

**REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES
APPLYING TO LOCAL, MESSAGE TOLL, AND LONG DISTANCE END-USER
COMMUNICATIONS SERVICES WITHIN
THE STATE OF WASHINGTON
THIS PRICE LIST REPLACES WA PRICE LIST No. 1 IN ITS ENTIRITY**

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REVISIONS

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EXPLANATION OF SYMBOLS, REFERENCE MARKS, AND ABBREVIATIONS OF TECHNICAL
TERMS USED IN THIS PRICE LIST

The following symbols shall be used in this Price List for the purpose indicated below:

- | | |
|---|--|
| C | To signify changed regulation. |
| D | To signify discontinued rate or regulation. |
| I | To signify increased rate. |
| M | To signify a move in the location of text. |
| N | To signify new rate or regulation. |
| R | To signify reduced rate. |
| T | To signify a change in text but no change in rate or regulation. |

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APPLICATION OF PRICE LIST

This Price List sets forth the competitive service offerings, rates, terms and conditions applicable to the furnishing of intrastate end-user communications services by Peerless Network of Washington, LLC, to customers within the State of Washington. The Company will offer service under the following name: Peerless Network of Washington. All names are service marks of the Company. Certain terms used generally throughout this Price List are defined below.

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SECTION 1: DEFINITIONS

Access Line: A transmission path, which connects a subscriber location to the carrier's terminal location or switching center.

Advance Payment: Part or all of a payment required before the start of service.

Automatic Number Identification (ANI): Allows the automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party subscriber. The primary purpose of ANI is to allow for billing of toll calls.

Bandwidth: The total frequency band, in hertz, allocated for a channel.

Bit: The smallest unit of information in the binary system of notation.

Call Back/Camp: Permits a station line encountering an all-trunk-busy condition the option of being notified when a trunk becomes idle.

Call Forwarding:

Call Forwarding Station: Allows calls directed to a station line to be routed to a user defined line inside or outside the customer's telephone system.

Call Forwarding System: Permits calls attempting to terminate to a busy station line to be re-directed to a predetermined line inside or outside the customer's telephone system.

Call Forwarding Remote: This optional feature allows a user to activate/deactivate the Call Forwarding - All Calls feature or change the forwarded to telephone number from a remote location.

Call Forwarding Busy: Allows incoming calls to a busy station to be routed to a preselected station line or attendant within the same system or outside the system. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Don't Answer: Allows incoming calls to be automatically routed to a preselected station line or attendant in the same system or outside the system, when the called station is not answered after a preset number of rings. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Variable Limited: When this feature is activated by a station line user or the attendant, incoming calls to the activated station line or attendant position will be automatically routed to any other selected station line, within the same Centrex system, or to the attendant position. The attendant may also activate this feature for a station line user.

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SECTION 1: DEFINITIONS

Call Forwarding Variable Unlimited: The same as Call Forwarding Variable Limited except that incoming calls may be automatically routed to a telephone number outside the Centrex system or to station lines within the same Centrex system. The attendant may not activate this feature to a telephone number outside the Centrex system for a station line use. Calls forwarded outside the Centrex system are subject to the appropriate charges for local and toll messages.

Call Hold: Allows the user to hold one call for any length of time provided that neither party goes on-hook.

Call Park: Allows a station line to park a call against its own line number. The parked call can be retrieved from any station line by dialing a feature code and the line number against which the call is parked.

Call Pickup: Allows a station line to answer incoming calls to another station line within a defined call pickup group. Call pickup is provided on individual station lines within a customer group.

Call Transfer: Allows a station line user to transfer any established call to another station line inside or outside the customer group without the assistance of the attendant.

Call Waiting: Permits a line in the talking state to be alerted by a tone when another call is attempting to complete to the line. Audible ringing is returned to the originating line. The Service also provides a hold feature that is activated by a switch-hook flash.

Calling Party Number: (CPN) means a Signaling System 7 parameter whereby the ten (10) digit number is used to identify the calling or originating party.

Communications Services: The Company's intrastate toll and local exchange switched telephone services offered for both intraLATA and interLATA use.

Company, Peerless Network of Washington, or Peerless Network: Peerless Network of Washington, LLC, the issuer of this Price List.

Customer or Subscriber: The person, firm, government agency or entity, partnership, association, joint-stock company, trust or corporation or corporation that orders or uses the Company's service and is responsible for the payment of charges and compliance with the Company's regulations.

Customer Proprietary Network Information (CPNI): Information that relates to the quantity, technical configuration, type, destination, location, and amount of use of a telecommunications service subscribed to by any customer of a the Company and that is made available to the Company by the customer solely by virtue of the Company-customer relationship; and information contained in the bills pertaining to telephone exchange service or telephone toll service received by a customer of a carrier; except that such term (CPNI) does not include subscriber list information.

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SECTION 1: DEFINITIONS

Dedicated Access Lines ("DAL"): A group of leased lines which interconnect a switching system to a dedicated subscriber.

Dedicated Inbound Calls: Refers to calls that are terminated via dedicated access facilities connecting the Customer's premises and the Company's POP. This service is offered to the extent facilities are available and where the Company and the Customer jointly arrange for the establishment of dedicated access facilities connecting the Customer's trunk-compatible PBX or other suitable equipment to the Company's POP. The Customer shall be responsible for all costs and charges associated with the dedicated access facilities.

Dedicated Outbound Calls: Refers to service that is offered to the extent facilities are available in those cases where the Company and the Customer jointly arrange for the establishment of dedicated access facilities connecting the Customer's trunk-compatible PBX or other suitable equipment to the Company's Point of Presence (POP). The Customer shall be responsible for all costs and charges associated with the dedicated access facilities.

Dial Pulse (or "DP"): The pulse type employed by rotary dial station sets.

DID Trunk: A form of local switched access that provides the ability for an outside party to call an internal extension directly without the intervention of the company operator.

Direct Inward Dial (or "DID"): A service attribute that routes incoming calls directly to stations, bypassing a central answering point.

Direct Outward Dial (or "DOD"): A service attribute that allows individual station users to access and dial outside numbers directly.

Disconnection: The disconnection of a circuit, dedicated access line or port connection being used for existing service.

Do Not Disturb: Permits the attendant to cut off a single station line and selected groups of station lines from receiving incoming and station-to-station calls.

DSX-1 Panel: Distribution equipment used to terminate and administer DS1 (1.544 Mbps) circuits.

Digital Signal Level 1 (DS1): The 1.544 Mbps first level signal in the time division multiplex hierarchy.

Dual Tone Multi-Frequency (or "DTMF"): The pulse type employed by tone dial station sets.

Duplex Service: Service which provides for simultaneous transmission in both directions.

FCC: The Federal Communications Commission

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SECTION 1: DEFINITIONS

Fiber Optic Cable: A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

Grandfathered: Services ordered under the provisions of this Price List but are no longer available to new customers.

Hunting: Routes a call to an idle station line in a prearranged group when the called station line is busy.

In-Only: A service attribute that restricts outward dial access and routes incoming calls to a designated answer point.

Individual Case Basis: A condition in which the regulations (if applicable), rates and charges for an offering under the provision of this Price List are developed based on the circumstance in each case.

Interconnection: The connection of telephone equipment to the network; also, the connection of one carrier with another, i.e., the interface between carriers.

Interexchange Service: Any of the Company's service offerings which provide switched communications between Local Exchange Carrier defined exchange service areas. Interexchange Services include, but are not limited to MTS, Toll Free Service and Other Service Arrangements.

Joint User: A person, firm or corporation that is designated by the Customer as a user of services furnished to the Customer by Peerless Network of Washington and to whom a portion of the charges for the service will be billed under a joint user arrangement as specified herein.

Kbps: Kilobits per second, denotes thousands of bits per second.

Last Number Redial: Enables a station line user to redial the last called number by use of an access code rather than dialing the entire number.

