FACILITIES FOR INTERSTATE ACCESS

TABLE OF CONTENTS

		Page	
21.	Contract Tariffs	21-2	
	21.1 General	21-2	
	21.2 Contract Tariff Option 1	21-3	
	21.3 Contract Tariff Option 2	21-15	
	21.4 Contract Tariff Option 3	21-18	
	21.5 Reserved for Future Use	21-21	(C)
	21.6 Contract Tariff Option 5	21-28	
	21.7 Contract Tariff Option 6	21-31	
	21.8 Contract Tariff Option 7	21-34	
	21.9 Reserved for Future Use	21-39	(C)
	21.10 Reserved for Future Use	21-42	(C)
	21.11 Contract Tariff Option 10	21-45	
	21.12 Reserved for Future Use	21-58	(C)
	21.13 Contract Tariff Option 12	21-61	
	21.14 Contract Tariff Option 13	21-80	
	21.15 Contract Tariff Option 14	21-99	
	21.16 Contract Tariff Option 15	21-102	
	21.17 Contract Tariff Option 16	21-109	
	21.18 Contract Tariff Option 17	21-120	
	21.19 Contract Tariff Option 18	21-126	
	21.20 Contract Tariff Option 19	21-135	
	21.21 Contract Tariff Option 20	21-147	
	21.22 Contract Tariff Option 21	21-171	
	21.23 Contract Tariff Option 22	21-192	
	21.24 Contract Tariff Option 23	21-224	
	21.25 Contract Tariff Option 24	21-239	
	21.26 Contract Tariff Option 25	21-274	
	21.27 Contract Tariff Option 26	21-278	
	21.28 Reserved for Future Use	21-303	(C)
	21.29 Contract Tariff Option 28	21-316	
	21.30 Contract Tariff Option 29	21-367	
	21.31 Contract Tariff Option 30	21-397	
	21.32 Contract Tariff Option 31	21-400	
	21.33 Contract Tariff Option 32	21-439	
	21.34 Contract Tariff Option 33	21-451	
	21.35 Contract Tariff Option 34	21-471	
	21.36 Contract Tariff Option 35	21-492	
	21.37 Contract Tariff Option 36	21-503	
	21.38 Contract Tariff Option 37	21-515	
	21.39 Contract Tariff Option 38	21-535	
	21.40 Contract Tariff Option 39	21-546	

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS

This section contains terms and conditions and rates and charges for contract tariffs provided by the Telephone Company. Individual contract tariffs are filed in 21.2 following.

21.1 General

Contract tariffs apply in Metropolitan Statistical Areas (MSA) which are eligible for Phase I and Phase II Pricing Flexibility. MSA that are eligible for Phase II Pricing Flexibility are further subject to Level 1 and Level 2 MSA pricing. Telephone Company Phase II MSAs and Level 1 and 2 pricing eligibility within the operating territories of The Verizon Telephone Companies are set forth in this Tariff F.C.C. No. 14, Section 19.1; Tariff F.C.C. No. 1, Section 14.7; and Tariff F.C.C. No. 11, Section 15.3.

Each contract tariff includes a serving area that is comprised of one or more MSAs within the operating territories of one or more Verizon Operating Telephone Companies. This tariff provides for service within the operating companies of Verizon North LLC and Verizon South Inc.whose operating territories are specified in Section 19.1 preceding. The remaining Verizon Operating Telephone Companies participate in Tariff F.C.C. No. 1, No. 11 and/or No. 20 as shown below. These tariffs also specify the operating territories of each company. (D)

When the serving area for a contract tariff encompasses more than one Verizon Operating Telephone Company, that contract aggregates services, rates and charges, incentives and other contract-specific terms and conditions for MSAs within all of the Verizon Operating Telephone Companies participating in that contract. The Verizon Operating Telephone Companies which contain MSAs:

Tariff F.C.C. No. 1	Tariff F.C.C. No. 14	
Verizon Delaware LLC		(D)
Verizon Maryland LLC		(D)
Verizon New Jersey Inc.	Verizon North LLC	
Verizon Pennsylvania LLC	Verizon South Inc.	
Verizon Virginia LLC		(D)
Verizon Washington, DC Inc.		

Tariff F.C.C. No. 11	Tariff F.C.C. No. 20	
Verizon New England Inc.		(D)
Verizon New York Inc.	Verizon Delaware LLC	
		(D)
	Verizon Maryland LLC	
	Verizon New England Inc.	
	Verizon New York Inc.	
	Verizon North LLC	

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS

21.1 General (Cont'd)

Tariff F.C.C. No. 20 (Cont'd)

Verizon Pennsylvania LLC
Verizon South Inc.

(D)

Verizon Virginia LLC
Verizon Washington, DC Inc.

Contract Tariffs are subject to the regulations specified in all other sections of the applicable Telephone Company interstate tariff(s), unless otherwise specified.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1

(A) Scope

(1) Contract Tariff Option 1 is offered for a period of 36 months. The contract effective date will be the first day of the month following subscription to Contract Tariff Option 1.

(2) The regulations, terms, conditions and incentives provided in this Section 32.1.1 apply to customers who subscribe to Contract Tariff Option 1 in the Metropolitan Statistical Areas (MSAs) specified in (C) following.

(3) A customer may subscribe to Contract Tariff Option 1 within thirty (30) days following the effective date of this option.

(B) Contract Term and Renewal Options

(1) The contract term under Option 1 is 36 months. At the end of the contract term, the incentives provided in (G) following shall be discontinued.

(2) To subscribe to Contract Tariff Option 1, the customer must provide the Telephone Company with a written order, signed by an authorized representative of the customer, that specifies the date for this Contract Tariff Option to commence and the Access Customer Name Abbreviations (ACNAs) within the serving area of the contract. (N)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1 (Cont'd)

(C) Serving Area for Contract Tariff Option 1

The serving area of Contract Tariff Option 1 is comprised of the following Telephone Company MSAs. (X)

Metropolitan Statistical Area	Pricing Status
Albany-Schenectady-Troy NY	Level 1
Allentown-Bethlehem-Eastern NY	Level 1
Altoona PA	Level 1
Baltimore MD	Level 1
Binghamton NY	Level 1
Buffalo-Niagara Falls NY	Level 1
Burlington VT	Level 1
Charlestown WV	Level 2
Elmira NY	Level 2
Hagerstown MD	Level 1
Harrisburg-Lebanon-Carlisle PA	Level 1
Huntington-Ashland WV-KY-OH	Level 1
Lancaster PA	Level 1
Lynchburg VA	Level 1
Manchester NH	Level 1
New York NY	Level 1
Newport News-Hampton VA	Level 2
No MSA Delaware	Level 1
No MSA Vermont	Level 2
Norfolk-Virginia Beach-Portsmouth VA/NC	Level 2
Parkersburg-Marietta WV-OH	Level 1
Philadelphia PA-NJ	Level 1
Pittsburgh PA	Level 1
Portland ME	Level 1
Portsmouth NH-Rochester ME	Level 1
Providence-Fall River-Warwick RI-MA	Level 2
Reading PA	Level 1
Richmond VA	Level 2
Roanoke VA	Level 1
Scranton-Wilkes-Barre-Hazelton PA	Level 1
Springfield MA	Level 1
State College PA	Level 1
Syracuse NY	Level 2
Vineland-Millvile-Bridgeton NJ	Level 1
Washington DC-MD-VA-WV	Level 2
Williamsport PA	Level 1
Wilmington-Newark DE-MD	Level 1
Dallas-Fort Worth TX	Level 1
Sarasota FL	Level 1
Tampa-St. Petersburg FL	Level 1

The above Telephone Company MSAs are in effect as of the effective date of this Contract Tariff. Any additions of, or changes to, Telephone Company MSAs (including changes to Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 14.7 of Tariff F.C.C. No. 1 and Section 15.3 of Tariff F.C.C. No. 11) that occur after the effective date of this Contract Tariff do not apply. (N) (X)

(X) Issued under authority of special permission No. 02-031 of the FCC.

Vice President, Federal Regulatory
1300 I Street NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.2 Contract Tariff Option 1 (Cont'd)

(D) Description of Services

This Contract Tariff shall include revenues for any of the following services which are subject to Level 1 and Level 2 pricing flexibility (as described in Section 19.1 preceding of this tariff, Section 14.7 of Tariff F.C.C. No. 1 and Section 15.3 of Tariff F.C.C. No. 11) as of the date of subscription to this Contract Tariff Option 1. These revenues will be used to calculate the customer's annual minimum billed revenue volume as specified in (E) following. Rates and charges for these services are set forth in the applicable tariff for the MSA in which these services are provided.

Services Provided in Tariff F.C.C. No. 1

Channel Extension Service
Digital Data Service (DDS)
Facilities Management Service (FMS)

(D)

High Capacity DS1 and DS3
IntelliLight Broadband Transport (IBT)
IntelliLight Dedicated SONET Ring (IDSR)
IntelliLight Entrance Facility (IEF)
IntelliLight Shared Assurance Network (ISAN)
IntelliLight Shared Dual Path (ISDP)
IntelliLight Shared Single Path (ISSP)
IntelliMux
LAN Extension Service (LES)
Metallic
Program Audio
Video
Voice Grade
WATS Access Line
Wideband Analog
Wideband Data

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.2 Contract Tariff Option 1 (Cont'd)

(D) Description of Services (Cont'd)

Services Provided in Tariff F.C.C. No. 11

Metallic Service
Telegraph Service
Voice Grade Service
WATS Access Line
Program Audio Service
Video and Advanced Video Services
Digital Data Service
High Capacity DS1 and DS3
DIGIPATH digital service II

(D)

NYNEX Enterprise Service
NYNEX Enterprise Network Reconfiguration Service
IntelliLight Dedicated SONET Ring (Special Access Services only)
IntelliLight Entrance Facility (Special Access Services only)
IntelliLight Shared Assurance Network
IntelliLight Shared Single Path (Special Access Services only)
IntelliLight Broadband Transport
Enterprise SONET Services
Facility Management Service (Special Access Services only)
Channel Extension Service

Services Provided in Tariff F.C.C. No. 14

Voice Grade
Program Audio
Digital Data
High Capacity DS1
High Capacity DS3
High Voltage Protection
Clear Channel Capability

(D)

Optical Networking

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1 (Cont'd)

(E) Minimum Revenues for Combined MSAs

(1) Minimum Billed Revenue

This Contract Tariff includes a minimum billed revenue which is the combined revenue associated with all services specified in (D) preceding for the combined MSAs set forth in (C) preceding. Minimum billed revenues under this Contract Tariff include only monthly recurring revenues for the services specified in (D) preceding, adjusted to reflect any credits or discounts given under existing pricing plans (i.e., Service Discount Plan or Commitment Discount Plan), if applicable, for the services provided during the contract term. Minimum billed revenues do not include revenue from nonrecurring charges, taxes (e.g., State, Local or Federal), service fees (e.g., interest penalty), any other charges which are not applied on a recurring monthly basis, or any other billed amount for which payment is being withheld by the customer.

The customer must achieve the annual minimum billed revenue specified in (J) following as determined on the anniversary date of the customer's subscription to the service under this Contract Tariff in order to be eligible for the Annual Incentive.

If the customer does not achieve the annual minimum billed revenue for a year of the contract term, the customer will not receive for such year the Annual Incentive as described in (G)(1) following.

(2) Product Suite Minimum Revenues

This Contract Tariff includes a product suite and product suite total annual minimum revenue as specified in (J) following.

The customer must achieve the product suite total annual revenue as determined on the anniversary date of the customer's subscription to the service under this Contract Tariff to be eligible for a Product Suite Annual Incentive. If the customer does not achieve the product suite total annual revenue for a year of the contract term, the customer will not receive for such year the Product Suite Annual Incentive as described in (G)(2) following. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1 (Cont'd)

(F) Rates and Charges

The rates and charges for services subject to this Contract Tariff are set forth in The Verizon Telephone Companies Tariff F.C.C. No. 1, Section 7; Tariff F.C.C. No. 11, Section 30; and Tariff F.C.C. No. 14, Sections 5 and 20. The Telephone Company reserves the right to change the rates and charges for services included in the aforementioned tariffs of the Verizon Telephone Companies. Such changes shall not result in modification of Annual Minimum Billed Revenue targets specified in section (J) following. (X) (X)

(G) Contract Tariff Option 1 Incentives

The incentives offered under this Contract Tariff are provided annually and are based on the customer achieving the annual minimum billed revenue and the product suite total annual minimum revenues as specified in (J) following. Minimum revenues for combined MSAs are subject to the regulations set forth in (E) preceding.

There are two levels of incentives: 1) Annual Incentive and 2) Product Suite Annual Incentive. These incentives are described as follows.

(1) Annual Incentive

An Annual Incentive will be applied when customer revenues for eligible services and markets in each contract year exceed the annual minimum billed revenue. The Annual Incentive is comprised of two components, fixed and variable. The variable component will be applied to the incremental revenue that exceeds the annual minimum billed revenue for each year of the customer's contract term. The fixed component will be applied in the first plan year when the annual minimum billed revenue is achieved. The Annual Incentive is credited to the customer's account in quarterly installments payable within forty-five (45) days of the close of each quarter of the contract term, beginning with the close of the first quarter (i.e., first three months) following subscription to this Contract Tariff Option 1. For each contract term year, the first three quarterly installments of the Annual Incentive will be credited on a pro rata basis. The fixed component will be credited to the customer's account in three equal installments within 45 days of the close of the first three quarters of the contract term. For the last quarter of the contract term year, the Telephone Company will true-up the customer's Annual Incentive using the actual billed revenue for that contract term year, less the pro rata amounts, and fixed component, credited for the previous three calendar quarters. The true-up may result in an additional credit due to the customer or in a charge-up to the customer if the Company credited more Annual Incentive than the customer was entitled to receive. Failure to achieve the minimum billed revenue for the contract term year will result in suspension of future quarterly installments being credited. (N)

(X) Issued under authority of special permission No. 02-031 of the FCC.

Vice President, Federal Regulatory
1300 I Street NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1 (Cont'd)

(G) Contract Tariff Option 1 Incentives (Cont'd)

(1) Annual Incentive (Cont'd)

However, the customer will still be eligible for the Annual Incentive in the remaining contract term years.

The annual minimum billed revenue and the annual incentive percentages for this Contract Tariff are specified in (J) following

(2) Product Suite Incentive

The product suite annual incentive applies if the customer first qualifies for the Annual Incentive at the end of the contract term year and also achieves the product suite total annual minimum revenues at the end of the contract term year. The product suite annual incentive is equal to the incentive dollar amount the customer is credited for the Annual Incentive as described in (1) preceding multiplied by the Product Suite Multiplier as specified in (J) following.

The customer will receive the Product Suite Annual Incentive each contract term year within forty-five days following the anniversary date of the customer's subscription to the service under this Contract Tariff.

Should the customer achieve any Product Suite Annual Incentive level during any of the first three quarters of the contract term year, the Product Suite Multiplier for the level achieved will be applied to all Annual Incentive installments credited for the plan year to date in order to determine the product suite annual incentive. For the last quarter of the contract term year, the Telephone Company will true-up the customer's Product Suite Incentive using the actual billed revenue for that contract term year, less the Product Suite Incentive amounts credited for the previous three calendar quarters. The true-up may result in an additional credit due to the customer or in a charge-up to the customer if the Company credited more Product Suite Incentive than the customer was entitled to receive.

The customer will not receive the product suite annual incentive in any year of the contract term in which the customer fails to achieve the product suite total annual revenue.

The customer's product suite for Contract Tariff Option 1 consists of the DS3 level services specified in (D) preceding. The product suite total annual minimum revenues are provided in (J) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1 (Cont'd)

(H) Restrictions

Unless otherwise permitted under another contract tariff option in this Section 21, a customer may not concurrently subscribe to any other contract tariff option in the MSAs specified in (C) preceding and for the services specified in (D) preceding.

A customer may cancel this contract at any time, however, the customer may not subscribe to any other contract tariff option for the MSAs specified in (C) preceding and for the services specified in (D) preceding for a period of 6 months following the cancellation..

(I) Mergers and Acquisitions

In the event the customer merges with another company, acquires another company, or a portion of the business of another company, or is acquired by another company, the following regulations will apply:

- The customer may not combine revenues eligible for incentives provided by this Contract Tariff with revenues from the merged or acquired company or assets for the purpose of obtaining the incentives provided under this Contract Tariff.
- The customer may continue subscribing to this Contract Tariff for the duration of the contract term based on its business with the Verizon Telephone Companies as of the beginning of its subscription to this Contract Tariff, without adding the revenues attributable to expansion of the customer's purchase of services from the Telephone Company though merger or acquisition action.
- The Telephone Company reserves right to terminate the customer's subscription to this Contract Tariff if the customer does not adhere to the provisions herein. (N)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1 (Cont'd)

(J) Annual Revenue and Product Suite Annual Incentives

(1) Annual Revenue and Annual Minimum Billed Revenues

The Annual Incentive is comprised of two components, fixed and variable. The annual minimum billed revenue and corresponding annual incentive levels for each contract term year are shown below. The customer must achieve the year's minimum billed revenue in order to receive any component of the annual incentive. For example, if the customer achieved revenue of $340,000,000 at the end of the first year's contract term, the annual incentive for the first year would be $9,200,000 (i.e., $3,800,000 + ($325,000,000 - $301,000,000) x 10% + ($340,000,000 - $325,000,000) x 20%)

Annual Minimum Billed Revenue

	Year 1	Year 2	Year 3
	$301,000,000	$346,000,000	$386,000,000
	Annual Incentive Component Values		
Fixed	$3,800,000	$0	$0
Variable 1	10%	15%	15%
Variable 2	20%	30%	30%

Actual Billed Annual Revenue Incentive

% Annual Incentives			
Variable 1	>$301,000,000 up to $325,000,000	>$346,000,000 up to $378,000,000	>$386,000,000 up to $426,000,000
Variable 2	>$325,000,000	>$378,000,000	>$426,000,000

(N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1 (Cont'd)

(J) Annual Revenue and Product Suite Annual Incentives (Cont'd)

(2) Product Suite and Product Suite Annual Minimum Billed Revenues

The product suite, product suite annual minimum billed revenues, and Product Suite Multiplier for each contract term year are shown below. The customer must achieve the year's Annual Minimum Billed Revenue as well as the product suite annual minimum billed revenue in order to receive the annual product suite incentive which is equivalent to the amount the customer received for the annual incentive as specified in (1) preceding multiplied by the Product Suite Multiplier. For example, if the customer achieved revenues of $340,000,000 as used in the example under (1) above, and also achieved product suite annual billed revenues of $135,500,000 at the end of the first year's contract term, the product suite annual incentive for the first year would be $7,360,000 ($9,200,000 (an amount equal to the annual incentive in (1) preceding) x .80)

Product Suite Annual Minimum Billed Revenue Year 1

Product Suite DS3 Services	Year 1 ($)	Product Suite Multiplier
Level 6	>$137,000,000	1.00
Level 5	136,000,000 – 136,999,999	.90
Level 4	135,000,000 – 135,999,999	.80
Level 3	134,000,000 – 134,999,999	.60
Level 2	133,000,000 – 133,999,999	.30
Level 1	132,000,000 – 132,999,999	.10
Level 0	>$132,000,000	0

(N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1 (Cont'd)

(J) Annual Revenue and Product Suite Annual Incentives (Cont'd)

(2) Product Suite and Product Suite Annual Minimum Billed Revenues (Cont'd)

Product Suite Annual Minimum Billed Revenue Year 2

Product Suite DS3 Services	Year 2 ($)	Product Suite Multiplier
Level 6	>$165,000,000	1.00
Level 5	164,000,000 – 164,999,999	.90
Level 4	163,000,000 – 163,999,999	.80
Level 3	162,000,000 – 162,999,999	.60
Level 2	161,000,000 – 161,999,999	.30
Level 1	160,000,000 – 160,999,999	.10
Level 0	<160,000,000	0

Product Suite Annual Minimum Billed Revenue Year 3

Product Suite DS3 Services	Year 3 ($)	Product Suite Multiplier
Level 6	>$191,000,000	1.00
Level 5	190,000,000 – 190,999,999	.90
Level 4	189,000,000 – 189,999,999	.80
Level 3	188,000,000 – 188,999,999	.60
Level 2	187,000,000 – 187,999,999	.30
Level 1	186,000,000 – 186,999,999	.10
Level 0	<186,000,000	0

(N)

(This page filed under Transmittal No. 163.)

Vice President, Federal Regulatory
1300 I Street NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd) (N)

21.2 Contract Tariff Option 1 (Cont'd)

(K) Customer Desired Due Date (CDDD) Reports

A customer who subscribes to Contract Tariff Option 1 may choose to receive monthly reports that set out the Telephone Company's results in provisioning the services set out in this paragraph, measured on a Customer Desired Due Date (CDDD) basis. The Telephone Company will provide these reports for the first twelve months of customer's subscription to this Contract Tariff. The reports will be available in subsequent years only if the customer has met the annual minimum billed revenue volume specified in (J) for the previous year. For Telephone Companies under Tariff FCC No. 14, the reports will cover all DS-3, DS-1, and DS-0 special access services. For the remaining Telephone Companies, one set of reports will cover DS-1 and DS-3 special access services, excluding those orders 1.) where an interval less than nine business days is requested, or 2.) where orders have been queried back to the customer and the amended order has not been changed to reflect an interval of nine business days or more. All interval calculations for this first set of reports will be measured from the receipt of a clean ASR. These reports will begin with results for April, 2002. A second set of reports for the same remaining Telephone Companies will be identical except they will not include the exclusions mentioned above. Separate reports will be provided for the grouping of Telephone Companies under each of the three tariffs noted above, and will cover provisioning for the specified services for the entire area served by those Telephone Companies. In addition, within ten days of customer's request for the reports described in this paragraph, the Telephone Company will provide the customer with monthly projections, and the reports will also measure results against the projections. The reports will be provided to assist in improving the Telephone Company's performance, and there are no liabilities, financial or otherwise, associated with the results of these metrics. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.3 Contract Tariff Option 2

(A) Scope

Contract Tariff Option 2, the New Connect Discount Plan, is an offering exclusively for new installations of certain Special Access services ordered during a specific period of time.

The regulations, terms and conditions provided in this Section 21.3 automatically apply to all customers who install new services offered under the New Connect Discount Plan in the applicable MSAs during the specified subscription period. The qualifying services are listed in (B) following and the applicable Metropolitan Statistical Areas (MSAs) are specified in (C) following.

A Customer qualifies for Contract Tariff Option 4, the New Connect Discount Plan (the Plan), only during the following subscription periods. An initial subscription period begins on April 16, 2003 and ends July 11, 2003. A second subscription period begins on July 12, 2003 and ends December 31, 2003. In order for a service to be included in the Plan: (C) (C)

(1) An order for service must be placed during the subscription period and the service must be one of the services specified in Section (B) following.

(2) The customer must accept the service on the original service date.

(3) If the customer does not accept service on the original service date, any change to a later date will make the service ineligible for the discount, unless the change is initiated by the Telephone Company.

(B) Eligible Services

The New Connect Discount Plan is an offering exclusively for new installations of Special Access services listed below:

- High Capacity Services (DS1 and DS3)
- Custom Connect
- Express Connect
- Banded Optical

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.3 Contract Tariff Option 2 (Cont'd)

(C) Serving Area

The serving area of the New Connect Discount Plan is comprised of the following Metropolitan Statistical Areas. Wire centers for each MSA are listed in Section 19.1.

Tampa-St. Petersburg

Los Angeles-LongBeach*

* The additional discount of the Plan is not applicable to the portion of the communications path connecting the serving wire center to the associated End User location.

Any additions or changes to the wire centers included in the MSAs listed above that occur after April 16, 2003 will apply and be included in the Plan.

(D) Description of the New Connect Discount Plan

The New Connect Discount Plan offers an automatic additional discount on all eligible services ordered from Sections 5 and 20 of this tariff that meet the conditions outlined in (A), (B) and (C) preceding. The additional discount will be applied to the monthly recurring rate elements associated with transport of the service (e.g., Special Access Lines, transport, nodes) and to DS3 and DS1 level multiplexing optional features. Application of the additional discount on transport is limited to those instances where the serving wire center of one end is within an MSA identified in (C) above and the serving wire center of the other end is a Level 1 or Level 2 wire center of the same MSA or of a different MSA specified in Section 19.1 preceding. The additional discount will not be applied to special access cross-connects for EIS.

The services and the associated rate elements may be ordered on a month-to-month (MTM) basis or as a term plan as allowed for that particular service as described in Sections 5 and 20.

Under the Plan, the customer will receive a discount applied to the MTM rates or to the monthly rates of the term plan as described in Sections 5 and 20. Except for service provided under another contract tariff in this Section 21 for which minimum billed revenue is measured on a contact level basis, service provided under the Plan is not eligible for any other circuit-specific service, term, or volume discount offered under other sections of this tariff. (N)

- The Plan discount for a 7-year term plan is 10%.

- The Plan discount for all other eligible services and all other term plans is 20%.

Shared use as set forth in Section 3.3 preceding is allowed under the Plan, however, only the special access portion of a service is eligible to receive the Plan discount.

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.3 Contract Tariff Option 2 (Cont'd)

(E) Terms and Conditions

All terms and conditions, including termination liability and minimum service periods, as stated in Sections 5 & 20 preceding apply for the respective services, except for those terms and conditions which involve the additional discount provided under the New Connect Discount Plan as stated following:

(1) For service ordered during the initial or second subscription period on a Month-to-Month basis under the New Connect Discount Plan, the Plan's additional discount will expire effective with the first bill period date after December 31, 2017.

(2) For service ordered during the initial or second subscription period in a term plan under the New Connect Discount Plan, the Plan's discount expires at the end of the initial term. The customer may extend the Plan for an additional term(s) of less, equal or greater length than the expiring plan. In all cases, the additional discount provided under the Plan will expire effective with the first bill period date following December 31, 2017.

(3) When service is disconnected prior to completing the minimum service period, the Plan's discount is not used in calculating the minimum period charges for the remainder of the minimum period.

(4) With the exception of adding or removing a node to an Custom Connect CDL Link – Ring Route dedicated ring, replacements, rearrangements, upgrades or any other physical change to service under the New Connect Discount Plan will result in termination of the Plan's additional discount. The Plan's discount will not apply to any obligations of termination liability or to charges applicable to the remaining minimum service period obligation. (T) (T)

(5) When termination liability applies to a service in accordance with the terms and conditions as stated in either Section 5 or 20, the additional discount provided under the Plan will not apply and will thus be excluded from any calculation of the termination liability for the remainder of the term plan.

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.4 Contract Tariff Option 3

(A) Scope

Contract Tariff Option 3, the New Connect Discount Plan B, is an offering exclusively for new installations of certain Special Access and Optical Networking services ordered during a specific period of time.

The regulations, terms and conditions provided in this Section 21.4 automatically apply to all customers who install new services offered under the New Connect Discount Plan B in the applicable MSAs during the specified subscription period. The qualifying services are listed in (B) following and the applicable Metropolitan Statistical Areas (MSAs) are specified in (C) following.

The initial subscription period during which the customer qualifies for Contract Tariff Option 3, the New Connect Discount Plan B (Plan B), begins on May 6, 2003, and ends August 3, 2003. A second subscription period during which the customer qualifies for Contract Tariff Option 3 begins August 4, 2003 and ends December 31, 2003. In order for a service to be included in Plan B: (C) (C)

(1) An order for service must be placed during the subscription period and the service must be one of the services specified in Section (B) following.

(2) The customer must accept the service on the original service date.

(3) If the customer does not accept service on the original service date, any change to a later date will make the service ineligible for the discount, unless the change is initiated by the Telephone Company.

(B) Eligible Services

The New Connect Discount Plan is an offering exclusively for new installations of Special Access services listed below:

- High Capacity Services (DS1 and DS3 point-to-point or multiplexed)
- Custom Connect
- Express Connect
- Banded Optical (all speeds)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.4 Contract Tariff Option 3 (Cont'd)

(C) Serving Area

The serving area of the New Connect Discount Plan B is comprised of the following Metropolitan Statistical Areas. Wire centers for each MSA are listed in Section 19.1.

Dallas-Fort Worth TX*

Portland OR

Seattle-Everett WA

* The additional discount of Plan B is not applicable to the portion of the communications path connecting the serving wire center to the associated End User location.

Any additions or changes to the wire centers included in the MSAs listed above that occur after May 6, 2003, will apply and be included in the Plan B.

(D) Description of New Connect Discount Plan B

The New Connect Discount Plan B offers an automatic additional discount on all eligible services ordered from Sections 5 and 20 of this tariff that meet the conditions outlined in (A), (B) and (C) preceding. The additional discount will be applied to the monthly recurring rate elements associated with transport of the service (e.g., Special Access Lines, transport, nodes, optical transport channels) and to DS3 and DS1 level multiplexing optional features. Application of the additional discount on transport is limited to those instances where the serving wire center of one end is within an MSA identified in (C) above and the serving wire center of the other end is a Level 1 or Level 2 wire center of the same MSA or of a different MSA specified in Section 19.1 preceding. The additional discount will not be applied to special access cross-connects for EIS.

The services and the associated rate elements may be ordered on a month-to-month (MTM) basis or as a term plan as allowed for that particular service as described in Sections 5 and 20. Except for service provided under another contract tariff in this Section 21 for which minimum billed revenue is measured on a contract level basis or under Contract Tariff Option 5 following, service provided under Plan B is not eligible for any other circuit-specific service, term or volume discount offered under other sections of this tariff. (C)

Under the Plan, the customer will receive a discount applied to the MTM rates or to the monthly rates of the term plan as described in Sections 5 and 20.

- The Plan discount for a 7-year term plan is 10%.
- The Plan discount for all other eligible services and all other term plans is 20%.

Shared use as set forth in Section 3.3 preceding is allowed under Plan B, however, only the special access portion of a service is eligible to receive the Plan B discount.

(This page filed under Transmittal No. 349.)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.4 Contract Tariff Option 3 (Cont'd)

(E) Terms and Conditions

All terms and conditions, including termination liability and minimum service periods, as stated in Sections 5 & 20 preceding apply for the respective services, except for those terms and conditions which involve the additional discount provided under New Connect Discount Plan B as stated following:

(1) For service ordered during the initial or second subscription period on a Month-to-Month basis under the New Connect Discount Plan B, the Plan's additional discount will expire effective with the first bill period date after December 31, 2017.

(2) For service ordered during the initial or second subscription period in a term plan under the New Connect Discount Plan B, the Plan B's discount expires at the end of the initial term. The customer may extend Plan B for an additional term(s) of less, equal or greater length than the expiring plan. In all cases, the additional discount provided under Plan B will expire effective with the first bill period date following December 31, 2017.

(3) When service is disconnected prior to completing the minimum service period, Plan B's discount is not used in calculating the minimum period charges for the remainder of the minimum period.

(4) With the exception of adding or removing a node to an Custom Connect CDL Link – Ring Route dedicated ring, replacements, rearrangements, upgrades or any other physical change to service under the New Connect Discount Plan B will result in termination of Plan B's additional discount. Plan B's discount will not apply to any obligations of termination liability or to charges applicable to the remaining minimum service period obligation. (T) (T)

(5) When termination liability applies to a service in accordance with the terms and conditions as stated in either Section 5 or 20, the additional discount provided under Plan B will not apply and will thus be excluded from any calculation of the termination liability for the remainder of the term plan.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.5 Reserved for Future Use (C)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.6 Contract Tariff Option 5 (N)

(A) Scope

Contract Tariff Option 5, the New Connect Discount Plan C, is an offering exclusively for new installations of certain Optical Networking services ordered during a specific period of time.

The regulations, terms and conditions provided in this Section 21.6 automatically apply to all customers who install new services offered under the New Connect Discount Plan C in the applicable MSAs during the specified subscription period. The qualifying services are listed in (B) following and the applicable Metropolitan Statistical Areas (MSAs) are specified in (C) following.

The subscription period during which the customer qualifies for Contract Tariff Option 5, the New Connect Discount Plan C (Plan C), begins on August 19, 2003, and ends December 31, 2003. In order for a service to be included in Plan C:

1) An order for the new service must be placed during the subscription period and the service must be one of the services specified in (B) following. A new service can not be a service that was disconnected from another contract option or discount plan in order to include that service in this plan.

2) The customer must accept the service on the original service date.

3) If the customer does not accept service on the original service date, any change to a later date will make the service ineligible for the discount, unless the change is initiated by the Telephone Company

(B) Eligible Services

The New Connect Discount Plan C is an offering exclusively for new installations of certain Special Access Optical Networking Services listed below:

- IntelliLight Optical Transport Service (IOTS)
- 4-channel primary or expansion nodes
- 16-channel or expansion nodes
- Ring Mileage
- Network Optimization
- Protected and unprotected single port optical transport channels and multi-port optical transport arrangements (facility channels and multi-port channels) (N)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.6 Contract Tariff Option 5 (Cont'd)

(C) Serving Area (N)

The serving area of the New Connect Discount Plan C is comprised of the following Metropolitan Statistical Areas. Wire centers for the MSAs are listed in Section 14.7.

- Tampa-St. Petersburg

- Los Angeles-Long Beach*

- Dallas-Fort Worth TX*

- Portland OR

- Seattle-Everett WA

The additional discount of Plan C is not applicable to the portion of the communications path connecting the serving wire center to the associated End User location.

Any additions or changes to the wire centers included in the MSA listed above that occur after August 19, 2003, will apply and be included in Plan C.

(D) Description of New Connect Discount Plan C

The New Connect Discount Plan C offers an automatic additional discount on all eligible services ordered from Section 20.1 of this tariff that meet the conditions outlined in (A), (B) and (C) preceding. The additional discount will be applied to the monthly recurring rate elements associated with the options and categories listed in (B) preceding. The additional discount will not be applied to EIS cross-connect services.

The services and the associated rate elements must be ordered on a term plan as allowed for that particular service as described in Section 20.1.

