

**Amendment to the Traffic Exchange Agreement by and between  
T-Mobile West LLC, as Successor in Interest to T-Mobile USA, Inc.,  
and  
Pend Oreille Telephone Company**

This Amendment ("Amendment") is entered into by and between Pend Oreille Telephone Company ("Company") and T-Mobile West LLC ("T-Mobile"), as successor in interest to T-Mobile USA, Inc.; Company and T-Mobile are each referred to as a "Party" and collectively as "Parties".

***RECITALS***

WHEREAS, the Parties, or their predecessors in interest, previously entered into a Traffic Exchange Agreement, effective as of February 9, 2005 and approved by order, dated February 9, 2005, of the Washington Utilities and Transportation Commission ("WUTC") in its Docket No. UT-043128 ("Agreement"); and

WHEREAS, the Federal Communications Commission, in FCC Order No. 11-161, released November 18, 2011, adopted 47 C.F.R. § 51.705(a), which provides that bill-and-keep shall be the default compensation arrangement between local exchange carriers, such as the Company, and CMRS providers, such as T-Mobile, for the transport and termination (as defined in 47 C.F.R. § 51.701(c) and (d), as revised by FCC Order No. 11-161), of all Local Traffic, as defined in the Agreement, exchanged between them; and

WHEREAS, the Federal Communications Commission, in FCC Order No. 11-189, released December 23, 2011, has provided that such default bill-and-keep arrangements, when requested before July 1, 2012, shall become effective as default arrangements July 1, 2012; and

WHEREAS, T-Mobile requests to apply a bill-and-keep arrangement to all Local Traffic exchanged between the Parties, and the Company is willing to agree to such application upon the terms and conditions set forth in this Amendment; and

WHEREAS, the Agreement contains a provision that authorizes the Parties to amend the Agreement to comport with changes of law; and

WHEREAS, the Parties desire to amend the Agreement to provide for application of a bill-and-keep arrangement to the exchange of all Local Traffic between them, such bill-and-keep arrangement to become effective July 1, 2012, subject to Paragraph 7 below;

[continued on page 2]

## **AGREEMENT**

NOW THEREFORE, in consideration of the premises and the mutual terms, covenants and conditions contained in this Amendment, the Parties agree as follows:

### **Amendment Terms**

1. From July 1, 2012, forward, all Local Traffic exchanged between the Parties pursuant to the Agreement shall be subject to a bill-and-keep compensation arrangement, which means that neither Party shall charge the other for the transport and termination of the other's Local Traffic so exchanged.
  
2. The Company's transport obligation for Local Traffic shall stop at T-Mobile's chosen interconnection point, when that point is located within the Company's geographically contiguous service area, and T-Mobile shall deliver all Local Traffic that originates on its network that is to be terminated within such geographically contiguous service area to that interconnection point. When T-Mobile's chosen interconnection point is located outside the Company's geographically contiguous service area, (i) the Company's transport obligation for Local Traffic originating on its network and to be delivered by it to T-Mobile shall stop at the Company's meet point, and T-Mobile shall be responsible for the remaining transport of Local Traffic to its interconnection point, and (ii) T-Mobile shall deliver such Local Traffic that originates on its network and that is to be terminated by the Company within its service area that is served by such meet point (a) to such Company meet point, (b) to a third-party transit provider that connects with the Company at such meet point (or another meet point acceptable to the Company), or (c) to an interexchange carrier that, in turn, will deliver such Local Traffic to the Company as access service traffic; provided, however, that in no event shall the Company be responsible for any rates or charges assessed by such third-party transit provider or such interexchange carrier (or any other person or entity) with respect to such Local Traffic originated by T-Mobile, and T-Mobile hereby agrees to be financially responsible for all such rates and charges for such Local Traffic originated by T-Mobile.
  
3. Local Traffic other than EAS Traffic (defined below) that is originated by the Company and terminated to T-Mobile may be delivered by the Company to the calling party's Presubscribed Interexchange Carrier ("PIC") – either intraLATA or interLATA, as applicable – or the dial-around carrier chosen by the calling party and, in either such event, shall be subject to the Company's originating switched access charges. At the choice of T-Mobile, EAS Traffic originated by Company and terminated to T-Mobile will be delivered by the Company to a third-party transit provider or to direct trunks installed between T-Mobile and the Company. If T-Mobile chooses to have such EAS Traffic delivered to a third-party transit provider, unless the Company consents otherwise in writing, the third-party transit provider must be one with which the Company then has existing connectivity that permits such use at no additional cost to the Company. Subject to the following conditions, T-Mobile shall be responsible financially to the third-party transit provider for all rates and charges assessed by such third-party transit provider with respect to such EAS Traffic, and shall be financially responsible to any other person or entity that transports or processes such EAS Traffic after delivery to

such third-party transit provider for all rates and charges assessed by such other person or entity, and shall promptly and timely pay to such third-party transit provider and to all such other persons and entities all such rates and charges:

