

NEAR OUT OF FRANCHISE SERVICE AGREEMENT

THIS Near Out of Franchise Service Agreement ("the Agreement") is made and entered into by and between Verizon Northwest Inc. (hereinafter "Verizon") and Verizon Global Networks Inc. (hereinafter "VGNI") for Verizon to provide certain telecommunications capacity to VGNI outside of Verizon's tariffed exchanges. Verizon and VGNI are sometimes referred to collectively as the "Parties" or individually as a "Party".

In consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

- 1.0 **Provision of Service** - Verizon will provide VGNI the circuit facilities (the "Services") described in the Service Attachment from the border of Verizon's tariffed exchanges to Verizon's Point of Interface ("POI"), as defined in Schedule One and Service Attachment, which are attached to this Agreement and are hereby incorporated into it, for VGNI's access services located outside of Verizon's tariffed exchanges. In the event of any inconsistency between this Agreement and any schedules, attachments, addenda, or ASR forms (as defined below), this Agreement shall control.
 - 1.1 For the Service identified in the Service Attachment, VGNI will submit an Access Service Request ("ASR") form to order such circuits within thirty (30) days of execution of this Agreement or any subsequent amendments unless otherwise agreed to in writing by both Parties. Available services, terms, and pricing are set out in Schedule One. VGNI's selected Services, Service Commitment Terms, and pricing are set out in the Service Attachment.
 - 1.1.1 In the event VGNI elects to order additional capacity from the locations set forth in Schedule One and the Service Attachment subsequent to execution of this Agreement, VGNI will submit an ASR form to order such circuits when authorized to do so by Verizon. Each such accepted ASR shall form a part of this Agreement subject to the terms and conditions hereof. Additional capacity requested by VGNI with unique provisioning requirements for VGNI between locations not set forth in Schedule One and the Service Attachment herein, shall require an Amendment to this Agreement.
 - 1.2 The Parties mutually agree to adopt the provisions of the Verizon Telephone Companies Tariff FCC No. 14 and FCC No. 16 (to include changes to the tariffs that are made during the term of this Agreement) for the Services covered by this Agreement, except as otherwise stated in this Agreement. Verizon Telephone Companies Tariff FCC No. 14 and FCC No. 16, including applicable rates and charges, will govern for Service located in Verizon's tariffed exchanges. The Parties deem the services to be jurisdictionally interstate.
 - 1.3 The In-Service Date for Services provided under this Agreement is when Service is delivered by Verizon. The In-Service Date for this Service shall be contingent upon receipt of a completed ASR and completion of any regulatory agency requirements as applicable.
- 2.0 **Term, Termination and Effective Date**
 - 2.1 This Agreement shall become effective on the date this Agreement is fully executed by both Parties and shall continue in effect for five (5) years (the "Initial Term"). After the

Initial Term, this Agreement will continue in effect until either Party gives the other Party at least ninety (90) calendar days' prior written notice of termination of the Agreement. The service term for each Service set forth in Schedule One and the Service Attachment shall begin on the In-Service Date and shall continue in effect for the term set forth in Schedule One and the Service Attachment (the "Service Commitment Term").

2.1.1 Early Termination. If VGNI desires to terminate either this Agreement or any specific Services ordered pursuant to this Agreement, before expiration of the Service Commitment Term or does not order the Service as required by Section 1.1 above, a termination charge shall apply as follows:

2.1.1.1 Monthly Recurring Charges. A Termination charge shall apply to the remaining monthly recurring charges set out in Schedule One and Service Attachment at the percentage outlined below:

| <u>Termination During</u> | <u>Termination Charge Percentage to be Applied to the Remaining Monthly Payments</u> |
|---------------------------|--|
| Year 1 | 40% |
| Year 2 | 35% |
| Year 3 | 30% |
| Year 4+ | 25% |

2.2 In the event of termination of this Agreement by either of the Parties to this Agreement after the Initial Term, any Service Commitment Term which extends beyond the effective date of such termination shall remain in effect for the agreed upon time period, as outlined in the Service Attachment, subsequent amendments, and/or ASRs, subject to all of the terms and conditions of this Agreement.

2.3 Regulatory Approval. Notwithstanding this Section 2, the term of this Agreement and the other terms and conditions hereof, are subject to applicable law and regulatory approval. Accordingly, although this Agreement is executed by both Parties, to the extent that any statute or order, rule or regulation of any regulatory agency having competent jurisdiction over one or both parties to this Agreement, shall require that this Agreement or subsequent amendment be filed with or approved by such regulatory agency before the Agreement or amendment may be effective. This Agreement or any subsequent amendment shall not be effective in such state until the first business day after such approval or filing shall have occurred.

