

UT-070465 (AF)
4-11-07



Verizon Northwest Inc.

P.O. Box 1003
Everett, WA 98206-1003
Fax: 425-261-5262

March 6, 2007

Ms. Carole J. Washburn,
Executive Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
Olympia, Washington 98504

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Subject: AFFILIATED INTEREST AGREEMENT – ADVICE NO. 313

Dear Ms. Washburn:

Enclosed for the Commission's file is a verified copy of a Verizon Partner Solutions Master Services Agreement between Verizon telephone operating companies, including Verizon Northwest Inc., and Verizon Internet Services.

Please call me at 425-261-5006 if you have any questions.

Very truly yours,

Richard E. Potter
Director
Public Affairs, Policy & Communications

Enclosure

VERIFICATION OF AFFILIATED INTEREST AGREEMENT

I verify that the enclosed is a true copy of a Verizon Partner Solutions Master Services Agreement between Verizon telephone operating companies, including Verizon Northwest Inc., and Verizon Internet Services.

Richard E. Potter Date: 3.6.07

Richard E. Potter
Director
Verizon Northwest Inc.

**VERIZON PARTNER SOLUTIONS
MASTER SERVICES AGREEMENT**

GENERAL TERMS AND CONDITIONS

THIS VERIZON PARTNER SOLUTIONS MASTER SERVICES AGREEMENT (this "Agreement") is entered into by and between Verizon Services Corp., on behalf of the Verizon operating telephone companies identified on Attachment 1 hereto (individually and collectively, "Verizon"), and Verizon Internet Services ("Customer") (each individually, a "Party," and collectively, the "Parties") as of 2/8 2007 (the "Effective Date").

In consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be bound, hereby agree as follows:

1. Composition of Agreement; Services to be Provided Under Agreement

This Agreement is comprised of the General Terms and Conditions, the Attachments hereto, and the terms of Verizon's applicable tariffs (i.e., Verizon's FCC Tariffs Nos. 1, 11, 14, 16 and 20; individually and, collectively, the "Tariffs"), which Tariff terms and conditions are hereby incorporated by reference. Verizon agrees to provide and Customer agrees to accept and pay for those services ("Services") as may be requested by Customer and accepted by Verizon, all as more particularly described in Attachment 2 hereof (and in any Attachments for other Services that the Parties agree to include as part of this Agreement after the Effective Date hereof) and, subject to, the terms of this Agreement. The Services may be requested by Customer, and will be made available upon reasonable notice to the applicable Verizon operating telephone company(ies) set forth on Attachment 1 hereto, in those service territories where such Services are or can be made available with reasonable effort. In the event of a conflict between the General Terms and Conditions, the Attachments thereto and/or applicable Tariffs, the following order of precedence shall prevail (with "1" being the highest order of precedence): (1) the General Terms and Conditions; (2) the applicable Attachment thereto; and (3) the applicable Tariffs.

2. Rates and Charges

Customer will pay the rates and charges (and satisfy all other requirements) set forth in this Agreement (including, without limitation, the rates and charges set forth in the Attachments hereof), together with all applicable, taxes, fees, charges and the like assessed pursuant to Applicable Law (as defined below), regulations, or Tariffs in connection with the Services. Such taxes, fees, charges and/or the like are subject to change without notice to Customer. If Customer is an Affiliate of Verizon, such Customer shall compensate Verizon for the Services at the rates based on cost allocation and affiliate transaction requirements set forth in 47 C.F.R. Parts 32 and 64.

3. Unenforceability of Provisions

Subject to Section 15.2 hereof, the invalidity or unenforceability of any provision of this Agreement or portion thereof does not affect the validity or enforceability of any other provision or portion. Subject to section 15.2 hereof, if any provision or portion of this Agreement is deemed invalid or unenforceable for any reason, there shall be deemed to be made such minimum change in such provision or portion as is necessary to make it valid and enforceable as so modified in order to give effect to the intent of the Parties; provided, however, that if the making of such minimum change is not feasible or not practical under the circumstances, said provision or portion thereof shall be ineffective to the extent of such invalidity or unenforceability only, without affecting in any way the remaining parts of said provision or the remaining provisions of this Agreement.

4. Entire Agreement; Modifications in Writing

This Agreement constitutes the entire understanding and agreement between the Parties with respect to the Services, supersedes all prior or contemporaneous agreements, understandings, or representations (oral or written), relating thereto, and merges all prior discussions between the Parties. No representations or warranties, express or implied, have been made or relied upon in the making of this Agreement other than those contained in this Agreement. No modification of this Agreement or subsequent agreement between the Parties concerning the Services shall be effective or binding unless it is made in writing and signed by an authorized representative of each Party.

5. Term and Termination

5.1 This Agreement shall be effective as of the Effective Date and, unless cancelled or terminated earlier in accordance with the terms hereof, shall continue in effect until Feb - 6, 2011 (the "Initial Term"). Thereafter, this Agreement shall be automatically renewed for successive two (2) year periods (each such period, an "Additional Term" and, together with the Initial Term, the "Term") unless and until cancelled or terminated as provided in this Agreement. Notwithstanding the foregoing, this Agreement is subject to termination by either Party upon one hundred eighty (180) calendar days prior written notice to the other Party. Additionally, Service-specific term commitments are set forth in the Attachments, any Service-specific term commitments that extend beyond the Term will continue after the end of the Term in accordance with the provisions of the applicable Attachments, and commitments made during the Term shall survive the Agreement. The terms of this Agreement will continue to apply to all Services with Service-specific term commitments that extend beyond the Term.

