company denies the allegations, intends to defend vigorously against them and has filed the suit described above the against the plaintiff.

On March 14, 1997, Frontier Corporation and Frontier Communication Services, Inc. filed suit against the Company, and three (3) of the Company's employees, in the United States District Court for the Southern District of Indiana, alleging breach of contract, tortious interference with contractual relations and tortious interference with prospective economic relations. The plaintiffs allege that three (3) of the Company's employees, who were employed formally by the plaintiffs, left the employ of plaintiffs, joined the Company, and thereafter solicited on behalf of the Company plaintiffs' employees, and plaintiffs' customers, in breach of written agreements between the plaintiffs and the employees, and in violation of the common laws of Indiana. The plaintiffs also allege that the Company breached a written agreement between the Company and the plaintiffs in which the Company agreed not to allow solicitation of the plaintiffs' employees or customers by the Company's employees who were formerly employed by the plaintiffs. The plaintiffs seek an injunction preventing the Company and the three (3) employees from breaching their respective written agreements with plaintiffs and preventing the Company from aiding or abetting the employees in breach of the employees' written agreements with the plaintiffs, an accounting and disgorgement of all profits made by the Company and the employees arising from the breach of the written agreements with the plaintiffs; a declaratory judgment that the Company and the employees have breached their respective written agreements with the plaintiffs, and have tortiously interfered with the plaintiffs' existing contractual and prospective economic relations; damages for breach of contract and interference with plaintiffs' existing contractual and prospective economic relations; and payment of attorneys' fees, and costs. The Company denies the allegations and intends to defend vigorously against them.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

The following table sets forth, as of March 10, 1997, certain information regarding the Company's executive officers and certain other significant employees.

Name	Age	Position
Henry J. Lamm, III	37	Chairman of the Board
Donald A. Burns	33	Vice Chairman of the Board, Chief Executive Officer and President
Thomas J. Cicuto	48	President-Consumer Division and Director
Stephen G. Canton	41	President-Commercial Division
Bryan K. Rachlin	40	Chief Operating Officer, Secretary and General Counsel
Nicholas A. Merrick	34	Chief Financial Officer, Treasurer and

Natalie J. Marine-Street	28	Vice President
Janet D. Anastasi	50	Executive Vice President
Mark J. Stodter	37	Vice President and Corporate Controller
		Vice President-Electronic Data Processing

Henry G. Loken, III, a co-founder of the Company, has served as the Chairman of the Company's Board of Directors since its formation in July 1993. Mr. Loken served as the Company's Chief Executive Officer and Treasurer from July 1993 to April 1996. Mr. Loken has also served as chairman of Tel Laka since 1992 and chairman of Telco Development Group, Inc., a computer systems company owned by Mr. Loken, since 1987, both of which entities he founded.

Donald A. Burns, a co-founder of the Company, has served as Chief Executive Officer and Vice Chairman of the Company's Board of Directors since April 1996, and has served as the President and as a director of the Company since its formation in July 1993. Mr. Burns served as the Company's Secretary from July 1993 to April 1996. Prior to joining the Company, Mr. Burns held several positions with Mid Atlantic Telecom, Inc. "Mid Atlantic", a regional long distance carrier based in Washington, D.C., including executive vice president and chief operating officer from October 1992 to July 1993 and director of operations from 1988 to October 1992.

Thomas J. Cirrito has served as the President of the Company's Consumer Division since April 1996 and as a director of the Company since June 1996. Mr. Cirrito is a co-founder of LCMC and has served as its president and chief executive officer since its formation in September 1993. From November 1991 through September 1993, Mr. Cirrito served as president and chief executive officer of Telecommunications Associates, Inc., an operator assisted services company. Mr. Cirrito was vice president of marketing/sales with Mid Atlantic from November 1988 to November 1991.

Stephen G. Canton has served as the President of the Company's Commercial Division since April 1996. Prior to joining the Company, Mr. Canton held several positions with Allnet Communications Services, Inc., a long distance telecommunications company, including vice president of the sales division and regional sales director from 1988 to 1995.

Bryan K. Rachlin has served as the Chief Operating Officer and Secretary of the Company since April 1996. Mr. Rachlin has served as Vice President and General Counsel of the Company since its inception, and as the Chief Executive Officer of Tel Laka since May 1994. Prior to joining the Company, Mr. Rachlin was a partner in the law firm of Rachlin & Fitzgerald.

Nicholas A. Merrick has served as Chief Financial Officer of the Company since March 1996. Prior to joining the Company, from July 1990 to March 1996, Mr. Merrick held several positions as an investment banker in the corporate finance department of The Robinson-Hughes Company, Inc. In this capacity, Mr. Merrick was involved in numerous public and private financing and merger and acquisition transactions involving companies in the telecommunications industry.

Natalie J. Marine-Street has served as an Executive Vice President of the Company since February 1996. Ms. Marine-Street served in several other positions with the Company since its formation in July 1993, including vice president of administration from February 1995 to February 1996 and marketing manager/special projects from July 1993 to February 1995. Prior to joining the Company, Ms. Marine-Street served as marketing coordinator and in other capacities at Mid Atlantic from April 1991 to July 1993.

Janet D. Anastasi has served as Vice President and Corporate Controller of the Company since October 1994. Prior to joining the Company, Ms. Anastasi served as a manager at Chase and Associates CPAs, P.C., certified public accountants, from 1988 to 1994.

Mark J. Stodter has served as Vice President-Electronic Data Processing of the Company since its formation in July 1993. Additionally, Mr. Stodter served as Chief Operating Officer of the Company from July 1993 to March 1996. Prior to joining the Company, Mr. Stodter served as director of management information systems with Long Distance Service, Inc., a regional long distance carrier based in Washington, D.C. from 1986 to 1993.

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PART II

Item 5. Market for the Registrant's Common Equity and Related Shareholder Matters

The Common Shares are traded on the Nasdaq National Market under the symbol "TCOM". The following table sets forth, on a per share basis, the range of the high and low sales price information of the Common Shares as reported by the Nasdaq National Market, for the periods indicated.

	1996	
	High	Low
Third Quarter (from August 9, 1996)	\$19 1/2	\$14
Fourth Quarter	\$19 1/4	\$15

As of March 18, 1997, the closing price of the Common Shares as reported by the Nasdaq National Market was \$20.36. As of March 18, 1997, there were approximately 2,877 registered holders of Common Shares.

The Company has never paid any dividends. The Company currently intends to retain all future earnings for use in the operation of its business and, therefore, does not anticipate paying any cash dividends in the foreseeable future. The declaration and payment in the future of any cash dividends will be at the discretion of the Company's Board of Directors and will depend upon, among other things, the earnings, capital requirements and financial position of the Company, existing and/or future loan covenants and general economic conditions.

Recent Sales of Unregistered Securities

On March 19, 1996, options to acquire 425,000 Common Shares were issued to Mr. Merrick at an exercise price of \$7.53 per share.

On April 1, 1996, Bonita Anderson, James Snader, Dennis Jarman and Mr. Rachlin exchanged their options in LONC for options to acquire 25,511, 51,021, 113,267 and 102,043 Common Shares, respectively, under the Company's Stock Option Plan.

On April 1, 1996, the Company issued 5,102,125 Common Shares in exchange for the remaining minority interest in LONC.

On April 4, 1996, options to acquire 1,042,500 Common Shares were issued to Mr. Linton at an exercise price of \$7.53 per share.

On June 1, 1996, the Company agreed to issue 593,334 Common Shares to the shareholders of Tel Labs in exchange for all of their shares in Tel Labs.

On June 21, 1996, Mr. Rachlin exercised options to purchase 649,190 Common Shares at a weighted average exercise price of \$0.44 per share.

On August 9, 1996, Mr. Marine-Street exercised options to purchase 169,575 shares at a weighted average exercise price of \$1.76 per share.

Each issuance of securities described above was made in reliance on the exemption from the registration provided by Section 4(2) of the Securities Act as a transaction by an issuer not involving any public offering. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates issued in such transactions. All recipients had adequate access, through their relationships with the Company, to information about the Company.

Item 6. Selected Financial Data

The information called for by Item 6 is incorporated herein by reference to page 10 of the Registrant's Annual Report to Shareholders for the year ended December 31, 1996 (the "1996 Annual Report").

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information called for by Item 7 is incorporated herein by reference to pages 11 through 15, inclusive, of the 1996 Annual Report.

Item 8. Financial Statements and Supplementary Data

The information called for by Item 8 is incorporated herein by reference to pages 16 through 30, inclusive, of the 1996 Annual Report.

With the exceptions of the aforementioned information and the additional information incorporated by reference in Parts II and IV hereof, the 1996 Annual

Report is not deemed to be filed as part of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 10. Directors and Executive Officers of the Registrant

The information required by Item 10 and Item 401 of Regulation S-K as to the Directors of the Company, and the information required by Item 405 of Regulation S-K, is incorporated herein by reference to the Company's definitive proxy statement dated April 8, 1997 to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the Company's Annual Meeting of Shareholders to be held on May 15, 1997 (the "Proxy Statement").

Item 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference to the Proxy Statement, except for the sections entitled "Board Report on Executive Compensation" and "Performance Graph" which shall not be deemed to be incorporated herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by Item 12 is incorporated herein by reference to the Proxy Statement.

Item 13. Certain Relationships and Related Transactions

The information required by Item 13 is incorporated herein by reference to the Proxy Statement.

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PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. Financial Statements:

The following consolidated financial statements of the Company are included in Part II, Item 8 (which incorporates information by reference to the 1996 Annual Report):

Consolidated balance sheets as of December 31, 1996 and December 31, 1995.

Consolidated statements of income and retained earnings for the years ended December 31, 1996, December 31, 1995 and December 31, 1994.

Consolidated statements of cash flows for the years ended December 31, 1996, December 31, 1995 and December 31, 1994.

Notes to Consolidated Financial Statements and Independent Auditors' Report.

2. Financial Statement Schedules:

Independent Auditors' Report

3. Exhibits: See Exhibit Index on pages 30 to 34.

The Registrant hereby agrees to furnish the Commission a copy of each of the indentures or other instruments defining the rights of security holders of the long-term debt securities of the Registrant and any of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.

(b) Reports on Form 8-K:

The Company filed no reports on Form 8-K during the quarter ended December 31, 1996.

(c) Refer to Item 14 (a) (3) above for Exhibits required by Item 601 of Regulation 8-K.

(d) Schedules other than set forth in response to Item 14(a)(2) above for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

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TELCO COMMUNICATIONS GROUP, INC.
EXHIBIT INDEX

Exhibit Number	Exhibit Description
*2.1	Share Exchange Agreement between Telco Communications Group, Inc., Henry S. Luen, III, Bryan Machlin, Michael Cheng and Kevin Yang dated as of June 1, 1996 (Tel. Labs, Inc., Share Exchange Agreement)
*2.2	Share Exchange Agreement between Telco Communications Group, Inc., Thomas Cirrito, Nicole Cirrito and Michael Cirrito dated as of April 1, 1996 (Long Distance Wholesale Club Share Exchange Agreement)
*3.1	Restated Articles of Incorporation of Telco Communications Group, Inc.
*3.2	Amended and Restated Bylaws of Telco Communications Group, Inc.
*4.1	Form of Common Stock Certificate of Telco Communications Group, Inc.
*10.1	Agreement for the Provision of Billing and Collection Services between Telco Development Group of Delaware, Inc. and the Ameritech Companies dated July 1, 1995
*10.2	Agreement for the Provision of Billing and Collection Services between the Bell Atlantic Operating Telephone Companies and Telco Development Group of Delaware, Inc. dated June 10, 1994
*10.3	Clearinghouse Billing and Collection Services Operating Contract between Telco Development Group of Delaware, Inc. and Bell South Communications dated January 3, 1994
*10.4	Agreement for Billing Services by Tel Labs, Inc. and Exprit Telecom dated December 29, 1995
*10.5	Agreement between Nevada Bell and Telco Development Group of Delaware, Inc. for Billing and Collection Services dated September 3, 1995

(PAGE)

Exhibit Number	Exhibit Description	Page
*10.8	Agreement for Interstate Billing and Collection Services Agreement between New England Telephone and Telegraph Company and Telco Development Group of Delaware, Inc. dated July 31, 1995	
*10.9	Agreement for Interstate Billing and Collection Services between New York Telephone Company and Telco Development Group of Delaware, Inc. dated July 31, 1995	
*10.10	Agreement for the Provision of Billing and Collection Services between Pacific Bell and Telco Development Group of Delaware, Inc. dated July 22, 1996	
*10.11	Casual Billing Services Agreement between the Southern New England Telephone Company and Telco Development Group of Delaware, Inc. dated February 9, 1996	
*10.12	Agreement for the Provision of Billing and Collection Services between Southwestern Bell Telephone Company and Telco Development Group of Delaware, Inc. dated December 16, 1994; and Amendment to the Agreement for the Provision of Billing and Collection Services between Southwestern Bell Telephone Company and Telco Development Group of Delaware, Inc. dated December 19, 1994	
*10.13	Agreement for the Provision of Billing and Collection Services for Clearing Agents between US West, Inc. and Telco Development Group of Delaware, Inc. dated April 1, 1995; Amendment dated June 6, 1996	
*10.16	Standard Agreement for the Provision of Billing and Collection Services between United Telephone Company of Florida and Telco Development Group of Delaware, Inc. dated October 19, 1994	
*10.17	Service Agreement between IMC Carrier, Inc. and Telco Communication Group, Inc. dated December 15, 1995	
*10.18	Telco Communications Group, Inc. Wholesale Customer Agreement for Special International Pricing with Sprint Telecom dated February 21, 1996	
*10.19	Telco Communications Group, Inc. Amended and Restated 1994 Stock Option Plan	
*10.20	Lease Agreement between CPL Properties and Telco Communications Group, Inc. effective March 1, 1995 (Cavenport, Iowa Switch Site)	
*10.21	Lease Agreement between Thomas Karschner and Telco Communications Group, Inc. effective November 2, 1995 (Las Vegas, Nevada Switch Site)	
*10.22	Deed of Lease Agreement between Bricks in the Sticks, Ltd. and Telco Communications Group, Inc. effective March 1, 1995 (Chattanooga, Tennessee Switch Site)	
*10.23	Lease Agreement between The University of Texas System and Telco Communications Group, Inc. effective August 23, 1994 (Austin, Texas Switch Site)	
*10.24	Agreement of Lease between 13th and I Associates and Telco Communications Group, Inc. effective August 25, 1994 (Washington, DC Switch Site)	
*10.25	Deed of Lease Agreement between Bricks in the Sticks, Ltd. and Tel Labs, Inc. effective July 1, 1994 (Corporate Office)	
*10.26	Deed of Lease Agreement between Bricks in the Sticks, Ltd. and Telco Communications Group, Inc. effective March 1, 1995 (Corporate Office)	
*10.29	Equipment Leases between DMC Finance Corporation and Telco Communications Group, Inc. (Master Lease dated January 1, 1994 and Schedule A-P)	
*10.30	Credit Agreement between Telco Communications Group, Incorporated, Signet Bank and the Banks listed therein, dated as of January 24, 1996	
*10.31	Employment Agreement between Telco Communications Group, Inc. and Donald A. Burns dated as of July 10, 1996	
*10.32	Employment Agreement between Telco Communications Group, Inc. and Thomas J. Cirillo dated as of April 1, 1996	

.....
 *10.33 Employment and Stock Option Agreement between Telco Communications Group, Inc. and Stephen G. Canton dated as of April 4, 1996

.....
 *10.34 Employment Agreement between Telco Communications Group, Inc. and Bryan K. Rachlin dated as of July 10, 1996

.....
 *10.35 Employment Agreement between Telco Communications Group, Inc. and Nicholas A. Merrick dated as of March 19, 1996

.....
 *10.36 Employment Agreement between Telco Communications Group, Inc. and Janet D. Anastasi dated as of May 2, 1996

.....
 *10.37 Employment Agreement between Telco Communications Group, Inc. and Natalie Murine-Street dated as of May 3, 1996

.....
 *10.38 Employment Agreement between Telco Communications Group, Inc. and Mark J. Stodter dated as of May 2, 1996

.....
 *10.39 Employment Agreement between Telco Communications and Henry C. Luken, III dated as of July 10, 1996

.....
 *10.41 Form of Registration Rights Agreement between Telco Communications Group, Inc. and holders of certain shares of common stock of the Company and certain options to purchase common stock

.....
 *10.42 Billing and Collection Services Agreement between GTE Telephone Operations and Telco Development Group of Delaware, Inc. dated March 15, 1995

.....
 10.43 Credit Agreement between Telco Communications Group, Inc. and NationsBank of Texas, N.A. as Administrative Lender and Lenders, dated December 29, 1996

.....
 10.44 Carrier Agreement between AT&T Corp. and Telco Communications Group, Inc., dated December 23, 1996

.....
 *10.45 Network Purchase Agreement between Advantis and Telco Network Services, Inc., dated March 11, 1997

.....
 10.46 Lease Agreement between Telco Communications Group, Inc. and Frederic C. Stein, dated May 1, 1996 (Fort Lauderdale, Florida Switch Site)

.....
 10.47 Lease Agreement between Telco Communications Group, Inc. and Hudson Telegraph Associates, dated September 26, 1996 (New York, New York Switch Site)

.....
 11.1 Schedule of Computation of Earnings Per Share

.....
 13.1 Portions of the Telco Communications Group, Inc. Annual Report to Shareholders for the year ended December 31, 1996

.....
 21.1 Subsidiaries of Telco Communications Group, Inc.

.....
 23.1 Independent Auditors' Consent

.....
 27.1 Financial Data Schedule

* Incorporated by reference from the Company's Registration Statement on Form S-1 (Commission File No. 333-05857)

- Portions of this Exhibit have been omitted pursuant to a request for confidential treatment and filed separately with the Commission.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TELCO COMMUNICATIONS GROUP, INC.

/s/Donald A. Burns

By:

Donald A. Burns
President and Chief Executive Officer
March 28, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature

Date

/s/Henry G. Luen, III

March 28, 1997

Henry G. Luen, III
Chairman of the Board and Director

/s/Donald A. Burns

Donald A. Burns
Vice Chairman of the Board, President,
Executive Officer and Director (Principal
Chief Executive Officer)

/s/Thomas J. Ciccito

Thomas J. Ciccito
President of Consumer Division and Director

/s/Robert W. Ross

Robert W. Ross
Director

/s/Gary L. Nelson

Gary L. Nelson
Director

/s/Nicholas A. Merrick

Nicholas A. Merrick
Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/Janet D. Anastasi

Janet D. Anastasi
Vice President and Corporate Controller

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 TELCO COMMUNICATIONS GROUP, INC.
 SCHEDULE OF COMPUTATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE

WEIGHTED AVERAGE NUMBER OF COMMON SHARES

The weighted average number of shares of common stock and common stock equivalents, after adjusting for the 425-to-1 stock split, was determined as follows:

For all periods presented prior to the initial public offering, outstanding options for common stock granted within 12 months of the initial filing date of the IPO have been included in the calculations of common and common equivalent shares outstanding using the treasury stock method based on the initial public offering price of \$14 per share as the market price.

(in thousands, except per share data)

	1994	1995	1996
Common Stock:			
Shares outstanding beginning of period	20,188	20,864	20,864
Shares issued during period, net (1)	217	-	2,127
SEC SAB 81 shares (2)	5,889	5,889	5,889
	26,294	26,753	28,880
Common Stock Equivalents:			
Options (3)	219	865	1,453
Warrants (4)	371	638	0
	590	1,503	1,453
Weighted average number of common shares	26,884	28,256	30,333
Net Income	\$2,006	\$10,765	\$22,877
Net Income per share	\$ 0.07	\$ 0.38	\$ 0.75

(1) Weighted average common shares issued, net of repurchase of shares

(2) Common shares and employee options issued June 14, 1995 to June 13, 1996

7,094

Less shares reacquired under treasury stock method

1,205

Net SAB 81 common shares

5,889

(3) Options granted, less common shares reacquired under treasury stock method, on a weighted average basis.

