

**MUTUAL TRAFFIC EXCHANGE AGREEMENT**  
**MICHIGAN**

This Mutual Traffic Exchange Agreement ("Agreement") is made effective January 1, 2005, by and between the TDS Telecommunications Corporation subsidiaries or affiliates identified on Schedule I attached hereto and made a part here of (collectively "TDS TELECOM"), and 1-800-Reconex, Inc., d/b/a U.S.Tel, an Oregon corporation with its principal place of business at 2500 Industrial Avenue, Hubbard, Oregon 97032 ("CLEC").

In consideration of the mutual obligations set forth below, the Parties agree to the following terms and conditions:

**Section I**

**Scope of Agreement**

CLEC and TDS TELECOM (individually, a "Party" and collectively, the "Parties") agree to exchange all Local Traffic, Extended Area Service traffic ("EAS"), Optional Call Plan ("OCP") traffic, interLATA and intraLATA toll traffic (where applicable) with one another either by direct interconnection of their respective networks or by transiting such traffic through third party Local Exchange Carrier ("LEC") tandems. "Local Traffic" means traffic that is originated by a customer of one Party on that Party's network and terminates to a customer of the other Party on that other Party's network within a given local calling area or expanded service ("EAS") area, as defined in TDS TELECOM's effective local exchange tariffs. Reciprocal Compensation for the transport and termination of Local Traffic shall apply in accordance with Section III below.

Local Traffic does not include Optional Calling Plans ("OCP") (i.e. optional rate packages that permit the end user to choose a local calling scope beyond their basic local calling area for an additional fee). OCP traffic, interLATA and intraLATA toll traffic that is currently defined by TDS TELECOM as switched access in TDS TELECOM's tariffs shall be billed according to Section IV below to the extent it is not inconsistent with applicable access tariffs and applicable law.

Local Traffic does not include Internet Service Provider ("ISP") Traffic originated by an end user of one Party and routed to an ISP point of presence. However, for purposes of this Agreement, CLEC and TDS TELECOM agree to terminate each other's ISP Traffic on the same basis as Local Traffic pursuant to Section III below. TDS TELECOM expressly reserves the right to modify the compensation arrangement for ISP Traffic, consistent with the FCC's Order on Remand and Report and Order, *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP-Bound Traffic*<sup>1</sup>, at any time during the term of this Agreement.

**Section II**

**Connection Arrangements**

Each Party shall be responsible for the cost of providing trunks from its network to the point of interconnection and for ensuring that it has facilities in place to each third party LEC tandem used to transit traffic between the Parties' networks. The default point of interconnection

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<sup>1</sup> FCC 01-131, CC Docket Nos. 96-98 and 99-68, released April 27, 2001.

for the exchange of traffic shall be the existing meet-point(s) between TDS TELECOM and the third party LEC tandem provider. Alternate point(s) of interconnection shall only be established by mutual agreement of the Parties. If traffic volumes grow to a point where it is economically advantageous to provide a direct connection between TDS TELECOM and CLEC, either Party may request negotiation of separate terms and conditions, including meet point billing arrangements. The Parties agree to negotiate in good faith to reach agreement to accommodate such a request. It is agreed that Local Traffic, OCP traffic, interLATA and intraLATA toll traffic will be delivered from one Party to the other Party only through third party access tandem arrangements or through direct trunking between the Parties.

### **Section III Reciprocal Compensation for Local and ISP Traffic**

CLEC and TDS TELECOM agree to compensate each other for the transport and termination of Local and ISP Traffic at the rates provided in Schedule II, attached hereto and made a part hereof, or if not set forth therein, in the applicable Tariffs(s) of the terminating Party as may be amended from time to time. Where Reciprocal Compensation rates are tariffed, the latest effective rates will be used.

### **Section IV Compensation for Toll Traffic**

Compensation for interLATA and intraLATA toll traffic and OCP traffic shall be calculated by applying the access rates set forth in each Party's respective filed applicable tariff. As rates change, the latest effective rates will be used. For any traffic originating with a third party carrier and delivered by CLEC to TDS TELECOM, CLEC shall pay TDS TELECOM the same amount that such third party carrier would have been obligated to TDS TELECOM for termination of that traffic at the location the traffic is delivered to TDS TELECOM by CLEC.

