

LAW OFFICES
MAY, ADAM, GERDES & THOMPSON LLP
503 SOUTH PIERRE STREET
P. O. BOX 160
PIERRE, SOUTH DAKOTA 57501-0160

TC99-032

GLENN W. MARTENS 1881-1963
KARL GOLDSMITH 1888-1968
THOMAS C. ADAM
DAVID A. GERDES
CHARLES H. THOMPSON
ROBERT S. ANDERSON
GREAT A. WILBUR
TIMOTHY H. EWSEL
MICHAEL F. SHAW
NEIL FULTON

April 1, 1999

OF COUNSEL:
WARREN W. MAY

TELEPHONE
605 224-8803
TELECOPIER
605 224-8269

HAND DELIVERED

RECEIVED

APR 01 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

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

RE: HEARTLAND TELECOMMUNICATIONS/INTERCONNECTION AGREEMENT
BETWEEN CITY OF HAWARDEN AND HEARTLAND TELECOMMUNICATIONS
COMPANY OF IOWA
Our file: 0220

Dear Bill:

Enclosed please find a signed copy of the interconnection agreement between the City of Hawarden, Iowa, and Heartland Telecommunications Company of Iowa. Note that this interconnection agreement had been previously submitted to the PUC under letter to Harlan Best dated September 4, 1998. This was assigned docket number TC98-152.

Following a Supreme Court decision in Iowa in October of 1998, we had formally requested a withdrawal of approval of the interconnection agreement. The Commission met on November 3, 1998, and considered the request for withdrawal. The Commission unanimously voted to permit the withdrawal of the agreement, without prejudice, and to close the docket and an order was entered on November 9, 1998. I also enclose a copy of this order.

At this time we would request that the Commission again consider approval of the interconnection agreement. This request comes following the Iowa Supreme Court's rehearing of this issue wherein they determined that municipalities could engage in telephone company business. Along with the interconnection agreement you will find a copy of the Order Approving Negotiated Interconnection Agreement from the Iowa Utility Board dated September 30, 1998. This Order approved the interconnection agreement of the parties.

You will find attached to the Interconnection Agreement a First Amendment to the Agreement which addresses concerns raised by Camron Hoseck in his staff analysis and recommendations to the earlier filing dated September 9, 1998. It appears that the First

0-1-5-4-3-2-1-2

Mr. William Bullard, Jr.

April 1, 1999

Page 2

Amendment addresses the concerns on page 29, paragraph XXIV under the provision "Controlling Law."

Mr. Hoseck also had a concern regarding the "Warranties" provision at page 20, paragraph XIV. Apparently he questioned the applicability of the disclaimer of warranties in this type of agreement which provides for an interconnection of telephone networks, not the sale of goods as contemplated by the UCC. It is my understanding that the parties in this case, the City of Hawarden and Heartland Telecommunications, are in agreement concerning this provision and believe that it is not inconsistent with any law, regulation or policy of this Commission. If you require anything further regarding this provision or any further clarification, make sure to let me know.

The First Amendment to the agreement has been submitted to the Iowa Utilities Board for approval. As soon as I am in receipt of this approval I will forward the same to you.

If you have any questions or need additional information, please feel free to contact me.

Best regards.

Very truly yours,

MAY, ADAM, GERDES & THOMPSON LLP


MICHAEL F. SHAW

MFS:mw

Enclosures

cc: Bill Vandersluis
Tom Kane
Robert F. Holz, Jr.

TC99-032

RECEIVED

APR 01 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

INTERCONNECTION AGREEMENT

THIS INTERCONNECTION AGREEMENT, made as of the 19th day of August, 1998, is between City of Hawarden ("City") and Heartland Telecommunications Company of Iowa ("Heartland"), collectively referred to as the "Parties".

RECITALS

This Interconnection Agreement (the "Agreement") is entered into as a result of private negotiations between the Parties. The Parties recognize that this Agreement is subject to approval by the Iowa Utilities Board (Board) addressing the services in this Agreement.

WHEREAS City is certified by the Board as a Competitive Local Exchange Carrier and has requested the below described interconnection; and

WHEREAS Heartland is a Rural Telephone Company and an Incumbent Local Exchange Carrier, as that term is defined under the Telecommunications Act of 1996 ("Act"); and

WHEREAS Heartland is willing and able to provide the requested interconnection; and

WHEREAS the Parties have agreed to limit this interconnection Agreement to interconnection matters only, and to negotiate a separate agreement relating to sale and purchase of unbundled network elements and wholesale services as provided in the Act;

NOW, THEREFORE, Heartland and City agree to interconnect with each other upon the following terms and conditions.

I. SCOPE OF AGREEMENT

- A. Pursuant to this Agreement the Parties will extend certain arrangements to one another within the Local Calling Area and that portion of the Extended Calling Area where Heartland provides service to end users.
- B. This Agreement addresses the interconnecting requirements of the Act and does not address: 1) traffic originated by other telecommunications carriers; or 2) traffic terminated by either Party acting as an interexchange carrier; or 3) traffic originating in or terminating to any other local exchange carrier. This Agreement does not affect the right of either Heartland or the City to request a waiver, suspension or modification with respect to new services or interconnections not included within this Agreement.

- C. The Parties have agreed to certain provisions in this Agreement based, in large part, on the existing state of the law, rules, regulations and interpretations thereof, as of the date hereof (the "Existing Rules"). To the extent that certain of the Existing Rules are changed and modified by the Board, the FCC, or the Courts, and it reasonably appears that the Parties would have negotiated and agreed to different term(s), condition(s), or covenant(s) than as contained herein had such change or modification been in existence before execution hereof, then this Agreement shall be amended to reflect such different term(s), condition(s), or covenant(s). Where the Parties fail to agree upon such an amendment, it shall be resolved in accordance with the Dispute Resolution provision of this Agreement.

II. DEFINITIONS

1. "Access Services" refers to the tariffed and/or contractual interstate and intrastate switched access and private line transport services offered for the origination and/or termination of interexchange traffic (see each Party's state and interstate access tariffs and/or contracts as appropriate).
2. "Board" means the Iowa Utilities Board.
3. "Central Office Switch" or "Central Office" means a switching entity within the public switched telecommunications network, including but not limited to:
 - "End Office Switches" which are switches from which end user Exchange Services are directly connected and offered.
 - "Tandem Switches" which are switches that are used to connect and switch trunk circuits between and among Central Office Switches and IXC switches.
 - Central Office Switches may be employed as combination End Office/Tandem Switches.
4. "Centralized Message Distribution System" ("CMDS") is the transport system that LECs use to exchange outcollect and Carrier Access Billing System ("CABS") access messages among each other and other parties connected to CMDS.
5. "CLASS Features" mean certain CCS-based features available to end users. CLASS features 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; and Selective Call Rejection.
6. "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special network fully separate from the public switched

network elements that carry the actual call. Signaling System 7 ("SS7") is the CCS network presently used by telecommunications carriers.

