

ALASKA COMMUNICATIONS FEDERAL UNIVERSAL SERVICE
SUPPLEMENTAL TERMS AND CONDITIONS

1. APPLICATION AND CONSTRUCTION

- a) The Universal Service Fund (“USF”) is administered by the Universal Service Administrative Company (“USAC”), and is a support program authorized by Congress and the Federal Communications Commission (“FCC”). Among other things, the USF provides support to rural health care providers (“HCPs”) and schools and libraries (“E-rate Recipients”) for the purchase of eligible telecommunications services, Internet access services, and other eligible equipment and services to be used for eligible telemedicine, telehealth, and educational purposes.
- b) These Federal Universal Service Supplemental Terms and Conditions (“USF T&C”) apply to and bind any USF Customer solely with respect to its purchase of USF Services, each as defined below, from Alaska Communications.
- c) For purposes of these USF T&C, the term “USF Customer” includes each HCP and E-Rate Recipient purchaser of USF Services, including without limitation any such purchaser that is a Customer under the Alaska Communications Services Agreement Business Terms and Conditions (“Business T&Cs”) or Small Business Services as defined in the Alaska Communications Terms and Conditions for Small Business Services (“SMB T&C”).
- d) For purposes of these USF T&C, the term “USF Services” includes any equipment or service for which a customer has sought or intends to seek support from the federal Rural Health Care Universal Service Support Mechanism (“RHC”) or Schools and Libraries Universal Service Support Mechanism (“E-Rate”), which may include, without limitation, Services, Customer Equipment, or Customer-Owned Equipment, each as defined in the Business T&Cs and Small Business Services as defined in SMB T&C, that are purchased by a USF Customer.
- e) When these USF T&C apply to a Customer purchasing services that are additionally governed by an Agreement that incorporates the Business T&C or the SMB T&C, capitalized terms used in these USF T&C shall have the meaning ascribed to them in the associated Agreement.

2. UNIVERSAL SERVICE FUND CUSTOMER ELIGIBILITY AND FILING REQUIREMENTS

- a) **Eligibility.** USF Customers are subject to certain eligibility and filing requirements, which, if not met, may subject the USF Customer and its service providers (including Alaska Communications) to liability for reimbursement to USAC of RHC and E-Rate funding, as well as other penalties. USF Customer hereby MR that each site at which it is purchasing USF Services (“Site”) is, and will remain for the duration of this Agreement, eligible for the support being sought or received, and each USF Service will only be used for eligible purposes.

- b) USF Customer agrees to inform Alaska Communications promptly of any material change to the accuracy of these representations during the term of its Agreement. If USF Customer is a rural HCP that is purchasing an internet gateway service to use in conjunction with a standalone telecommunications transport service, e.g., MPLS (Multiprotocol Label Switching) service, and USF Customer obtains support from the RHC Telecommunications Program for the cost of such telecommunications transport service, then the total traffic crossing the interface between USF Customer's telecommunications transport service and the public Internet in either direction may not exceed 70 percent of the total data transported on USF Customer's telecommunications transport service in any six consecutive calendar months, as determined by Alaska Communications. Under Section 26 of the Business T&C, Alaska Communications is authorized to monitor usage of the Services by Customer, but is not required to do so. To the extent Alaska Communications is able to and does monitor USF Customer's usage under that Section, and upon notice from Alaska Communications that USF Customer has exceeded this threshold, USF Customer shall provide Alaska Communications with such further assurances as Alaska Communications may require that USF Customer is using the supported telecommunications transport service solely for eligible purposes under the RHC Telecommunications Program.
- c) If Alaska Communications determines in its sole discretion that USF Customer's further assurances are not sufficient to demonstrate compliance with the requirements of the RHC Telecommunications Program, Alaska Communications may convert the internet gateway service to a standalone Dedicated Internet Access service for the remainder of the term of the Customer's contract commitment for such internet gateway service, and Customer agrees to pay the full, undiscounted, MRC for such Dedicated Internet Access, beginning as of the date of such conversion.
- d) **Ineligibility.** If the Site at which a USF Service is delivered or the usage of the USF Service is or becomes ineligible, or if USF Customer's representations of eligibility are or become inaccurate in any material respect, Alaska Communications may, at its sole option, and in addition to any other remedies it may have at law or under this Agreement: (i) bill to and collect from the USF Customer the full amount of the MRC and NRC for the ineligible service(s), formerly represented as USF Services, being provided, any other amounts imposed by the FCC or USAC, and any other damages such as fines or penalties that Alaska Communications incurs in connection with such ineligible Site or usage; and (ii) terminate any services (formerly represented as USF Services) that are determined, in whole or in part, to be ineligible for RHC or E-Rate support. Notwithstanding any other provision to the contrary in any agreement for the purchase of the service(s) formerly represented as USF Services, the USF Customer's liability to Alaska Communications under this Section shall not be limited.
- e) **Filing Requirements.** Alaska Communications requires that all USF Customers file their FCC Form 466, Form 462, and Form 471, as applicable, with USAC for reimbursement upon execution of the associated agreement for purchase of USF Services. All other

