

Amendment to the Traffic Exchange Agreement by and between United States Cellular Corporation and Kalama Telephone Company

This Amendment ("Amendment") is entered into by and between Kalama Telephone Company ("Company") and United States Cellular Corporation and its affiliates and subsidiaries listed on Appendix A to the Traffic Exchange Agreement described below ("US Cellular"). Company and US Cellular are each referred to as a "Party" and collectively as "Parties."

RECITALS

WHEREAS, the Parties previously entered into a Traffic Exchange Agreement, effective as of April 2, 2008 and approved by order, dated April 2, 2008, of the Washington Utilities and Transportation Commission in its Docket No. UT-083008 ("Agreement"); and

WHEREAS, the Federal Communications Commission ("FCC") released on November 18, 2011 a "Report and Order and Further Notice of Proposed Rulemaking" in *Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, WT Docket No. 10-208, FCC 11-161 ("USF/ICC Transformation Order"), as modified by Order on Reconsideration (rel. Dec. 23, 2011)("USF/ICC Transformation Order on Reconsideration") (collectively referred to as the "USF/ICC Transformation Orders"); and

WHEREAS, the Federal Communications Commission, in the USF/ICC Transformation Order, 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 US Cellular, for the transport and termination (as defined in 47 C.F.R. § 51.701(c) and (d), as revised by the USF/ICC Transformation Order), of all Local Traffic, as defined in the Agreement, exchanged between them; and

WHEREAS, the Federal Communications Commission, in USF/ICC Transformation Order on Reconsideration, has provided that such default bill-and-keep arrangements, shall become effective July 1, 2012; 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 a bill-and-keep arrangement, for the exchange of all Local Traffic between them, such bill-and-keep arrangement to become effective July 1, 2012, subject to Paragraph 6, below.

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. Notwithstanding anything to the contrary in the Agreement, including any prior amendments to the Agreement, "bill-and-keep" is defined, as referenced in 47 C.F.R. 51.713, as an arrangement in which carriers exchanging telecommunications traffic do not charge each other for specific transport and/or termination functions or services.

2. As used in this Amendment, "Non-Access Telecommunications Traffic" shall mean "Local Traffic," as defined in the Agreement.

3. Notwithstanding anything to the contrary in the Agreement, including any prior amendments to the Agreement, and subject to Paragraph 6 below, from July 1, 2012, forward all Non-Access Telecommunications Traffic will be exchanged between the Parties on a "bill-and-keep" basis.

4. The Company's transport obligation for Non-Access Telecommunications Traffic shall stop at US Cellular's chosen interconnection point, when that point is located within the Company's geographically contiguous service area, and US Cellular shall deliver all Non-Access Telecommunications Traffic that originates on its network that is to be terminated within such geographically contiguous service area to that interconnection point. When US Cellular's chosen interconnection point is located outside the Company's geographically contiguous service area, (i) the Company's transport obligation for Non-Access Telecommunications Traffic originating on its network and to be delivered by it to US Cellular shall stop at the Company's meet point, and US Cellular shall be responsible for the remaining transport of Non-Access Telecommunications Traffic to its interconnection point, and (ii) US Cellular shall deliver Non-Access Telecommunications Traffic that originates on its network and that is to be terminated by the Company within its service area that is served by such Company meet point (a) to such Company meet point, (b) to a third-party transit provider that connects with the Company at such Company meet point (or another meet point acceptable to the Company), or (c) to an interexchange carrier that, in turn, will deliver such Non-Access Telecommunications Traffic to the Company as access service traffic. With respect to Non-Access Telecommunications Traffic to which either item (ii)(a) or item (ii)(b) of the immediately preceding sentence applies, U S Cellular shall be responsible for all transport to reach the Company meet point, and the Company shall be responsible for transport from the Company meet point to its service area served by that meet point. 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.

5. Non-Access Telecommunications Traffic other than EAS traffic that is originated by the Company and terminated to US Cellular 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.

6. 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 USF/ICC Transformation Order as modified by the USF/ICC Transformation Order on Reconsideration.
- b. The USF/ICC Transformation 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 USF/ICC Transformation Orders, as 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 subparagraph 6.e, below. In the event Section XV, ¶¶ 976 - 1008 and related implementing rules changes of the USF/ICC Transformation Order 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 USF/ICC Transformation Orders 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 subparagraph 6.e, below.
- e. If there is a specific controlling order, issued in connection with either a rescission addressed in subparagraph 6.c above or a stay addressed in subparagraph 6.d above, 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 the Agreement to conform to then existing law.

7. Attachment 1, Rates, attached to the Agreement, is hereby amended to read as follows:

Local Traffic Termination Rates

Bill and Keep*

*From July 1, 2012 forward, all Non-Access Telecommunications Traffic exchanged between the Parties shall be exchanged pursuant to a bill-and-keep arrangement, which means that the originating Party has no obligation to pay to the terminating Party terminating charges for specific transport and/or termination functions or services with respect to such traffic, regardless of any charges the originating Party may assess its end users.

Such amendment shall not affect the said Attachment 1 for any period prior to July 1, 2012, nor affect any amounts that may owing thereunder for any period prior to July 1, 2012.

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 herein or in this Amendment, the terms and conditions of the Agreement shall remain in full force and effect without change. 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.

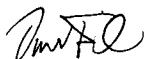
11. The provisions of this Amendment are for the benefit of the Parties hereto and not for the benefit of any other person or entity, and this Amendment shall not provide any person or entity not a Party hereto with any remedy, claim, liability, reimbursement, right of action, or other right in excess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

[continued on page 5]

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

United States Cellular Corporation and its subsidiaries and affiliates listed on Appendix A to the above-identified Traffic Exchange Agreement

Kalama Telephone Company

By 
Authorized Signature

By 
Authorized Signature

David Fiala
Name Printed/Typed

Steve Hanson
Name Printed/Typed

Director, Telco Billing, Contracts & Number Management
Title

Vice President
Title

12/20/2012
Date

1/7/2013
Date