

**Amendment to the Traffic Exchange Agreement by and between
Sprint Spectrum L.P. and Nextel West Corp. and
Hat Island Telephone Company**

This Amendment ("Amendment") is entered into by and between Hat Island Telephone Company ("Company") and Sprint Spectrum L.P. d/b/a/ Sprint PCS and Nextel Operation, Inc., acting in its authority as agent for the benefit of Nextel West Corp. (collectively, "Sprint PCS"). Company and Sprint PCS are further referred to herein individually 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 September 22, 2004 and approved by order, dated September 22, 2004, of the Washington Utilities and Transportation Commission ("WUTC") in its Docket No. UT-043076 ("Agreement"); and

WHEREAS, the Federal Communications Commission ("FCC"), 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 Sprint PCS, 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 Telecommunications Traffic, as defined in the Agreement, exchanged between them; and

WHEREAS, the FCC, 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, the adoption by the FCC of bill-and-keep as a default compensation arrangement is characterized by the FCC in FCC Order No. 11-161 as "a change of law;" and

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

WHEREAS, Sprint PCS requested that the Agreement be amended, pursuant to the "change of law" provision in the Agreement, to apply a bill-and-keep arrangement to all Telecommunications Traffic exchanged between the Parties, and Sprint PCS and the Company are willing to agree to such arrangement upon the terms and conditions set forth in this Amendment; and

WHEREAS, the Parties desire to amend the Agreement to provide for a bill-and-keep arrangement, for the exchange of all Telecommunications Traffic between them, such bill-and-keep arrangement to become effective as of July 1, 2012, subject to approval of this Amendment by order of the WUTC;

AGREEMENT

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

1. From July 1, 2012, forward, all Telecommunications 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 Telecommunications Traffic so exchanged.

2. The Company's transport obligation for all Telecommunications Traffic not sent by the Company to an IXC shall stop at Sprint PCS's chosen interconnection point, when that point is located within the Company's service area. Sprint PCS shall deliver all Telecommunications Traffic that originates on its network that is to be terminated within the Company's service area to that interconnection point. When Sprint PCS' chosen interconnection point is located outside the Company's service area, the Company's transport obligation for all Telecommunications Traffic that (i) originates on its network, (ii) is to be delivered by it to Sprint PCS, and (iii) is not sent to an IXC shall stop at the meet point between the Company and its designated tandem provider or, if the Company is its own tandem provider, at the Company's service area boundary. For purposes of applying the terms of this Amendment, Sprint PCS shall not be considered to be an IXC.

3. Upon request by Sprint PCS, the parties shall establish a direct connection between their network pursuant to terms contained in the Agreement and in full compliance with the FCC's Rules and Orders. If a direct connection has been or is established between the Parties' networks, Sprint PCS will use such direct connection for the delivery to the Company of Sprint PCS's originated Telecommunications Traffic to be terminated to Company end users and not sent to an IXC, and the Company will use such direct connection for the delivery to Sprint PCS of the Company's originated Telecommunications Traffic to be terminated to Sprint PCS's end users and not sent to an IXC. Further, if a direct connection has been or is established between the Parties' networks and the Company routes its originated Telecommunications Traffic via a means other than such direct connection and other than an IXC, the Company will be financially responsible for any charges imposed by the third party tandem provider on that traffic; if a direct connection has been or is established between the Parties' networks and Sprint PCS routes its originated Telecommunications Traffic via a means other than such direct connection and other than an IXC, Sprint PCS will be financially responsible for any charges imposed by the third-party tandem provider on that traffic. Direct interconnection trunks between Sprint PCS and the Company shall be two-way trunks if there is any Telecommunications Traffic to be delivered to Sprint PCS over such trunks; otherwise, such trunks shall be provisioned as either one-way trunks or two-way trunks, whichever shall be reflected on the Access Service Request issued by Sprint PCS for such trunks. Sprint PCS shall be responsible for issuing Access Service Requests to the Company and to any other local exchange carrier to be involved in the provisioning of such trunks.

4. Direct interconnection trunks between Sprint PCS and the Company shall meet at a point of interconnection on, or in the vicinity of, the Company's service area boundary. Each Party shall be responsible for all costs of such trunks, including the facilities by means of which such trunks are provisioned, on its side of the point of interconnection.

5. The Company shall notify Sprint PCS 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.

6. Subject to approval of this Amendment by order of the WUTC, this Amendment shall be effective as of 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, 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 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., (FCC Order No. 11-189).
- b. The FCC Orders 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 the aforesaid change of law is vacated, reversed, set aside or rescinded (collectively "rescission") by administrative action or judicial order, unless another result is the logical and necessary result of such rescission, the Parties agree this Amendment shall be void and of no effect from the date that such action or order becomes effective (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 (e), below.
- d. In the event a stay of the FCC Orders constituting the aforesaid change of law 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, unless another result is the logical and necessary result of such stay. During such time, the Parties will be subject to the terms of their prior Agreement unaffected by this Amendment, except as provided in subsection (e), below.
- e. If there is a specific controlling order, issued in connection with either a rescission addressed in subsection (c) or a stay addressed in subsection (d), which does not void or suspend the Amendment, such specific provision shall be adopted promptly through further amendment to the Parties' original Agreement.

7. 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.

8. All provisions of the Agreement that are inconsistent with the bill-and-keep compensation arrangement established herein, or with any other part of this Amendment, are hereby superseded to the minimum extent necessary to eliminate such inconsistency. In all other respects, the terms and conditions of the Agreement 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.

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

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.

Sprint PCS

By: R.D. Roth
(Name)

Title: DIRECTOR OF SWITCHED ACCESS
~~Area Vice President - Network~~

Date: 10/22/12

Hat Island Telephone Company

By: Bruce Russell
Bruce Russell

Title: Chief Operating Officer

Date: 10/22/12