LATA: A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

Local Exchange Carrier or ("LEC"): Denotes any individual, partnership, association, joint-stock company, trust or corporation engaged in providing switched communication within an exchange.

Local Number Portability:

The ability to move telephone number(s) from one service provider to another

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Loss: The value placed on injury or damages due to an accident caused by another's negligence, a breach of contract or other wrongdoing.

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SECTION 1: DEFINITIONS

Mbps: Megabits, denotes millions of bits per second. M

Multi-Frequency or ("MF"): An inter-machine pulse-type used for signaling between telephone switches or between telephone switches and PBX/key systems.

North American Numbering Plan (NANP): A three-digit area code (also known as a Number Plan Area (NPA), and a seven digit telephone number, made up of a three digit central office code and a four-digit station number.

Other Carrier: A person, firm, corporation, or entity regulated by the DPU or the FCC which subscribes to carriers' communications services and facilities and resells these communications services and facilities to the public for a profit. Unless otherwise indicated herein, the term "other carrier" when used in this Price List includes entities which are brokers of the service (act as intermediaries for the purpose of reselling), those entities which are processors of the service (enhance the value of the service through substantial incurred costs) and those entities which are underlying carriers or providers of facilities.

Point of Presence ("POP"): Point at which responsibility for handling traffic changes over from the local telephone operating company to the interexchange carrier.

Premises: The space designated by a Subscriber as its place or places of business for termination of service (whether for its own communications needs or for its resale subscribers).

Primary InterLATA Carrier ("PIC") - Long distance carrier designated by a telephone subscriber to provide him with interLATA service without having to dial a special access code.

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

Service Commencement Date: The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this Price List, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute Service Commencement Date.

Service Order: The written request for Network Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this Price List, but the duration of the service is calculated from the Service Commencement Date.

Shared: A facility or equipment system or subsystem that can be used simultaneously by several customers.

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SECTION 1: DEFINITIONS

Shared Inbound Calls: Refers to calls that are terminated via the Customer's LEC-provided Local Exchange line.

Shared Outbound Calls: Refers to calls in Feature Group D exchanges whereby the Customer's local telephone lines are presubscribed by the local exchange company to the Company's outbound service such that "1 + 10-digit number" calls are automatically routed to the Company's network. Calls to stations within the Customer's LATA may be placed by dialing "10 + XXX or 101XXXX + the 10-digit number".

Speed Calling: Permits a station line user to dial selected numbers by using fewer digits than normally required. This is accomplished through the assignment of abbreviated codes to frequently called numbers. The speed-calling list is customer-changeable.

State Commission: The State agency responsible for the regulation of telecommunications service within a particular state's borders

Station: Allows a station line user to add, change or delete telephone numbers from a speed-calling list. The list is dedicated to the individual station line user.

Subscriber-Provided Equipment - Terminal equipment, as defined herein, provided by a subscriber

System: Allows shared use of speed calling list. A control station will add, change or delete telephone numbers from the list for the group.

Terminal Equipment - Devices, apparatus and their associated wiring, such as telephone handsets, data sets, or microprocessors.

T1 - The basic 24-channel 1.544 Mbps pulse code modulation system as used in the United States.

Three-Way Calling: Allows a station line user to add a third party to an existing conversation.

Two-Way: A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

User or End User: A Customer, Joint User, or any other person authorized by Customer to use service provided under this Price List. End users are customers that are not carriers, and can include a business, company or enhanced service providers (including but not restricted to, internet service providers, conference calling providers, and Voice over Internet Protocol service providers) or other entities.

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SECTION 2: REGULATIONS2.1 Undertaking of the Company2.1.1 Scope

The Company undertakes to furnish communications service pursuant to the terms of this Price List in connection with one-way and/or two-way information transmission between points within the State of Washington.

Customers and users may use services and facilities provided under this Price List to obtain access to services offered by other service providers. The Company is responsible under this Price List only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.

2.1.2 Shortage of Equipment or Facilities

- A) The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.
- B) The furnishing of service under this Price List is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

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SECTION 2: REGULATIONS

2.1 Undertaking of the Company (cont'd.)

2.1.3 Terms and Conditions

- A) Service is provided on the basis of a minimum period of at least one month, 24-hours per day. For the purpose of computing charges in this Price List, a month is considered to have 30 days.
- B) Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this Price List. Customers will also be required to execute any other documents as may be reasonably requested by the Company.
- C) Except as otherwise stated in this Price List, at the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon 30 days written notice. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this Price List prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.
- D) In any action between the parties to enforce any provision of this Price List, the prevailing party shall be entitled to recover its legal fees and court costs from the non-prevailing party in addition to other relief a court may award.

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SECTION 2: REGULATIONS

2.1 Undertaking of the Company (cont'd.)

2.1.3 Terms and Conditions (cont'd.)

- E) Service may be terminated upon written notice to the Customer if:
 - 1) the Customer is using the service in violation of this Price List; or
 - 2) the Customer is using the service in violation of the law.
- F) This Price List shall be interpreted and governed by the laws of the State of Washington without regard for its choice of laws provision.
- G) To the extent that either the Company or any Other Telephone Company exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its' customers. At the reasonable request of either party, the Company and the Other Telephone Company shall join the attempt to obtain from the owner of the property access for the other party to serve a person or entity.

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SECTION 2: REGULATIONS2.1 Undertaking of the Company (cont'd.)2.1.4 Liability of the Company

- A) Except as otherwise stated in this Price List, the liability of the Company for damages arising out of the furnishing of its Services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts or omission, shall be limited to the extension of allowances for interruption as set forth in Section 2.7. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of the Company. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of the Company's employees or agents.
- B) The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.
- C) The Company shall not be liable for:
- 1) any act or omission of any entity furnishing to the Company or to the Company's Customers facilities or equipment used for interconnection with Network Services; or
 - 2) for the acts or omissions of common carriers or warehousemen.
- D) The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of equipment or facilities provided by the Customer or third parties.

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SECTION 2: REGULATIONS2.1 Undertaking of the Company (cont'd.)2.1.4 Liability of the Company (cont'd.)

- E) The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal presence, condition, location, or use of any installation so provided. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this Section 2.1.4(E) as a condition precedent to such installations.
- F) The Company is not liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by negligence or willful misconduct of the Company's agents or employees.
- G) The Company shall be indemnified, defended and held harmless by the Customer from and against all loss, liability, damage and expense, including reasonable counsel fees, due to claims for libel, slander, invasion of privacy or infringement of copyright in connection with the material transmitted over the Company's facilities; and any other claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's facilities.
- H) The entire liability for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid the Company by the Customer for the specific services in the month in which the event giving rise to the liability occurred. No action or proceeding against the Company shall be commenced more than one year after the event giving rise to the liability occurred.
- I) THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

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SECTION 2: REGULATIONS2.1 Undertaking of the Company (cont'd.)2.1.4 Liability of the Company (cont'd.)

- J) The Company shall indemnify, defend, and hold harmless the Customer from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for any injury to persons or property, and any interruption of, interference to, or other defect in any service provided by the Company to any third party, if such injury, interruption, interference, or other defect was not caused by any negligent or intentional act or omission of the Customer or any of its officers, employees, agents, invitees, or contractors.

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

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SECTION 2: REGULATIONS2.1 Undertaking of the Company (cont'd.)2.1.6 Provision of Equipment and Facilities

- A) The Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this Price List. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.
- B) The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- C) The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.
- D) Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the Company provided it.
- E) The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the Premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.
- F) The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this Price List, the responsibility of the Company shall be limited to the furnishing of facilities offered under this Price List and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:
 - 1) the transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or

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SECTION 2: REGULATIONS2.1 Undertaking of the Company (cont'd.)2.1.6 Provision of Equipment and Facilities (cont'd.)