### **Section V Billing**

Each Party will generate a monthly bill for Reciprocal Compensation for Local Traffic and switched access for interLATA and intraLATA toll traffic and OCP traffic, as applicable, to the other Party for traffic to and from its end offices. The billed Party shall pay the billing Party for all charges properly listed on the bill. Such payments are to be received within thirty (30) days from the effective date of the statement. The billed Party shall pay a late charge on any undisputed charges that have been billed that are greater than thirty (30) days old. The rate of the late charge shall be the lesser of one and one-half percent (1.5%) per month or the maximum amount allowed by law. The billed Party shall pay the billing Party the reasonable amount of the billing Party's expenses related to collection of overdue bills, such amounts to include reasonable attorney's fees.

To calculate intrastate access charges when Local Traffic is terminated over the same trunks as toll traffic, each Party shall provide to the other Party, within twenty (20) calendar days after the end of each quarter (commencing with the first full quarter after the effective date of this Agreement), a PLU (Percent Local Usage) factor. Each company should calculate the PLU factor on a LATA basis using their originating intraLATA minutes of use. The percentage of originating Local Traffic to total intrastate (Local, EAS, OCP and toll) originating traffic would represent the PLU factor.

The Parties shall be governed by applicable state and federal rules, practices, and procedures regarding the provision and recording of billing records.

**Section VI**  
**Office Code Translations**

It shall be the responsibility of each Party to program and update its own switches and network systems in accordance with the Local Exchange Routing Guide ("LERG") in order to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities, except as expressly set forth in this Agreement.

Unless mandated otherwise by a Commission Order, the Rate Center Areas will be the same for each Party. During the term of this Agreement, in all areas where CLEC's service area overlaps the service area of an incumbent LEC, CLEC shall adopt the Rate Center Areas and Rate Center Points that the Commission has approved for the incumbent LEC. As used in this Agreement, "Rate Center Area" shall mean the specific geographic location that has been designated by a party as being associated with a particular NPA-NXX code. "Rate Center Point" shall mean the finite geographic point identified by a specific V&H coordinate, which is used to measure, for billing purposes, distance sensitive transmission services associated with an individual Rate Center Area. CLEC shall assign NPA-NXX codes to each Rate Center in compliance with the industry approved Central Office Code (NXX) Assignment Guidelines (most current version).

**Section VII**  
**SS7 Signaling**

CLEC and TDS TELECOM agree to interconnect their SS7 (Signaling System 7) networks either directly or through third parties. CLEC and TDS TELECOM further agree to exchange ISUP (Integrated Services Digital Network User Part) and TCAP (Transaction Capabilities Application Part) messages. The Parties agree to set message screening parameters so as to accept messages from any switching systems destined to any signaling point in the SS7 network with which the Parties have a legitimate signaling relation. The Parties further agree to exchange and load point code information in a reasonable and timely manner in accordance with standard industry practices. Neither Party shall bill the other Party for exchange of TCAP messages when TCAP is used to support CLASS end user service features (switch to switch TCAP). This provision shall not be construed to require TDS TELECOM to convert its networks to SS7.

**Section VIII**  
**Operator Services**

Each Party shall maintain and keep current its own customer information (*i.e.*, directory assistance listing information, including name, address, phone number, nonlisted and nonpublished indicators, caption information, and other information TDS TELECOM provides to third party LECs) in currently available databases used in the provision of intercompany operator services (e.g., local assistance, directory assistance, directory assistance call completion, busy line verification/interrupt), and shall ensure that the other Party can obtain access to such information.

## **Section IX**

### **Term of Agreement**

This Agreement shall commence when fully executed and have an initial term of one (1) year provided that either Party shall have the right to terminate this agreement with or without cause on sixty (60) days written notice. This Agreement shall automatically renew for successive one (1) year periods unless terminated as provided above.

Notwithstanding the foregoing, either Party may terminate this Agreement, in whole or in part, in the event of a default by the other Party, provided that the non-defaulting Party notifies the defaulting Party in writing of the alleged default and the defaulting Party does not cure the alleged default within thirty (30) calendar days of receipt of the written notice thereof.

