

WT-090339-AF  
OM 4/9/09  
**verizon** No Action

Verizon Northwest Inc.

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

March 2, 2009

Washington Utilities and  
Transportation Commission  
P.O. Box 47250  
1300 S. Evergreen Park Drive SW  
Olympia, Washington 98504-7250


Subject: AFFILIATED INTEREST AGREEMENT – ADVICE NO. 382

To whom it may concern:

Enclosed for the Commission's file is a verified copy of a Master Services Agreement (including Service Schedule 001) between Verizon telephone operating companies, including and Verizon Northwest Inc., and Verizon Online companies.

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

Very truly yours,



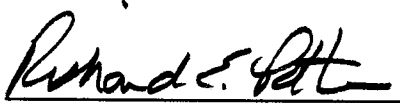
Richard E. Potter  
Director  
Public Affairs, Policy & Communications

Enclosure

2009 MAR -6 AM 8:10  
COMMUNICATIONS

VERIFICATION OF AFFILIATED INTEREST AGREEMENT

I verify that the enclosed is a true copy of a Master Services Agreement (including Service Schedule 001) between Verizon telephone operating companies, including and Verizon Northwest Inc., and Verizon Online companies.

 Date: 3.2.09

Richard E. Potter  
Director  
Verizon Northwest Inc.

## MASTER SERVICES AGREEMENT

This Master Services Agreement (the "**Agreement**") is made between and among Verizon Services Corp. on behalf of the Verizon telephone operating companies identified in Exhibit A (collectively referred to herein as "Verizon"), and Verizon Internet Services Inc. (fka Bell Atlantic Internet Solutions, Inc.) and GTE.Net LLC d/b/a Verizon Internet Solutions ("GTE.Net") and their affiliates listed in the signature block below (collectively referred to as "Verizon Online"). Verizon and Verizon Online are sometimes referred to individually as a "**Party**" and collectively as the "**Parties**".

In consideration of the mutual promises set forth in this Agreement, the Parties agree as follows:

### 1. SERVICES

1.1 Verizon agrees to provide to Verizon Online and Verizon Online agrees to provide to Verizon certain services ("**Services**") as further defined in the Service Schedules set forth in Exhibit C and attached hereto (the "**Service Schedules**"). From time to time such additional Service Schedules may be required and ordered by a Party during the term of this Agreement using an ordering document issued to the other Party that refers to this Agreement. When an ordering document is accepted by the other Party, the rates, terms, and conditions of this Agreement shall apply to the ordering and accepting Parties for the Services set forth in the accepted ordering document. The Services are provided subject to the following conditions: (a) the Party providing the Services determines that it has the resource(s) and expertise to provide the requested Services; and (b) Verizon's receipt of any regulatory and/or other governmental approvals and compliance with applicable laws and regulations that may be required to provide the Service(s) under the terms.

1.2 For purposes of this Agreement, Services shall include any materials, products, or goods necessary to perform the Services. The Parties may agree to establish performance measurements for the Services. Such performance measurements, if any, will be considered goals, will not be contractually binding, and failure to meet such measurements shall not be deemed a breach of contract or otherwise be actionable.

### 2. TERM

2.1 Term. This Agreement shall become effective on September 1, 2008 (the "**Effective Date**"), and unless cancelled or terminated earlier in accordance with the terms hereof, shall continue in effect for one (1) year from the Effective Date (the "**Initial Term**"). After the Initial Term, this Agreement will continue in effect until a Party gives the other Party(ies) at least ninety (90) calendar days' prior written notice of termination of the Agreement. The Initial Term and all extended periods when this Agreement remains in effect shall collectively be referred to as the "**Term**."

2.2 Notwithstanding the provisions of 2.1, above, either Party may terminate any or all services provided under this Agreement for convenience and without cause at any time by giving the other Party at least sixty (60) days' prior written notice. In the event of termination, Verizon and/or Verizon Online shall pay all unpaid amounts due for Services provided under this Agreement up to and including the date of termination, including any applicable termination liabilities provided pursuant to the applicable Service Schedules.

### 3. COMPENSATION

3.1 Verizon and Verizon Online shall be compensated at the rates described in the applicable Service Schedules for the Services performed pursuant to and in accordance with this Agreement.

3.2 The Party receiving the Services shall compensate the Party providing the Services at the rates based on cost allocation and affiliate transaction requirements set forth in 47 C.F.R. Parts 32 and 64. Such compensation shall be subject to increases or decreases during the Term of this Agreement to permit the Party(ies) providing the Services to recover from the Party(ies) purchasing the Services costs allocated pursuant to Parts 32 and 64 for Services performed under this Agreement. The Party receiving the Services shall pay all such increased or decreased compensation prospectively after the increased or decreased compensation has been determined.