- 2) the reception of signals by Customer-provided equipment; or
 - 3) network control signaling where such signaling is performed by customer provided network control signaling equipment.
- G) Except as otherwise indicated, customer provided station equipment at the Customer's premises for use in connection with this service shall be so constructed, maintained and operated as to work satisfactorily with the facilities of the Company.

2.1.7 Non routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but at the Customer's request extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

2.1.8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this Price List, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is that construction undertaken:

- A) where facilities are not presently available and there is no other requirement for the facilities so constructed;
- B) of a type other than that which the Company would normally utilize in the furnishing of its services;
- C) over a route other than that which the Company would normally utilize in the furnishing of its services;
- D) in a quantity greater than that which the Company would normally construct;

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2.1 Undertaking of the Company (cont'd.)

2.1.8 Special Construction (cont'd.)

- E) on an expedited basis;
- F) on a temporary basis until permanent facilities are available;
- G) involving abnormal costs; or
- H) in advance of its normal construction.

2.1.9 Ownership of Facilities

Title to all facilities provided in accordance with this Price List remains in the Company, its agents or contractors. Equipment furnished by the Company on the premises of a subscriber is the property of the Company.

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2.2 Prohibited Uses

- A) The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- B) The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and Washington Utility and Transportation Commission regulations, policies, orders, and decisions.
- C) The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others.
- D) A customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this Price List will apply.

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SECTION 2: REGULATIONS2.3 Obligations of the Customer2.3.1 General

The Customer shall be responsible for:

- A) the payment of all applicable charges pursuant to this Price List;
- B) damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;
- C) providing at no charge, as specified from time to time by the Company, any needed personnel, equipment space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- D) obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide Communications Services to the Customer from the cable building entrance or property line to the location of the equipment space described in Section 2.3.1(C). Any and all costs associated with the obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to, the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.
- E) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation work;

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2.3 Obligations of the Customer (cont'd.)

2.3.1 General (cont'd.)

- F) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1(D); and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;
- G) not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities; and
- H) making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.

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SECTION 2: REGULATIONS2.3 Obligations of the Customer (cont'd.)2.3.2 Liability of the Customer

- A) The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invitees, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.
- B) To the extent caused by any negligent or intentional act of the Customer as described in (A), preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for (1) any loss, destruction or damage to property of any third party, (2) the death of or injury to persons, including, but not limited to, employees or invitees of either party, and (3) any liability incurred by the Company to any third party pursuant to this or any other Price List of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.
- C) The Customer shall not assert any claim against any other customer or user of the Company's services for damages resulting in whole or in part from or arising in connection with the furnishing of service under this Price List including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations, whether or not such other customer or user contributed in any way to the occurrence of the damages, unless such damages were caused solely by the negligent or intentional act or omission of the other customer or user and not by any act or omission of the Company. Nothing in this Price List is intended either to limit or to expand Customer's right to assert any claims against third parties for damages of any nature other than those described in the preceding sentence.
- D) Neither subscriber's landlord nor landlord's officers, agents or employees, the building management or any party in interest to the lease under which subscriber occupies space in the building shall have any liability to subscriber arising from the provision or operation of the services and service-related equipment referred to herein, or the interruption or failure thereof from any cause whatsoever.

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SECTION 2: REGULATIONS2.4 Customer Equipment and Channels2.4.1 General

A User may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this Price List. A User may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this Price List.

2.4.2 Station Equipment

- A) Terminal equipment on the User's Premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the User. The User is responsible for the provision of wiring or cable to connect its terminal equipment to the Company Point of Connection.
- B) The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

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2.4 Customer Equipment and Channels (cont'd.)

2.4.3 Interconnection of Facilities

- A) Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Communications Services and the channels, facilities, or equipment of others shall be provided at the Customer's expense.
- B) Communications Services may be connected to the services or facilities of other communications carriers only when authorized by and in accordance with, the terms and conditions of the Price Lists of the other communications carriers which are applicable to such connections.
- C) Facilities furnished under this Price List may be connected to customer provided terminal equipment in accordance with the provisions of this Price List. All such terminal equipment shall be registered by the Federal Communications Commission pursuant to Part 68 of Title 47, Code of Federal Regulations; and all User-provided wiring shall be installed and maintained in compliance with those regulations.
- D) Users may interconnect communications facilities that are used in whole or in part for interstate communications to services provided under this Price List only to the extent that the user is an "end user" as defined in Section 69.2(m), Title 47, Code of Federal Regulations (1992 edition).

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SECTION 2: REGULATIONS2.4 Customer Equipment and Channels (cont'd.)2.4.4 Inspections

- A) Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2(B) for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.
- B) If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action, as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.

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SECTION 2: REGULATIONS2.5 Customer Deposits and Advance Payments2.5.1 Advance Payments

To safeguard its interests, the Company may require a Customer to make an advance payment before services and facilities are furnished. The advance payment will not exceed an amount up to two months of estimated monthly usage charges. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated non-recurring charges for the special construction and recurring charges (if any) for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's initial bill. An advance payment may be required in addition to a deposit.

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SECTION 2: REGULATIONS2.5 Customer Deposits and Advance Payments (cont'd)2.5.2 Deposits

- A) To safeguard its interests, the Company may require the Customer to make a deposit to be held as a guarantee for the payment of charges. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to:
- 1) three month's charges for a service or facility which has a minimum payment period of one month; or
 - 2) the charges that would apply for the minimum payment period for a service or facility which has a minimum payment period of more than one month; except that the deposit may include an additional amount in the event that a termination charge is applicable.
- B) A deposit may be required in addition to an advance payment.
- C) When a service or facility is discontinued, the amount of a deposit, if any, will be applied to the Customer's account and any credit balance remaining will be refunded. Before the service or facility is discontinued, the Company may, at its option, return the deposit or credit it to the Customer's account. If the amount of the deposit is insufficient to cover the balance due to the Customer's account, the Company retains the right to collect any amounts owing after the deposit has been applied plus any costs related to the collection of any remaining balance.
- D) Deposits held will accrue interest at a rate specified by the Washington Utility and Transportation Commission without deductions for any taxes on such deposits. Interest will not accrue on any deposit after the date on which reasonable effort has been made to return it to the Customer.

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SECTION 2: REGULATIONS2.6 Payment Arrangements2.6.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer. The Customer is responsible for payment of any sales, use, gross receipts, excise, access or other local, state and federal taxes, charges or surcharges (however, designated) (excluding taxes on the Company's net income) imposed on or based upon the provision, sale or use of Network Services.

2.6.2 Billing and Collection of Charges

The Customer is responsible for payment of all charges incurred by the Customer or other users for services and facilities furnished to the Customer by the Company.

- A) Non-recurring charges are due and payable within 30 days after the date of the invoice.
- B) The Company shall present invoices for monthly Recurring Charges as well as usage charges to the Customer for the preceding billing period.
- C) When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rate basis. For this purpose, every month is considered to have 30 days.
- D) Billing of the Customer by the Company will begin on the Service Commencement Date, which is the day on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this Price List or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- E) If any portion of the payment is received by the Company after the date due, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the date due, multiplied by a late factor. The late factor shall be the lesser of:

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2.6 Payment Arrangements (cont'd)

2.6.2 Billing and Collection of Charges (cont'd.)

- 1) a rate of 1.5 percent per month; or
 - 2) the highest interest rate which may be applied under state law for commercial transactions.
- F) The Customer will be assessed a charge of twenty-five dollars (\$25.00) for each check submitted by the Customer to the Company which a financial institution refuses to honor.
- G) Customers have up to 90 days (commencing 5 days after remittance of the bill) to initiate a dispute over charges or to receive credits.
- H) If service is disconnected by the Company in accordance with Section 2.6.3 following and later restored, restoration of service will be subject to all applicable installation charges.