5.2 The rates and charges set forth in the Attachments of this Agreement are established in consideration of and may be contingent upon Customer's agreement to purchase a minimum amount/volume of Services during each year/quarter/month of the Service-specific term set forth in the applicable Attachment. If Customer cancels or causes the termination of this Agreement or any Services provided hereunder prior to expiration of the applicable Service-specific term, Customer shall be required to promptly pay to Verizon termination and/or underutilization charges as set forth in the applicable Attachment or Tariff, in addition to all other amounts already owed.

5.3 Verizon may terminate, suspend, or limit use of any Services provided under this Agreement without liability and with notice as required by Applicable Law to Customer, for the following reasons: (a) the Services are being used in violation of any applicable federal, state, or local law, ordinance or regulation; (b) the Services are being used in an unauthorized or fraudulent manner; (c) the use of the Services adversely affects Verizon's equipment or its service to others; (d) a court or other governmental authority having jurisdiction issues an order prohibiting Verizon from furnishing the Services to Customer; (e) Customer fails to timely pay any charges for Services provided by Verizon (except for charges that are subject to a bona fide dispute); or (f) Customer fails to materially comply with any processes or procedures used by Verizon (e.g., processes associated with ordering, maintenance and repair functions) to provide Services hereunder.

6. Applicable Law; Construction

6.1 The construction, interpretation and performance of this Agreement shall be governed by the laws of the State of New York, without regard to its conflicts of laws rules. All disputes relating to this Agreement shall be resolved through the application of such laws. Verizon and Customer each irrevocably consents to the personal and subject matter jurisdiction of the courts located in the Borough of Manhattan, State of New York to the extent necessary to give effect to or to enforce the provisions of this Agreement, and waives any defense of lack of jurisdiction, improper venue or inconvenient forum.

6.2 Each Party and the Service(s) shall remain in compliance with all effective federal, state and local laws, ordinances, government regulations, government orders and codes (including procurement of required permits or certificates), applicable to each Party's performance of its obligations under this Agreement. Interstate services shall be subject to the jurisdiction of the applicable laws of the United States, including without limitation, the Communications Act of 1934, as amended by the Telecommunications Act of 1996, and as amended from time to time (the "Act"), and orders, decrees, rules, and regulations of the Federal Communications Commission ("FCC") and courts of competent jurisdiction. The foregoing shall be referred to collectively as "Applicable Law."

6.3 To the extent that any state statute, order, rule or regulation or any regulatory agency having competent jurisdiction over one or both Parties to this Agreement requires that this Agreement or any subsequent amendment hereto be filed with or approved by such regulatory agency before this Agreement or any such amendment may be effective, this Agreement or any such amendment shall not be effective in such state until the first business day after such approval or filing shall have occurred.

6.4 Each Party shall promptly notify the other Party in writing of any governmental action that limits, suspends, cancels, withdraws, or otherwise materially affects, the notifying Party's ability to perform its obligations under this Agreement.

6.5 No rule of construction requiring interpretation against the drafting Party hereof shall apply in the interpretation of this Agreement.

7. Use of ACNAs

Customer represents and warrants that it has exclusive ownership or has the right to utilize (by written authorization from the owner of such ACNA) the ACNAs set forth on Attachment 1. Based on such representation and warranty, the Parties shall use such ACNAs in administering the terms of this Agreement.

8. Assurance of Payment

8.1 Customer's execution of this Agreement signifies Customer's acceptance of Verizon's initial and continuing credit approval procedures and policies. Verizon reserves the right to withhold initiation or full implementation of any or all Services under this Agreement pending Verizon's initial satisfactory credit review and approval thereof which may be conditioned upon terms specified by Verizon, including, but not limited to, security for payments due hereunder as provided in this Section 8. At any time and from time to time based on the conditions set forth in this Section 8, Verizon may request, and Customer shall provide to Verizon, adequate assurance of payment of amounts due and payable (or to become due and payable) to Verizon hereunder.

8.2 Verizon may request, and Customer shall provide, assurance of payment of charges if Customer (a) prior to the Effective Date, has failed to timely pay an Invoice (as such term is defined in Section 11) rendered to Customer by Verizon or any of its Affiliates (as defined in the Act), (b) on or after the Effective Date, fails to timely pay an Invoice rendered to Customer by Verizon or its Affiliates, (c) on or after the Effective Date is unable to demonstrate that it is creditworthy to Verizon's reasonable satisfaction, (d) on or after the Effective Date, defaults in a material obligation to Verizon under this Agreement or any other agreement (including any tariff) with Verizon, (e) on or after the Effective Date, is acquired (whether in whole or by majority or controlling interest) by an entity that is insolvent, that is subject to bankruptcy or insolvency proceedings, that owes past due amounts to Verizon or any of its Affiliates or that is a materially greater credit risk than Customer, or (f) is unable to pay its debts as such debts become due and payable, has commenced a voluntary case (or has had a case commenced against it) under the U.S. Bankruptcy Code or any other law relating to bankruptcy, insolvency, reorganization, winding-up, composition or adjustment of

debts or the like, has made an assignment for the benefit of creditors or is subject to a receivership or similar proceeding.

8.3 Unless otherwise agreed in writing by the Parties, the assurance of payment shall consist of an unconditional, irrevocable standby letter of credit naming Verizon as the beneficiary thereof and otherwise in form and substance satisfactory to Verizon from a financial institution acceptable to Verizon in its sole discretion. Such letter of credit shall be in an amount equal to three (3) months anticipated charges (including both recurring and non-recurring charges), as reasonably determined by Verizon, for the Services to be provided by Verizon to Customer in connection with this Agreement. If Customer meets the condition in subsection 8.2(f) above or has failed to timely pay two (2) or more Invoices rendered by Verizon or a Verizon Affiliate in any twelve (12)-month period, Verizon may, in its sole discretion, demand (and Customer shall provide) additional assurance of payment, consisting of monthly advanced payments of estimated charges (including both recurring and non-recurring charges), as reasonably determined by Verizon, with appropriate true-up against actual invoiced charges no more frequently than once per calendar quarter.

