

## ESSENTIAL TERMS AND CONDITIONS

**Contract No. 1411ICB    New X    Renewal \_\_\_    Amendment \_\_\_**

Effective Date: August 26, 2010

Expiration Date: August 25, 2013

Duration of Contract: Thirty-six months (from In Service date)

Extension: If Customer indicates to the Company 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 analog station lines with Feature Package 1000 [Network Access Registers (NARs) are obtained per tariff]

Number of Units: 353

Monthly Recurring Charge: Analog CentraNet Station lines with Feature Pack 1000 - \$14.25 each

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

Eligibility Criteria: Spent at least \$50 million on a multi-state basis with the Company and then-affiliates for intrastate telecommunications services in the prior year; has had installed 5,000 CentraNet lines on a multi-state basis since 2000; has had installed at least 270 PRI lines for a period of four years prior to execution of this agreement; customer commits to retaining 200 CentraNet lines and 20 PRIs in Washington State for at least six months; the terms and conditions of this agreement shall not apply to any other customers with annual cumulative revenues from the Company and affiliates regulated local exchange services in excess of \$80,000,000.

Location: Various

**Contract No. 1411ICB    New   X      Renewal       Amendment**

480-80-142

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 station lines with Feature Pack 1000.

**Contract No. 1411ICB    New X    Renewal \_\_\_\_    Amendment \_\_**

480-80-142

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.

**Contract No. 1411ICB    New   X      Renewal       Amendment**

480-80-142

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 negotiated rates, terms and conditions are not available under tariff.

**Contract No. 1411ICB    New   X      Renewal       Amendment**

480-80-142

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

The contract term is thirty-six (36) months.