2.6.3 Discontinuance of Service for Cause

- A) Upon nonpayment of any amounts owing to the Company, the Company may, by giving 24 hours prior written notice to the Customer, discontinue or suspend service without incurring any liability.
- B) Upon violation of any of the other material terms or conditions for furnishing service the Company may, by giving 24 hours prior notice in writing to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.
- C) Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.
- D) Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.

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SECTION 2: REGULATIONS2.6 Payment Arrangements (cont'd)2.6.3 Discontinuance of Service for Cause (cont'd.)

- E) Upon any governmental prohibition or required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.
- F) In the event of fraudulent use of the Company's network, the Company may without notice suspend or discontinue service. The Customer will be liable for all related costs as set forth in Section 2.9 of this Price List. The Customer will also be responsible for payment of any reconnection charges.
- G) Upon the Company's discontinuance of service to the Customer under Section 2.6.3(A) or 2.6.3(B), the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this Price List, may declare all future monthly and other charges which would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer to be immediately due and payable (discounted to present value at six percent).
- H) The Customer is responsible for providing adequate access lines to enable the Company to terminate all Toll Free Service calls to the Customer's telephone equipment. Should the Customer have insufficient access lines on which to terminate Toll Free Service calls, the Company reserves the right to request the Customer to add additional lines for call terminations. If, after 90 days, the Customer has not made the requested change, the Company, without incurring any liability, reserves the right to terminate the Customer's Toll Free Service, with 30 days written notice.

2.6.4 Notice to Company for Cancellation of Service

Customers desiring to terminate service shall provide Company thirty (30) days written notice of desire to terminate service. Notice should be sent to:

Peerless Network, INC
222 S Riverside Plaza, Suite 2730
Chicago, IL 60606
Attn: Customer Care

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SECTION 2: REGULATIONS2.6 Payment Arrangements (cont'd.)2.6.5 Cancellation of Application for Service

- A) Applications for service are non-cancelable unless the Company otherwise agrees. Where the Company permits the Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- B) Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun (all discounted to present value at six percent).
- C) Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, applies. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.
- D) The special charges described in 2.6.5(A) through 2.6.5(C) will be calculated and applied on a case-by-case basis.

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SECTION 2: REGULATIONS2.6 Payment Arrangements (cont'd.)2.6.6 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

2.6.7 Back Billing Procedure

- A) The Company will not include on subscriber's bill any previously unbilled charge for service furnished prior to three months immediately preceding the date of the bill, except as specified below.
- B) Subscriber's bill may include charges for service furnished up to five months prior to the date of the bill for:
 - 1) collect calls
 - 2) credit card calls
 - 3) third party calls
 - 4) "error file" calls (calls which cannot be billed due to the unavailability of complete billing information to the Company.)
- C) Subscriber's bill may include charges for service furnished up to one and a half (1 1/2) years prior to the date of the bill in circumstances involving toll fraud.

2.6.8 Establishment and Re-establishment of Credit

The Company reserves the right to examine the credit record of all applicants and subscribers. A subscriber whose service has been discontinued for nonpayment of bills will be required to pay any unpaid balance due to the Company and to re-establish credit.

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SECTION 2: REGULATIONS2.7 Allowances for Interruptions in Service

Interruptions in service, which are not due to the negligence of, or noncompliance with the provisions of this Price List by, the Customer or the operation or malfunction of the facilities, power or equipment provided by the Customer, will be credited to the Customer as set forth in 2.7.1 for the part of the service that the interruption affects.

2.7.1 Credit for Interruptions

- A) The Company will grant a one (1) day credit for fixed charges for service allowance for any service interruption due to failure in the Company's facility. The Company will waive (1) month's fixed charges for any service interruption lasting more than five (5) hours in a billing month due to failure in the Company's facility. Credits will be payable only if the Customer has called in a trouble report within 3 days of the occurrence.
- B) A service interruption will be deemed to have occurred only if service becomes unusable to Customer as a result of failure of the Company's facility, equipment or personnel used to provide the service in question, and only where the interruption is not the result of: (i) the negligence or acts of Customer or its agents; (ii) the failure or malfunction of non-Company equipment or systems; (iii) circumstances or causes beyond the control of the Company; or (iv) a service interruption caused by service maintenance, alteration or implementation. Such credits will be granted only if: (a) Customer affords the Company full and free access to Customer's premises to make appropriate repairs, maintenance, testing, etc.: and (b) Customer does not continue to use the service on an impaired basis.
- C) The foregoing states Customer's sole remedy for service interruption under the Agreement and in no event shall the Company be liable for any direct, indirect, incidental, consequential, punitive or special damages to Customer as result of any of the Company's service, equipment, facilities, person or system provided or utilized under this Agreement.

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SECTION 2: REGULATIONS2.7 Allowances for Interruptions in Service (cont'd)2.7.2 Limitations on Allowances

No credit allowance will be made for:

- A) interruptions due to the negligence of, or noncompliance with the provisions of this Price List by, the Customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company;
- B) interruptions due to the negligence of any person other than the Company, including but not limited to the Customer or other common carriers connected to the Company's facilities;
- C) interruptions due to the failure or malfunction of non-Company equipment;
- D) interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;
- E) interruptions of service during a period in which the Customer continues to use the service on an impaired basis;
- F) interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements; and
- G) due to circumstances or causes beyond the control of Company; and
- H) that occur or continue due to the Customer's failure to authorize replacement of any element of special construction.

2.7.3 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of 8 hours or more or cumulative service credits equaling 16 hours in a continuous 12-month period. The right to cancel service under this provision applies only to the single circuit which has been subject to the outage or cumulative service credits.

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SECTION 2: REGULATIONS2.8 Cancellation of Service/Termination Liability

If a Customer cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in Section 2.7.1), Customer agrees to pay to Company termination liability charges, which are defined below. These charges shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in Section 2.6.2.

Upon cancellation or termination of service hereunder, Customer will make service available for removal, which will be accomplished by the Company in a careful and reasonably expeditious fashion. If Customer does not make the service or equipment available for removal by the Company, then in addition to all other remedies at law or equity available to the Company, all obligations of Customer will remain in force and effect until removal is accomplished. Customer will continue to pay charges for services during such period.

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SECTION 2: REGULATIONS

2.8 Cancellation of Service/Termination Liability (cont'd.)

2.8.1 Termination Liability

Customer's termination liability for cancellation of service shall be equal to:

- A) all unpaid Non-Recurring charges reasonably expended by Company to establish service to Customer, plus;
- B) any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus;
- C) all Recurring Charges specified in the applicable Service Order for the balance of the then current term discounted at 8% per year.
- D) the reasonable removal of all equipment specially ordered to service customers, including: crating, shipping and insurance charges to Chicago, IL if the Company can utilize the Equipment.

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SECTION 2: REGULATIONS2.9 Customer Liability for Unauthorized Use of the Network2.9.1 Unauthorized Use of the Network

Unauthorized use of the Network occurs when a person or entity that does not have actual, apparent, or implied authority to use the Network, obtains the Company's services provided under this Price List.

2.9.2 Liability for Calling Card Fraud

- A) The Customer is liable for the unauthorized use of the Network obtained through the fraudulent use of a Company calling card, provided that the unauthorized use occurs before the Company has been notified.
- B) A Company calling card is a telephone calling card issued by the Company at the Customer's request, which enables the Customer or user(s) authorized by the Customer to place calls over the Network and to have the charges for such calls billed to the Customer's account.
- C) The Customer must give the Company written notice that an unauthorized use of the Company calling card has occurred or may occur as a result of loss, theft or other reasons.
- D) The Customer is responsible for payment of all charges for services furnished to the Customer or to users authorized by the Customer to use service provided under this Price List. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, the Customer's employees, or the public.
- E) The Customer is liable for all charges incurred as a result of unauthorized use of the Network, including incidental and consequential damages. In addition, the Customer is responsible for payment of any charges related to the suspension and/or termination of service and any charges for reconnection of service.

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2.9 Customer Liability for Unauthorized Use of the Network (cont'd.)