3.0 Price and Payment

3.1 Pricing for the Service provided by Verizon under this Agreement consists of a monthly recurring charge ("MRC") for multiplexing node, add/drop ports, intra-building cross connects, and transport where applicable.

3.2 Additional capacity subsequently added by ASR, as set forth under Section 1.1.1 of this Agreement, will be treated as an amendment and charges for such Services as outlined in Schedule One and Service Attachment will apply.

3.3 Verizon will bill VGNI for provision of service. Bills will be sent to an address provided by VGNI. Acceptable billing media are paper, magnetic tape or common electronic media currently in use by both Parties.

- 3.4 Billing will either commence on the date VGNI accepts the Service or, if VGNI is not ready to accept the Service for any reason, VGNI agrees to accept commencement of billing by the 1st day of the month following the date of Verizon's notification to VGNI of the installation and commencement of Service, whichever is sooner.
- 3.5 Notwithstanding anything to the contrary contained in this Agreement, compensation for the Service rendered is at all times subject to review and modification to conform with any applicable regulatory requirement governing transactions between Verizon and its affiliates, including, but not limited to FCC 96-150.
- 4.0 **Responsibilities of VGNI** - In addition to the obligations described elsewhere in this Agreement and as set out in the Verizon Telephone Companies Tariff FCC No. 14 and FCC No. 16, VGNI will be responsible for:
- 4.1 The delivery of Service from the designated POI "meet-me-room", collocation, or other special construction location as set forth in the Service Attachment. In building locations where there is no "meet-me-room" or collocation or Verizon does not have a presence in a "meet-me-room" or collocation, VGNI is responsible for providing space for locating equipment, pathway within the building for reaching the located equipment, and ensuring that Verizon has access to the facilities for maintenance and provisioning of Service.
- 4.2 Creation of specific Common Language Location Identification ("CLLI") code to depict the Access Customer Terminal Location ("ACTL").
- 5.0 **Responsibilities of Verizon** - In addition to the obligations described elsewhere in this Agreement and as set out in the Verizon Telephone Companies Tariff FCC No. 14 and FCC No. 16, Verizon will be responsible for:
- 5.1 Testing and maintaining the circuits provided under this Agreement based on Verizon standards.
- 5.2 Maintenance of engineering and equipment hardware assignment records associated with Verizon's facility located out of Verizon's tariffed exchanges.
- 5.3 Notifying VGNI fifteen (15) calendar days in advance of any scheduled maintenance or installation activity that could affect the quality of Service being provided to VGNI. This notification does not apply to trouble reporting or day-to-day maintenance activity required to maintain quality Service for all of the customers of Verizon.
- 6.0 **Joint Cooperative Responsibilities** - Verizon and VGNI will work cooperatively on the following items:
- 6.1 Repair testing and fault isolation to identify the location of a network problem. Verizon will perform such activities only on its own network facilities. VGNI will likewise perform such activities only for its own network facilities. (VGNI network vs. Verizon network).
- 6.2 Both Parties agree to provide to the other contact lists and trouble escalation requirements for trouble report resolution.
- 6.3 Both Parties will work together to provide sufficient information required to resolve reported troubles. However, Verizon will not provide any information to VGNI that it would not provide to a non-affiliated entity.

7.0 Maintenance of Service

- 7.1 Upon discovering trouble in the Service, each Party will use commercially reasonable efforts to isolate and repair the service trouble if determined to be in its network.
- 7.2 Verizon is responsible for maintaining and managing the network provided by Verizon as part of the Service. Verizon may apply protective network management controls as a result of unexpected occurrences including, but not limited to, failure or overload of Verizon or VGNI facilities due to natural disaster or national security demands.
- 7.3 Verizon reserves the right to groom facilities onto or off of various facilities it controls. Verizon may choose to groom the entire traffic onto a different transmission system. Verizon will notify VGNI thirty (30) calendar days prior to such an event and will work to minimize operational impacts.

8.0 Force Majeure Conditions

If performance of this Agreement is prevented, restricted or interfered with by reason of acts of God, wars, revolution, civil commotion, acts of public enemy, embargo, acts of government in its sovereign capacity, labor difficulties (including without limitation, strikes, slowdowns, picketing or boycotts), cable cuts, unusually inclement weather, unavailability of facilities, services or equipment from third-party suppliers (including without limitation third-party network facilities and services used to provision the Service), or any other circumstances beyond the reasonable control of the Party affected, the Party affected, upon giving prompt notice to the other Party, shall be excused from such performance during the period that performance is so prevented, restricted or interfered with, and shall not be liable for any delay or failure in performance that results from such prevention, restriction, or interference.

