

Exhibit 2

Proposed Terms of Interconnection Agreement

INTERCONNECTION AGREEMENT

BETWEEN

JAMES VALLEY TELECOMMUNICATIONS

AND

MIDCONTINENT COMMUNICATIONS

NOTE: Midco language for disputed issues is highlighted in yellow

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GLOSSARY

ATTACHMENTS:

- Interconnection Attachment
- Local Number Portability Attachment
- Ancillary Services Attachment
- Preordering, Ordering, Maintenance and Repair Attachment
- Pricing Attachment
- Exhibit 1

INTERCONNECTION AGREEMENT

THIS AGREEMENT (“Agreement”) is effective upon approval by the Commission (the “Effective Date”), and is entered into by and between Midcontinent Communications (“Midcontinent”) with offices at 3901 North Louise Avenue, Sioux Falls, SD 57107 and James Valley Telecommunications (“James Valley” or “ILEC”) with offices at 234 E. 1st Avenue, Groton, SD 57445. This Agreement may refer to either James Valley or Midcontinent or both as a “Party” or “Parties.”

WHEREAS, ILEC is an Incumbent Local Exchange Carrier, as defined in Section 251(h) of the Act (47 U.S.C. § 251(h)) and a Rural Carrier as defined in 47 U.S.C. § 251(f)(2), authorized to provide Telecommunications Services in the State of South Dakota and

WHEREAS, Midcontinent is a local exchange telecommunications company authorized to provide interconnection services in the State of South Dakota; and [ALTERNATIVE: Omit this provision.]

WHEREAS, Midcontinent represents to ILEC that it is a common carrier under the Act and, acting as a common carrier, has requested interconnection with designated facilities of ILEC; and

WHEREAS, the Parties agree to interconnect their facilities and exchange telecommunications traffic specifically as defined herein; and

WHEREAS, the Parties agree that capitalized terms not otherwise defined in this Agreement shall be assigned the meanings given to such term(s) by the Glossary, attached hereto and incorporated herein for all purposes.

NOW THEREFORE, in consideration of the mutual agreements contained herein, ILEC and Midcontinent agree as follows:

1. Purpose
 - 1.1 The Parties agree that the rates, terms and conditions contained within this Agreement, including all Attachments, are reasonable.
 - 1.2 ILEC has no obligation to establish interconnection service arrangements to enable Midcontinent to exchange solely non-telecommunications traffic or to act in any capacity other than as a common carrier. Midcontinent agrees that it is requesting and will use this arrangement for the purpose of exchanging telecommunications traffic and that any exchange of non-telecommunications traffic including Information Service traffic or VoIP will be incidental to the Parties’ exchange of telecommunications traffic. Any traffic outside the definition of Local/EAS shall be treated as toll traffic.
 - 1.3 Midcontinent agrees that it is requesting and will use this arrangement for the sole purpose of exchanging Local/EAS Traffic and that any exchange of toll traffic will be subject to the appropriate terms and conditions of each Party’s access tariffs.

2. Term of the Agreement

- 2.1 This Agreement will commence upon approval by the Commission and has an initial term of three (3) years. Midcontinent will not seek to exchange traffic under this Agreement until it has obtained all regulatory authority necessary to provide the services contemplated hereunder.
- 2.2 The Parties agree that no earlier than one hundred eighty (180) days and no later than one hundred twenty (120) days prior to the expiration of this Agreement, either Party will have the right to request the negotiation of a subsequent agreement. Such requests for renegotiation must be in the form of a written notice to the other Party (“Renegotiation Request”). If a Party requests the negotiation of a subsequent agreement and the Parties are unable to negotiate a subsequent agreement within one hundred thirty-five (135) days after receipt of the Renegotiation Request, either Party may petition the Commission to establish appropriate terms, conditions and prices for the subsequent agreement pursuant to Section 252 of the Act (47 U.S.C. § 252). During the pendency of any proceedings initiated by a Party under Section 252 of the Act and until the Commission issues its decision approving the subsequent agreement resulting from such proceedings, the Parties will continue to provide services to each other pursuant to this Agreement.
- 2.3 If no Party requests renegotiation, but services continue to be provided beyond the expiration date of this Agreement, this Agreement shall be deemed extended on a month-to-month basis. Upon conversion to a month-to-month term, either Party may terminate this Agreement upon ninety (90) days written notice to the other Party if traffic will no longer be exchanged; provided, however, that this Agreement cannot be terminated prior to ninety (90) days after the original expiration date.
- 2.4 In the event that services are provided on a month-to-month basis beyond the term of this Agreement, the rates, at ILEC’s option, may be increased to the rates provided by ILEC’s then current Tariffs, price sheets, price catalog or interconnection agreements. ILEC shall continue to offer all services to Midcontinent previously available under this Agreement pursuant to the terms and conditions herein provided.
- 2.5 If the Agreement has not been implemented one year after the Effective Date or if the Parties cease the exchange of traffic then either Party may terminate this Agreement upon sixty (60) days written notice to the other Party. In addition, ILEC reserves the right to terminate this Agreement immediately upon notice from or verification by the Midcontinent that it has ceased offering Telecommunications Service in the Groton exchange of James Valley. In addition to notice or verification from Midcontinent, ILEC may utilize any publicly available information in concluding that Midcontinent is no longer providing telecommunications in the Groton exchange of James Valley or that Midcontinent’s authority to provide telecommunications in the Groton exchange of James Valley has been revoked or terminated, and immediately terminate this Agreement.