Under Plan C, the customer will receive a discount applied to the monthly rates of the term plan as described in Section 20.1. Except for service provided under another contract tariff in this Section 21 for which minimum billed revenue is measured on a contract level basis, service provided under Plan C is not eligible for any other circuit-specific service, term or volume discount offered under other sections of this tariff.

- For any 7-year term plan, the Plan C discount is 10%

- The Plan C discount for all other eligible services and all other term plans is 20%.

Shared use as set forth in Section 3.3 preceding is allowed under Plan C, however, only the special access portion of a service is eligible to receive the Plan C discount. (N)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.6 Contract Tariff Option 5 (Cont'd)

(E) Terms and Conditions

All terms and conditions, including termination liability and minimum periods, as stated in Section 20.1 preceding, apply for the respective services, except for those terms and conditions which involve the additional discount provided under New Connect Discount Plan C as stated following:

(1) The discount of Plan C expires at the end of the initial term. The customer may extend Plan C for an additional term(s) of less, equal, or greater length than the expiring term plan. In all cases, the additional discount provided under Plan C will expire effective with the first bill period date following December 31, 2017.

(2) When service is disconnected prior to completing the minimum period, the Plan C discount is not used in calculating the minimum period charges for the remainder of the minimum period.

(3) With the exception of adding or removing a node to an Custom Connect CDL Link – Ring Route dedicated ring, replacements, rearrangements, upgrades or any other physical change to service under the New Connect Discount Plan C will result in termination of Plan C's additional discount. Plan C's discount will not apply to any obligations of termination liability or to charges applicable to the remaining minimum period obligation. (T) (T)

(4) When termination liability applies to a service in accordance with the terms and conditions as stated in Section 20.1, the additional discount provided under the Plan C will not apply and will thus be excluded from any calculation of the termination liability for the remainder of the term plan.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.7 (Reserved for Future Use) (T)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.7 (Reserved for Future Use) (T)

(D)

(D)

(This page filed under Transmittal No. 628.)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.7 (Reserved for Future Use) (T)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.8 Contract Tariff Option 7 (N)

(A) Scope

(1) Contract Tariff Option 7 (Option 7) is offered for a service period of twelve (12) months and provides a customer with a one-time credit(s) when it achieves total billed revenue (TBR) during the service period of between $49,000,000 ($49M) and $56,000,000 ($56M) in qualifying services, as defined in (B) following.

(2) Eligible customers who wish to subscribe to Option 7 must do so by submitting a written request, in a form prescribed by the Telephone Company and signed by an authorized representative of the customer, during the subscription period that begins May 27, 2004 and ends July 26, 2004. Eligibility for Option 7 is set forth in (B) following. The twelve month service period (service period) commences on the first day of the month following receipt of the customer's written authorization.

(B) Eligibility and Qualification for Option 7

All of the following apply in order to subscribe to Option 7.

(1) The customer must achieve TBR for qualifying services, as defined in (2) following, that is between $45,000,000 ($45M) and $56M during the service period. TBR for qualifying services is subject to (2) through (7) following.

(2) TBR for qualifying services are comprised of (a) Special Access Voice Grade Services, Digital Data Services, High Capacity 1.544 Mbps Services, and High Capacity 44.736 Mbps Services and (b) Switched Access DS1 and DS3 Direct Trunked Transport services which the customer subscribes to in all operating territories under this tariff and under the Telephone Company's Tariff F.C.C. Nos. 1, 11, and 16. The customer may subscribe to these services under other term and commitment discount plans as they may be offered under general sections of this tariff and under the general sections of the other Telephone Company tariffs included in this Option 7. The customer's TBR shall be calculated using only monthly recurring charges billed by the Telephone Company to the customer for the qualifying services. Any reductions and discounts associated with other term and commitment plans for the qualifying services will be included in the total TBR for qualifying services under this Option 7. (x) (x) (x)

(3) The portion of the TBR for qualifying services attributable to the customer's Switched Access DS1 and DS3 Direct Trunked Transport services must be at least $350,000 ($350K), but may not exceed $2,000,000 ($2M). (N)

(x) Issued under authority of Special Permission No. 04-037 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.8 Contract Tariff Option 7 (Cont'd)

(B) Eligibility and Qualification for Option 7 (Cont'd)

(4) TBR for qualifying services does not include any revenue other than monthly billed recurring revenue as set forth in (2) above, including without limitation, any of the following: (N)

- nonrecurring charges
- taxes or other charges (e.g., Federal Universal Service Fund) imposed by federal, state, local or other government entity
- service or administrative fees or charges (e.g., interest penalty, late payment penalty)
- other charges which are not applied on a recurring monthly basis
- any other billed amount for which payment is being withheld by the customer
- any billed amounts that are under dispute by the customer
- revenues, credits or adjustments associated with services other than those specified in (2) preceding
- credits or adjustments assessed by the Telephone Company that are associated with periods outside of the service period as defined in (1) preceding
- shortfall or overage charges associated with other term or commitment plans
- termination liabilities assessed under other term or commitment plans
- amounts billed for intrastate services
- amounts billed for non-tariffed services

(5) Other than as set forth in (6) below, the customer may not concurrently subscribe to any other contract tariff option, special service arrangement, or Individual Case Basis (ICB) arrangement offered by the Telephone Company and available to the customer either currently or at any time during the Service Period which provides a discount, credit, or other reduction in rates or terms based on achievement of certain total billed revenue by the customer for the qualifying services in (2) preceding.

(6) Provided that the customer meets all of the criteria set forth in this Option 7, the customer will be allowed to terminate this Option 7 and subscribe to a New Plan, as defined below, without paying the termination charges set forth in (E) following. A New Plan shall mean another contract tariff option, ICB arrangement, or special service arrangement for the qualifying services in (2) preceding and offered by the Telephone Company during the Service Period with identical or greater total billed revenue levels than those provided under this Option 7. If the customer elects to terminate this Option 7 in order to subscribe to a New Plan, then (1) the customer must so elect in writing; (2) the customer must subscribe to the New Plan concurrently with or prior to the termination date of this Option 7; and (3) the customer must independently qualify and be eligible for such new plan. The customer shall not be afforded any credit in the New Plan for any portion of the elapsed Service Period under this Option 7. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.8 Contract Tariff Option 7 (Cont'd)

(B) Eligibility and Qualification for Option 7 (Cont'd)

(7) In the event the customer merges with another company, acquires another company, or acquires a portion of the business of another company, or is acquired by another company, either in whole or in part, the following regulations will apply: (N)

(a) The customer may not include in the calculation of TBR for the qualifying services any revenues of the merged or acquired company or assets for the purpose of obtaining the credit provided under this Option 7.

(b) The customer may continue subscribing to this Option 7 for the duration of the service period based on its business with the Telephone Company as of the beginning of its subscription to this Option 7, without adding the revenues attributable to expansion of the customer's purchase of services from the Telephone Company through merger or acquisition action.

(c) The Telephone Company reserves the right to terminate the customer's subscription to this Option 7 if the customer does not adhere to the provisions herein. Customer shall not be eligible for any credits in such event.

(C) Serving Area

The serving area of Option 7 is comprised of all Telephone Company Phase 1 and Phase 2 Metropolitan Service Areas (MSAs).

Any additions or changes to the wire centers included in the MSAs described above that occur after May 27, 2004 will apply and be included in Option 7.

(D) Application of Credits Under Option 7

The customer may receive a one-time credit under this Option 7 depending on the actual TBR for qualifying services achieved at the end of the service period. The one-time credit shall consist of a Billing Credit or a Billing Credit and an Incremental Credit, as described below. The actual TBR for qualifying services is determined in accordance with (B)(1) through (B)(7) preceding. Based on the actual TBR for qualifying services, the following applies. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.8 Contract Tariff Option 7 (Cont'd)

(D) Application of Credits Under Option 7 (Cont'd)

(1) If the TBR for qualifying services for the service period was less than $45M (i.e., the minimum TBR for qualifying services), a shortfall penalty equal to fifty percent (50%) of the difference between the minimum TBR for qualifying services and the actual TBR for qualifying services will apply. For example, if the customer achieved actual TBR for qualifying services of $44,000,000 ($44M), the shortfall penalty would be 50% of the difference between the minimum TBR for qualifying services ($45M) and the actual TBR for qualifying services ($44M) or $500,000 in shortfall penalty. The shortfall penalty is due to the Telephone Company within sixty (60) days of the end of the service period. No Billing Credit or Incremental Credit will be applied under this Option 7 when the minimum TBR for qualifying services has not been met. (N)

(2) If the TBR for qualifying services for the service period was between $45M and $48,999,999.00, the customer is not eligible for a credit, and no shortfall penalty applies under this Option 7.

(3) If the TBR for qualifying services for the service period was between $49M and $56M, a single Billing Credit of $1,000,000 ($1M) will apply under this Option 7. The Billing Credit for the qualifying services shall be provided in Phase 1 and Phase 2 MSAs. Credit will be applied to the customer's account(s) in accordance with (E)(1) following.

(4) If the TBR for qualifying services for the service period was between $51,000,000 ($51M) and $56M, the customer will also receive an Incremental Credit in addition to the Billing Credit specified in (D)(3) preceding. The Incremental Credit amount will be applied in the same manner as the Billing Credit. The amount of Incremental Credit is determined by the amount of TBR for qualifying services actually achieved as follows.

TBR for Qualifying Services Achieved During Service Period	One-time Incremental Credit
$51,000,000 - $52,000,000	$ 250,000
$52,000,001 - $53,000,000	500,000
$53,000,001 - $54,000,000	1,000,000
$54,000,001 - $55,000,000	1,500,000
$55,000,001 - $56,000,000	2,000,000

(5) If the TBR for qualifying services for the service period was in excess of $56M, the customer is not eligible to receive a credit under this Option 7. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.8 Contract Tariff Option 7 (Cont'd)

(E) Terms and Conditions (N)

(1) Subject to the terms and conditions of this Option 7, if the customer is eligible for the Billing Credit or the Incremental Credit under (D)(3) or (D)(4) preceding, the Billing Credit or Incremental Credit will be credited to the customer's account within sixty (60) days after the end of the Service Period. The amount of the credit is contingent on (a) resolution of outstanding billing disputes related to qualifying services provided by the Telephone Company to the customer no later than the 60th day after the end of the Service Period; and (b) payment in full by the customer of all undisputed billed amounts for qualifying services. After the 61st day following the end of the Service Period, any amounts that remain disputed or are withheld by the customer (even if the amount is resolved in favor of the customer or paid by the customer at a later date) shall not be used in calculation of the TBR for qualifying services, the Billing Credit, or the Incremental Credit. The amount of the Billing Credit and the Incremental Credit shall not be subject to any interest penalty.

(2) The customer may discontinue individual services during the service period subject to the terms and conditions, including any applicable termination or shortfall liabilities that may be applicable, for the specific service involved as set forth in the applicable sections of this tariff and of the other Telephone Company tariffs under which TBR for qualifying services is determined. (x)

(3) In the event that the customer cancels its subscription to this Option 7, cancellation penalty equal to one hundred percent (100%) of the difference between the minimum TBR for qualifying services ($45M) and the actual TBR for qualifying services achieved by the customer at the time of cancellation shall apply. Cancellation penalty is due to the Telephone Company within sixty (60) days of the date of cancellation of Option 7. If the actual TBR for qualifying services on the date of cancellation is in excess of $45M, the customer shall not be eligible for any credit(s) under this Option 7. (N)

(x) Issued under authority of Special Permission No. 04-037 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

21. CONTRACT TARIFFS (Cont'd)

21.9 Reserved for Future Use (C)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

21. CONTRACT TARIFFS (Cont'd)

21.10 Reserved for Future Use (C)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (N)

(A) Scope

Contract Tariff Option 10 (**Option 10**) is offered for a service commitment period of one (1) year and provides a customer with a one-time credit when it meets certain total billed revenue (**TBR**) thresholds set forth in (B)(2) following for the Qualifying Services set forth in (E)(1) following (**TBR for Qualifying Services**). Calculation of TBR for Qualifying Services shall be in accordance with the terms of this Option 10.

(B) Eligibility

The customer must meet all of the following eligibility criteria in order to be eligible for subscription to Option 10.

(1) During the twelve (12) month period prior to commencement of the Service Period as set forth in (C) following, the customer must have achieved both:

(a) a minimum of $235,000,000 (**$235M**) in billed revenue for all Qualifying Services (as set forth in (E)(1) following) purchased by the customer from the Telephone Company; and

(b) a minimum of $101,500,000 (**$101.5M**) in billed revenue in Qualifying Facility Management Services (**Qualifying FMS**) as described in (E)(1) following. The TBR for Qualifying Services, as described in (1)(a) above, must include the TBR for Qualifying FMS as set forth in this (B)(1)(b).

(2) During the Service Period set forth in (C) following, the customer must achieve both:

(a) A TBR for Qualifying Services, as defined in (E) following, of not less than $235M and no more than $300,000,000 (**$300M**); and

(b) A minimum TBR for Qualifying FMS, as described in (E) following, of not less than $101.5M. The TBR for Qualifying Services, as described in (2)(a) above, must include the TBR for Qualifying FMS set forth in this (B)(2)(b). (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(B) Eligibility (Cont'd)

(3) However, in order to receive any Billing Credit, as defined in (E)(2)(a) following, the customer must achieve both:

(a) a minimum TBR of at least $255,000,000 (**$255M**) of Qualifying Services; and

(b) a minimum TBR of at least $101.5M of Qualifying FMS during the Service Period. The TBR for Qualifying Services set forth in (3)(a) above must include the TBR for Qualifying FMS set forth in this (B)(3)(b).

TBR for Qualifying Services and TBR for Qualifying FMS shall be calculated using the criteria and mechanism set forth in (E) following. Billing Credits shall vary depending on the TBR for Qualifying Services and Qualifying FMS achieved by the customer during the Service Period. Such Billing Credits shall be calculated in accordance with (E) following.

(4) Eligible customers who wish to subscribe to Option 10 must do so by submitting a written request, in a form prescribed by the Telephone Company, and signed by an authorized representative of the customer. The customer must subscribe to Option 10 during the sixty (60) day period that begins December 14, 2004 and ends February 11, 2005 (**Subscription Period**).

(5) Other than as set forth in (E)(5) following, the customer may not concurrently subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (ICB) arrangement offered by the Telephone Company and available to the customer either currently or at any time during the Service Period which provides a discount, credit, or other reduction in rates or terms based on achievement of certain revenue targets by the customer for the Qualifying Services. Notwithstanding the foregoing, the customer will be eligible to continue to participate in Tariff Option No 4 offered in this tariff.

(C) Service Period

The Service Period of this Option 10 shall be for a period of one (1) year from the date the customer subscribes to this Option 10 under (B)(4) preceding (**Service Period**). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(D) Serving Area

The Billing Credit, as defined in (E)(2)(a) following, will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff and under the Telephone Company's Tariff F.C.C. Nos. 1 and 11. Wire centers for the Phase II MSAs are listed in Section 19.1 of this tariff, Section 14.7 of Tariff F.C.C. No. 1, and Section 15.3 of Tariff F.C.C. No. 11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in those sections) that occur during the Service Period of this Option 10 will apply. No Billing Credits will be provided in the operating territories of the Telephone Company's Tariff F.C.C. No. 16, but the calculation of the TBR for the Qualifying Services will include all Qualifying Services purchased by the customer under the Telephone Company's Tariff F.C.C. No. 16 as set forth in (E)(1) following. (x) (x) (x) (x) (x) (x)

(E) Terms and Conditions

(1) Qualifying FMS Services and Qualifying Services

(a) Qualifying FMS shall be comprised of any switched or special access FMS, as set forth in Sections 6.2.12 and 7.2.16 of Tariff F.C.C. No. 1 and Sections 6.8.26 and 7.2.13 of the Telephone Company's Tariff F.C.C. No. 11, purchased by the customer during the Service Period. Qualifying Services will be comprised of the following services purchased by the customer during the Service Period: (x) (x)

- Special Access Voice Grade, Digital Data Service (DDS), DS1, DS3, and SONET services, as set forth in this tariff (Sections 5 and 20), the Telephone Company's Tariff F.C.C. No. 1 (Sections 7 and 8), Tariff F.C.C. No. 11 (Sections 7 and 26), and Tariff F.C.C. No. 16 (Sections 7 and 20), and Federal Telecommunications Access Service, as set forth in Section 17 of Tariff F.C. C. No. 1 and Section 24 of the Telephone Company's Tariff F.C.C. No. 11 (**Special Access**); (x) (x) (x) (x)

- Switched Access DS1 and DS3 Direct Trunk Transport services (**Switched DTT**), as set forth in this tariff (Section 4), the Telephone Company's Tariff F.C.C. No. 1 (Section 6), Tariff F.C.C. No. 11 (Section 6), and Tariff F.C.C. No.16 (Section 6); and (x) (x)

- Qualifying FMS. (N)

(x) Issued under authority of Special Permission No. 04-078 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS Services and Qualifying Services (Cont'd)

(a) (Cont'd)

(1) If the Telephone Company introduces a new Special Access Service or a new Switched DTT Service, or an enhancement to an existing Special Access or Switched DTT Service in this tariff and in its Tariff F.C.C. Nos. 1, 11, and 16, then such services shall be automatically included in Qualifying Services, and the customer's purchases of such new or enhanced Qualifying Services shall be included in the calculation of TBR, subject to the terms and conditions set forth in this Option 10. (x) (x)

(2) All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in this Section (E)(1)(a) shall not be eligible for inclusion as Qualifying Services under this Option 10.

(b) Subject to any credits or adjustments as set forth in this Section (E)(1)(b), the customer's TBR shall include only monthly billed recurring revenues for the Qualifying Services, which shall include any credits or discounts given under existing pricing plans (e.g. Service Discount Plan, Term Payment Plans, or Commitment Discount Plan) or Contract Tariff Option 4 under this tariff, if applicable, that are generated in the course of billing monthly recurring revenue for the Qualifying Services provided during the Service Period. Any credits and adjustments made to monthly recurring billed amounts for Qualifying Services, as set forth in this Section (E)(1)(b), which are purchased by the customer during the Service Period shall be included in the calculation of TBR for the Qualifying Services. (N)

(x) Issued under authority of Special Permission No. 04-078 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS Services and Qualifying Services (Cont'd)

(c) TBR for the Qualifying Services does not include any revenue other than as set forth in Section (E)(1)(b) preceding. The following is an illustrative list and is not intended to be a comprehensive listing of all other charges excluded from the calculation of TBR for the Qualifying Services.

- nonrecurring charges;
- taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund);
- service or administrative fees or charges imposed by the Telephone Company (e.g., Interest penalty, late payment penalty);
- any other charges which are not applied on a recurring monthly basis;
- any other billed amount related to Qualifying Services for which payment is being withheld or under dispute by the customer;
- credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services;
- shortfall or overage charges associated with term plan true-ups, (for example, such as failure to satisfy commitment levels pursuant to the CDP Plan); or
- termination liabilities and minimum period charges.

(d) In calculating TBR for Qualifying Services, the Telephone Company shall determine the total amount of monthly billed recurring revenues for New SONET Qualifying Services (as defined below) which have been purchased by the customer during the Service Period, and multiply the same by 1.15 (that is, a fifteen percent (15%) incentive for subscription to New SONET Qualifying Services). For example, assume that the customer's total amount of monthly billed recurring revenues for New SONET Qualifying Services during the Service Period was $100,000. Then, in calculating TBR for Qualifying Services, the customer shall be deemed to have purchased $115,000 in Qualifying Services. For purposes of this Option 10, a **New SONET Qualifying Service** is a SONET Special Access Qualifying Service, as defined in Section (E)(1)(a) preceding, which meets one of the following criteria: (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS Services and Qualifying Services (Cont'd)

(d) (Cont'd)

(1) newly ordered and provisioned during the Service Period by the customer under this Option 10 and this tariff and in the Telephone Company's Tariff F.C.C. Nos. 1, 11, and 16; (x)

(2) upgrade of an existing Special Access service during the Service Period that is not a SONET Special Access service (e.g., upgrade of a DS1 or DS3 to an OC3 SONET service) under the provisions set forth in other sections of this tariff; or

(3) upgrade of an existing Special Access SONET service during the Service Period to a higher bandwidth SONET service (e.g. upgrade of an OC3 service to an OC12 service) under the provisions set forth in other sections of this tarif. A New SONET Qualifying Service shall not include any augments or additions of individual service components to an existing SONET Special Access service (e.g., addition of a node or a port to an existing IDSR Special Access service).

(e) In the event the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth in Option 10 and in this tariff and in the Telephone Company's Tariff F.C.C. Nos. 1, 11, and 16. (x)

(1) The customer may not combine or include any revenues from the merged, acquiring, or acquired company, or assets of the merged, acquiring, or acquired company in the calculation of TBR for Qualifying Services.

(2) The customer may continue subscribing to this Option 10 for the duration of the Service Period based on its business with the Telephone Company as of December 14, 2004, without adding the revenues attributable to expansion of the customer's purchase of Services from the Telephone Company though merger, transfer, assignment, or acquisition.

(3) The Telephone Company reserves the right to terminate this Option 10 if the customer does not adhere to the provisions of this Section (E)(1)(e). (N)

(x) Issued under authority of Special Permission No. 04-078 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS Services and Qualifying Services (Cont'd)

(f) If an Issuing Carrier of this tariff, or the assets of such Issuing Carrier, are acquired by an unaffiliated third party (**Acquired Issuing Carrier**), and such Acquired Issuing Carrier ceases to provide the Qualifying Services in the territories that it previously operated in during the Service Period, then the following shall apply:

(i) each range or tier of the TBR for Qualifying FMS and the TBR for Qualifying Services set forth in the table in Section (E)(2)(b) following shall be proportionately reduced by the applicable Acquisition Reduction Amount, as defined in (E)(1)(f)(1) following;

(ii) all Billing Credits set forth in the table in Section (E)(2)(b) following shall be reduced by a percentage which shall be calculated by dividing the Acquisition Reduction Amount for Qualifying Services by $255M; and

(iii) in calculating the Shortfall Penalty or Termination Liability, as set forth in Sections (E)(3) or (E)(4) following, the TBR of $235M for Qualifying Services shall be reduced by the Acquisition Reduction Amount for Qualifying Services, as calculated in (E)(1)((f)(1) following. For example, if the Acquisition Reduction Amount, as calculated in (E)(1)(f)(1) following, is $45M, then a Shortfall Penalty will not be assessed if the customer has a TBR for Qualifying Services of at least $190M (the minimum TBR for Qualifying Services of $235M less the Acquisition Reduction Amount of $45M).

(1) An Acquisition Reduction Amount shall be calculated for each of the Qualifying FMS and the Qualifying Services as follows:

(i) calculate the TBR for Qualifying FMS or the TBR for Qualifying Services, as applicable, purchased by the customer from the Acquired Issuing Carrier during the twelve (12) months prior to the time that the Acquired Issuing Carrier ceases to provide the Qualifying Services;

(ii) calculate the average monthly amount purchased by the customer from the Acquired Issuing Carrier for Qualifying FMS or the TBR for Qualifying Services, as applicable, by dividing the number in (i) above by 12; and

(iii) multiply the average monthly amount for Qualifying FMS or the TBR for Qualifying Services, as applicable, calculated in (ii) above by the number of months remaining in the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS Services and Qualifying Services (Cont'd)

(f) (Cont'd)

(2) For example, assume that one of the Telephone Company's Issuing Carriers was acquired by an unaffiliated third party and ceased to operate in month 3 of the Service Period. Assume that the customer purchased $12M of Qualifying FMS and a total of $60M of Qualifying Services from the Issuing Carrier during the twelve (12) months prior to the time that the Acquired Issuing Carrier ceased to provide the Services under this Option 10. Assume also that at the end of the Service Period, the customer has a TBR for Qualifying FMS of $97M and TBR for Qualifying Services of $240M. To calculate the applicable Billing Credit, or the application of the Shortfall Penalty at the end of the Service Period, the following shall apply:

Step One: calculate the Acquisition Reduction Amounts. The Acquisition Reduction Amount for Qualifying Services is $45M in Qualifying Services (calculated as $5M ($60M divided by 12) multiplied by the remaining nine (9) months of the Service Period). The Acquisition Reduction Amount for Qualifying FMS is $9M (calculated as $1M ($12M divided by 12) and multiplied the remaining 9 months of the Service Period).

Step Two: determine the new table for calculation of Billing Credits or Shortfall Penalties based on the Acquisition Reduction Amounts. Subtract $45M (the Acquisition Reduction Amount for Qualifying Services) from each range or tier of the TBR for Qualifying Services and $9M (the Acquisition Reduction Amount for Qualifying FMS) from each range or tier of the TBR for Qualifying FMS. This will provide an adjusted table for the determination of the Billing Credit or Shortfall Penalty, as applicable.

Step Three: determine the applicable Billing Credits or Shortfall Penalty from the new table calculated in Step Two above. In this example, the Billing Credit set forth in the table in Section (E)(2)(b) following will be reduced by 17.6% (calculated as $45M divided by $255M). The customer would be eligible for a Billing Credit of $16.6M ($20.2M Billing Credit using the table in Section (E)(2)(b) following less $3.6M ($20.2M multiplied by 0.176). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit

(a) At the end of the Service Period, the Telephone Company shall calculate (1) the total TBR achieved by the customer during the Service Period for Qualifying Services; and (2) the total TBR achieved by the customer during the Service Period for Qualifying FMS, in each case in accordance with the terms and condition set forth in this Option 10. Subject to the terms and conditions relating to disputes as set forth below, and subject to any reductions and adjustments as set forth herein, the customer shall be eligible to receive the applicable credit set forth in the table below (**Billing Credit**), which Billing Credit may be $0 depending on the customer's TBR for the Qualifying Services and TBR for the Qualifying FMS during the Service Period. If the customer has not met the minimum TBR requirement for Qualifying Services of $235M, or the adjusted minimum TBR requirement pursuant to (E)(1)(f) preceding, then the customer shall not receive any Billing Credits (i.e., a Billing Credit of $0 as set forth in the table below), and the customer shall be liable for the shortfall penalty as set forth in (E)(3) following.

(b) The Billing Credit shall be determined by using the table below. To calculate the Billing Credit, first, locate the customer's TBR for Qualifying FMS using the "x axis" of the table below under the heading "TBR for Qualifying FMS ($M)". Second, locate the customer's TBR for all Qualifying Services using the "y axis" of the table below under the heading "TBR for Qualifying Services ($M)". Third, find the corresponding meet-point of the two TBR amounts to determine the dollar amount of the Billing Credit. TBR Amounts will be rounded to the nearest $100,000. For example, assume that the customer has a TBR for Qualifying FMS of $114,725,342.00 (rounded to $114.7M) and a TBR for all Qualifying Services of $294,632,456.00 (rounded to $294.6M), then the customer shall be eligible for a Billing Credit of $28,300,000.00 ($28.3M). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(b) (Cont'd)

TBR for Qualifying Services ($M)		TBR for Qualifying FMS ($M)					
		$0.0 to $101.4	$101.5 to $106.4	$106.5 to $108.4.	$108.5 to $110.4	$110.5 to $112.4	$112.5 +
$0.0 to	$234.9*	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
$235.0 to	$254.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
$255.0 to	$259.9	$0.0	$7.4	$8.5	$8.9	$9.4	$9.9
$260.0 to	$264.9	$0.0	$9.8	$11.3	$11.8	$12.5	$13.2
$265.0 to	$269.9	$0.0	$14.6	$16.1	$16.6	$17.2	$17.9
$270.0 to	$274.9	$0.0	$16.1	$17.6	$18.0	$18.7	$19.4
$275.0 to	$280.9	$0.0	$18.1	$19.6	$20.1	$20.8	$21.5
$281.0 to	$286.9	$0.0	$20.2	$21.7	$22.2	$22.9	$23.5
$287.0 to	$292.9	$0.0	$22.5	$24.0	$24.5	$25.2	$25.9
$293.0 to	$300.0	$0.0	$24.9	$26.4	$26.9	$27.6	$28.3

* Shortfall penalty applies in this range for Qualifying Services, as set forth in (E)(3) following.

(c) The Billing Credit will be applied only to the Qualifying Services which are located in the MSAs that have achieved Phase I or Phase II pricing flexibility as described in Section 19.1 of this tariff, Section 14.7 of Tariff F.C.C. No. 1 or Section 15.3 of Tariff F.C.C. No. 11. The Billing Credit shall apply after all other discounts, adjustments, and credits to the customer's monthly billed recurring revenues for the Qualifying Services have been calculated and applied. For example, if the customer subscribes to CDP, then the customer would be billed CDP discounted rates on a monthly basis. These discounted revenues would be included in the customer's TBR for Qualifying Services calculation as set forth above. However, in accordance with (E)(1)(c) preceding, any shortfall charges resulting from an annual true-up as required by CDP would not be included in the TBR for Qualifying Services. (x) (x)

(d) If the customer exceeds the maximum TBR for Qualifying Services of $300M during the Service Period, the customer will not receive the Billing Credit under this Option 10. If the customer exceeds the TBR for Qualifying FMS of $112.5M, but has not exceeded a TBR for Qualifying Services of $300M, then the customer shall continue to be eligible for the applicable Billing Credit set forth in the table above based on the TBR for Qualifying Services. (N)

(x) Issued under authority of Special Permission No. 04-078 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(e) Timing of Payments and Billing Credits, Disputes, Releases, and Waivers

(1) If the customer is eligible to receive the Billing Credit, the Billing Credit will be credited to the customer's account within sixty (60) days after the end of the Service Period, subject to the terms set forth in this Option 10.

(2) The Telephone Company's provision of the Billing Credit is contingent on payment in full by the customer of all undisputed billed amounts for Qualifying Services no later than the 45th day after the end of the Service Period.

(3) Subject to the restrictions set forth in this Section (E)(2)(e)(3), after the 45th day following the end of the Service Period, and until the second anniversary of the end of the Service Period, both the customer and the Telephone Company may re-examine or dispute any amounts related to the Qualifying Services provided by the Telephone Company to the customer during the Service Period. Such amounts may include the following:

- amounts billed by the Telephone Company and undisputed by the customer;
- amounts not billed by the Telephone Company as of such date,
- amounts disputed by the customer and not included in the calculation of TBR, and
- amounts previously included in the calculation of TBR.

(4) Upon the resolution of all such disputes, the Telephone Company shall recalculate the final TBR for Qualifying Services, the final TBR for Qualifying FMS, and the corresponding final Billing Credits or final shortfall penalties that may result from the resolution of all such disputes, in each case, in accordance with the terms of this Option 10. After such time, neither the customer nor the Telephone Company may dispute any amounts related to the Qualifying Services or Qualifying FMS, regardless of any provision to the contrary in this Option 10. Upon agreement by the customer and the Telephone Company that no further disputes or unbilled amounts exist with respect to the Qualifying Services provided during the Service Period, the Telephone Company shall credit to the customer's account, or the customer shall pay, as applicable, any amounts due pursuant to such calculation. Upon such payment or crediting, as applicable, or if the disputes are not resolved by the second anniversary of the end of the Service Period, the customer and the Telephone Company agree to waive and release, and forever discharge the other Party, of and from, any and all manner of claims, demands, rights, liabilities, damages, potential actions, causes of action, suits, agreements, judgments, decrees and controversies of any kind and nature whatsoever, at law, in equity, or otherwise, whether known or unknown, which have arisen or might arise related to amounts payable by the customer or amounts credited to the customer by the Telephone Company for the Qualifying Services provided by the Telephone Company to the customer during the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(N)

21.11 Contract Tariff Option 10 (Cont'd)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(e) Timing of Payments and Billing Credits, Disputes, Releases, and Waivers (Cont'd)

(5) With respect to any dispute for Qualifying Services, and subject to the availability of such claim detail after reasonable diligence by the customer, the customer must provide sufficient claim detail to enable the Telephone Company to appropriately assess the dispute, including but not limited to, the Billing Account Number (BAN), circuit identification, USOC detail, amount in dispute, appropriate tariff references, and a full explanation regarding why the customer believes it was billed in error. The customer's disputes with respect to Qualifying FMS shall reduce the amount of the TBR for Qualifying FMS as calculated above. The aggregate amount of all disputes (including disputes for Qualifying FMS under this (E)(2)(e)(5) and Special Access and Switched and Special Access DTT Services) shall reduce the amount of the TBR for Qualifying Services, as calculated in accordance with the terms of this Option 10. For example, if the customer has billed revenue of $120M in Qualifying FMS, of which $5M are disputed by the customer, then the TBR for Qualifying FMS shall be $115M. In addition, assume that the customer has $290M of billed revenue of Qualifying Services, which amount includes billed revenues of $120M in Qualifying FMS from the prior sentence. If the customer has disputes of $10M on Switched and Special Access DTT Services, then the TBR for Qualifying Services shall be $275M ($290M less $15M in disputes (comprised of $5M in disputes on Qualifying FMS plus $10M in disputes on other Switched and Special Access DTT Services)).

(6) The amount of the Billing Credit shall not be subject to any interest penalty under Section 2 preceding.

(3) Shortfall Penalty

(a) If the customer does not satisfy the minimum TBR requirement for Qualifying Services of $235M during the Service Period, the customer will pay the Telephone Company a shortfall payment equal to fifty percent (50%) of the difference between minimum TBR of $235M, or the adjusted minimum TBR requirement as set forth in (E)(1)(f) preceding, for Qualifying Services and the customer's actual annual TBR for the Qualifying Services during the Service Period (**Shortfall Penalty**). Such payment shall be due and payable no later than 45 days after notification by the Telephone Company that a Shortfall Penalty is due. In addition, and even upon payment of the Shortfall Penalty Payment, the customer will not be eligible to receive any applicable Billing Credits under this Option 10. If the customer has a TBR for Qualifying Services of at least $235M, or an adjusted minimum TBR requirement as set forth in (E)(1)(f) preceding, then no Shortfall Penalty shall apply, but the customer may be ineligible for any Billing Credits, as set forth in (E)(2)(b) preceding, based on the customer's TBR for Qualifying Services and the customer's TBR for Qualifying FMS, each as adjusted in accordance with (E)(1)(f) preceding, as applicable. For example, assume that the customer has a TBR for the Qualifying Services of $225,000,000 (**$225M**) during the Service Period, and assuming that no adjustment under (E)(1)(f) preceding occurred, then the customer shall pay to the Telephone Company an amount equal to $5,000,000 (which is equal to $10,000,000 (i.e., minimum TBR for Qualifying Services of $235M less the customer's actual TBR for the Qualifying Services of $225M), multiplied by 50%). The customer will not be eligible to receive any applicable Billing Credits.