(4) Represents warrants held by Signet Media Capital Group to purchase 836,158 common shares at a nominal exercise price, which were exercised concurrent with the IPO.

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Selected Consolidated Financial Data

Years Ended December 31.

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	<C>	<C>	<C>	<C>
	1993(1)	1994	1995	1996

(in thousands, except per share and per minute of use amounts)

Statement of Operations Data:				
Revenues, net	\$ 1,135	\$ 44,707	\$ 215,376	\$ 428,552
Cost of services	993	27,736	133,728	232,536
Gross margin	142	16,971	81,648	176,516
Selling, general and administrative	1,310	12,018	55,936	125,375
Depreciation and amortization	54	496	3,326	7,967
Operating income (loss)	(1,222)	4,457	22,386	42,974
Interest expense	25	891	2,952	3,515
Other income (expense)	--	15	920	501
Provision for income taxes	--	1,432	7,531	16,194
Minority interest	--	137	1,046	689
Net income (loss)	\$ (1,247)	\$ 2,206	\$ 15,745	\$ 22,877
Net income (loss) per share	\$ (0.05)	\$ 0.07	\$ 0.38	\$ 0.75
Weighted average number of shares outstanding (in thousands)	26,377	26,884	28,285	30,533

Balance Sheet Data (at Period End):

Cash and cash equivalents	\$ 140	\$ 475	\$ 937	25,373
Total assets	2,051	33,533	87,124	210,586
Total debt (including capital lease obligations)	1,559	19,884	44,411	3,301
Minority interest	--	137	1,183	--
Shareholders' equity (deficit)	(374)	1,655	12,420	145,720

Other Operating Data:

Billed minutes of use		1,284,300	2,943,080
Revenue per billed minute of use		\$ 0.156	\$ 0.145
Cost of services per billed minute of use		\$ 0.097	\$ 0.085

(1) The Company commenced operations in November 1993.

</TABLE>

Forward-Looking Information

Statements in this report concerning future results, performance, achievements, expectations or trends, if any, are forward-looking statements. Actual results, performance, achievements, events or trends could differ materially from those expressed or implied by such forward-looking statements as a result of known and unknown risks, uncertainties and other factors including those described below and those identified by the Company in the Company's other filings with the Securities and Exchange Commission.

Introduction

Telco Communications Group, Inc. and its wholly owned subsidiaries (collectively "Telco" or "the Company") is a rapidly growing switch-based provider of domestic and international long distance telecommunication services primarily to residential customers in the United States. Substantially all of the Company's customers access its network by dialing a unique five digit Carrier Identification Code (CIC) before dialing the number they are calling. Using a CIC Code to access the Company's network is known as "dial around" or "casual calling" because customers can use the Company's services at any time without changing their existing pre-subscribed long distance carrier. The Company markets its residential long distance services through marketing subsidiaries under two brands, each with a unique CIC Code: Dial & Save (CIC Code 10457) and the Long Distance Wholesale Club (LDWC) (CIC Code 10297), and prices its services at a discount to the basic "1 plus" rates offered by the three major long distance carriers: AT&T, MCI and Sprint. During December 1996, the Company provided long distance services to approximately 2.6 million customers (switched access lines) in 48 states and the District of Columbia. All dial around operations are conducted through marketing subsidiaries that are referred to collectively as the Consumer Division.

To increase its volume of call traffic, Telco has begun to sell its daytime capacity on a wholesale basis to other long distance carriers and in addition has created a Commercial Sales Division ("CSD") to target business and carrier customers. Because the Company's existing customer base is primarily residential, the majority of calls are handled during off-peak evening and weekend periods. As of December 31, 1996, CSD had opened 12 sales offices in 11 states and employed approximately 210 sales personnel. For the fourth quarter of 1996, CSD revenues were \$9.3 million, or approximately 7.8% of total consolidated revenues.

The Company bills its dial around customers through local exchange carrier ("LEC") billing and collection agreements which enable the Company to place its charges on the monthly local phone bills of its casual calling customers. The Company has agreements with LECs, including all of the Regional Bell Operating Companies ("RBOCs"), that cover substantially all of the switched access lines in the United States. The Company believes that these billing arrangements are the most effective mechanism for billing the Company's residential customers, because of the convenience to its customers of receiving one bill for both local and long distance service and the benefits derived from the LEC's extensive collections infrastructure. The Company's billing information systems and services are provided by Tel Labs, Inc. ("Tel Labs"), a wholly owned telecommunications billing company started in 1991 by Telco's Chairman of the Board.

The Company's switch-based network currently consists of six DSC DEX 600S, 600 and 600E switches located in Washington, D.C.; Fort Lauderdale, Florida; Davenport, Iowa; Chattanooga, Tennessee; Austin, Texas and Las Vegas, Nevada. Additionally, the Company is installing a DEX 600E switch in the New York City metropolitan area which is expected to be made operational during the first half of 1997 and has taken receipt of an eighth switch to be installed later in 1997 in a yet undetermined location.

Future issues affecting the Company's operations for 1997 and beyond are as follows:

Competitive Factors. The Company has observed new entrants and increased competition in the Company's dial around segment. Additionally, although the basic rates of the largest long distance carriers available to most residential customers increased during 1996, the Company has also observed an increase in the number of promotional, discounted calling plans available to long distance consumers.

Regulatory Changes. The operations of the Company will continue to be affected by the ongoing events associated with the 1996 Telecommunications Act. Such events include access charge reform which could materially reduce transmission costs for both the Company and other long distance companies, the entrance of the RBOCs into the long distance marketplace and the ability of long distance companies like Telco to begin marketing local telephone services.

Availability of Transmission Facilities. The Company has observed a tightening in the market for the availability of leased fiber optic facilities connecting the Company's switches. The Company leases these facilities under multi-year contracts with three major vendors and, to date, has been able to secure the necessary facilities.

Expansion of the Commercial Sales Division. The costs associated with the continuing expansion of CSD are expected to reduce the Company's net income at least through 1997. The Company expects that the revenue growth associated with this division will represent a material portion of the overall growth of the Company.

Integration of Voice Network Acquisition. On March 11, 1997, the Company announced the proposed acquisition of certain voice network assets which include the capacity rights to 100,000 DS-3 miles of transmission capacity, 3 Westal DSW 250 switches and other associated telecommunications equipment. The ability of the Company to generate adequate cash flow from this asset acquisition will be based on the integration of these network assets into Telco's existing network and the resale of surplus capacity to third party customers.

Results of Operations

The following table sets forth for the periods indicated certain financial data as a percentage of revenues:

<TABLE>

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Percentage of Revenues Year Ended December 31,

<S>	<C>			
	1993	1994	1995	1996
Revenues, net	100.0%	100.0%	100.0%	100.0%
Cost of services	87.5	82.0	82.1	58.8
Gross margin	12.5	18.0	17.9	41.2
Operating expenses:				
Selling, general and administrative	115.3	24.9	26.0	29.3
Depreciation and amortization	4.8	1.1	1.5	1.9
Operating income	(107.6)	10.0	10.4	10.0
Interest and other	2.2	2.0	1.4	0.7
Income taxes	--	3.2	3.5	3.8
Net income	(109.6%)	4.5%	5.0%	5.3%

</TABLE>

1996 Compared to 1995

Revenues. Revenues increased 99%, or \$213.2 million, from \$215.4 million

for 1995 to \$428.4 million for 1996. The increase in revenue was due to an increase in billed customer minutes from both the Company's Consumer and Commercial Sales Divisions offset by a decline in revenue per billed minute of use. Total billed minutes of use were 1,363.2 million for 1996, a 21% increase, versus 1,134.3 million minutes for 1995. Revenue per minute of use was \$0.45 for 1996 versus \$0.35 per minute of use for 1995. This revenue per minute decrease was primarily attributable to an increase in carrier revenue both as a percentage of total revenue and in aggregate, which is a lower revenue per minute of use product than the Company's other product lines.

Revenues for the Consumer Division were \$405.7 million, a 96% increase versus \$206.9 million for 1995. The Consumer Division expanded its marketing efforts during 1996 into new states through both LDMC and Dial a Save, and also targeted its marketing efforts into many of its existing geographical markets. Revenues for CDS, which consists of revenue from commercial and carrier customers, were \$22.1 million for 1996 versus \$8.5 million for 1995, a 160%, or \$13.6 million increase. The total for both 1995 and for the first six months of 1996 consists solely of carrier revenue.

The Company generated \$0.9 million in revenue from its Tel Labs subsidiary for 1996, all of which occurred after Telco's acquisition of Tel Labs in the third quarter of 1996. The offsets to revenue increased during 1996 compared to 1995 both as a percentage of revenue and in the aggregate due to increased billed customer minutes and increases in revenue allocations, principally due to increases in revenues in geographical areas where LECs require higher holdback percentages.

Cost of Services. Cost of services increased 88%, or \$118.3 million, from \$133.7 million for 1995 to \$252.0 million for 1996. Approximately \$101.8 million of this increase was attributable to direct costs relating to LEC access charges and the Company's transmission of on-net and off-net traffic, all of which was partially offset by a decrease in per minute costs. The remaining \$16.5 million increase was the result of higher facilities lease costs associated with the expanded transmission network and Tel Labs expense offset by a \$0.9 million reduction in installation charges. The cost per minute for 1996 was \$0.285 versus \$0.297 for 1995. The cost per minute decrease was largely the result of a higher percentage of on-net traffic coupled with greater network efficiencies and improved off-net pricing.

Gross Margin. Gross margin increased 116%, or \$94.9 million, from \$81.4 million for 1995 to \$176.3 million for 1996, due to the reasons discussed above. As a percentage of revenues, gross margin increased from 37.3% for 1995 to 41.2% for 1996.

Selling, General and Administrative Expense. Selling, general and administrative expense increased \$49.7 million, or 12%, from \$35.9 million for 1995 to \$85.6 million for 1996. Approximately \$11.4 million of this increase was attributable to the direct expenses of the Commercial Sales Division, commenced in June 1996. Approximately \$31.0 million of the increase was the result of higher Consumer Division marketing expenses for 1996 compared to 1995, and the remaining \$27.3 million increase was the result of higher LEC billing expenses, customer service costs and other corporate general and administrative expense generally associated with increased customer minutes of use. As a percentage of revenues, selling, general and administrative expense increased to 29.3% for 1996 from 26.0% for 1995.

Depreciation and Amortization Expense. Depreciation and amortization expense increased by \$4.7 million, from \$3.3 million for 1995 to \$8.0 million for 1996. As a percentage of revenues, depreciation and amortization expense increased to 1.1% for 1996 from 1.3% for 1995. The aggregate increase in this expense was primarily attributable to increased depreciation expense related to the expansion of the Company's switch network and amortization of goodwill associated with the Long Distance Wholesale Club and Tel Labs acquisitions during 1996.

Interest Expense. Interest expense increased by \$0.3 million, from \$3.0 million for 1995 to \$3.3 million for 1996. This increase was due primarily to increased borrowings and an increase in the Company's capital lease obligations, partially offset by the net proceeds generated by the Company's initial public offering (IPO) in August 1996, which substantially reduced outstanding borrowings and capital lease obligations for the remainder of the year.

Net Income. Net income increased \$12.1 million from \$10.8 million for 1995 to net income of \$22.9 million for 1996.

1995 Compared to 1994

Revenues. Revenues increased 302%, or \$170.7 million, from \$44.7 million in 1994 to \$215.4 million in 1995. This increase was due primarily to an increase in billed customer minutes of use from Consumer Division customers. During 1994, the Consumer Division marketed dial around services in Florida, five mid-Atlantic states and the District of Columbia. During 1995, the Consumer Division expanded its mail campaigns into 21 additional states and conducted mailings in certain states targeted during 1994. Dial a Save and Long Distance Wholesale Club products were jointly marketed in two states and nine states during 1994 and 1995, respectively, and in the District of Columbia. The Company's offsets to revenues increased in the aggregate due to an increase in billed customer minutes.

Cost of Services. Cost of services increased 182%, or \$106.2 million, from approximately \$57.8 million in 1994 to approximately \$164.0 million in 1995. Approximately \$85.4 million of this increase was attributable to direct costs relating to LEC access charges and from the Company's transmission of on-net and off-net traffic, all of which increased primarily as a result of the increase in the Company's billed minutes of use. Facilities lease costs increased by \$18.3 million from \$1.3 million in 1994 to \$19.6 million in 1995 due to the expansion of the Company's transmission network. Installation expenses increased from \$0.3 million in 1994 to \$4.2 million in 1995 primarily as a result of one-time expenses associated with provisioning LEC network circuits at Company switch facilities brought on-line during 1995. During 1995, the Company employed three switches, in Austin, Texas, Chattanooga, Tennessee and Davenport, Iowa, while in 1994 the Company employed the switch in Washington, D.C.

Gross Margin. Gross margin increased 161%, or \$64.6 million, from \$17.0 million in 1994 to \$81.6 million in 1995. Due to the reasons discussed above. As a percentage of revenues, gross margin decreased from 38.0% in 1994 to 37.3% in 1995.

Selling, General and Administrative Expense. Selling, general and administrative expense increased 163%, or \$43.9 million, from \$12.0 million in 1994 to \$55.9 million in 1995. Approximately \$28.3 million of this increase was due to increased mail marketing expenses as the Company expanded geographically and remained to certain existing markets and to increased LEC billing costs which are directly related to the increase in the minutes of use. In addition, customer service expense increased \$6.8 million primarily as a result of an increase in customer service personnel required to service the Company's expanding customer base. As a percentage of revenues, selling, general and administrative expense decreased from 26.1% in 1994 to 26.0% in 1995 primarily as a result of operating efficiencies associated with the Company's growth in revenues.

Depreciation and Amortization Expense. Depreciation and amortization expense increased by \$2.8 million, from \$0.3 million in 1994 to \$3.1 million in 1995. As a percentage, depreciation and amortization increased from 1.1% in 1994 to 1.5% in 1995. These expenses were primarily attributable to depreciation related to the expansion of the Company's switch network.

Interest Expense. Interest expense increased \$2.1 million from \$0.9 million in 1994 to \$3.0 million in 1995. This increase was due primarily to interest expense associated with borrowings under the Credit Facility used primarily to fund working capital requirements and increases in capital leases outstanding as a result of the expansion of the Company's switch network.

Net Income. Net income increased \$9.9 million from \$2.0 million in 1994 to \$11.9 million in 1995.

Liquidity and Capital Resources

The Company conducts its operations through its direct and indirect wholly owned subsidiaries. There are no restrictions on the movement of cash within the consolidated group, and the Company's discussion of its liquidity is based on the consolidated group. The Company measures its liquidity based on cash flow as reported in its Consolidated Statements of Cash Flow.

On August 14, 1996 the Company sold 4,681,000 shares of Common Stock of which 825,000 shares were sold on August 27, 1996 in conjunction with the underwriter's exercise of the over-allotment option in its IPO. The net proceeds to the Company (after expenses) of approximately \$60.0 million were used to repay existing indebtedness, including capital lease obligations and the outstanding balance on the Company's existing credit facility. The remaining proceeds, coupled with the Company's cash and borrowing capacity under the credit facility, were used to fund working capital and capital expenditures and for general corporate purposes.

Since commencing operations in 1993, the Company has experienced rapid growth requiring substantial investments in working capital, capital expenditures and mail marketing expenses. Additionally, start-up costs associated with the formation of CSD are expected to reduce the Company's consolidated net income at least through 1997. In December 1996, the Company entered into a new credit facility for borrowings up to \$100 million (the "New Credit Facility"). Borrowings under the New Credit Facility are subject to limitations within various financial covenants and ratios (including Total Leverage Ratio, Interest Coverage Ratio and Current Ratio). The interest rate on the New Credit Facility is based on the prevailing Total Leverage Ratio not to exceed 2.5 times EBITDA and ranges on a Eurodollar (LIBOR) option from a spread of 0.75% to 1.625%, and on a Base (Prime) Rate option from a spread of 0% to 0.625%.

Net cash from operating activities increased \$26.8 million from \$0 for 1995 to \$26.8 million for 1996. The increase was largely the result of increases in net income and depreciation and amortization expense offset by an increase in working capital accounts. Net cash used for investing activities increased \$2.2 million from \$9.8 million for 1995 to \$12.0 million for 1996. Including equipment acquired under capital leases, net cash used for investing activities decreased \$5.6 million from \$25.0 million for 1995 to \$19.4 million for 1996. The decrease was the result of reducing expenditures on the Company's nationwide transmission network. Net cash from financing activities increased \$1.3 million

from \$10.3 million for 1995 to \$11.6 million for 1996. This increase was the result of the receipt of proceeds from the IPO offset by the use of proceeds from the IPO to reduce the outstanding debt under Company's existing credit facility and capital lease obligations.

In connection with the Company's March 11, 1997 announcement of the proposed acquisition of certain voice network assets for \$170 million, the Company has received a commitment for a \$100 million increase in the New Credit Facility, bringing the total facility, upon completion of documentation and the satisfaction of the other requirements stated in the bank's commitment letter, to a total of \$200 million. The commitment calls for an increase in the overall interest costs of the New Credit Facility versus those disclosed above. The Company intends to utilize a portion of the \$200 million facility along with its existing cash balances, to fund the purchase price of the voice network asset acquisition. There can be no assurance that the Company will be able to satisfy the requirements stated in such commitment letter necessary to obtain the \$100 million increase in the New Credit Facility and, in such circumstances, the Company may be forced to seek other alternatives.

