

EXHIBIT NO. _____ (PJE-4)
October 20, 2005
DOCKET NO. UT-050606

WITNESS: PAUL J. EISENBERG

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

INLAND TELEPHONE COMPANY,

Respondent.

EXHIBIT TO DIRECT TESTIMONY OF PAUL J. EISENBERG
ON BEHALF OF SUNCADIA, LLC

OCTOBER 20, 2005

ORIGINAL

—

—

TELECOMMUNICATION SERVICE AGREEMENT

June 1, 2005

THIS AGREEMENT ("Agreement") is entered into effective upon approval of the filing in Docket No. UT-050606 (the "Docket") by the Washington Utilities and Transportation Commission ("WUTC") by and between **SUNCADIA, LLC** ("Suncadia"), and **INLAND TELEPHONE COMPANY** ("Inland") relating to certain telecommunication services to be provided by Inland to Suncadia.

RECITALS

WHEREAS, Inland currently provides certain telecommunications services to Suncadia at the property being developed by Suncadia near Roslyn, Washington ("Property"), under the authority of the WUTC.

WHEREAS, Inland wishes to make changes in its service territory pursuant to the Docket, which, among other things, would remove the Property from Inland's service territory.

WHEREAS, Suncadia has opposed Inland's request in the Docket, due to its concerns that, as a consequence, the telephone services provided by Inland to the Property would be reduced or eliminated, access to additional services would be reduced, or the cost of telecommunication services rendered by Inland would be increased.

WHEREAS, the parties have negotiated this Agreement to resolve the issues between them and to document Inland's commitment to continuation of service to the Property, and to provide additional services to the Property through Suncadia and its contractors, and thereby resolve the concerns with the Docket raised by Suncadia.

NOW THEREFORE, in consideration of the mutual promises set forth in this Agreement, the parties agree as follows:

AGREEMENTS

1. Continuation of Present Service. Inland agrees to continue serving the Property through Suncadia at the present level of service using Inland's present facilities, defined in Paragraph 7, below, at the same charges which are currently in effect. Inland may increase or decrease its charges from time to time, to reflect increases or decreases in tariffed charges made to other customers in its service territory.

In the event there are no other customers receiving a comparable service from Inland and there is no tariffed rate for the service, the parties agree to negotiate in good faith a reasonable



charge. If the parties fail to reach agreement, either party may submit the issue of the proper charge to binding arbitration pursuant to paragraph 10 below.

2. Additional Services. Inland shall provide additional services to the Property through Suncadia or its affiliates or contractors, including other telecommunications companies who are party to an interconnection agreement with Inland, up to the capacity of Inland's existing facilities (i.e., the cable currently installed on Suncadia's premises as more specifically described in Paragraph 7, below). Pricing of these new services is to be identical to Inland's tariffed pricing in effect at the time the service is provided, which price may change over time as the tariffed price changes.

In the event there are no other customers receiving a comparable service from Inland and there is no tariffed rate for the service, the parties agree to negotiate in good faith a reasonable charge. If the parties fail to reach agreement, either party may submit the issue of the proper charge to binding arbitration pursuant to paragraph 10 below.

3. Consideration of Request for Traffic Exchange Agreement. Consistent with its status as a rural telephone company under the Communication Act of 1934 as amended by the Telecommunications Act of 1996, Inland agrees to diligently pursue negotiation and documentation of traffic exchange agreements with Suncadia's telecommunications contractors as requested, so long as those telecommunications contractors are properly registered, and are in compliance with applicable industry requirements for the services offered. Nothing in this paragraph or any such traffic exchange agreement shall be construed to mean that Inland must construct additional facilities to the Property. All services, whether pursuant to this Agreement or a traffic exchange agreement shall be over the existing facilities. Further, nothing in this Agreement shall be construed to require Inland to enter into any term or condition or to offer any future service not contained in Inland's existing tariff except as Inland may agree to provide. Any future service may require an agreement to define the terms of the service offering and may include a termination liability to recover the investment Inland makes to provide the service. The parties understand and agree that timely service to commercial and residential customers on the Property is the primary objective of this paragraph, and the parties agree to work diligently toward the goal of making telecommunication service available to new commercial and residential customers on a timely basis. Suncadia understands and agrees that the actions of Suncadia and Suncadia's contractors are outside of the control of Inland and that such actions may affect the timeliness of Inland's delivery of services.

4. E911 Service. On May 12, 2005, Inland converted an existing voice trunk of twenty four voice channels to Primary-Rate Interface-like service with twenty three voice and one data channel with the data channel used to carry Caller ID and 911 ANI/ALI information as signaled by Suncadia's equipment. Suncadia will pay Inland for such circuits effective as of their installation date. The parties understand that this is not a currently tariffed offering by Inland. Inland agrees to submit a tariff for such service to the Washington Utilities and Transportation Commission by the end of June, 2005. Once the tariffed rate for the service is established, Inland shall bill Suncadia and Suncadia shall pay for the service from May 12, 2005, as though the tariff had been in effect on that date.

5. Technical Issues. The parties understand that there may be additional issues relating to E911 service that have not been identified as of this time. The parties agree to undertake to diligently pursue solutions to the E911 service issues as they may arise so that applicable safety requirements can be complied with as soon as possible.

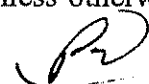
6. Right of Entry. The parties have entered into a separate Right of Entry Agreement dated as of June 1, 2005 relating to Inland's access to the Property to service Inland's facilities. This Agreement does not modify or terminate such right of entry.