(b) The customer shall not be charged a Shortfall Penalty for failing to meet the minimum TBR requirement for Qualifying FMS of $101.5M, or an adjusted minimum TBR requirement as set forth in (E)(1)(f) preceding, during the Service Period. However, the customer shall not be eligible for any Billing Credits, as set forth in (E)(2)(b) preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.11 Contract Tariff Option 10 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(4) Termination Charges

If the customer cancels or terminates its subscription to this Option 10 prior to the expiration of the Service Period, the customer will be liable for fifty percent (50%) of the difference between the customer's TBR for the Qualifying Services at the time of cancellation or termination and the minimum TBR for Qualifying Services of $235M, or the adjusted minimum TBR requirement as set forth in (E)(1)(f) preceding. In addition, the customer shall not be eligible for the Billing Credit. For example, assume that the customer has a TBR for Qualifying Services of $225M during the first eight (8) months of the Service Period, and that no adjustment under (E)(1)(f) preceding occurred, and the customer decides to terminate its subscription to this Option 10 at such time. The customer shall pay termination charges of $5,000,000.00 (the minimum TBR of $235M for Qualifying Services less the actual TBR for Qualifying Services of $225M, multiplied by 50%). The customer shall not be eligible for any applicable Billing Credits.

(5) New Contract Tariff Options

Provided that the customer meets all of the criteria set forth in this Section (E)(4), the customer will be allowed to terminate its subscription to Option 10 and subscribe to the New Plan (as defined below) without paying the termination charges set forth in (E)(4) preceding. New Plan shall mean another contract tariff option, ICB arrangement, or special service arrangement for the Qualifying Services offered by the Telephone Company during the Service Period with identical or greater TBR levels than those provided under this Option 10. If the customer elects to terminate its subscription to Option 10 in order to subscribe to the New Plan, then (1) the customer must so elect in writing; (2) the customer must subscribe to the New Plan concurrently with or prior to the termination date of its subscription to this Option 10; and (3) the customer must independently qualify and be eligible for such New Plan. Unless otherwise provided in the New Plan, the customer shall not be afforded any Billing Credits under this Option 10 for any time in service under this Option 10, nor shall the customer be afforded any credit in the New Plan for any portion of the Service Period that has elapsed at the time of the customer's subscription to the New Plan. (N)

21. Contract Tariffs (Cont'd)

21.12 Reserved for Future Use (C)

(D)

(D)

21. Contract Tariffs (Cont'd)

(D)

(D)

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (N)

(A) Scope

Contract Tariff Option 12 (**Option 12**) is offered for a service commitment period of one (1) year and provides a customer with a one-time credit when it meets certain total billed revenue (**TBR**) thresholds set forth in (B)(2) following for the Qualifying Services set forth in (E)(1) following (**TBR for Qualifying Services**). Calculation of TBR for Qualifying Services shall be in accordance with the terms of this Option 12.

(B) Eligibility

The customer must meet all of the following eligibility criteria in order to be eligible for subscription to Option 12.

(1) A customer subscribes to Option 12 by submitting a written authorization in a manner designated by the Telephone Company during the thirty (30) day period which begins on February 17, 2005 and ends on March 18, 2005 (**Subscription Period**).

(2) During the twelve (12) month period prior to the commencement of the Service Period (as defined in (C) following), the customer must have achieved both:

(a) a minimum of $144,000,000 (**$144M**) in billed revenue for all Qualifying Services (as defined in (E) following) purchased by the customer from the Telephone Company; and

(b) a minimum of $45,000,000 (**$45M**) in billed revenue in Qualifying Facilities Management Services (**FMS**) (as defined in (E)(1) following) purchased by the customer from the Telephone Company. The billed revenue for all Qualifying Services as set forth in (B)(2)(a) preceding shall include the billed revenue for Qualifying FMS.

(3) During the Service Period, the customer must achieve a TBR, as described in (E)(1)(b) following, for Qualifying Services (as defined in (E)(1) following) of not less than $134,000,000 (**$134M**) and no more than $165,000,000 (**$165M**) for Qualifying Services. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(B) Eligibility (Cont'd)

(4) In order to receive any Billing Credit (as defined in (E)(2)(a) following), other than a Billing Credit of $0 under this Option 12, the customer must achieve both:

(a) a minimum TBR of at least $144M of Qualifying Services and less than or equal to a maximum of $165M; and

(b) a minimum TBR of at least $45M of Qualifying FMS during the Service Period. The TBR for Qualifying Services set forth in (B)(4)(a) preceding shall include the TBR for Qualifying FMS.

TBR for Qualifying Services and TBR for Qualifying FMS shall be calculated using the criteria and mechanism set forth in this Option 12. Billing Credits shall vary depending on the TBR for Qualifying Services and Qualifying FMS achieved by the customer during the Service Period, and such Billing Credits shall be calculated in accordance with terms and conditions of this Option 12.

(5) Other than as set forth in (E)(5) following, the customer may not concurrently subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company and available to the customer either currently or at any time during the Service Period which provides a discount, credit, or other reduction in rates or terms based on achievement of certain revenue targets by the customer for the Qualifying Services.

(C) Service Period

The Service Period of this Option 12 shall be for a period of one (1) year beginning March 1, 2005 (**Service Period**). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(D) Service Area

The Billing Credit will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff and the Telephone Company's Tariff F.C.C. Nos. 1 and 11 (**Service Area**). (x)
Wire centers for the Phase II MSAs are listed in Section 19.1 preceding, Section 14.7 of the Telephone Company's Tariff F.C.C. No. 1, and Section 15.3 of the Telephone Company's Tariff F.C.C. No. 11. Any additions of, or (x)
changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding) that occur during the Service Period of this Option 12 will apply. No Billing Credits will be provided in the operating territories of the Telephone Company's Tariff F.C.C. No. 16, on Advanced Services purchased from (x)
Tariff F.C.C. No. 1 (Section 16), or from the Telephone Company's other tariffs offering Advanced Services, but the (x)
calculation of the TBR for the Qualifying Services will include all Qualifying Services purchased by the customer under Tariff F.C.C. No. 1 (Section 16) and the Telephone Company's Tariff F.C.C. Nos. 16 and 20 as set forth in (x)
(E)(1)(a) following. (N)

(x) Issued under authority of Special Permission No. 05-001 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

Issued: Febraury 2, 2005
Effective: February 17, 2005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions

(1) Qualifying FMS and Qualifying Services

(a) Description of Qualifying Services

Qualifying Services will be comprised of the following services purchased by the customer during the Service Period:

(1) Special Access Voice Grade, Digital Data Service (**DDS**), DS1, DS3, and SONET services, as set forth in Sections 5 and 20 preceding; the Telephone Company's Tariff F.C.C. No. 1 (Sections 7, 8, and 25); the Telephone Company's Tariff F.C.C. No. 11 (Sections 7, 25, 26, 30, and 31); and the Telephone Company's Tariff F.C.C. No. 16 (Sections 7 and 20) (collectively, **Special Access**); (x) (x) (x)

(2) Switched Access DS1 and DS3 Direct Trunk Transport services, as set forth in Section 4 preceding; the Telephone Company's Tariff F.C.C. No. 1 (Section 6); the Telephone Company's Tariff F.C.C. No. 11 (Sections 6, 30, and 31); and the Telephone Company's Tariff F.C.C. No. 16 (Section 6) (collectively, **Switched DTT**); and (x) (x) (x)

(3) Advanced Services, as set forth in Section 16 preceding; the Telephone Company's Tariff F.C.C. No. 1 (Sections 16 and 22); the Telephone Company's Tariff F.C.C. No. 20; the Telephone Company's Tariff F.C.C. No. 11 (Sections 17 and 33); and the Telephone Company's Tariff F.C.C. No. 16 (Section 18) in the operating territories covered by such tariffs (collectively, **Advanced Services**); and (x) (x) (x) (x)

(4) Qualifying FMS which is comprised of any Switched or Special Access FMS, as set forth in the Telephone Company's Tariff F.C.C. No. 1 (Sections 6.8.26 and 7.2.13) and the Telephone Company's Tariff F.C.C. No. 11 (Sections 6.2.12 and 7.2.16) (**Qualifying FMS**) (x) (x) (x)

If the Telephone Company introduces a new Special Access Service, Switched DTT Service, Advanced Service, or an enhancement to an existing Special Access Service, Switched DTT Service or Advanced Service in its Tariff F.C.C. Nos. 1, 11, 14, 16, and 20 (collectively, **Tariffs**), then such services shall be automatically included in Qualifying Services, and the customer's purchases of such new or enhanced Qualifying Services shall be included in the calculation of TBR, subject to the terms and conditions set forth in this Option 12. (x)

All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in this (E)(1)(a) shall not be eligible for inclusion as a Qualifying Service under this Option 12. (N)

(x) Issued under authority of Special Permission No. 05-001 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS and Qualifying Services (Cont'd)

(b) Revenues Included in Calculation of TBR for Qualifying Services

The customer's TBR for Qualifying Services shall include only the following:

(1) monthly billed recurring revenues, including any credits or discounts given under existing pricing plans (e.g., Term Payment Plans or Commitment Discount Plan), if applicable, that are generated in the course of billing monthly recurring revenue for the Qualifying Services provided during the Service Period;

(2) certain installation and maintenance related non-recurring revenues associated with new installations of certain Qualifying Services provided during the Service Period; and

(3) any credits and adjustments made to monthly recurring billed amounts for Qualifying Services, as set forth in (E)(1)(b)(1) preceding, which are purchased by the customer during the Service Period.

(c) Examples of Revenue Not Included in Calculation of TBR for Qualifying Services

TBR for Qualifying Services does not include any revenue other an as set forth in (E)(1)(b) preceding. The following types of charges are an illustrative list and are not intended to be a comprehensive listing of all other charges excluded from the calculation of TBR for Qualifying Services.

- non-recurring charges other than those set forth in (E)(1)(b) preceding;
- taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund);
- service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty);
- any other charges which are not applied on a recurring monthly basis;
- any other billed amount related to Qualifying Services for which payment is being withheld or under dispute by the customer;
- credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services;
- Shortfall or overage charges associated with term plan true-ups (e.g., such as failure to satisfy commitment levels pursuant to a term plan);
- minimum period charges;
- termination liabilities; or
- Billing Credits (as defined in (E)(2)(b) under this Option 12. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS and Qualifying Services (Cont'd)

(d) FMS Plan – Combined Commitment Levels and Coterminous Expiration Date

(1) Combined Commitment Level

All of the customer's FMS Special Access and Switched Access DS-0 Commitment Levels in the Telephone Company's Tariff F.C.C. Nos. 1 and 11 shall be combined together to form one Commitment Level, allowing the Telephone Company to manage FMS as a single plan across both tariffs. Commitment Levels for FMS are specified in the Telephone Company's Tariff F.C.C. No. 1 (Sections 6.8.26(D)(3) and 7.2.13(D)(3)) and in the Telephone Company's Tariff F.C.C. No. 11 (Sections 6.2.12(E)(5) and 7.2.16(E)(5)). This combined Commitment Level shall be the Commitment Level used to determine compliance with the FMS plan. In the event that the customer does not meet the combined DS-0 equivalent Commitment Level at the time of the Annual Review, then the customer shall be subject to any applicable shortfall penalties that may be assessed in accordance with the Telephone Company's Tariff F.C.C. No. 1 (Sections 6.8.26(D)(3)(b)(ii) and 7.2.13(D)(3)(b)(ii)) and the Telephone Company's Tariff F.C.C. No. 11 (Sections 6.2.12(E)(4)(b) and 7.2.16(E)(4)(b)). (x)

(2) Coterminous Expiration Date

Regardless of the existing term of a Qualifying FMS, all Qualifying FMS shall become coterminous and expire on May 1, 2007. In the event that the customer terminates any FMS plan prior to May 1, 2007, termination liability under each FMS plan shall apply as set forth in the Telephone Company's Tariff F.C.C. No. 1 (Sections 6.8.26(F) and 7.2.13(F)) and the Telephone Company's Tariff F.C.C. No. 11 (Sections 6.2.12(G)(3) and 7.2.16(G)(3)). (x)

Except as otherwise set forth in this Option 12, the terms and conditions of the applicable FMS plans shall continue to apply to Qualifying FMS purchased by customer. The terms of this (E)(1)(d) shall survive expiration of this Option 12 and remain in effect until May 1, 2007. (N)

(x) Issued under authority of Special Permission No. 05-001 of the Federal Communications Commission

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS and Qualifying Services (Cont'd)

(e) Mergers and Acquisitions of Customer

In the event the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth in this Option 12 and the Tariffs. (x)

(i) The customer may not combine or include any revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in the calculation of TBR for Qualifying Services.

(ii) The customer shall continue subscribing to this Option 12 and the applicable Contract Tariffs for the duration of the Service Period based on its business with the Telephone Company as of February 17, 2005, without adding the revenues attributable to expansion of the customer's purchase of Services from the Telephone Company though merger, transfer, assignment, or acquisition. (x)

(iii) The Telephone Company reserves the right to terminate this Option 12 if the customer does not adhere to the provisions of this (E)(1)(e). (N)

(x) Issued under authority of Special Permission No. 05-001 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS and Qualifying Services (Cont'd)

(f) Sale of Verizon Operating Telephone Company

If a Verizon operating telephone company issuing this tariff, or the assets of such Verizon operating telephone company are acquired by an unaffiliated third party (**Acquired VZ Telco**), and the Telephone Company does not provide the Qualifying Services to the customer after such time, then the following terms and conditions shall apply, in addition to any other terms and conditions set forth in the Telephone Company's Tariffs F.C.C. No. 1, No. 11, No. 14, No. 16, and No. 20. (x) (x)

(i) each range or tier of the TBR for Qualifying FMS and the TBR for Qualifying Services set forth in the table in (E)(2)(b) following shall be proportionately reduced by the applicable Acquisition Reduction Amount (as calculated in this (E)(1)(f));

(ii) all Billing Credits set forth in the table in (E)(2)(b) following shall be reduced by a percentage which shall be calculated by dividing the Acquisition Reduction Amount for Qualifying Services by $144M; and

(iii) in calculating the Shortfall Penalty or Termination Liability, as set forth in Sections (E)(3) and (E)(4) following, respectively, the TBR of $134M for Qualifying Services shall be reduced by the Acquisition Reduction Amount for Qualifying Services, or the Acquisition Reduction Amount for Qualifying FMS, as calculated in this (E)(1)(f). For example, if the Acquisition Reduction Amount for Qualifying Services, as calculated in this (E)(1)(f), is $7,500,000 (**$7.5M**), then a Shortfall Penalty will not be assessed if the customer has a TBR for Qualifying Services of at least $126,500,000 (the minimum TBR for Qualifying Services of $134M less the Acquisition Reduction Amount of $7.5M). (N)

(x) Issued under authority of Special Permission No. 05-001 of the Federal Communication Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS and Qualifying Services (Cont'd)

(f) Sale of Verizon Operating Telephone Company (Cont'd)

An Acquisition Reduction Amount shall be calculated for each of the Qualifying FMS and the Qualifying Services as follows:

Step 1: calculate the TBR for Qualifying FMS or the TBR for Qualifying Services, as applicable, purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Acquired VZ Telco ceases to provide the Services;

Step 2: calculate the average monthly amount purchased by the customer from the Acquired VZ Telco for Qualifying FMS or the TBR for Qualifying Services, as applicable, by dividing the number in Step 1 above by 12; and;

Step 3: multiply the average monthly amount for Qualifying FMS or the TBR for Qualifying Services, as applicable, calculated in Step 2 above by the number of months remaining in the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS and Qualifying Services (Cont'd)

(f) Sale of Verizon Operating Telephone Company (Cont'd)

As an illustrative example, assume that Verizon Texas Inc. was acquired by an unaffiliated third party and ceased to operate in month 3 of the Service Period. Assume that the customer purchased $4,000,000 (**$4M**) of Qualifying FMS and a total of $10,000,000 (**$10M**) of Qualifying Services from Verizon Texas Inc. during the twelve (12) months prior to the time that Verizon Texas Inc. ceased to provide the Services under this Option 12. Assume also that at the end of the Service Period, the customer has achieved a TBR for Qualifying FMS of $47,000,000 and TBR for Qualifying Services of $150,000,000. To calculate the applicable Billing Credit, or the application of Shortfall Penalty (as defined in (E)(3) following) at the end of the Service Period, the following shall apply:

Step 1: calculate the Acquisition Reduction Amounts. The Acquisition Reduction Amount for Qualifying Services is $7.5M in Qualifying Services (calculated as $833,333 ($10M divided by 12) multiplied by the remaining 9 months of the Service Period). The Acquisition Reduction Amount for Qualifying FMS is $3,000,000 (**$3M**) (calculated as $333,333 ($4M divided by 12) and multiplied by the remaining 9 months of the Service Period).

Step 2: determine the new table for calculation of Billing Credits or Shortfall Penalties (as defined in (E)(3) following) based on the Acquisition Reduction Amounts. Subtract $7.5M (the Acquisition Reduction Amount for Qualifying Services) from each range or tier of the TBR for Qualifying Services and $3M (the Acquisition Reduction Amount for Qualifying FMS) from each range or tier of the TBR for Qualifying FMS. This will provide an adjusted table for the determination of the Billing Credit or Shortfall Penalty, as applicable.

Step 3: determine the applicable Billing Credits as defined in (E)(2) or Shortfall Penalty as described in (E)(3) from the new table calculated in Step 2 above. In this example, the Billing Credit set forth in the table at (E)(2) following will be reduced by 5.2% (calculated as $7.5M divided by $144M). Customer would be eligible for a Billing Credit of $11,470,000 ($12,100,000 Billing Credit using the table set forth in (E)(2)(b) following less $630,000 ($12,100,000 multiplied by 0.052). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying FMS and Qualifying Services (Cont'd)

(g) Business Downturn

In the event of a Business Downturn (as defined in this (E)(1)(g)) which results in Customer being unable to meet the minimum TBR for Qualifying Services of $134M (and notwithstanding the customer's best efforts to avoid such a shortfall), the customer shall not be liable for a Shortfall Penalty pursuant to (E)(3) following to the extent that the Business Downturn results in a reduction in the Qualifying Services purchased by the customer as set forth in this (E)(1)(g). In the event that the customer seeks to invoke the Business Downturn clause under this Option 12, then it shall provide to the Telephone Company written notice of its intent to exercise this clause and any information and records requested by the Telephone Company to support its claim, including without limitation, documentation demonstrating that the End User's bankruptcy, liquidation, or reorganization resulted in the termination or severe decrease in purchases of Qualifying Services by the customer. At its option, the Telephone Company may conduct an audit of the customer's records relating to the discontinued Qualifying Services. Other than with respect to the relief from the Shortfall Penalty as expressly provided in this section, this provision does not constitute a waiver of any charges, penalties, or other amounts, including without limitation, the Shortfall Penalty and any termination liabilities, which the Telephone Company may otherwise be entitled to under this Option 12 or the applicable Tariffs. (x)

Business Downturn shall mean the loss of one or more customers of the customer (**End Users**) due to the bankruptcy, reorganization, or liquidation of such End User(s), which results in the End User(s) ceasing to purchase, or severely curtailing its purchases of Qualifying Services from the customer, which in turn directly results in a twenty-five (25%) or greater reduction in the minimum TBR for Qualifying Services of $134M (i.e., Customer's TBR at the end of the Service Period must be at or below $100,500,000 (**$100.5M**) in order to exercise this clause). For example, assume that an End User declared bankruptcy and ceased purchasing services from Customer, which in turn resulted in a corresponding decrease in the customer's purchase of the Qualifying Services. As a result, the customer's TBR for the Qualifying Services at the end of the Service Period is $120,000,000. Under this scenario, the customer has not experienced a Business Downturn as defined herein since the customer has achieved a TBR of more than $100.5M. The customer shall be liable for a Shortfall Penalty of $7M pursuant to Section (E)(3) following. (N)

(x) Issued under authority of Special Permission No. 05-001 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit

(a) At the end of the Service Period, the Telephone Company shall calculate (1) the total TBR achieved by the customer during the Service Period for Qualifying Services; and (2) the total TBR achieved by the customer during the Service Period for Qualifying FMS, in each case in accordance with the terms and condition set forth in this Option 12. Subject to the terms and conditions relating to disputes as set forth in (E)(3)(iv) and (E)(3)(v) following, and subject to any reductions and adjustments as set forth herein, the customer shall be eligible to receive the applicable credit set forth in the table at (b) following (the **Billing Credit**), which Billing Credit may be $0 depending on the customer's TBR for the Qualifying Services and TBR for the Qualifying FMS during the Service Period. If the customer has not met the minimum TBR requirement for Qualifying Services of $134M**,** or the adjusted minimum TBR requirement pursuant to (E)(1)(f) preceding, then the customer shall not receive any Billing Credits (i.e., a Billing Credit of $0 as set forth in the table set forth in (E)(2)(b) following), and the customer shall be liable for the Shortfall Penalty as set forth in (E)(3) following.

(b) The Billing Credit shall be determined by using the table below. To calculate the Billing Credit, first, locate the customer's TBR for Qualifying FMS using the "x axis" of the table below under the heading "TBR for Qualifying FMS ($M)". Second, locate the customer's TBR for all Qualifying Services using the "y axis" of the table below under the heading "TBR for Qualifying Services ($M)". Third, find the corresponding meet-point of the two TBR amounts to determine the dollar amount of the Billing Credit. TBR Amounts will be rounded up or down to the nearest $10,000. As an illustrative example, assume that the customer has a TBR for Qualifying FMS of $46,993,456.27 (rounded down to $46.99) and a TBR for all Qualifying Services of $154,494,666.23 (rounded down to $154.49M), then the customer shall be eligible for a Billing Credit of $8,100,000.00 (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(b) (Cont'd)

TBR for Qualifying Services ($M)	TBR for Qualifying FMS ($M)							
	0.00 to 44.99	45.00 to 46.99	47.00 to 48.99	49.00 to 50.99	51.00 to 52.99	53.00 to 54.99	55.00 to 56.99	57.00 +
134.00 – 143.99*	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
144.00 – 146.62	$0.0	$4.2	$4.9	$5.6	$6.3	$7.0	$7.7	$8.4
146.63 – 149.24	$0.0	$5.5	$6.2	$6.9	$7.6	$8.3	$9.0	$9.7
149.25 – 151.87	$0.0	$6.8	$7.5	$8.2	$8.9	$9.6	$10.3	$11.0
151.88 – 154.49	$0.0	$8.1	$8.8	$9.5	$10.2	$10.9	$11.6	$12.3
154.50 – 157.12	$0.0	$9.4	$10.1	$10.8	$11.5	$12.2	$12.9	$13.6
157.13 – 159.74	$0.0	$10.7	$11.4	$12.1	$12.8	$13.5	$14.2	$14.9
159.75 – 162.37	$0.0	$12.1	$12.8	$13.5	$14.2	$14.9	$15.6	$16.3
162.38 – 165.00	$0.0	$13.4	$14.1	$14.8	$15.5	$16.2	$16.9	$17.6

* Shortfall Penalty applies if Customer is below this range for Qualifying Services, as set forth in (E)(3) following.

(c) The Billing Credit shall apply after all other discounts, adjustments, and credits to the customer's monthly billed recurring revenues for the Qualifying Services have been calculated and applied. For instance, if the customer subscribes to Commitment Discount Plan as set forth in Section 25 of the Telephone Company's Tariff F.C.C. No. 1 (**CDP**), then the customer would be billed CDP discounted rates on a monthly basis. These discounted revenues would be included in the customer's TBR for the Qualifying Services calculation as set forth (E)(2)(b) preceding. In accordance with (E)(1)(c) preceding, any Shortfall Penalties (as defined in (E)(3) following) resulting from an annual true-up as required by CDP would not be included in the TBR for the Qualifying Services. (x) (x)

(d) If the customer exceeds the maximum TBR for Qualifying Services of $165M during the Service Period, the customer will not receive the Billing Credit under this Option 12. If the customer exceeds the TBR for Qualifying FMS of $57M, but has not exceeded a TBR for Qualifying Services of $165M, then the customer shall continue to be eligible for the applicable Billing Credit set forth in the table at (E)(2)(b) preceding based on the TBR for Qualifying Services. (N)

(x) Issued under authority of Special Permission No. 05-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(e) Timing of Payments and Billing Credits; Disputes; Releases and Waivers

(1) If the customer is eligible to receive the Billing Credit, the Billing Credit will be credited to the customer's account no later than the ninetieth (90th) day following the end of the Service Period, subject to the terms of this Option 12. If the customer is required to pay a Shortfall Penalty in accordance with the terms of (E)(3) following, then the customer shall pay such amount no later than the ninetieth (90th) day following the end of the Service Period.

(2) The Telephone Company's provision of the Billing Credit is contingent on payment in full by the customer of all undisputed billed amounts for Qualifying Services no later than the 45th day after the end of the Service Period. After the 45th day following the end of the Service Period, any amounts that remain disputed or are withheld by the customer (i.e., not paid in full) shall not be used in calculation of the TBR for the Qualifying Services, TBR for Qualifying FMS, in determination of the Billing Credit, or in determination of any applicable Shortfall Penalty, as applicable. The foregoing shall apply regardless of whether such dispute is resolved in favor of the customer at a later date.

(3) Upon inclusion of any amounts in the TBR for Qualifying Services or in the TBR for Qualifying FMS, the parties agree to the following:

(i) such amounts included in the calculation of TBR shall not be subject to dispute at a later date. The Telephone Company shall not backbill for any Qualifying Services included in the calculation of the TBR;

(ii) each party waives and releases, and forever discharges the other party of and from any and all manner of claims, demands, rights, liabilities, damages, potential actions, causes of action, suits, agreements, judgments, decrees and controversies of any kind and nature whatsoever, at law, in equity, or otherwise, whether known or unknown, which have arisen or might arise related to amounts payable by the customer or amounts credited to the customer by the Telephone Company for the Qualifying Services provided by the Telephone Company to the customer during the Service Period.

(iii) The customer shall retain its right to dispute with respect to any amounts that are not included in the TBR for Qualifying Services or in the TBR for Qualifying FMS. The Telephone Company shall retain its rights to backbill for any Qualifying Services not included in the calculation of TBR for the Qualifying Services. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(e) Timing of Payments and Billing Credits; Disputes; Releases and Waivers (Cont'd)

(3) (Cont'd)

(iii) (Cont'd)

As an illustrative example, assume that the Telephone Company calculates the TBR for the Qualifying Services to be equal to $160,000,000 (**$160M**), and the TBR for Qualifying FMS to be equal to $50,000,000 (**$50M**). Assume that of the $160M, the customer disputes $10M in Special Access Services, and has no other disputes for Qualifying Services. Assume also that the customer has paid such amount and that such dispute remains unresolved as of the 90th day following the end of the Service Period. Then, the final TBR for Qualifying Services shall be $150,000,000 ($160M less the $10M in disputes) and the final TBR for Qualifying FMS of $50M, and the Telephone Company shall pay a Billing Credit of $8,200,000 in accordance with the terms of this Option 12. The customer shall retain its right to dispute and recover any amounts (and interest penalties, as applicable) on the outstanding dispute of $10M, but such amounts (even if resolved in favor of the customer at a later date) shall not result in an adjustment of the Billing Credit. The Telephone Company may backbill the customer for any Qualifying Services included in the $10M.Upon payment of the Billing Credit, the customer may not dispute, and the Telephone Company may not backbill, charges on any amounts included in the $150,000,000 (the TBR for Qualifying Services) or in the $50M (the TBR for Qualifying FMS).

(iv) With respect to any dispute for Qualifying Services, the customer must provide sufficient claim detail to enable the Telephone Company to appropriately assess the dispute, including but not limited to, the Billing Account Number (BAN), circuit ID, USOC detail, amount in dispute, appropriate tariff references, and a full explanation regarding why the customer believes it was billed in error. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(e) Timing of Payments and Billing Credits; Disputes; Releases and Waivers (Cont'd)

(3) (Cont'd)

(v) The customer's disputes with respect to Qualifying FMS shall reduce the amount of the TBR for Qualifying FMS as calculated in (E)(2) preceding. Notwithstanding the foregoing, the aggregate amount of all disputes (including disputes for Qualifying FMS from the prior sentence and Services other than Qualifying FMS) shall reduce the amount of the TBR for Qualifying Services, as calculated in accordance with the terms of this Option 12. For example, if the customer has billed revenue of $50M in Qualifying FMS, of which $5,000,000 (**$5M**) are disputed by the customers, then the TBR for Qualifying FMS shall be $45,000,000. In addition, assume that the customer has $150M of billed revenue of Qualifying Services, which amount includes billed revenues of $50M in Qualifying FMS. If the customer has disputes of $10M on Services other than Qualifying FMS, then the TBR for Qualifying Services shall be $135,000,000 ($150M less $15,000,000 in disputes (comprised of $5M in disputes on Qualifying FMS plus $10M in disputes on other Switched Access, Special Access, and Advanced Services).

(vi) The amount of the Billing Credit shall not be subject to any interest penalty. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(3) Shortfall Penalty

If the customer does not satisfy the minimum TBR requirement for Qualifying Services of $134M during the Service Period, the customer will pay a shortfall payment equal to fifty percent (50%) of the difference between minimum TBR of $134M, or the adjusted minimum TBR requirement as set forth in (E)(1)(f) preceding, as applicable, and the customer's actual annual TBR for the Qualifying Services during the Service Period (the **Shortfall Penalty**). In addition, and even upon payment of the Shortfall Penalty as set forth in the prior sentence, the customer will not be eligible to receive any applicable Billing Credits under this Option 12. If the customer has a TBR for Qualifying Services of at least $134M, or an adjusted minimum TBR requirement as set forth in Section (E)(2) preceding, then no Shortfall Penalty, as set forth in this Section (E)(3), shall apply, but the customer may be ineligible for any Billing Credits, as set forth in the table set forth in (E)(2)(b) preceding, based on the customer's TBR for Qualifying Services and the customer's TBR for Qualifying FMS, each as adjusted in accordance with (E)(1)(f) preceding, as applicable. As an illustrative example, assume that the customer has achieved a TBR for the Qualifying Services of $125,000,000 (**$125M**) during the Service Period, and assuming that no adjustment under (E)(2)occurred, then the customer shall pay to the Telephone Company an amount equal to $4,500,000 (which is equal to $9,000,000 (i.e., minimum TBR for Qualifying Services of $134M less the customer's actual TBR for the Qualifying Services of $125M), multiplied by 50%). The customer will not be eligible to receive any applicable Billing Credits.

The customer shall not be charged a Shortfall Penalty for failing to meet the minimum TBR requirement for Qualifying FMS of $45M, or an adjusted minimum TBR requirement as set forth in (E)(1)(f) preceding, as applicable, during the Service Period. However, the customer shall not be eligible for any Billing Credits, as set forth in the table at (E)(2)(b) preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(4) Termination Charges

If Customer cancels or terminates this Option 12 or its subscription to the applicable Contract Tariff Option(s) under the Tariffs prior to the expiration of the Service Period, the customer will be liable for one hundred percent (100%) of the difference between the customer's TBR for the Qualifying Services at the time of cancellation or termination and the minimum TBR for Qualifying Services of $134M, or the adjusted minimum TBR requirement as set forth in Section (E)(1)(f) preceding, as applicable. The foregoing does not apply in the event that the customer terminates this Option 12 for the Telephone Company's failure to materially comply with this Option 12 or the Tariffs applicable to the Qualifying Services. In addition, the customer shall not be eligible for the Billing Credit. This section does not relieve the customer of any termination liabilities or minimum period charges under the Tariffs that may apply for termination of any individual Qualifying Service. The terms and conditions of the Tariffs, including any applicable termination liabilities, shall continue to apply with respect to termination of any Qualifying Service. (x) (x) (x)

As an illustrative example, assume that the customer has a TBR for the Qualifying Services of $100,000,000 during the first eight months of the Service Period, and that no adjustment under (E)(1)(f) preceding occurred. Also assume that the customer decides to terminate this Option 12 at such time, and that such termination is not related to a material failure by the Telephone Company to provide the Qualifying Services in accordance with the Tariffs. Customer shall pay termination charges of $34,000,000 (the minimum TBR of $134M for Qualifying Services less the actual TBR for the Qualifying Services of $100,000,000, multiplied by 100%). The customer shall not be eligible for any applicable Billing Credits. In this example, if customer also terminates or discontinues one or more Qualifying Services, then customer shall be responsible for any associated termination liabilities and minimum period charges assessable under the applicable Tariff for such terminated or discontinued service. (x) (N)(x)

(x) Issued under authority of Special Permission No. 05-001 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.13 Contract Tariff Option 12 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(5) New Contract Tariff Option

Provided that the customer meets all of the criteria set forth in this (E)(5), the customer will be allowed to terminate Option 12 and subscribe to the New Plan without paying the termination charges set forth in (E)(4) preceding. **New Plan** shall mean another contract tariff option for the Qualifying Services offered by the Telephone Company during the Service Period with identical or greater TBR levels than those provided under this Option 12. If the customer elects to terminate this Option 12 in order to subscribe to the New Plan, then (1) the customer must so elect in writing; (2) the customer must subscribe to the New Plan concurrently with or prior to the termination date of this Option 12 or the applicable Contract Tariff Option(s) under the Tariffs; and (3) the customer must independently qualify and be eligible for such New Plan. Unless otherwise provided in the New Plan, the customer shall not be afforded any Billing Credits under this Option 12 for any time in service under this Option 12, nor shall the customer be afforded any credit in the New Plan for any portion of the Service Period that has elapsed at the time of the customer's subscription to the New Plan. (x) (N)

(x) Issued under authority of Special Permission No. 05-001 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (N)

(A) Scope

Contract Tariff Option 13 (**Option 13**) is offered for a service commitment period of one (1) year and provides a customer with an annual credit when it meets certain total billed revenue (**TBR**) thresholds set forth in (B)(4) following for the Qualifying Services set forth in (E)(1) following (**TBR for Qualifying Services**). Calculation of TBR for Qualifying Services shall be in accordance with the terms of this Option 13.