- a. The Company will work cooperatively with T-Mobile to utilize the lowest cost third-party transit provider; provided, that (i) quality of service standards are maintained and fully satisfied, and (ii) the lowest cost third-party transit provider has connectivity to the Company that may be used for such purpose at no additional cost to the Company, and (iii) the lowest cost third-party transit provider will not impose or assess any rate(s) or charge(s) upon the Company with respect to such EAS traffic; and
  - b. Company may not assess bills against T-Mobile for transit service provided by the third-party transit provider;
  - c. As of the date of this amendment, Company acknowledges that it is not currently assessed any additional charges for delivering EAS traffic to T-Mobile.
4. As used in this Amendment, the term "EAS Traffic" means Local Traffic that is (i) exchanged between the Company and T-Mobile and (ii) is between Company end users and T-Mobile NPA-NXX combinations associated with rate centers within the Company's local calling area (including its Extended Area Service ("EAS") calling area, if any) associated with the Company's service area.
5. If the Company serves non-contiguous exchanges, at the election of the Company, each such exchange may be deemed to be a distinct Company service area for purposes of this Amendment.
6. The Company shall notify T-Mobile within thirty (30) days if the Company ceases to be a rural, rate-of-return LEC, as that term is used in FCC Order No. 11-161. In the event of such cessation, either Party may request of the other that negotiations be commenced on a further amendment to the Agreement, and each Party agrees to commence such negotiations within thirty (30) days following the date on which such request is received by it or by the other Party, whichever shall be applicable.
7. Upon approval by order of the WUTC, this Amendment shall be effective July 1, 2012, and shall remain effective as long as the Agreement remains effective between the Parties, subject to the following:
- a. The Parties agree specifically that the terms of this Amendment have been developed and agreed upon due solely to a change of law; specifically, Section XV, §§ 976 – 1008 and related implementing rules changes of the FCC's November 18, 2011 Report and Order and Further Notice of Proposed Rulemaking, In the Matter of the Connect America Fund, et al., Order on Reconsideration, WC Docket 10-90 (FCC Order No. 11-161) as modified by the FCC's Order on Reconsideration of December 23, 2011 In the Matter of the Connect America Fund, et al., WC Docket 10-90 (FCC Order No. 11-189).

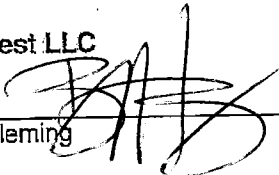
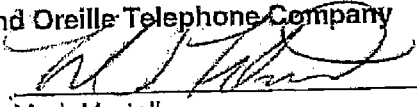
- b. The FCC Orders, including the paragraphs thereof mentioned above constituting the change of law on which this Amendment is based, are subject to multiple Petitions for Reconsideration before the FCC and further subject to multiple Petitions for Judicial Review pending before the 10th Circuit United States Court of Appeals.
  - c. In the event Section XV, ¶¶ 976 – 1008 and related implementing rules changes of the FCC's November 18, 2011 Report and Order (FCC Order No. 11-161), as clarified and/or modified by FCC 11-189, are vacated, reversed, set aside or rescinded (collectively "rescission") by administrative action or judicial order, the Parties agree this Amendment shall be void and of no effect from the date that all appeals from such judicial orders are exhausted or the time to file an appeal has passed with no appeal having been filed (which by way of illustration and not limitation, shall be back to the effective date of the original change of law in the event that said change of law is vacated), and the Parties' Agreement shall, from that date forward, revert automatically to its prior terms, except as provided in subsection 7.e, below. In the event Section XV, ¶¶ 976 - 1008 and related implementing rules changes of the FCC's November 18, 2011 Report and Order (FCC Order No. 11-161) are reversed for lack of Commission observance of proper procedure or explanation of its Order, and remanded to the agency for reconsideration, there will be no effect on the validity of this Amendment.
  - d. In the event a stay of Section XV, ¶¶ 976 – 1008 and related implementing rules changes of the FCC's November 18, 2011 Report and Order (FCC Order No. 11-161), as clarified and/or modified by FCC 11-89, is issued pending judicial review or further administrative action, the terms of this Amendment will be suspended and of no effect during the time such stay is effective. During such time the Parties will be subject to the terms of their prior Agreement unaffected by this Amendment, except as provided in subsection 7.e, below.
  - e. If there is a specific controlling order, issued in connection with either a rescission addressed in subsection 7.c or a stay addressed in subsection 7.d, which order provides specifically for compensation for Local Traffic differing from the terms of the Parties' original Agreement, such specific provision shall be adopted promptly through further amendment to the Parties' original Agreement.
  - f. In all cases of change of law not specifically covered in the preceding subparagraphs, the Parties will negotiate further amendments to their Agreement to conform to then existing law.
8. The provisions of this Amendment, including the provisions of this sentence, may not be amended, modified or supplemented without the written consent thereto by both Parties' respective authorized representatives.
9. Except as expressly set forth in this Amendment, the terms and conditions of the Agreement shall remain in full force and effect without change. The Parties recognize that there may be future FCC decisions affecting the Agreement. Thus, without limiting the generality of the first sentence of this Paragraph, the Parties confirm that Section 21

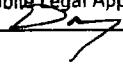
of the Agreement remains in full force and effect to address matters not covered by this Amendment. Capitalized terms appearing in this Amendment that are defined in the Agreement shall have the same meanings as they have in the Agreement.

10. The recitals set forth above are material and incorporated herein.

11. The provisions of this Amendment are for the benefit of the Parties hereto and not for the benefit of any other person or entity, and this Amendment shall not provide any person or entity not a Party hereto with any remedy, claim, liability, reimbursement, right of action, or other right in excess of those existing without reference hereto.

The Parties, intending to be legally bound, have executed this Amendment as of the dates set forth below, in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

<b>T-Mobile West LLC</b>	<b>Pend Oreille Telephone Company</b>
By: <u></u>	By: <u></u>
Bryan Fleming	Mark Martell
Title: Vice President - Technical Systems & Business Operations	Title: Administrative Manager
Date: <u>10/26/12</u>	Date: <u>10-17-2012</u>

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T-Mobile Legal Approval By:  9 11:36:06  
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