3. Termination of the Agreement

3.1 Termination for Default Not Cured Within Thirty (30) Days

Either Party may terminate this Agreement in whole or in part in the event of a default by the other Party; provided however, that the non-defaulting Party notifies the defaulting Party in writing of the alleged default and that the defaulting Party does not cure the alleged default within thirty (30) calendar days of receipt of written notice thereof. Default means any one or more of the following:

- 3.1.1 A Party's refusal or failure in any material respect to perform its obligations under this Agreement, or the violation of any of the material terms or conditions of this Agreement; or
- 3.1.2 A Party's assignment of any right, obligation, or duty, in whole or in part, or of any interest, under this Agreement without any consent required under Section 6 of this Attachment.
- 3.1.3 Midcontinent is adjudicated to not be a Telecommunications Carrier under the Act.
- 3.1.4 Midcontinent is adjudicated to not be a common carrier by the Commission or a court of competent jurisdiction

3.2 Termination for Insolvency or Bankruptcy

- 3.2.1 This Agreement is immediately terminated upon a Party becoming insolvent or upon the initiation of a voluntary bankruptcy proceeding.
- 3.2.2 In the event that an involuntary bankruptcy or receivership proceeding is initiated against a Party, this Agreement shall terminate unless such proceeding is set aside within thirty (30) days.

3.3 Liability Upon Termination

Termination of this Agreement, or any part hereof, for any cause shall not release either Party from any liability which at the time of termination had already accrued to the other Party, or which thereafter accrues in any respect to any act or omission occurring prior to the termination or from an obligation which is expressly stated in this Agreement to survive termination.

4. Contact Exchange

The Parties agree that each will be sole contact to the other Party for all services provided under this Agreement. The Parties agree that there is no obligation to respond to requests from third parties for information or services offered under this Agreement. The Parties agree to exchange and to update contact and referral numbers for order inquiry, trouble reporting, billing inquiries, and information required to comply with law enforcement and other security agencies of the government.

5. Amendments

Any amendment, modification, or supplement to this Agreement must be in writing and signed by an authorized representative of each Party. The term “this Agreement” shall include future amendments, modifications, and supplements.

6. Assignment

This Agreement shall be binding upon the Parties and shall continue to be binding upon such entities regardless of any subsequent change in their ownership. All obligations and duties of any Party under this Agreement shall be binding on all successors in interest and assigns of such Party. Each Party covenants that, if it sells or otherwise transfers its facilities used to provide services under this Agreement to a third party, unless the non-transferring Party reasonably determines that the legal structure of the transfer vitiates any such need, the transferring Party will require, as a condition of such transfer, that the transferee agree to be bound by all terms of this Agreement with respect to services provided over the transferred facilities pursuant to the terms of this Agreement. **If any sale or transfer of Midcontinent or facilities used to provide services under this Agreement is to an entity that is not authorized to provide interconnection service in the Groton exchange of James Valley this Agreement is terminated.** Except as provided in this paragraph, 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 which consent will not be unreasonably withheld or delayed. Any Party asked to consent to an assignment shall be expressly permitted to require (i) proof of financial strength of the proposed assignee reasonably necessary to support the obligations of this Agreement being assumed or (ii) investigation of prior complaints filed against or adjudicated against the proposed assignee. Notwithstanding the foregoing, either Party may assign this Agreement to a wholly owned corporate Affiliate by providing prior written notice to the other Party of such assignment or transfer and provided that the assigning entity agrees to remain personally liable to the other Party for all obligations assigned by it. The effectiveness of an assignment shall be conditioned upon the assignee’s written assumption of the rights, obligations, and duties of the assigning Party. Any attempted assignment or transfer that is not permitted is void *ab initio*. No assignment or delegation hereof shall relieve the assignor of its obligations under this Agreement in the event that the assignee fails to perform such obligations. Without limiting the generality of the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors, successors in interest and assigns.

7. Authority

Each person whose signature appears on this Agreement represents and warrants that he or she has authority to bind the Party on whose behalf he or she has executed this Agreement. Each Party represents that he or she has had the opportunity to consult with legal counsel of his or her choosing.

8. INTENTIONALLY LEFT BLANK

9. Billing and Payment

9.1 In consideration of the services and facilities provided under this Agreement, each Party shall bill the other Party on a monthly basis all applicable charges set forth in this Agreement or, if not set forth herein, in their respective applicable tariff(s). The Party billed (“Billed Party”) shall pay to the invoicing Party (“Billing Party”) all undisputed amounts within thirty (30) days from the bill date. If the payment due date is a Saturday, Sunday, or a designated bank holiday, payment shall be made by the prior business day. Neither Party shall back bill the other Party for services provided under this Agreement that are more than two (2) years old or that predate this Agreement. If a Party fails to bill for a service within two (2) years of when it was rendered, then that Party waives its rights to bill for that service, absent fraud or willful misconduct by the Billed Party.

9.2 Billing Disputes Related to Unpaid Amounts

9.2.1 If any portion of an amount invoiced to a Billed Party under this Agreement is subject to a bona fide dispute between the Parties, the Billed Party may withhold payment of the disputed amount and notify the Billing Party it is withholding a disputed amount and the amount it is disputing (“Disputed Amount”) within thirty (30) days of its receipt of the invoice containing such Disputed Amount, the Billed Party shall provide the specific details and reasons for disputing each item. A bona fide dispute requires the Billed Party to provide the specific details and reasons for disputing each item. The Billed Party shall pay when due all undisputed amounts on the invoice to the Billing Party. The Parties will work together in good faith to resolve issues relating to the disputed amounts. If the dispute is resolved such that payment is required, the Billed Party shall pay the disputed amounts with interest at the highest rate of interest that may be charged under South Dakota’s applicable law. In addition, the Billing Party may suspend terminating traffic for the Billed Party if Disputed Amounts resolved to be due to the Billing Party are not paid within thirty (30) days after they are determined to be due. If the dispute is resolved such that payment is not required, the Billing Party will reflect the change for the Disputed Amounts on its next invoice following the date of resolution of the dispute.

