

TERMS OF SERVICE. The terms and conditions governing local telephone service provided by KCTC (the "Company") are changing. Effective December 31st, 2014 (the "Effective Date"), the Company's local exchange services will no longer be governed by tariff, but will instead be governed by the enclosed Standard Agreement for Local Exchange Service and our other Terms of Service, which are described in this Notice. If you continue to use local telephone service following the Effective Date, your use of service will be governed by the Terms of Service contained in our *Services Catalog*. Our Terms of Service cancel and supersede (i) the Company's Local Services Tariff previously filed with and approved by the Iowa Utilities Board and (ii) any terms and conditions of service published by the Company and effective prior to the Effective Date.

ACCEPTANCE. If you WISH TO accept our Terms of Service and continue receiving local telephone service from the Company, you need not take any action. Acceptance of our Terms of Service occurs upon any of the following: (a) you provide a written or electronic signature expressly accepting; (b) you orally or electronically order and/or activate local telephone service, following the Effective Date; or (c) you use local telephone service, following the Effective Date. IF YOU WISH TO REJECT OUR TERMS OF SERVICE, PLEASE NOTIFY US PRIOR TO THE EFFECTIVE DATE, AND WE WILL CANCEL YOUR SERVICE ORDER OR DISCONNECT YOUR LOCAL TELEPHONE SERVICE. If you elect to cancel service, you will be responsible for all usage charges, non-recurring charges, and early termination charges applicable to your services and the pro rata portion of service charges incurred prior to the effective date of the cancellation.

WHY ARE TERMS OF SERVICE REQUIRED? Previously, the Company provided local exchange services and facilities pursuant to a Local Services Tariff filed with and approved by the Iowa Utilities Board. As a result of recent changes to applicable law and regulations, the Company will no longer file a Local Services Tariff with the Iowa Utilities Board. As of the Effective Date, we will provide Service pursuant the "Terms of Services" identified in our *Services Catalog* which include the following documents, each of which may be amended or modified from time to time as provided therein:

1. Our Standard Agreement for Local Exchange Service;
2. Our Rules and Regulations for Local Exchange Service;
3. Our Service Guide – Local Exchange Service;
4. Our Service Guide – General Exchange Service; and

5. Our Rate Schedules.

CHANGES TO RATES OR TERMS OF SERVICE. We may change rates, terms and conditions or other provisions in our Services Catalog at any time by giving you notice as required by law. We may decrease prices without prior notice. Notice of increases to the prices or material changes to the Terms of Service will be given to affected customers. The notice may be provided on your monthly bill, as a bill insert, by email, on our website, or by other written communication or notice as permitted or required by applicable law or regulation. If you elect not to cancel your service and continue to use service after the communicated effective date of any such changes, your continued use of service will constitute acceptance of the modified Terms of Service.

STANDARD AGREEMENT FOR LOCAL EXCHANGE SERVICE

1. **SERVICE AGREEMENT.** This standard agreement (this "**Agreement**") governs your service relationship with *KCTC* (together with any subsidiaries or affiliates providing your service or related facilities, "**we**," "**us**," or the "**Company**") for regulated local exchange services and facilities ("**Service**"). Previously, the Company provided Service pursuant to a Local Services Tariff filed with and approved by the Iowa Utilities Board. As a result of recent changes to applicable law and regulations, the Company no longer files or maintains a Local Services Tariff. Instead, we now provide Service pursuant to this Agreement, including the additional Terms of Service incorporated herein by reference.
2. **ACCEPTANCE.** Your acceptance of this Agreement occurs upon any of the following: (a) you provide a written or electronic signature expressly accepting this Agreement; (b) you orally or electronically order and/or activate Service; or (c) you use Service, following notification that this Agreement will apply to your ongoing use of such Service.
3. **ADDITIONAL TERMS OF SERVICE.** We provide Service pursuant to a certificate of public convenience and necessity issued by the Iowa Utilities Board. We provide Service subject to our "**Services Catalog**", including: (a) this Agreement (b) our Rules and Regulations for Local Exchange Service, which are incorporated herein by reference; (c) our applicable Service Guides and Rate Schedules, which are incorporated herein by reference and (d) applicable rules and regulations of the Iowa Utilities Board. Current versions of our Rules and Regulations, Service Guides and Rate Schedules are available in electronic form on our website at *KCTC.net*. Current versions of these documents are also available at our business office(s) and will be provided or made available to you upon request. Our Rules and Regulations, Service Guides and Rate Schedules contain the specific prices and charges, service descriptions and other terms and conditions not set forth herein which apply to Service.