8.4 Verizon may (but shall not be obligated to) draw upon the letter of credit upon notice to Customer in respect of any amounts to be paid by Customer hereunder that are not paid within thirty (30) calendar days of the date that payment of such amounts is required by this Agreement.

8.5 If Verizon draws upon the letter of credit, upon request by Verizon, Customer shall provide a replacement or supplemental letter of credit conforming to the requirements of Section 8.3.

8.6 Should Customer fail to provide assurance of payment as required by this Section 8, such failure shall constitute an act of material breach. Without limiting any other rights or remedies to which Verizon may be entitled as a result of such material breach, Verizon shall have no obligation to perform under this Agreement until such time as Customer has provided Verizon with the required assurance of payment.

8.7 The fact that a letter of credit is requested by Verizon hereunder shall in no way relieve Customer from its obligation to comply with the requirements of this Agreement as to advance payments and payment for the Services, nor shall such request constitute a waiver or modification of the terms herein pertaining to the discontinuance of the Services for nonpayment of any amounts payment of which is required by this Agreement.

8.8 If at any time there is a material adverse change in Customer's creditworthiness, then in addition to any other remedies available to Verizon, Verizon may elect, in its sole discretion, to exercise one or more of the following remedies: (a) cause start of service for Services described in a previously executed service request to be withheld; (b) cease providing Services in accordance with Section 14 below; and/or (c) decline to accept a service request or other requests from Customer to provide Services that Verizon may otherwise be obligated to accept. An adverse material change in Customer's creditworthiness shall include, but not be limited to, those items set forth in Section 8.2 above.

9. Authorization

Notwithstanding any other provision of this Agreement, Verizon shall have no obligation to perform under this Agreement until such time as Customer has obtained such FCC and state utility commission authorizations as may be required by Applicable Law for conducting business in the states where Customer intends to purchase the Services. Customer shall provide proof of such authorization to Verizon upon request. In the event Customer is prohibited, either on a temporary or permanent basis, from continuing to conduct its telecommunications operations in a given jurisdiction, Customer shall (a) immediately notify Verizon by facsimile, (b) send written notice to Verizon within twenty-four (24) hours of such prohibition, and (c) take immediate steps to suspend or discontinue its use of Services in such jurisdiction.

10. Operational Processes

Customer shall follow the same operational processes, procedures, systems, interfaces, and guidelines (collectively, "OSS Systems and Procedures") previously used by Customer with Verizon in connection with similar service arrangements and associated features purchased by Customer. The foregoing requirement shall apply to all functions associated with provision of the Service by Verizon under this Agreement, including without limitation, any pre-order, order, maintenance, and repair functions. If Verizon should change such OSS processes, including Operations Support Systems and Procedures ("OSS") interfaces, such changed OSS Systems and Procedures (as applicable) shall apply to Customer. Unless otherwise directed by Verizon, Customer shall submit only electronic orders (i.e., Access Service Request (ASRs)) for Services ordered under this Agreement. If Verizon has not yet deployed an electronic system capability for Customer to perform a specific function (e.g., ordering a Service, or requesting maintenance of the Service), Customer shall use such other processes as Verizon has made available for performing such function.

11. Invoices and Payment; Disputed Amounts

11.1 Verizon shall submit to Customer on a monthly basis a statement(s) of charges incurred by Customer under this Agreement in itemized form (an "Invoice"). The Invoice shall be transmitted, at Verizon's option, in paper form in accordance with Section 25 hereof or, alternatively, electronically in an industry standard format. Customer shall have the capability to receive the Invoice electronically. Under no circumstances shall Verizon be obligated to provide paper invoicing. All Invoices shall be transmitted to the location designated by Customer. Customer must notify Verizon of any change in the location to which such Invoices are to be transmitted within five (5) Business Days (as defined below) of such change in location. For purposes of this Agreement, "Business Day" shall mean each Monday through Friday, except for holidays observed by Verizon.

11.2 Customer shall pay all amounts due and payable under this Agreement in immediately available U.S. funds, on or before the later of the following dates (the "Due Date"): (a) the due date specified in the Invoice; or (b) twenty (20) calendar days after the date the electronic bill (as evidenced by the electronic transmission records) or paper bill, if applicable, is received by Customer. Payments shall be transmitted by electronic funds transfer (EDI, ACH or Wire).

11.3 If any portion of an amount invoiced to Customer under this Agreement is subject to a bona fide dispute between the Parties, Customer shall give written notice to Verizon of such amounts it disputes ("Disputed Amounts") through the Verizon claims submission process and include in such notice the specific details and reasons for disputing each item. Customer shall undertake a reasonable, good faith effort to review an Invoice received from Verizon under this Agreement within thirty (30) calendar days following the Due Date to determine whether there are any Disputed Amounts. Nothing contained herein will limit Customer's right to dispute amounts at any time following thirty (30) calendar days after the applicable Due Date, provided, however, Verizon shall not be obligated to consider any Customer notice of billing discrepancies that is received by Verizon more than sixty (60) calendar days following the applicable Due Date of the invoice in question. Customer shall pay on or before the Due Date all amounts that are not subject to a bona fide dispute of which Customer has given written notice in accordance with the terms of this Section.