9.3 Except for Disputed Amounts pursuant to Section 9.2 herein, the following shall apply:

9.3.1 Any undisputed amounts not paid when due shall accrue interest from the date such amounts were due at the highest rate of interest that may be charged under South Dakota’s applicable law.

9.3.2 If payment of undisputed amounts is not received thirty (30) days from the bill date, the Billing Party may provide written notice to the Billed Party that additional applications for service will be refused, and that any pending orders for service will not be completed unless payment is received by the fifteenth (15th) day following the date the Billed Party receives said notice. If the Billing Party does not refuse additional applications for service as specified in the notice, and the Billed Party’s noncompliance continues,

nothing contained herein shall preclude the Billing Party's right to thereafter refuse additional applications for service without further notice.

- 9.3.3 If, following the notice under Section 9.3.2, the Billed Party fails to pay all amounts due within thirty (30) days, the Billing Party may thereafter, on thirty (30) days prior written notice to the Billed Party (the "Discontinuance Notice"), discontinue the provision of existing services to the Billed Party. Notice shall be as provided in Section 26 below. In the event services are discontinued, all billed charges, as well as applicable termination charges, if any, shall become due. If the Billing Party does not discontinue the provision of service on the date specified in the Discontinuance Notice, and the Billed Party's noncompliance continues, nothing contained herein shall preclude the Billing Party's right to thereafter discontinue the provision of service to the Billed Party without further notice.
- 9.3.4 If payment is not received within ninety (90) days after the Discontinuance Notice given under Section 9.3.3, the Billing Party may terminate this Agreement.
- 9.3.5 After disconnect procedures have begun, the Billing Party shall not accept any service orders from the Billed Party until all unpaid charges are paid in full and such funds are available to the Billing Party.

9.4 Billing Disputes of Paid Amounts

If any portion of an amount paid to a Billing Party under this Agreement is thereafter subject to a bona fide dispute by the Billed Party ("Disputed Paid Amount"), the Billed Party may provide written notice to the Billing Party of the Disputed Paid Amount, and seek a refund of such amount, at any time prior to the date that is two (2) years after the receipt of a bill containing the Disputed Paid Amount ("Notice Period"). If the Billed Party fails to provide written notice of a Disputed Paid Amount within the Notice Period, the Billed Party waives its rights to dispute its obligations to pay such amount, and to seek refund of such amount, absent fraud or willful misconduct by the Billing Party. If it is determined that the Billed Party is entitled to a refund of all or part of the Disputed Paid Amount, the Billing party will, within sixty (60) days after such determination, refund such amount, together with interest from the date written notice of the Disputed Paid Amount was given at the interest rate set forth in Section 9.2.1 hereof.

- 9.5 Issues related to Disputed Amounts and Disputed Paid Amounts not resolved by the Parties shall be resolved in accordance with all of the applicable procedures identified in the Dispute Resolution provisions set forth in Section 13 of this Agreement.

9.6 Audits

- 9.6.1 Subject to each Party's reasonable security requirements and except as may be otherwise specifically provided in this Agreement, either Party may audit the other Party's relevant books, records and other documents pertaining to services provided under this Agreement once in each Contract Year and/or following termination of the Agreement to evaluate the accuracy of the other Party's billing, data and invoicing, including usage data, source data,

and other information and documents in accordance with this Agreement. The relevant books, records and other documents include, but are not limited to, usage data, source data, traffic reports and associated data (including such traffic reports and associated data from Retail Providers) and other information and documents in accordance with this Agreement. Such audit will take place at a time and place agreed on by the Parties no later than sixty (60) days after notice thereof.

9.6.2 Any audit shall be performed as follows: (i) following at least thirty (30) days prior written notice to the audited Party; (ii) subject to the reasonable scheduling requirements and limitations of the audited Party and at single location designated by the audited party; (iii) at the auditing Party's sole cost and expense; (iv) of a reasonable scope and duration; (v) in a manner so as not to interfere with the audited Party's business operations; and (vi) in compliance with the audited Party's security rules. The review will consist of an examination and verification of data involving usage data, records, systems, procedures and other information related to the traffic delivered or services performed by either Party as related to settlement charges or payments made in connection with this Agreement as determined by either Party to be reasonably required. Each Party shall maintain reasonable records for a minimum of twenty-four (24) months and provide the other Party with reasonable access to such information as is necessary to determine amounts receivable or payable under this Agreement. Such records shall include usage records for the traffic delivered by the Party to the Other Party.

9.6.3 Each Party will cooperate fully in any such audit, providing reasonable access to any and all appropriate employees, subcontractors and other agents and books, records and other documents reasonably necessary to assess the accuracy of the Party's billings, data and invoices

10. Compliance with Laws and Regulations

Each Party shall comply with all federal, state, and local statutes, regulations, rules, ordinances, judicial decisions, and administrative rulings applicable to its performance under this Agreement.

11. Confidential Information

11.1 Any information such as specifications, drawings, sketches, business information, forecasts, models, samples, data, computer programs and other software, and documentation of one Party (a "Disclosing Party") that is furnished or made available or otherwise disclosed to the other Party or any of its employees (except marketing and sales staff who shall not be provided such access), contractors, or agents (its "Representatives" and with a Party, a "Receiving Party") pursuant to this Agreement ("Proprietary Information") shall be deemed the property of the Disclosing Party. Proprietary Information, if written, shall be clearly and conspicuously marked "Confidential" or "Proprietary" or other similar notice, and, if oral or visual, shall be confirmed in writing as confidential by the Disclosing