## **Section X**

### **Business Records**

Each Party is responsible for the accuracy of its data as submitted to the other Party. Upon reasonable written notice, each Party or its authorized representative shall have the right to conduct a review of the relevant data possessed by the other Party to assure compliance with the provisions of this Agreement. The review will consist of any examination and verification of data involving records, systems, procedures and other information related to the services performed by either Party as it relates to charges or payments made in connection with this Agreement. Each Party's right to access information for a verification review purposes is limited to data not in excess of twenty-four (24) months old. The Party requesting a verification review shall fully bear its own costs associated with conducting a review. The Party being reviewed will provide reasonable access to necessary and applicable information during normal business hours at no charge to the reviewing Party.

## **Section XI**

### **Dispute Resolution**

Except as otherwise provided in this Agreement, any dispute between the Parties regarding the interpretation or enforcement of this Agreement or any of its terms shall be addressed by good faith negotiation between the Parties. To initiate such negotiation, a Party must provide to the other Party written notice of the dispute that includes both a detailed description of the dispute or alleged nonperformance and the name of an individual who will serve as the initiating Party's representative in the negotiation. The other Party shall have ten (10) business days to designate its own representative in the negotiation. The Parties' representatives shall meet at least once within forty-five (45) days after the date of the initiating Party's written notice in an attempt to reach a good faith resolution of the dispute. Upon agreement, the Parties' representative may utilize other alternative dispute resolution procedures such as private mediation to assist in the negotiations.

If the Parties have been unable to resolve the dispute within sixty (60) days of the date of the initiating Party's written notice, either Party may pursue any remedies available to it under this Agreement, at law, in equity, or otherwise, including but not limited to, instituting an appropriate proceeding before the Michigan Public Service Commission.

**Section XII**  
**Limitation of Liability**

Neither Party shall be liable to the other for any lost profits or revenues or for any indirect, incidental, special or consequential damages arising out of or related to this Agreement or the provision of service hereunder. A Party's liability shall not be limited with respect to its indemnification obligations under this Agreement.

**Section XIII**  
**Indemnification**

Each Party (the "Indemnifying Party") shall indemnify and hold harmless the other Party ("Indemnified Party") from and against any loss, cost, claim, liability, damage expense (including reasonable attorney's fees) to third parties, relating to or arising out of the libel, slander, invasion of privacy, misappropriation of a name or likeness, negligence or willful misconduct by the Indemnifying Party, its employees, agents, or contractors in the performance of this Agreement or the failure of the Indemnifying Party to perform its obligations under this Agreement. In the event said loss, cost, claim, liability, damage or expense to third parties is the result of the fault, in whole or in part, of both Parties to this Agreement, the Parties shall be entitled to indemnification or contribution to the extent permitted by applicable state law governing the apportionment, if any, of said loss, cost, claim, liability, damage or expense. In addition, the Indemnifying Party shall, to the extent of its obligations to indemnify hereunder, defend any action or suit brought by a Third Party against the Indemnified Party.

The Indemnified Party shall (i) notify the Indemnifying Party promptly in writing of any written claims, lawsuits, or demand by third parties for which the Indemnified Party alleges that the Indemnifying Party is responsible under this Section and (ii) tender the defense of such claim, lawsuit or demand to the Indemnifying Party. The Indemnified Party also shall cooperate in every reasonable manner with the defense or settlement of such claim, demand, or lawsuit. The Indemnifying Party shall keep the Indemnified Party reasonably and timely apprised of the status of the claim, demand or lawsuit. The Indemnified Party shall have the right to retain its own counsel, at its expense, and participate in but not direct the defense.

The Indemnifying Party shall not be liable under this Section for settlements or compromises by the Indemnified Party of any claim, demand, or lawsuit unless the Indemnifying Party has approved the settlement or compromise in advance or unless the defense of the claim, demand, or lawsuit has been tendered to the Indemnifying Party in writing and the Indemnifying Party has failed to promptly undertake the defense.

**Section XIV**  
**Force Majeure**

Neither Party shall be held 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, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, power blackouts, or unusually severe weather. In the event of any such excused delay in the performance of a Party's obligation(s) under this Agreement, the due date for the performance of the original obligation(s) shall be extended by a term equal to the time lost by reason of the delay. In the event of such delay, the delaying Party shall perform its obligations at a performance level no less than that which it uses for its own operations.

## **Section XV**

### **Agency**

Nothing contained herein shall constitute the Parties as joint venturers, partners, employees or agents of one another, and neither Party shall have the right or power to bind or obligate the other.