2.9.3 Liability for Credit Card Fraud and Other Unauthorized Use

- A) The Customer is liable for the unauthorized use of the Network obtained through the fraudulent use of a credit card, provided: (1) the card is an accepted credit card, and (2) the unauthorized use occurs before the Company has been notified. An accepted credit card is any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as a renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.
- B) The liability of the Customer for unauthorized use of the Network by credit card fraud will not exceed the lesser of \$50 or the amount of money, property, labor, or services obtained by the unauthorized user before notification to the Company.
- C) The Customer must give the Company written notice that an unauthorized use of the credit card has occurred.

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SECTION 2: REGULATIONS2.10 Use of Customer's Service by Others2.10.1 Resale and Sharing

Any service provided under this Price List may be resold to or shared with other persons at the option of Customer, subject to compliance with any applicable laws or the Washington Utility and Transportation Commission regulations governing such resale or sharing. The Customer remains solely responsible for all use of services ordered by it or billed to its telephone number(s) pursuant to this Price List, for determining who is authorized to use its services, and for notifying the Company of any unauthorized use.

2.10.2 Joint Use Arrangements

Joint use arrangements will be permitted for all services provided under this Price List. From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from the Customer. Without affecting the Customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

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SECTION 2: REGULATIONS2.11 Transfers and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties:

- A) to any subsidiary, parent company or affiliate of the Company; or
- B) pursuant to any sale or transfer of substantially all the assets of the Company; or
- C) pursuant to any financing, merger or reorganization of the Company.

2.12 Notices and Communications

A) The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.

B) The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill. Mail or other communications should be delivered to:

Peerless Network, INC
222 S Riverside Plaza, Suite 2730
Chicago, IL 60606
Attn: Customer Care

C) All notices or other communications required to be given pursuant to this Price List will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

D) The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

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SECTION 2: REGULATIONS

2.13 Operator Services Rules

A) The Company will enforce the following operator service rules.

A provider of intrastate operator assisted communications services must:

- 1) identify itself at the time the end-user accesses its services;
- 2) upon request, quote all rates and charges for its services to the end-user accessing its system;
- 3) arrange to have posted in plain view at each telephone location which automatically accesses the operator service provider's network and where its services are made available to the public or transient end-users:
 - a) the operator service provider's name and address;
 - b) bill and service dispute calling information including the operator service provider's dispute resolution phone number;
 - c) clear and specific instructions informing the end-user how to access a local exchange telephone company operator as an alternative available to the end-user; and
 - d) notice concerning any and all amounts to be billed by the operator services provider on behalf of any host location or third party which will appear on the operator service provider's bill for services rendered.

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SECTION 3: APPLICATIONS OF RATES3.1 Introduction

The regulations set forth in this section govern the application of rates for services contained in other sections of this Price List.

3.2 Charges Based on Duration of Use

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply:

- A) Calls are measured in durational increments identified for each service. All calls which are fractions of a measurement increment are rounded-up to the next whole unit.
- B) Timing on completed calls begins when the called party answers the call. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s). Timing for operator service person-to-person calls start with completion of the connection to the person called or an acceptable substitute, or to the PBX station called.
- C) Timing terminates on all calls when the calling party hangs up or the Company's network receives an off-hook signal from the terminating carrier.
- D) Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.
- E) All times refer to local time.

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SECTION 3: APPLICATIONS OF RATES

3.3 Rates Based Upon Distance

Where charges for a service are specified based upon distance, the following rules apply:

- A) Distance between two points is measured as airline distance between the rate centers of the originating and terminating telephone lines. The rate center is a set of geographic coordinates, as referenced in the Local Exchange Routing Guide issued by Telcordia, associated with each NPA-NXX combination (where NPA is the area code and NXX is the first three digits of a seven-digit telephone number). Where there is no telephone number associated with an access line on the Company's network (such as a dedicated Toll Free Service or WATS access line), the Company will apply the rate center of the Customer's main billing telephone number.
- B) The airline distance between any two rate centers is determined as follows:
- 1) Obtain the "V" (vertical) and "H" (horizontal) coordinates for each rate center from the above-referenced Telcordia document.
 - 2) Compute the difference between the "V" coordinates of the two rate centers; and the difference between the two "H" coordinates.
 - 3) Square each difference obtained in step (2) above.
 - 4) Add the square of the "V" difference and the square of the "H" difference obtained in step (3) above.
 - 5) Divide the sum of the squares by 10. Round to the next higher whole number if any fraction is obtained.
 - 6) Obtain the square root of the whole number result obtained above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage.

7) FORMULA =
$$\sqrt{\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}}$$

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SECTION 4: SERVICE AREAS

4.1 Local Exchange Service Areas

Local Exchange Service Areas (EASA) are provided (pursuant to Section 5.1) in limited geographic areas.

The Company mirrors the local calling service areas, where it provides service in those areas, which are served by Qwest Corporation as listed in their Intrastate Exchange and Network Services tariff and Frontier Communications, as listed in their General and Local Exchange tariff as filed with the Washington Utilities and Transportation Commission.

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SECTION 4: SERVICE AREAS

4.2 Calling Areas

Geographically defined Local Calling Areas¹ are associated with each Local Exchange Service provided pursuant to Section 5.1.

The Company mirrors the local calling service areas, where it provides service in those areas, which are served by Qwest Corporation as listed in their Intrastate Exchange and Network Services tariff and Frontier Communications, as listed in their General and Local Exchange tariff as filed with the Washington Utilities and Transportation Commission.

¹ Rates and rate plans for Local and IntraLATA Calling Area calls placed over Company-provided Local Exchange Service are set forth in Section 7.

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SECTION 5: LOCAL EXCHANGE SERVICE5.1 General

Local Exchange Service provides a Customer with a telephonic connection and a unique telephone number address on the public switched telecommunications network. Each Local Exchange Service enables users to:

- A) receive calls from other stations on the public switched telecommunications network;
- B) access other services offered by the Company as set forth in this Price List;
- C) access certain interstate and international calling services provided by the Company;
- D) access (at no additional charge) the Company's operators and business office for service related assistance;
- E) access (at no additional charge) emergency services by dialing 0- or 9-1-1; and
- F) access services provided by other common carriers which purchase the Company's Switched Access services as provided under the Company's Federal and State tariffs, or which maintain other types of traffic exchange arrangements with the Company.
- G) Local Exchange Service cannot be used to originate calls to other telephone companies' caller-paid information services (e.g. NPA 900, NXX 970, 540, etc.). Calls to those numbers and other numbers used for caller-paid information services will be blocked. Calls to numbers "NXX 976" will also be blocked unless otherwise specified by the Customer at the time service is ordered. Should a customer request unblocking for access to a caller-paid information service, the Company will bill and collect on behalf of the telephone companies' information provider holding the customer fully liable for all charges incurred for use of the information provider's service.

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SECTION 5: LOCAL EXCHANGE SERVICE

5.1 General (cont'd.)

Each Local Exchange Service is available on a "Full" service basis, whereby service is delivered to a demarcation/connection block at the customer's premises.

The following Local Exchange Services are offered:

Basic Line Service (both Residential and Business)
Basic Trunk Service
DID Trunk Service
Digital Trunk Service
ISDN Primary Rate Interface (PRI) Service

5.1.1 Monthly access rates for network access lines are determined by class of service and by rate group.

5.1.2 The appropriate rate group for each district is shown in section 5.2 following.

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SECTION 5: LOCAL EXCHANGE SERVICE5.3 Basic Trunk Service

Basic Trunk Service provides a Customer with a single, voice-grade telephonic communications channel which can be used to place or receive one call at a time. Basic Trunks are provided for connection of Customer-provided private branch exchanges (PBX) to the public switched telecommunications network. Each Basic Trunk is provided with touch tone signaling and may be configured into a hunt group with other Company-provided Basic Trunks.