7. "Control Office" is an exchange carrier center or office designated as its company's single point of contact for the provisioning and maintenance of its portion of interconnection arrangements.
8. "Cross Connect" means an intra-wire center channel connecting separate pieces of telecommunications equipment.
9. "DS-1" is a digital signal rate of 1.544 Megabits Per Second ("Mbps").
10. "DS-3" is a digital signal rate of 44.736 Mbps.
11. "Enhanced Services" shall refer to services, offered over common carrier transmission facilities, which employ computer processing applications that act on the format, content, code, protocol, or similar aspects of the subscriber's transmitted information; provide the subscriber additional, different, or restructured information; or involve subscriber interaction with stored information. Internet and information services are enhanced services.
12. "Exchange Service" means a service offered to end users which provides the end user with a telephonic connection to 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. Exchange Service includes but may not be limited to basic residence and business line service, PBX trunk line service, Centrex line service and ISDN line services. Exchange Service does not include Private Line, Switched and Special Access services.
13. "FCC" means the Federal Communications Commission.
14. "ILEC" means Incumbent Local Exchange Carrier as defined by the Act.
15. "Interconnection" means the connection of separate pieces of equipment, transmission facilities, etc., between or among networks.
16. "Interexchange Carrier" or "IXC" means a provider of interexchange telecommunications services.
17. "Interim Number Portability" or "INP" means the delivery of SPNP capabilities through the use of switch-based call routing. INP arrangements cannot support certain CLASS features.
18. "ISDN" means Integrated Services Digital Network, which is a digital switched network service.

19. "Local Calling Area" is the Hawarden local exchange as filed by Heartland with the Board and the South Dakota Public Utility Commission. It does not include other exchanges operated by Heartland or other local exchange carriers even where these other exchanges are accessible without using an interexchange carrier.

"Extended Calling Area" includes the additional exchanges beyond the Local Calling Area which are accessible by the Local Calling Area end user customers without using an interexchange carrier. It includes other Heartland exchanges and exchanges served by other local exchange carriers. (This includes the Akron and Ireton exchanges served by Heartland and the Alcestor and Hudson exchanges served by East Plains Telephone Company.)

20. "Local Exchange Carrier" or "LEC" shall have the meaning set forth in the Act.
21. "Local Exchange Routing Guide" or "LERG" is a Bellcore Reference Document used by LECs and IXC's to identify NPA-NXX routing and homing information as well as network element and equipment designations.
22. "Local Interconnection Trunks/Trunk Groups" are used for the termination of Local Traffic, using the Bellcore Technical Reference GR-317.

"Extended Calling Area Interconnection Trunks/Trunk Groups" are used for the exchange of Extended Calling Area Traffic.

23. "Local Traffic" means traffic originated on the network of a LEC in a Local Calling Area and completed directly between that LEC's network and the network of another LEC in that same Local Calling Area.

"Extended Calling Area Traffic" means traffic originated on the network of a LEC in an Extended Calling Area and completed directly between that LEC's network and the network of another LEC in the Extended Calling Area.

24. "NANP" means the "North American Numbering Plan," the system of telephone numbering employed in the United States, Canada, and certain Caribbean countries.
25. "Numbering Plan Area" or "NPA" is also sometimes referred to as an area code. This is the three digit indicator which is defined by the "A", "B" and "C" digits of each 10-digit telephone number within the NANP. Each NPA contains 800 possible NXX codes. There are two general categories of NPA. "Geographic NPA" is associated with a defined geographic area, and all telephone numbers bearing such NPA are associated with services provided within that geographic area. A "Non-Geographic NPA," also known as a "Service Access Code" ("SAC Code") is typically associated with a specialized telecommunications service which may be provided across multiple geographic NPA areas; 500, Toll Free Service NPAs, 900, and 700 are examples of Non-Geographic NPAs.

26. "NXX", "NXX Code," or "Central Office Code" is the three digit switch entity indicator which is defined by the "D", "E" and "F" digits of a 10-digit telephone number within the NANP. Each NXX Code contains 10,000 station numbers.
27. "Permanent Number Portability" or "PNP" means the delivery of SPNP capabilities through the use of call routing and addressing capabilities using new database queries, without impairment of quality, reliability, or convenience. PNP arrangements will be designed to support all CLASS features.
28. "Point of Interconnection" or "POI" means the physical location(s) at which the Parties' networks meet for the purpose of establishing interconnection. POIs may include a number of different technologies and/or technical interfaces based on the Parties' mutual agreement.
29. "Proprietary Information" is customer, business or system information which is required to be kept confidential by state or federal law and in addition, as to Heartland includes information which Heartland keeps and marks confidential in a plain and prominent manner.
30. "Rate Center" means the specific geographic point and corresponding geographic area which have been identified by a given LEC as being associated with a particular NPA-NXX Code which has been assigned to the LEC for its provision of Exchange Services.
31. "Rating Point" is the V&H coordinates associated with a particular telephone number for rating purposes.
32. "Routing Point" means a location which an LEC has designated on its own network as the homing (routing) point for traffic inbound to Exchange Services provided by the LEC 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 must be the same as the Rating Point and pursuant Bellcore document BSP 795-100-100. The Rating/Routing Point must be located within the rate center area.
33. "Service Provider Number Portability" or "SPNP" means the ability of users of telecommunications services to retain existing telephone numbers when switching from one LEC to another but remaining in the same geographic area.
34. "Switched Access" service means an offering of facilities for the purpose of the origination or termination of traffic from or to Exchange Service customers in a given area pursuant to a Switched Access tariff. Switched Access services include: Feature Group A, Feature Group B, Feature Group D, Toll Free Service, and 900 access. Switched Access does not include traffic exchanged between LECs for purpose of local interconnection.

35. "Tariff" means and includes tariffs or price lists, approved by the FCC or the Board that designate rates, terms and conditions for the offering of services.
36. "Wireless Service Provider" or "WSP" is a cellular carrier or Commercial Mobile Radio Service ("CMRS") provider.

III. NETWORK INTERCONNECTION

Compensation terms for services described in this Section are set forth in the Reciprocal Compensation Section below.

This Section describes the interconnection of the facilities and equipment of City and Heartland for interconnection of their networks for the transmission and routing of Exchange Service.

The Parties shall reciprocally terminate Local Traffic and certain Extended Calling Area Traffic as follows:

A. Interconnection

The Parties agree to interconnect their networks through existing and/or new facilities between their respective switches in the following manner. City will interconnect its host central office with Heartland's host office. The interconnection for Local Traffic and for that portion of Extended Calling Area Traffic where Heartland provides service to end users shall be accomplished with DS-1s using a Point of Interconnection at the Cross Connect Cabinet outside the Heartland central office in Hawarden meeting the standards of paragraph B. Each party shall be responsible for the engineering and construction of all facilities located on its respective side of the Point of Interconnection. Each Party shall also be responsible for any redesign or rearrangement of its services that may be required because of changes which occur for any reason in facilities, operations or procedures, minimum network protection criteria, and operating or maintenance characteristics of the facilities. The Parties shall meet to forecast and determine whether a change in the capacity is needed using the standards and procedures of Section IV.