4. LICENSING USE OF DEVELOPED SOFTWARE.

This Agreement does not address any development, use, or licensing of software. Any such use, development, or license shall be subject to a separate agreement between the Parties.

5. ASSIGNMENT

Verizon and Verizon Online may not assign this Agreement without the prior written consent of the Parties, which consent shall not be unreasonably withheld. Notwithstanding the preceding sentence, this Agreement may be assigned by Verizon and Verizon Online to their parent company or to financially responsible affiliates at any time.

6. CHANGES

During the Term of this Agreement, the Parties may request changes in and/or additions to the Services. All changes in or additions to Services must be mutually agreed upon by the Parties in writing in the applicable Service Schedule, and through an amendment to this Agreement.

7. CHOICE OF LAW

The construction, interpretation and performance of this Agreement shall be governed by and construed in accordance with the domestic laws of the state of New York, excluding its conflict of law rules.

8. COMPLIANCE WITH LAWS

The Parties shall comply with all applicable federal, state, and local laws, ordinances, regulations and codes (including procurement of required permits or certificates) applicable to their respective performance under this Agreement. 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 subsequent amendment be filed with or approved by such regulatory agency before the Agreement or amendment may be effective, this Agreement or amendment shall not be effective in such state until the first business day after such approval or filing shall have occurred.

9. PROPRIETARY INFORMATION

In performing Services under this Agreement, each party shall protect any proprietary and confidential information of Verizon Telecom, Verizon Service Corp. or Verizon Wireless, as well as any other information of Verizon Communications Inc. and its Affiliates, in accordance with the Verizon Code of Business Conduct, or in the case of Verizon Wireless the Verizon Wireless Code of Conduct

10. COUNTERPARTS

This Agreement may be executed by the Parties in counterparts and by facsimile signature, provided, however, that each executed counterpart shall be considered to be one and the same Agreement and each facsimile signature shall be considered to be original.

11. FORCE MAJEURE

Except for a Party's obligation to pay another Party amounts due under this Agreement, neither Verizon Online nor Verizon shall be held responsible for any delay or failure in performance hereunder caused by fires, strikes, embargoes, requirements imposed by government regulation, civil or military authorities, acts of God or the public enemy, or other similar causes beyond such Party's reasonable control.

12. DEFAULT

In the event any Party shall be in breach or default of any material term, condition or provision of this Agreement, then, in addition to all other rights and remedies provided hereunder or at law or equity, the Party not in default shall have the right to immediately cancel this Agreement, in whole or in part, by thirty (30) days' advance written notice to the other Parties if such default is not cured within such thirty-day notice period.

13. LIMITATION OF LIABILITY

In no event shall either Party be liable to another Party for special, indirect, incidental, consequential, or exemplary damages, including but not limited to loss of profits anticipated profits or other economic loss, loss of customers, or loss of goodwill, arising out of this Agreement, even if having been advised of the possibility thereof.

14. INDEMNITY

- (a) Subject to the limitations contained in this Agreement, each Party ("Indemnifying Party") hereby agrees to indemnify, defend, and hold harmless the other Party ("Indemnified Party") and its affiliates, and each of their employees, contractors, and agents, against Claims (as defined below) by a third person against the Indemnified Party for (i) personal injury or death to any third person, or damage, destruction, or loss of real and/or tangible personal property of any third person, to the extent that such personal injury, death, damage, destruction, or loss was proximately caused by the negligent or otherwise tortious acts or omissions of the Indemnifying Party; or (ii) material breach of this Agreement by the Indemnifying Party; and (iii) any violation of any law, ordinance, regulation or code by the Indemnifying Party, or its employees, agents, representatives, or subcontractors.
- (b) The foregoing indemnification shall apply regardless of whether the terms of any insurance coverage maintained by the Indemnifying Party satisfies in whole or part the Claims.
- (c) "Claims" shall mean any and all claims, demands, suits, actions, settlements, judgments, fines, penalties, liabilities, injuries, damages, losses, costs (including, but not limited to, court costs), and expenses (including, but not limited to, reasonable attorney's fees) by a third person against the Indemnified Party.
- (d) Each Party agrees to notify the other Party promptly of any written claims or demands for which the Indemnifying Party is responsible hereunder and to tender control of the defense of Claims to the Indemnifying Party. The Indemnified Party may participate in the defense at its sole cost and expense. The Indemnified Party will cooperate with the Indemnifying Party in the defense of Claims.

