

CONFIDENTIAL SETTLEMENT AGREEMENT

This Confidential Settlement Agreement (the "Agreement") is made and effective as of the 31st day of March, 2006 (the "Effective Date"), between Qwest Corporation ("Qwest") and Northwest Telephone, Inc. ("NTI") (Qwest and NTI may be hereafter individually referred to as a "Party" and collectively referred to as the "Parties").

RECITALS

WHEREAS, Qwest and NTI are parties to an Agreement for Local Wireline Network Interconnection and Service Resale, as amended (the "Interconnection Agreement"), which was effective June 13, 2001, and

WHEREAS, NTI and Qwest have been engaged in a dispute regarding NTI's interconnection architecture under the Interconnection Agreement and the applicability of tariffed charges and charges for certain rate elements under the Interconnection Agreement, including but not limited to the application of charges according to the relative use factor ("RUF"), as specifically described in the Interconnection Agreement (the "Billing Dispute"), and

WHEREAS, the Parties subsequently entered into a Payment Agreement for Certain Undisputed Charges, effective June 2, 2005 (the "Payment Agreement") and a Depository Escrow Agreement, effective June 2, 2005 (the "Escrow Agreement") wherein the Parties agreed to place certain disputed amounts in escrow and continue payment for services obtained by NTI pursuant to the applicable tariff and/or Interconnection Agreement, and

WHEREAS, in accordance with the Payment Agreement, NTI filed a complaint with the Washington Utilities and Transportation Commission ("WUTC"), Docket No. UT-053081, wherein NTI made certain allegations against Qwest with respect to the Billing Dispute and Qwest has responded and alleged that NTI must pay the monies placed in escrow under the Payment Agreement to Qwest (the "Complaint"), and

WHEREAS, the Parties desire to settle the dispute related to the Billing Dispute and agree upon a mutually acceptable method for billing the use of the facilities that is the subject of the Billing Dispute to avoid future disputes regarding such facilities.

NOW, THEREFORE, in consideration of the mutual agreements, undertakings, and representations contained herein, the payment of the amounts set forth below, and other good and valuable consideration, which is hereby acknowledged, the Parties agree as follows:

AGREEMENTS AND COVENANTS

1.

REDACTED

Furthermore, concurrent with the execution of this Agreement, the Parties shall execute an amendment to the Interconnection Agreement (the "ICA Amendment") that implements certain adjustments to the Interconnection Agreement, as detailed in the ICA Amendment. NTI and Qwest further agree that the Parties shall continue to operate under the Interconnection Agreement, as amended, and that NTI and Qwest shall pay all monies as required by the ICA on a going-forward basis.

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2. In consideration of the payments, covenants, agreements and commitments contained herein and the Parties' performance of this Agreement, each Party releases, acquits, holds harmless and forever discharges the other Party, its officers, directors, employees, agents, attorneys, successors, assigns, parents, subsidiaries, affiliates, shareholders, partners, insurance companies and bonding companies and each of their directors, officers, agents, attorneys, employees and representatives (collectively the "Released Parties") from any and all claims, demands, damages, disputes, actions, causes of action, suits, debts, duties, losses, and obligations of any kind or nature whatsoever, known or unknown, related to or arising out of the Billing Dispute which it has, had or may have that accrued from the beginning of time through the date of the execution of this Agreement against each respective Released Parties, or any of them. This Agreement shall constitute a full satisfaction, discharge and release of all claims related to the Billing Dispute. In addition, NTI and Qwest shall jointly file a motion with the WUTC seeking to dismiss the Complaint with prejudice in order to reflect that all issues surrounding the Billing Dispute have been resolved and also file the ICA Amendment with the WUTC.

3. This Agreement shall be confidential, and each Party shall maintain the confidentiality of this Agreement. If either Party is compelled to disclose the existence or terms of this Agreement in judicial or administrative proceedings, such Party will notify the other party in writing, at least 30 days in advance of such disclosure, to provide the other Party an opportunity to seek protective arrangements. Each Party will cooperate with the other Party in that regard. Notwithstanding the foregoing, the parties agree that this Agreement will be filed with the WUTC concurrently with the motion to dismiss. The Agreement will be designated as confidential to the extent permitted by WUTC rules.

4. Qwest and NTI each represents and warrants, that:

- A. It has full authority and the present ability to perform all of its obligations under this Agreement;
- B. It has obtained all governmental consents, approvals and authorizations required or necessary in order for it to perform all of its obligations under this Agreement;
- C. It has all requisite corporate and other legal power and authority to enter into and perform its obligations under this Agreement;
- D. It will comply with all applicable laws, rules, regulations and orders of all governmental agencies, bodies and other organizations in performing its obligations under this Agreement;
- E. No consents, approvals, authorizations or notices from any third parties are required in connection with or for: (i) the performance of its obligations under this Agreement; (ii) the validity and enforceability of this Agreement; or (iii) its execution, delivery and performance of its obligations under this Agreement; and
- F. It has not assigned, sold or transferred its right, power or authority to execute and grant the releases and enter into the covenants and agreements contained herein.