B. Structure of Interconnection Facilities

The Parties have a preference for use of Binary 8 Zero Sum Extended Super Frame ("B8ZS ESF") trunks for all traffic between their networks. Where available, such trunk equipment will be used for the Local Interconnection Trunk Groups and Extended Calling Area Trunk Groups. Where AMI trunks are used, either Party may request upgrade to B8ZS ESF when such equipment is available.

C. Trunking Directionality.

Local Interconnection Trunk Groups will be installed as two-way trunk groups for the exchange of traffic between the Parties' networks in the Local Calling Area. Separate trunks will be established for Switched Access traffic where one of the Parties is operating as an IXC. Switched Access terms and conditions for interconnection are addressed in each Party's Switched Access tariff.

CMRS or WSP traffic will be delivered either on a separate trunk group or on a Switched Access trunk group. If a Switched Access trunk group is used, the Party delivering the traffic will be responsible for the payment of access charges.

D. Common Channel Signaling and Signaling Protocol

The Parties will interconnect their networks using SS7 signaling, where available, as defined in GR-317 and GR-394, including ISDN User Part ("ISUP") for trunk signaling and Transaction Capabilities Application Part ("TCAP") for CCS-based features in the interconnection of their networks. City may establish CCS interconnections with Heartland either directly and/or through a third party. The Parties will cooperate in the exchange of TCAP messages to facilitate full interoperability of CCS-based features between their respective networks, including all current CLASS features and functions, to the extent each Party offers such features and functions to its own end users. All CCS signaling parameters, as may be deployed by either Party for its use, will be provided, including CPN. Neither Party will be required by the other Party to deploy any CCS signaling parameters not already deployed within its network. All privacy indicators will be honored.

E. Local Interconnection and Extended Calling Area Trunk Arrangements

1. The Parties shall deliver traffic over the Local Interconnection Trunk Group(s) or Extended Calling Area Trunk Group(s) to an end office only for those publicly-dialable NPA NXX codes used by customers located in the Local Calling Area and the Extended Calling Area served by the Parties. The Parties shall exclude calls originated from or terminated to Extended Calling Area customers served by another company.
2. Until such time as the LERG addresses local trunking arrangements, the Parties agree to exchange routing instructions for NPA-NXXs in the Local Calling Area. In any case, neither Party will be required to route Local Traffic destined to the other Party's NXXs via another LEC tandem.
3. Neither Party shall terminate Switched Access Traffic over Local Interconnection Trunks.

4. N11 codes (i.e., 411, 611, 911) shall not be sent between the Parties' networks over the Local Interconnection Trunk Groups.
5. Each Party shall establish procedures whereby its operator bureau will coordinate with the operator bureau of the other Party in order to provide BLV/BLVI services on calls between their respective end users.

F. Notice of Changes

If a Party makes a change in its network which it believes will materially affect the interoperability of its network with the other Party, the Party making the change shall provide at least ninety (90) days advance written notice of such change to the other Party.

G. Control Office Functions

The Parties shall share responsibility for all Control Office functions for trunks carrying Local Traffic, and both Parties shall share the overall coordination, installation, and maintenance responsibilities for these trunks and trunk groups.

H. Testing and Trouble Responsibilities

At the time of installation of Local Interconnection Trunks, and at no additional charge, the Parties will cooperatively install and test the trunks. Additionally, each Party shall:

1. Cooperatively plan and implement coordinated repair procedures for the Local Interconnection and Extended Calling Area Trunks and facilities to ensure trouble reports are resolved in a timely and appropriate manner.
2. Provide trained personnel with adequate and compatible test equipment to work with each other's technicians.
3. Notify each other when there is any change affecting a requested service, including the due date.
4. Coordinate and schedule testing activities of their own personnel, and others as applicable, to ensure its interconnection trunks/trunk groups are installed per the interconnection order, to ensure that its Local Interconnection and Extended Calling Area Trunk Groups meet agreed-upon acceptance test requirements, and to make commercially reasonable efforts to place the Local Interconnection and Extended Calling Area Trunk Groups in service by the due date.

5. Perform sectionalization to determine if a trouble condition is located in its facility or its portion of the interconnection trunks prior to referring the trouble to each other.
6. Advise each other's Control Office if there is an equipment failure which may affect the interconnection trunks.
7. Provide each other with a trouble reporting number.
8. Provide to each other test-line numbers and access to test lines, including a test-line number that returns answer supervision in each NPA-NXX opened by a Party.
9. Based on the network architecture, the Parties agree to the mutual exchange of test calls to ensure the proper recording of usage records in each company's switch, where applicable. These tests are repeatable on demand by either Party upon reasonable notice.

IV. INTERCONNECTION FORECASTING

A. General

1. The Parties agree that during the first year of interconnection, joint forecasting and planning meetings will take place at the request of either Party, but no more frequently than once per quarter.
2. The Parties shall establish joint forecasting responsibilities for traffic utilization over trunk groups. Upon the request of either Party, the Parties shall also exchange intercompany forecast information, but not more frequently than four times a year. A forecast shall include:
 - a. Direct end office interconnection trunks for a minimum of three (current and plus-1 and plus-2) years.
 - b. The use of Common Language Location Identifier (CLL-MSG), which is described in Bellcore documents BR 795-100-100 and BR 795-400-100.
 - c. 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.

B. Interconnection Grade Of Service

Local Interconnection Trunk Groups shall be engineered with a goal to maintain a blocking standard of one percent (.01) during the average busy hour for final trunk groups.

C. Interconnection Deployment

The Parties agree to develop and implement engineering guidelines which will encourage the economic deployment of increasingly robust and diverse interconnection between their networks. The Parties agree to establish additional Local Interconnection Trunks between City's Sergeant Bluff Host Central Office and Heartland's Rock Rapids Host Central Office subject to the availability of facilities and trunk equipment, if traffic studies show volumes that reach a total volume equivalent to 512 CCS in the busy hour per month for a period of two consecutive months. However, the Parties may choose not to establish these trunks by mutual agreement.

D. Interconnection Trunk Servicing

Orders to and from the Parties to establish, add, change, or disconnect trunks shall be processed pursuant to submission of an Access Service Request form as defined in Bellcore TR-TSY-000235 by the requesting party.

Orders that comprise a major project shall be submitted at the same time, and their implementation shall be jointly planned and coordinated. In this context, major

projects are those that require the coordination and execution of multiple orders or related activities between and among the Parties' work groups, including but not limited to the initial establishment of interconnection trunk groups and service in an area, NXX code moves, re-homes, facility grooming, or network rearrangements.

E. Tariffed Services

Either Party may opt at any time to terminate to the other Party some or all of its traffic via any tariffed service offered by the other Party (within the terms of the other Party's tariff), or any service governed by a contract (within the terms of the contract) between the two Parties. Any such rearrangements resulting from such election shall require appropriate notification to the other Party, joint planning, forecasting, and project management.