For trunks equipped with Direct Inward Dial (DID) capability and DID number blocks, see Sections 5.6 & 5.7.

Non-recurring and Recurring charges per Basic Trunk apply as follows:

	<u>Non-Recurring Charge</u>	<u>Recurring Charge</u>
All Service Areas	\$500.00	\$35.00

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SECTION 5: LOCAL EXCHANGE SERVICE5.4 DID Trunk Service

DID Trunk Service provides a Customer with a single, voice-grade telephonic communications channel which can be used to receive incoming calls one call at a time. DID Trunk Service transmits the dialed digits for all incoming calls allowing the customer's PBX to route incoming calls directly to individual stations corresponding to each individual DID number. Charges for DID number blocks apply in addition to the DID Trunk charges listed below.

Non-recurring and Recurring charges per DID Trunk apply as follows:

	<u>Non-Recurring Charge</u>	<u>Recurring Charge</u>
All Service Areas	\$500.00	\$300.00

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SECTION 5: LOCAL EXCHANGE SERVICE5.5 Digital Trunk Service

Digital Trunk Service provides a Customer with a digital connection operating at 1.544 Mbps which is time division multiplexed into 24 individual voice-grade telephonic communications channels, each of which can be used to place or receive one call at a time. Digital Trunks are provided for connection of compatible Customer-provided private branch exchanges (PBX) to the public switched telecommunications network. Each Digital Trunk is provided with dual tone multi-frequency (DTMF) or multi-frequency (MF) signaling, as specified by the Customer. Digital Trunks may be configured into hunt groups with other Company-provided Digital Trunks. The terminal interface for each Digital Trunk Service is a DSX-1 panel.

Individual channels carried over a Digital Trunk may be equipped with Direct Inward Dial (DID) capability. Additional charges for DID number blocks are set forth in Section 6.2. Monthly recurring rates per Digital Trunk per point, apply as follows:

	All Service Areas	
	<u>1 year term</u>	<u>2 year term</u>
Per DS1	\$600.00	\$550.00

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SECTION 5: LOCAL EXCHANGE SERVICE5.5 Digital Trunk Service (cont'd.)

Non-recurring rates per Digital Trunk per point apply as follows:

<u>Service Area</u>	<u>Non-Recurring Charge</u>
All Service Area	\$500.00

Customer may, at its option, procure links directly from another service provider other than the Company while subscribing to Company provided port elements.

5.6 ISDN Primary Rate Interface (PRI) Service

ISDN PRI is a competitive digital business telecommunications service offered to all customers located within Washington, where facilities are available. ISDN PRI is a switched service that provides the end user with clear channel signaling (64Kbs) in increments of 24 channels formatted within a T1 (1.544 Mbps) allowing such uses as carrying voice traffic, packetized data, or acting as common trunks. ISDN PRI end users will connect their CPE equipment to the Company's central office via T1 connections.

All Customer Provided Equipment (CPE) used with ISDN PRI is required to conform with the Telcordia Technical Reference Specifications as used by the Company: ISDN Primary Rate Access Transport System Requirements (a module of TSGR, FR-440), Issue Number 01; Technical Reference: TR-TSY-000754.

5.7.1. Standard Features for Circuit Switched Voice and Circuit Switched Data Services

A) Call by Call for Trunk Groups

Allows Circuit Switched Voice and Circuit Switched Data Services to enable over the ISDN PRI trunk to share "B" channels and arrange them as a single trunk group.

This allows incoming and outgoing Circuit Switched Voice and Data calls to utilize "B" Channels on a call by call basis. (Without this capability, each service would require "B" channel.) "B" Channel Packet Switched Data Service cannot utilize this capability. ISDN PRI provides the end user with fractional T1 capabilities by using multiple B channels as required to support the request for aggregate bandwidth of each application thus using SS7 interconnection trunks between the Company and the customer. All of the 23 channels (24 where technology permits) are usable as stand-alone trunk groups. Trunk groups can be equipped with Direct Inward Dial (DID) functionality.

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SECTION 5: LOCAL EXCHANGE SERVICE

5.6 ISDN Primary Rate Interface (PRI) Service (cont'd.)

5.6.1. Standard Features for Circuit Switched Voice and Circuit Switched Data Services (cont'd)

B) Caller ID Capability

All calling numbers presented to the services working on the ISDN PRI connection can be delivered to the customer's CPE, including calls made to Direct Inward Dialing Service telephone numbers.

C) Clear Channel Capability

ISDN PRI uses a standard 23b +D channel format providing "B" channels solely used for customer applications, since all signaling and control functions are handled by the "D" channel. This allows up to 64 Kbps access on each "B" channel and multiple B channels can be configured together in order to satisfy bandwidth requirements required to pass customer information to distant end terminations where technically feasible via ISDN PRI connections. ISDN PRI also allows multiple T1s to be configured as one user group using a single D channel for signaling support thus increasing available bandwidth.

D) Digital Voice Transmission

All voice calls are converted from an analog into a digital format to be transported across the network.

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SECTION 5: LOCAL EXCHANGE SERVICE5.6 ISDN Primary Rate Interface (PRI) Service (cont'd.)5.6.1 Standard Features for Circuit Switched Voice and Circuit Switched Data Services (cont'd.)

E) "D" Channel Control of Multiple Prime

Utilizes a single "D" channel to provide signaling and control for multiple ISDN PRI connections within a defined group. This allows the end user an additional bandwidth of 1.544 Mbps for each additional PRI port connection.

F) Equal Access Calling

Allows the customer to predefine an interexchange carrier or randomly access an interexchange carrier for each Trunk Group enabled. The carrier designation can be changed for charges as filed for the State of Washington with the F.C.C. in Peerless Network, LLC F.C.C. tariff No. 3.

5.6.2 Optional Features for Circuit Switched Voice and Circuit Switched Data Services

A) Backup "D" Channel Arrangement

Provides backup for a primary "D" channel under those circumstances where multiple ISDN Prime connections share a "D" single channel. A pre-determined "D" channel on another PRI connection would automatically take over call control and signaling functions.

B) System Intercommunication Service

Allows ISDN PRI "B" channels to connect to a Centrex business system or another Company provided ISDN PRI circuit that originates in the same central office. This feature is offered on a per trunk group basis only.

C) Call by Call for FX and Tie Lines

Allows Foreign District (FX) and Tie Line calls to be directed to and originated from ISDN PRI "B" channels. This provides Call by Call service selection for incoming and outgoing Circuit Switched and Private Facility services.

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SECTION 5: LOCAL EXCHANGE SERVICE

5.6 ISDN Primary Rate Interface (PRI) Service (cont'd.)

5.6.2 Optional Features for Circuit Switched Voice and Circuit Switched Data Services (cont'd.)

D) Network Ring Again

Enables station users whose Digital PBX is connected to a central office by ISDN Prime to complete calls to a busy station line in another system without redialing. The system may be in the same or a different central office.

E) Network Name Display

Allows the name of a station user calling over an ISDN PRI to be forwarded for display on a properly equipped customer-provided set. The terminating system may be in the same or a different central office.

5.6.3 Usage Rates

Voice and circuit switched calls will be subject to the usage charges in the Company's Basic Line Service as shown in section 8.3 of this Price List.

5.6.4 Line Charges

The rates shown below for PRI are exclusive of local and toll usage charges, T1, and associated customer premises equipment.

	(Rates apply to All Service Areas)	
	1 year term	2 year term
Per ISDN PRI	\$700.00	\$650.00

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SECTION 5: LOCAL EXCHANGE SERVICE5.7 IP Control Service

IP Control is a DID voice line equivalent service used to connect the public switched telephone network and a Customer's IP-based telephony equipment for the transmission of voice, data, or video traffic using session initiation protocol (SIP). IP Control may be provisioned using Company or Customer provided access.