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To the Shareholders and Board of Directors of Telco
Communications Group, Inc.,

We have audited the accompanying consolidated balance sheets of Telco Communications Group, Inc. and subsidiaries as of December 31, 1996 and 1995 and the related consolidated statements of income and retained earnings, and of cash flows for each of the three years in the period ended December 31, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/Deloitte & Touche

Richmond, Virginia
February 7, 1997

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<TABLE>

Consolidated Balance Sheets
(In thousands, except share data)
December 31

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1995

1996

ASSETS

Current Assets

Cash and cash equivalents	\$ 937	\$ 25,373
Accounts receivable, trade (net of allowances of \$9,771 and \$7,972 at December 31, 1995 and 1996, respectively)	55,824	89,114
Prepaid income taxes	333	2,394
Deferred income tax asset	885	357
Other	1,112	8,947
Total current assets	58,091	126,185

Property and Equipment

Leasehold improvements	1,148	2,189
Network equipment	4,534	34,749
Office furniture	1,958	5,474
Network equipment under capital lease	19,290	--
Network facilities under development	4,076	7,375
Accumulated depreciation	(3,479)	(10,121)
Total property and equipment, net	27,527	39,666

Other Assets

Goodwill	245	43,863
Other assets	261	1,082
Other assets	506	44,745
Total Assets	\$ 87,124	\$210,596

Liabilities and Shareholders' Equity

Current Liabilities

Capital lease obligation, current portion	2,973	681
Excise taxes payable	1,289	3,103
Accounts payable	15,303	21,062
Accrued network access and transmission expense	9,429	21,450
Other accrued expenses	1,322	12,870
Deferred income taxes payable	--	1,225
Payable to related parties	414	--
Total current liabilities	30,730	60,191

Long Term Liabilities

Long-term debt	28,262	--
Capital lease obligation, noncurrent	13,176	2,620
Deferred income taxes	1,353	2,063
Total long term liabilities	42,791	4,683

Minority Interest

Minority Interest	1,183	0
-------------------	-------	---

Commitments and Contingencies (Note 16)

Shareholders' Equity

Common stock (no par value; 150,000,000 shares authorized; 32,754,869 shares outstanding)	896	131,309
Preferred stock (15,000,000 shares authorized, unissued)	--	--
Additional paid-in capital—accumulated deficit remaining upon termination of S-corporation election	(1,247)	(1,247)
Unrealized gain on marketable securities, net of tax	--	10
Retained earnings	12,771	35,648
Total shareholders' equity	12,420	145,720
Total Liabilities and Shareholders' Equity	\$ 87,124	\$ 210,596

<TABLE>

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<TABLE>

Consolidated Statements of Income and

Retained Earnings

(in thousands, except per share data)

Years ended December 31

<CAPTION>

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	<S> 1994	<S> 1995	<S> 1996
Revenues, net	\$ 44,707	\$215,376	\$428,532
Cost of services	27,756	133,728	252,036
Gross margin	16,971	\$1,648	176,516
Operating Expenses:			
Selling, general and administrative	12,018	55,836	125,575
Depreciation and amortization	496	3,328	7,987
Total operating expenses	12,514	59,164	133,562
Operating income	4,457	22,386	42,974
Interest expense	897	2,952	3,515
Other income (expense)	15	(92)	501
Income taxes:			
Current	1,375	7,420	14,179
Deferred	397	111	2,219
Total income taxes	1,432	7,531	16,398
Minority interest	137	1,046	689
Net income	2,006	10,765	22,877
Retained earnings (deficit), beginning of period	(1,247)	2,006	12,771
Conversion of S-Corporation tax status	1,247	--	--
Retained earnings, end of period	\$ 2,006	\$ 12,771	\$ 35,648
Net income per common and common equivalent share	\$ 0.37	\$ 0.38	\$ 0.75
Average common and common equivalent shares	26,884	28,285	30,533

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Consolidated Statements of Cash Flows

(In thousands)

Year Ended December 31

<CAPTION>

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	<C> 1994	<C> 1995	<C> 1996
Cash Flows from (Used For) Operations			
Net income	\$ 2,006	\$ 10,765	\$ 22,677
Adjustments to reconcile net income to net cash from (used for) operating activities:			
Depreciation and amortization	496	3,326	7,968
Minority interest	137	1,046	889
Loss on disposal of fixed assets	--	110	526
Deferred income taxes	357	123	2,465
Change in current assets and liabilities:			
Trade accounts receivable	(24,115)	(30,838)	(33,260)
Prepaid and other assets	(1,637)	514	(6,964)
Accounts payable	1,300	13,828	7,158
Accrued expenses	8,796	2,272	23,369
Income taxes payable	741	(1,375)	--
Net cash from (used for) operating activities	(11,699)	(29)	24,798
Cash Flows Used For Investing Activities:			
Equipment purchases	(1,301)	(9,815)	(11,987)
Investments, net of cash acquired	(8)	--	--
Net cash from (used for) investing activities	(1,309)	(9,815)	(11,987)
Cash Flows From Financing Activities:			
Proceeds from the line of credit	29,127	20,262	--
Payments on the line of credit	(13,759)	(15,367)	(20,262)
Payments on capital leases	(1,267)	(2,376)	(20,281)
Payments on short-term debt	(583)	(213)	--
Proceeds from contributed capital	50	--	--
Repurchase of common shares	(25)	--	--
Proceeds from sale of options	--	--	256
Proceeds from sale of stock	--	--	59,912
Net cash from financing activities	13,563	10,306	11,625
Increase in Cash	335	462	24,436
Cash, beginning of the period	140	675	937
Cash, end of the period	\$ 475	\$ 937	25,373

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1. Nature of the Business and Significant Accounting Policies

Nature of Operations-The Company is a switch-based long distance telephone company headquartered in Chantilly, Virginia. The Company principally provides service to residential and commercial customers in 48 states and the District of Columbia.

Significant Accounting Policies:

Basis of Consolidation-The consolidated financial statements include the accounts of Telco Communications Group, Inc. and its wholly owned Dial & Save subsidiaries as well as Long Distance Wholesale Club, Telco Development Group of Delaware, Inc. and Tel Labs, Inc. (collectively, the Company). All intercompany transactions and accounts have been eliminated in consolidation (see Note 3).

Revenue Recognition-Revenue is recorded when service is rendered, which is measured when a long distance call is completed and is recorded net of an allowance for revenues which the Company estimates will ultimately be refunded, returned, uncollectible or unusable.

Sales, Advertising and Related Marketing Expenses-Costs incurred in connection with sales, advertising and marketing activities are recognized in the period in which they are incurred. Costs incurred in advance of utilization in sales, advertising or marketing activity are recognized as prepaid assets until such activity occurs. The Company had no costs prepaid advertising and mail marketing costs of \$1,055,414, \$377,743 and \$1,681,898 at December 31, 1994, 1995 and 1996, respectively. These expenditures were utilized in promotional activities and mailings in subsequent periods and were expensed in the periods in which the items were mailed. The Company defers the recognition of certain sales commissions paid pursuant to long-term customer commitments (one year or greater) and recognizes the expense for the commissions over an estimated time in which the commissions are earned. All other sales commissions are expensed when incurred. As of December 31, 1996, the Company had recorded prepaid commissions of \$737,967.

Cash and Cash Equivalents-For the purposes of reporting cash flows, the Company considers all highly liquid instruments with original maturities of less than three months to be cash equivalents.

Accounts Receivable-Accounts receivable principally consists of amounts due from customers. The Company contracts with Local Exchange Carriers (LECs), or an authorized clearinghouse, to bill and collect from its residential customers. The fees vary by LEC.

Marketable Securities-Marketable securities are classified as available for sale. These are reported at fair value with unrealized gains and losses reported in shareholders' equity, net of tax.

Property and Depreciation-Property, plant and equipment is recorded at cost. Depreciation is computed using the straight-line method on estimated useful lives (or lease terms, if shorter for facilities under capital leases and leasehold improvements) of five years. Expenditures for maintenance and repairs are charged to expense as incurred whereas expenditures for additions and replacements are capitalized. The cost and related accumulated depreciation of assets sold or otherwise disposed of during the period are removed from the accounts. Any gain or loss is reflected in the year of disposal.

Income Taxes-Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes.

Excise Taxes Payable-Excise taxes payable represent sales and excise tax amounts collected which are subsequently remitted to taxing authorities.

Reclassification-Certain amounts in the 1994 and 1995 consolidated financial statements have been reclassified to conform to the 1996 presentation.

Use of Estimates-The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Income Per Share-Net income per share is based on the weighted average number of shares of common stock and common stock equivalent shares outstanding using the treasury stock method. Pursuant to Securities and Exchange Commission requirements, common and common equivalent shares issued during the twelve-month period prior to the initial filing of the Company's public offering were included in the calculation as if they were outstanding for all periods presented using the treasury stock method, based on an estimated initial public offering price of \$15.

Long-Lived Assets, Identifiable Intangibles and Goodwill-The Company has recorded goodwill and certain identified intangibles in connection with its acquisitions of Long Distance Wholesale Club, Tel Labs and Dial & Save of

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Pennsylvania. These assets are amortized over periods ranging from 5 to 35 years. Telco reviews long-lived assets, certain identifiable intangibles, and goodwill pertaining to those assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of the asset, an impairment loss is recognized.

Stock Based Compensation—The Company, as permitted by the Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), has chosen to continue to account for stock based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock. The Company has adopted the disclosure requirements of SFAS No. 123 (see Note 9).

2. Initial Public Offering

In August 1996, a total of 6,325,000 shares of the Company's common stock, no par value (the Common Shares), were sold in an initial public offering (IPO) at \$14 per share. Common selling stockholders sold 1,647,000 Common Shares, and 1,681,000 Common Shares were sold by the Company which resulted in net proceeds to the Company of approximately \$60.0 million after deducting the expenses of the offering.

3. Business Combinations

Long Distance Wholesale Club—Pursuant to an agreement dated April 1, 1994, the Company acquired the remaining minority interest in LDMC in a transaction in which all of the remaining LDMC shares were exchanged for a total of 3,102,125 shares of the Company's common stock and LDMC became a wholly owned subsidiary of the Company. In connection with such transaction, all outstanding options under the LDMC stock option plan were converted into options to purchase a total of 291,842 shares of common stock under the Company's Stock Option Plan and the LDMC stock option plan was terminated.

In June 1995, the Company exercised its option to convert a \$250,000 short-term note receivable from its majority-owned subsidiary Long Distance Wholesale Club at equity in that entity. 3,046 shares of Long Distance Wholesale Club common stock were issued in the transaction, resulting in an increase in the Company's ownership interest from 354 to 55.55%.

Tel Labs, Inc.—Pursuant to the Share Exchange Agreement dated as of June 1, 1994 and concurrent with the completion of the IPO, Tel Labs became a wholly owned subsidiary of the Company, and the Tel Labs shareholders received an aggregate of 593,334 shares of the Company's common stock in exchange for all of their shares in Tel Labs. As a result of the Tel Labs share exchange described above, the remaining minority interest in Telco Development Group of Delaware, Inc. was acquired. (see Note 4)

The following represents the results of operations on a proforma basis as though the LDMC and Tel Labs combinations had occurred at the beginning of the respective periods presented:

	1995		1996	
(in thousands)				
Revenues, net	\$	217,011	\$	430,434
Net income		10,698		23,144
Net income per share	\$.37	\$.76

4. Related Party Transactions

The Company leases office and switch site facilities from Beico in The Stocks, Ltd., which is controlled by the Company's Chairman who is also a shareholder of the Company. The Company paid total rents of \$63,500, \$179,420 and \$221,868 for these facilities, for the years ended December 31, 1994, 1995 and 1996, respectively.

Total annual future minimum operating lease payments due to the related party for the above lease are as follows for the years ending December 31:

1997	\$ 251,901
1998	265,127
1999	213,669
2000	13,913
2001	2,539

The Company purchased data processing services for call translation and rating from Tel Labs, which prior to its acquisition by Telco in August 1996 was controlled by the Company's Chairman. The Company paid \$155,000, \$1,260,000, and \$751,382 for these services for the years ended December 31, 1994, 1995 and 1996, respectively. Concurrent with the Company's initial public offering, Tel Labs became a wholly owned subsidiary of Telco (see Note 3).

The Company purchased computer equipment and support until May 1996 from Telco Development Group, Inc. which is controlled by the Company's Chairman, who is also a shareholder of the Company. The Company paid \$29,100, \$779,918 and \$552,424 for these services for the years ended December 31, 1994, 1995 and 1996, respectively.

A non-management shareholder of the Company also holds a minority ownership interest in an international long distance services provider. This international provider and the Company purchase transmission services from one another pursuant to service agreements.

5. Allowances

Changes in the allowance for unbillable or uncollectible accounts and billing services fees were as follows at December 31:

(TABLE)			
(CAPTION)			
(\$)			
	1994	1995	1996
Balance at the beginning of year	\$ 59,763	\$ 1,078,442	\$ 3,771,413
Provision charged to operations	2,145,350	11,517,017	22,325,349
Write-offs, net of recoveries	(1,526,671)	(8,824,046)	(18,324,478)
Balance at the end of year	\$ 1,078,442	\$ 3,771,413	\$ 7,772,284
</TABLE>			

Amounts reducing gross revenues as a result of refunds, rebates, and unbilled or uncollectible revenue totaled \$2,625,451, \$9,143,602 and \$23,045,788 for the years ended 1994, 1995 and 1996, respectively.

6. Long Term and Other Debt

On December 27, 1994, the Company entered into a credit agreement with a group of banks under which the company may borrow up to \$100,000,000 (the Facility). The Facility expires on December 27, 1999. The interest rate on the Facility is determined either at a Prime Rate or an Eurodollar (LIBOR) option based on the Company's prevailing total leverage ratio as defined in the loan agreement. The applicable margin on the Prime Rate is from 0% to 0.425% and on the Eurodollar Rate from 0.75% to 1.625%. The Facility is secured by a pledge of stock of all the Company's subsidiaries and a negative pledge of its assets. The Facility contains certain financial covenants which prescribe certain leverage, interest coverage and working capital ratios as well as limitations on capital expenditures. There were no borrowings under the Facility as of December 31, 1996.

As of December 31, 1995 the long term debt consisted of a \$25,000,000 line of credit, plus interim financing of \$10,000,000. The credit agreement also included a warrant agreement which was exercised concurrent with the Company's IPO (see note 11). Also concurrent with the IPO, the Company utilized the proceeds from the IPO to reduce the line of credit. On January 24, 1996, the Company entered into a two year credit agreement with a group of banks totaling \$45,000,000. On March 20, 1996, the credit agreement was amended to provide \$20,000,000 of additional financing. The credit agreement was secured by substantially all of the Company's assets and required the Company to maintain certain financial ratios, restricted the payment of dividends, and required all subsidiary companies' stock to be pledged as collateral. As a result of the new financing in January and March 1996, \$29,261,527 was reclassified to long term debt at December 31, 1995.

7. Obligations Under Capital and Operating Leases

The Company leases certain equipment under capital leases. Accordingly, the Company has capitalized such equipment in the amount of \$4,619,099, \$22,214,849 and \$4,886,175 less accumulated depreciation of \$412,372, \$2,587,847 and \$ - 0- as of December 31, 1994, 1995 and 1996, respectively. At December 31, 1996, 100% of such equipment was leased from one vendor. Total equipment under capital leases includes \$1,685,090, \$2,925,000 and \$4,886,175 classified as network facilities under development, as of December 31, 1994, 1995 and 1996, respectively.

During September and October of 1994, the Company utilized proceeds from the IPO to retire \$20,177,000 in capital lease obligations.

<PAGE>

Future minimum lease payments for assets under capital leases at December 31, 1996 are as follows:

1997	\$ 720,131
1998	823,508
1999	823,507
2000	823,507
2001	720,131
Thereafter	122,876
Total minimum payments	4,012,158
Imputed interest	(711,426)
Net obligation	3,300,732
Current portion	681,200
Capital lease obligation, noncurrent	\$ 2,619,532

In addition to operating leasing activities discussed in Note 4, the Company leases switch sites and office space in various cities throughout the United States. The total minimum rental commitment as of December 31, 1996 due in future years is as follows:

Years ending December 31,	
1997	\$ 718,875
1998	718,485
1999	617,454
2000	362,818
2001	49,760

Total rent expense under these leases was \$68,809, \$208,534 and \$414,256 for the years ended December 31, 1994, 1995 and 1996, respectively.

8. Income Taxes

The Company accounts for income taxes using the liability method, whereby deferred tax liabilities and assets are determined based on the temporary differences between the financial statements and tax bases of assets and liabilities by applying enacted statutory tax rates applicable to future years in which the differences are expected to reverse.

Significant components of income taxes are as follows for the years ended December 31, 1994, 1995 and 1996:

<TABLE> <CAPTION> <S>			
	1994	1995	1996
Current:			
Federal:	\$ 822,412	\$6,023,084	\$11,418,476
State	232,225	1,397,387	2,356,995
Total Current	\$1,074,637	\$7,420,471	\$14,175,471
Deferred:			
Federal:	\$ 320,288	\$ 91,780	\$1,478,630
State	36,200	19,361	339,744
Total Deferred	\$ 356,789	\$ 111,121	\$2,218,574

<TABLE>

Temporary differences which give rise to significant components of the Company's deferred tax liabilities and assets for the years ended December 31, 1994, 1995 and 1996 are as follows:

<CAPTION> <S>		
	1995	1996
Deferred Tax Liabilities (current):		
Bad debts-non-accrual method	\$ --	\$ (1,035,505)
Other	--	(189,452)
	--	(1,225,157)
Deferred Tax Liabilities (non-current):		
Book over tax basis in property, plant and equipment	(1,161,939)	(1,726,877)
Other	(191,443)	(338,802)
	(1,353,382)	(2,065,679)
Deferred Tax Assets (current):		
Bad debts-non-accrual method	580,643	--
Other	354,128	357,212
	934,769	357,212
Deferred Tax Liability, net	\$ (460,613)	\$ (2,932,624)

<TABLE>

No valuation allowance has been recorded for the realization of the deferred tax asset resulting from the temporary differences as management believes that it will, more likely than not, be able to realize the deferred tax asset.

- 0

<PAGE>

Reconciliation of income taxes computed at the federal statutory tax rate to actual income tax expense for the years ended December 31, 1994, 1995 and 1996 are as follows:

<TABLE>

<CAPTION>

<S>	<Y> 1994	<Y> 1995	<Y> 1996
Federal Statutory Rate	34.00%	35.00%	35.00%
Effect of:			
State taxes-net of Federal benefit	4.23	4.76	4.68
Other	1.42	1.40	2.09
Income Tax Expense	41.65%	41.16%	41.75%

</TABLE>

9. Incentive Stock Options

On July 1, 1994, the Company adopted a stock plan which provides for the granting of one or any combination of incentive stock options, nonqualified stock options, restricted stock awards and bargain purchases of Company stock. In April 1996, the Board of Directors of the Company adopted and the shareholders of the Company approved the Telco Communications Group, Inc. Amended and Restated 1994 Stock Option Plan, (the "Plan") which provides for the grant to officers, key employees and directors of the Company and its subsidiaries of both "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, and stock options that are non-qualified for federal income tax purposes. The total number of shares for which options may be granted pursuant to the Plan and the maximum number of shares for which options may be granted to any person is 7,500,000 shares, subject to certain adjustments reflecting changes in the Company's capitalization. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation". Accordingly, no compensation cost has been recognized for the Plan. Had compensation cost for the Company's Plan been determined on the fair value at the grant date for awards in 1996 consistent with the provisions of SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

<TABLE>

<CAPTION>

<S>	<Y> 1995	<Y> 1996
Net income - as reported	\$ 10,764,812	\$22,876,735
Net income - pro forma	\$ 10,734,973	\$22,125,831
Earnings per share - as reported	\$ 0.38	\$ 0.75
Earnings per share - pro forma	\$ 0.38	\$ 0.72

</TABLE>

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in the following periods:

<TABLE>

<CAPTION>

<S>	<Y> 1995	<Y> 1996 (pre- IPO)	<Y> 1996 (post- IPO)
Expected lives	5 years	5 years	5 years
Expected volatility	Near 0%	Near 0%	110%
Dividend yield	0%	0%	0%
Risk-free interest rate	6.30%	6.17%	6.17%

</TABLE>

Information regarding the Plan for 1994, 1995 and 1996 is as follows:

<TABLE>

<CAPTION>

<S>	<Y> 1994	<Y> 1995	<Y> 1996
	Shares	Shares	Weighted-Average Exercise Price
Options outstanding, beginning of year	--	1,433,487	\$1.22
Options exercised	--	--	\$0.80
Options granted	1,433,487	504,342	\$2.61
Options outstanding, end of year	1,433,487	2,137,829	\$1.54
Option price range at end of year	\$0.31 to \$1.83	\$0.31 to \$3.55	\$0.67 to \$10.75
Option price range for exercised shares			\$0.31 to \$3.55
Options available for grant at end of year		9,866,513	9,362,171
Weighted-average fair value of options, granted during the year			\$0.70

</TABLE>

- 0

The following table summarizes information about fixed price stock options outstanding at December 31, 1996:

Exercise Price	Options Outstanding			Options Exercisable		
	Number	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number	Weighted-Average Exercise Price	
\$0.67	109,101	8.3 years	\$0.67	109,101	\$0.67	
\$1.76 to \$1.85	803,080	7.9 years	\$1.78	803,080	\$1.78	
\$2.51 to \$3.55	147,497	8.7 years	\$2.56	171,111	\$3.01	
\$7.53	1,487,500	8.3 years	\$7.53	--	--	
\$14.00 to \$18.75	994,500	9.7 years	\$15.08	--	--	
Total	3,741,678			1,083,292		

10. Supplemental Cash Flow Information

The following represents supplemental cash flow information for the years ended December 31, 1994, 1995 and 1996:

<TABLE>

<CAPTION>

<S>	<C>		<C>		<C>	
	1994		1995		1996	
Cash paid for:						
Interest		\$ 656,958		\$ 2,939,472		\$ 3,324,870
Income taxes		336,598		8,223,750		10,611,427
Non-cash investing and financing activities:						
Conversion of note receivable to equity		--		250,000		--
Equipment purchased through capital leases		2,821,353		15,220,222		7,433,469
Business Combination:						
Fair value of assets acquired		1,029,533		--		47,388,826
Stock issued		--		--		(66,629,000)
Liabilities assumed		(655,173)		--		(759,668)
Cash paid for common stock		\$ 170,360		\$ --		\$ --

</TABLE>

11. Capital Stock

Shares Outstanding	Common Stock	Accumulated Deficit Arising Upon Termination of S-Corporation Election (in thousands)			Unrealized Gains On Securities Held For Sale
Balance December 31, 1995:	20,864	\$ 896	\$ (1,247)	--	
Issuance of common shares	5,317	59,912	--	--	
Loan to option holders		(584)	--	--	
Purchase of subsidiary	5,696	47,725	--	--	
Proceeds from exercise of options	878	840	--	--	
Tax benefit from net warrant activity	--	2,520	--	--	
Unrealized gain on marketable securities	--	--	--	\$ 10	
Net income	--	--	--	--	
Balance December 31, 1996:	32,755	\$111,309	\$ (1,247)	\$ 10	

Stock Split-On June 12, 1996, the shareholders and directors executed a joint consent in lieu of a meeting. The joint consent provided that effective immediately prior to the completion of the Company's IPO, the Company declared a 425 to 1 stock split to shareholders of record on that date. Per share amounts in the accompanying financial statements and footnotes have been adjusted for the split.