9.0 Assignment

Except for assignments and delegations to a parent company, a wholly owned subsidiary, or a wholly owned subsidiary of a parent company, which shall not require consent of the other Party, any assignment by either Party of any right, obligation or duty, in whole or in part, or any other interest hereunder shall be void without the written consent of the other Party. Such consent shall not be unreasonably withheld. All obligations and duties of any Party under this Agreement shall be binding on all successors in interest and permitted assigns of such Party.

10.0 Amendment and Waivers

This Agreement, including any exhibits or attachments hereto, may be modified or additional provisions may be added by written agreement signed by or on behalf of both Parties. No amendment or waiver of any provision of this Agreement and no consent to any default under this Agreement shall be effective unless the same shall be in writing and signed by or on behalf of the Party against whom such amendment, waiver or consent is claimed. In addition, no course of dealing or failure of any Party to strictly enforce any term, right or condition of this Agreement shall be construed as a modification or waiver of such term, right, or condition. In the event Verizon and VGNI subsequently agree that Verizon shall provide additional or enhanced services not otherwise described in this Agreement, then the Parties may, by appropriate addenda, provide for such services and their cost and make the same subject to the terms and conditions of this Agreement.

11.0 No Offer

Submission of this Agreement for examination or signature does not constitute an offer by Verizon for the provision of the Services described herein. This Agreement shall be effective only upon execution by both Parties as provided in Section 2.1.

12.0 Governing Law

This Agreement is to be governed and construed according to the laws of the State of Washington, excluding its choice of law rules.

13.0 Mutual Cooperation

This Agreement is subject at all times to any statute, order, rule, or regulation or any state or federal regulatory agency having competent jurisdiction over one or both of the parties hereto or the services provided hereby. Verizon and VGNI agree to cooperate with each other and with any applicable regulatory agency so that any and all necessary approvals may be obtained. During the term of this Agreement, the parties agree to continue to cooperate with each other in any review of this Agreement by a regulatory agency so that the benefits of this Agreement may be achieved. If any such agency accepts this Agreement in part and rejects it in part, or makes a material modification to the Agreement as a condition of its approval, either party may terminate the Agreement in its entirety without penalty or liability.

14.0 Proprietary Information

The Parties acknowledge that this Agreement constitutes the Proprietary Information of both Parties, and is subject to the terms of this section; provided, however that the Parties further acknowledge that this Agreement may be filed with any regulatory commission having authority over the subject matter, and the parties agree to seek commercial confidential status for this Agreement with any such regulatory commission, to the extent such a designation can be secured. Nothing in this Section shall prohibit disclosure of the Agreement or its terms by either Party in compliance with 47 U.S.C. 272(b)(5) and implementing rules of the Federal Communications Commission. The disclosing Party shall not be required to give notice to the other Party in connection with disclosure under such statute and rules.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be effective as of the day and year last written below.

Verizon Global Networks Inc.

By: *[Signature]*
Name: DAVID MACBETH
Title: Ex. Director - Engineering
Date: 9/5/03

Verizon Northwest Inc.

By: *[Signature]*
Name: Quintin M. Law
Title: Vice President
Date: 9/11/03

APPROVED AS TO FORM
AND LEGALITY

[Signature]
ATTORNEY, VERIZON

DATE: 9/8/03

**Schedule One
Available Service Locations/Rates and Charges**

1. **Service Locations.** Services are available between service locations listed below or between these locations and any Verizon Northwest's locations in tariffed exchanges within the same LATA.

Tier 1 Buildings:

| | |
|-----------------------------|-------------|
| 1200 3 rd Avenue | STTLWA01W04 |
| 120 Lenora Street | STTLWAELW07 |
| 1708 E. Pike Street | STTLWA03W03 |

Tier 2 Buildings:

| | |
|----------------------------------|-------------|
| 2001 6 th Avenue | STTLWAWBW63 |
| 140 4 th Avenue North | STTOWAJMW03 |