(B) Eligibility

The customer must meet all of the following eligibility criteria in order to be eligible for subscription to Option 13.

(1) A customer subscribes to Option 13 by submitting a written authorization in a manner designated by the Telephone Company during the thirty (30) day period which begins on April 2, 2005 and ends on May 1, 2005 (**Subscription Period**). The customer must notify the Telephone Company of its election to each of the following three (3) options available under this Option 13 at the time of subscription to this Option 13:

(a) RMC option under Section (E)(2)(d) following;
(b) Use of Telephone Company provided Special Access Services under Section (E)(1)(f) following; and
(c) Qualifying DS1 Rate Stability Option under Section (E)(6) following.

(2) During calendar year 2004, the customer must have achieved billed revenue in Qualifying Switched Access DS1 and DS3 Direct Trunk Transport services, as defined in (E)(1) following, purchased by the customer from the Telephone Company that is greater than zero ($0) and less than a maximum of $750,000 (**$750K**).

(3) During the Service Period as set forth in (C) following, the customer must achieve a TBR for Qualifying Services (as defined in (E)(1) following) of not less than $43,000,000 (**$43M**) and no more than $69,000,000 (**$69M**) for Qualifying Services. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(B) Eligibility (Cont'd)

(4) In order to receive any Billing Credit (as defined in (E)(2)(a) following), other than a Billing Credit of $0 under this Option 13, the customer must achieve a minimum TBR of at least $45M and less than or equal to a maximum of $69M of Qualifying Services.

(5) TBR for Qualifying Services and TBR for Qualifying DS1 Services (as defined in (E)(1)(b) following) shall be calculated using the criteria and mechanism set forth in this Option 13. Billing Credits shall vary depending on the TBR for Qualifying Services and the TBR for Qualifying DS1 Services achieved by the customer during the Service Period, and such Billing Credits shall be calculated in accordance with terms and conditions of this Option 13.

(6) The customer must include all of the Access Customer Name Abbreviations (**ACNAs**) that it owns or has right to use, and all ACNAs of affiliates when subscribing to this Option 13. All such ACNAs must be verified and accepted by the Telephone Company prior to inclusion in this Option 13. All purchases of Qualifying Services by all of the customer's ACNAs and ACNAs of the customer's affiliates will be included in determining whether the customer has met the TBR for Qualifying Services.

(7) The customer may not concurrently subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company and available to the customer either currently or at any time during the Service Period which provides a discount, credit, or other reduction in rates or terms based on achievement of certain revenue targets by the customer for the Qualifying Services.

(C) Service Period

The Service Period of this Option 13 shall be for a period of one (1) year beginning April 2, 2005 and ending April 1, 2006 (**Service Period**). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(D) Service Area

The Billing Credit will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff and the Telephone Company's Tariff F.C.C. Nos. 1 and 11 (**Service Area**). (x)
Wire centers for the Phase II MSAs are listed in Section 19.1 preceding, Section 14.7 of the Telephone Company's Tariff F.C.C. No. 1, and Section 15.3 of the Telephone Company's Tariff F.C.C. No. 11. Any additions of, or (x)
changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding) that occur during the Service Period of this Option 13 will apply. No Billing Credits will be provided in the operating territories of the Telephone Company's Tariff F.C.C. No. 16, but the calculation of the TBR for the (x)
Qualifying Services will include all Qualifying Services purchased by the customer under (E)(1)(a) following. (N)

(x) Issued under authority of Special Permission No. 05-015 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions

(1) Qualifying DS1 and Qualifying Services

(a) Description of Qualifying Services

Qualifying Services will be comprised of the following services purchased by the customer during the Service Period:

(1) Special Access Voice Grade, Digital Data Service (**DDS**), DS1, DS3, SONET, Dense Wave Division Multiplexing, and other Optical services, as set forth in Sections 5 and 20 preceding; the Telephone Company's Tariff F.C.C. No. 1 (Sections 7, 8, and 25); the Telephone Company's Tariff F.C.C. No. 11 (Sections 7, 25, 26, 30, and 31); and the Telephone Company's Tariff F.C.C. No. 16 (Sections 7 and 20) (collectively, **Special Access**); and (x) (x) (x)

(2) Switched Access DS1 and DS3 Direct Trunk Transport services, as set forth in Section 4 preceding; the Telephone Company's Tariff F.C.C. No. 1 (Section 6); the Telephone Company's Tariff F.C.C. No. 11 (Sections 6, 30, and 31); and the Telephone Company's Tariff F.C.C. No. 16 (Section 6) (collectively, **Switched DTT**). (x) (x) (x)

If the Telephone Company introduces a new Special Access Service or Switched DTT Service, or an enhancement to an existing Special Access Service or Switched DTT Service in this tariff or in its Tariff F.C.C. Nos. 1, 11, or 16 (collectively, **Tariffs**), then such services shall be automatically included in Qualifying Services, and the customer's purchases of such new or enhanced Qualifying Services shall be included in the calculation of TBR, subject to the terms and conditions set forth in this Option 13. (x) (x)

All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in this (E)(1)(a) shall not be eligible for inclusion as a Qualifying Service under this Option 13. (N)

(x) Issued under authority of Special Permission No. 05-015 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(b) Description of Qualifying DS1

Qualifying DS1 (1.544 Mbps) will be comprised of the following services purchased by the customer during the Service Period:

Special Access 1.544 Mbps High Capacity services, as set forth in Section 5 preceding; the Telephone Company's Tariff F.C.C. No. 1 (Section 7); the Telephone Company's Tariff F.C.C. No. 11 (Section 7); and the Telephone Company's Tariff F.C.C. No. 16 (Section 7) (collectively, **DS1**). (x) (x) (x)

(c) Revenues Included in Calculation of TBR for Qualifying Services

The customer's TBR for Qualifying Services shall include only the following:

(1) monthly billed recurring revenues, including (that is, net) of any credits or discounts given under existing pricing plans (e.g., Term Payment Plans or Commitment Discount Plan), if applicable, for the Qualifying Services provided during the Service Period; and

(2) any credits and adjustments made to monthly recurring billed amounts for Qualifying Services, as set forth in (E)(1)(c)(1) preceding, which are purchased by the customer during the Service Period. (N)

(x) Issued under authority of Special Permission No. 05-015 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(d) Examples of Revenue Not Included in Calculation of TBR for Qualifying Services

TBR for Qualifying Services does not include any revenue other than as set forth in (E)(1)(c) preceding. The following types of charges are an illustrative list and are not intended to be a comprehensive listing of all other charges excluded from the calculation of TBR for Qualifying Services.

- non-recurring charges;
- taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund);
- service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty);
- any other charges which are not applied on a recurring monthly basis;
- any billed amount related to Qualifying Services for which payment is being withheld or under dispute by the customer;
- credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services;
- Shortfall or overage charges associated with term plan true-ups (e.g., such as failure to satisfy commitment levels pursuant to a term plan);
- minimum period charges;
- termination liabilities; or
- Billing Credits (as defined in (E)(2)(b) under this Option 13)

(e) Use of Telephone Company SONET OC3 Services

For customers who subscribe to this Option 13 and also purchase new SONET IntelliLight Broadband Transport (**IBT**) OC3/OC3c service as set forth in the Telephone Company's Tariff F.C.C. No. 1 or 11 during the Service Period, a TBR multiplier of 1.15 will be applied to such TBR associated with such new SONET IBT OC3/OC3c service. This multiplier shall only be used to determine the TBR for Qualifying Services, and not for any other purpose. (x) (N)

(x) Issued under authority of Special Permission No. 05-015 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(e) Use of Telephone Company SONET OC3 Services (Cont'd)

In calculating TBR for Qualifying Services, the Telephone Company shall determine the total amount of monthly billed recurring revenues for new IBT OC3/OC3c services which have been purchased by the customer during the Service Period, and multiply the same by 1.15 (that is, a fifteen percent (15%) incentive for subscription to new IBT OC3/OC3c services). For example, assume that the customer's total amount of monthly billed recurring revenues for new IBT OC3/OC3c services during the Service Period was $1,000,000 ($1M). Then, in calculating TBR for Qualifying Services, the customer shall be deemed to have purchased $1,150,000 ($1.15M) in Qualifying Services. For purposes of this Option 13, a new SONET IBT OC3/OC3c service must meet one of the following criteria:

(1) newly ordered and provisioned during the Service Period by the customer under this Option 13 or in the Telephone Company's Tariff F.C.C. Nos. 1, 11, or 16; or (x) (x)

(2) upgrade of an existing Special Access service during the Service Period that is not a SONET IBT OC3/OC3c service (e.g., upgrade of a DS1 or DS3 to a SONET IBT OC3 service) under the provisions set forth in the Telephone Company's Tariff F.C.C. No. 1 or 11. (x) (N)(x)

(x) Issued under authority of Special Permission No. 05-015 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(f) Use of Telephone Company Provided Special Access Services

For customers who subscribe to this Option 13 and convert their DS1 capacity loops, dedicated transport or Expanded Extended Loops (**EELs**) (collectively, **DS1 UNEs**) provided by the Telephone Company as unbundled network elements (**UNEs**) to Special Access DS1 Service under Section 5.2.9 preceding of this tariff, the Telephone Company will multiply the customer's TBR associated with such converted DS1 UNEs by 1.50. This multiplier shall only be used to determine the TBR for Qualifying Services, and not for any other purpose.

For example, if the customer converts $1,000,000 ($1M) in DS1 UNEs to Special Access DS1 Services during the Service Period of this Option 13, then, in calculating TBR for Qualifying Services, the customer shall be deemed to have purchased $1,500,000 ($1.50M) in Special Access DS1 Services for purposes of calculating the TBR for Qualifying Service.

(g) Mergers and Acquisitions of Customer

In the event the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth in this Option 13 and the Tariffs. (x)

(i) The customer may not combine or include any revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in the calculation of TBR for Qualifying Services.

(ii) The customer shall continue subscribing to this Option 13, Contract Tariff Option 23 in the Telephone Company's Tariff F.C.C. No. 1, or Contract Tariff Option 25 in the Telephone Company's Tariff F.C.C. No. 11 for the duration of the Service Period based on its business with the Telephone Company as of the customer's date of subscription to Option 13 without adding the revenues attributable to expansion of the customer's purchase of Services from the Telephone Company through merger, transfer, assignment, or acquisition. (x) (x) (x)

(iii) The Telephone Company reserves the right to terminate this Option 13 without any liability if the customer does not adhere to the provisions of this (E)(1)(g). (N)

(x) Issued under authority of Special Permission No. 05-015 of the Federal Communication Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(h) Sale of Verizon Operating Telephone Company

If a Verizon operating telephone company issuing this tariff, or the assets of such Verizon operating telephone company are acquired by an unaffiliated third party (**Acquired VZ Telco**), and the Telephone Company does not provide the Qualifying Services to the customer after such time, then the following terms and conditions shall apply, in addition to any other terms and conditions set forth in this tariff and in the Telephone Company's Tariff F.C.C. Nos. 1, 11, and 16. (x) (x)

(i) each range or tier of the TBR for Qualifying DS1 and the TBR for Qualifying Services set forth in the table in (E)(2)(b) following shall be proportionately reduced by the applicable Acquisition Reduction Amount (as calculated in this (E)(1)(h));

(ii) all Billing Credits set forth in the table in (E)(2)(b) following shall be reduced by a percentage which shall be calculated by dividing the Acquisition Reduction Amount for Qualifying Services by $45M; and

(iii) in calculating the Shortfall Penalty or Termination Liability, as set forth in Sections (E)(4) and (E)(5) following, respectively, the TBR of $43M for Qualifying Services shall be reduced by the Acquisition Reduction Amount for Qualifying Services, or the Acquisition Reduction Amount for Qualifying DS1, as calculated in this (E)(1)(h). For example, if the Acquisition Reduction Amount for Qualifying Services, as calculated in this (E)(1)(h), is $8,500,000 (**$8.5M**), then a Shortfall Penalty will not be assessed if the customer has a TBR for Qualifying Services of at least $34,500,000 (the minimum TBR for Qualifying Services of $43M less the Acquisition Reduction Amount of $8.5M). (N)

(x) Issued under authority of Special Permission No. 05-015 of the Federal Communication Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(h) Sale of Verizon Operating Telephone Company (Cont'd)

An Acquisition Reduction Amount shall be calculated for each of the Qualifying DS1 and the Qualifying Services as follows:

Step 1: calculate the TBR for Qualifying DS1 or the TBR for Qualifying Services, as applicable, purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Acquired VZ Telco ceases to provide the Services;

Step 2: calculate the average monthly amount purchased by the customer from the Acquired VZ Telco for Qualifying DS1 or the TBR for Qualifying Services, as applicable, by dividing the number in Step 1 above by 12; and

Step 3: multiply the average monthly amount for Qualifying DS1 or the TBR for Qualifying Services, as applicable, calculated in Step 2 above by the number of months remaining in the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(h) Sale of Verizon Operating Telephone Company (Cont'd)

As an illustrative example, assume that an Acquired VZ Telco ceased to operate in month 3 of the Service Period. Assume that the customer purchased $4,000,000 (**$4M**) of Qualifying DS1 and a total of $10,000,000 (**$10M**) of Qualifying Services from the Acquired VZ Telco during the twelve (12) months prior to the time that the Verizon operating telephone company ceased to provide the Services under this Option 13. Assume also that at the end of the Service Period, the customer has achieved a TBR for Qualifying DS1 of $25,000,000 and TBR for Qualifying Services of $57,000,000. To calculate the applicable Revenue Maintenance Credit (**RMC**) under (E)(2)(d) following, Billing Credit, or the application of Shortfall Penalty (as defined in (E)(4) following) at the end of the Service Period, the following shall apply:

Step 1: calculate the Acquisition Reduction Amounts. Using the number from the example above, the Acquisition Reduction Amount for Qualifying Services is $7.5M in Qualifying Services (calculated as $833,333 ($10M divided by 12) multiplied by the remaining 9 months of the Service Period). The Acquisition Reduction Amount for Qualifying DS1 is $3,000,000 (**$3M**) (calculated as $333,333 ($4M divided by 12) and multiplied by the remaining 9 months of the Service Period).

Step 2: If the customer has subscribed to the RMC billing credit option under (E)(2)(d) following, then the customer's 3-month average TBR for Qualifying Services (as measured on a rolling 3 month basis) shall be reduced by the average monthly TBR for Qualifying Services purchased by customer from the Acquired VZ Telco. Using the example above, the adjusted monthly minimum TBR that customer must maintain to receive the RMC billing credit and to remain eligible for the Billing Credit at the end of the Service Period is $3.7M ($4.5M less $833,333 ($10M TBR from the Acquired VZ Telco divided by 12 months).

Step 3: determine the new table for calculation of Billing Credits or Shortfall Penalties (as defined in (E)(4) following) based on the Acquisition Reduction Amounts. Subtract $7.5M (the Acquisition Reduction Amount for Qualifying Services) from each range or tier of the TBR for Qualifying Services and $3M (the Acquisition Reduction Amount for Qualifying DS1) from each of the two ranges for Qualifying DS1. This will provide an adjusted table for the determination of the Billing Credit or Shortfall Penalty, as applicable. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(h) Sale of Verizon Operating Telephone Company (Cont'd)

Step 4: determine the applicable Billing Credits as defined in (E)(2) or Shortfall Penalty as described in (E)(4) from the new table calculated in Step 3 above. In this example, the Billing Credit set forth in the table at (E)(2) following will be reduced by 16.7% (calculated as $7.5M divided by $45M). The customer would be eligible for a Billing Credit of $3,165,400 ($3,800,000 Billing Credit using the table set forth in (E)(2)(b) following as adjusted in Step 3 above, less $634,600 ($3,800,000 multiplied by 0.0167).

(2) Calculation of TBR and Billing Credit

(a) At the end of the Service Period, the Telephone Company shall calculate (1) the total TBR achieved by the customer during the Service Period for Qualifying Services; and (2) the total TBR achieved by the customer during the Service Period for Qualifying DS1s, in each case in accordance with the terms and conditions set forth in this Option 13. Subject to the terms and conditions relating to disputes as set forth in (E)(2)(e)(3)(iii) and (E)(2)(e)(3)(iv) following, and subject to any reductions and adjustments as set forth herein, the customer shall be eligible to receive the applicable credit set forth in the table in (E)(2)(b) following (the **Billing Credit**), which Billing Credit may be $0 depending on the customer's TBR for the Qualifying Services and TBR for the Qualifying DS1 during the Service Period. If the customer has not met the minimum TBR requirement for Qualifying Services of $43M**,** or the adjusted minimum TBR requirement pursuant to (E)(1)(h) preceding, then the customer shall not receive any Billing Credits (i.e., a Billing Credit of $0 as set forth in the table set forth in (E)(2)(b) following), and the customer shall be liable for the Shortfall Penalty as set forth in (E)(4) following. If the customer exceeds the maximum TBR for Qualifying Services of $69M during the Service Period, the customer will not receive the Billing Credit under this Option 13.

(b) The Billing Credit shall be determined by using the table below. To calculate the Billing Credit, first, locate the customer's TBR for Qualifying DS1 using the "x axis" of the table below under the heading "TBR for Qualifying DS1 ($M)". Second, locate the customer's TBR for all Qualifying Services using the "y axis" of the table below under the heading "TBR for Qualifying Services ($M)". Third, find the corresponding meet-point of the two TBR amounts to determine the dollar amount of the Billing Credit. TBR Amounts will be rounded up or down to the nearest $10,000. As an illustrative example, assume that the customer has a TBR for Qualifying DS1 of $26,993,456.27 (rounded down to $26.99) and a TBR for all Qualifying Services of $54,494,666.23 (rounded down to $54.49M), then the customer shall be eligible for a Billing Credit of $2,500,000.00. (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(b) (Cont'd)

TBR for Qualifying Services ($M)	TBR for Qualifying DS1	
	Up to $20,000,000	$20,000,001 and above
$43.00 – $44.99*	$0.00	$0.00
45.00 – 45.99	0.76	0.95
46.00 – 46.99	0.96	1.20
47.00 – 47.99	1.16	1.45
48.00 – 48.99	1.36	1.70
49.00 – 50.99	1.56	1.95
51.00 – 53.99	1.775	2.225
54.00 – 56.99	2.00	2.50
57.00 – 58.99	2.20	2.75
59.00 – 60.99	2.40	3.00
61.00 – 62.99	2.70	3.40
63.00 – 64.99	3.00	3.80
65.00 – 66.99	3.50	4.40
67.00 – 69.00	4.00	5.00

* Shortfall Penalty applies if the customer is below this range for Qualifying Services, as set forth in (E)(4) following.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(c) The Billing Credit is subject to the terms and conditions relating to disputes as set forth in (E)(2)(e)(3)(iii) and (E)(2)(e)(3)(iv) following, and subject to any reductions and adjustments as set forth herein.

(d) Revenue Maintenance Credit Option

The customer has the option to receive a credit of $500,000 ($500K) under this Option 13 if the customer achieves a monthly TBR for Qualifying Services that is greater than $4,500,000 (**$4.5M**) in any of the first three (3) months of its subscription to Option 13 (**Revenue Maintenance Credit or RMC**). In the event that the customer's 3-month average TBR for Qualifying Services (as measured on a rolling 3 month basis) falls below $4.5M in any of the remaining nine (9) months of the Service Period, the RMC amount must be refunded to the Telephone Company, and the customer will not be eligible for any Billing Credits at the end of the Service Period. The customer may also be subject to a Shortfall Penalty under (E)(4) following, in which event, the customer must refund the amount of the RMC in addition to paying any applicable Shortfall Penalty. If the customer terminates this Option 13, then the customer may also be subject to termination penalties under (E)(5) following, in which event, the customer must refund the amount of the RMC in addition to paying any applicable termination penalties. If the customer is eligible to receive the RMC, the RMC will be credited to the customer's account in the fifth bill period following subscription to Option 13. The amount of the RMC shall not be subject to any interest penalty. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(e) Timing of Payments and Billing Credits, Disputes, Releases, and Waivers

(1) If the customer is eligible to receive the Billing Credit, the Billing Credit will be credited to the customer's account no later than the ninetieth (**90th**) day following the end of the Service Period, subject to the terms of this Option 13.

If the customer is required to pay a Shortfall Penalty in accordance with the terms of (E)(4) following, then the customer shall pay such amount no later than the 90th day following the end of the Service Period. If the Customer is required to refund the RMC in accordance with Section (E)(2)f) preceding, then customer must refund such RMC no later than the ninetieth (90th) day following the end of the Service Period.

(2) The Telephone Company's provision of the Billing Credit is contingent on payment in full by the customer of all undisputed billed amounts for Qualifying Services no later than the 45th day after the end of the Service Period. After the 45th day following the end of the Service Period, any amounts that remain disputed or are withheld by the customer (i.e., not paid in full) shall not be used in calculation of the TBR for the Qualifying Services, TBR for Qualifying DS1, in determination of the Billing Credit, or in determination of any applicable Shortfall Penalty, as applicable. The foregoing shall apply regardless of whether such dispute is resolved in favor of the customer or the customer remits payment of undisputed amounts at a later date.

(3) Upon inclusion of any amounts in the TBR for Qualifying Services or in the TBR for Qualifying DS1, the customer agrees to the following:

(i) such amounts included in the calculation of TBR shall not be subject to dispute at a later date.

(ii) the customer waives and releases, and forever discharges the Telephone Company of and from any and all manner of claims, demands, rights, liabilities, damages, potential actions, causes of action, suits, agreements, judgments, decrees and controversies of any kind and nature whatsoever, at law, in equity, or otherwise, whether known or unknown, which have arisen or might arise related to amounts paid or payable by the customer or any amounts credited to the customer by the Telephone Company for the Qualifying Services provided by the Telephone Company to the customer during the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(2) Calculation of TBR and Billing Credit (Cont'd)

(e) Timing of Payments and Billing Credits, Disputes, Releases, and Waivers (Cont'd)

(3) (Cont'd)

(iii) The customer shall retain its right to dispute with respect to any amounts that are not included in the TBR for Qualifying Services or in the TBR for Qualifying DS1.

As an illustrative example, assume that the Telephone Company calculates the TBR for the Qualifying Services to be equal to $60,000,000 (**$60M**), and the TBR for Qualifying DS1 to be equal to $25,000,000 (**$25M**). Assume that of the $60M, the customer disputes $10M in SONET Special Access Services, and has no other disputes for Qualifying Services. Assume also that the customer has paid such amount and that such dispute remains unresolved as of the 45th day following the end of the Service Period. Then, the final TBR for Qualifying Services shall be $50,000,000 ($60M less the $10M in disputes) and the final TBR for Qualifying DS1 shall be $25M, and the Telephone Company shall pay a Billing Credit of $1,950,000 in accordance with the terms of this Option 13. The customer shall retain its right to dispute and recover any amounts (and interest penalties, as applicable) on the outstanding dispute of $10M, but such amounts (even if resolved in favor of the customer at a later date) shall not result in an adjustment of the Billing Credit. Upon payment of the Billing Credit, the customer may not dispute charges on any amounts included in the $50,000,000 (the TBR for Qualifying Services) or in the $25M (the TBR for Qualifying DS1).

(iv) With respect to any dispute for Qualifying Services, the customer must provide sufficient claim detail to enable the Telephone Company to appropriately assess the dispute, including but not limited to, the Billing Account Number (**BAN**), circuit ID, USOC detail, amount in dispute, appropriate tariff references, and a full explanation regarding why the customer believes it was billed in error.

(v) The amount of the Billing Credit shall not be subject to any interest penalty. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(3) Migration from Existing Contract Tariff Options

Customers who convert (migrate) from Contract Tariff Option 7 preceding to this Option 13 are eligible to receive a pro-rated billing credit for the elapsed time of the Service Period of Contract Tariff Option 7. For example, assume the customer was eligible for a three million (**$3M**) dollar billing credit under Contract Tariff Option 7 if it met the applicable total billed revenue requirement thereunder. Further assume that the service period for that contract tariff option is twelve (12) months and that the customer is in the tenth (10th) month of the 12 month service period of Option 7 at the time of migration to this Option 13. In this case, the customer would receive a pro-rated billing credit for the first ten (10) months of the 12 month service period equal to $2.5M ($3M x 10/12), and the customer's subscription to Contract Tariff Option 7 would be ended. The pro-rated billing credit will be credited to the customer within sixty (60) days of subscription to this Option 13.

(4) Shortfall Penalty

If the customer does not satisfy the minimum TBR requirement for Qualifying Services of $43M during the Service Period, the customer will pay a shortfall payment equal to fifty percent (50%) of the difference between the minimum TBR of $43M, or the adjusted minimum TBR requirement as set forth in (E)(1)(h) preceding, as applicable, and the customer's actual annual TBR for the Qualifying Services during the Service Period (the **Shortfall Penalty**). In addition, and even upon payment of the Shortfall Penalty as set forth in the prior sentence, the customer will not be eligible to receive any applicable Billing Credits under this Option 13. Further, if customer has elected to and has received the RMC in accordance with (E)(2)(d) preceding, such RMC amount must be refunded to the Telephone Company. The refund of the RMC amount is in addition to any Shortfall Penalties that are payable by customer under this section (E)(4). If the customer has a TBR for Qualifying Services of at least $43M, or an adjusted minimum TBR requirement as set forth in Section (E)(1)(h) preceding, then no Shortfall Penalty, as set forth in this Section (E)(4), shall apply, but the customer may be ineligible for any Billing Credits, as set forth in the table in (E)(2)(b) preceding, based on the customer's TBR for Qualifying Services and the customer's TBR for Qualifying DS1, each as adjusted in accordance with (E)(1)(h) preceding, as applicable.

As an illustrative example, assume that the customer has achieved a TBR for the Qualifying Services of $40,000,000 (**$40M**) during the Service Period, and assuming that no adjustment under (E)(1)(h) occurred, then the customer shall pay to the Telephone Company an amount equal to $1,500,000 (which is equal to $3,000,000 (i.e., minimum TBR for Qualifying Services of $43M less the customer's actual TBR for the Qualifying Services of $40M), multiplied by 50%). The customer will not be eligible to receive any applicable Billing Credits, and must refund any RMC amounts previously paid by Telephone Company. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(5) Termination Charges

If the customer cancels or terminates this Option 13 or its subscription to Contract Tariff Option 23 in the Telephone Company's Tariff F.C.C. No. 1 or Contract Tariff Option 25 in the Telephone Company's Tariff F.C.C. No. 11 prior to the expiration of the Service Period, the customer will be liable for one hundred percent (100%) of the difference between the customer's TBR for the Qualifying Services at the time of cancellation or termination and the minimum TBR for Qualifying Services of $43M, or the adjusted minimum TBR requirement as set forth in (E)(1)(h) preceding, as applicable. Additionally, the customer must refund any RMC amounts previously paid under (E)(2)(d) by the Telephone Company. This section does not relieve the customer of any termination liabilities or minimum period charges under the Tariffs that may apply for termination of any individual Qualifying Service. The terms and conditions of the Tariffs, including any applicable termination liabilities, shall continue to apply with respect to any Qualifying Service. (x) (x) (x) (x) (x)

As an illustrative example, assume that the customer has a TBR for the Qualifying Services of $35,000,000 (**$35M**) during the first eight (8) months of the Service Period, and that no adjustment under (E)(1)(h) preceding occurred. Also assume that the customer decides to terminate this Option 13 at such time. The customer shall pay termination charges of $8,000,000 (the minimum TBR of $43M for Qualifying Services less the actual TBR for the Qualifying Services of $35M, multiplied by 100%) and must refund any RMC amounts previously paid by the Telephone Company. The customer shall not be eligible for any applicable Billing Credits. In this example, if the customer also terminates or discontinues one or more Qualifying Services, then the customer shall be responsible for any associated termination liabilities and minimum period charges assessable under the applicable Tariff for such terminated or discontinued Qualifying Services. (x) (N)

(x) Issued under authority of Special Permission No. 05-015 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(6) Qualifying DS1 Rate Stability Option

Customers whose purchases of Qualifying DS1 Special Access Services are equal to or more than ninety percent (90%) of such customer's purchases of DS1 services from the Telephone Company are eligible to subscribe to this Qualifying DS1 Rate Stability Option. The 90% threshold will be measured using revenues of the customer during the prior 12-month period from the date of the customer's subscription to this Option 13.

For avoidance of doubt, assume that the customer purchases $50M in total DS1 services from the Telephone Company during the 12 month period prior to its subscription to this Option 13, and that of such $50M, the customer's purchases of Qualifying DS1 Special Access Services are equal to $46M, then such customer is eligible to subscribe to this Qualifying DS1 Rate Stability option. If the customer elects the Qualifying DS1 Rate Stability option and complies with the terms set forth in this section, during the Service Period, the Telephone Company will not initiate any rate increases to the applicable rate elements for such Qualifying DS1 Services in those MSAs where the Telephone Company has achieved Phase I or Phase II pricing flexibility under this tariff, even if rates for Qualifying DS1 Services under other sections of this tariff may be increased. The customer is required to meet the 90% threshold described above only at the time of subscription to this Option 13, and is not required to meet this 90% threshold on a continuous basis during the Service Period of this Option 13 in order to be eligible for this Qualifying DS1 Rate Stability Option. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.15 Contract Tariff Option 14 (N)

(A) Scope

(1) Contract Tariff Option 14 (**Option 14**) provides a transitional billing credit for certain monthly recurring rates assessed during an upgrade of Verizon Dedicated SONET Ring (**DSR**) as set forth in this Section 21.15. An upgrade is the replacement of one or two existing DSRs with a new DSR of a greater capacity (e.g., an OC12 DSR is replaced with an OC48 DSR). DSR is described in Section 20.2 preceding.

(2) The terms and conditions provided in this Section 21.15 apply to customers who subscribe to an upgrade of DSR as offered herein.

(B) Eligibility

All of the following requirements must be met in order to be eligible for subscription to Option 14.

(1) A customer must subscribe to Option 14 by submitting a written authorization in a manner designated by the Telephone Company during the period that begins April 26, 2005 and ends April 25, 2006 (**Subscription Period**). The customer may subscribe an upgrade to Option 14 that was ordered by the customer prior to April 26, 2005, provided that the upgrade as defined in (B)(2) following has not been completed as defined in (D)(4) following at the time of subscription to Option 14.

(2) A customer must replace one (1) or two (2) existing DSRs with one (1) new DSR of greater capacity than the combined capacity of the DSR(s) being replaced (**upgrade**).

(C) Serving Area

(1) The serving area of Option 14 is comprised of the Telephone Company Phase I and Phase II Metropolitan Statistical Areas (**MSAs**) of this tariff.

(2) Wire centers for Phase II MSAs are listed in Section 19.1 preceding.

(3) Any additions or changes to the wire centers included in the above MSAs that occur after April 26, 2005 will apply and be included in Option 14. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.15 Contract Tariff Option 14 (N)

(D) Terms and Conditions

(1) Except as set forth in this Section 21.15, the terms and conditions applicable to DSR, as set forth in Section 20.2 preceding, also apply.

(2) An upgrade under this Option 14 is subject to the following requirements:

(a) One (1) or two (2) existing DSRs (**the old DSR(s)**) must be replaced with a single DSR of greater capacity (**the new DSR**) than the combined capacity of the DSR(s) being replaced; and

(b) The commitment period for the new DSR shall commence with the date that the new DSR is available for use by the customer; and

(c) The commitment period for the new DSR has an expiration date that extends beyond the expiration date of the commitment period(s) associated with the old DSR(s); and

(d) The new DSR has at least one (1) customer premises node and one (1) CO node in common with each of the old DSR(s); and

(e) The commitment period for the new DSR shall be extended beyond the term commitment period chosen by the customer in accordance with (D)(2)(c) above and in accordance with (D)(5) following.

(3) Upon completion of the upgrade, and regardless of the actual time taken to complete the upgrade, a transitional billing credit equal to fifty percent (50%) of the monthly recurring rates for the qualified node and mileage rate elements on both the old DSR(s) and on the new DSR will apply for the period of time specified in (a) through (c) following:

(a) Where the capacity of the new DSR is OC12, two (2) months of transitional billing credit will apply upon completion of the upgrade.

(b) Where the capacity of the new DSR is OC48, four (4) months of transitional billing credit will apply upon completion of the upgrade.

(c) Where the capacity of the new DSR is OC192, six (6) months of transitional billing credit will apply upon completion of the upgrade. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.15 Contract Tariff Option 14 (N)

(D) Terms and Conditions (Cont'd)

(4) The upgrade is complete when all circuits on the old DSR(s) are disconnected from the old DSR(s) and are installed and operational on the new DSR, and the old DSR(s) are disconnected.

(5) For each upgrade the customer subscribes to under this Option 14, the term commitment period on the new DSR will be extended beyond the term commitment period chosen by the customer in accordance with (D)(2)(c) above as follows:

(a) Where the capacity of the new DSR is OC12, a two (2) month extension of the term commitment period on the OC12 applies.

(b) Where the capacity of the new DSR is OC48, a four (4) month extension of the term commitment period on the OC48 applies.