V. CUSTOMER SERVICE OBLIGATIONS

A. End User Repair Calls

The Parties will educate their respective customers as to the correct telephone numbers to call in order to access their respective repair bureaus. In the case of misdirected repair calls, neither Party shall make disparaging remarks about the other Party, nor shall they use these repair calls as the basis for internal referrals or to solicit customers to market services, nor shall they initiate any extraneous communications, beyond the direct referral (if any) to the correct repair telephone number. Either Party may respond with correct information in answering customer questions. The Parties will provide their respective repair contact numbers to one another on a reciprocal basis.

B. Referral Services

When an end user customer changes from Heartland to City, or from City to Heartland, and does not retain its original telephone number, and the end user customer (or the customer's new provider on behalf of the customer) requests provision of a referral announcement, the Party formerly providing service to the end user will provide a referral announcement on the abandoned telephone number. This announcement will provide the new number to be dialed to reach this customer. This announcement will be provided for a term and at compensation as listed in Attachment A.

C. Evidence of Customer Decision to Change LEC

- I. Neither Party will request termination of the other Party's local service to any customer unless it has first received a completed and signed Letter of Agency from the customer. The Letter of Agency must clearly state that the

customer requests local telecommunications service from the Party requesting termination and that the Party then providing service to the customer is to terminate some or all local telecommunications services to the telephone number(s) specified by the customer. Upon receiving a fully executed Letter of Agency, the Party receiving same shall inform the Party then providing service of the customer's name, billing address, and the telephone number that are to be disconnected. The Party then providing service shall then terminate local service to the designated telephone numbers and shall implement remote call forwarding to the customer's new telephone number, if so requested.

2. If a customer disputes a claimed authorization for change of LEC, but the Party that requested the change is able to provide a fully executed copy of the Letter of Agency, then the Party that requested the change shall terminate service to the customer and arrange for local service by the other Party. The Party that requested the change will not be responsible for any of the other Party's customer charges.
3. If a customer disputes a claimed authorization for change of LEC, and the Party that requested the change is unable to provide a fully executed copy of the Letter of Agency, then the Party that requested the change shall terminate service to the customer and arrange for local service by the other Party. The Party that initially requested the change shall also pay the other Party the customer service charge imposed by the other Party for initiating service. Each Party further agrees to indemnify and hold the other Party harmless from any action by the customer against that party related to the termination of service.

D. Service Change Procedures

Upon receiving notice of the change in local carriers, the carrier currently providing service (either Heartland or City) shall within 5 calendar days: a) terminate service; and if requested b) provide remote call forwarding to a number requested by the other Party; or c) provide local number intercept service.

- E. The Parties agree that directory issues, such as white page and yellow page directories, should be determined through separate negotiations with the local publishers of the directories serving the Local Service Area.

VI. NONDISCRIMINATORY ACCESS TO POLES, DUCTS, CONDUITS, AND RIGHTS-OF-WAY

Each Party will provide to the other Party access to its poles, ducts, conduits in, on, or under public and private rights-of-ways and property and to the rights-of-way themselves on rates,

terms, and conditions that are consistent with applicable laws and regulations and that are no less favorable than the rates, terms, and conditions available to any other provider of local exchange telecommunications services.

VII. EMERGENCY SERVICES, (E9-1-1, 0-)

- A. Each Party will cooperate to ensure the seamless operation of emergency call networks, including E9-1-1 and 0- emergency calls.
- B. City and Heartland will work cooperatively, including where necessary, meeting with PSAP operators and/or state, county and municipal government officials, to explain City's interconnection with the Public Safety emergency network.
- C. The Parties agree to work in industry fora, such as the National Emergency Numbering Association ("NENA"), to establish an industry standard format for transfer of E-9-1-1 customer records.

VIII. ADMINISTRATION OF NUMBER RESOURCES

- A. Each Party will comply with Industry Carriers Compatibility Forum ("ICCF") Central Office Code Guidelines.
- B. It shall be the responsibility of each Party to program and update its own switches and network systems to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Heartland nor City shall charge the other for changes to switch routing software necessitated by the creation, assignment, reassignment, or activation of NPA or NXX codes.
- C. The Parties will each be responsible for the electronic input of their respective number assignment information into the LERG.
- D. Each Party shall be responsible for notifying its customers of any changes in numbering or dialing arrangements, including changes such as the introduction of new NPAs or new NXX codes.

IX. NUMBER PORTABILITY

- A. Interim Number Portability.
 - 1. City and Heartland shall provide remote call forwarding functionality, or other INP capabilities, to each other at the charge set forth in Attachment A, in accordance with the provisions of the FCC's First Report and Order and Further Notice of Proposed Rulemaking, CC Docket No. 95-116 ("FCC Number Portability Order") and Board rule 38.2 (1) (d).

2. With regard to the division of Switched Access revenues associated with INP, each Party will bill Switched Access charges for its portion of the call.

B. Permanent Number Portability.

The Parties will offer PNP to each other in the Local Service Territory in accordance with the FCC's Number Portability Orders. Neither Party hereby waives whatever rights it may have to seek a waiver or modification of the obligation to provide PNP.

X. LOCAL DIALING PARITY

- A. The Parties agree that they will provide local dialing parity to each other with no unreasonable dialing delays.
- B. For Local Exchange Traffic between the Parties, neither Party's end user customers shall be required to dial any access codes or other special or extra digits to reach the end user customers of the other Party.

XI. RECIPROCAL COMPENSATION ARRANGEMENTS

- A. Rates are listed in Attachment A and shall be reciprocal.
- B. The following describes the compensation arrangements for transport and termination of Local Traffic between the Parties originating and terminating in the Local Calling Area.
 1. Local Call Termination
 - a. The Parties agree that call termination rates as described in Attachment A will apply for the termination of local traffic on a per minute of use basis.
 - b. If the exchange of local traffic between the Parties is within a variation of plus or minus 5% (45% to 55%) of balance (as measured quarterly), the Parties agree that their respective call termination charges will offset one another, and no compensation will be paid for calls terminated during the following quarter.
 - c. Upon request of either Party, the Parties agree to perform joint traffic audits, based upon mutually agreeable measurement criteria and auditing standards. In the event that the exchange of traffic is not in

balance as described above, the call termination charges in Attachment A will apply.

2. Local Call Transport

When local interconnection trunks between the Parties are used, no transport charges based on minutes of use shall apply.

C. The following describes the compensation arrangements for transport and termination of Extended Calling Area Traffic between the Parties originating and terminating in the Extended Calling Area.

1. Extended Calling Area Call Termination

- a. The Parties agree that call termination rates as described in Attachment A will apply for the termination of Extended Calling Area traffic on a per minute of use basis.
- b. If the exchange of Extended Calling Area traffic between the Parties is within a variation of plus or minus 5% (45% to 55%) of balance (as measured quarterly), the Parties agree that their respective call termination charges will offset one another, and no compensation will be paid for calls terminated during the following quarter.
- c. Upon request of either Parties, the Parties agree to perform joint traffic audits, based upon mutually agreeable measurement criteria and auditing standards. In the event that the exchange of traffic is not in balance as described above, the call termination charges in Attachment A will apply.