Preferred Stock-The Company has authorized but not issued 15,000,000 shares of Preferred Stock. Such shares may be issued in one or more series with rights, designations, preferences, qualifications, limitations and restrictions as may be authorized by the Board of Directors of the Company.

Warrants-As part of the consideration for establishing the Company's credit facility in June 1994, the Company issued to Signet Media Capital Group, a division of Signet Bank, the Signet Warrant to acquire 25 of the common stock of the Company on a fully diluted basis. The exercise price for the warrant was a nominal price which was negotiated at the time the Company entered into the credit agreement. Concurrent with the Company's IPO, Signet Media Capital Group exercised the Signet Warrant in full for 636,156 shares of common stock and sold all shares of common stock issuable upon exercise of such warrant in the IPO.

Shareholder Loans-As of December 31, 1996 the Company has outstanding loans to shareholders in the amount of \$184,147. The loans were made in connection with the concurrent exercise of options to acquire 819,773 shares of the Company's common stock. As a result, such loans are recorded as a separate component of stockholders' equity. Each of the loans were made at the lowest interest rate permitted by law and either will become due and payable upon the earlier of three years from the date of the loan or three days after the shares purchased from the exercised options are sold or due and payable the day the shares purchased upon exercise of the options are marginable.

12. Employee Benefit Plans

The Company implemented a 401(k) pension plan in December 1994. Employees are eligible to participate in the plan if they have been employed by the Company for six months. Generally, employees can defer up to 15% of their gross bi-weekly salary into the plan. The Company's contribution is to be determined annually by the Board of Directors. In 1995 the Company's subsidiary Long Distance Wholesale Club implemented a 401(k) pension plan. Concurrent with the formation of the Company's plan, no more contributions by the employees or the employer will be made to the LDCW plan. The Company contributed \$11,761 and \$45,603 to the plan for the years ended December 31, 1995 and 1996.

13. Compensation Plan

The Company, through its wholly owned subsidiary LDCW, provided a deferred compensation plan for one of its officers. The plan provided for annual elections to be made by the officer of deferral amounts, such deferral to be made only from compensation amounts earned and otherwise payable. The plan required funding of the deferred compensation amount equal to the officer's deferral plus interest at an annual rate that was determined by the Board of Directors from time to time. The Company recognized expense of \$257,641 in 1995 and \$274,506 in 1996 related to this agreement. Amounts funded by the Company were \$215,677 in 1995 and \$363,636 in 1996.

14. Commitments and Contingencies

The Company is a party from time to time to litigation in the ordinary course of business including employment related litigation. No provision has been reflected in the accompanying financial statements for any litigation. Based upon information presently available, management believes the final disposition of these items will not have an adverse material effect on operations or the financial position of the Company.

During 1996, the Company entered into employment and consulting agreements with certain members of management. The agreements provide for the employees to receive amounts not less than specified base annual salaries through the terms of the agreements, which have terms of one to five years. Certain of the contracts also include non-competition covenants and options to purchase shares of the Company's common stock.

15. Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these items.

The carrying amounts of notes payable and debt issued pursuant to the Company's bank credit agreements approximate fair value because the interest rates on these instruments change with market interest rates.

16. Quarterly Operating Results (Unaudited)

The following amounts reflect all adjustments, consisting of only normal recurring accruals (except as disclosed below), necessary in the opinion of the Company's management for a fair statement of the results for the interim periods.

	1995			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	\$45,276,969	\$47,317,674	\$58,341,664	\$64,438,376
Earnings (loss)				
before income taxes	5,863,970	6,122,428	6,324,647	(216,640)
Net earnings (loss)	3,536,031	2,735,088	3,766,887	(275,094)
Net earnings (loss) per common and common equivalent share	\$ 0.13	\$ 0.13	\$ 0.13	\$ (0.01)

	1996			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	\$91,927,548	\$104,078,360	\$113,768,316	\$118,778,212
Earnings before income taxes	6,415,231	8,727,375	10,412,400	13,715,374
Net earnings	3,280,490	5,185,741	6,165,932	8,244,851
Net earnings per common and common equivalent				

share	\$	0.12 \$	0.18 \$	0.20 \$	0.24
-------	----	---------	---------	---------	------

The Company's results for the fourth quarter of 1995 were affected by increased allowances, significant switch installation charges, and end of quarter mail marketing expenses materially exceeding those of any previous quarter.

17. Subsequent Events (Unaudited)

On March 11, 1997, the Company signed a definitive asset purchase agreement to acquire the voice networks of Advantis, a data and voice network partnership of International Business Machines Corp. and Sears, Roebuck and Co., for approximately \$170 million in cash. The Advantis assets include service rights to approximately 100,000 network miles of DS-3 fiber optic capacity (under a long term lease), five Nortel DMS 250 switches and other ancillary network equipment. In conjunction with the agreement, the Company has received a commitment for an increase in its credit facility to \$200 million. The bank financing commitment calls for an increase in the prevailing interest costs, other fees and related items. The transaction is conditioned upon, among other things, receiving governmental approval under Hart-Scott-Rodino Act. It anticipated that the acquisition will be completed during the second quarter of 1997.

</TEXT>
</DOCUMENT>

EXHIBIT 3

Marketing and Business Information

Telco Holdings, Inc. ("Telco") will market long distance telecommunications services to residential and small to mid-sized business customers. Telco expects that initial marketing vehicles will include direct mail and limited printed advertising. Telco has no current plans to deploy a sales force within the region, but will assess whether and to what extent to deploy such a force as business develops. Telco will initially be billing through the LEC.

EXHIBIT 4

Proposed Tariff

TELCO HOLDINGS, INC.
d/b/a DIAL & SAVE

South Dakota P.U.C. Tariff No. 1
Original Sheet No. 1

TITLE SHEET

RESALE TELECOMMUNICATIONS SERVICES

This tariff applies to the Resold Telecommunications Services furnished by Telco Holdings, Inc. d/b/a Dial & Save ("Carrier") between one or more points in the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission, and copies may be inspected, during normal business hours, at Carrier's principal place of business, 4219 Lafayette Center Drive, Chantilly, Virginia 20151.

Issued: July 8, 1997

Effective:

Issued by:

Donald A. Burns, President
4219 Lafayette Center Drive
Chantilly, Virginia 20151
703/631-5600

TELCO HOLDINGS, INC.
d/b/a DIAL & SAVE

South Dakota P.U.C. Tariff No. 1
Original Sheet No. 2

CHECK SHEET

The sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

<u>SHEET</u>	<u>REVISION</u>	<u>SHEET</u>	<u>REVISION</u>
1	Original	27	Original
2	Original	28	Original
3	Original	29	Original
4	Original	30	Original
5	Original	31	Original
6	Original	32	Original
7	Original	33	Original
8	Original	34	Original
9	Original	35	Original
10	Original	36	Original
11	Original	37	Original
12	Original	38	Original
13	Original	39	Original
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15	Original	41	Original
16	Original	42	Original
17	Original	43	Original
18	Original	44	Original
19	Original	45	Original
20	Original	46	Original
21	Original	47	Original
22	Original	48	Original
23	Original	49	Original
24	Original		
25	Original		
26	Original		

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Effective:

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4219 Lafayette Center Drive
Chantilly, Virginia 20151
703/631-5600

TELCO HOLDINGS, INC.
d/b/a DIAL & SAVE

South Dakota P.U.C. Tariff No. 1
Original Sheet No. 3

CHECK SHEET

<u>SHEET</u>	<u>REVISION</u>	<u>SHEET</u>	<u>REVISION</u>
50	Original	80	Original
51	Original	81	Original
52	Original	82	Original
53	Original	83	Original
54	Original	84	Original
55	Original	85	Original
56	Original	86	Original
57	Original	87	Original
58	Original	88	Original
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67	Original	97	Original
68	Original	98	Original
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71	Original		
72	Original		
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74	Original		
75	Original		
76	Original		
77	Original		
78	Original		
79	Original		

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SYMBOLS

The following are the only symbols used for the purposes indicated below:

- D - Delete or Discontinue
- I - Change Resulting In An Increase to A Customer's Bill
- M - Moved From Another Tariff Location
- N - New
- R - Change Resulting In A Reduction to A Customer's Bill
- T - Change In Text or Regulation But No Change In Rate or Charge

TARIFF FORMAT

- A. Sheet Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the Department. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc. the Department follows in their tariff approval process, the most current sheet number on file with the Department is not always the tariff page in effect.

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TARIFF FORMAT (cont'd)

- C. **Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.
 - 2.1.
 - 2.1.1.
 - 2.1.1.A.
 - 2.1.1.A.1.
 - 2.1.1.A.1.(a).
 - 2.1.1.A.1.(a).1.
 - 2.1.1.A.1.(a).1.(i).
 - 2.1.1.A.1.(a).1.(i).(1).
- D. **Check Sheets** - When a tariff filing is made with the Department, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on the check sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the Department.

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Chantilly, Virginia 20151
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SECTION 1. TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a subscriber's location to Carrier's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a subscriber, to enable Carrier to identify the origin of service user so it may rate and bill the call. All authorization codes shall be the sole property of Carrier and no subscriber shall have any property or other right or interest in the use of any particular authorization code. Automatic numbering identification (ANI) may be used as or in connection with the authorization code.

Automatic Numbering Identification (ANI) - A type of signalling provided by a local exchange telephone company which automatically identifies the local exchange line from which a call originates.

Carrier - Refers to Telco Holdings, Inc. d/b/a Dial & Save.

Common Carrier - A company or entity providing telecommunications services to the public.

Issued: July 8, 1997

Effective:

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4219 Lafayette Center Drive
Chantilly, Virginia 20151
703/631-5600

SECTION 1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Customer - The party utilizing Carrier's services and responsible for payment of charges.

Commission - Refers to the South Dakota Public Utilities Commission.

Holiday - New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Local Access and Transport Area (LATA) - The term "Local Access Transport Area" denotes a geographical area established by the U.S. District Court for the District of Columbia in Civil Action No. 82-0192, within which a local exchange company provides communications services.

Measured Charge - A charge assessed on a per minute basis in calculating a portion of the charges due for a completed interexchange call.

Peak Calling Period - Peak Calling Period is 8am-5pm, Monday through Friday.

Responsible Organization (Resp. Org.) - The entity that has responsibility for the management of 800 numbers in the Service Management System (SMS/800) including maintaining Customer records in the SMS/800 system. Also, the entity which accesses the SMS/800 to: (a) search for and reserve 800 numbers; (b) create and maintain 800 number Customer records, including call processing records; and (c) provide a single point of contact for trouble reporting. The SMS/800 recognizes one Resp. Org. for each 800 number.

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TELCO HOLDINGS, INC.
d/b/a DIAL & SAVE

South Dakota P.U.C. Tariff No. 1
Original Sheet No. 9

SECTION 1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Subscriber - The person or legal entity which enters into arrangements for Carrier's telecommunications services and is responsible for payment of a Carrier's services.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the service, the transmission of data, facsimile, signaling, metering, or other similar communications.

Issued: July 8, 1997

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SECTION 2. RULES AND REGULATIONS

2.1 Application of Tariff

2.1.1 This tariff contains the regulations and rates applicable to intrastate resale telecommunications services provided by Carrier for telecommunications between points within the state. Carrier's services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff.

- A. Carrier may, from time to time, offer various enhanced services and information services within the state. Such services will be provided pursuant to contract and will not be governed by this tariff.
- B. Carrier may also, from time to time, offer switching and/or transmission to other telecommunications carriers for resale to such companies' customers. The rates for any such services will be determined pursuant to contract, to the extent authorized by the Department, and Section 4 of this Tariff will not apply thereto.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.1 Application of Tariff (Cont'd)

- 2.1.2 Carrier's services are not part of a joint undertaking with any other entity providing telecommunications channels, facilities or services, but do involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers.
- 2.1.3 The rates and regulations contained in this tariff apply only to the services furnished by Carrier and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carrier for use in accessing the services of Carrier.
- 2.1.4 The subscriber is entitled to limit the use of Carrier's services by users at the subscriber's facilities, and may use other common carriers in addition to or in lieu of Carrier.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.2 Use of Services

- 2.2.1 Carrier's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services.
- 2.2.2 The use of Carrier's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.
- 2.2.3 The use of Carrier's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.2.4 Carrier's services are available for use 24 hours per day, seven days per week.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.2 Use of Services (Cont'd)

2.2.5 Carrier does not transmit messages pursuant to this tariff, but its services may be used for that purpose.

2.2.6 Carrier's services may be denied for nonpayment of charges or for other violations of this tariff.

2.3 Liability of Carrier

2.3.1 Carrier shall not be liable for loss or damage sustained by reason of any failure in or breakdown of facilities associated with Carrier's services or for any interruption or delay of services, whatever shall be the cause of such failure, breakdown, or interruption and whether negligent or otherwise and however long it shall last. In no event shall Carrier's liability for any service exceed the charges applicable under this tariff to such service.

2.3.2 Carrier shall be indemnified and saved harmless by any subscriber, user or by any other entity against claims for libel, slander or the infringement of copyright arising from the material transmitted over its services; and against all other claims arising out of any act or omission of a subscriber or of any other entity in connection with the services provided by Carrier.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

- 2.3.3 Carrier is not liable for any act or omission of any entity furnishing facilities or services connected with or provided in conjunction with Carrier's services.
- 2.3.4 Carrier shall not be liable for any personal injury, or death of any person or persons, and for any loss or damage sustained by reason of acts, mistakes, omissions, errors or defects in providing its services, whatever shall be the cause and whether negligent or otherwise.
- 2.3.5 Carrier shall not be liable for and shall be indemnified and saved harmless by any subscriber, user or other entity from any and all loss, claims, demands, suits, or other action or any liability whatever, whether suffered, made, instituted, or asserted by any subscriber, user or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any subscriber, user or any other entity or any other property whether owned or controlled by the subscriber, user or others, caused or claimed to have been caused, directly or indirectly, by any act or omission of the subscriber, user or others or by any installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of facilities or equipment provided by Carrier which is not the direct result of Carrier's negligence. No agents or employees of any other entity shall be deemed to be the agents or employees of Carrier.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

2.3.6 Carrier shall not be liable for any failure of performance due to causes beyond its control, including, without being limited to, acts of God, fires, floods or other catastrophes, national emergencies, insurrections, riots or wars, strikes, lockouts, work stoppage or other labor difficulties, acts or omissions of other carriers, and any law, order, regulation or other action of any governing authority or agency thereof.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.4 Responsibilities of the Subscriber

- 2.4.1 The subscriber is responsible for placing any necessary orders; for complying with tariff regulations; and for assuring that users comply with tariff regulations. The subscriber shall ensure compliance with any applicable laws, regulations, orders or other requirements (as they exist from time to time) of any governmental entity relating to services provided or made available by the subscriber to users. The subscriber is also responsible for the payment of charges for calls originated at the subscriber's numbers which are not collect, third party, calling card, or credit card calls.
- 2.4.2 The subscriber is responsible for charges incurred for special construction and/or special facilities which the subscriber requests and which are ordered by Carrier on the subscriber's behalf.
- 2.4.3 If required for the provision of Carrier's services, the subscriber must provide any equipment space, supporting structure, conduit and electrical power without charge to Carrier.
- 2.4.4 The subscriber is responsible for arranging access to its premises at times mutually agreeable to Carrier and the subscriber when required for Carrier personnel to install, repair, maintain, program, inspect or remove equipment with the provision of Carrier's services.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.4 Responsibilities of the Subscriber (Cont'd)

- 2.4.5 The subscriber shall ensure that the equipment and/or system is properly interfaced with Carrier facilities or services, that the signals emitted into Carrier's network are of the proper mode, bandwidth, power, and signal level for the intended use of the subscriber and in compliance with the criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or degrade service to other subscribers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, Carrier will permit such equipment to be connected with its channels without the use of protective interface devices.

If the subscriber fails to maintain the equipment and/or the system properly, with resulting imminent harm to Carrier equipment, personnel, or the quality of service to other subscribers, Carrier may, upon written notice, require the use of protective equipment at the subscriber's expense. If this fails to produce satisfactory quality and safety, Carrier may, upon written notice, terminate the subscriber's service.

- 2.4.6 The subscriber must pay Carrier for replacement or repair of damage to the equipment or facilities of Carrier caused by negligence or willful act the subscriber, users, or others, by improper use of the services, or by use of equipment provided by the subscriber, users, or others.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.4 Responsibilities of the Subscriber (Cont'd)

- 2.4.7 The subscriber must pay for the loss through theft of any Carrier equipment installed at subscriber's premises.
- 2.4.8 The subscriber is responsible for payment of the charges set forth in this tariff.
- 2.4.9 The subscriber is responsible for compliance with the applicable regulations set forth in this tariff.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.5 Cancellation or Interruption of Services

2.5.1 Without incurring liability, Carrier may discontinue services to a subscriber or may withhold the provision of ordered or contracted services, subject to the procedures set forth in 2.5.2:

- (A) For nonpayment of any sum due Carrier for more than thirty (30) days after issuance of the bill for the amount due,
- (B) For violation of any of the provisions of this tariff,
- (C) For violation of any law, rule, regulation or policy of any governing authority having jurisdiction over Carrier's services, or

By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting Carrier from furnishing its services.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.5 Cancellation or Interruption of Services (Cont'd)

2.5.2 Procedures for discontinuance of existing service:

- A. Carrier may discontinue service without notice for any of the following reasons:
 - 1. If a subscriber or user causes or permits any signals or voltages to be transmitted over Carrier's network in such a manner as to cause a hazard or to interfere with Carrier's service to others.
 - 2. If a subscriber or user uses Carrier's services in a manner to violate the law.
- B. In all other circumstances, Carrier will provide the subscriber with written notice stating the reason for discontinuance, and will allow the subscriber not less than ten (10) days to remove the cause for discontinuance. In cases of non-payment of charges due, the subscriber will be allowed at least five (5) days, excluding Sundays and holidays, to make full payment of all undisputed charges, and in no event will service be discontinued on the day preceding any day on which Carrier is not prepared to accept payment of the amount due and to reconnect service.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.5 Cancellation or Interruption of Services (Cont'd)

2.5.3 Without incurring liability, Carrier may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of subscriber and Carrier's equipment and facilities and may continue such interruption until any items of non-compliance or improper equipment operation so identified are rectified.