11.4 Charges due to Verizon that are not paid on or before the Due Date shall be subject to a late payment charge. The late payment charge shall be calculated utilizing a rate of one-and-one-half percent (1.5%) of the overdue amount (including any unpaid previously billed late payment charges) per month. No late payment charge shall apply to Disputed Amounts that are allowed by Verizon through the claims submission process or to Disputed Amounts not owed to Verizon after resolution of the dispute in accordance with Section 6 above.

11.5 Although it is the intent of Verizon to submit timely Invoices, failure by Verizon to present Invoices to Customer in a timely manner shall not constitute a breach or default, or a waiver of the right to payment of the incurred charges, by Verizon under this Agreement, and, except for assertion of a provision of Applicable Law that limits the period in which a suit or other proceeding can be brought before a court or other governmental entity of appropriate jurisdiction to collect amounts due, Customer shall not be entitled to dispute Verizon's statement(s) based on Verizon's failure to submit them in a timely fashion.

11.6 If Customer fails to pay any amounts when due pursuant to this Section 11, such failure shall constitute an act of material breach.

12. Confidential Information

The Parties understand and agree that the terms and conditions of this Agreement, all documents referenced herein (including without limitation, Invoices to Customer for Services provided hereunder), communications between the Parties regarding this Agreement or the Services to be provided hereunder (including, but not limited to, price quotes to Customer for any Services proposed to be provided or actually provided hereunder), and any other information provided by either Party to the other in connection with this Agreement, are included in the definition of Confidential Information set forth in that certain Mutual Nondisclosure Agreement, effective as of _____, _____, between Customer and Verizon, a copy of which is on file with Verizon.

13. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

14. Default

Should any act or omission of a Party constitute a material breach of this Agreement, and the defaulting Party fail to cure such material breach within thirty (30) calendar days of receiving a written default notice from the injured Party or, in the case of the failure to pay any amount when due hereunder, five (5) Business Days, then without limiting any other rights and remedies to which it may be entitled at law or in equity, the injured Party may (a) suspend the provision of any services it provides hereunder (including, where Customer is the defaulting Party, the provision of Services by Verizon), or (b) cancel this Agreement and terminate the provision of any services it provides hereunder (including, where Customer is the defaulting Party, the provision of Services by Verizon).

15. Regulatory Requirements

15.1 Detariffing. If, during the Term of this Agreement, Verizon withdraws the Tariff provisions relating to services that are reasonably comparable to the Services, the effectiveness of this Agreement shall not be affected by such withdrawal, and the applicable terms of the Tariffs in effect immediately prior to such withdrawal shall, to the extent not inconsistent with the terms of this Agreement, continue to be deemed to be incorporated by reference into this Agreement and shall continue to apply to the provision of the Services to the same extent as such Tariff terms and conditions applied hereunder prior to such detariffing.

15.2 Legislative or Regulatory Change. In the event of a Regulatory Change, Verizon may pursue any remedies available to it under this Agreement, at law, in equity, or otherwise, including, but not limited to termination or avoidance of this Agreement, or any portion hereof. To the extent feasible, Verizon shall provide to Customer fifteen (15) calendar days advance notice of such termination. "Regulatory Change" shall mean any legislative, regulatory, judicial, or other governmental decision, order, determination, complaint (whether formal or informal) or action, a potential claim or challenge by a third party, or any change in Applicable Law that affects any term or condition set forth in this Agreement, or otherwise prohibits or interferes (or could potentially prohibit or interfere) with Verizon's ability to offer the Services, VIS FB MSA V1

or prohibits or interferes (or could potentially prohibit or interfere) with Verizon's performance under this Agreement.

16. Force Majeure

Neither Party shall be responsible for any delay or failure in performance, which results from causes beyond its reasonable control ("Force Majeure Events"), whether or not foreseeable by such Party. Such Force Majeure Events include adverse weather conditions, flood, fire, explosion, earthquake, volcanic action, power failure, embargo, boycott, war, revolution, civil commotion, acts of terrorism, acts of public enemies, labor unrest (including strikes, work stoppages, slowdowns, picketing or boycotts), inability to obtain equipment, parts, software or repairs thereof, acts or omissions of the other Party, and acts of God. Notwithstanding the foregoing, in no case shall a Force Majeure Event excuse either Party from an obligation to pay money as required by this Agreement. Nothing in this Agreement shall require the non-performing Party to settle any labor dispute except as the non-performing Party, in its sole discretion, determines appropriate.

17. Warranties

EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, VERIZON MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES PROVIDED, OR TO BE PROVIDED, UNDER THIS AGREEMENT. VERIZON SPECIFICALLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NONINFRINGEMENT OF THIRD-PARTY RIGHTS, OR ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE.

18. Good Faith Performance

The Parties shall act in good faith in their performance of this Agreement. Except as otherwise expressly stated in this Agreement (including where consent, approval, agreement or a similar action is stated to be within a Party's sole discretion), where consent, approval, mutual agreement or a similar action is required by any provision of this Agreement, such action shall not be unreasonably withheld, conditioned or delayed.

19. Headings

The headings used in this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning of this Agreement.

20. Indemnification and Limitation of Liability

20.1 Each Party ("Indemnifying Party") shall indemnify, defend and hold harmless the other Party, each of the other Party's Affiliates and the directors, officers, employees and agents of the foregoing (each such person, an "Indemnitee") from and against any and all Third Party Claims (as defined below) that arise out of bodily injury to or death of any Person (as defined below), or damage to, or destruction or loss of, tangible real and/or personal property of any Person, to the extent such injury, death, damage, destruction or loss, was proximately caused by the grossly negligent or intentionally wrongful acts or omissions of the Indemnifying Party, the Indemnifying Party's Affiliates, or the directors, officers, employees, agents or contractors (excluding the Indemnitee) of the Indemnifying Party or the Indemnifying Party's Affiliates, in connection with this Agreement. For purposes of this Agreement, "Third Party Claims" shall mean a Claim (as defined below) where there is (a) a claim, demand, suit or action by a Person who is not a Party (a "Third Party") (b) a settlement with, judgment by, or liability to, a Third Party, or (c) a fine or penalty imposed by a Third Party. For purposes of this Agreement, "Person" shall have the meaning set forth in the Act.