15. INDEPENDENT CONTRACTOR RELATIONSHIP

- a. Verizon Online and Verizon acknowledge that they are contractors independent of one another. Neither has the authority to legally bind the other to any third person or otherwise to act in any way as the agent or representative of the other in connection with the performance of this Agreement. Neither Party shall make any representation or

warranties concerning another Party's Services other than as may be set forth in this Agreement.

- b. All persons furnished by a Party, including any contractors, shall be subject to the exclusive control and supervision of such Party and shall be considered solely such Party's employees, agents or contractors, and not employees, agents or contractors of another Party. Each Party shall be responsible for compliance with all laws, rules and regulations related to employment of labor, hours of labor, working conditions, worker's compensation, payment of wages, and payment of taxes, such as unemployment, Social Security and other payroll taxes, including applicable contributions from its employees, agents and contractors, when required by law.

16. INSURANCE

Verizon shall maintain appropriate insurance or self-insurance as necessary and required to perform its obligations hereunder, and any other insurance, self-insurance, and/or bonds required by applicable law. Verizon Online shall maintain, during the term hereof, appropriate insurance or self-insurance as necessary and required to perform its obligations hereunder, and any other insurance, self-insurance, and/or bonds required by applicable law. Verizon may require Verizon Online to maintain certain limits (either on a per occurrence or on an aggregate basis) to insure against specific risks, including without limitation, Workers' Compensation Insurance, Employer's Liability Insurance, and Comprehensive or Commercial General Liability Insurance. Verizon shall provide written notice to Verizon Online as to any specific requirements for insurance coverage, and Verizon Online shall have no more than 30 days to comply with such request. If Verizon Online objects to such insurance requirements, Verizon Online may terminate the affected Services or this Agreement without further liability.

Upon request, either Party, prior to commencing performance hereunder, shall furnish to the other Party certificates or adequate proof of the foregoing insurance or self-insurance.

Each Party shall also require its subcontractors, if any, to maintain similar insurance coverage and to furnish the other Party, if requested, certificates or adequate proof of such insurance. Certificates furnished by either Party or its subcontractors shall require that the other Party be notified in writing and thirty (30) days in advance of cancellation or material changes in such insurance.

17. WARRANTY

EXCEPT AS EXPRESSLY SET FORTH HEREIN, THE PARTIES MAKE NO WARRANTIES UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

18. NON-EXCLUSIVE MARKET RIGHTS

It is expressly understood and agreed that this Agreement does not grant to any Party an exclusive privilege to sell or otherwise provide to another Party any or all Services of the type described in this Agreement. It is, therefore, understood that any Party may contract with other suppliers for the procurement of comparable services, goods, or materials.

19. NON-WAIVER

Any Party's failure at any time to enforce any of the provisions of this Agreement or any right or remedy available hereunder or at law or equity, or to exercise any option herein provided, shall in no way be construed to be a waiver of such provisions, rights, remedies or options or in any way to affect the validity of this Agreement. The exercise by any Party of any rights, remedies or options provided hereunder or at law or equity shall not preclude or prejudice the exercising thereafter of the same or any other rights, remedies or options. No consent by any Party under any provision of this Agreement or waiver by any Party of any provision of this Agreement shall

be valid or effective unless made expressly in writing by an authorized officer of the Party charged with giving consent or waiving such provision.

20. NOTICES

Any notices or demands which under the terms of this Agreement must be in writing shall be given or made by confirmed facsimile, overnight delivery, or by certified or registered mail, return receipt requested, addressed to the respective Parties as follows:

To Verizon:

Commercial Agreement Contract Management  
600 Hidden Ridge Road, HQE02L24  
Irving, Texas 75039  
Fax: (972) 719-1504

To Verizon Online:

Verizon Online Communications Services Inc.  
20855 Stone Oak Parkway  
San Antonio, TX 78258  
Attn: Customer Service  
email: [notice@mci.com](mailto:notice@mci.com)

With a copy to:

Verizon Online  
C1-3-507  
22001 Loudoun County Pkwy  
Ashburn, VA 20147  
Attn: Deputy General Counsel Business  
Marketing and General Counsel  
Verizon Online

or as such addressee or address is changed by notice to the other Parties. All such notices or demands shall be deemed effective upon receipt.

21. PLANT AND WORK RULES

Each Party and its respective employees, agents, representatives and subcontractors, shall, while on another Party's premises, comply with all reasonable security and plant rules and regulations, including, where required by Government Regulations, submission of satisfactory clearance from the U.S. Department of Defense and other federal authorities concerned.