2.5.4 Service may be discontinued by Carrier, without notice to the subscriber, by blocking traffic to certain countries, cities, or NXX exchanges, or by blocking calls using certain customer authorization codes, when Carrier deems it necessary to take such action to prevent unlawful use of its service. Carrier will restore service as soon as it can be provided without undue risk, and will, upon request by the customer affected, assign a new authorization code to replace the one that has been deactivated.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.6 Billing Arrangements

- 2.6.1 Subscribers will either be billed directly by Carrier or its intermediary, or charges will be included in the subscribers' regular telephone bill pursuant to billing and collection agreements established by Carrier or its intermediary with the applicable telephone company.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.7 Validation of Credit

Carrier reserves the right to validate the credit worthiness of subscribers or users.

2.8 Contested Charges

Any objection to billed charges should be promptly reported to the Company. Adjustments to customer's bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. Where any undercharge in billing of the subscriber is the result of a Company mistake, the Company may not backbill in excess of twelve months. Where overbilling of a subscriber occurs, due either to Company or subscriber error, no liability exists which will require the Company to pay any interest, dividend, or other compensation on the amount overbilled.

If there is still a disagreement about the disputed amount after the investigation and review by a manager of the Carrier, the user may file an appropriate complaint with the Department. The Department's address is:

South Dakota Public Utilities Commission
500 E. Capitol
State Capitol Building
Pierre, South Dakota 57501
605-773-3201 or 1-800-332-1782

Users may also contact Dial & Save's customer service representatives at 4219 Lafayette Center Drive, Chantilly, Virginia or through its toll free telephone number 1-800-787-3333.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.9 Billing Entity Conditions

When billing functions on behalf of Carrier are performed by local exchange telephone companies, or others, the payment conditions and regulations of such companies apply, includign any applicable interest and/or late payment charge conditions.

2.10 Advance Payments and Deposits

2.10.1 Advance Payments

Carrier may require a Customer to make an advance payment before services or facilities are furnished. The advance payment will not exceed an amount equal to two-months estimated charges, as determined by Carrier. The advance payment will be credited to the Customer's bill. An advance payment may be required in addition to a deposit.

2.10.2 Deposits

Carrier may require a Customer to make a deposit to be held as a guarantee for the payment of charges. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. A deposit may be required in addition to an advance payment. The deposit will not exceed an amount equal to:

- (A) two month's charges for a service or facility which has a minimum payment period of one month; or

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.10 Advance Payments and Deposits (Cont'd)

2.10.2 Deposits (Cont'd)

- (B) the charges that would apply for the minimum payment period for a service or facility which has a minimum payment period of more than one month; except that the deposit may include an additional amount in the event that a termination charge is applicable.

2.10.2.1 When a service or facility is discontinued, the amount of a deposit, if any, will be applied to the Customer's account and any credit balance remaining will be refunded. Before the service or facility is discontinued, Carrier may, at its option, return the deposit or credit it to the Customer's account.

2.10.2.2 Deposits held will accrue interest at a rate no lower than that specified by the applicable regulatory commission.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.10 Advance Payments and Deposits (Cont'd)

2.10.2 Deposits (Cont'd)

- 2.10.2.3 Customers whom Carrier believes present a credit risk may also be required, at any time, to provide other assurances of, or security for, the payment of the Company's charges for its Services as the Company may deem necessary, including without limitation, advance payments for Service, third party guarantees or payment, pledges or other grants of security interests in the Customers' assets, and similar arrangements. The required deposits or other security may be increased or decreased by the Company as it deems appropriate in the light of changing conditions.

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SECTION 2. RULES AND REGULATIONS (Cont'd)

2.11 Credit Limits

Carrier reserves the right to impose a \$250.00 credit limit per telephone line for non-residential customers. Carrier reserves the right to request reasonable credit assurance, in its sole discretion, to allow spending in excess of \$250.00 per billing cycle.

2.12 Taxes

All federal excise taxes, and state and local sales, use, and similar taxes, are billed as separate line items and are not included in the quote rates.

2.13 Late Payment Charges

Any charges accrued under this tariff that are not paid in full within the time provided will be subject to a late payment charge of 1.5% per month.

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SECTION 3. DESCRIPTION OF SERVICE

3.1 Timing of Calls

Billing for calls placed over the Carrier network is based in part on the duration of the call. There shall only be timing for conversation time and there shall be no charge for uncompleted calls. Conversation time is defined as the elapsed time when two-way communication between the calling and called party is possible. The call ends when either the calling or called party hangs up. Timing begins when the called station is answered, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch.

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SECTION 3. DESCRIPTION OF SERVICE (Cont'd)

3.2 Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call. Carrier uses the rate centers, associated vertical and horizontal coordinates, and method of computing mileage set forth in AT&T Tariff F.C.C. No. 10.

FORMULA=

$$\sqrt{\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}}$$

3.3 Minimum Call Completion Rate

Carrier will ensure an industry standard blocking rate of P.01.

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SECTION 3. DESCRIPTION OF SERVICE (Cont'd)

3.4 Time Periods

Unless otherwise indicated, the following time periods apply:

Day Rate Period: Calls placed from 8:00 a.m. to 5:00 p.m.
Monday - Friday.

Evening Rate Period: Calls placed from 5:00 p.m. to 11:00 p.m. Sunday -
Friday and Carrier recognized holidays.

Night/Weekend Rate Period: Calls placed from 11:00 p.m. to 8:00 a.m.
Sunday - Friday, all day Saturday, and from midnight to 5:00 p.m.
Sunday.

3.5 Promotions

In limited instances, Carrier may offer free promotional service to customers in the form of Long Distance Certificates. Long Distance Certificates will be offered to customers to promote new Dial & Save services and options, to stimulate use of existing Dial & Save services, and to maintain existing customer usage and satisfaction. Also, Dial & Save Long Distance Certificates will be offered to customers from time to time at various locations including, but not limited to, trade shows, county fairs, exhibits, meetings, seminars and similar events, during promotions such as seasonal/holiday promotions, regional sales campaigns, carrier selection activities, and in certain customer complaint situations.

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TELCO HOLDINGS, INC.
d/b/a DIAL & SAVE

South Dakota P.U.C. Tariff No. 1
Original Sheet No. 31

SECTION 4. RATES

This section sets forth the rates and charges applicable to Carrier's service offerings. The total charge for each completed direct-dialed call consists of the required usage charge incurred. Unless otherwise stated calls are billed in initial and additional one minute increments. Any fractional portion of a call is rounded up to the next highest billing increment.

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SECTION 4. **RATES** (Cont'd)

4.1 **Dial & Save Residential Calling Program**

This is a non-operator assisted, direct dial service available to residential customers. The Customer accesses the service via standard switched access service. The Customer may access Carrier either by selecting Carrier as the presubscribed interexchange carrier or by dialing the Carrier's "10XXX" access code.

4.1.1 **IntraLATA Rates**

Rate Mileage	Day		Eve		Night/Weekend	
	1st	Add'l	1st	Add'l	1st	Add'l
0 - 10	0.2100	0.1500	0.1575	0.1125	0.1181	0.0844
11 - 16	0.2600	0.1600	0.1950	0.1200	0.1463	0.0900
17 - 22	0.3000	0.1800	0.2250	0.1350	0.1688	0.1013
23 - 30	0.2550	0.1575	0.1913	0.1181	0.1434	0.0886
31 - 40	0.2700	0.1800	0.2025	0.1350	0.1519	0.1013
41 - 55	0.2925	0.1875	0.2194	0.1406	0.1645	0.1055
56 - 85	0.3000	0.1950	0.2250	0.1463	0.1688	0.1097
86 - 124	0.3075	0.2025	0.2306	0.1519	0.1730	0.1139
125 - 244	0.3225	0.2175	0.2419	0.1631	0.1814	0.1223
245 - 475	0.3300	0.2250	0.2475	0.1688	0.1856	0.1266

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SECTION 4. RATES (Cont'd)

4.1 Dial & Save Residential Calling Program (Cont'd)

This is a non-operator assisted, direct dial service available to residential customers. The Customer accesses the service via standard switched access service. The Customer may access Carrier either by selecting Carrier as the presubscribed interexchange carrier or by dialing the Carrier's "10XXX" access code.

4.1.2 InterLATA Rates

Rate Mileage	Day		Eve		Night/Weekend	
	1st	Add'l	1st	Add'l	1st	Add'l
0 - 10	0.3000	0.1800	0.2400	0.1440	0.1800	0.1080
11 - 16	0.3800	0.2000	0.3040	0.1600	0.2280	0.1200
17 - 30	0.4200	0.2376	0.3340	0.1901	0.2580	0.1440
31 - 40	0.4400	0.2574	0.3500	0.2059	0.2700	0.1560
41 - 55	0.4700	0.2871	0.3740	0.2297	0.2880	0.1740
56 - 85	0.5000	0.3168	0.3980	0.2534	0.3060	0.1920
86 - 125	0.5300	0.3564	0.4220	0.2851	0.3240	0.2160
126+	0.5400	0.3762	0.4300	0.3010	0.3300	0.2280

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SECTION 4. RATES (Cont'd)

4.2 Prime Calling Program

Prime Calling Program is a direct dial service available to business and residential customers. Customers may access the service either from an access line presubscribed to Carrier or by dialing the Carrier's "10XXX" code. In order to be billed at Prime Calling Program rates, Customer must register for the service during a contact with Carrier and be entered into the Carrier billing database prior to utilizing the service.

4.2.1. Customers are billed through the local exchange carrier or directly by Carrier. If billed by Carrier, payment is due upon receipt of Carrier's bill. Bills are delinquent twenty-one (21) days from date of bill. Service may be terminated, at Carrier's discretion, without notice if payment is not received thirty (30) days from the billed date. Service termination, or waiver of termination by Carrier, is in addition to any other right Carrier may have in law or equity to collect delinquent charges.

4.2.2. If customer fails to pay charges within the specified time period, terms, Carrier reserves the right to change customer from Prime Calling Program to Dial & Save Residential Calling Program rates, and commence billing customer through the local exchange carrier without notice. This remedy is in addition to any other right Carrier may have in law or equity to collect delinquent charges.

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TELCO HOLDINGS, INC.
d/b/a DIAL & SAVE

South Dakota P.U.C. Tariff No. 1
Original Sheet No. 35

SECTION 4. RATES (Cont'd)

4.2 Prime Calling Program (Cont'd)

4.2.3. Customer must notify Carrier of billing disputes, otherwise charges shall be deemed valid, correct, due and payable.

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SECTION 4. RATES (Cont'd)

4.2 Prime Calling Program (cont'd)

4.2.4. Rates - Calls are billed in initial 18 second increments, and in six second increments thereafter.

Peak Period Calls placed from 8:00 a.m. to 5:00 p.m., Monday - Friday.

Off-Peak Period All other times, including carrier holidays.

<u>PEAK</u>		<u>OFF-PEAK</u>	
<u>1st Min</u>	<u>Add'l Min</u>	<u>1st Min</u>	<u>Add'l Min</u>
.160	.135	.160	.135

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SECTION 4. RATES (Cont'd)

4.3 Directory Assistance

Directory assistance calls will be completed at .67 per call.

4.4 Discounts for Hearing Impaired Customers

A telephone toll message which is communicated using a telecommunications device for the deaf (TDD) by properly certified hearing or speech impaired persons or properly certified business establishments or individuals equipped with TDDs for communicating with hearing or speech impaired persons will receive, upon request, credit on charges for certain intrastate toll calls placed between TDDs. The credit to be given on a subsequent bill for such calls placed between TDDs will be equal to applying the evening rate during business day hours and the night/weekend rate during the evening rate period.

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SECTION 4. RATES (Cont'd)

4.5 USA Savings Plan

USA Savings Plan is a non-operator assisted, direct dial service available to residential and business customers. The Customer accesses the service via standard switched access service. The Customer may access Carrier either by selecting Carrier as the presubscribed interexchange carrier or by dialing the Carrier's "10XXX" access code. In order to receive USA Savings Plan rates, the Customer must enroll in the plan and provide the Carrier with necessary data for entry into the Carrier billing database prior to utilizing the service. Customers may enroll in USA Savings Plan by dialing a designated toll-free number and speaking with a Carrier representative, by completing and submitting an enrollment form to the Carrier, or during a marketing contract with a representative of the Carrier. This service is offered in conjunction with interstate, international, and travel card service.

Call ratings are determined by mileage, time of day, duration, and originating location. A monthly minimum usage requirement, monthly recurring fee, and usage charges apply. Calls are billed in one minute increments, after an initial minimum call duration of one minute. Any fractional portion of a call is rounded up to the next highest billing increment.

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SECTION 4. RATES (Cont'd)

4.5 USA Savings Plan (Cont'd)

4.5.1 IntraLATA Rates

Rate Mileage	<u>Day</u>		<u>Eve</u>		<u>Night/Weekend</u>	
	1st Min	Add'l Min	1st Min	Add'l Min	1st Min	Add'l Min
1-10	0.3230	0.1995	0.2423	0.1501	0.1938	0.1197
11-16	0.3230	0.1995	0.2423	0.1501	0.1938	0.1197
17-22	0.3230	0.1995	0.2423	0.1501	0.1938	0.1197
23-30	0.3230	0.1995	0.2423	0.1501	0.1938	0.1197
31-55	0.3420	0.2280	0.2565	0.1710	0.2052	0.1368
56-70	0.3705	0.2375	0.2779	0.1786	0.2223	0.1425
71-124	0.3800	0.2470	0.2850	0.1853	0.2280	0.1482
125 +	0.3895	0.2565	0.2921	0.1929	0.2337	0.1539

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SECTION 4. RATES (Cont'd)

4.5 USA Savings Plan (Cont'd)

4.5.2 InterLATA Rates

Rate Mileage	1st Min	Day		Eve		Night/Weekend	
		Add'l Min	1st Min	Add'l Min	1st Min	Add'l Min	Add'l Min
0-22	0.3900	0.2200	0.3120	0.1760	0.2340	0.1320	
23-30	0.3780	0.2138	0.3006	0.1711	0.2322	0.1296	
31-40	0.3960	0.2317	0.3150	0.1853	0.2430	0.1404	
41-55	0.4230	0.2584	0.3366	0.2067	0.2592	0.1566	
56-85	0.4500	0.2851	0.3582	0.2281	0.2754	0.1728	
86-124	0.4680	0.3029	0.3726	0.2424	0.2862	0.1836	
125-244	0.4770	0.3208	0.3798	0.2566	0.2916	0.1944	
245-475	0.4860	0.3386	0.3870	0.2709	0.2970	0.2052	

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SECTION 4. RATES (Cont'd)

4.6 Calling Club Referral Program

Customers who have selected Carrier as their primary interexchange carrier or who access Carrier service via "10XXX" dialing are eligible to participate in the Calling Club Referral Program. Participants in the Calling Club Referral Program will receive a discount equal to five percent (5%) of the monthly Carrier long distance usage generated by customers whom they refer to Carrier.

For the purposes of this program, "usage" is defined as charges for intrastate and interstate long distance calls placed over the Carrier's network. International long distance usage, offered under the Carrier's International Tariff FCC No. 2, is also eligible for the Calling Club Referral Program discount. Directory assistance, non-recurring, or recurring fees and taxes are not considered usage and are, therefore, not eligible for the monthly discount.

The discount will be calculated monthly and applied to the Calling Club Participant's monthly bill in the form of an electronic credit or a check made payable to the Participant or jointly to the Participant and the LEC.

4.6.1 In order to receive Calling Club discounts, the following conditions must be observed:

- A. Calling Club Participant and Referral Customer must maintain separate LEC accounts within Carrier's originating service area.
- B. Calling Club Participant must make at least one (1) billable Carrier long distance call per month or they forfeit that month's referral discount.

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SECTION 4. RATES (Cont'd)

4.6 Calling Club Referral Program (Cont'd)

- C. Calling Club Participant's Referral Customer must make at least one (1) billable Carrier long distance call every three (3) months. Should a Referral Customer cease using Carrier for a period longer than three (3) months, the Referral may be purged from the Carrier billing database and disassociated from the Calling Club Participant's account.
- D. Calling Club Participant must properly register the Referral Customer with Carrier prior to accumulating or receiving discounts. Participant may register the Referral Customer by dialing a designated toll-free number and speaking with a Carrier representative or by completing a special enrollment form and submitting it to Carrier. In order to receive discounts, Participant must provide Carrier with accurate information regarding the Referral Customer for entry into the Carrier billing database. Participant is responsible for notifying Carrier of changes in the Referral Customer's billing information.
- E. The Referral Customer must be a new Carrier user, defined as not having used Carrier within the past twelve (12) months.

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SECTION 4. RATES (Cont'd)

4.6 Calling Club Referral Program (Cont'd)

4.6.2 Carrier reserves the right to discontinue or change this plan at any time. Carrier also reserves the right to suspend the Calling Club Referral Program on a case-by-case basis, should the Carrier believe that the program is being used for fraudulent purposes. At the discretion of the Carrier, the program may be reinstated to suspended Participants or Referral Customers.

4.7 Travel Card Service

4.7.1 Travel Card Service is available to Customers of Carrier's long distance services. Customers will reach Carrier's network via a toll-free number, and enter an authorization code and a personal identification number. Customers will be charged rates as identified in Section 4.7.2 plus a per-call surcharge. Calls are billed in initial and additional one minute increments.

4.7.2 Dial & Save Travel Card Service

Residential Customers:

Per Minute Rate	
Day	\$0.2000
Evening	0.1600
Night/Weekend	0.1600

Per-Call Surcharge: \$.60

Business Customers:

Per Minute Rate	\$.025
Per Call Surcharge	\$0.00

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SECTION 4. RATES (Cont'd)

4.8 Small Business 800 Service

Small Business 800 Service is an inbound calling service utilizing switched access facilities. This service permits the Customer to receive incoming calls from all locations within the state of South Dakota. With Small Business 800 service, the Customer is charged for the call, not the calling party. Calls are billed in six (6) second increments with a minimum initial calling period of eighteen (18) seconds.

4.8.1 Small Business 800 Service

Per Minute Rate:

Initial Minute	\$0.2200
Each Additional Minute	\$0.2000

Monthly Recurring Charge: \$3.00

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SECTION 4. RATES (Cont'd)

4.9 Dial & Save Flat Rate Residential Program

Dial & Save Residential Program is a flat rate outbound residential only calling service. Calls are originated from presubscribed switched residential Customer access lines. This service permits the residential Customers to make direct dialed 1+ calls from locations within the state of South Dakota. Calls are billed in six (6) second increments with a minimum initial calling period of eighteen (18) seconds.

4.9.1 Dial & Save Flat Rate Residential Program

Per Minute Rate:	\$0.1000
Monthly Recurring Charge:	\$ 3.00

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SECTION 4. RATES (Cont'd)

4.10 Commercial Plan

The Commercial Plan is available to business Customers who meet the Company's credit approval guidelines. Customers may select a Month to Month or a Term Commitment Option. Customers electing a Term Commitment Option must sign a contract with the Company. Customers will either be billed directly by the Company or by their local exchange telephone Company. Commercial Plan rates apply to direct dial, toll free (800/888) and calling card calls. A monthly recurring charge may also apply.

Account Codes are available under the Commercial Plan. Account Codes assist Customers in managing and tracking their long distance usage. Customers may select validated account codes which are specific, pre-defined combinations of digits registered with Company's switch database, any only those pre-defined codes can be used to complete a call, or Customer may select non-validated codes of a specific length and any code of that specific length can be used to complete a call.