20.2 An Indemnifying Party's obligations under Section 20.1 shall be conditioned upon the following:

- 20.2.1 The Indemnitee: (a) shall give the Indemnifying Party written notice of the Third Party Claim promptly after becoming aware thereof (including a statement of facts known to the Indemnitee related to the Claim and an estimate of the amount thereof); (b) prior to taking any material action with respect to a Third Party Claim, shall consult with the Indemnifying Party as to the procedure to be followed in defending, settling, or compromising the Claim; (c) shall not consent to any settlement or compromise of a Third Party Claim without the written consent of the Indemnifying Party; (d) shall permit the Indemnifying Party to assume the defense of a Third Party Claim (including, except as provided below, the compromise or settlement thereof) at the Indemnifying Party's own cost and expense. For purposes of this Agreement, "Claim" shall mean any and all claims, demands, suits, actions, settlements, judgments, fines, penalties, liabilities, injuries, damages, losses, costs (including court costs), expenses and the like (including reasonable attorney's fees).
- 20.2.2 If the Indemnitee fails to comply with Section 20.2.1 with respect to a Claim, to the extent such failure shall have a material adverse effect upon the Indemnifying Party, the Indemnifying Party shall be relieved of its obligation to indemnify, defend and hold harmless each Indemnitee with respect to such Claim under this Agreement.
- 20.2.3 Subject to Sections 20.2.4 and 20.2.5, below, the Indemnifying Party shall have the authority to defend and settle any Third Party Claim.
- 20.2.4 With respect to any Third Party Claim, the Indemnitee shall be entitled to participate with the Indemnifying Party in the defense of the Claim if the Claim requests equitable relief or other relief that could affect the rights of the Indemnitee. In so participating, the Indemnitee shall be entitled to employ separate counsel for the defense at the Indemnitee's expense. The Indemnitee shall also be entitled to participate, at its own expense, in the defense of any Claim, as to any portion of the Claim as to which it is not entitled to be indemnified, defended, and held harmless by the Indemnifying Party.
- 20.2.5 In no event shall the Indemnifying Party settle a Third Party Claim or consent to any judgment with regard to a Third Party Claim without the prior written consent of the Indemnitee, which shall not be unreasonably withheld, conditioned or delayed. In the event the settlement or judgment requires a contribution from or affects the rights of an Indemnitee, the Indemnitee shall have the right to refuse such settlement or judgment with respect to itself and, at its own cost and expense, take over the defense against the Third Party Claim, provided that in such event the Indemnifying Party shall not be responsible for, nor shall it be obligated to indemnify or hold harmless the Indemnitee against, the Third Party Claim for any amount in excess of such refused settlement or judgment.
- 20.2.6 The Indemnitee shall, in all cases, assert any and all provisions in applicable tariffs and customer contracts that limit liability to Third Parties as a bar to, or limitation on, any recovery by a Third Party claimant.
- 20.2.7 The Indemnifying Party and the Indemnitee shall offer each other all reasonable cooperation and assistance in the defense of any Third Party Claim.

20.3 Each Party agrees that it will not implead or bring any action against the other Party, the other Party's Affiliates, or any of the directors, officers or employees of the other Party or the other Party's Affiliates, based on any Claim by (or with respect to) any Person for personal injury or death that occurs in

the course or scope of employment of such Person by the other Party or the other Party's Affiliate and that arises out of performance of this Agreement.

20.4 In the event parties other than Customer (e.g., Customer's end users) shall have use (or claim that they should have had use) of the Services through Customer, then Customer agrees to forever indemnify and hold Verizon, its Affiliates and any Third Party provider or operator of facilities employed in provision of the Services harmless from and against any and all Claims that those parties may assert arising out of or relating to any defect in the Services or Verizon's provision or non-provision of Services under this Agreement. The terms of Section 20.2 shall also apply to this Section 20.4.

20.5 NEITHER PARTY, NOR ITS AFFILIATES, OFFICERS, OR EMPLOYEES OF ANY OF THE FOREGOING SHALL BE LIABLE TO THE OTHER, THE OTHER PARTY'S CUSTOMERS, OR TO ANY PERSON, FOR ANY INDIRECT, CONSEQUENTIAL, EXEMPLARY, SPECIAL, INCIDENTAL, RELIANCE, PUNITIVE DAMAGES, OR OTHER LIKE DAMAGES, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOSS OF USE OR LOST BUSINESS, REVENUE, PROFITS, OR GOODWILL, ARISING IN CONNECTION WITH THIS AGREEMENT, UNDER ANY THEORY OF TORT, CONTRACT, INDEMNITY, WARRANTY, STRICT LIABILITY, NEGLIGENCE OR OTHERWISE, EVEN IF THE PARTY KNEW, SHOULD HAVE KNOWN, OR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

20.6 Each Party's obligations under this Section 20 shall survive expiration, cancellation or termination of this Agreement.