(c) Where the capacity of the new DSR is OC192, a six (6) month extension of the term commitment period on the OC192 applies.

As an example, assume that the customer has two OC12 IDSRs (the old IDSRs), both of which expire on June 1, 2005. Further assume that the customer wishes to upgrade both OC12 IDSRs to a new OC48 IDSR and that the new OC48 IDSR has an expiration date of May 1, 2010 (i.e., a date that extends beyond the commitment period of the old IDSRs). Under this Option 14, the term commitment period for such OC48 DSR will be extended by 4 months for a total commitment period of 5 years and 4 months (or an expiration date of September 1, 2010).

(6) Termination liability will not apply to disconnection of the old DSR(s) when the conditions set forth in 21.15(D)(2) above and Section 20.2(F)(5) preceding are met. In either case, the customer remains responsible for any outstanding minimum period obligations as they may apply under Section 20.2 preceding. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.16 Contract Tariff Option 15 (N)

(A) Scope

Contract Tariff Option 15, the New Connect Discount Plan H (**Plan H**), is an offering exclusively for:

- new installations of Special Access Verizon Dedicated SONET Ring service as described in Section 20.2 preceding (**DSR**);
- upgrades of DSR service as described in (B)(3)(b) following (**upgrades**); or
- conversions of Custom Connect Ring Route service as described in Section 20 preceding (**Custom Connect**) and as set forth in (B)(3)(c) following to DSR service as set forth in Section 20.2 preceding (**conversions**).

Plan H offers a discount, as set forth in (E)(2) following (**Plan H discount**), on certain DSR rate elements, as set forth in (D) following, when such DSR is newly installed, upgraded, or converted in accordance with the terms of this Plan H. Switched Access DSR rate elements as set forth in Section 20.2 preceding are not eligible to receive the Plan H discount.

(B) Eligibility Requirements

The customer must meet all of the following requirements in order to be eligible for subscription to Plan H.

(1) A customer must subscribe to Plan H by submitting a written authorization in a manner designated by the Telephone Company during the period that begins June 11, 2005 and ends December 23, 2005 (**Subscription Period**).

(2) The customer must accept service on the original service date. If the customer does not accept service on the original service date, the customer's acceptance of the service on a later date will make the service ineligible for the Plan H discount, unless the later date is designated by the Telephone Company or another Exchange Telephone Company jointly providing service with the Telephone Company.

(3) A customer must order new installations of DSR, upgrades of existing DSR(s), or conversions, as applicable, in accordance with this Plan H during the Subscription Period.

(a) Except for upgrades as set forth in (B)(3)(b) following and conversions as set forth under (B)(3)(c) following, a new DSR service does not include DSR service that was disconnected from its current location and installed as new at the same location. (N)

21. CONTRACT TARIFFS (Cont'd)

21.16 Contract Tariff Option 15 (Cont'd)

(B) Eligibility Requirements (Cont'd)

(3) (Cont'd)

(b) Upgrades of existing DSR service under this Plan H are subject to the terms and conditions set forth in (E)(1) following and to all of the following requirements. (N)

(1) One (1) or two (2) existing DSRs (**the old DSR(s)**) must be upgraded to a single DSR (**the new DSR**), which new DSR must have a greater optical carrier rate than the combined optical carrier rate of the old DSR(s) being upgraded. For example:

- An existing OC3 DSR that is changed to or replaced with a new OC12 DSR is an upgrade.
- Two (2) existing OC12 DSRs that are changed to or replaced with one (1) new OC48 DSR is an upgrade.

(2) The commitment period for the new DSR must have an expiration date that extends beyond the expiration date of the commitment period(s) associated with each of the old DSR(s); and

(3) The new DSR must have at least one (1) customer premises node and one (1) CO node in common with each of the old DSR(s).

(4) When two (2) existing DSRs are upgraded to single new DSR, the aggregate amount of all monthly charges for the nodes included in the new DSR commitment period must be at least twenty-five percent (25%) greater than the aggregate amount of the monthly charges for the nodes included in the remaining commitment period for the old DSR(s).

(c) Conversions of Custom Connect services described in Section 20 preceding to DSR service under this Plan H are eligible to receive the Plan H discount, provided that, all conditions for a conversion are met in accordance with the terms and conditions set forth in Section 20.2 preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.16 Contract Tariff Option 15 (Cont'd)

(B) Eligibility Requirements (Cont'd)

(3) (Cont'd)

(d) The following types of changes are not upgrades or conversions under this Plan H and are not eligible for the Plan H discount: (N)

- An addition of one (1) or more port(s) or node(s) to an existing DSR service
- Two (2) existing DSRs that are changed to or replaced with one (1) new DSR with the same optical carrier rate (e.g., 2 existing OC3 DSRs that are changed to or replaced with 1 new OC3 DSR is not an upgrade)
- An existing DSR that is changed to or replaced with a new DSR with the same optical carrier rate but with additional nodes (e.g., an existing OC12 DSR with ten (10) nodes that is changed to or replaced with a new OC12 DSR with eleven (11) nodes is not an upgrade) (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.16 Contract Tariff Option 15 (Cont'd)

(C) Serving Area (N)

(1) The serving area of Plan H consists of the Metropolitan Statistical Areas (**MSAs**) set forth in (C)(1)(a) and (b) following.

(a) The Plan H discount will be applied in the following MSAs in accordance with Section 19.1 preceding of this tariff.

Akron, OH
Bloomington, IL
Dallas-Fort Worth, TX
Fort Wayne, IN
Lakeland-Winter Haven, FL
Portland, OR
Raleigh-Durham, NC
San Francisco-Oakland, CA
Sarasota, FL
Seattle-Everett, WA
Tampa-St. Petersburg, FL

(b) The Plan H discount will be applied to all eligible rate elements as set forth in (E)(2) following, except for the portion of the communications path connecting the serving wire center to the associated End User location or the node at the end user location.

Flint, MI
Houston, TX
Los Angeles-Long Beach, CA
Oxnard-Simi Valley-Ventura, CA
Santa Barbara-Santa Maria, CA

(2) The Telephone Company MSAs listing in (C)(1) preceding are in effect as of June 11, 2005. Any additions or changes to the wire centers included in the MSAs listed in (C)(1) preceding that occur after June 11, 2005, do not apply to this Plan H. (N)

21. CONTRACT TARIFFS (Cont'd)

21.16 Contract Tariff Option 15 (Cont'd)

(D) Eligible DSR Rate Elements and Service Configurations (N)

(1) Plan H offers a discount to the following DSR rate elements when such DSR is newly installed, upgraded, or converted in accordance with (E) following.

- Enhanced nodes (OC3, OC12, OC48, OC192), including subtending nodes
- Mileage (OC3, OC12, OC48, OC192)

(E) Description of Plan H

(1) Plan H offers a discount as set forth in (E)(2) following on all eligible DSR rate elements set forth in (D) preceding that meet the conditions outlined in this Plan H. The Plan H discount will apply to the eligible DSR service monthly recurring rate for the rate elements set forth in (D) preceding. Application of the Plan H discount on Mileage rate elements is limited to those instances where individual DSR service has at least one (1) serving wire center within an MSA identified in (C) above.

(2) Under Plan H, the customer will receive the following discount that coincides with the term plan selected by the customer for the newly installed, converted, or upgraded DSR service.

- For any 3-year or 5-year term plan, the Plan H discount is 20%.
- For any 7 year term plan, the Plan H discount is 10%. (N)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.16 Contract Tariff Option 15 (Cont'd)

(E) Description of Plan H (Cont'd)

(3) Subscription to Other Contract Tariff Options (N)

(a) A customer subscribing to DSR Service under this Plan H may concurrently subscribe to Contract Tariff Option 14 as set forth in Section 21.15 preceding.

(b) A customer subscribing to DSR services under this Plan H may concurrently subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company and available to the customer either currently or at any time during the Service Period, which tariff arrangement, contract tariff option, special service arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by the customer for those same services.

(c) Except as set forth in (E)(3)(a) and (b) above, the customer may not subscribe any DSR rate element which receives the Plan H discount to any other contract tariff, unless subscription of such DSR service is explicitly allowed under that contact tariff option. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

21. CONTRACT TARIFFS (Cont'd)

21.16 Contract Tariff Option 15 (Cont'd)

(F) Terms and Conditions (N)

Unless superseded by the terms and conditions set forth herein, all terms and conditions, including termination liability and minimum periods, as stated in Section 20.2 preceding or, with respect to conversions, Section 20 preceding, as applicable, apply to the DSR services subscribed to under this Plan H.

(1) The Plan H discount expires at the end of the term plan selected by the customer. If the customer renews or extends the term plan in accordance with Section 20.2 preceding, the Plan H discount is not applicable to such renewal or extension.

(2) The Plan H discount is not used in calculating termination liability, cancellation charges, or other obligations as they may apply in other sections of this tariff.

(3) With the exception of adding or removing nodes to the DSR service subscribed to under this Plan H, any replacements, rearrangements, or other physical change to the service subscribed to Plan H will result in termination of the Plan H discount on all rate elements of the service. Any additions of one (1) or more node(s) after the Subscription Period will be billed at the then effective tariff rates, as set forth in Section 20.2 preceding, and such additional node(s) shall not be eligible for the Plan H discount. Ports may be added or removed to the DSR service subscribed to under this Plan H in accordance with Section 20.2 preceding at any time during the Service Period of this Plan H.

(4) Termination liability will not apply to the disconnection or upgrade of the old DSR(s) when the conditions set forth in (B)(3)(b) above and Section 20.2 preceding are met. Termination liability will not apply to the disconnection or conversion of Custom Connect service when the conditions set forth in (B)(3)(c) above are met. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (N)

(A) Scope

(1) Contract Tariff Option 16 (**Option 16**) provides a customer with a discount to the monthly recurring rates for Special Access multiplexed High Capacity 44.736 Mbps Services and certain SONET services when the customer subscribes to this Option 16 in accordance with the terms and conditions set forth herein.

(2) In order to receive the Option 16 discount, a customer must concurrently subscribe to Option 29 of Tariff F.C.C. No. 1 (**FCC1 Option 29**) and Option 31 of Tariff F.C.C. No. 11 (**FCC 11 Option 31**). (x) (x)

(3) The Option 16 discount will only apply to those services specified in (E) following which the customer orders under Option 16 of this tariff.

(B) Eligibility

The customer must meet all of the criteria set forth following in order to be eligible to receive the Option 16 discounts.

(1) A customer subscribes to Option 16 by submitting a written authorization in a manner designated by the Telephone Company during the sixty (60) day period which begins on June 17, 2005 and ends August 15, 2005 (**Subscription Period**).

(2) For calendar year ending December 31, 2004, a customer must have at least six thousand (6,000) High Capacity 44.736 Mbps (**DS3**) channel terminations (**DS3 Terminations)** which are in service anywhere within the operating territories of this tariff and of the Telephone Company's Tariff F.C.C. No. 1, Tariff F.C.C. No. 11, and Tariff F.C.C. No. 16. When counting DS3 Terminations, the Telephone Company shall include: (x) (x)

(a) Special Access High Capacity 44.736 Mbps Primary Premises Channel Terminations and Special Access High Capacity 44.736 Mbps High Capacity Secondary Premises Channel Terminations in Tariff F.C.C. No. 1 and in Tariff F.C.C. No. 11; and/or (x) (x)

(b) Special Access DS3 Special Access Lines in this tariff and in Tariff F.C.C. No. 16. (N)(x)

(x) Issued under authority of Special Permission No. 05-025 of the Federal Communications Commission.

(Issued under Transmittal No. 586)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd) (N)

(B) Eligibility (Cont'd)

(3) Within eight (8) months of the effective date of Option 16 (**ramp up period**), a customer subscribing to this Option 16 must have ordered a minimum of two hundred fifty (250) new Special Access multiplexed DS3s (**minimum commitment**) anywhere within the operating territories of this tariff and of the Telephone Company's Tariff F.C.C. No. 1, Tariff F.C.C. No. 11, and Tariff F.C.C. No. 16 in order to continue to receive the Option 16 discount under this tariff on Special Access multiplexed High Capacity 44.736 Mbps Services (as specified in (E) following) and new SONET (as specified in (E) following). The Serving Area is specified in (D)(1) following. The minimum commitment is subject to (a) through (d) following. (x) (x)

(a) The following service arrangements will count as new Special Access multiplexed DS3s (**new SpA muxed DS3s**) for the purpose of determining if the customer has met the minimum commitment, provided that such new SpA muxed DS3 service arrangements are ordered on or after March 18, 2005 and prior to the end of the ramp up period:

(1) new SpA muxed DS3 that terminates on a DS3 Termination as defined in (B)(2) preceding; and
(2) new SpA muxed DS3 that connects to a DS3 port of an IntelliLight® Dedicated SONET Ring (**IDSR**) or Verizon Dedicated SONET Ring (**DSR**); and
(3) new SpA muxed DS3 that terminates over an IntelliLight® Entrance Facility (**IEF**) with a Fractional OC48 interface; and
(4) new SpA muxed DS3 that connects to a DS3 Rider of a Custom Connect Service; and
(5) new SpA muxed DS3 that connects to a multiplexed IntelliLight® Broadband Transport Service (**IBT**).

(b) The count of new SpA muxed DS3s described in (a) preceding will not include the following.

(1) High Capacity multiplexed DS3 services that connect to a collocated arrangement; or
(2) NYNEX Enterprise DS3 Service as set forth in Section 7.2.13 of Tariff F.C.C. No. 11; or (x)
(3) Facilities Management Service utilizing a DS3 interface as set forth in Section 7.2.13 of Tariff F.C.C. No. 1 and in Section 7.2.16 of Tariff F.C.C. No. 11; or (x) (x)
(4) DS3 facilities utilizing an IDSR or DSR DS3 Transmux Port; or
(5) any SpA muxed DS3 that is disconnected from its current location and installed as new at that same location for the purpose of subscribing that SpA muxed DS3 to this Option 16.

(c) For new SpA muxed DS3s that are part of a Shared Use arrangement, the associated Special Access portion of the new SpA muxed DS3 will count as a single new SpA muxed DS3.

(d) Only those new SpA muxed DS3s that were ordered under a 3-year, 5-year, or 7-year commitment and prior to the end of the ramp up period will be included in the count when determining whether the minimum commitment of new SpA muxed DS3s has been met. (N)

(x) Issued under authority of Special Permission No. 05-025 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd) (N)

(B) Eligibility (Cont'd)

(4) In order to receive the Option 16 discount on new SONET as defined below, the customer must meet the minimum requirement of new SpA muxed DS3 prior to the end of the ramp up period. There is no minimum commitment associated with the new SONET service. Unless a SONET service meets the requirement of an upgrade as set forth in 4(b) following or a conversion as set forth in 4(c) following, a new SONET service does not include SONET that was disconnected from its current location and installed as new at the same location for the purpose of subscribing that SONET to this Option 16. New SONET services eligible for the Option 16 discount include the following.

(a) New DSR and Custom Connect that are ordered under this tariff in accordance with this Option 16 at any time beginning June 17, 2005 and ending June 16, 2006; and

(b) Upgrades of DSR to a new DSR with a greater Optical Carrier rate (e.g., OC12 to OC48) when ordered on or after June 17, 2005 and no later than June 16, 2006 (**upgrades**). Such upgrades are further subject to the requirements in either (1) or (2) following.

(1) For upgrades in which the customer subscribes to both this Option 16 and Option 14 of this tariff, the upgrade is subject to the requirements set forth in this Option 16 and in Option 14 preceding.

(2) For all other upgrades, the upgrade is subject to (i) through (iv) following, (F)(1)(c) following, and Section 20.2(F) preceding.

(i) One (1) or two (2) existing DSRs (**the old DSR(s)**) must be upgraded with a single DSR (**the new DSR**), which new DSR must have a greater optical carrier rate than the combined optical carrier rate of the old DSR(s) being upgraded.

(ii) The commitment period for the new DSR must have an expiration date that extends beyond the expiration date of the commitment period(s) associated with each of the old DSR(s).

(iii) The new DSR must have at least one (1) customer premises node and one (1) CO node in common with each of the old DSR(s)

(iv) When two (2) existing DSRs are upgraded to a single new DSR, the aggregate amount of all monthly charges for the nodes included in the new DSR commitment period must be at least twenty-five percent (25%) greater than the aggregate amount of the monthly charges for the nodes included in the remaining commitment period for the old DSR(s).

(c) Conversion of Custom Connect Ring Route under Section 20.1 preceding to DSR under Section 20.2 preceding (**conversions**).

(d) In order to receive the Option 16 discount on new SONET, the customer must accept service for new SONET on the original service date. If the customer does not accept new SONET on the original service date, the customer's acceptance of service on a later date will make that new SONET ineligible for the Option 16 discount, unless the later date is designated by the Telephone Company or another Exchange Telephone Company jointly providing service with the Telephone Company. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd) (N)

(B) Eligibility (Cont'd)

(5) Subscription to Other Contract Tariff Options of This Tariff

(a) A customer subscribing to DSR under this Option 16 may concurrently subscribe to Contract Tariff Option 14 as set forth in this Section 21.

(b A customer subscribing to the services included in this Option 16 may concurrently subscribe to any other Tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company and available to the customer either currently or at any time during the Service Period, which Tariff arrangement, contract tariff option, special service arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by the customer for those same services.

(c) Except as set forth in (a) and (b) above, the customer may not subscribe any new SpA muxed DS3 or new SONET rate element which receives the Option 16 discount to any other contract tariff, unless subscription of such new SpA muxed DS3 or new SONET rate element is explicitly allowed under that contact tariff option.

(C) Service Period

(1) Subject to the limitations in (C)(3) following, the service period for each new SpA muxed DS3 ordered under an individual circuit specific term plan in accordance with (B)(3) preceding is equal to the individual term commitment selected for such SpA muxed DS3 (**muxed DS3 service period**). Term plans for new SpA muxed DS3s are specified in (B)(3)(d) preceding.

(2) Subject to the limitations in (C)(3) following, the service period for each new SpA muxed DS3 ordered under a term plan that includes DS3 services and is managed on a non-circuit specific basis (e.g., DS3 TVP) is equal to the common expiration date for such DS3 term plan, or the time remaining in such existing DS3 term plan, as applicable. Available circuit specific term commitments for new SpA muxed DS3s are specified in (B)(3)(d) preceding.

(3) For new SpA muxed DS3 subscribed to this Option 16, and regardless of any term plan subscribed to by customer, the service period and corresponding discount in (F)(1)(a) following shall not extend beyond December 31, 2012.

(4) The service period for new SONET ordered under a term plan in accordance with this Option 16 is equal to the individual term plan selected for the specific new SONET involved and shall terminate coincident with expiration of the initial commitment period on such term plan (**SONET service period**). Term plans for such new SONET are specified in (F)(1)(a) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd)

(D) Serving Area

(1) The serving area for new SpA muxed DS3s includes all of the Phase I and Phase II MSAs of this tariff and of the Telephone Company's Tariff F.C.C. Nos. 1 and 11. (C) (C)

(2) The serving area for new SONET under Option 16 consists of the following MSAs:

(a) In the following MSAs, the Option 16 discount will be applied to all eligible rate elements set forth in (E)(1)(b) and (E)(1)(c) following in accordance with Section 19.1 preceding.

MSA Name	MSA Number
Akron OH	MSA #52
Bloomington, IL	MSA #250
Dallas-Fort Worth, TX	MSA #9
Fort Wayne, IN	MSA #96
Lakeland-Winter Haven, FL	MSA #114
Portland, OR	MSA #30
Raleigh-Durham, NC	MSA #71
San Francisco-Oakland, CA	MSA #7
Sarasota, FL	MSA #167
Seattle-Everett, WA	MSA #20
Tampa-St. Petersburg, FL	MSA #22

(b) In the following MSAs, the Option 16 discount will be applied to all eligible rate elements as set forth in (E)(1)(b) and (E)(1)(c) following, except for the portion of the communications path connecting the serving wire center to the associated end user location or the node at the end user location.

MSA Name	MSA Number
Flint, MI	MSA #68
Houston, TX	MSA #10
Los Angeles-Long Beach, CA	MSA #2
Oxnard-Simi Valley-Ventura, CA	MSA #73
Santa Barbara-Santa Maria, CA	MSA #124

(3) The Telephone Company MSAs listed in (D)(1) and (D)(2) preceding are in effect as of the effective date of this Option 16. Any additions or changes to the wire centers included in the MSAs listed in (D)(1) or (D)(2) preceding that occur after June 17, 2005 do not apply.

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd) (N)

(E) Services Eligible to Receive the Option 16 Discount

(1) The Option 16 discount specified in (F)(1) following will be applied to the following services and rate elements associated with new SpA muxed DS3 and new SONET that are provided within the MSAs specified in (D)(2) preceding.

(a) New SpA Muxed DS3 that are ordered under a 3, 5 or 7 year term commitment and by the end of the ramp up period set forth in (B)(3) preceding or after the ramp up period and prior to June 16, 2006:

(1) Special Access DS3 Special Access Lines (**DS3 SALs**), other than DS3 SALs that are included in a DS3 TVP. However, the Option 16 discount will apply to DS3 SALS included in a DS3 TVP if such DS3 SALs become eligible for pricing flexibility relief under Section 19.1 preceding; and
(2) DS3 Special Transport Facilities – per airline mile (see Note); and
(3) DS3 Special Access Transport Terminations (see Note) ; and
(4) DS3 to DS1 Multiplexing Arrangement.

Note: When SpA muxed DS3 utilizes a DS3 SAL that is included in a DS3 TVP, this rate element will receive the Option 16 discount whether or not the DS3 SAL on such SpA muxed DS3 is receiving the Option 16 discount.

(b) DSR Full Ring Configurations that are ordered under a 3, 5 or 7 year term plan on or after June 17, 2005 and no later than June 16, 2006:

(1) OC3, OC12, OC48 and OC192 enhanced nodes; and
(2) OC3, OC12, OC48 and OC192 Mileage (see Note).

Note: Application of the Option 16 discount on Mileage rate elements is limited to those instances where individual DSR service has at least one (1) serving wire center within an MSA identified in (D)(2) preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd) (N)

(E) Services Eligible to Receive the Option 16 Discount (Cont'd)

(1) (Cont'd)

(c) Custom Connect point-to-point and multiplexed configurations that are ordered under a 3, 5 or 7 year term plan on or after June 17, 2005 and no later than June 16, 2006. Custom Connect at OC3, OC3c, OC12, OC12c, OC48, OC48c, and OC192 (OC192 is available in multiplexed configurations only) are included in this Option 16:

(1) Custom Connect OC3,, OC12, OC48, and OC192 CO Nodes; and
(2) CDL Link - Single or Diverse Route with Premises Multiplexer Provided at OC3, OC12, OC48, and OC192; and
(3) CDL Link - Single or Diverse Route with Premises Fiber Meet Provided at OC3, OC12, OC48, and OC192; and
(4) CDL Link - Single or Diverse Route Concatenated/Non-concatenated at OC3, OC3c, OC12, OC12c, OC48, and OC48c; and
(5) CDL Link – Single or Diverse Route 1.25 or 2.5 Gbps; and
(6) OC3, OC3c, OC12, OC12c, OC48, and OC48c Shared Transport*; and
(7) OC3, OC3c, OC12, OC12c, OC48, OC48c, OC192, 1.25 Gbps, and 2.5 Gbps Dedicated Transport*; and
(8) OC3, OC3c, OC12, OC12c, OC48, and OC48c Optional 4 fiber, 1+1 Protection*.

(2) The percentage discounts set forth in (F)(1)(a) following will only be applied to the rate elements specified in (E)(1) preceding and only in those MSAs specified in (D) preceding that have achieved Phase I or Phase II pricing flexibility. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 14.7 of Tariff F.C.C. No. 1, and Section 15.3 of Tariff F.C.C. No. 11. No discount will be applied to new SpA muxed DS3 or new SONET within the Telephone Company operating territories of Tariff F.C.C. No. 16. (x) (x) (N) (x)

*Rate elements are provided on monthly terms only.

(x) Issued under authority of Special Permission No. 05-025 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd) (N)

(F) Terms and Conditions

(1) Percentage Discounts

(a) The discounts under this Option 16 are percentage based and are applied for the duration of the Service Period to the applicable rate elements set forth in (E)(1) preceding which are ordered by the customer in accordance with the terms of this Option 16. The customer will receive the following discount that coincides with the term plan selected by the customer for the newly installed SpA muxed DS3 and newly installed, converted, or upgraded SONET, as applicable.

Term	Percentage Discount
Monthly Terms (see Note)	20%
3-year	20%
5-year	20%
7-year	20%

(b) The Telephone Company will first apply any discount associated with the applicable term plan (such as TPP or DS3 TVP) under which the service is ordered, and then apply the Option 16 discount to that already discounted rate. When the service involved is also under another contract tariff option for which minimum revenue, total revenue, or minimum quantities are measured on an aggregate basis, the Telephone Company will apply the Option 16 discount prior to applying any discount associated with such other contract tariff option. For example: assume that the monthly rate for SpA muxed DS3 is $1,500 and that the TPP discount is twenty percent (20%). Also assume that the applicable discount under this Option 16 is ten percent (10%). The Telephone Company will first apply the TPP discount to the monthly rate [$1,500 – ($1,500 x 20%) = $1,200.00] and then apply the Option 16 discount to that already reduced rate [$1,200 – ($1,200 – 10%) = 1,080].

(c) Discounts associated with term plans for new SpA muxed DS3s are described in the minimum periods for Individual DS3s and System DS3s as set forth in Section 5.6.11(B) preceding.

(d) Discounts associated with term plans for new SONET are described in the TPP in Section 20(G) preceding for Custom Connect and Section 20.2(C) preceding for DSR.

Note: Monthly terms are applicable to Custom Connect Shared Transport as set forth in (E)(1)(c)(6) preceding, Dedicated Transport as set forth in (E)(1)(c)(7) preceding and Optional 4 fiber, 1+1 Protection as set forth in (E)(1)(c)(8) preceding only and to no other rate element under this Option 16. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(1) Percentage Discounts (Cont'd)

(e) Percentage Discount Beginning and Ending Dates

(1) For new SpA muxed DS3 that is ordered during the ramp up period set forth in (B)(3) preceding or after the ramp up period and prior to June 16, 2006, the Option 16 discount begins with the date of installation and continues for the duration of the muxed DS3 service period in accordance with (C) preceding, subject to the limitations set forth in (F)(2) following.

(2) For new SpA muxed DS3 that was ordered between March 18, 2005 and June 17, 2005, the Option 16 discount begins with the date of installation or the date of subscription to Option 16 (whichever is the later date) and continues for the duration of the muxed DS3 service period in accordance with (C) preceding, subject to the limitations set forth in (F)(2) following.

(3) For new SONET DSR and Custom Connect, the Option 16 discount begins with the date of installation and continues for the duration of the SONET service period of the customer's initial term plan selected in accordance with (C)(4) preceding, subject to the limitations set forth in (F)(2) following. The Option 16 discount will not apply during any period of renewal of, or extension to, the initial term plan selected.

(f) Shared Use as set forth in Section 5.5.7 preceding is allowed on new SpA muxed DS3s and new SONET under this Option 16. The percentage discount specified in (a) preceding will only be applied to the portion of the new SpA muxed DS3 or new SONET that is rated as Special Access.

(2) In the event that the customer has not satisfied the minimum commitment of new SpA muxed DS3s as required under (B)(3) preceding by the end of the ramp up period, the following applies:

(a) Shortfall charges (**ramp-up shortfall**) apply equal to fifty percent (50%) of the discount already applied under this Option 16 for the period of time that each new SpA muxed DS3 has received the Option 16 discount; and

(b) the Option 16 discount applicable to SpA muxed DS3 and new SONET under this Option 16 will cease at the end of the ramp up period; and

(c) the customer's subscription to Option 16 is terminated. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) Termination Liability and Minimum Periods

Unless superseded by the terms and conditions set forth herein, all terms and conditions, including termination liability and minimum periods, as stated in other sections of this tariff apply to new SpA muxed DS3 or new SONET subscribed to this Option 16.

(a) Termination Liability

(1) When calculating termination liability charges for SpA muxed DS3 as they may apply under other sections of this tariff, first apply the Option 16 discount to the monthly rates used in such calculation.

(2) When calculating any termination liability charge for new SONET as it may apply under other sections of this tariff, do not apply the Option 16 discount to the monthly rates used in such calculation.

(3) Termination liability will not apply when disconnecting or upgrading old DSR(s) in accordance with (B)(4)(b) preceding or converting Custom Connect Ring Route in accordance with (B)(4)(c) preceding.

(b) Minimum Periods

When calculating any minimum period charges for SpA muxed DS3 or new SONET as they may apply under other sections of this tariff, do not apply the Option 16 discount to the monthly rates used in such calculation.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.17 Contract Tariff Option 16 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(4) At expiration of the Service Period for new SpA muxed DS3 or new SONET, the customer has the following options.

(a) For SpA muxed DS3, the following options apply:

(1) disconnect service (in this case, the Option 16 discount will cease upon disconnection of the service); or

(2) continue with the service on a month-to-month basis, during which time the Option 16 discount will continue to be applied as set forth herein through December 31, 2012; or

(3) renew or extend the expired term plan under the terms and conditions specified for the term plan involved, during which time the Option 16 discount will continue to be applied as set forth herein through December 31, 2012: or

(4) select any then effective Contract Tariff Option applicable to new SpA muxed DS3 for which the customer is eligible. In this case, the Option 16 discount will cease upon subscription to such Contract Tariff Option.

(b) For SONET service, the following options apply:

(1) disconnect service (in this case, the Option 16 discount will cease upon disconnection of the service); or

(2) renew or extend the expired term plan under the terms and conditions specified for that term plan during which period of renewal or extension the Option 16 discount will not apply; or

(3) select any then effective term plan or contract tariff option applicable to the new SONET involved and for which the customer is eligible to subscribe. In this case, the Option 16 discount will cease upon subscription to such other term plan or contract tariff option.

(4) Regardless of the option selected, the Option 16 discount will cease upon expiration of the initial term plan for the new SONET or in accordance with (1) through (3) preceding, whichever occurs first.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.18 Contract Tariff Option 17 (N)

(A) Scope

(1) Contract Tariff Option 17 (**Option 17**) is an offering which allows a twelve (12) month extension to the commitment period of an expired or expiring Term Pricing Plan (**TPP**) on an existing Optical Carrier 12 (**OC12**) or Optical Carrier 48 (**OC48)** Special Access Custom Connect Ring Route Service as set forth in Section 20 preceding (**Custom Connect Ring**). Customers who qualify for Option 17 are provided with an additional discount to the monthly rates for certain rate elements of their Custom Connect Ring when such extension is ordered in accordance with the terms and conditions of this Section 21.18.

(2) The terms and conditions, regulations, and rates provided in this Section 21.18 apply to customers who extend the commitment period of an OC12 or OC48 Custom Connect Ring as offered herein under Option 17.

(B) Eligibility

The customer must meet all of the criteria set forth following in order to be eligible to receive the Option 17 discounts.

(1) A customer subscribes to Option 17 by submitting a written authorization in a manner designated by the Telephone Company during the period which begins on March 2, 2006 and ends April 30, 2006 (**Subscription Period**).

(2) A customer must subscribe to at least one (1) OC12 Custom Connect Ring or at least one (1) OC48 Custom Connect Ring, and such Custom Connect Ring must be in-service at the time of subscription to this Option 17 and must have a TPP that expired on or after November 1, 2005 or will expire no later than April 30, 2006 (**Expired Service**).

(3) Each Expired Service must be located within the serving area set forth in (D) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.18 Contract Tariff Option 17 (Cont'd) (N)

(C) Service Period

When subscribing to Option 17, the service period for the Custom Connect Ring is as follows:

(1) A Custom Connect Ring with a commitment period that is due to expire between the period beginning with March 2, 2006 and ending May 1, 2006 will have a service period that commences with the expiration date of the commitment period for the existing TPP for that service and ends twelve (12) consecutive months later (**Service Period**).

(2) A Custom Connect Ring whose commitment period has already expired between the period beginning November 1, 2005 and ending with March 1, 2006 will have a service period that commences with the date of subscription to this Option 17 and ends twelve (12) consecutive months later. For example, if the prior TPP expired December 17, 2005, and the customer subscribes to Option 17 on March 2, 2006, the service period under this Option 17 commences on March 2, 2006 and ends March 1, 2007 (**Service Period**). The 12 month service period under this (C)(2) applies in lieu of the commitment period of the TPP that was renewed under Section 20 preceding prior to subscription to this Option 17 and the renewed commitment period of the TPP under Section 20 preceding is cancelled. No termination liability under Section 20 preceding will apply for cancellation of such plan.

(D) Serving Area

(1) The serving area of Option 17 is comprised of the wire centers that are within the Metropolitan Statistical Areas (**MSAs**) of this tariff and have achieved Phase I or Phase II pricing flexibility (**Serving Area**). Wire centers for Phase II MSAs are listed in Section 19.1 preceding.

(2) Any additions of, or changes to, the wire centers within an MSA that occur during the Service Period of this Option 17 will apply beginning on the effective date of such change and continuing through the end of the Service Period. (N)

21. Contract Tariffs (Cont'd)

21.18 Contract Tariff Option 17 (Cont'd) (N)

(E) Terms and Conditions

Unless superseded by the terms and conditions set forth herein, all terms and conditions, including termination liability, as stated in other sections of this tariff apply to the Expired Service as subscribed to under this Option 17.