Trunk and port charges will be based on DS0-equivalent concurrent SIP sessions derived by taking the total incoming DID traffic divided by 7,000,000 minutes multiplied by 672. A minimum 24 DS0 equivalent SIP sessions is required and each additional concurrent SIP session will be billed individually.

When customer provided access is used (including but not limited to public internet access), trunk and End User Common Line (EUCL) charges will not apply. EUCL charges will be applied according to the Peerless Network FCC tariff for all Company provided access.

Monthly Recurring Charges (MRC)DID Charges Per DID

	<u>MRC</u>
0 – 999,999 minutes of use per account	\$0.015
1,000,000 – 4,999,999 minutes of user per account	\$0.10
5,000,000 – 24,999,999 minutes of use per account	\$0.07
Greater than 25,000,000 minutes of use per account	\$0.05

Port Charges

Per DS0 Equivalent	\$7.00	I
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Trunk Charges

Per DS0 equivalent	\$12.50
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Non-Recurring Charges (NRC)Installation Charge

Per DS1 equivalent	\$500.00
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SECTION 6: LOCAL EXCHANGE OPTIONAL FEATURES

6.1 Directory Listings

For each Customer of Company-provided Local Exchange Service(s), the Company shall arrange for the listing of the Customer's main billing telephone number in the directory(ies) published by the dominant Local Exchange Carrier in the area at no additional charge. For Customers with multiple premises served by the Company, the Company will arrange for a listing of the main billing telephone number at each premise. At a Customer's option, the Company will arrange for additional listings at the following rates:

	<u>Non-Recurring</u>	<u>Monthly Recurring</u>
Each Additional Listing:	\$1.00	\$0.40

6.2 Premium Number Service

Premium Number Service: Premium numbers are those telephone numbers that end in 00, 000 or 0000. Premium numbers are assigned on a first come, first served basis and are limited to those numbers that exist in the Company's inventory, as acquired, according to industry numbering assignment practices. Premium numbers can be used in conjunction with other services offered by the Company. Standard usage charges that appear in this tariff for other services used with premium numbers also apply.

Non-Recurring Charge	\$100
Monthly Recurring Charge, per number	\$1.00

6.3 Local Number Portability

Local Number Portability gives end users the ability to move numbers from another service provider to the Company's local exchange service. The charge for this service is a carrier charge that covers the specific costs the Company incurs to dip an LNP database

Non Recurring Charge, Per DID	\$5.00
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SECTION 7: LOCAL AND INTRALATA CALLING SERVICE

7.1 Description

Local and IntraLATA Calling Service provides a Customer with the ability to originate calls from a Company-provided access line to all other stations on the public switched telephone network bearing the designation of any central office exchanges, areas, and zones included in the caller's local and IntraLATA calling areas, but within the caller's LATA.

7.2 Time Periods

Peak, Mid-Peak and Off-Peak rates apply as follows:

Rates	From	To But Not Including	Days
Peak	8:00 AM	5:00 PM	Monday-Friday
Off-Peak	5:00 PM	8:00 AM	Monday-Friday
	8:00 AM	8:00 AM	Saturday-Sunday
	8:00 AM	8:00 AM	Holidays*

*Holidays include New Year's Day (January 1), Memorial Day (the last Monday in May), Independence Day (July 4), Labor Day (the first Monday in September), Thanksgiving Day (the fourth Thursday in November), and Christmas Day (December 25).

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SECTION 7: LOCAL AND INTRALATA CALLING SERVICE

7.3 Rates

The rates set forth in this section apply to all direct-dialed local and IntraLATA calls. For operator-assisted local and intraLATA calls, the operator charges listed in Section 11.1.3 apply in addition to the charges listed below.

7.3.1 Rates for Local Calling

Per minute charges apply for each call. Timing is in whole minute increments, with a minimum charge of one minute per call.

Per minute \$0.02

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SECTION 8: MESSAGE TOLL SERVICE8.1 Description

Message Toll Service enables a User of a Local Exchange line provided by the Company or another certified local exchange carrier to place calls to any station on the public switched telecommunications network bearing an NPA-NXX designation associated with points outside the customer's Local Calling Area, but within the State of Washington.

MTS calls will be billed in 1 minute increments.

The service is offered in two variations depending upon the method the Customer employs to gain access to the Company's network for use of the service:

- A) Subscriber MTS enables Users of Company-provided Local Exchange Services to place calls to any station on the public switched telecommunications network bearing an NPA-NXX designation associated with points outside the Customer's Local Calling Area, but within the State of Washington.
- B) Pre-subscriber MTS enables a User of a Local Exchange line provided by another certified local exchange carrier, which has been pre-subscribed by the Customer to the Company's Pre-Subscribed MTS to originate calls to any station on the public switched telecommunications network within the State of Washington. Calls to stations bearing an NPA-NXX designation associated with a point outside the Customer's LATA may be placed by dialing 1 + the 10-digit number. Calls to stations bearing an NPA-NXX designation associated with a point inside the Customer's LATA may be placed by dialing 10XXX or 101XXXX + 1 + the 10-digit telephone number.

8.2 Rates

The rates set forth below are for all direct dialed Message Toll Service (MTS) calls. Rates for Operator assisted calls are set forth in Section 11.

	<u>Rate per 1st minute</u>	<u>Each additional minute</u>
A) <u>Subscriber</u>	\$0.09	\$0.035
B) <u>Pre-Subscriber</u>	\$0.10	\$0.040

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SECTION 9: LONG DISTANCE SERVICE9.1 Description

Long Distance Service enables a User of a Local Exchange line provided by the Company or another certified local exchange carrier to place calls to any station on the public switched telecommunications network bearing an NPA-NXX designation associated with points outside of the State of Washington.

Long Distance calls will be billed in 6-second increments with an initial billing period of 18 seconds.

The service is offered in two variations depending upon the method the Customer employs to gain access to the Company's network for use of the service:

- A) Subscriber Long Distance enables Users of Company-provided Local Exchange Services to place calls to any station on the public switched telecommunications network bearing an NPA-NXX designation associated with points outside the State of Washington.
- B) Pre-subscriber Long Distance enables a User of an Local Exchange line provided by another certified local exchange carrier, which has been pre-subscribed by the Customer to the Company's Pre-Subscribed Long Distance Service to originate calls to any station on the public switched telecommunications network within the State of Washington. Calls to stations bearing an NPA-NXX designation associated with a point outside the State of Washington may be placed by dialing 1 + the 10-digit number. Calls to stations bearing an NPA-NXX designation associated with a point inside the Customer's LATA may be placed by dialing 10XXX or 101XXXX + 1 + the 10-digit telephone number.

9.2 Rates

The rates set forth below are for all direct dialed Long Distance calls. Rates for Operator-assisted calls are set forth in Section 11.

	<u>Rate per minute</u>
A) <u>Subscriber</u>	\$0.10
B) <u>Pre-Subscriber</u>	\$0.12

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SECTION 10: OTHER SERVICE ARRANGEMENTS

10.0 Other Service Arrangements

This Section reserved for Other Service Arrangements.

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SECTION 11: ADDITIONAL SERVICES

11.1 Operator Services

Operator Handled Calling Services are provided to Customers and Users of Company-provided Local Exchange Services, to users accessing presubscribed public pay phones or customer provided stations, and to Customers and Users of another local exchange carriers access lines which the Customer has pre-subscribed to the Company's outbound calling services.

11.1.1 Definitions

Person-to-Person: Calls completed with the assistance of a Company operator to a particular person, station, department, or PBX extension specified by the calling party. Charges may be billed to the Customer's commercial credit card and/or LEC calling card, calling station, called station, or a designated third-party station. Calls may be dialed with or without the assistance of a Company operator.

Station-to-Station: Refers to calls other than person-to-person calls billed to either the end user's commercial credit card and/or non-proprietary calling card. Calls may be dialed with or without the assistance of a Company operator. Collect calls to coin telephones and transfers of charges to third-party telephones which are coin telephones will not be accepted.