Party to the Receiving Party upon disclosure. Unless Proprietary Information was previously known by the Receiving Party free of any obligation to keep it confidential, or has been or is subsequently made public by an act not attributable to the Receiving Party, or is explicitly agreed in writing not to be regarded as confidential, such information: (i) shall be held in confidence by each Receiving Party; (ii) shall be disclosed to only those persons who have a need for it in connection with the provision of services required to fulfill this Agreement and shall be used by those persons only for such purposes; and (iii) may be used for other purposes only upon such terms and conditions as may be mutually agreed to in advance of such use in writing by the Parties. Notwithstanding the foregoing sentence, a Receiving Party shall be entitled to disclose or provide Proprietary Information as required by any governmental authority or applicable law, upon advice of counsel, only in accordance with Section 11.2 of this Agreement. Nothing herein shall prohibit or restrict a Receiving Party from providing Proprietary Information in response to a request of the FCC or a state regulatory agency with jurisdiction over this matter, or to support a request for arbitration, or in connection with Dispute Resolution, provided that the Disclosing Party is first given the opportunity to seek appropriate relief under the provisions of Section 11.2.

- 11.2 If any Receiving Party is required by any governmental authority, or by Applicable Law, to disclose any Proprietary Information, or believes it is necessary to disclose Proprietary Information pursuant to Section 11.1 above, then such Receiving Party shall provide the Disclosing Party with written notice of such requirement as soon as possible and prior to such disclosure. The Disclosing Party may then seek appropriate protective relief from all or part of such requirement. The Receiving Party may disclose the Proprietary Information within the time required by the governmental authority or Applicable Law, provided that the Disclosing Party has been provided with written notice under this section 11.2 and protective relief has not been obtained by the Disclosing Party.
- 11.3 In the event of the expiration or termination of this Agreement for any reason whatsoever, each Party shall return to the other Party or destroy all Proprietary Information and other documents, work papers and other material (including all copies thereof) obtained from the other Party in connection with this Agreement and shall use all reasonable efforts, including instructing its employees and others who have had access to such information, to keep confidential and not to use any such information, unless such information is now, or is hereafter disclosed, through no act, omission or fault of such Party, in any manner making it available to the general public.

12. Fraud

Neither Party shall bear responsibility for, nor be required to make adjustments to the other Party's account, in cases of fraud by the other Party's End User Customers or on the other Party's End User Customer accounts. The Parties agree to reasonably cooperate with each other to detect, investigate, and prevent fraud and to reasonably cooperate with law enforcement investigations concerning fraudulent use of the other Party's services or

network. The Parties' fraud minimization procedures are to be cost effective and implemented so as not to unduly burden or harm one Party as compared to the other.

13. Dispute Resolution

The Parties desire to resolve disputes arising out of or relating to this Agreement without, to the extent possible, litigation. Accordingly, except for action seeking a temporary restraining order or an injunction, or suit to compel compliance with this dispute resolution process, the Parties agree to use the following dispute resolution procedures with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

13.1 Informal Resolution of Disputes

At the written request of a Party, each Party will appoint a knowledgeable, responsible representative, empowered to resolve such dispute, to meet and negotiate in good faith to resolve any dispute arising out of or relating to this Agreement. The location, format, frequency, duration, and conclusion of these discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as Proprietary Information developed for purposes of settlement, exempt from discovery, and shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of all Parties.

13.2 Formal Dispute Resolution

If negotiations fail to produce an agreeable resolution within ninety (90) days, then either Party may proceed with any remedy available to it pursuant to law, equity or agency mechanisms; provided, that upon mutual agreement of the Parties, such disputes may also be submitted to binding arbitration. In the case of an arbitration, each Party shall bear its own costs. The Parties shall equally split the fees of any mutually agreed upon arbitrator but shall otherwise pay their own expenses associated with the arbitration.

13.3 Continuous Service

The Parties shall continue providing existing services to each other during the pendency of any dispute resolution procedure (except as otherwise provided in this Agreement), and the Parties shall continue to perform their payment obligations including making payments in accordance with this Agreement.

14. Entire Agreement

This Agreement, together with all exhibits, addenda, schedules and attachments hereto, constitutes the entire agreement of the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, negotiations, proposals, and representations, whether written or oral, and all contemporaneous oral agreements, negotiations, proposals, and representations concerning such subject matter. No representations, understandings, agreements, or warranties, expressed or implied have been made or relied upon in the making of this Agreement other than those specifically set forth

herein. In the event there is a conflict between any term of this Agreement, the provisions shall be construed to give the greatest possible effect to the intent of this Agreement.

15. Expenses

Except as specifically set out in this Agreement, each Party shall be solely responsible for its own expenses involved in all activities related to the subject of this Agreement.

16. 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, 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”). Notwithstanding the foregoing, the Parties have expressly agreed that the acts of any Retail Provider contracting, directly or indirectly, with Midcontinent for use of the services provided under this Agreement shall be deemed to be within Midcontinent’s control and shall not be a Force Majeure Event. If any Force Majeure Event occurs, the Party delayed or unable to perform shall give immediate notice to the other Party and shall take all reasonable steps to correct the condition resulting from the Force Majeure Event. During the pendency of the Force Majeure Event, the duties of the Parties under this Agreement affected by the Force Majeure Event shall be abated and shall resume immediately without liability thereafter.

17. Good Faith Performance

In the performance of their obligations, the Parties shall act in good faith under this Agreement. In situations in which notice, consent, approval, or similar action by a Party is permitted or required by any provision of this Agreement, such action shall not be conditional, unreasonably withheld, or delayed.

18. Governing Law and Venue

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of South Dakota without regard to its conflict of laws principles and, when applicable, in accordance with the requirements of the Act and the FCC’s implementing regulations. Any legal proceedings shall be brought in the state or federal courts as appropriate in the state of South Dakota.

19. Headings

The headings in this Agreement are inserted for convenience and identification only and shall not be considered in the interpretation of this Agreement.