7. Scope of Obligation. Inland's obligations under this Agreement are limited to providing service over the existing facilities, which consist of a 100-pair copper cable, out of which fifty pairs are currently deployed to Suncadia's Discovery Center. Under no circumstance shall Inland provide "dry copper" and the parties agree that "dry copper" shall not be construed to be a telecommunications service for purposes of this Agreement. Nothing in this Agreement shall be construed to require Inland to purchase or install any particular equipment to activate a specific service or services on said 100-pair copper cable beyond what Inland currently has generally available or may choose to obtain in the normal course of business, except to the extent required to properly terminate new services required in the normal course of business. All services provided by Inland under this Agreement, even if not offered pursuant to a tariff, will be subject to the general terms and conditions of Inland's tariffs and the specific conditions that are contained in Inland's tariff that apply to a specific service, which tariffs contain customer obligations and limitations of liability, among other things, and which tariffs are incorporated herein by this reference as though fully set forth.

8. Terms: Termination. This Agreement shall be for a term of 10 years from the date set forth above and shall be automatically renewed for a successive one-year renewal terms thereafter, unless terminated as provided herein. Suncadia shall have the right to terminate this agreement upon ninety (90) days prior written notice to Inland; provided, that, such notice requirement does not limit Suncadia's right to discontinue any particular service in accordance with Inland's tariff and provided, further, that any such termination shall not serve to terminate any service agreement in effect at the time. Once this Agreement is terminated, Suncadia forfeits all rights to add additional services or to expand the scope of existing services, and provided, that as to any services which continue after termination, the terms of Section 7, above, shall continue to apply to such services as well as Suncadia's obligation to timely pay for such services. Should the Right of Entry agreement referenced above be terminated, this Agreement shall automatically terminate upon termination of the Right of Entry agreement.

9. Assignment. This Agreement shall bind and inure to the benefit of the parties hereto, to their successors and assigns. Either Party shall have the right to assign this Agreement and all of its rights hereunder, by mortgage, or pursuant to a merger, sale of stock, or sale of substantially all of the Party's assets. No other assignment shall be valid unless approved in writing by the non-assigning party.

10. Arbitration. Except as specified below, any dispute or claim arising out of this Agreement shall be settled by arbitration. Arbitration proceedings shall be commenced by the delivery by either party to the other of written notice demanding arbitration. Unless otherwise



agreed, arbitration shall be conducted by the Judicial Arbitration and Mediation Service ("JAMS"), with the controversy or claim being decided by a single arbitrator knowledgeable about telecommunications industry issues appointed by JAMS. If the parties fail to agree on an arbitrator from the JAMS panel after 10 days, JAMS shall provide a list of three available panelists to the parties. Each party shall, within 10 days after receipt of such list, be entitled to strike one arbitrator from the list. The remaining person on the list shall serve as arbitrator. Any arbitration hearing shall be held at Seattle, Washington, unless the parties agree otherwise. Any award rendered by arbitration shall be final and binding on the parties, and judgment thereon may be entered in King County Superior Court or any other court of competent jurisdiction. The arbitrator shall have the authority and discretion to award costs and reasonable attorneys' fees to the prevailing party.

A party seeking specific performance of this Agreement shall be permitted to seek relief in a court of competent jurisdiction. In such event the parties shall not be required to proceed with arbitration as to such portion of any dispute as to which specific performance shall be the appropriate remedy. In the event of suit for specific enforcement of this Agreement, the prevailing party shall be entitled to judgment for its costs including reasonable attorney fees at trial and on appeal.

11. Specific Enforcement. Both parties recognize and agree that in the event of a breach or threatened breach of this Agreement by a party, irreparable harm will result to the non-breaching party and its business. Therefore, the parties agree that in such event, the non-breaching party shall be entitled to seek preliminary and permanent injunctive relief to restrain actual or potential violation of this Agreement or compel service consistent with the terms of this Agreement, as the case may be, in addition to all of the remedies, damages, or legal relief available to the non-breaching party.

12. Notices. Notices may be given to either party at the address appearing on the signature page of this Agreement. Either party may change its notice address by written notice to the other.

13. Law Governing. The laws of the State of Washington shall govern this Agreement, without respect to any choice of law provisions.

14. Modifications. Other than the Right of Entry agreement referenced above, this Agreement represents the entire agreement between the parties as to the subject matter, and may be modified only in writing executed by an authorized representative of each party.

15. Force Majeure. No failure or omission by either party to carry out or observe any of the terms and conditions of this Agreement shall give rise to any claim against the party in question or be deemed to be a breach of this Agreement if such failure or omission arises due to a cause beyond its control, including, but not limited to, acts of nature, war, insurgency, civil unrest, labor disputes, cable cuts, acts of third parties (including computer attacks), unavailability of parts or labor, or other cause beyond the reasonable control of the party.



16. Support for Docket. Suncadia agrees to fully support Inland's filing made in the Docket.

DATED as of the 1st day of June, 2005.

SUNCADIA, LLC;

By: _____

Its: Senior Vice President for Development

109 South First Street
P.O. Box 887
Roslyn, WA 98941
Fax: (509) 649-3059

INLAND TELEPHONE COMPANY

By: _____

John Coonan
Its: Treasurer

103 S. 2nd Street
P.O. Box 171
Roslyn, WA 98941
Fax: (509) 649-3300

16. Support for Docket Suncadia agrees to fully support Inland's filing made in the Docket.

DATED as of the 1st day of June, 2005.

SUNCADIA, LLC,

By: _____

Its:

109 South First Street
P.O. Box 887
Roslyn, WA 98941
Fax: (509) 649-3059

INLAND TELEPHONE COMPANY

By:  _____

John Coonan
Its: Treasurer

103 S. 2nd Street
P.O. Box 171
Roslyn, WA 98941
Fax: (509) 649-3300