4.10.1 Month to Month Option

Calls will be rated at the rates indicated below with a volume discount applied in accordance with the Customer's Monthly Revenue Level. The Customer's Monthly Revenue Level consists of all intrastate, interstate and international outbound, inbound, calling card usage and surcharges, excluding monthly recurring fees and directory assistance charges. The Customer will receive the applicable discount percentage which corresponds with Customer's Monthly Revenue Level as determined by the Discount Schedule shown in Section 4.10.1 B. The discount percentage will be applied to intrastate and interstate outbound and inbound usage only. The Discount Percentage will not be applied to calling card usage, directory assistance charges, or other fees.

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SECTION 4. RATES (Cont'd)

4.10 Commercial Plan (Cont'd)

4.10.1 Month to Month Option (Cont'd)

Calls are billed in initial 30 second and additional 6 second increments, with any fractional portion of call rounded up to the next highest billing increment.

Customers subscribing to the Commercial Plan Month to Month Option are eligible for the Company's 100% Satisfaction Guarantee, which is as follows:

If Company fails to correct Customer's valid complaint regarding network quality or service support or if Company fails to deliver the stated rate plan within 15 days of Company receiving written notification regarding the problem, the Company will (1) refund to the Customer all PIC change charges assessed by the Customer's LEC as a result of Company switching its long distance service to the Company from the Customer's previous long distance carrier; and (2) refund to the Customer all PIC change charges assessed by the Customer's LEC in order to switch the Customer's long distance service back. The Guarantee is valid for a period of 90 days from the start of Customer's service.

Customer shall not be entitled to the refunds described above if Customer has an account balance with the Company which has aged beyond net 30 days or if Customer's complaint is not attributable to facilities or causes within Company's reasonable control.

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SECTION 4. RATES (Cont'd)

4.10 Commercial Plan (Cont'd)

4.10.1 Month to Month Option (Cont'd)

A. Rates

Direct Dial and Toll Free Rate:	\$.165 per minute
Calling Card Rate:	\$.25 per minute
Calling Card Surcharge:	\$.50 per call

B. Discount Schedule

<u>Monthly Revenue Level</u>	<u>% Discount</u>
\$ 0.00 - \$ 99.99	0%
\$100.00 - \$ 199.99	3.64%
\$200.00 - \$ 499.99	6.67%
\$500.00 - \$ 749.99	9.70%
\$750.00 - \$ 999.99	12.73%
\$1,000.00 - \$4,999.99	15.76%
\$5,000 +	21.82%

C. Monthly Recurring Fees

Toll Free Numbers (800/888):	\$3.00 per month per line
Account Codes:	\$5.00 (Non-validated)
Account Codes:	\$10.00 (Validated)

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SECTION 4. RATES (Cont'd)

4.10 Commercial Plan (Cont'd)

4.10.2 Term Commitment Option

Users subscribing to this option will select a Term Commitment Period and a Monthly Revenue Commitment. Calls will be rated at the rates indicated in Section 4.10.2 A, which corresponds with the Term Commitment Period and Monthly Revenue Commitment selected by the Customer. The Company will calculate the Customer's Monthly Revenue level to determine if Customer's Monthly Revenue Commitment has been fulfilled. The customer's Monthly Revenue Level consists of all intrastate, interstate and international, outbound, inbound, calling card usage and surcharges, excluding monthly recurring fees and directory assistance charges. Calls are billed in initial 30 second and additional 6 second increments, with any fractional portion of call rounded up to the next highest billing increment.

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SECTION 4. RATES (Cont'd)

4.10 Commercial Plan (Cont'd)

4.10.2 Term Commitment Option (Cont'd)

Customers subscribing to the Commercial Plan Term Commitment Option are eligible for the Company's 100% Satisfaction Guarantee which is as follows:

If Company fails to correct Customer's valid complaint regarding network quality or service support or if Company fails to deliver the stated rate plan within 15 days of Company receiving written notification regarding the problem, the Company will (1) refund to the Customer all PIC change charges assessed by the Customer's LEC as a result of Company switching its long distance service to the Company from the Customer's previous long distance Carrier; (2) refund to the Customer II PIC change charges assessed by the Customer's LEC in order to switch the Customer's long distance service back to their previous carrier; (3) refund to the Customer the amount of their first Commercial Plan invoice; and (4) cancel Customer's term agreement without liability for the Termination Penalty.

Customer shall not be entitled to the items described above if Customer has an account balance with the Company which has aged beyond net 30 days or if Customer's complaint is not attributable to facilities or causes within Company's reasonable control. This Guarantee is valid for 90 days from the start of Customer's service.

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SECTION 4. RATES (Cont'd)

4.10 Commercial Plan (Cont'd)

4.10.2 Term Commitment Option

A. Rates

Monthly Revenue Commitment	12 Months	18 Months	24 Months
\$100	\$0.139	\$0.134	\$0.129
\$250	\$0.134	\$0.129	\$0.124
\$500	\$0.129	\$0.124	\$0.119
\$750	\$0.124	\$0.119	\$0.114
\$1000	\$0.119	\$0.114	\$0.109
\$5000	\$0.109	\$0.104	\$0.099

Calling Card Surcharge: \$0.25 per call

Calling Card Rate Per Minute: \$0.20 per minute

B. Deficiency Charge

In the event Customer's Monthly Revenue Level does not meet the Monthly Revenue Commitment selected by the Customer in any invoice period during the Term Commitment Period, for that invoice period Customer will pay a Deficiency Charge which is equal to the difference between the Monthly Revenue Commitment and the actual Monthly Revenue Level. The Deficiency Charge will be due at the same time payment is due for service provided to the Customer. Deficiency Charges will not be assessed prior to the third invoice period.

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SECTION 4. RATES (Cont'd)

4.10 Commercial Plan (Cont'd)

4.10.2 Term Commitment Option

C. Termination Penalty

In the event Customer terminates service with the Company prior to the end of the Term Commitment Period or in the event that the Company terminates service based upon Customer's default, Customer will pay a Termination Penalty to the Company equivalent to the Customer's Monthly Revenue Commitment multiplied by the number of months remaining in the Term Commitment Period. The Termination Penalty will be due immediately upon termination of service. The Customer will be made aware of the Termination Penalty as it will be described in the term contract signed by the Customer at the initiation of service.

D. Monthly Recurring Fees:

Toll Free Numbers (800/888)	\$ 3.00 per month per line
Account Codes:	\$ 5.00 (Non-validated)
Account Codes:	\$10.00 (Validated)

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SECTION 4. RATES (Cont'd)

4.11 Prepaid Debit Card Service

Prepaid debit card service is a prepaid long distance calling card service, under which Customers purchase cards in predetermined amounts for long distance usage. Customers access the service by dialing a Company specified access code. As a Customer accesses the service, usage rates and taxes are automatically deducted from the remaining card balance. Customers are notified with a usage remaining message each time a call is placed. Customers will also receive a reminder message when the balance of the card reaches one (1) minute of usage. Calls in progress will be terminated if the balance on the Pre-paid card is insufficient to cover the charges associated with the call. When the card balance reaches zero, the user must purchase another card or have the card recharged pursuant to instructions the Company provides to users purchasing the cards. Calls are billed in initial and additional one minute increments, with any fractional portion of call rounded up to the next highest billing increment.

4.11.1 Rates:

Calls are measured and consumed on a per unit basis

Per Unit: \$0.25 Per Minute

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SECTION 4. RATES (Cont'd)

4.12 Dial & Win Sweepstakes Service

Dial & Win Sweepstakes Service is a direct mail promotional offering afforded to residential long distance Customers. Customers under this promotional offering will be offered the Residential Calling Plan rates as identified in Section 4.1 from the period of August 23, 1996 until June 30, 1997. At the expiration of the promotion, customers may continue to utilize the promotional rates by dialing the Carriers access code before placing long distance calls. Calls are billed in initial and additional one minute increments after a minimum call duration, for billing purposes, of one minute. No minimum usage commitment is required. Calls originate from Customer-provided standard residential switched access lines. Customers may make calls from either a presubscribed access line or by dialing the Carrier's (10XXX) access code.

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SECTION 4. RATES (Cont'd)

4.13 Prime Business Select II

Prime Business Select II is available to business Customers who meet the Company's credit approval guidelines. Customers may select a Month to Month or a Term Commitment Option. Customers electing a Term Commitment Option must sign a contract with the Company. Customers will either be billed directly by the Company or by their local exchange telephone Company. Prime Business Select II rates apply to direct dial, toll free (800/888) and calling card calls. A monthly recurring charge may also apply.

Account Codes are available under Prime Business Select II. Account Codes assist Customers in managing and tracking their long distance usage. Customers may select validated account codes which are specific, pre-defined combinations of digits registered with Company's switch database, and only those pre-defined codes can be used to complete a call, or Customer may select non-validated codes of a specific length and any code of that specific length can be used to complete a call.

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SECTION 4. RATES (Cont'd)

4.13 Prime Business Select II (Cont'd)

4.13.1 Month to Month Option

Calls will be rated at the rates indicated below with a volume discount applied in accordance with the Customer's Monthly Revenue Level. The Customer's Monthly Revenue Level consists of all intrastate, interstate and international outbound, inbound, calling card usage and surcharges, excluding monthly recurring fees and directory assistance charges. The Customer will receive the applicable discount percentage which corresponds with Customer's Monthly Revenue Level as determined by the Discount Schedule shown in Section 4.13.1 B. The discount percentage will be applied to intrastate and interstate outbound and inbound usage only. The Discount Percentage will not be applied to calling card usage, directory assistance charges, or other fees. Calls are billed in initial 30 second and additional 6 second increments, with any fractional portion of call rounded up to the next highest billing increment.

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SECTION 4. RATES (Cont'd)

4.13 Prime Business Select II (Cont'd)

4.13.1 Month to Month Option (Cont'd)

Customers subscribing to the Prime Business Select II Month to Month Option are eligible for the Company's 100% Satisfaction Guarantee, which is as follows:

If Company fails to correct Customer's valid complaint regarding network quality or service support or if Company fails to deliver the stated rate plan within 15 days of Company receiving written notification regarding the problem, the Company will (1) refund to the Customer all PIC change charges assessed by the Customer's LEC as a result of Company switching its long distance service to the Company from the Customer's previous long distance carrier; and (2) refund to the Customer all PIC change charges assessed by the Customer's LEC in order to switch the Customer's long distance service back. The Guarantee is valid for a period of 90 days from the start of Customer's service.

Customer shall not be entitled to the refunds described above if Customer has an account balance with the Company which has aged beyond net 30 days or if Customer's complaint is not attributable to facilities or causes within Company's reasonable control.

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SECTION 4. RATES (Cont'd)

4.13 Prime Business Select II (Cont'd)

4.13.1 Month to Month Option (Cont'd)

A. Rates

Direct Dial and Toll Free Rate:	\$.165 per minute
Calling Card Rate:	\$.25 per minute
Calling Card Surcharge:	\$.50 per call

B. Discount Schedule

<u>Monthly Revenue Level</u>	<u>% Discount</u>
\$ 0.00 - \$ 99.99	0%
\$100.00 - \$ 199.99	3.64%
\$200.00 - \$ 499.99	6.67%
\$500.00 - \$ 749.99	9.70%
\$750.00 - \$ 999.99	12.73%
\$1,000.00 - \$4,999.99	15.76%
\$5,000 +	21.82%

C. Monthly Recurring Fees

Toll Free Numbers (800/888):	\$3.00 per month per line
Account Codes:	\$5.00 (Non-validated)
Account Codes:	\$10.00 (Validated)

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SECTION 4. RATES (Cont'd)

4.13 Prime Business Select II (Cont'd)

4.13.2 Term Commitment Option

Users subscribing to this option will select a Term Commitment Period and a Monthly Revenue Commitment. Calls will be rated at the rates indicated in Section 4.13.2A, which corresponds with the Term Commitment Period and Monthly Revenue Commitment selected by the Customer. The Company will calculate the Customer's Monthly Revenue level to determine if Customer's Monthly Revenue Commitment has been fulfilled. The customer's Monthly Revenue Level consists of all intrastate, interstate and international, outbound, inbound, calling card usage and surcharges, excluding monthly recurring fees and directory assistance charges. Calls are billed in initial 30 second and additional 6 second increments, with any fractional portion of call rounded up to the next highest billing increment.

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SECTION 4. RATES (Cont'd)

4.13 Prime Business Select II (Cont'd)

4.13.2 Term Commitment Option (Cont'd)

Customers subscribing to the Prime Business Select II Term Commitment Option are eligible for the Company's 100% Satisfaction Guarantee which is as follows:

If Company fails to correct Customer's valid complaint regarding network quality or service support or if Company fails to deliver the stated rate plan within 15 days of Company receiving written notification regarding the problem, the Company will (1) refund to the Customer all PIC change charges assessed by the Customer's LEC as a result of Company switching its long distance service to the Company from the Customer's previous long distance Carrier; (2) refund to the Customer all PIC change charges assessed by the Customer's LEC in order to switch the Customer's long distance service back to their previous carrier; (3) refund to the Customer the amount of their first Prime Business Select II invoice; and (4) cancel Customer's term agreement without liability for the Termination Penalty.

Customer shall not be entitled to the items described above if Customer has an account balance with the Company which has aged beyond net 30 days or if Customer's complaint is not attributable to facilities or causes within Company's reasonable control. This Guarantee is valid for 90 days from the start of Customer's service.

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SECTION 4. RATES (Cont'd)

4.13 Prime Business Select II (Cont'd)

4.13.2 Term Commitment Option (Cont'd)

A. Rates:

Monthly Revenue Commitment	No Term Commitment	12 Months	18 Months	24 Months	36 Months
\$0	0.1600	N/A	N/A	N/A	N/A
\$100	0.1550	0.1375	0.1325	0.1275	0.1200
\$250	0.1500	0.1325	0.1275	0.1225	0.1150
\$500	0.1450	0.1275	0.1225	0.1175	0.1100
\$750	0.1400	0.1225	0.1175	0.1125	0.1050
\$1,000	0.1350	0.1175	0.1125	0.1075	0.1025
\$2,500	0.1300	0.1125	0.1075	0.1025	0.0975
\$5,000	0.1250	0.1075	0.1025	0.0975	0.0925
\$10,000	0.1200	0.1025	0.0975	0.0950	0.0900
\$25,000	0.1150	0.0975	0.0950	0.0925	0.0875
\$50,000	0.1100	0.0950	0.0925	0.0900	0.0850

B. Deficiency Charge

In the event Customer's Monthly Revenue Level does not meet the Monthly Revenue Commitment selected by the Customer in any invoice period during the Term Commitment Period, for that invoice period Customer will pay a Deficiency Charge which is equal to the difference between the Monthly Revenue Commitment and the actual Monthly Revenue Level. The Deficiency Charge will be due at the same time payment is due for service provided to the Customer. Deficiency Charges will not be assessed prior to the third invoice period.

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SECTION 4. RATES (Cont'd)

4.13 Prime Business Select II (Cont'd)

4.13.2 Term Commitment Option (Cont'd)

C. Termination Penalty

In the event Customer terminates service with the Company prior to the end of the Term Commitment Period or in the event that the Company terminates service based upon Customer's default, Customer will pay a Termination Penalty to the Company equivalent to the Customer's Monthly Revenue Commitment multiplied by the number of months remaining in the Term Commitment Period. The Termination Penalty will be due immediately upon termination of service. The Customer will be made aware of the Termination Penalty as it will be described in the term contract signed by the Customer at the initiation of service.

D. Monthly Recurring Fees:

Toll Free Numbers (800/888)	\$ 3.00 per month per line
Account Codes:	\$ 5.00 (Non-validated)
Account Codes:	\$10.00 (Validated)

E. Travel Card Rates:

Per Minute Rate:	\$ 0.20
Per Call Surcharge:	\$ 0.25

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SECTION 4. RATES (Cont'd)

4.14 Affinity Association Program

The Affinity Association Program is made available to Affinity Vendors of the Company. All Affinity Association calls will be billed in six (6) second increments after an initial period, for billing purposes, of eighteen (18) seconds.

4.14.1 Business Affinity Association Program

Business Affinity Association is a flat rate program designed for use by large and medium sized business customers.

(A) Per Minute Rate \$0.1250

4.14.2 Residential Affinity Association Program

Residential Affinity Association Program is available in two options, a flat rate and a time of day sensitive rate.

(A) Flat Rate Affinity Program

Per Minute Rates \$0.1250

(B) Time of Day Sensitive Affinity Program

Day	\$0.1550
Evening	0.1250
Night/Weekend	0.1050

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SECTION 4. RATES (Cont'd)

4.15 Dial & Save Flat Rate II

Dial & Save Flat Rate II is a flat rate outbound residential only calling service. Calls are originated from presubscribed switched residential Customer access lines. This service permits the residential Customers to make direct dialed 1+ calls from locations within the State. Calls are billed in one minute increments, after an initial period, for billing purposes, of one minute.

4.15.1 Rates:

Day	\$0.15
Evening	\$0.10
Night	\$0.10

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SECTION 4. RATES (Cont'd.)

4.16 Prime Business Select II - Dedicated Service

Prime Business Select II Dedicated Service is an outbound service, available to business customers who meet the company's credit approval guidelines. Calls are originated from presubscribed locations or by dialing the Company's designated "10XXX" access code.

This service permits large account business customers to make direct dial 1+ calls from locations within the state. In addition, customers may also subscribe to toll free (800/888) service, per the rates specified in Section 4.16.1 (A). All conditions that apply to the Prime Business Select II Term Commitment as specified in Section 4.13.2(B) and 4.13.2(C) of this tariff, also apply to Prime Business Select II Dedicated Service. Customers must commit to a \$2,500 monthly minimum under this plan.

All direct dial 1+ and toll free (800/888) calls are billed in six (6) second increments after an initial calling period, of eighteen (18) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

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SECTION 4. RATES (Cont'd.)

4.16.1 Access Methods and Usage Rates:

(A) Direct Dial and Toll Free (800/888) Rates:

Monthly Revenue Commitment	PER MINUTE RATES		
	12 Month Term	24 Month Term	36 Month Term
\$2,500 +	\$0.0650	0.0600	\$0.0550

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SECTION 4. RATES (Cont'd.)

4.16 Prime Business Select II - Dedicated (Cont'd.)

4.16.1 Access Methods and Usage Rates (Cont'd.)

(B) Travel Card Access:

Calls are billed in six (6) second increments after an initial period, of thirty (30) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

	12 Month Term	24 Month Term	36 Month Term
Per Minute Rate	\$0.20	\$0.20	\$0.20
Surcharge	\$0.25	\$0.25	\$0.25

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SECTION 4. RATES (Cont'd.)

4.17 Prime Business Select Association Program

Prime Business Select Association Program is available to certified non-profit Associations, Chambers of Commerce, and other non-profit business trade groups. Members of such organizations who enroll in the Prime Business Select Association Program are eligible to receive program-specific discounted rates for direct dial, calling card & toll free (800/888) long distance services. All Prime Business Select Association Program calls will be billed in six (6) second increments after an initial period of eighteen (18) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

4.17.1 Access Method and Usage Rates:

(A) Direct Dial Access:

Prime Business Select Association Program customers will be charged \$0.09 per minute for all direct dial intrastate calls.

(B) Travel Card Access:

Prime Business Select Association customers will be charged \$0.20 per minute for all intrastate travel card calls.

1. Travel Card Access Surcharges:

All Prime Business Select Association travel card calls will be charged a \$0.20 per call surcharge.

(C) Toll Free (800/888) Access:

Prime Business Select Association customers subscribing to toll free services will be charged \$0.09 per minute for all terminating calls. The Prime Business Select Association customer will be charged for the calls rather than the call originator.

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SECTION 4. RATES (Cont'd.)

4.18 Prime Business VI

Prime Business VI is available to business Customers, on a limited and promotional basis, who meet the Company's credit approval guidelines. Customers may select a Month to Month or a Term Commitment Option. Customers electing a Term Commitment Option must sign a contract with the Company. Customers will either be billed directly by the Company or by their local exchange telephone Company. Prime Business VI rates apply to direct dial, toll free (800/888) and calling card calls. A monthly recurring charge may also apply.