## **Section XVI**

### **Nondisclosure of Proprietary Information**

The Parties agree that it may be necessary to exchange certain confidential information during the term of this Agreement including, without limitation, technical and business plans, technical information, proposals, specifications, drawings, procedures, orders for services, usage information in any form, customer account data and Customer Proprietary Network Information ("CPNI") as that term is defined by the Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission and similar information ("Confidential Information"). Confidential Information shall include (i) all information delivered in written form and marked "confidential" or "proprietary" or bearing mark of similar import; and (ii) information derived by the Recipient from a Disclosing Party's usage of the Recipient's network. The Confidential Information is deemed proprietary to the Disclosing Party and it shall be protected by the Recipient as the Recipient would protect its own proprietary information. Confidential Information shall not be disclosed or used for any purpose other than to provide service as specified in this Agreement. For purposes of this Section 16, the Disclosing Party shall mean the owner of the Confidential Information, and the Recipient shall mean the Party to whom Confidential Information is disclosed.

Recipient shall have no obligation to safeguard Confidential Information (i) which was in the Recipient's possession free of restriction prior to its receipt from Disclosing Party, (ii) after it becomes publicly known or available through no breach of this Agreement by Recipient, (iii) after it is rightfully acquired by Recipient free of restrictions on the Disclosing Party, or (iv) after it is independently developed by personnel of Recipient to whom the Disclosing Party's Confidential information had not been previously disclosed. Recipient may disclose Confidential Information if required by law, a court, or governmental agency. Each Party agrees that Disclosing Party would be irreparably injured by a breach of this Agreement by Recipient or its representatives and that Disclosing Party shall be entitled to seek equitable relief, including injunctive relief and specific performance, in the event of any breach of this paragraph. Such remedies shall not be exclusive, but shall be in addition to all other remedies available at law or in equity.

## **Section XVII**

### **Notices**

Bills shall be effective when received or within three (3) business days of being sent via first class mail, whichever is sooner, in the case of CLEC to:

Business Name:	1-800-Reconex, Inc., d/b/a U.S.Tel
Mailing Address:	2500 Industrial Avenue
Shipping Address:	Same
City/State/Zip Code:	Hubbard, Oregon 97032
Attention:	Michael Mallick – Corporate Controller
Contact Phone Number:	503.982.5576

Notices shall be effective three (3) business days of being sent via registered mail with return receipt requested, in the case of CLEC to:

Business Name: 1-800-Reconex, Inc., d/b/a U.S.Tel  
Mailing Address: 2500 Industrial Avenue  
Shipping Address: Same  
City/State/Zip Code: Hubbard, Oregon 97032  
Attention: William E. Braun – Vice-President & General Counsel  
Contact number: 503.982.5573

Notices shall be effective three (3) business days of being sent via registered mail with return receipt requested in the case of TDS TELECOM to:

Business Name: TDS TELECOM  
Mailing Address: P.O. Box 5158  
Shipping Address: 525 Junction Road  
City/State/Zip Code: Madison, WI 53705-0158 (53717 for shipping)  
Attention: Carrier Relations  
Contact Phone Number: (608) 644-4800

With a copy to:

Business Name: TDS TELECOM  
Mailing Address: P. O. Box 5366  
City/State/Zip Code: Madison, WI 53705-0366  
Attention: Grant B. Spellmeyer, Regulatory & Corporate Counsel

Bills shall be effective when received or within three (3) business days of being sent via first class mail, whichever is sooner, in the case of TDS TELECOM to:

Business Name: TDS TELECOM  
Mailing Address: P.O. Box 5158  
Shipping Address: 525 Junction Road  
City/State/Zip Code: Madison, WI 53705-0158 (53717 for shipping)  
Attention: Carrier Service Center

or to such other location as the receiving Party may direct in writing. Payments are to be made to the address indicated on the invoice.

CLEC shall ensure bills and payments reference the specific TDS TELECOM company name(s) for which traffic is being billed or paid (see Schedule I for company list).

### **Section XVIII Severability**

If any part of this Agreement is held to be invalid for any reason, such invalidity shall affect only the portion of the Agreement that is invalid. In all other respects this Agreement shall stand as if such invalid provision had not been a part thereof, and the remainder of the Agreement shall remain in full force and effect.