subsequent forms must be completed in a timely manner in accordance with any applicable FCC or USAC deadline, including, solely by way of illustration, within 30 days of receiving a Funding Commitment Letter (FCL) or Funding Commitment Decision Letter (FCDL) from USAC, or sooner if required by FCC or USAC deadlines, or as soon as feasibly possible provided that service installation has been completed for the associated USF Services at the Site listed on the FCL or FCDL. Customer agrees to inform Alaska Communications Compliance Program Manager by email to regulatory@acsalaska.com and by telephone to its account representative immediately upon receipt, and in any event within 3 business days, of any communication from the FCC or USAC concerning the Services or its USF support, and to cooperate with Alaska Communications in pursuing any and all available challenges to any funding denial, with each party bearing its own costs. Alaska Communications may, at its sole option, delay installation of the USF Service until Customer has received the FCL or FCDL from USAC and shared that letter with Alaska Communications or provides such further assurances of its willingness and ability to pay the full amount of all MRC and NRC for the USF Services, without regard for any RHC or E-Rate support being sought. Alaska Communications will use the Application Status report on the USAC website to determine the filing status of the forms being submitted at <http://www.usac.org>, and USF Customer agrees to keep Alaska Communications promptly informed of any communications from the FCC or USAC concerning the USF Services or the associate charges or its application for or receipt of RHC or E-Rate support. Customer shall be responsible for the difference between the full cost of any USF Service, including the full MRC and applicable NRC, and the support committed by USAC in an FCL or FCDL, including if the commitment in the FCL or FCDL is lower than the amount of the RHC or E-Rate support the USF Customer originally sought. Alaska Communications is not normally permitted under FCC rules and shall not reduce USF Customer's liability for the full cost of any USF Service, including as a result of the USF Customer's failure to, in a timely manner and before any applicable deadline: (i) submit all required funding applications; (ii) file all required invoicing forms and reports; (iii) respond to all inquiries, requests for information, and other demands of USAC and the FCC; and (iv) meet all other applicable requirements and deadlines.

3. REVISED RATES AND FUNDING SHORTFALL EVENTS

- a) Customer acknowledges that the MRC for USF Services and, in the case of the RHC Telecommunications Program supporting rural HCPs, the "urban rate" associated with the Services, may each be subject to approval by the FCC or USAC, and may be adjusted by Alaska Communications (including retroactively) if necessary to secure funding or to conform to FCC or USAC rules, regulations, policies, procedures, orders, or other requirements or decisions. If the allowable MRC for any USF Service is lowered by the FCC or USAC as a result of insufficient programmatic funding for the RHC or E-Rate mechanisms or any other reason, or the "urban rate" under the RHC Telecommunications Program is increased, or the USF Customer does not receive an