4. **RIGHTS AND RESPONSIBILITIES.** This Agreement is our standard service agreement. Under this Agreement, we agree to provide and bill for Service, and you agree to use and pay for Service, as provided herein and in our other applicable Terms of Service. Our rights and responsibilities, and your rights and responsibilities, are as set forth in this Agreement and our other applicable Terms of Service.
5. **TERM.** This Agreement shall commence on the date of your acceptance and shall continue month-to-month (or, in some cases for an established minimum term) as provided in our applicable Terms of Service. Either party may terminate this Agreement or any Service in accordance with our applicable Terms of Service. Termination of this Agreement or any Service shall not waive or release your obligation to pay for Service provided prior to such termination as well as any other applicable fees and charges, as provided in our Terms of Service.
6. **RATES; PAYMENT.** Nonrecurring and recurring charges for Service are as set forth in our applicable Terms of Service. Except as otherwise noted, Service pricing is exclusive of applicable local, state and federal taxes and regulatory fees, assessments and surcharges. All Service charges, along with applicable local, state and federal taxes and regulatory fees, assessments and surcharges, will be itemized on your invoice. Failure to pay invoices when due may result in late payment penalties or suspension or disconnection of Service as provided in our applicable Terms of Service.
7. **CHANGES TO TERMS.** We reserve the right to change our Terms of Service (including rates or any other terms and conditions of Service) upon written notice to you. The notice may be provided on your monthly bill, as a bill insert, by email, on our website, or by other written communication or other form of notice permitted or required by applicable laws and regulations. If you elect not to cancel your Service and continue to use Service after the communicated effective date of any such changes, your continued use of Service will constitute acceptance of the modified Terms of Service.
8. **CHANGES TO SERVICE.** We may, from time to time, modify the Service to reflect improvements and other changes and modifications to our network. In addition, we reserve the right to discontinue or limit Service as required to comply with or satisfy our obligations under applicable laws or regulations, including when changes to or interpretations of such laws and regulations have a material, adverse effect on the business, technical or economic feasibility of providing Service, as determined by us in our reasonable judgment.
9. **ACCESS TO SERVICE PREMISES.** We may enter into, upon and over your Service premises periodically during the term of this Agreement to install, connect, inspect, maintain, repair, alter, disconnect and remove our facilities and equipment used to provide Service. To the extent the same is consistent with your ownership of the premises, you grant the Company a temporary and permanent easement to construct, install, maintain, and/or replace Service facilities and to install, connect, inspect, maintain, repair, alter, disconnect and remove all facilities and equipment necessary to provide Service. In the event you are not the owner of the premises upon which installation is requested, you warrant to the Company that you have

obtained the consent of the owner of the premises for the Company to install and maintain its facilities and equipment as contemplated herein.

10. **CREDIT CHECK; DEPOSITS.** In connection with your request or application for any Service, we may conduct an investigation into your credit-worthiness, including obtaining one or more reports or ratings from one or more independent credit reporting or credit scoring agencies. We may require a deposit for you to establish or maintain Service. The deposit amount, the length of time we hold the deposit and changes to the deposit amount are determined based on your credit and payment history, our Terms of Service and any applicable laws or regulations. If Service is canceled or disconnected for any reason, we may, subject to our Terms of Service and applicable law and regulations, apply your deposit toward payment of outstanding charges.
11. **SERVICE ACCOUNTS.** Service accounts are assigned to customers only, and the customer in whose name the account is established will be treated as the account owner for all purposes. Account owners may designate one or more "authorized users" who will have access to account information and may make certain account changes in accordance with our policies and applicable laws and regulations. As the owner of the account, you are responsible for designating (or changing the designation) of any authorized users. You will hold the Company harmless from any claims arising from account instructions given or inquiries made by you or any authorized user. You are responsible for keeping all account and billing data with the Company up-to-date and accurate. Furnishing false data to the Company is grounds for immediate disconnection of Service and may subject you to civil or criminal liability.
12. **FEDERAL LIFELINE PROGRAM.** The Company is an eligible telecommunications carrier (ETC) within all or portions of its service area, meaning that it provides certain services supported by the federal Universal Service Fund, including the federal "Lifeline" program for qualifying low-income consumers. Single line, local residential service is a Lifeline-eligible service. Lifeline is a government benefit program which provides a monthly credit toward a qualified low-income subscriber's telephone bill. Only eligible low-income consumers may enroll in the Lifeline program. Consumers who meet eligibility criteria must also complete documentation necessary for enrollment. Lifeline assistance is non-transferable, and eligible subscribers may receive assistance from only one wireline or wireless telecommunications provider per household. If you believe you may qualify for the Lifeline program, please visit our website at www.kctc.net or contact us to discuss program details, eligibility requirements or to request a Lifeline application. Consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program. To report Lifeline fraud, you may contact the Federal Communications Commission Lifeline Fraud Tip Line: 1-855-4LL-TIPS (or 1-855-455-8477) or Lifeline@fcc.gov.
13. **DISCLAIMER OF WARRANTIES.** EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN OUR TERMS OF SERVICE, WE MAKE NO WARRANTIES WITH RESPECT TO ANY SERVICE OR FACILITIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES CONCERNING THE SPECIFIC FUNCTION OF ANY SERVICE OR FACILITIES, OR THEIR RELIABILITY, AVAILABILITY, OR ABILITY TO MEET YOUR SPECIFIC NEEDS. TO THE EXTENT PERMITTED BY LAW, WE EXPRESSLY DISCLAIM ALL IMPLIED