2. Extended Calling Area Call Tandem Switching and Transport

When Extended Calling Area traffic is exchanged between the Parties, tandem switching and transport charges in Attachment A shall apply where the traffic transits through the other Party's network from the point of interconnection to the exchange of termination. The transport charges shall be as described in Attachment A "B. Common Transportation Method" for minutes of use for Extended Area Call Transport for the first complete seven calendar months of operations under this agreement. Within twenty days of the end of the first six calendar months the City may elect the rates shown on Attachment A "A. Dedicated Transportation Method." Extended Area Call Transport. Such election shall be effectuated by giving notice to Heartland in writing as set forth in Article XXVII of this agreement. In the event the election is exercised by the City the rates set out in Attachment A

as the "A. Dedicated Transportation Method." shall apply for the eighth calendar month and each month thereafter. In the event the City does not exercise the election, the rates shall remain unchanged.

- D. The Parties agree the Party terminating the traffic to the other Party's network is responsible for any applicable compensation related to that traffic.
- E. Enhanced Services traffic shall be excluded from the application of transport call termination and tandem switch charges.
- F. Measurement of minutes of use over Local Interconnection Trunk groups shall be in actual conversation seconds. The total conversation seconds over each individual Local Interconnection Trunk Group will be totaled for the entire monthly bill-round and then rounded to the next whole minute.
- G. Each Party will prepare a monthly usage report detailing total traffic volume, described in terms of minutes and messages terminated to each other over the Local Interconnection Trunk Group. These reports will be Proprietary Information. Hawarden will provide a copy of its monthly reports to Heartland within 15 days after the end of the month. Heartland will grant Hawarden access to its monthly reports as provided in Section XVI.D.
- H. A Maintenance of Service charge applies whenever either Party requests the dispatch of the other Party's personnel for the purpose of performing maintenance activity on the Local Interconnection Trunks, and any of the following conditions exist:
 - 1. No trouble is found in the interconnection trunks; or
 - 2. The trouble condition results from equipment, facilities or systems not provided by the Party whose personnel were dispatched; or
 - 3. Trouble clearance did not otherwise require a dispatch, and upon dispatch requested for repair verification, the interconnection trunk does not exceed maintenance limits.

If a Maintenance of Service initial charge has been applied and trouble is subsequently found in the facilities of the Party whose personnel were dispatched, the charge will be canceled.

Billing for Maintenance of Service is based on each half-hour or fraction thereof expended to perform the work requested. The time worked is categorized and billed at one of the following three rates:

1. basic time; (regular work days 8:00 AM – 5:00 PM)
2. overtime; (regular work days 5:00 PM – 12:00 AM or Saturdays 8:00 AM – 12:00 AM)
3. premium time (12:00 AM – 8:00 AM, or anytime on Sundays or Holidays

as defined for billing in Attachment A.

I. Audit Process

1. "Audit" shall mean a comprehensive review of:
 - a. Data used in the billing process for services performed and facilities provided under this Agreement; and
 - b. 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.
2. The data referred to in subsection 1(b), above, shall be relevant to any performance standards that are adopted in connection with this Agreement, through negotiation, arbitration, or otherwise.
3. An Audit shall take place under the following conditions:
 - a. Either Party may request to perform an Audit.
 - b. The Audit shall occur upon 30 business days' written notice by the requesting Party to the non-requesting Party.
 - c. The Audit shall take place during normal business hours.
 - d. There shall be no more than one Audit requested by each Party under this Agreement in any 12-month period.
 - e. The requesting Party may review the non-requesting Party's records, books, and documents, as may reasonably be expected to contain information relevant to the operation of this Agreement.
 - f. The location of the Audit shall be the location where the requested records, books, and documents are retained in the normal course of business, or such other location as the Parties may agree.

- g. All transactions under this Agreement which are over 24 months old will be considered accepted, final, and no longer subject to Audit.
 - h. 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.
 - i. The Party requesting the Audit may request that an Audit be conducted by a mutually-agreed-upon independent auditor. Under this circumstance, the costs of the independent auditor shall be paid by the Party requesting the Audit.
 - j. 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.
 - k. 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).
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 Agreement. The non-requesting Party reserves the right to require any non-employee of the requesting Party who is involved directly or indirectly in any Audit or the resolution of the findings of an Audit to execute a reasonable nondisclosure agreement satisfactory to the non-requesting Party. To the extent an Audit involves access to information of other competitors, City and Heartland will aggregate such data before release to the other Party to protect the proprietary nature of information of other competitors. To the extent a competitor is an affiliate of the Party being audited, including the Party and its subsidiaries, the Parties shall be allowed to examine such affiliates' disaggregated data, as required by the reasonable needs of the Audit.

J. Payment

- 1. Amounts payable under this Agreement are due and payable within 45 days after the date of the invoice.
- 2. Unless otherwise specified in the Agreement, any amount due and not paid by the due date stated above shall be subject to a late charge of either: (a) 0.049 percent per day for the number of calendar days from the payment due

date to and including the date of payment, resulting in an annual percentage rate of 18.5%; or (b) the highest lawful rate, whichever is less.

3. Should either Party dispute any portion of a billing under this Agreement, that Party will notify the other in writing within thirty days of the receipt of such billing, identifying the amount and details of such dispute. As a limited exception to this requirement, a dispute concerning any of the first three invoices may be made within ninety days. The disputing Party shall pay all undisputed amounts due. Both Parties 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 resolved in favor of the non-disputing Party, the disputing Party will pay the resolved amount plus interest from the due date at the above-specified rate.

K. Disconnection

Should either Party fail to make payment within ninety days of receipt of a billing, the other Party may disconnect the interconnection facilities after providing ten days' written notice to the defaulting Party and to the Board. Further, the Parties shall cooperate in providing reasonable customer notice.

L. 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.

XIII. LOCAL INTERCONNECTION DATA EXCHANGE FOR BILLING

There are certain types of calls or types of interconnection that require exchange of billing records between the Parties, including, for example, alternate billed calls. The Parties agree that all call types must be routed between the networks, and with the exception of Enhanced Services, 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.

- A. The exchange of billing records for alternate billed calls (e.g., calling card, bill-to-third, and collect) will be distributed through the existing CMDS processes, unless otherwise separately agreed to by the Parties.
- B. Inter-Company Settlements ("ICS") revenues will be settled through the Calling Card and Third Number Settlement System ("CATS"). Each Party will provide its own arrangements for participation in the CATS processes, through direct participation or a hosting arrangement with a direct participant.
- C. 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. The Parties agree that the CMDS system can be used to transport the call records for this traffic.
- D. 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. No adjustments to bills via tapes, disks, or NDM will be made without the mutual agreement of the Parties.