20. Independent Contractor Relationship

Notwithstanding any other provisions of this Agreement, neither this Agreement, nor any actions taken by Midcontinent or ILEC in compliance with this Agreement, shall be deemed to create an agency or joint venture relationship between Midcontinent and ILEC, or any relationship other than that of co-carriers. Neither this Agreement, nor any actions

taken by Midcontinent or ILEC in compliance with this Agreement, shall create a contractual, agency, or any other type of relationship or third party liability between either Party and the other Party's End User Customers or other third parties.

21. Law Enforcement Interface

21.1 With respect to requests for call content interception or call information interception directed at Midcontinent's End User Customers, ILEC will have no direct involvement in law enforcement interface. In the event a Party receives a law enforcement surveillance request for an End User Customer of the other Party, the Party initially contacted shall direct the agency to the other Party.

21.2 Notwithstanding 21.1, the Parties agree to work jointly, as necessary, in security matters to support law enforcement agency requirements for call content interception or call information interception.

22. Liability and Indemnity

22.1 **DISCLAIMER**

EXCEPT AS SPECIFICALLY PROVIDED TO THE CONTRARY IN THIS AGREEMENT, EACH PARTY MAKES NO REPRESENTATIONS OR WARRANTIES TO THE OTHER PARTY CONCERNING THE SPECIFIC QUALITY OF ANY SERVICES OR FACILITIES IT PROVIDES UNDER THIS AGREEMENT. EACH PARTY DISCLAIMS, WITHOUT LIMITATION, ANY WARRANTY OR GUARANTEE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR FROM USAGES OF TRADE.

22.2 Indemnification

22.2.1 Each Party (the "Indemnifying Party") shall indemnify and hold harmless the other Party ("Indemnified Party") from and against claims for loss, cost, liability, damage, and expense (including reasonable attorney's fees) ("Claims") by customers of the Indemnifying Party and other third persons, for:

(1) damage to tangible personal property or for personal injury proximately caused by the negligence, willful misconduct or intentional acts or omissions of the Indemnifying Party or its employees, agents, contractors or End User Customers; and

(2) libel, slander, infringement of copyright, or invasion of privacy arising from the content of communications transmitted over the Indemnified Party's facilities by the Indemnifying Party or its employees, agents, contractors or End User Customers.

A Party's indemnification obligations hereunder shall not be applicable to any Claims to the extent caused by, arising out of or in connection with the gross

negligence, willful misconduct or intentional acts or omissions of the Indemnified Party.

22.2.2 In addition to the indemnities in Section 22.2.1 above, Midcontinent shall indemnify and hold harmless ILEC from and against claims for loss, cost, liability, damage, and expense (including reasonable attorney's fees) ("Claims") caused to ILEC by any third party using Midcontinent to deliver traffic to or receive traffic from ILEC's facilities, including claims resulting from rate arbitrage, phantom traffic, toll fraud or failure to provide valid, accurate and complete CPN on all traffic subject to this Agreement so that ILEC is compensated in full for such exchanged traffic in accordance with the terms of this Agreement. ILEC will notify Midcontinent of information it has received or discovered which appear to trigger this indemnity obligation and provide back-up to support its concerns. Midcontinent will have thirty (30) days to respond to such concerns, and, to the extent such claims are shown to be valid, shall reimburse ILEC promptly for all loss incurred by ILEC. In addition, Midcontinent shall take immediate steps to prevent future problems from the offending third party(s) to the extent they can be identified.

22.2.3 The Indemnified Party will notify the Indemnifying Party promptly in writing of any Claims for which the Indemnified Party alleges that the Indemnifying Party is responsible under this Section, and, the Indemnifying Party will promptly assume the defense of such Claim.

(1) In the event the Indemnifying Party does not promptly assume or diligently pursue the defense of the tendered action, then the Indemnified Party, after no less than ten (10) days prior notice to the Indemnifying Party, may proceed to defend or settle said Claim and the Indemnifying Party shall hold harmless the Indemnified Party from any loss, cost liability, damage and expense of such defense or settlement.

(2) The Indemnifying Party shall consult with the Indemnified Party prior to undertaking any compromise or settlement of any Claim(s), and the Indemnified party will have the right, at its sole option and discretion, to refuse any such compromise or settlement that (in the indemnified Party's sole reasonable opinion) might prejudice the rights of the Indemnified Party, and, at the Indemnified Party's sole cost and expense, to take over the defense, compromise or settlement of such Claim(s); provided, however, that in such event, the Indemnifying Party will neither be responsible for, nor will it be further obligated to indemnify the Indemnifying Party from or against, any Claims in excess of the amount of the refused compromise or settlement.

(3) The Parties will cooperate in every reasonable manner with the defense or settlement of any claim, demand, or lawsuit.

22.3 Limitation of Liability.

22.3.1 Except for a Party's indemnification obligations under Section 22.2, no liability shall attach to either Party, its parents, subsidiaries, affiliates, agents, servants, employees, officers, directors, or partners for damages arising from errors, mistakes, omissions, interruptions, or delays in the course of establishing, furnishing, rearranging, moving, terminating, changing, or providing or failing to provide services or facilities (including the obtaining or furnishing of information with respect thereof or with respect to users of the services or facilities) in the absence of gross negligence or willful misconduct.

22.3.2 Except for a Party's indemnification obligations under Section 22.2, no Party shall be liable to the other Party for any loss, defect or equipment failure caused by the conduct or actions of the other Party, its agents, servants, contractors or others acting in aid or concert with that Party, except in the case of gross negligence or willful misconduct.