(1) Only the monthly rate elements listed in (F) following that are in service at the time of subscription to this Option 17 are eligible for the corresponding percentage discount specified in (F) following. For all other rate elements associated with the Expired Service, the rates are set forth in Section 20 preceding. Additional services may be added to the Expired Service during the Service Period of this Option 17. Such additional services are subject to the requirements, rates, and charges set forth in Section 20 preceding and will not receive the percentage discount set forth in (F) following. The percentage discounts set forth in (F) following will commence with the date of subscription to this Option 17 and continue until the Existing Service is converted to Verizon Dedicated SONET Ring (**DSR**) service as set forth in Section 20.2 preceding, converted to IntelliLight Optical Transport Service (**IOTS**) as set forth in Section 20.1 preceding, discontinued under the terms and conditions specified in (E)(3) following, or for twelve (12) months, whichever occurs first. The percentage discount will not apply to monthly charges incurred prior to the date of subscription to this Option 17.

(2) Termination Liability

At any time during the Service Period of this Option 17, the customer may discontinue the Expired Service without incurring termination liability charges. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.18 Contract Tariff Option 17 (Cont'd)

(E) Terms and Conditions (Cont'd)

(3) Expiration of the Service Period

(a) The Service Period under this Option 17 may not be extended beyond the initial twelve (12) month extension.

(b) Upon expiration of the Service Period specified in (C) preceding, the customer must choose one (1) of the following three (3) options.

(1) Option 1: Convert the Expired Service to DSR as set forth in Section 20.2 preceding, subject to the following:

(a) A customer who wishes to convert its Expired Service to a DSR may do so without incurring termination liability charges or DSR installation charges as long as the total capacity of Special Access services placed on such DSR is equal to or greater than the number of Special Access Services that were on the Expired Service.

(b) When the following conditions are met, a customer who converts an Expired Service to DSR is also eligible to receive credit towards the commitment period of the replacing DSR TPP for the actual time that the Expired Service was in effect under its expired Custom Connect Ring TPP (i.e., time-in-service credit). Time-in-service credit is further described in Section 20.2(j) preceding. Such credit is not allowed unless the conditions set forth in (E)(3)(b)(1)(b)(1) through (4) following are met.

(1) All rate elements associated with the Expired Service must have been in service under its expired TPP for at least ten (10) months.

(2) The commitment period selected for the DSR TPP must be longer than the commitment period of the TPP for the Expired Service being converted as follows:

(a) An Expired Service under a 1 year TPP must be converted to DSR under a 3, 5, or 7 year TPP.
(b) An Expired Service under a 3 year TPP must be converted to DSR under a 5 or 7 year TPP.
(c) An Expired Service under a 5 year TPP must be converted to DSR under a 7 year TPP.

(3) The customer acknowledges and accepts that portions of the Expired Service will experience a service outage during those times when the nodes are being upgraded for the conversion to DSR. Service outages that occur during such periods are not subject to credit for a service interruption as set forth in Section 2.8.1.1(A)(12) preceding. (T)

(4) In addition to the conversion requirements set forth in this Section 21.18, the terms and conditions applicable to conversion of the Expired Service to DSR are set forth in Section 20.2(F) preceding also apply.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.18 Contract Tariff Option 17 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(3) Expiration of the Service Period (Cont'd)

(b) (Cont'd)

(2) Option 2: Convert the Expired Service to IOTS subject to the conversion language in Section 20.1(F) preceding.

(a) Customers who wish to convert their Expired Service to IOTS may do so without conversion charges (termination liability and installation charges) as long as the total capacity of SONET services, Switched Access Entrance Facilities, and Special Access Services placed on such IOTS is equal to or greater than the number of services that were on the Expired Service.

(b) In addition to the conversion requirements set forth in this Section 21.18, the terms and conditions applicable to a conversion of the Expired Service to IOTS as set forth in Section 20.1(F) preceding also apply.

(3) Option 3: Disconnect the Expired Service.

(c) Options 1 and 2 as set forth in (E)(3)(b)(1) and (2) above are available in the Serving Area set forth in (D) preceding.

(d) A customer must provide written notice to the Telephone Company of its election of Option 1, 2, or 3 no later than thirty (30) days prior to the expiration date of the Service Period. Failure to provide such written notice by the expiration date of the Service Period will result in cancellation of the service. The Telephone Company will issue orders to disconnect the cancelled service thirty (30) days following the expiration date of the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.18 Contract Tariff Option 17 (Cont'd) (N)

(F) Discounted Rates and Charges

The following percentage discounts will be applied to the monthly rate elements included in the TPP of the Expired Service as of the date of subscription to this Option 17. The percentage discounts will commence with the date of subscription to this Option 17 and continue through the end of the Service Period specified in (C) preceding. Upon expiration of the Service Period, the percentage discount set forth following will cease. The rates and charges that apply to the Expired Service after the end of the Service Period and for any other rate elements not shown below are the rates and charges set forth in other sections of this tariff.

	Rate Element	Percentage Discount	
(a)	OC12 or OC48 Custom Connect CDL Link - Ring Route with Premise Multiplexer Provided, per Link	25%	
(b)	Custom Connect CO Node – OC12 or OC48, per Node	25%	
(c)	Custom Connect - Dedicated Transport – OC12 or OC48, per Mile	25%	(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.19 Contract Tariff Option 18 (N)

(A) Scope

(1) Contract Tariff Option 18 (Option 18) provides a percentage discount to the monthly rates applicable to customers who order a minimum of six (6) Special Access Verizon Dedicated SONET Rings in partial ring or full ring configurations (**new DSRs**). The new DSRs may be newly installed services or may be other Special Access SONET, purchased under this tariff, under Tariff F.C.C. No. 1, under Tariff F.C.C. No. 11, or under any combination of the three tariffs (**existing SONET services**), that are converted or upgraded to new DSRs in accordance with the requirements set forth in (B) through (F) following. The Option 18 percentage discount is applicable to certain rate elements of such new DSRs when ordered in accordance with the requirements set forth herein. (x) (x)

(a) Existing SONET services purchased under this tariff consist of the following Special Access Services.

(1) Verizon Dedicated SONET Rings (existing DSRs) at OC3, OC12, OC48 or OC192. These services may be converted to new DSRs of the same optical carrier rate (e.g., an OC12 existing DSR can be converted to a new OC12 DSR).

(2) Existing DSRs at OC3, OC12 or OC48. These services may be upgraded to new DSRs of a higher optical carrier rate (e.g., an OC12 existing DSR can be upgraded to a new OC48 DSR or to a new OC192 DSR). Upgrades are further subject to (E)(6) following.

(3) Special Access Custom Connect Services (**existing CC**) at OC3, OC12, OC48 or OC192. These services may be upgraded to new DSRs. For existing CC configured in a ring architecture (**existing CC Ring**), the new DSRs must be a higher optical carrier rate than the existing CC Rings (e.g., an OC3 existing CC Ring may be upgraded to new DSR with an Optical Carrier rate of OC12, OC48 or OC192). Upgrades are further subject to (E)(6) following.

(4) Existing CC at OC3/OC3c, OC12/OC12c, OC48/OC48c or OC192/OC192c may be converted to new DSRs of the same optical carrier rate (e.g., an OC12 existing CC can be converted to a new OC12 DSR). Additionally, existing CC Ring at OC3, OC12, OC48 or OC192 may be converted to new DSRs of the same optical carrier rate.

(5) Existing SONET services as defined in (A)(1)(a)(1) through (4) preceding are further subject to the eligibility requirements set forth in (B) following.

(6) Existing SONET services as defined in (A)(1)(a)(1) through (4) preceding must be existing SONET services that were purchased under other sections of this tariff or under other contract tariff option(s) of this Section 21.

(2) The terms and conditions, regulations, and rates provided in this Section 21.19 apply to customers that order new DSRs, and convert or upgrade existing CC or existing DSR as offered herein. (N)

(x) Issued under authority of Special Permission No. 06-007 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.19 Contract Tariff Option 18 (Cont'd) (N)

(B) Eligibility

All of the following requirements must be met in order to be eligible for subscription to Option 18.

(1) A customer must subscribe to Option 18 by submitting a written authorization in a manner designated by the Telephone Company during the subscription period which begins on March 11, 2006 and ends on June 30, 2006 (**Subscription Period**).

(2) A customer must order a minimum of six (6) new DSRs during the subscription period set forth in (B)(1) preceding. Such new DSRs may be ordered under Option 18 of this tariff, under Option 35 of Tariff F.C.C. No. 1, (x) under Option 38 of Tariff F.C.C. No. 11 or under a combination of these tariffs. (x) Each of the new DSRs must either be an existing SONET that is converted to new DSR, an existing SONET that is upgraded to new DSR, a newly installed service as described in (A)(1)(a) preceding, or any combination of converted, upgraded and newly installed services.

(a) At least seventy-five percent (75%) of the total number of existing SONET services that are converted and/or upgraded to new DSR must have been in-service for at least twenty-four (24) months as of the date of subscription to this Option 18 or March 11, 2006, whichever is the later date. For those existing SONET services that have not satisfied their minimum period obligations, minimum period charges apply as set forth in other sections of this tariff; and

(b) At least forty percent (40%) of the total number of existing SONET services that are converted and/or upgraded to new DSRs must have an initial term plan that has either already expired as of March 11, 2006 or that will expire no later than March 10, 2007, whichever is the later date; and

(c) At least fifty percent (50%) of the total number of new DSRs (whether converted or upgraded from existing SONET services or newly installed service) must have an optical carrier rate of OC48 or OC192.

(3) The new DSRs must be located within the serving areas specified in (C) following. (N)

(x) Issued under authority of Special Permission No. 06-007 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.19 Contract Tariff Option 18 (Cont'd) (N)

(C) Serving Area

(1) The serving area of Option 18 is comprised of the wire centers that are within the Phase I and Phase II Metropolitan Statistical Area (**MSAs**) of this tariff. Wire centers within the Phase II MSAs of this tariff are set forth in Section 19.1 preceding.

(2) Any additions of, or changes to, the wire centers within an MSA that occur during the Service Period of this Option 18 will apply beginning on the effective date of such change and continuing through the end of the Service Period. When such change results in an increase or decrease to the rates applicable to the new DSRs under this Option 18, no retroactive billing or adjustment will be made for the portion of the Service Period that has elapsed prior to the effective date of the change.

(D) Service Period

(1) The service period for Option 18 is sixty (60) months unless the customer elects the transitional billing option set forth in (E)(5) following in which case the service period of this Option 18 is sixty-four (64) months (**Service Period**). The Service Period is applicable to the enhanced nodes, partial ring high speed (pass-through) interfaces, and mileage of each new DSR that is subscribed to this Option 18. The Service Period is that period of time during which the percentage discounts set forth in (F) following apply and is in lieu of the commitment period for the 5-year term plan specified in Section 20.2(K) preceding.

(2) When ordering a conversion from existing SONET service or an upgrade of existing SONET service, and the customer elects the transitional billing option set forth in (E)(5) following, the 64 month Service Period under this Option 18 shall include four (4) months during which transitional billing credit as described in (E)(5) following shall apply.

(3) Each new DSR subscribed to this Option 18 shall have its own Service Period of either sixty (60) months or sixty-four (64) months depending on whether or not the customer elects the transitional billing option set forth in (E)(5) following.

(a) The Service Period for a newly installed service commences with the date that the new DSR is available for use by the customer.

(b) The Service Period for an existing SONET service that is converted or upgraded to a new DSR commences with the date that the new DSR is available for use by the customer and ends sixty (60) months later (when ordered without the transitional billing option) or sixty-four (64) months later (when ordered with the transitional billing option), unless otherwise extended due to the addition of a node as described in (D)(4) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.19 Contract Tariff Option 18 (Cont'd) (N)

(D) Service Period (Cont'd)

(4) Node Additions

(a) An additional node(s) may be added to a new DSR at any time prior to the end of the 60 or 64 month Service Period, as applicable.

(b) Nodes added after the initial installation of a new DSR and during the subscription period specified in (B) preceding will have an expiration date that is coterminous with the expiration date of the 60 or 64 month Service Period for the initial nodes ordered, as applicable, and will be subject to the percentage discounts set forth in (F) following.

(c) Nodes added after the subscription period and prior to completion of the thirty-sixth (36th) month of the Service Period will have an expiration date that is coterminous with the expiration date of the 60 or 64 month Service Period for the initial nodes installed, as applicable, and will be subject to the rates and charges set forth in Section 20.2(K) preceding as determined in accordance with Section 19.1 preceding.

(d) Nodes added after the first 36 months of the Service Period will have an expiration date of twenty-four (24) months from the date that the additional node(s) is placed into service. The addition of these nodes also requires that the 60 or 64 month Service Period for the new DSR, as applicable, be extended by twenty-four (24) months thereby making the expiration date for the additional node(s) coterminous with the expiration date for the remainder of the new DSR. The additional node(s) will be subject to the rates and charges set forth in Section 20.2(K) preceding as determined in accordance with Section 19.1 preceding. The percentage discounts applicable to the new DSR during the extended Service Period are set forth in (F) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.19 Contract Tariff Option 18 (Cont'd) (N)

(E) Terms and Conditions

(1) Except as set forth in this Section 21.19, the terms and conditions and application of rates and charges as set forth in Section 20.2 preceding apply to the new DSRs and to any service connected to the new DSRs.

(2) The percentage discounts for the new DSRs subscribed to this Option 18 are set forth in (F) following and will be applied for the duration of the Service Period specified in (D) preceding or extended Service Period as set forth in (D)(4)(d) preceding. Only those new DSRs that are ordered during the subscription period of this Option 18 will receive the percentage discounts set forth in (F) following. New DSRs ordered at any time prior to or after the subscription period of this Option 18 are not eligible for the percentage discounts set forth in (F) following. Such new DSRs are subject to the rates and charges set forth in Section 20.2(K) preceding as determined in accordance with Section 19.1 preceding, unless otherwise subscribed to another contract tariff option in which case the rates and charges applicable to that contract tariff option apply.

(3) Except as set forth in this Option 18, all other rates and charges and terms and conditions set forth in other sections of this tariff apply for any other rate elements or work activity that may be associated with the new DSRs subscribed to this Option 18 (e.g., ports) and to any other service connected to such new DSRs.

(4) The conversion or upgrade from the existing SONET service to new DSR is complete when all circuits on the existing SONET service are disconnected from the existing SONET service and are installed and operational on the new DSR, and the existing SONET service is disconnected.

(5) Transitional Billing

(a) At the time of ordering a conversion involving physical work activity or an upgrade of existing SONET service to new DSR, a customer requesting the transitional billing option must specify such option in its order for service. In doing so, the customer will receive four (4) months of transitional billing credit as further described in (E)(5)(b) following, when the requirements set forth herein are met.

(b) Transitional billing credit is applied at fifty percent (50%) of the monthly recurring charges for the node, partial ring high speed (pass-through) interface and mileage rate elements on each existing SONET service and 50% of the monthly recurring charges for the node, high speed (pass-through) interface and mileage rate elements on each new DSR for which the customer orders the transitional billing option. Transitional billing credit is not applicable to ports or any other rate element on either the existing SONET service or new DSR. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.19 Contract Tariff Option 18 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(6) Upgrade of Existing SONET Services

An upgrade of existing CC Ring under this Option 18 is subject to the following requirements:

(a) One (1) or two (2) existing CC Ring (**the old ring(s)**) must be replaced with a single DSR of greater capacity (**the new DSR**) than the combined capacity of the old ring(s) being replaced (e.g., an OC12 old ring can be upgraded to a new OC48 DSR or to a new OC192 DSR, or two OC12 old rings can be upgraded to a new OC48 DSR); and

(b) The Service Period for the new DSR shall commence with the date that the new DSR is available for use by the customer; and

(c) The Service Period for the new DSR must have an expiration date that extends beyond the expiration date of the commitment period(s) associated with the old ring(s); and

(d) The new DSR must have at least one (1) customer premises node and one (1) CO node in common with each of the old ring(s); and

(e) When two (2) old rings are being upgraded into a single, higher capacity new DSR, the aggregate amount of all monthly charges for the nodes and ports included in the Service Period of the new DSR subscribed to under this Option 18 must be at least twenty-five percent (25%) greater than the aggregate amount of monthly charges remaining in the commitment period for the nodes and ports of the old rings being disconnected; and

(f) The customer must specify in its order for service whether or not the transitional billing option as set forth in (E)(5) preceding will apply for the upgrade of existing SONET service.

(7) Termination Liability and Minimum Period Charges

(a) Termination Liability

(1) Termination liability will not apply for disconnection of an existing SONET service when such disconnection occurs for the purpose of converting that existing SONET service to a new DSR under this Option 18.

Termination liability will not apply for disconnection of an existing SONET service when such disconnection occurs for the purpose of upgrading that existing SONET service to a new DSR under this Option 18 and the requirements set forth in (E)(6) preceding are met. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.19 Contract Tariff Option 18 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(7) Termination Liability and Minimum Period Charges (Cont'd)

(a) Termination Liability (Cont'd)

(2) Termination liability will apply if a new DSR that is subscribed to this Option 18 is discontinued prior to the end of the thirty-sixth (36th) month of the Service Period (when ordered without the transitional billing option as set forth in (E)(5) preceding) or prior to the end of the fortieth (40th) month of the Service Period (when ordered with the transitional billing option as set forth in (E)(5) following). Except as set forth in (E)(7)(a)(2)(a) and (b) following, termination liability is subject to the terms and conditions set forth in Section 20.2 preceding.

(a) Termination Liability on a new DSR that is ordered without the transitional billing option set forth in (E)(5) preceding applies to the node and partial ring high speed (pass-through) interface rate elements only at 100% of the monthly recurring charge from the date of disconnection through the end of the first twenty-four (24) months of the Service Period and 75% of the monthly recurring charge from the twenty-fifth (25th) month of the Service Period through the end of the thirty-sixth (36th) month of the Service Period. Termination liability does not apply in months thirty-seven (37) through months sixty (60) of the Service Period.

(b) Termination Liability on a new DSR that is ordered with the transitional billing option set forth in (E)(5) preceding applies to the node and partial ring high speed (pass-through) interface rate elements only at 100% of the monthly recurring charge from the date of disconnection through the end of the first twenty-eight (28) months of the Service Period and 75% of the monthly recurring charge from the twenty-ninth (29th) month of the Service Period through the end of the fortieth (40th) month of the Service Period. Termination liability does not apply in months forty-one (41) through months sixty-four (64) of the Service Period.

(3) When calculating any termination liability charge under this Option 18, the percentage discounts set forth in (F) following are not used. Such termination liability will be calculated using the 5-year term plan rates set forth in Section 20.2(K) preceding as determined in accordance with Section 19.1 preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.19 Contract Tariff Option 18 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(7) Termination Liability and Minimum Period Charges (Cont'd)

(b) Minimum Period Charges

Minimum period charges apply if a new DSR or any service connected to such new DSR is disconnected prior to satisfying the minimum period requirement for the service involved. Minimum periods for each service are specified in Section 3.2.4 preceding. When calculating any minimum period charges under this Option 18, the percentage discounts set forth in (F) following are not used. Such minimum period charges will be calculated using the applicable rates for the type of service involved as set forth in Section 20.2(K) preceding as determined in accordance with Section 19.1 preceding.

(8) Shared Use as set forth in Section 20.2(H) preceding is allowed under this Option 18; however, only the Special Access portion of the new DSRs are eligible for the rates set forth in (F) following.

(9) Expiration of Service Period

Upon completion of the Service Period for this Option 18, the customer must choose one of the following options:

(a) discontinue service without termination liability; or

(b) select any then offered term plan or contract tariff option for which the customer is eligible; or

(c) continue subscription to the service on a monthly basis at the 5-year term plan rates and charges set forth in Section 20.2(K) preceding as determined in accordance with Section 19.1 preceding.

(d) In the event that the customer does not make an election of (E)(9)(a) through (c) preceding, the customer's subscription to the new DSR will continue in accordance with (E)(9)(c) preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.19 Contract Tariff Option 18 (Cont'd) (N)

(F) Rates and Charges

The following percentage discount will be applied to the rates set forth in Section 20.2(K) preceding for new DSRs that are subscribed to this Option 18. Such percentage discounts will continue to be applied through the end of the Service Period specified in (D) preceding. The rates and charges that apply to such new DSRs after the end of the Service Period and for any other rate not shown, whether for the new DSRs or for a service connected to such new DSRs, are the rates and charges set forth in other sections of this tariff. At the end of the Service Period, the following percentage discounts will no longer be applied.

		Percentage Discount	Nonrecurring Charges
(1)	**Enhanced Nodes**, per node		
	OC3 Enhanced Node	30%	None
	OC12 Enhanced Node	30%	None
	OC48 Enhanced Node	30%	None
	OC192 Enhanced Node	30%	None
(2)	**Partial Ring High Speed (Pass-through) Interfaces,** per interface		
	OC3 Interface	30%	None
	OC12 Interface	30%	None
	OC48 Interface	30%	None
	OC192 Interface	30%	None

		Percentage Discount
(3)	Ring **Mileage**, per mile	
	OC3	30%
	OC12	30%
	OC48	30%
	OC192	30% (N)

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.20 Contract Tariff Option 19 (N)

(A) Scope

(1) Contract Tariff Option 19 (**Option 19**) is an offering exclusively for:

- a new installation of Optical Carrier 3 (OC3), Optical Carrier 12 (OC12), Optical Carrier 48 (OC48), or Optical Carrier 192 (OC192) Special Access Verizon Dedicated SONET Ring service (**DSR**) as described in Section 20.2 preceding when such new installation of DSR is ordered under a 5-year term plan (**new DSR**); or
- an upgrade of DSR to a DSR of to a higher optical carrier rate when such upgrade is ordered under a 5-year term plan and in accordance with (B)(3)(b) and Section 20.2 preceding (**upgrade of DSR**); or
- a renewal to a 5-year commitment period for an existing DSR at OC3, OC12, OC48, or OC192 when such existing DSR is still in-service under a 3-year or a 5-year term plan that has (i) already expired and the customer did not select a new plan under Section 20.2 preceding or extend the expiring commitment period under Section 20.2 preceding; or (ii) that will expire during the subscription period described in (B)(1) following (collectively, **renewal of DSR**); or
- a conversion of an existing Custom Connect service as described in Section 20 preceding (**Custom Connect**) to DSR as described in Section 20.2 preceding when such replacing DSR is ordered under a 5-year term plan (**conversion to DSR**).

(2) Option 19 applies a percentage discount to certain monthly rate elements for a new DSR, an upgrade of DSR, a renewal of DSR, or a conversion to DSR when ordered in accordance with the terms of this Option 19. Switched Access DSR rate elements as set forth in Section 20.2 preceding are not eligible for the Option 19 percentage discounts set forth in (H) following.

(B) Eligibility Requirements

All of the following requirements must be met in order to be eligible for subscription to Option 19.

(1) A customer must subscribe to Option 19 by submitting a written authorization in a manner designated by the Telephone Company during the twelve (12) month period that begins on May 13, 2006 and ends on May 12, 2007 (**Subscription Period**).

(2) The customer must accept service on the original service date. If the customer does not accept service on the original service date, the customer's acceptance of the service on a later date will make the service ineligible for the Option 19 percentage discounts set forth in (H) following, unless the later service date is designated by the Telephone Company. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. CONTRACT TARIFFS (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(B) Eligibility Requirements (Cont'd)

(3) A customer must order a new DSR, an upgrade of DSR, a renewal of DSR, or a conversion to DSR, as applicable, in accordance with this Option 19 and during the Subscription Period specified in (B)(1) preceding.

(a) Except when ordering an upgrade of DSR as set forth in (B)(3)(b) following or a conversion to DSR as set forth in (B)(3)(c) following, a new DSR does not include a DSR service that was subscribed to under another contract tariff option in this Section 19 or that was disconnected from its current location and installed as new at that same location.

(b) Upgrades

(1) An upgrade of an existing DSR service to a DSR with a greater optical carrier rate under this Option 19 is subject to all of the following requirements.

(a) One (1) or two (2) existing DSRs (**the old DSR(s)**) must be replaced with a single DSR of greater capacity (**the new DSR**) than the combined capacity of the old DSR(s) being replaced (e.g., an OC12 old DSR can be upgraded to a new OC48 DSR or to a new OC192 DSR, or two OC12 old DSRs can be upgraded to a new OC48 DSR), and the new DSR must be ordered with a 5-year term plan; and

(b) The Service Period for the new DSR shall commence with the date that the new DSR is available for use by the customer; and

(c) When upgrading one old DSR to a new DSR, the expiration date of the 5-year Service Period for the new DSR must be a later date than the date that the term plan for the old DSR would have expired. When upgrading two old DSRs to a new DSR, the expiration date of the 5-year Service Period for the new DSR must be a later date than the date that the term plan for the old DSR with the later expiration date would have expired; and

(d) The new DSR must have at least one (1) customer premises node location and one (1) CO node location in common with each of the old DSR(s); and

(e) When two (2) old DSRs are upgraded to a new DSR, the aggregate amount of all monthly charges for the nodes and ports included in the Service Period of the new DSR must be at least twenty-five percent (25%) greater than the aggregate amount of monthly charges remaining in the commitment period for the nodes and ports of the old DSRs being disconnected.

(f) The customer must specify in its order for service whether or not the transitional billing option as set forth in (G)(5) following will apply for the upgrade. (N)

21. CONTRACT TARIFFS (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(B) Eligibility Requirements (Cont'd)

(3) (Cont'd)

(b) Upgrades (Cont'd)

(2) The following types of changes are not considered upgrades under this Option 19 and are not eligible for the Option 19 discount:

- A change of an existing DSR using nodes that are not enhanced to a DSR of the same optical carrier rate that uses enhanced nodes (e.g., an existing OC12 DSR using nodes that are not enhanced which is replaced with a new OC12 DSR with enhanced nodes is not an upgrade)
- The addition of one (1) or more port(s) or node(s) to an existing DSR service
- Two (2) existing DSRs that are replaced with one (1) new DSR of the same optical carrier rate (e.g., 2 existing OC12 DSRs that are replaced with 1 new OC12 DSR is not an upgrade or 1 existing OC3 DSR and 1 existing OC12 DSR that are replaced with 1 new OC12 DSR is not an upgrade)
- An existing DSR that is replaced with a new DSR of the same optical carrier rate but is configured with an additional node(s) (e.g., an existing OC12 DSR with ten (10) nodes that is replaced by a new OC12 DSR with eleven (11) nodes is not an upgrade).

(c) Conversions

(1) Conversions of Custom Connect purchased under Section 20 preceding to DSR purchased under this Option 19 are eligible for the Option 19 percentage discounts set forth in (H) following, provided that the replacing DSR has at least one (1) customer premises node location and one (1) CO node location in common with the Custom Connect being replaced, and all terms and conditions for a conversion as set forth in Section 20.2 preceding and this Section 21.20 are met.

(2) When converting Custom Connect purchased under Section 20 preceding to DSR purchased under this Option 19, and such DSR is a higher optical carrier rate than the Custom Connect being replaced (i.e., an upgrade to a higher optical carrier rate), the customer has the option to order the conversion with the transitional billing option as set forth in (G)(5) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(C) Serving Area

(1) The serving area of Option 19 consists of the Metropolitan Statistical Areas (**MSAs**) set forth in (C)(1)(a) and (b) following.

(a) In the following MSAs, the Option 19 discount will be applied to all of the eligible rate elements for the service as specified in (E) following.

Akron, OH
Bloomington, IL
Dallas-Fort Worth, TX
Fort Wayne, IN
Lakeland-Winter Haven, FL
Portland, OR
Raleigh-Durham, NC
San Francisco-Oakland, CA
Sarasota, FL
Seattle-Everett, WA
Tampa-St. Petersburg, FL

(b) In the following MSAs, the Option 19 discount will be applied to all of the eligible rate elements for the service as specified in (E) following, with the exception of nodes located at an End User designated location or premises.

Flint, MI
Houston, TX
Los Angeles-Long Beach, CA
Oxnard-Simi Valley-Ventura, CA
Santa Barbara-Santa Maria, CA

(2) Any additions of, or changes to, the wire centers within an MSA that occur during the Service Period of a DSR subscribed to under this Option 19 will apply beginning on the effective date of such change and continue through the end of the commitment period. When such change results in an increase or decrease to the rates applicable to the DSR under this Option 19, no retroactive billing or adjustment will be made for the portion of the Service Period that has elapsed prior to the effective date of the change. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(D) Service Period

The Service Periods for DSR that is subscribed to this Option 42 are as follows:

(1) The **Service Period for a new DSR or a renewal of DSR** that is subscribed to this Option 42 is sixty (60) months. The Service Period for a new DSR or a renewal of DSR may be extended under (D)(8) following.

(2) The **Service Period for an upgrade of DSR or a conversion to DSR** that is subscribed to this Option 19 is sixty (60) months. The customer may elect the transitional billing option set forth in (G)(5) following for an upgrade of DSR or a conversion to DSR (when such conversion is to a higher capacity DSR than the Custom Connect being replaced), in which case the Service Period is extended to sixty-two (62) months. The Service Period for an upgrade of DSR or a conversion to DSR may be extended under (D)(8) following.

(3) The applicable Service Period set forth in (D)(1) or (D)(2) preceding is applicable to the enhanced nodes, partial ring high speed (pass-through) interfaces, and mileage of each DSR that is subscribed to under this Option 19. The Service Period is that period of time during which the percentage discounts set forth in (H) following apply, and is in lieu of the 5-year commitment period specified in Section 20.2 preceding.

(4) The Service Period for a new DSR under (D)(1) preceding, the replacing DSR for an upgrade of DSR under (D)(2) preceding, or the replacing DSR for a conversion to a DSR under (D)(2) preceding commences with the date that billing for the new or replacing DSR begins and ends sixty (60) months later unless otherwise extended due to the addition of a node under (D)(8) following or by the customer's election of transitional billing option under (G)(5) following.

(5) The Service Period for a renewal of DSR under (D)(1) preceding whose commitment period expired prior to May 13, 2006 commences with the date of subscription to this Option 19 and continues for sixty (60) months unless otherwise extended due to the addition of a node under (D)(8) following or the customer's election of the transitional billing option under (G)(5) following.

(6) The Service Period for a renewal of DSR under (D)(1) preceding whose commitment period expires during the subscription period specified in (B)(1) preceding commences on the later of the first day following the expiration date of the commitment period for the expiring term plan or the date the customer elects to renew the DSR under Option 19 and ends sixty (60) months later unless otherwise extended due to the addition of a node under (D)(8) following. For example, the Service Period for a DSR that is due to expire May 27, 2006 and is renewed in accordance with this Option 19 prior to May 27, 2006 shall commence on May 28, 2006. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(D) Service Period (Cont'd)

(7) During the applicable Service Period, the customer is subject to termination liability under (G)(6) following if service under this Option 19 is discontinued prior to the end of the Service Period or a port purchased under Section 20.2 preceding is discontinued prior to the end of the Service Period for the associated DSR.

(8) Node Additions

(a) General

An additional node(s) may be added to a DSR that is subscribed to this Option 19 at any time prior to the end of the Service Period as determined in (D)(1) or (D)(2) preceding.

(b) Nodes Ordered During Subscription Period

Additional nodes ordered after the initial installation or establishment of DSR under this Option 19 and during the subscription period specified in (B)(1) preceding will have an expiration date that is coterminous with the expiration date of the applicable Service Period for the initial nodes ordered. The percentage discounts set forth in (H) following will be applied to the monthly rates for such additional nodes. Such additional node(s) are also subject to termination liability under (G)(6) following when disconnected prior to the end of the Service Period.

(c) Nodes Added After the Subscription Period and Prior to Month 36 or Month 38 of the Service Period

Nodes added after the subscription period and prior to completion of the first thirty-six (36) months of the Service Period (or thirty-eight (38) months of the Service Period for DSRs ordered with the transitional billing option) will have an expiration date that is coterminous with the expiration date of the applicable Service Period for the initial nodes ordered. Such added nodes will be subject to the rates and charges set forth in Section 20.2 preceding (as determined in accordance with Section 19.1 preceding) and are not eligible for the percentage discounts applied under this Option 19. The percentage discounts specified in (H) following will be applied to the rates for the remaining nodes (i.e., nodes ordered with the initial installation of service or at any time prior to the end of the subscription period) and other eligible rate elements during the Extended Service Period.

(d) Nodes Added After Month 36 or Month 38 of the Service Period

Nodes added after the first 36 months of the Service Period (or after the first 38 months of the Service Period for DSR ordered with the transitional billing option) require that the applicable Service Period for the entire DSR be extended by twenty-four (24) months thereby making the expiration date for the additional node(s) coterminous with the expiration date for the remainder of the service (**Extended Service Period**). The additional node(s) will be subject to the rates and charges set forth in Section 20.2 preceding (as determined in accordance with Section 19.1 preceding) and to termination liability under (G)(6) following for early discontinuance of service. Such nodes are not eligible for the application of the percentage discounts specified in (H) following. For the remaining nodes (i.e., nodes ordered with the initial installation of service or at any time prior to the end of the subscription period) and other eligible rate elements, the percentage discounts specified in (H) following shall be applied during the Extended Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(E) The following DSR rate elements and service configurations are eligible for application of the percentage discounts specified in (H) following.

(1) DSR rate elements that are eligible for the percentage discounts specified in (H) following are:

- Enhanced nodes (OC3, OC12, OC48, OC192), including subtending nodes
- Mileage (OC3, OC12, OC48, OC192)
- Pass Through Interface, Per Interface (OC3, OC12, OC48, OC192)

(2) Both full ring and partial ring service configurations may be subscribed to this Option 19.

(F) Application of Percentage Discounts

(1) The percentage discounts for this Option 19 are set forth in (H) following and will be applied to the monthly rates set forth in Section 20.2 preceding for the eligible rate elements set forth in (E)(1) preceding during. Such percentage discounts will be applied during the Service Period or Extended Service Period for DSRs subscribed to this Option 19. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(G) Terms and Conditions

Unless superseded by the terms and conditions set forth herein, all terms and conditions, including termination liability and minimum periods, as stated in Section 20.2 preceding or, with respect to conversions, Section 20 preceding, apply to the DSR services subscribed to under this Option 19.