XIV. 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.

XV. DISPUTE RESOLUTION

The Parties agree that in the event of a default or violation hereunder, or for any dispute arising under this Agreement or related agreements the Parties may have in connection with this Agreement, the Parties shall first confer to discuss the dispute and seek resolution prior to initiating any dispute resolution action, or before authorizing any public statement about or authorizing disclosure of the nature of the dispute to any third party. In the event the Parties cannot resolve the dispute, they shall employ one of the following procedures:

- A. Arbitration
 - 1. Except as otherwise permitted under paragraph B of this Section XV, any controversy or claims arising out of or relating to this Agreement or any

XVI. MISCELLANEOUS

A. 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 other kind, express or implied, against or in the name of or on behalf of the other Party unless otherwise expressly permitted by the 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.

B. Severability

In the event that any one or more of the provisions contained herein shall for any reason be determined to be unenforceable or in conflict with state or federal law in any respect, 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.

C. Nondisclosure of Proprietary Information

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 or 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 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 to the extent permitted by law 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;
 - 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; or

h. was disclosed to the receiving Party more than 60 months previously.

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 one Party to the other in furtherance of the purpose of this Agreement, even if furnished before the date of this Agreement.

D. Access to Proprietary Information

When required by the terms of this Agreement Hawarden shall make Proprietary Information concerning its system available to Heartland for inspection and review. In conducting such inspection and review Heartland shall keep all information received from Hawarden confidential.

When required by the terms of this Agreement Heartland shall grant Hawarden access to its Proprietary Information, provided, however that Hawarden recognizes that all Proprietary Information belonging to Heartland shall be and remain the sole property of Heartland and under its exclusive control. For purposes of the operation of this Agreement, and to insure compliance with the terms thereof, Heartland will allow the inspection of Proprietary Information in the City of Hawarden by official representatives designated by name by resolution of the Hawarden City Council. Such representatives shall not be more than two in number and shall be bound to keep confidential Proprietary Information which may be disclosed to them on premises controlled by Heartland.

E. Survival

The Parties' obligations under the 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.

F. 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.

G. 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. To the extent authorized by law, 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 (1) any environmental hazard that the indemnifying Party, its contractors, or its agents introduce to the work locations or (2) the presence or release of any environmental hazard for which the indemnifying Party is responsible under applicable law.

H. 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 the payment of such employees, including compliance with social security taxes, withholding taxes, and all other regulations governing similar matters. Each Party will be solely responsible for proper handling, storage, transport, and disposal at its own expense of all (1) substances or materials that it or its contractors or agents bring to, create, or assume control over at work locations; and (2) 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 (1) its own acts and performance of all obligations imposed by applicable law in connection with its activities, legal status, and property, real and personal; and (2) the acts of its own affiliates, employees, agents, and contractors during the performance of that party's obligations hereunder.

I. 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. Nothing herein shall limit the rights of the Board to protect the rights of the public pursuant to its authority under state and federal law.

J. Referenced Documents

All references to sections and Attachments shall be deemed to be references to sections of, and Attachments to, this Agreement unless the context shall otherwise

require. Whenever any provision of this Agreement refers to a technical reference, technical publication, City practice, Heartland practice, any publication of telecommunications industry administrative or technical standards, or any other document specifically incorporated into this Agreement, it will be deemed 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 technical reference, technical publication, City practice, Heartland practice, or publication of industry standards. Should there be any inconsistency between or among publications or standards, the Parties shall choose which requirement shall apply.

K. 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 Marks without the prior written approval of the other Party.

L. Amendment

The Parties may 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 correction to this Agreement which are needed to provide Local Interconnection Trunks and reciprocal compensation.

M. 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.

N. Cancellation Charges

No cancellation charges shall apply.

O. Compliance

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

P. 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.

XVII. FORCE MAJEURE

Neither Party shall be responsible for delays or failures in performance resulting from acts or occurrences beyond the reasonable control of such Party, regardless of whether such delays or failures in performance were foreseen or foreseeable as of the date of this Agreement, including, without limitation: fire, explosion, acts of God, war, revolution, civil commotion, or acts of public enemies; any law, order, regulation, or ordinance of any government or legal body; strikes; or delays caused by the other Party or any other circumstances beyond the Party's reasonable control. In such event, the Party affected shall, upon giving prompt notice to the other Party, be excused from such performance on a day-to-day basis to the extent of such interference (and the other Party shall likewise be excused from performance of its obligations on a day-for-day basis to the extent such Party's obligations relate to the performance so interfered with). The affected Party shall act in good faith to avoid or remove the cause of non-performance and both Parties shall proceed to perform with dispatch once the causes are removed or cease.

XVIII. BOARD DECISION

This Agreement shall at all times be subject to such review by the Board or FCC as permitted by the Act or by Iowa law. If any such review renders the Agreement inoperable or creates any ambiguity or requirement for further amendment to the Agreement, the Parties will negotiate in good faith to agree upon any necessary amendments to the Agreement.

XIX. TERM OF AGREEMENT

This Agreement shall terminate on June 30, 2001. The Parties agree to commence negotiations on a new agreement no less than six (6) months before the expiration of this Agreement.

XX. EFFECTIVE DATE

This Agreement shall become effective upon approval by the Board.

XXI. LIMITATION OF LIABILITY

Except as otherwise provided herein, neither Party shall be liable to the other in connection with the provision or use of services offered under this Agreement for indirect, incidental, consequential, or special damages, including (without limitation) damages for lost profits, regardless of the form of action, whether in contract, indemnity, warranty, strict liability, or tort.

XXII. INDEMNITY

Each Party shall indemnify and hold the other harmless from any liabilities, claims, or demands (including the costs, expenses and reasonable attorney's fees on account thereof) that may be made by third parties for:

- a. personal injuries, including death, or
- b. damage to tangible property

resulting from the sole negligence and/or sole willful misconduct of that Party, its employees, or its agents, in the performance of this Agreement. Each Party shall defend the other at the other's request against any such liability, claim or demand. Each Party shall notify the other promptly of written claims or demands against such Party for which the other Party is solely responsible hereunder. The obligations of the Parties under this Article are limited to the amount of five million dollars (\$5,000,000) or the limits of any applicable insurance coverage, whichever is greater. The City warrants that it has and will maintain for the term of this Agreement commercial umbrella liability insurance coverage which covers the obligations of the City under this Article in the amount of at least five million dollars (\$5,000,000).

XXIII. ASSIGNMENT

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. Neither Party, however, may assign or transfer (whether by operation of law or otherwise) this Agreement (or any rights or obligations hereunder) to any other third party without the prior written consent of the other Party. Consent to such assignment may not be unreasonably withheld. Any attempted assignment that is not permitted is void ab initio. Without limiting the generality of the foregoing, this Assignment shall be binding upon and shall inure to the benefit of the Parties' respective successors and assigns.

XXIV. CONTROLLING LAW

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

XXV. DEFAULT

If either Party believes the other is in breach of the Agreement or otherwise in violation of law, it shall first give sixty (60) days' notice of such breach or violation and an opportunity for the allegedly defaulting Party to cure. Thereafter, the Parties shall employ the Dispute Resolution procedures set forth in this Agreement.

XXVI. EXECUTION IN DUPLICATE

This Agreement may be executed in duplicate copies, and, upon said execution, shall be treated as an executed document.