22. RECORDS AND AUDIT

Each Party shall maintain complete and accurate records of all amounts billable to and payments made by another Party hereunder in accordance with generally accepted accounting practices and shall retain such records during the term of this Agreement and thereafter in accordance with reasonable record retention practices. Each Party agrees to provide reasonable supporting documentation concerning any disputed amount to another Party within forty-five (45) days after such Party provides written notification of the dispute, and shall permit such Party's representatives to examine and audit such records and all supporting documentation and to reproduce same at reasonable times and places as mutually agreed to by the Parties.

23. RELEASES VOID

No Party shall require a waiver or release of any personal rights from representatives or customers of the other in connection with visits to its premises and the Parties agree that no such release or waiver shall be pleaded by them in any action or proceeding.

24. SEVERABILITY

In the event that any one or more of the provisions contained herein shall, for any reason, be held to be unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement, but this Agreement shall then be construed as if such unenforceable provision or provisions never had been contained herein.

25. SURVIVAL

All obligations hereunder incurred by any Party prior to the cancellation, termination or expiration of this Agreement shall survive such termination or expiration.

26. TAXES

Each Party that purchases Services under this Agreement shall pay taxes, fees and surcharges applicable by law to purchase of such Services in addition to the rates for such Services, except for taxes on the net income of the Party that provides such Services.

27. ENTIRE AGREEMENT AND ORDER OF PRECEDENCE

This Agreement shall incorporate the Service Schedule(s) executed pursuant to this Agreement as set forth in paragraph 1 above. This Agreement and such Service Schedule(s) hereto constitute the entire agreement among the Parties pertaining to the subject matter hereof, supersede all prior and contemporaneous agreements, understandings, negotiations and representations pertaining to the subject matter hereof, and may not be modified or waived except by a writing signed by the duly authorized representatives of all Parties. In case of conflicts in the terms of this Agreement and a Service Schedule, the Service Schedule shall control.

28. REMEDIES CUMULATIVE

Except as otherwise stated in this Agreement, the rights and remedies of the Parties set forth in this Agreement are in addition to, and not in lieu of, the rights and remedies available to the Parties at law, in equity or otherwise.

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

Verizon Services Corp.:

Verizon Internet Services Inc, GTE.Net LLC d/b/a  
Verizon Internet Solutions, Verizon Online  
Maryland LLC, Verizon Online New Jersey LLC  
and Verizon Online Pennsylvania Partnership

By: William A. Turner IV  
Name: William A. Turner IV  
Title: Director  
Date: 2-26-09

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



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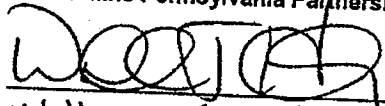
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IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed effective as of the day and year last written below.

Verizon Services Corp.:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Verizon Internet Services Inc , GTE.Net LLC d/b/a  
Verizon Internet Solutions, Verizon Online  
Maryland LLC, Verizon Online New Jersey LLC  
and Verizon Online Pennsylvania Partnership

By:   
Name: William J. Heilig  
Title: Vice President  
Date: January 16, 2009

## EXHIBIT A

### Verizon Telephone Operating Companies

Contel of the South, Inc. d/b/a Verizon Mid-States, a Georgia corporation  
GTE Southwest Incorporated d/b/a Verizon Southwest, a Delaware corporation  
Verizon California Inc., a California corporation  
Verizon Delaware Inc., a Delaware corporation  
Verizon Florida Inc., a Florida corporation  
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 North Inc., a Wisconsin corporation  
Verizon Northwest Inc., a Washington corporation  
Verizon Pennsylvania Inc., a Pennsylvania corporation  
Verizon South Inc., a Virginia corporation  
Verizon Virginia Inc., a Virginia corporation  
Verizon Washington, DC Inc., a New York corporation  
Verizon West Virginia Inc., a West Virginia corporation  
Verizon West Coast Inc., a California corporation

## EXHIBIT B

### Service Schedule 001

#### SIP TRANSPORT SERVICE:

##### A. SERVICE DESCRIPTION

Verizon Online will provide Verizon with access to certain IP transport services (herein referred to as "**Carrier IP Transport Service**" or "**SIP Transport Service**") which are provided to Verizon Online by MCI Communications Services, Inc. d/b/a Verizon Business Services ("Verizon Business").

The Carrier IP Transport Service will transport and terminate to Verizon's IP network, as directed by Verizon, all IP-Enabled calls delivered by Verizon to the Verizon Business network in accordance with the terms set forth herein.