**Section XIX**  
**Assignment**

This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors and permitted assigns. Any assignment by either Party of any right, obligation, or duty, in whole or in part, or of any interest, without the written consent of the other Party shall be void, except that upon written notice either Party may assign this Agreement or any rights and obligations thereunder without the other Party's consent to any entity that the assigning Party controls, is controlled by, or is under common control with, or to any entity which acquires or succeeds to all or substantially all of the business or assets of the assigning Party whether by consolidation, merger, sale or otherwise, or in connection with a financing transaction.

**Section XX**  
**Entire Agreement**

This Agreement, including all Attachments and subordinate documents attached hereto or referenced herein, all of which are hereby incorporated by reference herein, constitute the entire matter thereof, and supersede all prior oral or written agreements, representations, statements, negotiations, understandings, proposals, and undertakings with respect to the subject matter thereof. This Agreement is a result of a negotiation between the Parties, and it was jointly drafted by both Parties.

If any provision of this Agreement is invalidated or modified as a result of any order or finding by the FCC, the Commission or a court of competent jurisdiction, the Parties shall negotiate in good faith any modifications to this Agreement that may be required as a result of such order or finding. No modification or waiver of any provisions of this Agreement shall be effective unless in writing and signed by both Parties.

**Section XXI**  
**Multiple Counterparts**

This Agreement may be executed in counterparts and such counterparts shall together constitute one and the same instrument.

**Section XXII**  
**Certification**

Notwithstanding any other provision of this Agreement, TDS TELECOM shall have no obligation to perform under this Agreement until such time as CLEC has obtained Public Service Commission authorization as is required by law as a condition for conducting business in the State of Michigan.

**Section XXIII**  
**Miscellaneous**

By entering into this Agreement, TDS TELECOM does not concede that this is, and is not estopped from asserting that it is not, an interconnection agreement under 47 USC 251(c), nor does TDS TELECOM waive, or is it estopped from asserting, any rural exemption that it may have under 47 USC 251(f). This Agreement is for the exchange of traffic, not the interconnection of TDS TELECOM and CLEC as competing service providers. Except as provided in Section IV, this Agreement does not apply to traffic originated or terminated by a third party.

**Section XXIV  
Governing Law**

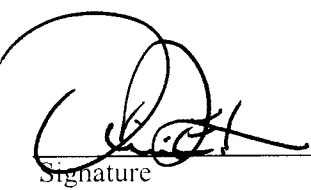
To the extent not governed by, and construed in accordance with, the laws and regulations of the United States, this Agreement shall be governed by, and construed in accordance with, the laws and regulations of the State of Michigan, without regard to its conflicts of laws principles. In the event of a change in applicable law (including, without limitation, any legislative, regulatory, judicial or other legal action) that materially affects any material term of this Agreement, the rights or obligations of either Party hereunder, or the ability of either Party to perform any material provision hereof, the Parties shall renegotiate in good faith to modify such affected provisions as may be required or permitted as a result of such legislative, regulatory, judicial or other legal action.

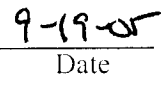
**By: TDS Telecommunications Corporation (not individually but as agent for the TDS TELECOM affiliates identified on Schedule I)**

**1-800-Reconex, Inc., d/b/a U.S.Tel**

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Date

Louis D. Reilly, III  
\_\_\_\_\_  
Typed Name

William E. Braun  
\_\_\_\_\_  
Typed Name

Director-Carrier Relations  
\_\_\_\_\_  
Typed Title

Vice-President & General Counsel  
\_\_\_\_\_  
Typed Title

**Signature Page to Mutual Traffic Exchange Agreement between the TDS Telecommunications Corporation subsidiaries or affiliates identified on Schedule I (MI cos.) and 1-800-Reconex, Inc., d/b/a U.S.Tel, dated January 1, 2005.**

**Schedule I**

Chatham Telephone Company  
Communications Corporation of Michigan  
Island Telephone Company  
Shiawassee Telephone Company  
Wolverine Telephone Company

**Schedule II**  
Rates and Charges

**TDS Telecom:**

Transport and Termination  
of Local and ISP Traffic:

Charged in accordance with M.P.S.C. No. 10

**CLEC:**

Transport and Termination  
of Local Traffic:

Charged based upon TSLRIC study approved by  
the MPSC or, in the alternative, the MPSC-  
approved Ameritech or Verizon cost-based rates  
for transport and termination of Local Traffic.