Operator Dialed Charge: The end user places the call without dialing the destination number, although the capability to do it himself exists. The end user will dial "0" for local calls and "00" for long distance calls and then requests the operator to dial the called station.

Billed to Non-Proprietary Calling Card: Refers to calls that are dialed by the customer in accordance with standard dialing instructions and billed to a non-proprietary calling card issued by another carrier.

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SECTION 11: ADDITIONAL SERVICES11.1 Operator Services (cont'd.)

Local exchange, IntraLATA, and Long Distance calls may be placed on an Operator Assisted basis. Usage charges for Operator Assisted calls are the same as those set forth in Sections 7 and 8, preceding. For Operator Assisted calls to Busy Line Verification and Interrupt, or Directory Assistance, the surcharges specified in Section 11.2.3 and Section 11.3.2 will apply in addition to any applicable Operator charges.

In addition to the usage charges identified above, the following operator-assisted charges will apply:

	<u>Per Call Charges</u>
Person-to-Person (Customer Dialed)	\$3.00
Station-to-Station (Customer Dialed)	\$1.25
Operator Dialed Charge (applies in addition to other operator charges, per minute)	\$0.08
Billed to Third Party (additional surcharge)	\$1.33

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SECTION 11: ADDITIONAL SERVICES11.2 Busy Line Verify and Line Interrupt Service11.2.1 Description

Upon request of a calling party the Company will verify a busy condition on a called line.

- A) The operator will determine if the line is clear or in use and report to the calling party.
- B) The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption.

11.2.2 Regulations

- A) A charge will apply when:
 - 1) The operator verifies that the line is busy with a call in progress.
 - 2) The operator verifies that the line is available for incoming calls.
 - 3) The operator verifies that the called number is busy with a call in progress and the customer requests interruption. The operator will then interrupt the call, advising the called party the name of the calling party. One charge will apply for both verification and interruption.
- B) No charge will apply:
 - 1) When the calling party advises that the call is to or from an official public emergency agency.
 - 2) Under conditions other than those specified in 11.2.2(A) preceding.
- C) Busy Verification and Interrupt Service is furnished where and to the extent that facilities permit.
- D) The Customer shall identify and save the Company harmless against all claims that may arise from either party to the interrupted call or any person.

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SECTION 11: ADDITIONAL SERVICES

11.2 Busy Line Verify and Line Interrupt Service (cont'd.)

11.2.3 Rates

	<u>Per Request Charges</u>
Busy Line Verify Service (each request)	\$0.80
Busy Line Verify and Busy Line Interrupt Service (each request)	\$1.00

11.3 Directory Assistance

12.3.1 Description

Customers and Users of the Company's calling services (excluding toll free services) may obtain directory assistance in determining telephone numbers within Washington by calling the Directory Assistance operator.

11.3.2 Rates

- A) Directory Assistance charges apply for all requests for which the Company's facilities are used. Each number requested is charged for as shown below. Requests for information other than telephone numbers will be charged the same rate as shown for the applicable request for telephone numbers.

	<u>Local</u>
Per Number Requested	\$0.15

- B) A credit will be given for calls to Directory Assistance when:
- 1) the Customer experiences poor transmission or is cut-off during the call,
 - 2) the Customer is given an incorrect telephone number, or
 - 3) the Customer inadvertently misdials an incorrect Directory Assistance NPA.

To receive a credit, the customer must notify the Company operator or Business Office of the problem experienced.

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11.4 Restoration of Service

A restoration charge applies to the re-establishment of service and facilities suspended because of nonpayment of bills and is payable at the time that the re-establishment of the service and facilities suspended is arranged for. The restoration charge does not apply when, after disconnection of service, service is later re-established. The following rates apply per occasion:

	<u>Non-Recurring</u>
Per occasion	\$50.00

11.5 Service Trip Charge

If an on-premise visit by the Company is required for trouble or service difficulties not resultant from the Company's provided equipment, a Service Trip Charge may be assessed to the subscriber for the visit by the Company and reasonable hourly charges by the technician. The following rates apply per visit:

	<u>Non-Recurring</u>
Per visit	\$100.00

11.6 Emergency Telephone System (911)

The emergency telephone system automatically connects a caller who dials 911 from their phone or telephone equipment to a designated Public Safety Answering Point (PSAP). The central office from which the call originates will determine which PSAP to route the call. Both basic 911 and enhanced 911 (E911) are available via the Company's service, where facilities for both versions exist in the public switched telephone network.

Basic 911 (standard): With Basic 911, the Company registers each Automatic Number Identifier (ANI) in the Private Switch/Automatic Location Identification (PS/ALI) database with the physical address of the Billed Telephone Number (BTN) of its customer. Basic 911 is a standard feature with Local Exchange Service.

E911 (enhanced): REQUIRES NI2 PRI ISDN - The Company registers each Automatic Number Identifier (ANI) in the PS/ALI database with the physical address of the BTN. It is the responsibility of the customer to update the PS/ALI database with individual station address information.

Any surcharges or fees required by law, statute, rule or regulation for the operation, maintenance, upgrade or repair of a 911 system will be collected by the Company as required and remitted to the proper authority. For information on e911 requirements please see: <http://www.nena.org>

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SECTION 11: ADDITIONAL SERVICES11.7 Special Construction11.7.1 Basis for Charges

Where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's Price Lists, charges will be based on the costs incurred by the Company and may include:

- A) non-recurring type charges;
- B) recurring type charges;
- C) termination liabilities; or
- D) combinations thereof.

11.7.2 Basis for Cost Computation

The costs referred to in 11.7.1 preceding may include one or more of the following items to the extent they are applicable:

- A) cost installed of the facilities to be provided including estimated costs for the rearrangements of existing facilities. Cost installed includes the cost of:
 - 1) equipment and materials provided or used,
 - 2) engineering, labor and supervision,
 - 3) transportation, and
 - 4) rights of way;
- B) cost of maintenance;

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11.7 Special Construction (cont'd.)

11.7.2 Basis for Cost Computation (cont'd.)

- C) depreciation on the estimated cost installed of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage;
- D) administration, taxes and uncollectible revenue on the basis of reasonable average costs for these items;
- E) license or permit preparation, processing and related fees;
- F) Price List preparation, processing and related fees;
- G) any other identifiable costs related to the facilities provided; or
- H) an amount for return and contingencies.
- I) environmental studies or assessments.

11.7.3 Termination Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of the customer.

- A) The termination liability period is the estimated service life of the facilities provided.

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SECTION 11: ADDITIONAL SERVICES11.7 Special Construction (cont'd.)11.7.3 Termination Liability (cont'd.)

- B) The amount of the maximum termination liability is equal to the estimated amounts for:
- 1) Cost installed of the facilities provided including estimated costs for rearrangements of existing facilities and/or construction of new facilities as appropriate, less net salvage. Cost installed includes the cost of:
 - a) equipment and materials provided or used,
 - b) engineering, labor and supervision,
 - c) transportation, and
 - d) rights of way;
 - 2) license or permit preparation, processing, and related fees;
 - 3) Price List preparation, processing, and related fees;
 - 4) cost of removal and restoration, where appropriate; and
 - 5) any other identifiable costs related to the specially constructed or rearranged facilities.
- C) The applicable termination liability method for calculating the unpaid balance of a term obligation. The amount of such charge is obtained by multiplying the sum of the amounts determined as set forth in Section 11.7.3(B) preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in section 11.7.3(B) preceding shall be adjusted to reflect the re-determined estimate net salvage, including any reuse of the facilities provided. This product is adjusted to reflect applicable taxes.

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11.8 Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service offered under this Price List. Rates quoted in response to such competitive requests may be different than those specified for such services in this Price List. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

11.9 Temporary Promotional Programs

The Company may establish temporary promotional programs wherein it may waive or reduce non-recurring or recurring charges, to introduce present or potential Customers to a service not previously received by the Customers.

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