22.3.3 Except for a Party's indemnification obligations under Section 22.2, **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 anticipated revenues 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.**

22.4 Intellectual Property

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 by any third person 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 or use of any facilities by either Party under this Agreement constitutes direct or contributory infringement, or misuse or misappropriation of any patent, copyright, trademark, trade secret, or any other proprietary or intellectual property right of any third party, except that Midcontinent will indemnify and hold harmless ILEC with respect to any switch configurations or methods performed on ILEC's switches by ILEC for Midcontinent at the instruction of Midcontinent.

23. Joint Work Product

This Agreement is the joint work product of the Parties, has been negotiated by the Parties, and shall be fairly interpreted in accordance with its terms. In the event of any ambiguities, no inferences shall be drawn against either Party.

24. Multiple Counterparts

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

25. No Third Party Beneficiaries

This Agreement is for the sole benefit of the Parties and nothing herein expressed or implied shall create or be construed to create any third-party beneficiary rights hereunder. 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, expressed or implied, against, in the name of, 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.

26. Notices

All notices to be given by one Party to the other Party under this Agreement shall be in writing and shall be: (i) delivered personally; (ii) delivered by express delivery service; or (iii) mailed, postage prepaid, certified mail, return receipt to the following addresses of the Parties (iv) by email:

To: **Midcontinent**

Midcontinent Communications
Attn. Nancy Vogel
3901 N Louise Ave.
Sioux Falls, SD 57107
nancy.vogel@midco.net
notices@midco.net

To: **ILEC**

James Valley Telecommunications
Attn. James Groft
234 E. 1st Avenue
Groton, SD 57445
james.groft@corp.nvc.net

or to such other address as either Party shall designate by proper notice. Notices will be deemed effectively given as of the earlier of: (i) the date of actual receipt; (ii) the next business day when notice is sent *via* overnight express mail, email, or by personal delivery; or (iii) five (5) days after mailing in the case of certified U.S. mail.

27. Impairment of Service

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 materially interfere with or materially impair service over any facilities of such other Party, its affiliated companies, or its connecting and concurring carriers involved in its services, cause damage to its plant, violate any applicable law or regulation regarding the invasion of privacy of any communications carried over a Party's facilities or create hazards to the employees of either Party or to the public.

If there is an impairment of service, the provisions in the Interconnection Attachment, section 7.5 shall apply.

28. Change in Law

28.1 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, judicial or other public forum addressing any matters, including matters related specifically to this Agreement, or other types of arrangements prescribed in this Agreement; provided, however, that this Agreement shall remain binding on the Parties.

28.2 The Parties acknowledge that the respective rights and obligations of each Party as set forth in this Agreement are based on the Act and the rules and regulations promulgated thereunder by the FCC and the Commission as of the Effective Date (“Applicable Rules”). In the event of any (i) final, effective, unstayed, amendment to the Act, (ii) any effective legislative action that is not stayed or overturned, (iii) any effective, final, non-appealable regulatory or judicial order, rule, or regulation, (iv) a final non-appealable dispute resolution under this Agreement, or (v) any other final, effective, non-appealable legal action purporting to apply the provisions of the Act to the Parties or in which the FCC or the Commission makes a generic determination that is generally applicable to the pricing, terms and conditions of this Agreement, any of which revises, modifies or reverses the Applicable Rules (individually and collectively, “Amended Rules”), then either Party may, to the extent permitted or required by the Amended Rules, by providing written notice to the other Party, require that the provisions of this Agreement that are revised, modified or reversed by the Amended Rules be renegotiated in good faith and this Agreement shall be amended accordingly to reflect the pricing, terms and conditions renegotiated by the Parties to reflect each such Amended Rule.

29. Regulatory Approval

1.1. The Parties understand and agree that this Agreement will be filed with the Commission. Each Party covenants and agrees to fully support approval of this Agreement by the Commission. In the event the Commission rejects this Agreement in whole or in part, the Parties agree to meet and negotiate in good faith to arrive at a mutually-acceptable modification of the rejected portion(s).

29.2. Notwithstanding any other provision of this Agreement, neither Party waives any rights it may have under the Act or rules of the FCC, under state statute, or pursuant to rules or Orders of the South Dakota Public Utilities Commission, including but not limited to ILEC’s right to petition, pursuant to 47 U.S.C. § 251(f)(2), for a suspension or modification from any of the local exchange carrier requirements contained in 47 U.S.C. §§ 251(b) and 251(c), at any time that this Agreement is in effect. [This language is the language James Valley agreed to prior to the date Midcontinent submitted its April 19 response.]

30. Taxes and Fees

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 exempt from taxes, the purchasing Party shall furnish the providing Party a proper resale or other tax exemption certificate as authorized or required by statute or regulation by the jurisdiction providing said resale or other tax exemption. Failure to provide the tax exemption certificate will result in no exemption being available to the purchasing Party until it is provided.

31. Trademarks and Trade Names

No patent, copyright, trademark or other proprietary right (the "Marks") is licensed, granted, or otherwise transferred by this Agreement. Each Party is strictly prohibited from any use of the other Party's Marks, including, but not limited to, in sales, in marketing or in advertising of telecommunications services. The Marks include those Marks owned directly by a Party or its Affiliate(s) and those Marks that a Party has a legal and valid license to use. The Parties acknowledge that they are separate and distinct and that each provides a separate and distinct service and agree that neither Party may, expressly or impliedly, state, advertise or market that it is or offers the same service as the other Party or engage in any other activity that may result in a likelihood of confusion between its own service and the service of the other Party.

32. Non-Waiver

Failure of either Party to insist on the performance of any term or condition of this Agreement or to exercise any right or privilege hereunder shall not be construed as a continuing or future waiver of such term, condition, right or privilege.