FCL or FCDL committing the full amount of the Customer's RHC or E-Rate funding request, or there is a material delay in USAC's disbursement of RHC or E-Rate funding for the USF Service (individually or collectively, a "Funding Shortfall Event"), then Alaska Communications may, upon 30 days' written notice to USF Customer, terminate some or all of the USF Services. USF Customer acknowledges that Alaska Communications has no obligation to provide any affected USF Service under this Agreement during any period in which there is a Funding Shortfall Event. In lieu of termination, Alaska Communications may permit USF Customer to pay the amounts arising from a Funding Shortfall Event.

4. EVERGREEN STATUS

Each HCP USF Customer shall use commercially reasonable efforts to obtain "evergreen" designation for its agreement for the purchase of USF Services, commencing on the Billing Commencement Date and continuing thereafter for the duration of the Initial Term and any Renewal Term(s) thereof.

5. REDUCED FUNDING

If a USF Customer receives a USAC funding commitment that is reduced as a result of demand in any funding year that exceeds a funding cap imposed by the FCC, then to the extent permitted under FCC rules and policies without jeopardizing any RHC or E-Rate funding commitment to USF Customer, and if Alaska Communications does not exercise its termination rights under Section 3 of these USF T&C, Alaska Communications may, in its own sole discretion, suspend its efforts to collect the amount of such reduction from Customer for so long as, and only to the extent that: **(i)** payment by the USF Customer of the amount of such reduction would cause severe economic hardship for USF Customer and a full or partial payment plan would be impracticable under the circumstances (both as demonstrated by USF Customer to Alaska Communications' satisfaction); **(ii)** USF Customer is otherwise in compliance with its agreement to purchase the USF Services, including full payment of the USF Customer's share of the cost of the USF Services had the support not been reduced, and all applicable rules, regulations, policies, and procedures governing the federal universal service support mechanisms; and **(iii)** USF Customer is making reasonable efforts to secure additional funding from USAC and other sources to enable payment of the reduction amount.

6. SERVICE INSTALLATION

USF Customer acknowledges that Alaska Communications has no obligation to provide any USF Service prior to an FCL or FCDL being issued by USAC for the full amount of the requested support or during any Funding Shortfall Event.

7. CONTRACT TERMINATION CHARGE WAIVER

In the event that USAC determines generally not to provide subsidies and/or ceases providing subsidies for HCPs or for E-rate Recipients, USF Customer may terminate this

Agreement without liability for Early Termination or Site Termination Charges as set forth in this Agreement, upon 60 days' written notice to Alaska Communications. In such event, USF Customer's payments to Alaska Communications for the portion of the then-current Funding Year affected by such USAC determination shall be calculated as though the subsidies had been committed. Early Termination or Site Termination Charges shall not be waived if the Customer fails to receive an FCL or FCDL for any other reason.

8. OTHER CONDITIONS FOR WAIVER OF CONTRACT TERMINATION CHARGE

Alaska Communications recognizes that USF Customers may seek or receive funding from federal, state, local, and other grant programs (other than RHC and E-Rate) that fund purchases of telecommunications services and Internet access services ("Telecommunications Services Purchase Grants"), and that such funding may be reduced or discontinued during the term of USF Customer's agreement for the purchaser of USF Services. Therefore, in the event that Telecommunications Services Purchase Grants provided to a USF Customer are terminated by the granting agency during such term for reasons unrelated to any act or omission to act by the USF Customer, USF Customer may terminate such agreement without liability for Early Termination or Site Termination Charges as set forth in this Agreement, upon 60 days' written notice to Alaska Communications. Alaska Communications will require proof of this funding being terminated from the granting agency that previously granted the funding for this clause to apply. This Section does not apply if the Customer fails to receive a Telecommunications Services Purchase Grant for any other reason, including the failure to timely apply for or diligently and timely pursue its application for such funding.