- i. All of the terms and conditions set forth in the Agreement (including without limitation, provisions addressing Service Requests, payment of charges, suspension of service, Technical Standards, limitation of liability, indemnity and force majeure) will apply to Carrier IP Transport Service and where applicable, references to "Service" will be deemed to include Carrier IP Transport Service. Solely with respect to Carrier IP Transport Service, in the event of any conflict between the terms and conditions set forth in the Agreement and this **Service Schedule 001**, the terms and conditions set forth in this **Service Schedule 001** will control.
- ii. For purposes of clarity, all rates and charges associated with Carrier IP Transport Service are contained in this **Service Schedule 001**.
- iii. Verizon will use SIP Protocol (RFC3261) to communicate with the Carrier IP Transport Service and use User Datagram Protocol (UDP) or Transmission Control Protocol (TCP) to transport SIP signaling.

**B. TERMS AND CONDITIONS**


- i. (i) Verizon represents to Verizon Online that all calls Verizon delivers for the Carrier IP Transport Service that are to be subject to the terms and conditions (including rates) set forth in this **Service Schedule 001** will have been originated as an IP enabled call (i.e., a call transmitted from an End User premise in internet protocol format and not a call originated via the PSTN) (hereinafter referred to as an "IP-Enabled Call").
  - 1. (ii) In the event any ruling, decision or determination by the FCC or any court of competent jurisdiction concerning internet-enabled calls is inconsistent with the description of an IP-Enabled Call as set forth herein, the Parties shall agree to modify the description to be consistent with such ruling, decision or determination. In the event the Parties are unable to agree, Verizon may terminate Carrier IP Transport Service and any associated Service Requests without any termination liability (other than charges for Carrier IP Transport Service provided through the effective date of termination).
- ii. In order to utilize Carrier IP Transport Service, Verizon may utilize one of the following methods of interconnecting to the Verizon Business SIP network.
  - 1. via the Public Internet;
  - 2. via SIP INTERNET ACCESS (SIA) Service, provided Verizon has executed (or executes simultaneously with the execution of a Service Request for SIP Transport Service) a Service Request for SIP INTERNET ACCESS Service; or
  - 3. via DEDICATED INTERNET Service (excluding "Wholesale Burstable Internet Service" and "Wholesale Tiered Internet Service"), provided Verizon has executed (or executes simultaneously with the execution of a Service Request for SIP Transport Service) a Service Request for DEDICATED INTERNET Service or a Service Order Form (SOF) approved by Verizon Online.
  - 4. Verizon may interconnect to the Carrier IP Transport Service platform via transmission facilities that join Verizon's LATA-based IP/MPLS networks to Verizon Business' Public IP network. This may include the facilities that connect Verizon's LATA Core Routers (LCRs) to Verizon Business' AS 19262 Backbone routers or AS 701 routers; and others as mutually agreed.
  - 5. Other such method(s) as the Parties mutually agree.

**C. PRICING**

Verizon shall compensate Verizon Online at the rates based on cost allocation and affiliate transaction requirements set forth in 47 C.F.R. Parts 32 and 64. Such compensation shall be subject to increases or decreases during the Term of this Agreement to permit the Party providing the Services to recover from the Party purchasing the Services costs allocated pursuant to Parts 32 and 64 for Services performed under this Agreement. The Party receiving the Services shall pay all such increased or decreased compensation prospectively after the increased or decreased compensation has been determined.

**Verizon Services Corp.:**

**Verizon Internet Services Inc, Verizon Online LLC, Verizon Online Maryland LLC, Verizon Online New Jersey LLC and Verizon Online Pennsylvania Partnership**

By: 

By: \_\_\_\_\_

Name: William A. Turner III

Name: \_\_\_\_\_

Title: Director

Title: \_\_\_\_\_

Date: 2-26-09

Date: \_\_\_\_\_

**B. TERMS AND CONDITIONS**

- i. (j) Verizon represents to Verizon Online that all calls Verizon delivers for the Carrier IP Transport Service that are to be subject to the terms and conditions (including rates) set forth in this **Service Schedule 001** will have been originated as an IP enabled call (i.e., a call transmitted from an End User premise in internet protocol format and not a call originated via the PSTN) (hereinafter referred to as an "IP-Enabled Call").
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  - 3. via DEDICATED INTERNET Service (excluding "Wholesale Burstable Internet Service" and "Wholesale Tiered Internet Service"), provided Verizon has executed (or executes simultaneously with the execution of a Service Request for SIP Transport Service) a Service Request for DEDICATED INTERNET Service or a Service Order Form (SOF) approved by Verizon Online.
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Verizon Services Corp.:

**Verizon Internet Services Inc, Verizon Online LLC, Verizon Online Maryland LLC, Verizon Online New Jersey LLC and Verizon Online Pennsylvania Partnership**

By: \_\_\_\_\_

By:  \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Name: William J. Heilig

Title: Vice President

Date: January 16, 2009