(1) The Option 19 percentage discounts set forth in (H) following will apply only for the duration of the Service Period set forth in (D)(1) or (D)(2) preceding or the Extended Service Period set forth in (D)(8)(d) preceding. If the customer renews or extends the commitment period for such DSR in accordance with Section 20.2 preceding, or if the customer does not take any action after expiration of the applicable Service Period, then in each case, the percentage discounts set forth in (H) following shall not apply during such period following expiration of the applicable Service Period.

(2) For nodes added prior to the end of the subscription period (i.e., nodes ordered in accordance with Section (D)(8)(b) preceding), the percentage discounts set forth in (H) following will be used to calculate termination liability charges (as set forth in (G)(6) following) as they apply under this Option 19 and other sections of this tariff. For nodes added after the end of the subscription period, the percentage discounts set forth in (H) following are not used in the calculation.

(3) Work Activity Ordered on DSR Subscribed to Option 19

(a) With the exception of adding a node under (D)(8) preceding, removing a node of a DSR service subscribed to under this Option 19, or adding or removing ports under (G)(3)(b) following, any replacements, rearrangements, or other physical change to the service subscribed to Option 19 will result in cancellation of the customer's subscription to this Option 19 for that service, in which case application of the percentage discounts set forth in (H) following will cease and the rates and charges set forth in Section 20.2 preceding (as determined in accordance with Section 19.1 preceding) will apply for the balance of the Service Period for the affected DSR. If the addition or removal of a node results in an increase or decrease in the total number of miles around the circumference of the ring, the percentage discounts set forth in (H) following will continue to be applied to such increase or decrease in the mileage rate element.

(b) At any time during the Service Period or Extended Service Period, as applicable, the customer may add or remove ports to the DSR service subscribed to under this Option 19 in accordance with Section 20.2 preceding, except that such ports will be subject to termination liability under (G)(6) following. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(G) Terms and Conditions (Cont'd)

(4) Subscription to Other Contract Tariff Options

(a) A customer subscribing to DSR services under this Option 19 may concurrently subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company and available to the customer either currently or at any time during the Service Period, which tariff arrangement, contract tariff option, special service arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by the customer for those same services.

(b) Notwithstanding (G)(4)(a) preceding, the customer may not subscribe any DSR rate element that receives the Option 19 discount to any other contract tariff, unless subscription of such DSR is explicitly allowed under that contact tariff option. Upon subscription to another contract tariff option, the percentage discounts set forth in (H) following will no longer be applied, unless explicitly allowed under that contract tariff option.

(5) Transitional Billing

(a) At the time of ordering an upgrade of DSR under (B)(3)(b) preceding or a conversion to DSR with a greater optical carrier rate under (B)(3)(c) preceding, a customer requesting the transitional billing option must specify such option in its order for service. In doing so, the Service Period under this Option 19 is extended to 62 months and the customer will receive two (2) months of transitional billing credit for an upgrade of DSR or conversion from Custom Connect to DSR with a higher optical carrier rate. Transitional billing credit is described in (G)(5)(b) following and will be applied when the requirements set forth herein are met.

(b) Transitional billing credit is applied for two (2) months at fifty percent (50%) of the monthly recurring charges for the node, partial ring high speed (pass-through) interface, and mileage rate elements on each existing DSR or Custom Connect service, as applicable, and 50% of the monthly recurring charges for the enhanced node, partial ring high speed (pass-through) interface, and mileage rate elements on each replacing DSR (the DSR that is subscribed to this Option 19) for which the customer orders the transitional billing option. The percentage discounts set forth in (H) following will be applied to the applicable rate elements when determining the transitional billing credit for each replacing DSR. Transitional billing credit is not applicable to ports, conversion from Custom Connect to DSR with the same optical carrier rate, or to any other rate element associated with the existing DSR, the existing Custom Connect, or the replacing DSR. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(G) Terms and Conditions (Cont'd)

(6) Termination Liability

(a) Termination liability will not apply to termination of an existing DSR's commitment period when such DSR is upgraded under (B)(3)(b) preceding and Section 20.2 preceding or converted under (B)(3)(c) and Section 20 preceding.

(b) Termination liability will apply if the DSR subscribed to this Option 19, a portion of the DSR subscribed to this Option 19, or a port purchased under Section 20.2 preceding is terminated prior to the end of the applicable Service Period or Extended Service Period specified in (D) preceding as follows.

(1) Where the Service Period is sixty (60) months and the DSR, a portion of the DSR, or port is cancelled within the first thirty-six (36) months of the Service Period, termination liability applies at 100% of the monthly recurring charge for the affected node, partial ring high speed (pass-through) interface, and port rate elements only beginning with the date of disconnection and continuing through the end of the first thirty-six (36) months of the 60 month Service Period.

(2) Where the Service Period is sixty-two (62) months and the DSR, a portion of the DSR, or a port is cancelled within the first thirty-eight (38) months of the Service Period, termination liability applies at 100% of the monthly recurring charge for the affected node, partial ring high speed (pass-through) interface, and port rate elements affected only beginning with the date of disconnection and continuing through the end of the first thirty-eight (38) months of the 62 month Service Period.

(3) When calculating termination liability under (G)(6)(b)(1) or (2) preceding for the node or high speed (pass-through) interface rate elements, the percentage discounts set forth in (H) following are used in the calculation. When calculating the termination liability charge on ports, the rates set forth in Section 20.2 preceding are used in the calculation and percentage discounts set forth in (H) following are not used.

(c) Termination liability does not apply if the DSR subscribed to this Option 19, a portion of the DSR subscribed to this Option 19, or a port purchased under Section 20.2 preceding is cancelled after the first 36 months of a 60 month Service Period, or after the first 38 months of a 62 month Service Period. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(G) Terms and Conditions (Cont'd)

(7) Shared Use as set forth in Section 20.2(H) preceding is allowed under this Option 19; however, only the Special Access portion of such DSR is eligible for the percentage discounts set forth in (H) following.

(8) Expiration of Service Period

Upon completion of the Service Period or Extended Service Period for this Option 19, as applicable, the customer subscription to this Option 19 is terminated and the customer must choose one of the following options:

(a) discontinue service without termination liability; or

(b) select any then offered term plan or contract tariff option for which the customer is eligible, in which case the percentage discounts set forth in (H) following will cease; or

(c) continue subscription to the service on a monthly basis at the 5-year term plan rates and charges set forth in Section 20.2 preceding (as determined in accordance with Section 19.1 preceding), in which case the percentage discounts set forth in (H) following will cease.

(d) In the event that the customer does not make an election of (G)(8)(a) through (c) preceding, the customer's subscription to the new, upgraded, or conversion DSR will continue in accordance with (G)(8)(c) preceding. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.20 Contract Tariff Option 19 (Cont'd) (N)

(H) Percentage Discounts

The following percentage discounts will be applied to the monthly recurring rates for the DSR rate elements specified in (E) preceding when that DSR is subscribed to this Option 19. Such percentage discounts will continue to be applied through the end of the Service Period set forth in (D)(1) preceding or the Extended Service Period set forth in (D)(8)(d) preceding. The rates and charges that apply to such DSR rate elements after the end of the Service Period or Extended Service and for any other rate not shown, whether for the DSR or for a service connected to such DSR, are the rates and charges set forth in other sections of this tariff. The percentage discounts in this Section 21.20(H) are not applicable after the end of the Service Period, after the end of the Extended Service Period, or to any other rate element for DSR or a service connected to such DSR.

	Percentage Discounts	Nonrecurring Charges
(1) **Enhanced Nodes**, per node		
OC3 Enhanced Node	15%	None
OC12 Enhanced Node	20%	None
OC48 Enhanced Node	23%	None
OC192 Enhanced Node	35%	None
(2) **Partial Ring High Speed (Pass-through) Interfaces,** per interface		
OC3 Enhanced Node	15%	None
OC12 Interface	20%	None
OC48 Interface	23%	None
OC192 Interface	35%	None

	Percentage Discounts
(3) Ring **Mileage**, per mile	
OC3	15%
OC12	20%
OC48	23%
OC192	35% (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (N)

(A) Scope

Contract Tariff Option 20 (**Option 20**) is offered for a service period of three (3) years and provides a customer with billing credits when the customer maintains a Minimum Annual Revenue Commitment (**MARC**), as determined in (F)(1) following for the Qualifying Services set forth in (E)(1) following (**MARC for Qualifying Services**). Calculation of the MARC for Qualifying Services and the billing credits shall be in accordance with the terms of this Option 20.

(B) Eligibility

The customer must meet all of the following criteria in order to be eligible for subscription to Option 20 and to receive the billing credits set forth in (G) following.

(1) A customer subscribes to Option 20 by submitting a written authorization in a manner designated by the Telephone Company during the thirty (30) day period which begins on May 20, 2006 and ends on June 18, 2006 (**Subscription Period**).

(2) During the twelve (12) month period prior to the commencement of the Service Period set forth in (C) following, the customer must have achieved a minimum of one hundred thirty-six million $136,000,000 (**$136M**) in billed monthly recurring revenue (**MRC**)for the Qualifying Services (as defined in (E)(1) following).

(3) During the Service Period, in order to receive any Billing Credits, the customer must:

(a) Meet or exceed the MARC, as described in (F) following, for Qualifying Services; and

(b) Must satisfy the Network Grooms Restriction described in (J)(1) following.

(4) The MARC for Qualifying Services shall be calculated using the criteria and mechanism set forth in (F) following. Billing Credits shall vary depending on the MARC for Qualifying Services achieved by the customer during the Service Period, and such Billing Credits shall be calculated in accordance with (G)(1) and (G)(2) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(B) Eligibility (Cont'd)

(5) Other than as set forth in (K) following, the customer may not concurrently subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (ICB) tariff offered by the Telephone Company and available to the customer either currently or at any time during the Service Period which provides a discount, credit, or other reduction in rates or terms based on achievement of certain targets by the customer for the Qualifying Services without written consent from the Telephone Company. Notwithstanding the foregoing, the customer will be eligible to continue to participate in Contract Option 4 preceding.

(C) Service Period

The Service Period of this Option 20 shall be for a period of three (3) years from the date of subscription to Option 20.

(D) Service Area

The Service Area for this Option 20 includes all of the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under this tariff and under the Verizon Telephone Companies Tariff F.C.C. No. 1 (**FCC 1**), the Verizon Telephone Companies Tariff F.C.C. No. 11 (**FCC 11**), and the Verizon Telephone Companies Tariff F.C.C. No. 20 (**FCC 20**). Wire centers for the Phase II MSAs in this tariff are listed in Section 19.1 preceding. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status) that occur during the Service Period will apply. No Billing Credits will be provided in the operating territories of the Verizon Telephone Companies Tariff F.C.C. No. 16 (**FCC 16**), but the calculation of the MARC for the Qualifying Services will include all Qualifying Services specified in (E)(1)(a) following which are purchased by the customer under FCC 16. (x) (x) (x) (N)(x)

(x) Issued under authority of Special Permission No. 06-019 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(E) Qualifying Services

(1) Qualifying Services will be comprised of the following services purchased by the customer during the Service Period:

(a) SONET and Optical Services, as set forth in Sections 6, 7, 8 and 23 of FCC 1, Sections 6, 7, 26 and 34 of FCC 11, Section 20 of this tariff (including Banded Optical Transport Services within that section), and Section 20 of FCC 16 (including Banded Optical Transport Services within that section), and Federal Telecommunications Access Service, as set forth in Section 17 of FCC 1 and Section 24 of FCC 11, (collectively, **SONET/Optical Services**); (x)

(b) Advanced Services (Frame Relay, Asynchronous Transfer Mode (ATM), and Transparent LAN Services) as set forth in FCC 1 (Section 16) and FCC Tariff No.20 (Section 5); and (x)

(c) FMS Services as set forth in FCC 1 (Sections 6.8.26 and 7.2.13) and in FCC 11 (Sections 6.2.12 and 7.2.16). (x)

(2) If the Telephone Company introduces new SONET/Optical Services, Advanced Services or FMS Services, or an enhancement to such services during the Service Period set forth in (C) preceding, then such services shall be automatically included in the Qualifying Services, and the customer's purchases of such new or enhanced Qualifying Services shall be included in the calculation of the MARC, subject to the terms and conditions set forth herein.

(3) All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in (E)(1) preceding shall not be eligible for inclusion as Qualifying Services under this Option 20. (N)

(x) Issued under authority of Special Permission No. 06-019 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(F) Minimum Annual Revenue Commitment (MARC)

(1) General

(a) Subject to any credits or adjustments as set forth in this (F)(1)(a), the customer's MARC shall include only MRCs for the Qualifying Services, which shall include any credits or discounts given under existing pricing term plans (e.g., Service Discount Plan, Term Payment Plans, or Commitment Discount Plan) or Contract Tariff Option 4 preceding, if applicable, that are generated in the course of billing monthly recurring revenue for the Qualifying Services provided during the Service Period. Any credits and adjustments made to MRC amounts for Qualifying Services, as set forth above, which are purchased by the customer during the Service Period shall be included in the calculation of the MARC for the Qualifying Services.

(b) The MARC for the Qualifying Services does not include any revenue other than as set forth in Section (F)(1)(a) preceding. As an illustrative example, the following types of charges are not included in the calculation of the MARC for the Qualifying Services. The following is an illustrative list and is not intended to be a comprehensive listing of all other charges excluded from the calculation of the MARC for the Qualifying Services.

(1) Any non recurring charges
(2) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund)
(3) Service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty)
(4) Any other billed amount related to Qualifying Services for which payment is being withheld or under dispute by the customer
(5) Credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services
(6) Shortfall or overage charges associated with term plan true-ups, (for example, such as failure to satisfy commitment levels pursuant to the CDP Plan); or
(7) Termination liabilities and minimum period charges
(8) Any other charges which are not applied on a recurring monthly basis.

(c) In calculating the MARC for Qualifying Services, the Telephone Company shall determine the total amount of billed MRCs for Qualifying Services which have been purchased by the customer during the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd)

(F) Minimum Annual Revenue Commitment (MARC) (Cont'd)

(1) General (Cont'd)

(d) Unless otherwise mutually agreed to by the customer and the Telephone Company, in the event the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply.

(1) The customer may not combine or include any revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in the calculation of the MARC for Qualifying Services.

(2) The customer may continue subscribing to this Option 20 for the duration of the Service Period based on its business with the Telephone Company as of the date of subscription to this Option 20, without adding the revenues attributable to expansion of the customer's purchase of Services from the Telephone Company though merger, transfer, assignment, or acquisition.

(3) The Telephone Company reserves right to terminate the customer's subscription to this Option 20 if the customer does not adhere to the provisions of this Section (F)(1)(d).

(e) If an Issuing Carrier of this tariff is acquired by an unaffiliated third party (**Acquired VZ Telco**), or all or part of the assets of such Issuing Carrier are acquired by an unaffiliated third party (Acquired VZ Telco), then the MARC for Qualifying Services shall be proportionately reduced by the applicable Acquisition Reduction Amount (defined in (F)(1)(e)(1) following).

(1) An Acquisition Reduction Amount shall be calculated for the Qualifying Services as follows:

(a) calculate the amount of Qualifying Services purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Acquired VZ Telco ceases to provide the Qualifying Services; then (T)

(b) calculate the average monthly amount purchased by the customer from the Acquired VZ Telco for Qualifying Services by dividing the number calculated in (a) preceding by 12; and

(c) multiply the average monthly amount for Qualifying Services calculated in (b) preceding by the number of months remaining in the year in which the acquisition occurs. (C)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd)

(F) Minimum Annual Revenue Commitment (MARC) (Cont'd)

(1) General (Cont'd)

(e) (Cont'd)

(2) As an illustrative example:

(a) Assume that Verizon New York Inc. was acquired by an unaffiliated third party and ceased to operate in month 15 of the Service Period.

(b) Assume that the customer purchased $12M of Qualifying Services from Verizon New York Inc. during the 12 months prior to the time that Verizon New York Inc. ceased to provide the Qualifying Services under this Option 20.

(c) Assume that at the end of the first year of the Service Period, the customer's MARC for Qualifying Services is $140M.

(d) Then the Acquisition Reduction Amount would be $9M ($12M divided by 12 months, then multiplied by 9, the remaining months of the second year of the Service Period).

(e) The new MARC for year two of the Service Period would be $131M ($140M minus Acquisition Reduction Amount of $9M). (C)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd)

(F) Minimum Annual Revenue Commitment (MARC) (Cont'd)

(1) General (Cont'd)

(g) When the Telephone Company (i) ceases to offer one or more of the Qualifying Services specified in (E)(1) preceding under this tariff, or (ii) the customer replaces a Qualifying Service specified in (E)(1) preceding with a non-tariffed service offered by the Telephone Company (**Replacement Service**), (collectively, **Affected Qualifying Services**), then the MARC for Qualifying Services shall be proportionately reduced by the Tariff Reduction Amount (defined in (F)(1)(g)(1) following). (T) (N) (N) (N)

(1) The **Tariff Reduction Amount** shall be calculated as follows:

(a) calculate the amount of the Affected Qualifying Services purchased by the customer from the Telephone Company during the twelve (12) months prior to (i) the date that the Affected Qualifying Services are no longer offered under this tariff, or (ii) the date the Telephone Company has provided the Replacement Service to the customer, whichever occurs first; (T) (T) (N) (N)

(b) calculate the average monthly amount of the Affected Qualifying Services purchased by the customer by dividing the number calculated in (a) preceding by 12: and (T)

(c) multiply the average monthly amount of the Affected Qualifying Services calculated in (b) preceding by the number of months remaining in the plan year for the Qualifying Services that (i) are no longer offered under this tariff, or (ii) are replaced with Replacement Services, as applicable. (T) (T) (N)

(2) As an illustrative example:

(a) Assume that the Telephone Company ceases to offer certain Qualifying Services on November 20, 2006.

(b) Assume also that the customer purchased twelve million ($12M) of such Qualifying Services during the twelve (12) months prior to the date that the Telephone Company ceased offering such Qualifying Services.

(c) Assume also that the customer's MARC is one hundred thirty-six million ($136M) during the first year of the Service Period.

(d) Then the Tariff Reduction Amount would be six million ($6M) ($12M divided by 12 months, then multiplied by 6, the remaining months of the first year of the Service Period).

(e) The new MARC for the first year of the Service Period would be one hundred thirty million ($130M) ($136M minus the Tariff Reduction Amount of $6M). (C)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(F) Minimum Annual Revenue Commitment (MARC) (Cont'd)

(2) Calculation of the MARC

(a) The customer's MARC for the first year of the Service Period shall be $136M. Beginning twelve (12) months after the date of subscription to Option 20, and every year thereafter, the Telephone Company will recalculate the customer's MARC as follows.

(1) The Telephone Company will determine the amount of the customer's MRCs for Qualifying Services during the three (3) month period prior to the end of each year of the Service Period.

(2) The Telephone Company will then multiply the amount determined in (1) preceding by four (4). If the resulting amount is less than the previous year's MARC, then the previous year's MARC will continue to apply, except as noted in (F)(2)(b) following. If the resulting amount is equal to or greater than the previous year's MARC, then that amount will become the customer's new MARC for the next year of the Service Period, unless the Telephone Company and the customer mutually agree that the new MARC should be adjusted due to billing errors by the Telephone Company during that three (3) month period set forth in (F)(2)(a)(1) preceding.

As an illustrative example:

(a) Assume that the customer's MARC for the first year of the Service Period is $136M; and

(b) Assume that in the 3 months prior to the end of the first year of the Service Period, the customer's MRCs were $34.85M ($11.2M, $11.7M and $11.95M, for the 3 prior months).

(c) Based on these assumptions, the MARC for year 2 of the Service Period would be $139.4M ($34.85M x 4). Since the resulting MARC for year 2 of the Service Period is greater than the MARC for the first year of the Service Period, the MARC for year 2 of the Service Period would be $139.4M. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(F) Minimum Annual Revenue Commitment (MARC) (Cont'd)

(2) Calculation of the MARC (Cont'd)

(b) The MARC may be decreased by the Telephone Company only in the following four (4) circumstances.

(1) If the customer changes to a longer commitment period on one of its existing discount plan(s), and such change results in a reduction to the MRCs for the embedded base of Qualifying Services (e.g., a change in FMS Service from a 5-Year term plan to a 7-Year term plan), the MARC will be reduced to reflect the decrease in MRCs and the Telephone Company will adjust the discount percentages used to determine the Billing Credits proportionally. Discount percentages for the MARC are specified in (L) following.

As an illustrative example:

(a) Assume the current MARC for the customer is $136M; and

(b) Assume that the customer subscribes to FMS Service under a 5-Year term plan; and

(c) Assume that during the first year of the Service Period the customer cancels the 5-Year term plan and subscribes to a new 7-Year term plan for its FMS Services; and

(d) Assume that the difference in the tariff rates between the 5-Year term plan rates for FMS Service mileage and the 7-Year term plan rates for FMS Service mileage is a twenty percent (20%) reduction.

(e) Finally, assume that seventy percent (70%) of the current MARC is attributable to revenue for FMS Service mileage.

Calculate the reduction to the MARC as follows:

Step 1: First multiply the current MARC by 70% to determine the portion of the MARC attributable to MRCs for FMS Service mileage at the current 5-Year term plan rates ($136M x .7 = $95.2M)

Step 2: Then reduce the MRCs for FMS Service mileage determined in Step 1 by the 20% difference in the tariff rates for the 5-Year term plan and the 7-Year term plan rates ($95.2M x .8 = $76.16M) (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(F) Minimum Annual Revenue Commitment (MARC) (Cont'd)

(2) Calculation of the MARC (Cont'd)

(b) (Cont'd)

(1) (Cont'd)

Step 3: Then determine the portion of the current MARC attributable to the remaining Qualifying Services by subtracting the MRCs for FMS Service mileage at the 5-Year term plan rates determined in Step 1 from the current MARC ($136M - $95.2M = $40.8M)

Step 4: Calculate the reduced MARC by summing the reduced portion of the current MARC attributable to FMS Service mileage at the 7-Year term plan rates as determined in Step 2 plus the portion of the current MARC attributable to the remaining Qualifying Services as determined in Step 3 ($76.16M + 40.8M = $116.96M)

Step 5: Adjust the discount percentages set forth in (L) following to reflect the reduction to the MARC as follows:

- Determine the weighted impact of the reduction in MRCs for the MARC by multiplying 70% (the assumed portion of the current MARC attributable to FMS Service mileage revenues) by the additional discount between the 5-Year term plan rates and the 7-Year term plan rates for FMS Service mileage rates (70% x 20% = a 14% reduction or 86% of the current MARC)

- Determine the adjusted Basic MARC discount percentage by multiplying the current discount percentage for the Basic MARC by the weighted impact of the reduction in FMS Service mileage. The adjusted Basic MARC discount percentage would be 1.72% (2% x 86%) (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd)

(F) Minimum Annual Revenue Commitment (MARC) (Cont'd)

(2) Calculation of the MARC (Cont'd)

(b) (Cont'd)

(1) (Cont'd)

Step 5 (Cont'd)

- Determine the adjusted FMS Mileage in Top 10 LATAs percentage discount by multiplying the current discount percentage for the FMS Mileage in Top 10 LATAs percentage discount by the weighted impact of the reduction in FMS Service mileage. The adjusted FMS Mileage in Top 10 LATAs MARC discount percentage would be 12.51% (14.55% x 86%)

- Determine the adjusted FMS Mileage in Wild Card LATAs percentage discount by multiplying the current discount percentage for the FMS Mileage in Wild Card LATAs percentage discount by the weighted impact of the reduction in FMS Service mileage. The adjusted FMS Mileage in Wild Card LATAs discount percentage would be 10.43% (12.13% x 86%)

(2) During the Service Period, if the Telephone Company reduces its MRCs for Qualifying Services by a cumulative 10% but less than 25% from May 20, 2006, then the MARC will be reduced by the same percentage.

As an illustrative example, assume that the customer's MARC is $136M and the cumulative reduction in MRCs since the start of the Service Period is eleven percent (11%). The MARC would be reduced to $121.04M ($136M x .89).

(3) If an Issuing Carrier of this tariff that participates in this Option 20, or the assets of such Issuing Carrier, is acquired by an unaffiliated third party as described in (F)(1)(e) preceding.

(4) If the Telephone Company ceases to offer any Qualifying Service(s) or the Telephone Company provides a Replacement Service as described in (F)(1)(g) preceding to the customer. (N) (N)

(c) If the Telephone Company reduces its rates for Qualifying Services by a cumulative twenty-five percent (25%) or more from May 20, 2006, the customer has the option to request that the Telephone Company reduce the MARC by the same percentage using the same method of reduction specified in (F)(2)(b)(2) preceding, or may terminate its subscription to this Option 20 upon sixty (60) days written notice. In such event, no Termination Charges under (I) following will apply.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(G) Billing Credits

(1) Quarterly Billing Credit Calculation

(a) At the end of each three (3) month period during the Service Period, the Telephone Company shall calculate the MRCs achieved by the customer during such three month period for Qualifying Services in accordance with the terms and condition set forth in this Option 20 (**Achieved Quarterly Revenue**). The Telephone Company will also develop a quarterly MARC by dividing the annual MARC by four (**Prorated Quarterly MARC**). The Telephone Company will then compare the Achieved Quarterly Revenue to the Prorated Quarterly MARC and also determine whether the customer has complied with the Grooms Restriction set forth in (J) following.

(1) If the Achieved Quarterly Revenue during the three month period is less than the Prorated Quarterly MARC, or if the customer has not complied with the Grooms Restriction, then the customer will not receive a Billing Credit for that particular three month period.

(2) If the customer has complied with the Grooms Restriction and the Achieved Quarterly Revenue during the three (3) month period is equal to or greater than the Prorated Quarterly MARC, then the customer will be eligible to receive a Quarterly Billing Credit for that three month period (**Quarterly Billing Credit**).

(b) In order to determine the amount of the Quarterly Billing Credit, the Telephone Company will perform the following calculation.

(1) Determine the Achieved Quarterly Revenue during the prior three (3) month period in according with (G)(1)(a) preceding for all of the Qualifying Services set forth in (E)(1)(a) through (c) preceding (**Basic MARC**). Then determine the MRC portion of the Basic MARC attributable to mileage for FMS Services in the Top 10 LATAs as defined in (G)(1)(b)(4) following, the MRC portion of the Basic MARC attributable to mileage for FMS in the five Wild Card LATAs as defined in (G)(1)(b)(4) following, and the MRC portion of the Basic MARC attributable to the mileage rate elements for the Banded Optical Transport Services as specified in (E)(1)(a) preceding. The Telephone Company will then apply such achieved amounts to the Discount Table specified in (L) following and apply the corresponding discount for each category, the results of which are the individual billing credits for the quarter for each category.

(2) To determine the Quarterly Billing Credit due to the customer, total the individual billing credits for each category determined in (b)(1) preceding and reduce such total by three percent (3%) to account for the customer's claims and disputes. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(G) Billing Credits (Cont'd)

(1) Quarterly Billing Credit Calculation (Cont'd)

(b) (Cont'd)

(3) As an illustrative example:

(a) Assume that the Groom Restriction set forth in (J) following has been met and that the customer's MARC is $136M.

(b) Assume that the customer's actual revenue for the prior 3 months is greater than the Prorated Quarterly MARC.

Calculate the Quarterly Billing Credit as follows:

Step 1: Develop the prorated Quarterly MARC by dividing the MARC (assume to be $136M) by 4 ($136M ÷ 4) resulting in a prorated Quarterly MARC of $34M.

Step 2: Determine the Billing Credit for the Basic MARC by multiplying the achieved MRCs for the prior three (3) months (assume to be $37.5M) by the discount percentage specified in (L) following ($37,500,000 x .02) resulting in a Billing Credit for the Basic MARC of $750,000.

Step 3: Determine the Billing Credit for FMS Mileage in the Top 10 LATA by multiplying the achieved MRCs for the prior three (3) months for FMS Mileage in the Top 10 LATAs (assume to be $13,046,355) by the discount percentage specified in (L) following ($13,046,355 x 14.55%) resulting in a Billing Credit for FMS Mileage in Top 10 LATAs of $1,898,245.

Step 4: Determine the Billing Credit for FMS Mileage in the Wild Card LATAs by multiplying achieved MRCs for the prior three (3) months for FMS Mileage in the Wild Card LATAs (assume to be $3,007,694) by the discount percentage specified in (L) following ($13,046,355 x 12.13%) resulting in a Billing Credit for FMS Mileage in Wild Card LATAs of $364,833. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(G) Billing Credits (Cont'd)

(1) Quarterly Billing Credit Calculation (Cont'd)

(b) (Cont'd)

(3) (Cont'd)

Step 5: Determine the Billing Credit for Banded Optical Transport for the prior three (3) months (assume to be $2,768,561) by multiplying the achieved MRCs for Banded Optical Transport by the discount percentage specified in (L) following ($2,768,561 x 14.00%) resulting in a Billing Credit for Banded Optical Transport of $387,599.

Step 6: Determine the sum of all Billing Credits determined in Steps 2 though 5 ($750,000 + $1,898,249 +$364,883 + 387,599) resulting in a sum of all Billing Credits of $3,400,681.

Step 7: Calculate the amount for the Claims Adjustment Factor by multiplying the sum of all Billing Credits determined in Step 6 by the 3% ($3,400,681 x .03) resulting in a Claims Adjustment of $102,020.

Step 8: To determine the final Quarterly Billing Credit for the prior 3 months, subtract the Claims Adjustment determined in Step 7 from the sum of all Billing Credits determined in Step 6. The resulting final Billing Credit would be $3,298,661 ($3,400,681 - $102,020).

(4) For purposes of this Option 20, the **Top 10 LATAs** are those LATAs where the customer purchases FMS Services and has the highest quantity of DS0-equivalent circuits. **Wild Card LATAs** are any other five (5) Wild Card LATAs designated by the customer at the time of subscription to this Option 20 where the customer purchases FMS Service. Upon thirty (30) days' prior written notice, the customer may change the five Wild Card LATAs at the end of each year during the Service Period. On an annual basis, the Telephone Company will review whether any changes are necessary to the Top 10 LATAs. Any changes to the Top 10 LATAs must be mutually agreed to by the Telephone Company and the customer. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(G) Billing Credits (Cont'd)

(2) Annual True-Up Credit Calculation

(a) Within forty-five (45) days after the end of each plan year, the Telephone Company will perform an annual true-up calculation to determine whether any additional Billing Credits are due the customer (**Annual True-up Credit**).

(b) In order to be eligible for the Annual True-up Credit, the customer must have complied with the following **Annual Grooms Restriction**.

(1) The Telephone Company will groom no more than three hundred (300) Special Access and/or Switched Access circuits per year for the Qualifying Services; and

(2) no more than twenty-four (24) of such 300 circuits may be DS3 or greater bandwidth.

(c) If the customer has not complied with the Annual Grooms Restriction set forth in (G)(2)(b) preceding, then the customer will not be eligible for an Annual True-up Credit for that twelve (12) month period.

(d) If the customer has complied with the Annual Grooms Restriction set forth in (G)(2)(b) preceding, then the customer may be eligible to receive an additional billing credit (Annual True-up Credit) as described below. In order to determine whether an Annual True-up Credit is due to the customer, the Telephone Company will first determine the total amount of MRC billed to the customer for the Qualifying Services set forth in (E)(1) preceding.

(1) If the total amount of MRC billed to the customer during the 12 month period is less than ninety-five percent (95%) of the MARC, a Shortfall Penalty as described in (H) following will apply and the customer will not receive an Annual True-up Credit.

(2) If the total amount of MRC billed to the customer during the 12 month period is greater than 95% but less than one hundred percent (100%) of the MARC, then the customer shall pay back to the Telephone Company any Quarterly Billing Credits that it received during the twelve (12) month period and the customer will not receive an Annual True-up Credit. However, the customer shall not be subject to any Shortfall Penalty under (H) following.

(3) If the total amount of MRC billed to the customer during the 12 month period is equal to or greater than the MARC, the Telephone Company shall determine the amount of Annual True-up Credit that would be due the customer by applying the discount percentages shown in the Discount Table in (L) following to the total amount of MRC billed to the customer during the 12 month period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(G) Billing Credits (Cont'd)

(2) Annual True-Up Credit Calculation (Cont'd)

(e) The Annual True-up will be calculated as follows.

(1) The Telephone Company will first determine whether the customer has complied with the Annual Grooms Restriction specified in (G)(2)(b) preceding.

(2) In accordance with the terms and condition set forth in this Option 20, the Telephone Company shall determine the total revenue achieved by the customer for the Qualifying Services specified in (E)(1) preceding by adding the billed MRCs for all such Qualifying Services over the twelve (12) month period for the Annual True-up (**Achieved Annual Revenue**).

(3) The Telephone Company will then determine the total MRC for mileage for FMS Services that was billed in the Top 10 LATAs during the twelve (12) month period of the Annual True-up, the total MRC for mileage for FMS Services that was billed in the five (5) Wild Card LATAs during the twelve (12) month period of the Annual True-up, and the amount of billed MRC for mileage for Banded Optical Transport that was billed during the prior twelve months.

(4) The Telephone Company will then determine the Maximum Billing Credit available to the customer by first applying the discount percentage shown in the Discount Table in (L) following to the billed MRCs determined in (G)(2)(e)(2) and (G)(2)(e)(3) preceding, and then summing all such discounts.

(5) Finally, the Telephone Company will deduct the total of all Quarterly Billing Credits received by the customer during the twelve (12) month period of the Annual True-up and the amount of any outstanding disputed claims from the Maximum Billing Credit. Subject to (G)(2)(g) following, the difference, if any, will be the Annual True-up Credit due the customer. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(G) Billing Credits (Cont'd)

(2) Annual True-Up Credit Calculation (Cont'd)

(f) As an illustrative example of the Annual True-up Calculation:

(1) Assume that the Groom Restriction has been met and that the customer's MARC is $140M; and

(2) Assume that the customer's Achieved Annual Revenue for the 12 months of the Annual True-up is $150M, the MRCs for mileage for FMS in the Top 10 LATAs for FMS mileage in the top 10 LATAs for the 12 months of the Annual True-up is $51.45M, the MRCs for mileage for FMS mileage in the Wild Card LATAs for the 12 months of the Annual True-up is $11.4M and the billed MRCs mileage for Banded Optical Transport for the 12 months of the Annual True-up is $12.75M.