21. Intellectual Property

21.1 Except as expressly stated in this Agreement, this Agreement shall not be construed as granting a license with respect to any patent, copyright, trade name, trademark, service mark, trade secret or any other intellectual property, now or hereafter owned, controlled or licensable by either Party. Except as expressly stated in this Agreement, neither Party may use any patent, copyrightable materials, trademark, trade name, trade secret or other intellectual property right, of the other Party except in accordance with the terms of a separate license agreement between the Parties granting such rights.

21.2 Except as may be stated below in this Section 21, neither Party shall have any obligation to defend, indemnify or hold harmless, or acquire any license or right for the benefit of, or owe any other obligation or have any liability to, the other Party or its Affiliates or customers based on or arising from any Third Party Claim alleging or asserting that the provision or use of any Services, facility, arrangement, or software by either Party under this Agreement, or the performance of any Services or method, either alone or in combination with the other Party, constitutes direct, vicarious or contributory infringement or inducement to infringe, or misuse or misappropriation of any patent, copyright, trademark, trade secret, or any other proprietary or intellectual property right of any Party or third party. Each Party, however, shall offer to the other reasonable cooperation and assistance in the defense of any such claim.

21.3 Customer agrees that the Services provided by Verizon hereunder shall be subject to the terms, conditions and restrictions contained in any applicable agreements (including software or other intellectual property license agreements) between Verizon and Verizon's vendors. Verizon agrees to advise Customer, directly or through a third party, of any such terms, conditions or restrictions that may limit any Customer use of Services provided by Verizon that is otherwise permitted by this Agreement.

21.4 If any Services or materials provided to Customer by Verizon and required for Customer to use the Services (the "Service-Related Materials") become the subject of any Third Party Claim that such Services or Service-Related Materials infringe any Third Party intellectual property rights, Verizon may, at its sole option and expense, and without exclusion of any other rights Customer may have under this Agreement (a) procure for Customer the right to continue to use the Services or Service-Related Materials, (b) replace the Services or Service-Related Materials (or components thereof) with substantially equivalent, non-infringing Services or Service-Related

Materials (or components thereof), or modify the Services or Service-Related Materials (or components thereof) so that they become non-infringing, or (c) remove the infringing Service-Related Materials and/or terminate the Services or portions thereof and release Customer from any further obligation (including termination liability, but excluding the obligation to pay for Services actually rendered) with respect to such Services or Service-Related Materials.

21.5 If any Services or Service-Related Materials become the subject of any Third Party Claim that such Services or Service-Related Materials infringe any Third Party intellectual property rights, Verizon may, at its sole option and expense, and without exclusion of any other rights Customer may have under this Agreement at any time assume the defense of such Claim. In the event that Verizon so assumes the defense of any such Claim, (a) Verizon shall notify Customer in writing of that election, (b) Verizon shall have sole control over defense and/or settlement of such Claim, (c) Customer shall provide Verizon with reasonable assistance in the defense of such Claim, (d) Verizon shall thereafter defend Customer against such Claim, and (e) Verizon shall pay any adverse final judgment (or settlement to which Verizon consents) resulting from such Claim.

22. Joint Work Product

This Agreement is the joint work product of the Parties, has been negotiated by the Parties, and shall be fairly interpreted in accordance with its terms. In the event of any ambiguities, no inferences shall be drawn against either Party.

23. Law Enforcement

23.1 Each Party may cooperate with law enforcement authorities and national security authorities to the full extent required or permitted by Applicable Law in matters related to the Services provided by it under this Agreement, including the production of records, the establishment of new lines or the installation of new services on an existing line in order to support law enforcement and/or national security operations, and, the installation of wiretaps, trap-and-trace facilities and equipment, and dialed number recording facilities and equipment.

23.2 A Party shall not have the obligation to inform the other Party or the customers of the other Party of actions taken in cooperating with law enforcement or national security authorities, except to the extent required by Applicable Law.

23.3 Where a law enforcement or national security request relates to the establishment of lines (including lines established to support interception of communications on other lines), or the installation of other services, facilities or arrangements, a Party may act to prevent the other Party from obtaining access to information concerning such lines, services, facilities and arrangements, through other operational or system interfaces.

24. Service Failures

24.1 As used in this Section 24, "Services Failure" means a failure to comply with a direction to install, restore, or terminate the Services under this Agreement, a failure to provide the Services under this Agreement, and failures, mistakes, omissions, interruptions, delays, errors, defects or the like, occurring in the course of the provision of any of the Services under this Agreement.

24.2 The Parties agree that the Service Attachments may contain certain service credits or other remuneration associated with Service Failures. Accordingly, Customer agrees that any credits or other remuneration provided in accordance with any Service Attachment attached hereto are reasonable and valid amounts to compensate Customer for all of its costs and expenses associated with Service Failures, and

further Customer agrees not to contest the validity or reasonableness of such amounts, or the application of such amounts in any forum.

24.3 Except as otherwise stated in a Service-specific commitment set forth in any Attachment hereto, the liability, if any, of Verizon, its Affiliates, and the directors, officers and employees of Verizon and its Affiliates, to Customer, Customer's customers, and to any other Person, for Claims arising out of a Services Failure shall not exceed an amount equal to the pro rata applicable monthly recurring charge for the Services that are subject to the Services Failure for the period in which such Services Failure occurs.

25. Notices

Except as set forth in Section 31.6 hereof, any notice either Party may give the other concerning the subject matter of this Agreement shall be in writing, and be given or made by means of facsimile transmission, U.S. certified or registered mail, express mail or other overnight delivery service, or hand delivery, proper postage or other charges paid and addressed or directed to the respective Parties as follows:

To Customer at: Verizon Internet Services
1880 Campus Commons Drive
Reston, VA 20191
Attn: Tom Dailey

To Verizon at: Commercial Agreement Contract Management
MC:HQE02L24
600 Hidden Ridge
Irving, TX 75038
Facsimile: 972-719-1504

with a copy to

Vice President & Deputy General Counsel
Verizon Partner Solutions
1515 N. Courthouse Road, Suite 500
Arlington, Virginia 22201
Facsimile: 703-351-3664

or to such other address as either Party shall designate by proper notice.