WARRANTIES, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF SATISFACTORY QUALITY, NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

14. **LIMITATION ON REMEDIES.** In addition to any other limitation on remedies or limitations of liability set forth in our Terms of Service or in applicable law or regulations, the Company shall not be liable for any delay or failure to provide Service at any time or from time to time, or any interruption or degradation of Service quality that is caused by any of the following: (a) an act or omission of an underlying carrier, service provider, vendor or other third party; (b) equipment, network or facility failure, including failure caused by the loss of power; (c) equipment, network or facility upgrade or modification; (d) force majeure events such as (but not limited to) acts of God, acts of nature, strikes, fire, war, riot, acts of terrorism and government actions; (e) equipment or facility shortage; (f) equipment or facility relocation; (g) any act or omission by you or any person using your Service; (h) theft, fraud or abuse of Service; or (i) any other cause that is beyond the Company's reasonable control.

THE EXTENT PERMITTED BY LAW, OUR TOTAL LIABILITY FOR ANY CLAIM UNDER THIS AGREEMENT, INCLUDING FOR ANY EXPRESS OR IMPLIED WARRANTIES, IS LIMITED TO THE AMOUNT YOU PAID US FOR THE AFFECTED SERVICE OR FACILITIES, WHETHER SUCH CLAIM OR REMEDY IS SOUGHT IN CONTRACT OR TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. TO THE EXTENT PERMITTED BY LAW, WE SHALL NOT BE LIABLE TO YOU FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE, SPECIAL OR TREBLED OR ENHANCED DAMAGES, INCLUDING, BUT NOT LIMITED TO LOST PROFITS, LOST BUSINESS, OR OTHER COMMERCIAL OR ECONOMIC LOSS, WHETHER SUCH DAMAGES ARE CLAIMED FOR BREACH OF CONTRACT, NEGLIGENCE OR OTHERWISE AND WHETHER OR NOT WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

15. **INDEMNIFICATION.** You agree to indemnify the Company and our affiliates, officers, agents and employees from any liability or expense arising from claims, losses, damages, suits, judgments, litigation costs and attorneys' fees arising from or related to your abuse or misuse of Service, or any other violation of this Agreement or our other Terms of Service.
16. **ADDITIONAL SERVICES.** Our telecommunications and communications services are diverse, and not all services we provide are regulated services. This Agreement and the other Terms of Service identified herein apply only to local exchange services regulated by the Iowa Utilities Board. The Company may also offer or provide other products and services, including unregulated telecommunications or communications services. Unless otherwise specified, such products and services are not covered by this Agreement or our other Terms of Service referenced herein, but may be subject to other service contracts or terms and conditions of service provided or made available to customers in connection with those products and services.
17. **GOVERNING LAW.** This Agreement, and our contractual and service relationship with you, shall be deemed to have been made in and shall be governed by and construed in accordance with the substantive laws of the State of Iowa, without regard to the principles of conflicts of law.

18. **INCORPORATION AND INTEGRATION.** Our Terms of Service are incorporated into this Agreement. This Agreement, along with our other Terms of Service, constitute the entire agreement between the parties concerning our contractual service relationship, there being no prior written or oral promises or representations not incorporated herein or therein.
19. **NO IMPLIED WAIVER.** Our failure to exercise or enforce any provision of or rights under this Agreement or our other Terms of Service shall not constitute a waiver of any such provision or right.
20. **SEVERABILITY.** If any part or provision of this Agreement or our other Terms of Service is held, in whole or in part, to be invalid, illegal, or unenforceable by any law or regulation of any governmental or regulatory authority, or by the final determination of any court of competent jurisdiction, that part or provision will be construed consistent with applicable law or regulation as nearly as possible, and the remaining parts and provisions will remain in full force and effect. Such invalidity or non-enforceability will not invalidate or render unenforceable any other part or provision of this Agreement or our other Terms of Service.
21. **ASSIGNMENT; BINDING EFFECT.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns; provided, however, you may not assign or transfer your rights or obligations under this Agreement without our express written consent. Unless consent is granted, all accounts must be closed and reopened under the name of a new customer for issuance of a new account number.