Account Codes are available under Prime Business VI. Account Codes assist Customers in managing and tracking their long distance usage. Customers may select validated account codes which are specific, pre-defined combinations of digits registered with Company's switch database, and only those pre-defined codes can be used to complete a call, or Customers may select non-validated codes of a specific length and any code of that specific length can be used to complete a call.

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SECTION 4. RATES (Cont'd.)

4.18 Prime Business VI (Cont'd.)

4.18.1 Month to Month Option (Cont'd.)

Customers subscribing to the Prime Business VI Month to Month Option are eligible for the Company's 100% Satisfaction Guarantee, which is as follows:

If Company fails to correct Customer's valid complaint regarding network quality or service support or if Company fails to deliver the stated rate plan within 15 days of Company receiving written notification regarding the problem, the Company will (1) refund to the Customer all PIC change charges assessed by the Customer's LEC as a result of Company switching its long distance service to the Company from the Customer's previous long distance carrier; and (2) refund to the Customer all PIC change charges assessed by the Customer's LEC in order to switch the Customer's long distance service back. The Guarantee is valid for a period of 90 days from the start of Customer's service.

Customer shall not be entitled to the refunds described above if Customer has an account balance with the Company which has aged beyond net 30 days or if Customer's complaint is not attributable to facilities or causes within Company's reasonable control.

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SECTION 4. RATES (Cont'd.)

4.18 Prime Business VI (Cont'd.)

4.18.1 Month to Month Option (Cont'd.)

(A) Rates:

Direct Dial and Toll Free Rate:	\$.165 per minute
Calling Card Rate:	\$.25 per minute
Calling Card Surcharge:	\$.50 per call

(B) Discount Schedule:

<u>Monthly Revenue Level</u>	<u>% Discount</u>
\$ 0.00 - \$ 99.99	0%
\$100.00 - \$ 199.99	3.64%
\$200.00 - \$ 499.99	6.67%
\$500.00 - \$ 749.99	9.70%
\$750.00 - \$ 999.99	12.73%
\$1,000.00 - \$4,999.99	15.76%
\$5,000 +	21.82%

(C) Monthly Recurring Fees:

Toll Free Numbers (800/888):	\$3.00 per month per line
Account Codes:	\$5.00 (Non-validated)
Account Codes:	\$10.00 (Validated)

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SECTION 4. RATES (Cont'd.)

4.18 Prime Business VI (Cont'd.)

4.18.2 Term Commitment Option

Users subscribing to this option will select a Term Commitment Period and a Monthly Revenue Commitment. Calls will be billed at the rates indicated in Section 4.18.2(A) of this tariff, which corresponds with the Term Commitment Period and Monthly Revenue Commitment selected by the Customer. The Company will calculate the Customer's Monthly Revenue level to determine if Customer's Monthly Revenue Commitment has been fulfilled. The customer's Monthly Revenue Level consists of all intrastate, interstate and international, outbound, inbound, calling card usage and surcharges, excluding monthly recurring fees and directory assistance charges. Calls are billed in initial six (6) second and additional six (6) second increments. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

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SECTION 4. RATES (Cont'd.)

4.18 Prime Business VI (Cont'd.)

4.18.2 Term Commitment Option (Cont'd.)

Customers subscribing to the Prime Business VI Term Commitment Option are eligible for the Company's 100% Satisfaction Guarantee which is as follows:

If Company fails to correct Customer's valid complaint regarding network quality or service support or if Company fails to deliver the stated rate plan within 15 days of Company receiving written notification regarding the problem, the Company will (1) refund to the Customer all PIC change charges assessed by the Customer's LEC as a result of Company switching its long distance service to the Company from the Customer's previous long distance Carrier; (2) refund to the Customer all PIC change charges assessed by the Customer's LEC in order to switch the Customer's long distance service back to their previous carrier; (3) refund to the Customer the amount of their first Prime Business VI invoice; and (4) cancel Customer's term agreement without liability for the Termination Penalty.

Customer shall not be entitled to the items described above if Customer has an account balance with the Company which has aged beyond net 30 days or if Customer's complaint is not attributable to facilities or causes within Company's reasonable control. This Guarantee is valid for 90 days from the start of Customer's service.

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SECTION 4. RATES (Cont'd.)

4.18 Prime Business VI (Cont'd.)

4.18.2 Term Commitment Option (Cont'd.)

(A) Rates:

Monthly Revenue Commitment	No Term Commitment	12 Months	18 Months	24 Months	36 Months
\$0	0.1600	N/A	N/A	N/A	N/A
\$100	0.1550	0.1375	0.1325	0.1275	0.1200
\$250	0.1500	0.1325	0.1275	0.1225	0.1150
\$500	0.1450	0.1275	0.1225	0.1175	0.1100
\$750	0.1400	0.1225	0.1175	0.1125	0.1050
\$1,000	0.1350	0.1175	0.1125	0.1075	0.1025
\$2,500	0.1300	0.1125	0.1075	0.1025	0.0975
\$5,000	0.1250	0.1075	0.1025	0.0975	0.0925
\$10,000	0.1200	0.1025	0.0975	0.0950	0.0900
\$25,000	0.1150	0.0975	0.0950	0.0925	0.0875
\$50,000	0.1100	0.0950	0.0925	0.0900	0.0850

- (B) Travel Card Rates: Customers committing to a twelve (12), eighteen (18), twenty-four (24), or thirty-six (36) month term commitment will be charged the following rates for Travel Card Services:

Per Minute Rate: \$0.20
Per Call Surcharge: \$0.25

- (C) Deficiency Charge:

In the event Customer's Monthly Revenue Level does not meet the Monthly Revenue Commitment selected by the Customer in any invoice period during the Term Commitment Period, for that invoice period Customer will pay a Deficiency Charge which is equal to the difference between the Monthly Revenue Commitment and the actual Monthly Revenue Level. The Deficiency Charge will be due at the same time payment is due for service provided to the Customer. Deficiency Charges will not be assessed prior to the third invoice period.

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SECTION 4. RATES (Cont'd.)

4.18 Prime Business VI (Cont'd.)

4.18.2 Term Commitment Option (Cont'd.)

(D) Termination Penalty:

In the event the Customer terminates service with the Company prior to the end of the Term Commitment Period or in the event that the Company terminates service based upon Customer's default, Customer will pay a Termination Penalty to the Company equivalent to the Customer's Monthly Revenue Commitment multiplied by the number of months remaining in the Term Commitment Period. The Termination Penalty will be due immediately upon termination of service. The Customer will be made aware of the Termination Penalty as it will be described in the term contract signed by the Customer at the initiation of service.

(E) Monthly Recurring Fees:

Toll Free Numbers (800/888)	\$ 3.00 per month per line
Account Codes:	\$ 5.00 (Non-validated)
Account Codes:	\$10.00 (Validated)

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SECTION 4. **RATES** (Cont'd.)

4.19 **Prime Business VI - Dedicated Service**

Prime Business VI Dedicated Service is an outbound service, available to business customers, on a limited and promotional basis, who meet the company's credit approval guidelines. Calls are originated from presubscribed locations or by dialing the Company's designated "10XXX" access code.

This service permits large account business customers to make direct dial 1+ calls from locations within the state. In addition, customers may also subscribe to toll free (800/888) services, per the rates specified below. All conditions that apply to the Prime Business Select II Term Commitment as specified in Sections 4.13.2(B) and 4.13.2(C) tariff, also apply to Prime Business VI Dedicated Service. Customers must commit to a \$2,500 monthly minimum under this plan.

All direct dial 1+ and toll free (800/888) calls are billed in initial six (6) second and additional six (6) seconds increments. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

4.19.1 **Access Methods and Usage Rates:**

(A) **Direct Dial and Toll Free (800/888):**

PER MINUTE RATES			
Monthly Revenue Commitment	12 Month Term	24 Month Term	36 Month Term
\$2,500 +	\$0.0650	\$0.0600	\$0.0550

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SECTION 4. RATES (Cont'd.)

4.19 Prime Business VI - Dedicated Service (Cont'd.)

4.19.1 Access Methods and Usage Rates (Cont'd.)

(B) Travel Card Access:

Calls are billed in initial six (6) second and additional six (6) second increments. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

	12 Month Term	24 Month Term	36 Month Term
Per Minute Rate	\$0.20	\$0.20	\$0.20
Surcharge	\$0.25	\$0.25	\$0.25

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SECTION 4. RATES (Cont'd.)

4.20 FBBA Business Calling Program

FBBA Business Calling Program is a flat rate outbound and inbound calling plan. This service permits business customers to make direct dial 1+ calls and receive toll free (800/888) calls from within the state. In addition, customers can also place calling card calls. All calls will be billed in six (6) second increments after an initial period, for billing purposes, of eighteen (18) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

4.20.1 Access Methods and Usage Rates:

- (A) Direct Dial Access: FBBA Business Calling Plan customers will be charged \$0.09 minute for all intrastate calls.
- (B) Travel Card Access:
FBBA customers will be charged the following per minute rates based on a customer selected term commitment:
 - 1. Month to Month Option: Customers will be charge \$0.25 per minute for all intrastate calling card calls. A \$0.50 per call surcharge will apply.
 - 2. Term Commitment Option: Customers selecting a term commitment option of twelve (12), eighteen (18), sixteen (16) or twenty-four (24) months will be charged \$0.20 per minute for all intrastate calling card calls. A \$0.25 per call surcharge will apply.
- (C) Toll Free (800/888):
FBBA Business Calling Plan customers subscribing to toll free service will be charged \$0.09 per minute for all terminating calls. The FBBA customer will be charged for the call rather than the call originator.

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SECTION 4. RATES (Cont'd.)

4.21 Protech Access One Service

Protech Access One Service is an outbound and inbound service for business customers only. Customers must meet the Company's credit approval guidelines to be eligible for service. Protech Access One Service rates apply to direct dial, calling card and toll-free (800/888) service. All inbound calls are made through a designated toll free number and the Protech Access One Service customer is billed rather than the call originator. All Protech Access One Service calls will be billed in six (6) second increments after an initial period of eighteen (18) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

4.21.1 Access Method and Usage Rates:

(A) Direct Dial Access:
Protech Access One Service customers will be charged \$0.1290 per minute for all direct dial intrastate calls.

(B) Travel Card Access:
Protech Access One Service customers will be charged the following per minute rates based on a customer selected term commitment:

1. Month to Month Option: Customers will be charged \$0.25 per minute for all intrastate travel card calls. A \$0.50 per call surcharge will apply.
2. Term Commitment Option: Customers selecting a term commitment option of twelve (12), eighteen (18), sixteen (16) or twenty-four (24) months will be charged \$0.20 per minute for all intrastate travel card calls. A \$0.25 per call surcharge will apply.

(C) Toll-Free (800/888) Access:
Protech Access One Service customers utilizing toll free services will be charged \$0.1290 per minute for all terminating calls. The Protech Access One Service customer will be charged for the calls rather than the call originator.

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4.22 Winners Unlimited Service

Winners Unlimited is an inbound service available to residential and business customers, who meet the Company's credit approval guidelines, presubscribed to the Company's service by completing a Letter of Agency ("LOA") provided by a specific authorized sales agent of the Company. All inbound Winners Unlimited calls will be billed in six (6) second increments after an initial period of thirty (30) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

4.22.1 Access Method and Usage Rates:

- (A) Toll Free (800/888) Access:
Winners Unlimited customers subscribing to toll free services will be charged \$0.18 per minute for all terminating calls. The Winners Unlimited customer will be charged for the calls rather than the call originator.
1. Toll Free Access Service Fees: A \$3.00 monthly fee applies for each toll free number.
- (B) Toll Free Access With Personal Identification Number (PIN): Winners Unlimited customers subscribing to toll free services with a PIN will be charged \$0.21 per minute for all terminating calls.
- (C) Directory Assistance:
For all calls placed using Directory Assistance the following per call charges will apply:
- | | |
|--------------|---------|
| Business: | \$0.750 |
| Residential: | \$0.670 |

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SECTION 4. RATES (Cont'd.)

4.23 American Society of Travel Agents (ASTA) Affinity Association Program

ASTA Affinity Association Program offers members of the ASTA association combined outbound 1+ and inbound toll free services. No minimum or monthly term commitments are required for this service. All direct dial, travel card, and toll free calls will be billed in six (6) second increments after an initial period for billing purposes of eighteen (18) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment. Customers who wish to enroll in this service must present at the time of enrollment documentation to the Company showing that they are a member in good standing with the ASTA association. Customers subscribing to this program will be eligible to request a travel card at no extra cost to the customer, and will be charged the rates specified below for the calling card service.

4.23.1 Access Methods and Usage Rates

- (A) Direct Dial and Toll Free Access:
- | | |
|-------------------|----------|
| Per Minute Rates: | \$0.0900 |
|-------------------|----------|
- (B) Travel Card Access:
- | | |
|---------------------|--------|
| Per Minute Rate: | \$0.20 |
| Per Call Surcharge: | \$0.25 |

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SECTION 4. RATES (Cont'd.)

4.24 Prime Business 9.9 Service

Prime Business 9.9 Service is a flat rate outbound and inbound calling plan available to large business customers. This service permits business customers to make direct dial 1+ calls and receive inbound toll free (800/888) calls. In addition, customers can also place calling card calls. All calls are billed in six (6) second increments after an initial calling period for billing purposes of eighteen (18) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

4.24.1 Access Methods and Usage Rates

(A) Direct Dial and Toll Free Access:

Per Minute Rate: \$0.099

(B) Travel Card Access:

Per Minute Rate: \$0.20

Per Call Surcharge: \$0.25

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SECTION 4. RATES (Cont'd.)

4.25 Toll Free PIN Service

Toll-Free PIN Service is an inbound calling service utilizing switched access facilities. This service permits the Customer to receive incoming calls from all location within the State. With Toll-Free PIN Service, the Customer is charged for the call, not the calling party. The Customer will be issued a four (4) digit PIN number which must be utilized in combination with a designated toll free number in order to use this service. Individuals dialing the designated toll-free number must dial the PIN number for termination of the call to the Customer. The toll-free number is the property of the Company and the Customer cannot transport the toll-free number to another responsible organization. Calls are rebilled in six (6) second increments with a minimum initial calling period of thirty (30) seconds.

4.25.1 Per Minute Rates: \$0.2100

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SECTION 4. RATES (Cont'd.)

4.26 Intrastate Preferred Customer Plan

Intrastate Preferred Customer Plan is a direct dial service available to residential customers. The Customer may access Carrier either by selecting Carrier as the prescribed interexchange carrier or by dialing the Carrier's "10XXX" access code. Customers must enroll in Intrastate Preferred Customer Plan by dialing a designated toll-free number and speaking with a Carrier representative. Calls are billed in one minute increments, after an initial minimum call duration of one minute. Any fractional portion of a call thereafter, is rounded up to the next highest billing increment.

4.26.1 IntraLATA Rates

Rate Mileage	Day	Even	Night/Weekend		1st Min	Add'l Min
	1st Min	Add'l Min	1st Min	Add'l Min		
1-10	0.3230	0.1995	0.2423	0.1501	0.1938	0.1197
11-16	0.3230	0.1995	0.2423	0.1501	0.1938	0.1197
17-22	0.3230	0.1995	0.2423	0.1501	0.1938	0.1197
23-30	0.3230	0.1995	0.2423	0.1501	0.1938	0.1197
31-55	0.3420	0.2280	0.2565	0.1710	0.2052	0.1368
56-70	0.3705	0.2375	0.2779	0.1786	0.2223	0.1425
71-124	0.3800	0.2470	0.2850	0.1853	0.2280	0.1482
125 +	0.3895	0.2565	0.2921	0.1929	0.2337	0.1539

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SECTION 4. RATES (Cont'd.)

4.26 Intrastate Preferred Customer Plan

Intrastate Preferred Customer Plan is a direct dial service available to residential customers. The Customer may access Carrier either by selecting Carrier as the presubscribed interexchange carrier or by dialing the Carrier's "10XXX" access code. Customers must enroll in Intrastate Preferred Customer Plan by dialing a designated toll-free number and speaking with a Carrier representative. Calls are billed in one minute increments, after an initial minimum call duration of one minute. Any fractional portion of a call thereafter, is rounded up to the next highest billing increment.

4.26.2 InterLATA Rates

Rate Mileage	Day		Eve		Night/Weekend	
	1st Min	Add'l Min	1st Min	Add'l Min	1st Min	Add'l Min
0-10	0.3000	0.1800	0.2400	0.1440	0.1800	0.1080
11-16	0.3800	0.2000	0.3040	0.1600	0.2280	0.1200
17-22	0.3900	0.2200	0.3120	0.1760	0.2340	0.1320
23-30	0.3150	0.1782	0.2505	0.1426	0.1935	0.1080
31-40	0.3300	0.1931	0.2625	0.1544	0.2025	0.1170
41-55	0.3525	0.2153	0.2805	0.1723	0.2160	0.1305
56-85	0.3750	0.2376	0.2985	0.1901	0.2295	0.1440
86-124	0.3900	0.2524	0.3105	0.2020	0.2385	0.1530
125-244	0.3975	0.2673	0.3165	0.2138	0.2430	0.1620
245-475	0.4050	0.2822	0.3225	0.2258	0.2475	0.1710

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SECTION 5. CONTRACT SERVICES

At the option of the Company, service may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for six months after the initial offering to the first contract Customer for any given set of terms unless otherwise indicated.

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SECTION 5. CONTRACT SERVICES. (Cont'd)

5.1 Carrier Intrastate Domestic Termination Service

Carrier Intrastate Domestic Termination Service is available only to Other Certificated Carriers ("OCC") who wish to utilize the Dial & Save network to terminate intrastate traffic. The OCC must meet certain Company specified credit evaluations in order to purchase this service offering. In addition, the OCC must have obtained the required operating authority. The OCC must have use of their own Primary Interexchange Carrier Code. OCCs who qualify for this service will receive call termination at the rates specified below. Rates are based upon the LATA and the LEC to which the call terminates, as well as the Customer's Monthly Minimum Minutes of Use Commitment.

Traffic provided under this service offering must meet the following specifications:

- 5.1.1 A minimum of 80% of the OCC's total minutes of use which terminate on the Dial & Save network under this service offering must be during the times of 8:00 AM up to, but not including, 5:00 PM Monday through Friday. If the minutes of use terminating during this time frame drops below the 80% threshold, Dial & Save reserves the right to discontinue the service upon written notice to the OCC or rate the intrastate domestic minutes at \$0.065 per minute.
- 5.1.2 Calls will be billed in six (6) second increments after an initial calling period of six (6) seconds. Any fractional portion of a call thereafter will be rounded up to the next highest billing increment.
- 5.1.3 In addition to the appropriate LATA termination rate specified in Section 5.1.4 (A) a surcharge of \$0.02 per minute will be charged for all calls terminating to non US West exchanges.

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SECTION 5. CONTRACT SERVICES (Cont'd.)

5.1 Carrier Intrastate Domestic Termination Service, (Cont'd.)

5.1.4 Rate Level Definitions:

Per Minute Termination Rates listed below are available in four (4) different Rate Levels, determined by the Customer's Monthly Minimum Minutes of Use Commitment. A Customer's domestic interstate, intrastate, and international minutes of use under this service offering will be counted toward the Monthly Minimum Minutes of Usage Commitment. At the Company's sole discretion, minutes of use under other Company service offerings, term commitments, revenue commitments, ramp-up periods, or other criteria may be used in combination with minutes of use in order to determine whether or not a Customer is eligible for a particular Rate Level.