5. If either Party fails to enforce any right or remedy available under this Agreement, that failure will not be construed as a waiver of any right or remedy with respect to any other prior or subsequent default, misrepresentation or breach of any term or condition of this Agreement or in any manner affect any rights arising by reason of any such prior or subsequent default, misrepresentation or breach.

6. This Agreement constitutes the full, entire and complete understanding and agreement between Qwest and NTI and supersedes any prior understandings, agreements or representations, if any,

whether written, oral or otherwise, that relate in any manner whatsoever to the subjects of this Agreement. Notwithstanding, this Agreement does not supersede Qwest's tariffs and no term or condition of this Agreement shall be read in a manner inconsistent with Qwest's tariffs. To the extent a conflict exists between the Agreement and Qwest's tariffs, the tariffs shall control.

7. Qwest reserves the right to modify its tariffs, and any term of this Agreement that is inconsistent with Qwest tariffs, as amended, shall be governed by said tariffs; provided, however and subject to applicable law, that Qwest shall not modify its tariffs for the purpose of invalidating any portion of this Agreement. In all other respects, no term or condition of this Agreement, including without limitation the terms and conditions of this paragraph, may be amended, modified or supplemented, and no waivers or consents to departures from any of the terms and conditions of this Agreement shall be effective or of any force or effect other than as shall be set forth in and pursuant to a written instrument signed by both Qwest and NTI. In addition, any conflicts between the terms of this Agreement and the Interconnection Agreement shall be controlled by the terms of the Interconnection Agreement. Nothing in this Agreement is intended to modify or amend any terms of the Interconnection Agreement.

8. To the extent not governed by the Communications Act of 1934, as amended (47 USC Section 201 et seq.), this Agreement shall be interpreted and construed in accordance with the laws of the state of Washington.

9. This Agreement has been jointly drafted by Qwest and NTI and shall not be interpreted in favor of or against either Party. Qwest and NTI have each sought and obtained advice of counsel in negotiating and entering into this Agreement.

10. Any dispute arising out of, or relating to, this Agreement shall be settled according to the processes described in the Dispute Resolution provisions of the Parties' Interconnection Agreement.

11. Any notice to Qwest or NTI required or permitted under this Agreement shall be in writing and shall be personally served, delivered by Certified US Mail, or by a courier service. Upon prior agreement of Qwest's and NTI designated recipients listed below, such notice may also be provided by facsimile. Any notice shall be delivered using one of the aforementioned means and shall be directed as indicated below:

If to Qwest: Qwest Corporation
Attention: Legal Department
1801 California Street, Suite 5100
Denver, Colorado 80202

If to NTI: Northwest Telephone, Inc.
250 East Penny Road
Wenatchee WA, 98801

12. Qwest and NTI acknowledge and agree that this Agreement does not constitute an admission by either of them of the truth, accuracy or merit of any fact, asserted principle of law, any matter, claim or cause of action alleged or asserted in any judicial, regulatory or other forum, whether past, present or future, relating to the subject matter of this Agreement. This Agreement does not constitute an admission with respect to the appropriateness or legality of any charges, billed or unbilled, whether paid or unpaid, nor does it constitute an ongoing term or condition of any interconnection agreement, and each Party reserves any and all rights to take any action with respect to any other billing

disputes it may have. Nothing contained herein shall be construed or interpreted to preclude representatives of Qwest or NTI from responding to legal process in connection with the subject matter of this Agreement; provided, that any such responding Party shall provide prompt notice of any such response to the other Party.

13. This Agreement may be executed by facsimile and in multiple counterparts, each of which shall be deemed an original, but all of which shall be deemed one and the same document.

14. If reporting or filing obligations or requirements are imposed upon Qwest by any third party or regulatory agency in connection with this Agreement or the Billing Dispute, including the Complaint, NTI agrees to assist Qwest in complying with such obligations and requirements, as reasonably required by Qwest and to hold Qwest harmless for any failure by NTI in this regard.

IN WITNESS THEREOF, Qwest and NTI have caused this Agreement to be duly executed and delivered as of the date first set forth above.

Qwest Corporation

Northwest Telephone, Inc.

By: *[Signature]*
Name: Don E. Huff
Title: Director - Carrier Relations

By: *[Signature]*
Name: Andrew Metcalfe
Title: President / CEO