A notice shall be deemed served or delivered to the addressee or its office when actually received at the address when hand delivered; upon confirmation of sending when sent by fax; on the day after being sent when sent by overnight delivery service; or three (3) calendar days after deposit in the mail when sent by U.S. mail.

26. Customer and Verizon-Provided Facilities or Equipment

26.1 To the extent that Customer needs any additional facilities, equipment, or materials in order to use Verizon provided Services hereunder, it shall be Customer's responsibility to procure such facilities, equipment, or materials from either Verizon, an Affiliate of Verizon, a third party, or through self provisioning. Customer shall ensure that the facilities or equipment provided by Customer are properly interconnected with the Services, facilities and equipment provided by Verizon. Verizon shall not be liable for any damages or losses caused by the failure of equipment, inside wire or other facilities provided by Customer or a third party and if such facilities cause damage to Verizon, its customers, and/or its providers, Customer shall be liable therefor. Customer is also solely responsible for the selection, implementation and

maintenance of security features for protection against unauthorized or fraudulent use of Services and Verizon shall have no liability therefor. Such additional facilities, equipment, or materials (even if the same are provided by Verizon or an Affiliate of Verizon) are not subject to this Agreement. Any other work, services, or facilities ordered by Customer and provided by Verizon, including but not limited to special construction, will be provided subject to Verizon's applicable filed and effective tariff rates, terms, and conditions then in effect or, if applicable, under separate agreement between the Parties.

26.2 If requested by Verizon, Customer shall furnish or arrange to have furnished to Verizon, at no charge to Verizon, equipment space and electrical power required by Verizon to provide the Services at the points of termination of such Services. The selection of AC or DC power shall be mutually agreed to by Customer and Verizon. Customer shall also make necessary arrangements so that Verizon will have access to such spaces at reasonable times for installing, testing, repairing or removing, as applicable, the Services.

26.3 The Services (including, without limitation, any and all facilities and the like used to provide the Services) shall be available to Verizon at times mutually agreed upon by the Parties to permit Verizon to make tests and adjustments appropriate for maintaining the Services in satisfactory operating condition. Such tests and adjustments shall be completed within a reasonable time. Notwithstanding any other provision of this Agreement, no credit or other adjustments will be allowed for any interruptions during such tests and adjustments.

26.4 The Services shall be maintained by Verizon. No Person may rearrange, move, disconnect, remove or attempt to repair any facilities provided by Verizon, except with the prior written consent of Verizon.

26.5 Facilities utilized by Verizon to provide the Services shall remain the property of Verizon. Such facilities shall be returned to Verizon by Customer, whenever requested, within a reasonable period following the request in as good condition as reasonable wear will permit.

27. Publicity and Use of Trademarks or Service Marks

Customer shall not refer to itself as an authorized representative of Verizon in promotional material, advertising or otherwise. Further, unless otherwise agreed to by the Parties in writing, neither Party shall use the logos, trade marks, trade names, service marks, or any variations thereof of the other Party or its Affiliates in any of its promotional material, advertising or otherwise. Customer is explicitly authorized to use only the following statements in its sales literature or in response to an inquiry by Customer's end user: (a) "[Customer Name] utilizes the Verizon network", (b) "[Customer Name] utilizes Verizon's facilities", (c) "Verizon provides only the network facilities", and (d) "Verizon is our network services provider".

28. Relationship of the Parties

28.1 The relationship of the Parties under this Agreement shall be that of independent contractors and nothing herein shall be construed as creating any other relationship between the Parties.

28.2 Nothing contained in this Agreement shall make either Party the employee of the other, create a partnership, joint venture, or other similar relationship between the Parties, or grant to either Party a franchise, distributorship or similar interest.

28.3 Except for provisions herein expressly authorizing a Party to act for another Party, nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against, in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party in writing, which permission may be granted or withheld by such other Party in its sole discretion.

28.4 Each Party shall have sole authority and responsibility to hire, fire, compensate, supervise, and otherwise control its employees, agents and contractors. Each Party shall be solely responsible for payment of any Social Security or other taxes that it is required by Applicable Law to pay in conjunction with its employees, agents and contractors, and for withholding and remitting to the applicable taxing authorities any taxes that it is required by Applicable Law to collect from its employees.

28.5 Except as otherwise expressly provided in this Agreement, no Party undertakes to perform any obligation of the other Party, whether regulatory or contractual, or to assume any responsibility for the management of such other Party's business.

28.6 The relationship of the Parties under this Agreement is a non-exclusive relationship.

29. Successors and Assigns

This Agreement shall be binding on and inure to the benefit of the Parties and their respective legal successors and permitted assigns. Verizon may assign this Agreement or any of its rights or obligations hereunder to an Affiliate or successor upon written notice to Customer. Customer may, upon providing prior written notice to Verizon, assign this Agreement and all of its rights and obligations hereunder to an Affiliate or successor, provided that such assignment shall not be effective if either Customer or such Affiliate (or successor) does not satisfy Verizon's creditworthiness standards, or if either Customer or such Affiliate (or successor) is in default under any contractual or tariff obligations to Verizon. Any attempted transfer or assignment of this Agreement (or any part thereof) by one Party to any other third party without prior written consent is null and void.