(A) Per Minute Rates:

Rate Level	Monthly Minutes Commitment Level	Per Minute Rate
1	Less than 1,000,000 minutes per month	\$0.0450
2	1,000,000 to 4,999,999 minutes per month	\$0.0430
3	5,000,000 to 9,999,999 minutes per month	\$0.0415
4	Greater than 10,000,000 minutes per month	\$0.0400

5.1.6. Directory Assistance Rate:

Per call charge:

	Rate Level	
1		\$0.44
2		\$0.42
3		\$0.40
4		\$0.38

Issued: July 8, 1997

Effective:

Issued by:

Donald A. Burns, President
4219 Lafayette Center Drive
Chantilly, Virginia 20151
703/631-5600

SECTION 5. CONTRACT SERVICES (Cont'd.)

5.2 Carrier 800 Origination - Dedicated

Carrier 800 Origination Dedicated Service is available only to Other Certificated Carriers ("OCC"). The OCC must meet certain Company specified credit evaluations in order to purchase this service offering. In addition, the OCC must have obtained the required operating authority. The OCC must have use of their own Primary Interexchange Carrier Code. Company may also, at its sole discretion, require that subscribers to this service offering have an existing billing or data processing arrangement with the Company. OCCs who qualify for this service will receive 800 origination at the rates specified below. Rates are based upon the LATA and the LEC from which the call originates, as well as the Customer's Monthly Minimum Minutes of Use Commitment. OCCs must also pay for facility installation and monthly recurring dedicated access fees which will be determined on an individual case basis.

Traffic provided under this service offering must meet the following specifications:

- 5.2.1 A minimum of 80% of the OCCs total minutes of use must originate on the Company's network under this service offering and must be during the times of 8:00 AM up to, but not including, 5:00 PM Monday through Friday. If the minute of use terminating during this time frame drops below the 80% threshold, Dial & Save reserves the right to discontinue the service upon written notice to the OCC or rate the intrastate minutes at 0.065 per minute.
- 5.2.2 Calls will be billed in initial and additional six (6) second increments. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.
- 5.2.3 In addition to the appropriate LATA origination rate specified in Section 5.2.4 (A), a surcharge of \$0.02 per minute will be charged for all calls originating from non US West exchanges.

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Effective:

Issued by:

Donald A. Burns, President
4219 Lafayette Center Drive
Chantilly, Virginia 20151
703/631-5600

SECTION 5. CONTRACT SERVICES (Cont'd.)

5.2 Carrier 800 Origination - Dedicated (Cont'd.)

5.2.4 Rate Level Definitions

Per Minute Origination Rates listed below are available in four (4) different Rate Levels, determined by the Customer's Monthly Minimum Minutes of Use Commitment. A Customer's domestic interstate, intrastate, and international minutes of use under this service offering will be counted toward the Monthly Minimum Minutes of Usage Commitment. At the Company's sole discretion, minutes of use under other Company service offerings, term commitments, revenue commitments, ramp-up periods, or other criteria may be used in combination with minutes of use in order to determine whether or not a Customer is eligible for a particular Rate Level.

(A) Per Minute Rates:

Rate Level	Monthly Minutes Commitment Level	Per Minute Rate
1	Less than 1,000,000 minutes per month	\$0.0650
2	1,000,000 to 4,999,999 minutes per month	\$0.0630
3	5,000,000 to 9,999,999 minutes per month	\$0.0615
4	Greater than 10,000,000 minutes per month	\$0.0600

5.2.5 Directory Assistance Rate:

Per call charge:

Rate Level	
1	\$0.44
2	\$0.42
3	\$0.40
4	\$0.38

Issued: July 8, 1997

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SECTION 5. CONTRACT SERVICES (Cont'd.)

5.3 CIC Association Service II

CIC Association Service II available only to Other Certificated Carriers ("OCC"). The OCC must meet certain Company specified credit evaluations in order to purchase this service offering. In addition, the OCC must have obtained the required reporting authority. The OCC must have use of their own Primary Interexchange Carrier Code. OCCs subscribing to this service offering must pay for their own originating access service. Company may also, at its sole discretion, require that subscribers to this service offering have an existing billing or data processing arrangement with the Company. OCCs who qualify for this service will receive call termination at the rates specified in Section 5.3.4 (A) of this Tariff. Rates are based upon the LATA and the LEC to which the call terminates, as well as the Customer's Monthly Minimum Minutes of Use Commitment.

Traffic provided under this service offering must meet the following specifications:

- 5.3.1 A minimum of 80% of the OCCs total minutes of use which terminates on the Dial & Save network under this service offering must be during the times of 8:00 AM up to, but not including, 5:00 PM Monday through Friday. If the minutes of use terminating during this time frame drops below the 80% threshold, Dial & Save reserves the right to discontinue the service upon written notice to the OCC or rate the intrastate minutes at \$0.065 per minute.
- 5.3.2 Calls will be billed in six (6) second increments after an initial calling period of six (6) seconds. Any fractional portion of a call thereafter will be rounded up to the next highest billing increment.
- 5.3.3 In addition to the appropriate LATA termination rate specified in Section 5.3.4 (A), a surcharge of \$0.02 per minute will be charged for all calls terminating to all non US West exchanges.

Issued: July 8, 1997

Effective:

Issued by:

Donald A. Burns, President
4219 Lafayette Center Drive
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SECTION 5. CONTRACT SERVICES (Cont'd.)

5.3 CIC Association Service II (Cont'd.)

5.3.4 Rate Level Definitions:

Per Minute Termination Rates listed below are available in four (4) different Rate Levels, determined by the Customer's Monthly Minimum Minutes of Use Commitment. A Customer's domestic interstate, intrastate, and international minutes of use under this service offering will be counted toward the Monthly Minimum Minutes of Usage Commitment. At the Company's sole discretion, minutes of use under other Company service offerings, term commitments, revenue commitments, ramp-up periods, or other criteria may be used in combination with minutes of use in order to determine whether or not a Customer is eligible for a particular Rate Level.

(A) Per Minute Rates:

Rate Level	Monthly Minutes Commitment Level	Per Minute Rate
1	Less than 1,000,000 minutes per month	\$0.0450
2	1,000,000 to 4,999,999 minutes per month	\$0.0430
3	5,000,000 to 9,999,999 minutes per month	\$0.0415
4	Greater than 10,000,000 minutes per month	\$0.0400

5.3.5 Directory Assistance Rate:

Per call charge

\$.50

Issued: July 8, 1997

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703/631-5600

SECTION 5. CONTRACT SERVICES (Cont'd.)

5.4 Switchless 1+ and Toll Free Resale Service

Switchless 1+ and Toll Free Resale Service is available only to Other Certificated Carriers ("OCC") who wish to utilize the Dial & Save network to originate, switch, and terminate domestic traffic. The OCC must meet certain Company specified credit evaluations in order to purchase this service offering. In addition, the OCC must have obtained the required operating authority. The OCC must have use of their own Primary Interexchange Carrier Code. The Company may also, at its sole discretion, require that subscribers to this service offering have an existing billing or data processing arrangement with the Company.

OCCs who qualify for this service will receive the rates specified below. Rates are based upon the LATA and the LEC from which the call originates and to which the call terminates, as well as the Customer's Monthly Minimum Revenue Commitment. Orders for service will only be accepted from OCCs for provision of service to Customers residing in areas served by US West.

Calls will be billed in six (6) second increments after an initial calling period of eighteen (18) seconds. Any fractional portion of a call thereafter will be rounded up to the next highest billing increment.

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Effective:

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SECTION 5. CONTRACT SERVICES (Cont'd.)

5.4 Switchless 1+ and Toll Free Resale (Cont'd.)

5.4.1 Per Minute Rates

Customers will be charged the rate specified below for all rate levels (1-4).

(A) Per Minute Rates:

Rate Level	Monthly Revenue Commitment Level	Per Minute Rate
1	Less than 100,000 monthly billing	\$0.0750
2	\$100,000 to \$249,999 in monthly billing	\$0.0750
3	\$250,000 to \$499,999 in monthly billing	\$0.0750
4	\$500,000 + in monthly billing	\$0.0750

5.4.2 Directory Assistance Rate:

Per call charge: \$0.75

5.4.3 Toll-Free Number Monthly Recurring Fees:

The OCCs will pay no monthly recurring fees for the first ten (10) toll-free numbers which they reserve or install using the Company as the designated Responsible Organization. For each additional number in excess of ten (10), a \$1.00 monthly recurring fee is charged.

Issued: July 8, 1997

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Issued by:

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SECTION 5. CONTRACT SERVICES (Cont'd.)

5.5 Switchless 1+ Dedicated and Toll Free Resale Service

Switchless 1+ Dedicated and Toll Free Resale Service is available only to Other Certificated Carriers ("OCC") who wish to utilize the Company's network to originate, switch, and terminate traffic. OCC must meet certain Company specified credit evaluations in order to purchase this service offering. In addition, OCC must have obtained required operating authority in the states in which they conduct business and file tariffs, when required by law, with a state or federal authority. Company may also, at its sole discretion, require that subscribers to this service offering have an existing billing or data processing arrangement with the Company.

A Customer's 1+ and toll-free domestic interstate, intrastate, and international revenue under this service offering will be counted toward the Monthly Minimum Revenue Commitment. At the Company's sole discretion, revenue under other Company Service offerings, term commitments, minutes of use commitments, ramp-up periods, or other criteria may be used in combination with revenue in order to determine whether or not a Customer is eligible for a particular Rate Level. Calls will be billed in six (6) second increments after an initial calling period of eighteen (18) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

OCCs who qualify for this service will receive the rates specified below. Rates are based upon the LATA and the LEC from which the call originates and to which the call terminates, if applicable, as well as the Customer's Monthly Minimum Revenue Commitment. Orders for service will only be accepted from OCCs for provision of service to Customers residing in areas served by the RBOCs, GTE or Sprint-United.

A \$0.0125 surcharge is applied for all non-peak minutes above 20%. In addition, a \$0.02 per minute charge will apply for all 1+ calls terminating to and all toll-free calls originating from the Local Exchange Carrier's Operator Carrier Number "OCN" other than: US West, OCNs: 9600, 9636, 9631, 9638.

Issued: July 8, 1997

Effective:

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703/631-5600

SECTION 5. CONTRACT SERVICES (Cont'd.)

5.5 Switchless 1+ Dedicated and Toll Free Resale Service (Cont'd.)

5.5.1 Rate Level Definitions:

Per Minute Rates are available in four (4) different Rate Levels, determined by the Customer's Monthly Minimum Revenue Commitment.

(A) Per Minute Rates:

Rate Level	Monthly Commitment Level	Per Minute Rate
1	Less than \$100,000 in monthly billing	\$0.0590
2	\$100,000 to \$249,999 in monthly billing	\$0.0560
3	\$250,000 to \$499,999 in monthly billing	\$0.0530
4	\$500,000 + in monthly billing	\$0.0500

Issued: July 8, 1997

Effective:

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Chantilly, Virginia 20151
703/631-5600

SECTION 5. CONTRACT SERVICES (Cont'd.)

5.5 Switchless 1+ Dedicated and Toll Free Resale Service (Cont'd.)

5.5.2 Directory Assistance Rate:

Per call charge: \$0.75

5.5.3 Toll-Free Number Monthly Recurring Fees:

OCCs will pay no monthly recurring fees for the first ten (10) toll-free numbers which they reserve or install using the Company as the designated Responsible Organization. For each additional number in excess of ten (10), a \$1.00 monthly recurring fee is charged.

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703/631-5600

SECTION 5. CONTRACT SERVICES (Cont'd.)

5.6 Global-Tel Long Distance Service

Global-Tel Long Distance is an outbound service offered to business Customers that presubscribe to the Company's service through specific authorized sales agents of the Company.

Calls will be billed in six (6) second increments after an initial calling period of eighteen (18) seconds. Any fractional portion of a call thereafter will be rounded up to the next highest billing increment.

5.6.1 Access Method and Usage Rates:

(A) Direct Dial Rates:

Rate Per Minute: \$0.1290

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Donald A. Burns, President
4219 Lafayette Center Drive
Chantilly, Virginia 20151
703/631-5600

SECTION 5. CONTRACT SERVICES (Cont'd.)

5.6 Global-Tel Long Distance Service (Cont'd.)

5.6.1 Access Method and Usage Rates (Cont'd.)

(B) Toll Free (800/888) Access:

Global-Tel Long Distance Toll-Free service is an inbound calling service utilizing switched access facilities. This service permits the Customer to receive incoming calls from all locations within the state. With Global-Tel Toll-Free service, the Customer is charged for the call, not the calling party. Calls are billed in six (6) second increments after an minimum initial calling period of eighteen (18) seconds. Any fractional portion of a call thereafter, will be rounded up to the next highest billing increment.

Per Minute Rate: \$0.1290

(C) Travel Card Services

(A) Per Minute Rate: \$.1990

Issued: July 8, 1997

Effective:

Issued by:

Donald A. Burns, President
4219 Lafayette Center Drive
Chantilly, Virginia 20151
703/631-5600

SECTION 5. CONTRACT SERVICES (Cont'd.)

5.7 Master Dealer Program

The Master Dealer Program is available to business customers through an authorized agent of the Company. Calls are originated from presubscribed locations. This service permits the Customers to make direct dial calls from locations within the state. Calls are billed in (6) six second increments with a minimum calling period of (18) eighteen seconds. Any fractional portion of a call thereafter, will be round up to the next highest billing increment.

Rates specified below apply to direct dial, toll free (800/888) and calling card calls. There are no monthly fees or recurring fees.

5.7.1 Switched Intrastate Rates for Direct Dial and Toll Free Services:

(A) Rates per minute: \$0.0900

5.7.2 Travel Card Rates:

(A) Rate Per Minute: \$0.20
Per Call Surcharge: \$0.25

Issued: July 8, 1997

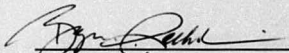
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Issued by:

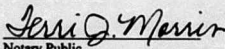
Donald A. Burns, President
4219 Lafayette Center Drive
Chantilly, Virginia 20151
703/631-5600

VERIFICATION

I, Bryan K. Rachlin, hereby declare under penalty of perjury, that I am Chief Operating Officer of Telco Communications Group, Inc.; that I am authorized to make this verification on the Applicant's behalf; that I have read the foregoing application and exhibits; and that the facts stated therein are true and correct to the best of my knowledge, information and belief. In addition, I hereby declare that the Applicant agrees to adhere to all state laws and all commission policies, rules and orders.


Bryan K. Rachlin

Subscribed and sworn to before me this 8 day of July 1997.


Notary Public

My Commission expires: _____ My Commission Expires February 29, 2000

**SWIDLER & BERLIN
CHARTERED**

3000 K STREET, N.W., SUITE 300
WASHINGTON, D.C. 20007

FIRST UNION NATIONAL BANK
WASHINGTON, D.C.

15-128/640

0057958

NO. 057958

****EXACTLY*****250=DOLLARS AND=00=CENTS**

DATE

AMOUNT

07/08/97

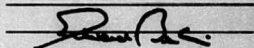
*****250.00

PAY
TO THE
ORDER
OF

South Dakota Public
Utilities Commission

GENERAL ACCOUNT

TWO SIGNATURES REQUIRED ABOVE \$10,000



⑈057958⑈ ⑈054001220⑈ ⑈2030000087305⑈

South Dakota
Public Utilities Commission
State Capitol 500 E. Capitol
Pierre, SD 57501-5070
Phone: (800) 332-1782
Fax: (605) 773-3809

TELECOMMUNICATIONS SERVICE FILINGS

These are the telecommunications service filings that the Commission has received for the period of:

07/04/97 through 07/10/97

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five days of this filing.

DOCKET NUMBER	TITLE/STAFF/SYNOPSIS	DATE FILED	INTERVENTION DEADLINE
REQUEST FOR CERTIFICATE OF AUTHORITY			
TC97-122	Application by Access Point, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/TZ) "Applicant is a switchless reseller which intends to offer 1+ direct dialing, 800 toll free, and travel card (no prepaid calling cards) service through the resale of telephone services provided by facilities-based interexchange carriers."	07/07/97	07/25/97
TC97-123	Application by USBG, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/TZ) "Applicant seeks authority to offer a full range of 1+ interexchange telecommunications services on a resale basis. Specifically, Applicant seeks authority to provide MTS, out-WATS, in-WATS and Calling Card services. Applicant does not intend to provide operator services, 900 or 700 services."	07/07/97	07/25/97
TC97-124	Application by Electric Lightwave, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/TZ) "Applicant seeks ... authority to provide 1+, business 800, business calling cards, and prepaid calling cards to the general public and to small and large business."	07/07/97	07/25/97
TC97-127	Application by Telco Holdings, Inc. d/b/a Dial & Save for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: DJ/TZ) "Petitioner proposes to provide 24-hour intrastate interexchange telecommunications services, 800 services, and postpaid debit travel card services.... Telco Holdings, Inc. hereby adopts the tariff of Dial & Save which has been approved and is on file with the Commission."	07/09/97	07/25/97
TC97-128	Application by Clarity Telecom LD Network Services, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: DJ/TZ) "The specific services to be offered by Clarity include switched inbound and outbound services to employees of Clarity and switched and dedicated inbound and outbound services for commercial customers, calling cards and directory assistance services for presubscribed commercial and residential customers."	07/10/97	07/25/97

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)
TELCO HOLDINGS, INC. D/B/A DIAL & SAVE)
FOR A CERTIFICATE OF AUTHORITY TO)
PROVIDE TELECOMMUNICATIONS)
SERVICES IN SOUTH DAKOTA)

ORDER GRANTING
CERTIFICATE OF
AUTHORITY

TC97-127

On July 9, 1997, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from Telco Holdings, Inc. d/b/a Dial & Save (Telco).

Telco seeks to provide intrastate interexchange telecommunications services. This application is pursuant to a corporate reorganization in which Dial & Save will be merged into Telco. Dial & Save will cease to exist after the merger is complete and Telco seeks a certificate of authority in its own name. A proposed tariff was filed by Telco. The Commission has classified long distance service as fully competitive.

On July 10, 1997, the Commission electronically transmitted notice of the filing and the intervention deadline of July 25, 1997, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled October 9, 1997, meeting, the Commission considered Telco's request for a certificate of authority. Commission Staff recommended granting a certificate of authority.

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission finds that Telco has met the legal requirements established for the granting of a certificate of authority. Telco has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves Telco's application for a certificate of authority. As the Commission's final decision in this matter, it is therefore

ORDERED, that Telco's application for a certificate of authority is hereby granted. It is

FURTHER ORDERED, that Telco shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 17th day of October, 1997.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By

Date

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

On July 9, 1997, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10-24:02, received an application for a certificate of authority from Telco Holdings, Inc. d/b/a Dial & Save (Telco).

Telco seeks to provide intrastate interexchange telecommunications services. This application is pursuant to a corporate reorganization in which Dial & Save will be merged into Telco. Dial & Save will cease to exist after the merger is complete and Telco seeks a certificate of authority in its own name. A proposed tariff was filed by Telco. The Commission has classified long distance service as fully competitive.

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The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20:10-24:02 and 20:10-24:03. The Commission finds that Telco has met the legal requirements established for the granting of a certificate of authority. Telco has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves Telco's application for a certificate of authority. As the Commission's final decision in this matter, it is therefore

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By

Date

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

To Conduct Business As A Telecommunications Company
Within The State Of South Dakota

Authority was Granted October 9, 1997
Docket No. TC97-127

This is to certify that

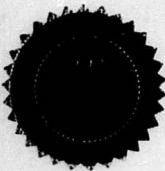
TELCO HOLDINGS, INC. D/B/A DIAL & SAVE

is authorized to provide telecommunications services in South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24.02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

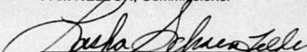
Dated at Pierre, South Dakota, this 17th day of October, 1997.

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:**




JAMES A. BURG, Chairman


PAM NELSON, Commissioner


LASKA SCHOENFELDER, Commissioner