XXVII. NOTICES

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


Heartland Telecommunications Company of Iowa
221 East Hickory Street
P.O. Box 3248
Mankato, MN 56002

City of Hawarden
700 7th Street
P.O. Box 231
Hawarden, IA 52023

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

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

City of Hawarden

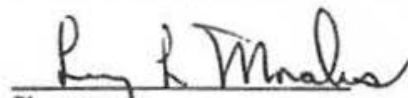

Signature

Mose V. Hendricks
Name Printed/Typed

Mayor
Title

August 19, 1998
Date

Heartland Telecommunications Company


Signature

Larry L. Morales
Name Printed/Typed

Vice President
Title

8/13/98
Date

Revised Form - Int. Rev. 1.98

ATTACHMENT A
Interconnection Agreement Price List

	Recurring	Nonrecurring
Local Interconnection		
Call Termination	\$0.003/MOU	n/a
Extended Area Interconnection		
Call Termination	\$0.003/MOU	n/a
Extended Area Call Transport (Payment Method A or B to be applied)		
(Airline Miles from Hawarden to Extended Area Wire Center will be applied)		
A. Dedicated Transport Method		
Per DS-1 Channel Termination	\$177.14 /month	n/a
Per DS-1 Channel MI Term.	\$ 94.64 /month	n/a
Per DS-1 per mile	\$ 19.17 /month	n/a
Per 24 trunks activated	n/a	\$330.00
-or-		
B. Common Transport Method		
Band A, 0-1 miles	\$0.0056 /MOU	n/a
Band B, 1-8 miles	\$0.0070 /MOU	n/a
Band C, 8-16 miles	\$0.0085 /MOU	n/a
Band D, 16-25 miles	\$0.0102 /MOU	n/a
Per 24 trunks activated	n/a	\$330.00
Tandem Switching	\$0.00632 /MOU	n/a
Interim Number Portability		
Remote Call Forwarding — per line		
Residential		\$10.79
Business		\$25.05
Referral Service		
Changed number intercept		
Residential 90-days		\$11.00
Business 6-months		\$25.50
Maintenance of Service Charges		
Technician Standard Time		
1 st Half Hour or fraction thereof	\$ 41.35	
Each additional half hour or fraction thereof	\$ 22.80	
Technician Overtime		
1 st Half Hour or fraction thereof	\$ 45.60	
Each additional half hour or fraction thereof	\$ 27.05	
Technician Premium Time		
1 st Half Hour or fraction thereof	\$ 49.80	
Each additional half hour or fraction thereof	\$ 31.80	

**First Amendment
to
Interconnection Agreement
between
City of Hawarden and Heartland Telecommunications Company of Iowa**

This First Amendment is made as of the 24th day of March, 1999 to the Interconnection Agreement between City of Hawarden (City) and Heartland Telecommunications Company of Iowa (Heartland), collectively referred to as the "Parties".

The Parties entered into an Interconnection Agreement dated August 19, 1998 (Agreement). The Agreement was approved by the Iowa Utilities Board (Board) on September 30, 1998. The Parties agree to the following amendments to the Agreement, subject to approval of the Board:

1. Section III.C on page 7 of the Agreement is amended by adding at the beginning of the section,

"Unless the parties otherwise agree to use one-way trunking,"
2. Section XXIV on page 29 of the Agreement is amended by deleting the period at the end of the section and adding,

"except, as applied to residents of South Dakota, it shall be interpreted in accordance with South Dakota law."

In Witness Whereof, the Parties hereto have caused this First Amendment to be executed by their respective duly authorized representatives.

CITY OF HAWARDEN



Signature

Tom Kane

Name Printed/Typed

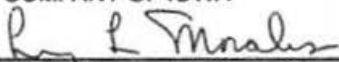
Supt. of Public Works

Title

March 26, 1999

Date

HEARTLAND TELECOMMUNICATIONS
COMPANY OF IOWA



Signature

Larry L. Morales

Name Printed/Typed

Vice President

Title

March 24, 1999

Date

RECEIVED

APR 01 1999

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

IN THE MATTER OF THE)	ORDER APPROVING
INTERCONNECTION AGREEMENT)	WITHDRAWAL OF NEGOTIATED
BETWEEN THE CITY OF HAWARDEN AND)	AGREEMENT AND CLOSING
HEARTLAND TELECOMMUNICATIONS)	DOCKET
COMPANY OF IOWA)	TC98-152

On September 4, 1998, the Public Utilities Commission (Commission) received a request from Heartland Telecommunications Company of Iowa (Heartland) for approval of the negotiated interconnection Agreement (hereafter, the Agreement) between Heartland and the city of Hawarden, Iowa (Hawarden). On November 2, 1998, Heartland requested that the filing be withdrawn. Hawarden did not oppose withdrawal of the filing of the Agreement for approval.

The Commission has jurisdiction over the approval of interconnection agreements pursuant to 47 U.S.C. Section 252(e)(1) and SDCL Chapter 49-31-81.

On November 3, 1998, at its duly noticed meeting, the Commission considered the matter. Mike Shaw, representing Heartland, appeared and stated his client's position. Commission Staff recommended granting the request of Heartland.

The Commission unanimously voted to permit the withdrawal of the Agreement, without prejudice, and to close the docket. It is therefore

ORDERED, that the filing of the Agreement for approval shall be withdrawn, without prejudice; and it is further

ORDERED, that this docket be closed.

Dated at Pierre, South Dakota, this 9th day of November, 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	<u>Melaine Kalbo</u>
Date	<u>11/10/98</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

0220

01551-0
NOV 23 4 51 PM '98

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

RECEIVED
APR 01 1999
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

IN RE:

CITY OF HAWARDEN AND HEARTLAND
TELECOMMUNICATIONS COMPANY OF
IOWA

DOCKET NO. NIA-98-24

**ORDER APPROVING NEGOTIATED
INTERCONNECTION AGREEMENT**

(Issued September 30, 1998)

On August 20, 1998, the City of Hawarden and Heartland Telecommunications Company of Iowa filed a negotiated interconnection agreement for Utilities Board (Board) review pursuant to 47 U.S.C. § 252(e). The Board issued an order identifying the proceeding as Docket No. NIA-98-24 and allowing any other interested party the opportunity to submit written comments supporting approval or rejection of the agreement within 30 days of the filing. No comments were filed.

The statutory standard to be applied by the Board in its review is in two parts: (1) whether the agreement discriminates against a telecommunications carrier not a party to the agreement, or (2) whether the implementation of the agreement or a portion is not consistent with the public interest, convenience, and necessity. 47 U.S.C. § 252(e)(2)(A). The filed agreement satisfies the two-part standard and will be approved.

