

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

APPLICATION FOR MITIGATION OF PENALTIES

Priority Terabit Inc

I have read and understand RCW 9.72.030, which prescribes penalties for making false affidavits (printed below), and hereby make, under oath, application for mitigation of the penalties (as described on the attached form), for the following reasons:

We did not receive the notice to send in the annual report. We had changed addresses and had notified the commission (2003) last year however our address didn't get changed until early August approximately. Notice originally went to Charles Dunham but was changed to come to me. Apparently this change didn't happen until this year.

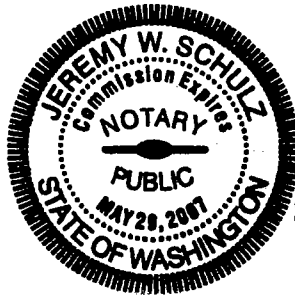
NOTE: This form must be completed, signed and notarized, and received by the Commission within 15 days of your receipt of this form.

I swear that the foregoing is a true and complete statement of the facts in this case.

James K Watson

Signature of Applicant

Sworn to and subscribed before me this 7th day of Sept 2007



Jeremy W. Schulz
NOTARY PUBLIC in and for the State of Washington, residing in Liberty Lake, WA

RCW 9.72.030:

"Perjury-Second Degree: Every person who, whether orally or in writing, and whether as a volunteer or in a proceeding or investigation authorized by law, shall knowingly swear falsely concerning any matter whatsoever shall be guilty of perjury in the second degree and shall be punished by imprisonment in the state penitentiary for not more than five years or by imprisonment in the county jail for not more than one year."