2. For channelized optical services where multiplexing is required, the multiplexing node, add/drop ports, intra-building cross connects (on a per port basis), and transport rate elements will apply.
3. For concatenated and non-channelized optical services where no multiplexing is required, the transport and cross connect (2 per point-to-point circuit) rate elements will apply.
4. Service locations in Schedule One are grouped into rate tiers 1 and 2. The multiplexing node, add/drop port, and cross connect rate elements of the respective tiers will apply to service locations identified in Schedule One. For transport between two service locations grouped in the same tier, the transport rate of that tier will apply. For transport that crosses between 2 tiers, the higher tier transport rates will apply. For transport between Verizon Northwest's location in tariffed exchanges and a Verizon's service location in Schedule One, the transport rate of the tier to which the service location is assigned will apply to the portion of the circuit located outside of Verizon's tariffed exchanges.
5. **MRCs Available for Service Locations Above:**

| Washington | M-t-M | 1-Year | 3-Year | 5-Year | 7-Year | M-t-M | 1-Year | 3-Year | 5-Year | 7-Year |
|-------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Channelized Optical Services | | | | | | | | | | |
| Mux Node | | | | | | | | | | |
| Mux Node - OC48 | N/A | \$ 3,400 | \$ 3,055 | \$ 2,750 | \$ 2,645 | N/A | \$ 3,400 | \$ 3,055 | \$ 2,750 | \$ 2,645 |
| Mux Node - OC12 | N/A | \$ 1,545 | \$ 1,390 | \$ 1,250 | \$ 1,200 | N/A | \$ 1,545 | \$ 1,390 | \$ 1,250 | \$ 1,200 |
| Mux Node - OC3 | N/A | \$ 775 | \$ 695 | \$ 625 | \$ 600 | N/A | \$ 775 | \$ 695 | \$ 625 | \$ 600 |
| Add/Drop Ports | | | | | | | | | | |
| Protected Port - OC12/OC12c | \$ 1,300 | N/A | N/A | N/A | N/A | \$ 1,300 | N/A | N/A | N/A | N/A |
| Protected Port - OC3/OC3c | \$ 450 | N/A | N/A | N/A | N/A | \$ 450 | N/A | N/A | N/A | N/A |
| Unprotected Port - OC12/OC12c | \$ 650 | N/A | N/A | N/A | N/A | \$ 650 | N/A | N/A | N/A | N/A |
| Unprotected Port - OC3/OC3c | \$ 225 | N/A | N/A | N/A | N/A | \$ 225 | N/A | N/A | N/A | N/A |
| Unprotected Port - DS3 | \$ 150 | N/A | N/A | N/A | N/A | \$ 150 | N/A | N/A | N/A | N/A |