DOCKET NO. NIA-98-24
PAGE 2

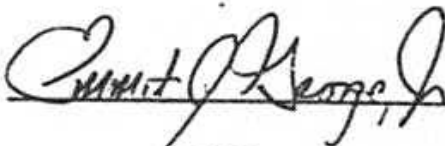
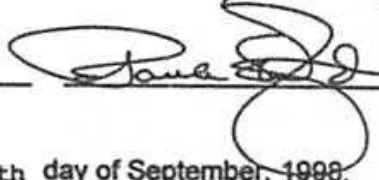
IT IS THEREFORE ORDERED:

The interconnection agreement filed by the City of Hawarden and Heartland Telecommunications Company of Iowa on August 20, 1998, reviewed by the Utilities Board in a proceeding identified as Docket No. NIA-98-24, is approved to be effective upon the issuance of this order.

UTILITIES BOARD

ATTEST:


Executive Secretary

Dated at Des Moines, Iowa, this 30th day of September, 1998.



South Dakota Public Utilities Commission



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

April 14, 1999

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

RE: Interconnection Agreement between City of Hawarden and Heartland
Telecommunications Company of Iowa
Docket TC99-032

Dear Mr. Bullard:

I have reviewed the above-referenced agreement and am recommending its approval by the Public Utilities Commission. This agreement was previously presented to this agency for approval. Litigation in Iowa with regard to a municipality's ability to be in the telecommunications business led to its withdrawal on November 9, 1998. The question in Iowa has now been resolved and the same agreement has been tendered for your consideration.

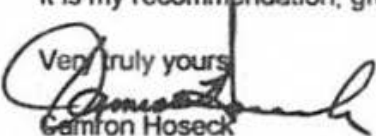
Previously, I filed a staff analysis and recommendation. Although I questioned, and continue to question, the applicability of language at page 20, paragraph XIV, with regard to Warranties as it pertains to *services*, I can only assume that this language was agreed to as the result of arms length negotiations and that the parties are fully cognizant of its implications.

Also, I raised the question of applicable state law for those residents of South Dakota affected by the agreement. A first amendment to the agreement was entered into on March 26, 1999 which provides that the agreement shall be interpreted in accordance with South Dakota law.

Heartland Telecommunications Company does have a certificate of authority. It has rural customers in South Dakota.

It is my recommendation, given the above, that the agreement be approved.

Very truly yours,


Camron Hoseck
Staff attorney

Capitol Office
Telephone (605)773-3281
FAX (605)773-3809

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 Website
www.puc.state.sd.us/puc/

Jim Burg
Chairman
Paul Nelson
Vice-Chairman
Laska Schoenfelder
Commissioner

William Bullard Jr.
Executive Director

Harlan Best
Martin C. Bettmann
Sue Cichos
Karen E. Cremer
Michele M. Farris
Marlene Fischbach
Shirleen Fugitt
Lewis Hammond
Leni Healy
Cameron Hoseck
Lisa Hull
Dave Jacobson
Katie Johnson
Bob Kandle
Delaine Kolbo
Jeffrey P. Lorenson
Charlene Lund
Terry Norum
Gregory A. Rislov
Keith Senger
Kolayne Ailtz Wiest

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing letter was served on the following by mailing the same to him by United States Post Office First Class Mail, postage thereon prepaid, at the address shown below on this the 14th day of April, 1999.

Mr. Michael F. Shaw
Attorney at Law
May, Adam, Gerdes & Thompson LLP
P. O. Box 160
Pierre, SD 57501-0160



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

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of April 1, 1999 through April 7, 1999

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

TC99-031 In the Matter of the Filing by FiberComm, L.C. for an Exemption from Developing Company Specific Cost-Based Switched Access Rates.

FiberComm, L.C. has filed, pursuant to ARSD 20:10:27, a petition to be exempted from the requirement of developing intrastate switched access rates based on company specific costs. FiberComm, L.C. has also filed a proposed switched access tariff.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Filed: 04/01/99
Intervention Deadline: 04/23/99

TC99-032 In the Matter of the Filing for Approval of an Interconnection Agreement between City of Hawarden and Heartland Telecommunications Company of Iowa.

Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than April 28, 1999. Parties to the agreement may file written responses to the comments within twenty days of service of the comments.

Staff Analyst: Harlan Best
Staff Attorney: Camron Hoseck
Date Filed: 04/01/99
Comments Due: 04/28/99

TC99-033 In the Matter of the Application of The Free Network, L.L.C. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

The Free Network, L.L.C. proposes to offer resold intrastate long distance services to the public on a statewide basis in the state of South Dakota. The services to be provided are Message Toll Service, Incoming 800/888 and Travel Card services.

Staff Analyst: Harlan Best
Staff Attorney: Camron Hoseck
Date Filed: 04/01/99
Intervention Deadline: 04/23/99

TC99-034 In the Matter of the Application of erbia Network, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

Application of erbia Network, Inc. for a Certificate of Authority to provide intrastate telecommunications services in South Dakota. erbia is proposing to offer interexchange 1+ and 101XXXX direct outbound dialing, 800/888 toll free inbound dialing and travel card services in South Dakota.

Staff Analyst: Dave Jacobson
Staff Attorney: Karen Cremer
Date Filed: 04/02/99
Intervention Deadline 04/23/99

TC99-035 In the Matter of the Application of Blackstone Communications Company for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

Blackstone Communications Company is a reseller which intends to offer 1+ and 101XXXX direct outbound dialing, 800/888 toll-free inbound dialing, travel card and prepaid calling card service.

Staff Analyst: Keith Senger
Staff Attorney: Karen Cremer
Date Filed: 04/07/99
Intervention Deadline: 04/23/99

You may receive this listing and other PUC publications via our website or via internet e-mail. You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc/>

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING FOR) ORDER APPROVING
APPROVAL OF AN INTERCONNECTION) AGREEMENT
AGREEMENT BETWEEN THE CITY OF)
HAWARDEN, IOWA AND HEARTLAND) TC99-032
TELECOMMUNICATIONS COMPANY OF IOWA)

On April 1, 1999, Heartland Telecommunications Company of Iowa (Heartland) filed for approval by the South Dakota Public Utilities Commission (Commission) of an interconnection agreement between Heartland and the City of Hawarden, Iowa (Hawarden).

On April 8, 1999, 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 had until April 28, 1999, to do so. No comments were filed. Commission staff filed a recommendation.

Heartland serves approximately 260 rural customers in its Akron and Hawarden exchanges which are in South Dakota. These are also referred to as West Akron and West Hawarden. Hawarden has a certificate of authority from the Iowa Utilities Board to provide telecommunications service for the Hawarden exchange which is in Iowa.

At its duly noticed May 12, 1999, meeting, the Commission considered whether to approve the agreement between Heartland and Hawarden.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-81, and the Federal Telecommunications Act of 1996. In accordance with 47 U.S.C. § 252(e)(2), the Commission found that the agreement does not discriminate against a telecommunications carrier that is not a party to the agreement and the agreement is consistent with the public interest, convenience, and necessity. The Commission unanimously voted to approve the agreement. It is therefore

ORDERED, that the Commission approves the agreement.

Dated at Pierre, South Dakota, this 18th day of May, 1999.

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	<u>Alaine Kolbo</u>
Date	<u>5/19/99</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner