

MASTER SERVICES AGREEMENT FOR COMMUNICATION TRANSPORT SERVICES

THIS AGREEMENT, made and entered into effective as of the date signed below, by and between _____, a corporation/limited liability company/limited liability partnership/general partnership/limited partnership/other (specify: _____), organized under the laws of the State of _____, hereinafter called "**Customer**," and **Kitsap Public Utility District**, a Washington mutual corporation, hereinafter called "**KPUD**". This Agreement becomes legally binding upon signature by both parties.

RECITALS

Customer desires to obtain Communication Transport Services ("CTS") on KPUD's fiber optic cable system;
and

KPUD is agreeable to provide CTS and allow Customer to terminate its signal cable in facilities generally described in the schematic drawing marked Exhibit A, attached and by this reference incorporated herein. Customer may use service only for authorized and lawful purposes.

NOW, THEREFORE, Customer and KPUD, in consideration of mutual conditions and covenants hereinafter described, do agree as follows:

1. Overview: This Agreement states the general terms and conditions by which KPUD will deliver and Customer will receive any or all of the services provided by KPUD. The specific services and/or products to be provided and the procedure for obtaining services shall be detailed in associated Service Order Summary. This Agreement is intended to cover any and all services ordered by Customer and provided by KPUD. Customer may use services only for authorized and lawful purposes.

2. Delivery of Services: By submitting a Service Order Summary, Customer agrees to take and pay for, and, by accepting the Service Order Summary, KPUD agrees to provide, the services(s) during the term described on the Service Order Summary. KPUD has the right to limit the manner in which any portion of its network and facilities ("Network") is used to protect the technical integrity of the Network. KPUD is not liable or responsible for content, errors in transmission, or failure to establish connection.

3. Installation and Interconnection of Services: Other than the facilities, termination equipment or other devices provided by Customer, and unless otherwise provided elsewhere in this Agreement or any attachments hereto, KPUD will pay for, provide, install, maintain, operate, control and own any equipment, cable or facilities connected to the Network ("System Equipment"), which equipment at all times remains KPUD's personal property, regardless of where located or attached. KPUD may change, replace or remove the System Equipment, regardless of where located, so long as the basic technical parameters of the service are not altered, and this Agreement constitutes Customer's consent to such change, replacement or removal. Customer may not rearrange or move or disconnect the System Equipment, and is responsible for any damage to or loss of System Equipment caused by Customer's negligence or willful misconduct or that of its end users. KPUD has no obligation to install, maintain or repair any equipment owned or provided by Customer, except as may be specifically provided herein. If Customer's or an end user's equipment is

incompatible with service, Customer is responsible for any special interface equipment or facilities necessary to ensure compatibility. Customer is responsible to ensure that its equipment does not interfere with the provision of or functionality of services to Customer or other parties with whom KPUD contracts. If, in responding to a Customer initiated service call, KPUD reasonably determines that the cause of such service call is a failure, malfunction or inadequacy of Customer-provided equipment or software, Customer will pay KPUD for such service call at KPUD's then prevailing rates.

KPUD may reconfigure, reprogram, substitute, rearrange or otherwise change any KPUD Facilities, whether such KPUD Facilities are on the Customer's premises or otherwise, at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer without the Customer's knowledge or consent. Although no specific advance notification period is applicable, KPUD will use its best efforts to notify the Customer of the planned timing of such activities and will use reasonable efforts to perform such activities at a time that is agreeable to the Customer (except where emergency conditions exist or where such change is required by a governmental agency or other authority to take place immediately).

4. Term: Subject to the provisions of Sections 11 and 12, the initial term for each service will commence and end on the dates indicated in the applicable Service Order Summary. Thereafter, the service automatically renews for successive 1-year terms unless terminated by either party upon no less than 30 days written notice prior to the end of the renewal term, or unless otherwise specified in the Service Order Summary. This Agreement shall continue until so terminated by written notice as provided in Section 25. Upon termination of this Agreement, all rights of Customer to order new services cease and KPUD has no further obligations to furnish new services to Customer. In the event of any inconsistency between the terms contained in this Agreement and any specific provisions of the Service Order Summary, the terms of the Service Order

Summary shall prevail. References herein to exhibits mean exhibits to this Agreement unless the context indicates otherwise.

5. Fees and Payment Terms: Customer shall pay all fees due for services according to the prices and terms listed in the Service Order Summary. Upon completing provisioning, installation and testing of the System Equipment needed to provide services ordered by Customer, KPUD will notify Customer that the services are available for Customer's use. These services are subject to, but are not limited to a Monthly Recurring Charge ("MRC") as set forth in Service Order Summary. KPUD reserves the right to change the MRC for such services at any time, after the initial term hereof upon 25 days prior written notice to Customer. The MRC does not include any governmental taxes or tax-related charges, fees, surcharges or other amounts assessed by any government, which may be incurred in connection with services to be provided hereunder, all of which shall be paid by Customer. Any installation charges or other non-refundable Non-Recurring Charge ("NRC") to be billed one time will appear on the first monthly invoice. KPUD reserves the right to recover any additional installation charges accrued during installation.

Any payment not received within thirty (30) days of the invoice date will accrue interest at a rate of one and one-half percent (1½%) per month, or the highest rate allowed by applicable law, whichever is lower.

6. Early Termination Charges: If (a) Customer terminates this Agreement or any Service Order Summary hereunder for reasons other than Cause; or (b) KPUD terminates this Agreement or any Service Order Summary hereunder pursuant to Sections 11, and 12, then Customer will pay, within thirty (30) days after such termination: (i) all accrued but unpaid charges incurred through the date of such termination, plus (ii) an amount equal to fifty percent (50%) of the "MRC" for each initial term (and any pro rata portion thereof for any partial initial term) remaining in the un-expired portion of the initial term on the date of such termination, plus (iii) a pro rata portion of any and all credits received by Customer. If Customer desires to cancel a Service Order Summary prior to the Firm Order Confirmation the following conditions apply, (I) where a Service Order Summary is canceled by the customer prior to the start of any design work or installation of facilities, no charge applies, (II) when a service that requires special design work is canceled after the design work has begun, KPUD may collect charges equal to the cost incurred for the associated design work time and materials to date, and (III) if cancellation is requested after completion of an installation, it will be treated as an early termination of service and is pursuant to the terms and conditions of Section 6.

7. Limitation of Liability: The total liability of KPUD to Customer in connection with this agreement, for any and all causes of actions and claims, including, without limitation, breach of contract, breach of warranty, negligence, strict liability, misrepresentation and other torts, shall be limited to the lesser of: (a) direct damages proven by customer; or (b) the amount paid by Customer to KPUD under this agreement for the one (1) month period prior to accrual of the most recent cause of action. In no event shall KPUD be liable for

special, punitive, consequential or incidental damages, including without limitation, lost revenue, profits or other benefit whether by tort, contract, or otherwise.

8. Force Majeure: Neither party is liable for any failure of performance if such failure is due to any cause or causes beyond such party's reasonable control, including without limitation, acts of God, fire, explosion, vandalism, cable cut, adverse weather conditions, governmental action, labor difficulties and supplier failures. Customer's invocation of this clause shall not relieve Customer of its obligation to pay for any services actually received. In the event such failure continues for 60 days, the other party may terminate the affected portion of the Services.

9. Assumption of Risk: Customer recognizes that use of the Premises and KPUD's system shall be at its own risk, and therefore, expressly assumes any risk arising from the exercise of any rights, privileges or obligations identified herein.

10. Indemnity: Subject to the provisions of Section 7, Customer agrees to indemnify, defend and hold harmless KPUD and its members, and the commissioners, officers, directors, employees, agents and other representatives of KPUD and its members. Customer must indemnify, defend and hold harmless KPUD from all losses or damages arising from Customer's breach of this Agreement, violation of any third party intellectual property right, all claims of any kind by customer's end users, or any act or omission of Customer in connection with any service provided hereunder.

KPUD agrees to indemnify, defend and hold harmless Customer from all losses or damages arising from or related to personal injury or property damages caused by the negligence or willful misconduct of KPUD.

11. Termination by KPUD: KPUD may terminate this Agreement or any Service Order Summary hereunder, or suspend services, with prior written notice, upon (a) failure of Customer to pay any amounts as provided herein within thirty (30) days of invoice date; or (b) Customer's breach of any provision of this Agreement or any law, rule or regulation governing the services; or (c) if Customer provides false information to KPUD regarding the Customer's identity, creditworthiness, or its planned use of the services; or (d) if KPUD deems necessary to take any reasonable and lawful action to protect the property and rights of KPUD, and existing and potential customers of KPUD's services.

12. Termination for Cause: Either Party may terminate this Agreement for Cause. "Cause" shall mean a breach by the other party of any material provision of this Agreement, provided that written notice of the breach has been given to the breaching party, and the breach has not been cured within thirty (30) days after delivery of such notice.

13. Resale of Services: Any service provided under this Agreement may be resold to or shared with other persons or entities at the option of the Customer, subject to compliance with any applicable laws or Commission regulations governing such resale or sharing. The Customer remains solely responsible for all services ordered by it or billed to its account, for determining who is authorized to use its services and taking appropriate actions to enforce such a

determination, and for immediately notifying KPUD of any unauthorized use. KPUD has no obligation to provide notice to or otherwise communicate with the users or customers of Customers.

14. Assignment: Customer shall not assign, pledge, transfer or otherwise convey all or any part of the rights and privileges granted by this Agreement in any manner without prior written consent of KPUD, which consent it will not unreasonably withhold. Any transfer of this Agreement by merger, consolidation or liquidation of Customer, or any change in the ownership of or power to vote the majority of its outstanding voting stock (whether effected in one or more transactions or events occurring over any period of time) shall constitute an assignment for purposes of this Section. Customer may enter into agreements with other parties for transport circuits on terms consistent with this Agreement.

15. Taxes: Each party shall be responsible for its own federal, state and local taxes, assessments, fees, surcharges and other financial impositions. Notwithstanding the foregoing, Customer agrees that if there is any tax payable by it, but which is to be collected by KPUD which KPUD does not collect for any reason, upon assessment thereof by the applicable taxing agency, and demand by KPUD, Customer shall immediately remit the same to KPUD or the agency, as directed by KPUD, even if such assessment arises after the termination of this Agreement.

16. Representations and Warranties: Each party represents and warrants that it has full power and authority to execute, deliver, and perform its obligations under this Agreement. KPUD represents and warrants to Customer that any services provided hereunder will be performed in a manner consistent with that of other reputable providers of the same or similar services in the same locality. EXCEPT AS OTHERWISE SPECIFICALLY SET FORTH IN THIS AGREEMENT, KPUD MAKES NO WARRANTY, WHETHER EXPRESS, IMPLIED OR STATUTORY, AS TO THE INSTALLATION, DESCRIPTION, QUALITY, MERCHANTABILITY, COMPLETENESS OR FITNESS FOR ANY PURPOSE OF ANY PORTION OF THE NETWORK OR ANY SERVICE PROVIDED HEREUNDER OR DESCRIBED HEREIN, OR AS TO ANY OTHER MATTER, ALL OF WHICH WARRANTIES ARE HEREBY EXCLUDED AND DISCLAIMED.

17. Governing Law: This Agreement is governed by and subject to the laws of the State of Washington, excluding its principles of conflicts of law.

18. Litigation: If either party commences litigation under this Agreement, the prevailing party is entitled to reimbursement of its costs and attorneys' fees from the other party.

19. Remedies not Exclusive: The remedies provided in this Agreement shall be in addition to all other remedies to which KPUD may be entitled at law or in equity, including without limitation the right to recover unpaid amounts with interest at the applicable statutory judgment rate, but accruing from the date initially due.

20. Jurisdiction; Venue: The parties consent to the personal jurisdiction of the courts of the State of

Washington and federal courts located in Washington so that any litigation concerning or arising out of this Agreement shall be brought in Washington. The parties agree not to claim that Washington is an inconvenient place for trial. The venue of any such legal action shall be in Kitsap County, Washington.

21. Entire Agreement: This Agreement and any addendums, attachments, Service Order Summaries and other documents incorporated herein constitutes the entire agreement between the parties with respect to its subject matter and supersedes all other representations, understandings or agreements that are not expressed herein, whether oral or written. Except as otherwise set forth herein, no amendment to this Agreement shall be valid unless in writing and signed by both parties.

22. Waivers: No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving party and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.

23. Use of Name and Trademarks: Neither party shall use any name, logo or service mark of the other party in marketing services to others without the express written consent of the other party.

24. Confidentiality: Customer shall treat all information made available or disclosed to, or developed or obtained by, Customer as the result of or related to this Agreement ("Confidential Information") as confidential, and shall not disclose or use Confidential Information for the benefit of any person other than KPUD; provided however, that Customer shall have no obligation with respect to that portion of Confidential Information which is disclosed by KPUD to others without any restriction on use or disclosure, or which must be disclosed to others under law. If Customer received a request for Confidential Information from a third party, Customer shall promptly notify KPUD in writing of such request, and if Customer in good faith believes it is obligated to disclose the requested Confidential Information, KPUD shall be given the opportunity to seek judicial or other protection of such Confidential Information, with the cooperation of Customer.

25. Notices: All notices, requests, demands or other communications which are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of delivery if personally delivered by hand, (ii) upon the third day after such notice is (a) deposited in the United States mail, if mailed by registered or certified mail, postage prepaid, return receipt requested, or (b) sent by a nationally recognized overnight express courier, or (iii) by facsimile upon written confirmation (other than the automatic confirmation that is received from the recipient's facsimile machine) of receipt by the recipient of such notice:

If to KPUD:

Kitsap Public Utility District
1431 Finn Hill Road NW
PO Box 1989
Poulsbo, WA 98370
(360) 779-7656
Fax: (360) 779-3284

If to Customer:

Attn: _____

Telephone No.: _____

Fascimile No.: _____

Such addresses and numbers may be changed, from time to time, by means of a notice given in the manner provided in this Section 25.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in two (2) counterparts.

Kitsap Public Utility District

By: _____

Name: David R. Siburg

Print/Type

Title: General Manager

Date: _____

Customer

By: _____

Name: _____

Print/Type

Title: _____

Date: _____