

ESSENTIAL TERMS AND CONDITIONS

Contract No. 1387ICB New X Renewal Amendment

Effective Date: May 16, 2009

Expiration Date: May 15, 2010*

Duration of Contract: Twelve months. * Customer may opt for up to three twelve month extensions.

Extension: If, after exercising all extensions noted above, Customer indicates to Verizon in writing that it desires to negotiate a new contract or tariffed service arrangement to continue or replace the Services provided, the Agreement shall automatically be extended for a period not to exceed 60 days from the end of the initial Service Period to allow the parties to finalize a new agreement or to transition to a tariffed service arrangement. Notice must be provided by Customer at least 30 days prior to the end of the initial Service Period. Notice can be made by facsimile or electronic mail.

Description of Service: CentraNet with feature Package 2000 and Network Access Registers (NARs)

Number of Units: Minimum lines – 250

Monthly Recurring Charge: \$11.25 per line

Signing Credit: In consideration of Customer spending at least \$296,000 with Verizon in 2008, having had at least 500 Centranet lines installed in Washington since 1998, and committing to a minimum of 250 lines per this new agreement, Customer will receive a credit of \$15,275.

Shortfall Charge: Per line rate times the number of lines of shortfall.

Non-Recurring Charge: For added lines, per tariff.

Termination Liability: Twenty-five percent (25%) of the MRC X Minimum Commitment [250].x number of months remaining in the Service Period.

Location: Various

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7(b) (iii)

Demonstrate, at a minimum, that the contract charges cover the company's cost of providing the service. Costs will be determined under a long-run incremental cost analysis, including as part of the incremental cost, the price charged by the offering company to other telecommunications companies for any essential function used to provide the service, or any other commission-approved cost method.

The attached confidential cost documentation demonstrates the contract charges cover the company's cost of providing the CentraNet analog station lines with Feature Pack 2000 and the NARs.

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7 (b) (iv)

Summarize the basis of the charge(s) proposed in the contract and explain the derivation of the proposed charge(s) including all cost computations involved.

The underlying costs of the individual component elements are identified in the confidential cost documentation filed with this contract. See Exhibit A to the contract for the list of services and rates subscribed to under the agreement.

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7 (v) Indicate the basis for using a contract rather than a filed tariff for the specific service involved.

The services are offered on a contract basis due to competitive market conditions and because the packaging and negotiated prices are not available under tariff.

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(2) Duration of contract. All contracts shall be for a stated time period.

The contract term is twelve (12) months, with a customer option for three 12 month extensions.