Schedule One
Available Service Locations/Rates and Charges

| | M-t-M | 1-Year | 3-Year | 5-Year | 7-Year | M-t-M | 1-Year | 3-Year | 5-Year | 7-Year |
|--|-------|-----------|----------|----------|----------|-------|-----------|-----------|-----------|-----------|
| Cross Connects | | | | | | | | | | |
| Cross Connect - OC12/OC12c | \$ 50 | N/A | N/A | N/A | N/A | \$ 50 | N/A | N/A | N/A | N/A |
| Cross Connect - OC3/OC3c | \$ 50 | N/A | N/A | N/A | N/A | \$ 50 | N/A | N/A | N/A | N/A |
| Cross Connect - DS3 | \$ 50 | N/A | N/A | N/A | N/A | \$ 50 | N/A | N/A | N/A | N/A |
| Transport (BAw In-Franchise & NOOF) | | | | | | | | | | |
| Channelized Transport - OC48 | N/A | \$ 5,585 | \$ 4,555 | \$ 2,895 | \$ 2,355 | N/A | \$ 5,585 | \$ 4,555 | \$ 2,895 | \$ 2,355 |
| Channelized Transport - OC12 | N/A | \$ 2,045 | \$ 1,750 | \$ 1,270 | \$ 1,080 | N/A | \$ 2,045 | \$ 1,750 | \$ 1,270 | \$ 1,080 |
| Channelized Transport - OC3 | N/A | \$ 2,010 | \$ 1,475 | \$ 1,245 | \$ 970 | N/A | \$ 2,010 | \$ 1,475 | \$ 1,245 | \$ 970 |
| Transport (BAw 2 NOOF Locations) | | | | | | | | | | |
| Channelized Transport - OC48 | N/A | \$ 2,000 | \$ 1,400 | \$ 900 | \$ 800 | N/A | \$ 2,000 | \$ 1,400 | \$ 900 | \$ 800 |
| Channelized Transport - OC12 | N/A | \$ 1,300 | \$ 1,100 | \$ 850 | \$ 775 | N/A | \$ 1,300 | \$ 1,100 | \$ 850 | \$ 775 |
| Channelized Transport - OC3 | N/A | \$ 1,200 | \$ 1,000 | \$ 800 | \$ 750 | N/A | \$ 1,200 | \$ 1,000 | \$ 800 | \$ 750 |
| Non-Channelized/Concatenated Optical Services | | | | | | | | | | |
| Between In-Franchise & NOOF | | | | | | | | | | |
| Transport Service - OC48/OC48c | N/A | \$ 10,000 | \$ 9,000 | \$ 8,000 | \$ 7,500 | N/A | \$ 12,868 | \$ 11,768 | \$ 10,196 | \$ 9,680 |
| Transport Service - OC12/OC12c | N/A | \$ 4,800 | \$ 4,000 | \$ 3,600 | \$ 3,200 | N/A | \$ 5,211 | \$ 4,808 | \$ 4,248 | \$ 4,032 |
| Transport Service - OC3/OC3c | N/A | \$ 2,400 | \$ 2,100 | \$ 1,900 | \$ 1,700 | N/A | \$ 3,047 | \$ 2,493 | \$ 2,223 | \$ 1,953 |
| Transport Service - DS3 | N/A | \$ 800 | \$ 775 | \$ 750 | \$ 725 | N/A | \$ 1,500 | \$ 1,300 | \$ 1,100 | \$ 1,000 |
| Between 2 NOOF Locations | | | | | | | | | | |
| Transport Service - OC48/OC48c | N/A | \$ 8,500 | \$ 8,000 | \$ 7,500 | \$ 7,000 | N/A | \$ 13,600 | \$ 12,500 | \$ 10,560 | \$ 10,000 |
| Transport Service - OC12/OC12c | N/A | \$ 3,200 | \$ 2,900 | \$ 2,700 | \$ 2,520 | N/A | \$ 5,800 | \$ 5,445 | \$ 4,800 | \$ 4,550 |
| Transport Service - OC3/OC3c | N/A | \$ 1,500 | \$ 1,425 | \$ 1,375 | \$ 1,325 | N/A | \$ 3,500 | \$ 3,200 | \$ 2,900 | \$ 2,750 |
| Transport Service - DS3 | N/A | \$ 800 | \$ 775 | \$ 750 | \$ 725 | N/A | \$ 2,520 | \$ 2,160 | \$ 1,800 | \$ 1,620 |
| Cross Connect - OC48/OC48c | \$ 50 | N/A | N/A | N/A | N/A | \$ 50 | N/A | N/A | N/A | N/A |
| Cross Connect - OC12/OC12c | \$ 50 | N/A | N/A | N/A | N/A | \$ 50 | N/A | N/A | N/A | N/A |
| Cross Connect - OC3/OC3c | \$ 50 | N/A | N/A | N/A | N/A | \$ 50 | N/A | N/A | N/A | N/A |
| Cross Connect - DS3 | \$ 50 | N/A | N/A | N/A | N/A | \$ 50 | N/A | N/A | N/A | N/A |

6. Separate from and in addition to the charges reflected in Schedule One, applicable Verizon Telephone Companies Tariff FCC No. 14 and FCC No. 16 rates will apply for the tariffed exchange portion of the service offering.

Service Attachment

Service Locations/Rates and Charges

1. Service Description(s):

Route 1

One (1) OC192 add drop multiplexer at the Fisher Building located at 140 4th Avenue, Seattle, Washington (STTOWAJM). Verizon will provide 4-fiber hand-off at OC192 rate to VGNI at the 2nd floor meet-me room.

2. Service Commitment Term and Pricing:

| <u>Unit</u> | <u>Service</u> | <u>From</u> | <u>To</u> | <u>Service Commitment Term</u> | <u>MRC</u> | <u>Total NRC</u> |
|------------------------|-------------------|-------------|-----------|------------------------------------|------------|------------------|
| 1 | OC192 Mux Node | STTOWAJM | STTOWAJM | 5 Year | \$8,040 | \$6,000 |
| Add/Drop Ports per FOT | | | | | | |
| OC3 / OC3c Protected | | | | | \$ 495 | |
| OC12 / OC12c Protected | | | | | \$1,025 | |
| OC48 / OC48c Protected | | | | | \$3,275 | |
| (ICB#WA0301817) | | | | | | |

3. In addition to the charges set forth above, rates from Verizon Telephone Companies Tariff FCC No. 14 and FCC No. 16, as applicable, will apply to the tariffed exchange portion of the Service offering.