30. Survival

The rights, liabilities and obligations of a Party for acts or omissions occurring prior to the expiration, cancellation or termination of this Agreement, the rights, liabilities and obligations of a Party under any provision of this Agreement regarding confidential information, indemnification or defense, or limitation or exclusion of liability, and the rights, liabilities and obligations of a Party under any provision of this Agreement which by their terms or nature are intended to continue beyond or to be performed after the expiration, cancellation or termination of this Agreement, shall survive the expiration, cancellation or termination of this Agreement.

31. Taxes

31.1 With respect to any purchase of Services hereunder, if any federal, state or local government tax, fee, surcharge, or other tax-like charge excluding any tax levied on property or net income (a "Tax") is required or permitted by law, ordinance or tariff to be collected from Customer by Verizon, then (a) Verizon will bill, as a separately stated item, Customer for such Tax, (b) Customer will timely remit such Tax to Verizon, and (c) Verizon will remit such collected Tax to the applicable governmental authority as required by Applicable Law.

31.2 If Verizon does not collect a Tax because Customer asserts that it is not responsible for the Tax or is otherwise excepted from the obligation, and such assertion is later determined by formal action to be wrong then, as between Verizon and Customer, Customer will be liable for such uncollected Tax and any interest due and/or penalty assessed on the uncollected Tax by the applicable taxing authority or governmental entity.

31.3 If either Party is audited by a taxing authority or other governmental entity the other Party agrees to reasonably cooperate with the Party being audited in order to respond to any audit inquiries in a proper and timely manner so that the audit and/or any resulting controversy may be resolved expeditiously.

31.4 If a purchase of Services hereunder is excluded or exempted by law from a Tax, and if such law also provides an exemption procedure, such as an exemption certificate requirement, then, if Customer complies with such procedure, Verizon will not bill or collect such Tax during the effective period of the exemption.

Such exemption will be effective upon receipt of the exemption certificate.

31.5 Verizon will be responsible for personal property or ad valorem taxes on property owned by Verizon, and Customer will be responsible for such taxes on property owned by Customer. Each Party is responsible for properly reporting owned property and neither Party will be responsible for either reporting or paying personal property or ad valorem taxes owed by the other Party.

31.6 All notices, affidavits, exemption certificates or other communications required or permitted to be given by either Party to the other under this Section 31, will be made in writing and will be delivered by U.S. mail, and sent to the following address:

To Customer: Verizon Internet Services
One Verizon Way, 3rd Floor
Basking Ridge, NJ 07920
Attn: Richard Jankun

To Verizon: Tax Administration
Verizon Communications
One Verizon Way – 3rd Floor
VC53S221
Basking Ridge, NJ 07920

Either Party may from time-to-time designate another address or addressee by giving notice in accordance with the terms of this Section.

Any notice or other communication will be deemed to be given when received.

32. Third Party Beneficiaries

Except as expressly set forth in this Agreement, this Agreement is for the sole benefit of the Parties, their successors and their permitted assigns, and nothing herein shall create or be construed to provide any third parties (including customers or contractors of a Party) with any rights (including any third-party beneficiary rights) hereunder. Except as expressly set forth in this Agreement, a Party shall have no liability under this Agreement to the customers of the other Party or to any other third party.

33. Waiver

A failure or delay of either Party to enforce any of the provisions of this Agreement, or any right or remedy available under this Agreement or at law or in equity, or to require performance of any of the provisions of this Agreement, or to exercise any option which is provided under this Agreement, shall in no way be construed to be a waiver of such provisions, rights, remedies or options. Any waiver must be written and signed by the Parties. A consent to waiver of or excuse for a breach or default by either Party, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any different or subsequent breach or default.

34. Sections 251/252/271 of the Act

Verizon and Customer acknowledge and agree that: (a) Verizon's provision of the Services to Customer does not constitute a request by Customer, nor does Verizon's provision of the Services to Customer constitute an offer by Verizon, for interconnection, unbundled access, resale or other services, facilities or the like pursuant to Section 251 of the Act; (b) the Services provided under this Agreement are not subject to Sections 251 or 271 of the Act; and (c) this Agreement is not subject to Section 252 of the Act, including any

requirement to negotiate, mediate, or arbitrate the Agreement pursuant to Section 252 of the Act, or file the Agreement with any state utility commission or the FCC.

SIGNATURE PAGE

AGREED AND ACCEPTED

Verizon Internet Services Inc.

**Verizon Services Corp., on behalf of
the Verizon Operating Telephone Companies
identified in Attachment 1**

By: William A. Turner III
Printed: William A. Turner III
Title: Director
Date: 2/6/07

By: John Ridgeway
Printed: John Ridgeway
Title: Director - Marketing Services
Date: 2-22-07

Attachment 1

Verizon Operating Telephone Companies

Verizon Delaware LLC, a Delaware limited liability company
Verizon Florida LLC, a Florida limited liability company
Verizon Maryland Inc., a Maryland corporation
Verizon New England Inc., a New York corporation
Verizon New Jersey Inc., a New Jersey corporation
Verizon New York Inc., a New York corporation
Verizon Pennsylvania Inc., a Pennsylvania corporation
Verizon Virginia Inc., a Virginia corporation
Verizon Washington, DC Inc., a New York corporation
Verizon West Virginia Inc., a West Virginia corporation
Verizon California Inc., a California corporation
Verizon North Inc., a Wisconsin corporation
Verizon Northwest Inc., a Washington corporation
Verizon South Inc., a Virginia corporation
Verizon West Coast, Inc., a California corporation
GTE Southwest Incorporated, d/b/a Verizon Southwest, a Delaware corporation
Contel of the South, Inc., d/b/a Verizon North Systems, an Indiana corporation

Customer ACNAs

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