33. Bankruptcy

If any voluntary or involuntary petition or similar pleading under any Section or Sections of any bankruptcy act shall be filed by or against a Party, or any voluntary or involuntary proceeding in any court or tribunal shall be instituted to declare the Party insolvent or unable to pay the Party's debts, or the Party makes an assignment for the benefit of its creditors, or a trustee or receiver is appointed for the Party or for the major part of the Party's property, the other Party may, if that Party so elects but not otherwise, and with or without notice of such election or other action by that Party, forthwith terminate this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year written below.

ILEC

MIDCONTINENT COMMUNICATIONS
BY: MIDCONTINENT COMMUNICATIONS

INVESTOR, LLC
ITS MANAGING PARTNER

By: _____

By: _____

Name: James Groft

Name: _____

Title: CEO

Title: _____

Date: _____

Date: _____

GLOSSARY

1. General Rule

Special meanings are given to common words in the telecommunications industry, and coined words and acronyms are common in the custom and usage in the industry. Words used in this Agreement are to be understood according to the custom and usage of the telecommunications industry, as an exception to the general rule of contract interpretation that words are to be understood in their ordinary and popular sense. In addition to this rule of interpretation, the following terms used in this Agreement shall have the meanings as specified below.

2. Definitions

2.1 ACCESS SERVICE REQUEST (ASR).

An industry standard form, which contains data elements and usage rules used by the Parties to add, establish, change or disconnect services or trunks for the purposes of interconnection.

2.2 ACT.

The Communications Act of 1934 (47 U.S.C. §151 et. seq.), as from time to time amended (including, without limitation by the Telecommunications Act of 1996, Public Law 104-104 of the 104th United States Congress effective February 8, 1996), as interpreted in the duly authorized and effective rules and regulations of the FCC.

2.3 AFFILIATE.

Shall have the meaning as set forth in the Act.

2.4 APPLICABLE LAW.

All effective laws, government regulations and orders applicable to each Party's performance of its obligations under this Agreement.

2.5 AUTOMATIC NUMBER IDENTIFICATION (ANI).

The signaling parameter which refers to the delivery of the calling party's billing number by a local exchange carrier to any interconnecting carrier for billing or routing purposes, and to the subsequent delivery of such number to end users.

2.6 CALLING PARTY NUMBER (CPN).

The subscriber line number or the directory number contained in the calling party number parameter of the call set-up message associated with an interstate call on a Signaling System 7 network.

2.7 CENTRAL OFFICE.

A local switching system for connecting lines to lines, lines to trunks, or trunks to trunks for the purpose of originating/terminating calls over the public switched telephone network. A single Central Office may handle several Central Office codes ("NXX"). Sometimes this term is used to refer to a telephone company building in which switching systems and telephone equipment are installed.

2.8 CENTRAL OFFICE SWITCH.

A switch used to provide Telecommunications Services including, but not limited to, an End Office Switch or a Tandem Switch. A Central Office Switch may also be employed as a combination End Office / Tandem Office Switch.

2.9 COMMISSION.

The South Dakota Public Utilities Commission.

2.10 COMMON CHANNEL SIGNALING (CCS).

A method of transmitting call set-up and network-control data over a digital signaling network separate from the public switched telephone network facilities that carries the actual voice or data content of the call.

2.11 DIGITAL SIGNAL LEVEL 1 (DS1).

The 1.544 Mbps first-level signal in the time-division multiplex hierarchy.

2.12 DIGITAL SIGNAL LEVEL 3 (DS3).

The 44.736 Mbps third-level signal in the time-division multiplex hierarchy.

2.13 DIRECT INTERCONNECTION FACILITIES.

Dedicated one-way or two-way transport facilities installed between Midcontinent's switch (or its equivalent) and an ILEC End Office switch.

2.14 END OFFICE SWITCH OR END OFFICE.

End Office Switch is a switch in which End User Customer station loops are terminated for connection to trunks. The End User Customer receives terminating, switching, signaling, transmission, and related functions for a defined geographic area by means of an End Office Switch.

2.15 END USER CUSTOMER.

The residence or business subscriber that is the ultimate user of Telecommunications Services provided directly to such subscriber by either of the Parties or by an Interconnection Customer. For purposes of this Agreement, an End User Customer of an Interconnection Customer shall be deemed to be an End User Customer of the Party providing interconnection services to that Interconnection Customer.

2.16 END USER CUSTOMER LOCATION.

The physical location of the premises of the End User Customer, which is the location that is listed in the ALI database.

2.17 EXCHANGE AREA.

A geographic area defined by the Commission for the provision of Telephone Exchange Service.

2.18 FCC.

The Federal Communications Commission.

2.19 RESERVED

2.20 INFORMATION SERVICE.

The term shall be as defined in the Act. (47 U.S.C. §153(20)).

2.21 INTERCONNECTION CUSTOMER.

A customer of either Party that purchases interconnection services from that Party.

2.21 INTEREXCHANGE CARRIER (IXC).

A Telecommunications Carrier that provides, directly or indirectly, InterLATA or IntraLATA telephone toll services.

2.22 INTERLATA TRAFFIC.

Telecommunications toll traffic that originates in one LATA and terminates in another LATA.

2.23 INTRALATA TRAFFIC.

Telecommunications toll traffic that originates and terminates in the same LATA.

2.24 INTERNET PROTOCOL CONNECTION (IPC).

The physical location where End user information is originated or terminated utilizing internet protocol.

2.25. INTERNET PROTOCOL ENABLED TRAFFIC (IP-ENABLED TRAFFIC). IP-Enabled Traffic means any Internet protocol-enabled, real-time, multidirectional voice call, including, but not limited to, service that mimics traditional telephony, and includes voice-over-the-Internet protocol (“VOIP”) traffic and traffic transmitted by an interconnected VoIP provider. For purposes of this Agreement, IP-Enabled Traffic includes:

- (i) Voice traffic originating on an Internet Protocol Connection (IPC), and which terminates on the Public Switched Telephone Network (PSTN); and
- (ii) Voice traffic originated on the PSTN, and which terminates on an IPC.

2.25 JURISDICTIONAL INDICATOR PARAMETER (JIP).

A six-digit number which provides a unique identifier representing the originating carrier. JIP is defined in the Alliance for Telecommunications Industry Solutions Reference Document ATIS-0300011.

2.26 INTERNET SERVICE PROVIDER (ISP).

A company that offers its customers access to the Internet.

2.27 LOCAL ACCESS AND TRANSPORT AREA (LATA).

Shall have the meaning set forth in the Act.

2.28 LOCAL/EXTENDED AREA SERVICE (LOCAL//EAS) TRAFFIC

Local/EAS Traffic is any call, that originates from an End User Customer physically located in one exchange and terminates to an End User Customer physically located in either the same exchange or other mandatory local calling area associated with the originating Customer's exchange, as defined and specified in ILEC's local exchange tariff. As clarification of this definition, Local/EAS Traffic does not include traffic that originates from or is directed to or through an ISP. The local and EAS exchanges to which this Agreement applies are those listed in Exhibit 1 to this Attachment.

2.29 LINE INFORMATION DATABASE (LIDB).

One or all, as the context may require, of the Line Information Databases owned individually by ILEC and other entities which provide, among other things, calling card validation functionality for telephone line number cards issued by ILEC and other entities. A LIDB also contains validation data for collect and third number-billed calls; *i.e.* Billed Number Screening.

2.30 LOCAL EXCHANGE CARRIER (LEC).

Shall have the meaning set forth in the Act.

2.31 LOCAL EXCHANGE ROUTING GUIDE (LERG).

The Telcordia Technologies reference customarily used to identify NPA/NXX routing and homing information, as well as network element and equipment designation.

2.32 NON-ACCESS TELECOMMUNICATION TRAFFIC

As defined in 47 C.F.R. § 51.701(b)(1) and (3) which currently means traffic exchanged between the Parties, including VoIP-PSTN Traffic, except for telecommunications traffic that is interstate or intrastate exchange access, CMRS, information access, or exchange services for such access.

2.33 NORTH AMERICAN NUMBERING PLAN (NANP).

The system of telephone numbering employed in the United States, Canada, Bermuda, Puerto Rico and certain Caribbean islands for wireline telecommunications traffic. The NANP format is a 10-digit number that consists of a 3-digit NPA Code (commonly referred to as area code), followed by a 3-digit Central Office code and a 4-digit line number.

2.34 NUMBERING PLAN AREA (NPA).

Also sometimes referred to as an area code, is the first three-digit indicator of each 10-digit telephone number within the NANP. Each NPA contains 800 possible NXX Codes. There are two general categories of NPA, “Geographic NPAs” and “Non-Geographic NPAs”. A 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” or “SAC Code” is typically associated with a specialized Telecommunications Service that may be provided across multiple geographic NPA areas. 500, 700, 800, 888 and 900 are examples of Non-Geographic NPAs.

2.35 NXX, NXX CODE, CENTRAL OFFICE CODE OR CO CODE.

The three-digit switch entity indicator (*i.e.*, the first three digits of a seven-digit telephone number). Each NXX Code contains 10,000 station numbers.

2.36 POINT OF INTERCONNECTION (POI).

The physical location(s) mutually agreed upon and designated by the Parties for the purpose of exchanging Local/EAS Traffic. **Each Party shall be responsible for all costs on its respective side of the POI.**

2.37 RATE CENTER AREA.

A geographic location, which has been defined by the Commission as being associated with a particular NPA/NXX code, which has been assigned to an ILEC for its provision of Telephone Exchange Service. Rate Center Area is normally the same as the boundary of the ILEC Exchange Area as defined by the Commission.

2.38 RATE CENTER.

The finite geographic point identified by a specific V&H coordinate which is used by the ILEC to measure, for billing purposes, distance- sensitive transmission

services associated with the specific rate center; provided that a Rate Center cannot exceed the boundaries of the ILEC Exchange Area as defined by the Commission.

2.39 RESERVED

2.40 SIGNALING SYSTEM 7 (SS7).

The common channel out-of-band signaling protocol developed by the Consultative Committee for International Telephone and Telegraph (CCITT) and the American National Standards Institute (ANSI). ILEC and Midcontinent currently utilize this out-of-band signaling protocol.

2.41 TARIFF.

Any applicable Federal or State tariff of a Party, as amended from time to time.

2.42 TELCORDIA TECHNOLOGIES.

Formerly known as Bell Communications Research. The organization conducts research and development projects for its owners, including development of new Telecommunications Services. Telcordia Technologies also provides generic requirements for the telecommunications industry for products, services and technologies.

2.43 TELECOMMUNICATIONS CARRIER.

Shall have the meaning set forth in the Act.

2.44 TELECOMMUNICATIONS SERVICE.

Shall have the meaning set forth in the Act .

2.45 TELEPHONE EXCHANGE SERVICE.

Shall have the meaning set forth in 47 U.S.C. Section 153 (47) of the Act.

2.46 TOLL TRAFFIC

Any call, including VoIP-PSTN Traffic that originates from an End User Customer physically located in one exchange and terminates to an End User Customer physically located outside the mandatory local calling area associated with the originating End User Customer's exchange, as defined and specified in ILEC's local exchange tariff.

2.47 VOIP-PSTN TRAFFIC.

Traffic exchanged between a local exchange carrier and another telecommunications carrier in Time Division Multiplexing (TDM) format that originates and/or terminates in IP format. Telecommunications traffic originates

and/or terminates in IP format if it originates from and/or terminates to an end-user customer of a service that requires Internet protocol compatible customer premises equipment.

ORDERING, PROVISIONING,
MAINTENANCE AND REPAIR ATTACHMENT