(3) Assume that during the 12 months of the Annual True-up the customer received $13.24M in Quarterly Billing Credits.

(4) Assume that the customer had $.07M in outstanding claims for Qualifying Services at the time of the Annual True-up.

Calculate the Annual True-up Credit as follows:

Step 1: Develop the Maximum Billing Credit that the customer can attain for the 12 months of the Annual True-up by first multiplying the MRCs determined in (f)(2) preceding by the corresponding discount percentages specified in the Discount Table in (L) following, and then summing all such credit amounts. The Maximum Billing Credit in this example would be $3.0M ($150M x 2%) for the Achieved Annual Revenue, plus $7.49M ($51.45 x 14.55%) for revenue for FMS mileage in the top 10 LATAs, plus $1.38M ($11.4M x 12.13%) for MRCs for FMS in the Wild Card LATAs, plus $1.79M ($12.75M x 14.00%) for revenue for Banded Optical Transport resulting in a possible Maximum Billing Credit of $13.66M.

Step 2: Determine the Maximum Billing Credit still available to the customer by subtracting the actual Billing Credits the customer received during the prior 12 months from the Maximum Billing Credit determined in Step 1 $13.66M - $13.24M (as set forth in (3) preceding) resulting in $0.42M of outstanding Billing Credit that the customer can attain.

Step 3: Determine the Annual True-up Credit by subtracting the outstanding claims amount from the outstanding Billing Credit determined in Step 2 ($.42M - $.07M) resulting in an Annual True-up Credit of $.35M. (N)

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(G) Billing Credits (Cont'd)

(2) Annual True-Up Credit Calculation (Cont'd)

(g) The Billing Credit will be applied only to the Qualifying Services which are located in MSAs that have achieved Phase I or Phase 2 pricing flexibility. The Billing Credit shall apply after all other discounts, adjustments, and credits to the customer's billed MRCs for the Qualifying Services have been calculated and applied. For instance, if the customer subscribes to CDP, then the customer would be billed CDP discounted rates on a monthly basis. These discounted revenues would be included in the Customer's MARC for the Qualifying Services calculation as set forth above. In accordance with (F)(1)(a) preceding, any credits or adjustments resulting from an Annual True-up as required by the CDP plan would not be included in the MARC for the Qualifying Services.

(h) Timing of Quarterly Billing Credits

(1) If the customer is eligible to receive a Quarterly Billing Credit, that credit will be applied to the customer's account within sixty (60) days after the end of the applicable three month period, subject to the terms set forth herein.

(2) The Telephone Company's provision of the Quarterly Billing Credit is contingent on payment in full by the customer of all undisputed billed amounts for Qualifying Services no later than the forty-fifth (45th) day after the end of each three month period.

(i) Timing of Annual Payments and True-up Credit

(1) If the customer is eligible to receive an Annual True-up Credit, that credit will be credited to the customer's account within sixty (60) days after the end of each year during the Service Period, subject to the terms set forth herein.

(2) The Telephone Company's provision of the Annual True-up Credit is contingent on payment in full by the customer of all undisputed billed amounts for Qualifying Services no later than the forty-fifth (45th) day after the end of each year of the Service Period. (N)

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(G) Billing Credits (Cont'd)

(2) Annual True-Up Credit Calculation (Cont'd)

(i) Timing of Annual Payments and True-up Credit (Cont'd)

(3) Within one hundred eighty (180) days after the end of each year of the Service Period, the customer must file any disputes with regard to monthly recurring charges for the Qualifying Services billed by the Telephone Company during that year in order to be included in the calculation of the MARC for Qualifying Services and the Annual True-up Credit. The Telephone Company will respond to the dispute within forty-five (45) days thereafter. If it is determined by The Telephone Company that the customer's dispute is without merit and that the customer owes the Telephone Company additional amounts, and if such amounts are paid by the customer within 45 days after the date of the Telephone Company's response, then the Telephone Company shall recalculate the MARC for Qualifying Services and the corresponding Billing Credits that may result from the resolution of all such disputes in accordance with the terms set forth herein.

(4) Beyond 180 days and up to two (2) years after the end of each term year during the Service Period, the customer may submit claims to the Telephone Company with regard to monthly recurring charges for the Qualifying Services billed by the Telephone Company during each year of the Service Period. These claims will not be included in the calculation of the MARC and corresponding Billing Credit, but will follow their normal course of evaluation for final resolution.

(5) With respect to any dispute for Qualifying Services, the customer must provide sufficient claim detail to enable the Telephone Company to appropriately assess the dispute, including but not limited to, the Billing Account Number (BAN), circuit ID, USOC detail, amount in dispute, appropriate tariff references, and a full explanation regarding why the customer believes it was billed in error. The customer's disputes with respect to Qualifying Services shall reduce the amount of the Achieved Annual Revenue for Qualifying Services as calculated in (G)(2)(3) preceding. For example, if the customer's Achieved Annual Revenue for Qualifying Services is $140M and the customer has disputed $5M in charges for Qualifying Services, then the Achieved Annual Revenue for Qualifying Services shall be reduced to $135M.

(6) The amount of the Billing Credits shall not be subject to any interest penalty. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(H) Shortfall Penalty

(1) If the total MRC billed to the customer during any year of the Service Period is less than ninety-five percent (95%) of the MARC for that year, the customer can either: (1) pay a Shortfall Penalty which will be the difference between the MARC for that year and the actual amounts billed to the customer for that year; or (2) terminate this Option 20, subject to the payment of Termination Charges as set forth below in (I)(1) following. Payment of the Shortfall Penalty shall be due and payable no later than forty-five (45) days after notification by the Telephone Company that a Shortfall Penalty is due. In addition, and even upon payment of the Shortfall Penalty Payment as set forth in this Section (H), the customer will not be eligible to receive the applicable Annual True-up Credit for that year.

(2) As an illustrative example of the calculation of Shortfall Penalty:

(a) Assume that the customer has a MARC for Qualifying Services of $140,000,000 ($140M) during the second year of the Service Period and has actual billing of $130,000,000 ($130M) during the second year of the Service Period.

(b) Assume that no adjustment under (F)(1)(e) preceding occurred, then the customer shall pay to the Telephone Company an amount equal to $10,000,000 ($10M) (which is equal to the $140M MARC less the $130M in actual billing).

(c) Then the customer will not be eligible to receive the Annual True-up Credit for that year.

(I) Termination Charges

(1) The customer may terminate its subscription to this Option 20 at any time upon 60 days prior written notice. Except as allowed under (K) following, if the customer cancels or terminates its subscription to this Option 20 prior to the expiration of the Service Period, the customer will be liable for the following termination charges.

(a) One hundred percent (100%) of all Billing Credits that the customer received during the two prior quarters from the date of termination and

(b) Five percent (5%) of the MARC per year calculated from the date of termination through the end of the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(J) Network Grooms Restriction

(1) The customer will not be eligible for any Quarterly Billing Credits if the Telephone Company grooms, on a monthly basis, more than twenty-five (25) Special and Switched Access circuits that are used for the provisioning of Qualifying Services, of which number no more than two (2) circuits may be equal to DS3 or greater bandwidth (**Maximum Monthly Grooms**). For the purposes of this Option 20, a Groom shall mean the retermination of a Special or Switched Access circuit from its original installation location to another location in the same Telephone Company Central Office or in another Telephone Company Central Office. Notwithstanding the foregoing, the customer will be eligible for Quarterly Billing Credits so long as during the three month period for calculating the Quarterly Billing Credit:

(a) the Maximum Monthly Grooms restriction is met on a rolling two (2) month average basis, and

(b) the total number of Special and Switched access circuit grooms completed during the three month period is not greater than seventy-five (75), of which no more than six (6) circuits may be equal to DS3 or greater bandwidth.

As an illustrative example:

(1) Assume that in the prior 3 months, the customer groomed 30 circuits in two of those months and 20 circuits in the remaining month for a total of 80 circuits that were groomed.

(2) In this example, the customer would not be eligible for Billing Credits since the customer exceeded the Maximum Monthly Groom allowance of 75 circuits (25 circuits per month for 3 months).

As another illustrative example:

(1) Assume that in the prior 3 months, the customer groomed 30 circuits in the first month, 30 circuits in the second month and 15 circuits in the third month for a total of 75 circuits that were groomed.

(2) In this example, the customer would not be eligible for Billing Credits since the customer's rolling 2 month average for the first 2 months exceeded 25 circuits per month. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(J) Network Grooms Restriction (Cont'd)

(1) (Cont'd)

As an illustrative example:

(1) Assume that in the prior 3 months, the customer groomed 30 circuits in the first month, 20 circuits in the second month and 25 circuits in the third month for a total of 75 circuits that were groomed. Further assume that the customer did not groom more than 6 circuits at DS3 or greater bandwidth.

(2) In this example, the customer would be eligible for Billing Credits since the customer's rolling 2 month average did not exceed 25 circuits per month and the total grooms during the prior 3 months was within the Maximum Monthly Grooms limitation.

(2) The Network Grooms Restriction only applies to Grooms performed in the following LATAs only during the Service Period: LATAs 120, 122, 124, 126, 130, 134, 136, 138, 140, 220, 222, 226, 230, 232, 234, 238, 240, 242, 244, 246, 250 and 952. The Network Grooms Restriction does not apply in the remaining LATAs where the customer has Qualifying Services. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd) (N)

(J) Network Grooms Restriction (Cont'd)

(3) The following types of Network Grooms shall not be included in the Maximum Monthly Grooms and shall be performed by the Telephone Company in accordance with its normal business practices. In addition, the customer shall remain responsible for all other one time charges associated with such moves or terminations:

(a) Optimization Grooms: Grooms that are initiated and completed solely on the Telephone Company network to enhance efficient utilization of existing the Telephone Company entrance facilities.

(b) Maintenance Grooms: Grooms on circuits that are identified by the customer and accepted by the Telephone Company as circuits that are experiencing service failures as a result of equipment problems and grooming will correct such problems. All Maintenance Grooms shall be subject to review and acceptance by the Telephone Company and the Telephone Company's final decision shall be binding as to whether a specific groom is a Maintenance Groom, or whether such groom is to be included in the Maximum Monthly Grooms.

(c) Point of Presence (POP) Closure Grooms: In the event that the customer seeks to close, consolidate any of its POPs, or to migrate circuits as a result of a POP closure, then the customer may request that the Telephone Company perform grooms in addition to the Maximum Monthly Grooms.

(d) Verizon Initiated Grooms: Any groom initiated by the Telephone Company shall not be included in the number of Maximum Monthly Grooms.

(e) Force Majeure Grooms: Grooms that are necessitated by any Force Majeure condition (e.g., act of God; fire; flood; shortages or unavailability of facilities, equipment, software, or other materials; lack of or delay in transportation; laws, rules, regulations or restrictions; war, acts of terrorism, civil disorder, strikes, or other labor disputes).

(f) Alternate Access Vendor (AAV)/Long Haul Facility Grooms: Grooms on circuits that are identified by the customer and accepted by the Telephone Company which meet the following criteria:

(1) The customer is changing the underlying AAV/Long Haul Facility provider; and

(2) the total month recurring charges billed by the Telephone Company for such groomed circuit prior to the groom being performed is equal to or greater than the total monthly recurring charges billed by the Telephone Company for the original circuit.

(g) Any other grooms for which the Telephone Company and the customer mutually agree to not include in the count of Maximum Monthly Grooms. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.21 Contract Tariff Option 20 (Cont'd)

(K) Subscription to New Contract Tariff Option

(1) The customer may terminate its subscription to this Option 20 in order to subscribe to a new contract tariff option in this Section 21 provided all of the following conditions are met.

(a) The new contract tariff option must have the same MARC level or a greater MARC level than the MARC for this Option 20; and

(b) The customer must satisfy the eligibility criteria for subscription to the new contract tariff option; and

(c) The customer must provide the Telephone Company with written notice of its election to terminate subscription to this Option 20 and of its desire to subscribe (or that it has already subscribed) to the new contract tariff option; and

(d) Unless otherwise provided in the new contract tariff option, the customer will be eligible for Billing Credits earned, if any, following a final true up under this Option 20.

(2) When the conditions set forth in (K)(1)(a) through (K)(1)(c) preceding are met, no termination charges under (I) preceding will apply. (T)

(L) Discount Table

The percentage discounts specified below are applied to the total MRC for Qualifying Services for each corresponding category shown.

Category	Term Period Year 1	Year 2	Year 3
Basic MARC*	2.00%	2.00%	2.00%
FMS in Top 10 LATAs	14.55%	17.55%	20.55%
FMS in Wild Card LATAs	12.13%	15.13%	18.13%
Banded Optical Transport	14.00%	16.00%	18.00%

* Includes all Qualifying Services specified in (E)(1)(a) preceding.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (N)

(A) Scope

(1) Contract Tariff Option 21 (**Option 21**) is an offering that provides a customer with discounted monthly rates for ports that allow 1.544 Mbps High Capacity Service (**DS1 Service**), 44.736 Mbps High Capacity Service (**DS3 Service**), and 44.736 Mbps Multiplexed High Capacity Service (**Multiplexed DS3 Service**) to be provided over, or connected to, Telephone Company provided SONET dedicated rings (collectively, **Ports**).

(2) The customer must satisfy the eligibility requirements set forth in (B) following including the customer's purchase of a minimum number of SONET dedicated rings from the Telephone Company (**SDRs**).

(3) The regulations, terms, and conditions provided in this Section 21.22 apply to all customers who subscribe to Ports under this Option 21 in the applicable Metropolitan Statistical Areas (**MSAs**) specified in (C) following and during the specified Subscription Period set forth in (B)(5) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (N)

(B) Eligibility Requirements

All of the following requirements must be met in order to subscribe to this Option 21 and to be eligible for the rates set forth in (H) following.

(1) During the twelve (12) month period prior to subscription to this Option 21, the customer must have achieved a minimum of sixteen million dollars ($16,000,000.00) in billed monthly recurring revenue for interstate telecommunications services purchased by the customer from the Telephone Company under Tariff F.C.C. No. 1 (**FCC1**), Tariff F.C.C. No. 11 (**FCC11**), Tariff F.C.C. No. 14 (**FCC14**) and Tariff F.C.C. No. 20 (**FCC20**). (x) (x)

(2) For the twelve (12) month period prior to subscription to this Option 21, the customer must have investment grade level credit ratings on a total corporate basis, including all affiliates, of at least "A" as issued by Standard & Poor's, and at least "A2" as issued by Moody's.

(3) The customer must have short term credit ratings of at least "A1" as issued by Standard & Poor's and at least "P1" as issued by Moody's.

(4) For the twelve (12) month period prior to subscription to this Option 21, the customer must have a Quick Ratio (current assets divided by current liabilities), as measured on a total corporate basis, including all affiliates, of at least 0.5. The value of the total cash, cash equivalents, and other short term investments of current assets used in the Quick Ratio calculation must be at least twenty billion dollars ($20,000,000,000.00). (N)

(x) Issued under authority of Special Permission No. 07-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (N)

(B) Eligibility Requirements (Cont'd)

(5) A minimum of six (6) interstate SDRs must be ordered during the period which begins January 26, 2007 and ends March 27, 2007 (**Subscription Period)**. The interstate SDRs must be new SDRs (as defined in (B)(8)(a) following), upgrades to OC192 SDRs (as defined in (B)(8)(b) following), renewals of SDRs (as defined in (B)(8)(c) following, or conversions to SDRs (as defined in (B)(8)(d) following (collectively, **Ordered SDRs**). The Ordered SDRs must meet all of the following requirements.

(a) The Ordered SDRs must be purchased by the customer from the Telephone Company.

(b) At least fifty percent (50%) of the total number of Ordered SDRs that are new SDRs (as defined in (B)(8)(a) following) must have an optical carrier (**OC**) rate of forty-eight (OC48) or one hundred ninety-two (OC192).

(c) At least two (2) of the Ordered SDRs that are new SDRs, upgrades to OC192 SDR, or renewals of SDRs must have an OC rate of 192.

(d) At least one (1) of the Ordered SDRs must be replacing an IntelliLight® Dedicated SONET Ring service that was previously purchased under Section 26.1 of FCC11 (**IDSR**). (x)

(e) At least sixty percent (60%) of the existing SDRs that are an upgrade to OC192 SDR under (B)(8)(b) following or are converted to SDR under (B)(8)(d) following, must have been in service for at least two (2) years prior to the date of subscription to this Option 21.

(f) At least forty percent (40%) of the existing SDRs that are an upgrade to OC192 SDR under (B)(8)(b) following or are converted to SDR under (B)(8)(d) following must be under a term plan that has already expired or that will expire prior to January 26, 2008. (N)

(x) Issued under authority of Special Permission No. 07-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(B) Eligibility Requirements (Cont'd)

(6) A minimum of six (6) of the Ordered SDRs must be turned up and placed into service.

(7) Reserved

(8) Ordered SDRs

Ordered SDRs must meet all of the requirements set forth below for a new SDR, upgrade to OC192 SDR, renewal of SDR, or conversions, as applicable.

(a) New SDRs

A new SDR is a SONET dedicated ring that is newly ordered in accordance with this Option 21 and does not include the following.

(1) An SDR that was disconnected from its current location and installed under Section 20.2 preceding as new at that same location.

(2) An SDR that is upgraded to OC192 under (B)(8)(b) following.

(3) An SDR whose Term Pricing Plan (**TPP**) is renewed as an Ordered SDR under (B)(8)(c) following.

(4) An IDSR that is converted to an Ordered SDR under (B)(5)(d) preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(B) Eligibility Requirements (Cont'd)

(8) Ordered SDRs (Cont'd)

(b) Upgrade to OC192 SDR

(1) An **upgrade to OC192 SDR** is defined as the replacement of two (2) or more existing SDRs, each of which has an OC rate that is less than 192, with a single SDR that has an OC rate of 192, and which satisfies all of the following requirements.

(a) Each existing SDR must have at least one node location (i.e., customer designated premises or Telephone Company central office) in common with the OC192 SDR; and

(b) The upgrade to OC192 SDR is ordered during the Subscription Period set forth in (B)(5) preceding or was ordered prior to the Subscription Period, but, as of the date of subscription, the Telephone Company has not completed the upgrade to an OC192 SDR; and

(c) The customer specifies in its order for service whether or not the transitional billing option as set forth in (G)(3) following will apply to the upgrade to OC192 SDR; and

(d) The Service Period for the upgrade to OC192 SDR commences with the date that billing begins.

(2) The upgrade to OC192 SDR is complete when all services provided over the existing SDRs have been disconnected from the existing SDRs and are installed and operational on the upgraded OC192 SDRs, and the existing SDRs are disconnected.

(3) The following types of changes to an existing SDR are not considered an upgrade to OC192 under this Option 21:

- A change of an existing OC192 SDR to a new OC192 SDR is not an upgrade to OC192 SDR. For example, the addition of one or more node(s) to an existing OC192 SDR is not an upgrade to OC192 SDR.
- The addition of one (1) or more port(s) or node(s) to an existing OC192 SDR is not an upgrade to OC192 SDR.

(4) Except as set forth in this (B)(8)(b), an SDR that is upgraded to any other OC rate shall not be deemed an Ordered SDR under this Option 21. (N)

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(B) Eligibility Requirements (Cont'd)

(8) Ordered SDRs (Cont'd)

(c) Renewal of SDR

Renewal of SDR occurs when the customer renews the TPP of an existing SDR (e.g., a SONET dedicated ring provided under Section 20.2 preceding) for an equal or longer term period where (i) the commitment period for the existing SDR will expire prior to March 25, 2007, or (ii) the commitment period for the existing SDR has already expired and the customer is continuing with the service at the 3-year or a 5-year TPP rate; and all of the following apply:

- the customer did not select a new plan under Section 20.2(D)(2) preceding; or
- did not extend the expiring commitment period under Section 20.2(I) preceding.

(d) Conversions to SDR

(1) The customer may convert a dedicated SONET ring purchased under this tariff to a comparable Ordered SDR as described in (B)(5) preceding and that:

(a) has no change in OC rate (for example, replacement of an OC48 SDR to an OC192 SDR would be a change in optical carrier rate and is not a conversion to SDR); and

(b) has no change in node locations at both the customer designated premises and at Telephone Company central offices; and

(c) does not involve a change in the type of node (e.g., from nodes that are not enhanced to enhanced nodes).

(2) The conversion to SDR is complete when billing, record order changes and other work is completed for the Ordered SDR. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(C) Serving Area

(1) Reserved

(2) The serving area of Option 21 for Ports and any Ordered SDRs purchased from the Telephone Company under this tariff is comprised of the wire centers that are within the following Telephone Company MSAs.

Akron, OH
Bloomington, IL
Dallas-Fort Worth, TX
Fort Wayne, IN
Lakeland-Winter Haven, FL
Raleigh-Durham, NC
San Francisco-Oakland, CA
Sarasota, FL
Seattle-Everett, WA
Tampa-St. Petersburg, FL

(3) The serving area of Option 21 for Ordered SDRs purchased under Section 20.2 preceding is comprised of the wire centers that are within the Telephone Company MSAs specified in (C)(2) preceding.

(4) Any additions of, or changes to, the wire centers that are within the MSAs specified in (C)(2) preceding that occur during the Service Period of this Option 21 will apply beginning on the effective date of such change and continuing through the end of the commitment period. When such change results in an increase or decrease to the rates applicable under this Option 21, no retroactive billing or adjustment will be made for the portion of the Service Period that has elapsed prior to the effective date of the change. (N)

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(D) Service Period

(1) Reserved

(2) The Service Period for Ports that are ordered during the Subscription Period begins with the installation of such Ports and ends on the same day that the term plan for the associated Ordered SDR ends. Ports added after the end of the Subscription Period and during the first thirty-six (36) months of the Service Period will be coterminous with the initial Ports ordered. Ports added after the first thirty-six (36) months of the Service Period will be provided on month-to-month terms at the rates set forth in (H) following.

(3) Upon completion of the applicable Service Period, the customer may continue with the Ports. that were subscribed to under this Option 21 in accordance with (G)(4) following.

(E) Exceptions to General Regulations

(1) Except as set forth in this Section (E), a customer subscribing to this Option 21 is subject to all of the General Regulations as set forth in Section 2 of this tariff preceding.

(2) Definitions

The following definitions apply only to limitations of liability, liability to third parties, and indemnification obligations as set forth in (E)(3), (4), and (5) following.

Affiliate – the term "Affiliate" of a party means any entity that Controls, is Controlled by, or is under common Control with, the party specified, including any entity that conforms to such definition as of the date of subscription to this Option 21 as well as any entity that conforms to the definition anytime thereafter. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(E) Exceptions to General Regulations (Cont'd)

(2) Definitions (Cont'd)

Control or Controlled – the term "Control" or "Controlled" of/by an entity means that the specified party, directly or indirectly, has the power to direct or cause the direction of the management and policies of that entity through the ownership of voting securities, by contract or otherwise.

Customer – the term "Customer" shall mean customer, its permitted assigns and successors, its Affiliates, and its and their employees, directors, officers, agents, and representatives.

Damages – the term "Damages" shall mean (collectively) all injury, damage, liability, loss, penalty, interest and expense incurred.

Days – the term "Days" shall mean calendar days.

Loss or Losses – the term "Loss" or "Losses" means all losses, liabilities, damages and claims, and all related costs and expenses (including reasonable fees, expenses and disbursements of attorneys, accountants and other experts and professionals, and costs, fees and expenses of investigation, litigation or other proceedings of any claim, default or assessment, settlement, judgment, interest, court costs and penalties) paid or payable to a third party.

Party – the term "Party" shall mean either Customer or the Telephone Company or when used as "Parties" includes both Customer and the Telephone Company.

Subcontractor – the term "Subcontractor" means any independent supplier engaged by the Telephone Company or a Telephone Company Affiliate to perform the Services or any part thereof.

Telephone Company – the term "Telephone Company" shall mean the Telephone Company, its permitted assigns and successors, its Affiliates, and its and their employees, directors, officers, agents, representatives, Subcontractors, and suppliers. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(E) Exceptions to General Regulations (Cont'd)

(3) Limitations of Liability

(a) Except for (a) a Party's indemnification obligations under this Option 21, (b) a Party's breach of confidentiality obligations to the other Party and (c) a Party's gross negligence and/or willful misconduct with respect to the subject matter of this Option 21 (any intentional wrongful repudiation or intentional wrongful early termination of this Option 21 or the Telephone Company's intentionally wrongful cessation of Services by the Telephone Company under this Option 21 are examples of willful misconduct), neither Party will be liable for any punitive, exemplary, indirect, special, consequential or incidental or similar Damages, including, without limitation, with respect to loss of data or loss of savings, revenues, or profits, or other commercial or economic loss. Coverage limitations for insurance required under this Option 21 shall not be deemed to limit any dollar amounts recoverable by Customer directly from the Telephone Company under this Option 21. Each Party's liability to each other in connection with all claims under this Option 21 shall be limited to the lesser of (i) direct Damages (or, if otherwise stated in this Section, direct and indirect Damages) awarded to the claiming Party in a final non-appealable order of the Federal Communications Commission or a court of competent jurisdiction or (ii) the aggregate amounts paid by Customer to the Telephone Company for interstate Services or products provided by the Telephone Company to Customer under this Option 21 for the six (6) months prior to the accrual of such claim of cause of action for the specific product or Service which forms the basis for such cause of action, to the extent the claim relates to a specific product or Service. If a recovery is made by one Party against the other in a contract year, the 6 month direct damages cap referenced above shall be replenished for the next contract year of Option 21.

(b) The limitations of liability set forth above do not limit amounts due and owing from Customer for products and Services provided by the Telephone Company under this Option 21, including minimum commitment charges, shortfall charges or early termination liability charges or amounts due and owing in the form of credits from the Telephone Company to Customer.

(c) The limitations of liability set forth in this Option 21 shall apply regardless of the form of action, whether in contract or tort, strict liability or otherwise; and whether or not losses or Damages were foreseeable and shall survive failure of any exclusive remedies provided in this Option 21.

(d) The limitations of liability set forth in this Option 21 do not preclude a Party from seeking injunctive relief from a court of competent jurisdiction in the event of a violation by the other party of confidentiality obligations or other situations where there is no adequate remedy at Law and no exclusive remedy is provided under this Option 21. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(E) Exceptions to General Regulations (Cont'd)

(4) Liability to Third Parties

(a) No subcontract, or other agreement entered into by either Party with any third party in connection with this Option 21 shall provide for any indemnity, guarantee, assumption of liability or other obligation of or by the other Party to this Option 21 with respect to such arrangement except as consented to in writing by such other Party.

(b) This Option 21 does not expressly or implicitly provide any third party (including users and subcontractors) with any remedy, claim, liability, reimbursement, cause of action or other right or privilege. This Option 21 shall not create any right or cause of action in or on behalf of any person or entity other than Customer or the Telephone Company.

(5) Indemnification

(a) Customer Indemnifications

Customer wil indemnify, hold harmless and defend the Telephone Company in accordance with the procedures described in Section (E)(5)(d), Indemnification Procedures, hereof, against all Losses arising out of, in connection with, resulting from or based on allegations of, any of the following:

(1) The death or bodily injury of any person (including, any agent, employee, customer, the Telephone Company, business invitee or business visitor of the Telephone Company) to the extent that such Loss was proximately caused by any negligent act or omission or willful misconduct by Customer or Customer's subcontractors in connection with the services set forth in (A)(1)(a) through (A)(1)(d) preceding, collectively **Services**.

(2) The damage, loss or destruction of any real or personal property to the extent that such Loss was proximately caused by any negligent act or omission or willful misconduct by Customer or Customer's subcontractors in connection with the Services.

(3) Customer's use of the Services other than as specified or permitted under this tariff. (N)

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(E) Exceptions to General Regulations (Cont'd)

(5) Indemnification (Cont'd)

(a) Customer Indemnifications (Cont'd)

(4) Any taxes or other similar charges, including interest and penalties, assessed against the Telephone Company which are obligations of Customer.

(5) Customer's obligations with regard to compliance with applicable law.

(6) Customer's obligations with regard to confidential information that arise in connection with provision of Services pursuant to the Option 21.

(b) The Telephone Company Indemnifications

The Telephone Company shall indemnify, hold harmless, and defend Customer in accordance with the procedures described in (E)(5)(d) following, Indemnification Procedures, hereof, against all Losses arising out of, in connection with, resulting from or based on allegations of, any of the following relating to the Telephone Company:

(1) Any duties or obligations of the Telephone Company, its Affiliates or any Subcontractor, or any the Telephone Company Personnel in respect of a third party or any Subcontractor of any tier (i.e., direct Subcontractors, their subcontractors, and so on), including claims and causes of actions based on employer status or on the Telephone Company's payment obligations to Subcontractors.

(2) The death or bodily injury of any person (including any agent, employee, customer, supplier, business invitee or business visitor of Customer) to the extent that such Loss was proximately caused by any negligent act or omission or willful misconduct by the Telephone Company in connection with the Services. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(E) Exceptions to General Regulations (Cont'd)

(5) Indemnification (Cont'd)

(b) The Telephone Company Indemnifications (Cont'd)

(3) The damage, loss or destruction of any real or personal property to the extent that such Loss was proximately caused by any negligent act or omission or willful misconduct by the Telephone Company in connection with the Services.

(4) Any taxes or other similar charges, including interest and penalties, assessed against Customer which are obligations of the Telephone Company hereunder.

(5) The Telephone Company's willful misconduct or fraud with respect to the Services.

(6) That use of a Service provided by the Telephone Company to Customer under this Option 21 during the applicable Service Period infringes any United States patent, copyright, trade secret, trademark or service mark; provided that, the obligations hereunder shall not apply to claims of infringement or misappropriation arising from: (a) any use of a Service in combination with services, software, data or systems not supplied by the Telephone Company under this Option 21; (b) modification of a Service by Customer or its contractors or modification by the Telephone Company at the direction of Customer or its contractors provided that, no infringement would have occurred without such modification; or (c) the content of communications transmitted by or for Customer in the Customer's use of a Service, including libel, slander or invasion of privacy. If Customer is enjoined, or is otherwise prohibited from using the Services as a result of, or in connection with any such claim, suit, action or proceeding, the Telephone Company shall promptly either (i) procure for Customer the right to continue using the affected Services; (ii) modify the affected Services so that they become non-infringing, without a material and adverse change in functionality of the Services; or (iii) replace the affected Services with services that are non-infringing without material and adverse change in functionality as compared to the affected Services; or (iv) if neither (i), (ii) or (iii) above are commercially reasonable, promptly terminate the infringing Services and any Services ordered by Customer that Customer is unable to use due to termination of the infringing Services without such termination constituting a breach of the Option 21. Customer shall not be obliged to pay any termination liability to the Telephone Company for Services so terminated. (N)

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(E) Exceptions to General Regulations (Cont'd)

(5) Indemnification (Cont'd)

(c) For the purposes of Section (E)(5), for Customer, the term "agent" means Customer agents retained by Customer to provide services to Customer that require use of Services provided by the Telephone Company to Customer; and for the Telephone Company, the term "agent" means the Telephone Company agents retained by the Telephone Company to assist the Telephone Company in the provision of the Services.

(d) Indemnification Procedures

If a notice of commencement or threatened commencement of a claim or cause of action is received by a party entitled to indemnification under this Option 21 ("Indemnified Party"), the Indemnified Party shall give written notice thereof ("Indemnification Notice") to the party that is obligated to provide indemnification ("Indemnifying Party") within thirty (30) Days of the Indemnified Party's receipt of the notice of commencement or threatened commencement of the claim or cause of action. The Indemnified Party's Indemnification Notice as provided herein shall not affect the Indemnifying Party's indemnification obligations hereunder except to the extent the Indemnifying Party was materially prejudiced as a result of such failure.

(1) Within fifteen (15) Days after the Indemnifying Party's receipt of an Indemnification Notice, but in no event later than ten (10) Days before the date on which a response to a complaint or summons in connection therewith is due, the Indemnifying Party shall notify the Indemnified Party, in writing, if the Indemnifying Party acknowledges its indemnification obligations and elects to assume control of the defense and settlement of such claim or cause of action ("Election Notice").

(2) If the Indemnifying Party delivers an Election Notice within the required time period, then the Indemnifying Party shall immediately take control of the defense and investigation of such claim or cause of action and select and engage counsel reasonably satisfactory to the Indemnified Party to handle and defend the claim or the cause of action, at the Indemnifying Party's sole cost and expense. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(E) Exceptions to General Regulations (Cont'd)

(5) Indemnification (Cont'd)

(d) Indemnification Procedures (Cont'd)

(3) If the Indemnifying Party fails to deliver an Election Notice within the required time period, or delivers an Election Notice within the required time period but does not immediately take control of the defense and investigation of such claim or cause of action and select and engage counsel reasonably satisfactory to the Indemnified Party to handle and defend the claim or cause of action, then the Indemnified Party shall have the right to defend the Loss in such manner as it may deem appropriate, at the sole cost and expense of the Indemnifying Party (including payment of any judgment or award and the costs of settlement or compromise of the claim or cause of action), and the Indemnifying Party shall promptly reimburse the Indemnified Party for all such costs and expenses, including payment of any judgment or award and the costs of settlement or compromise of the claim or the cause of action.

(4) The Indemnified Party shall cooperate in all reasonable respects with the Indemnifying Party and its counsel in the investigation, trial and defense of such claim or cause of action and any appeal arising therefrom; provided, however, that the Indemnified Party may, at its own cost and expense, participate, through the Indemnified Party's own counsel or otherwise, in the investigation, trial and defense of such claim or cause of action; and any appeal arising therefrom.

(5) The Indemnifying Party will reimburse the Indemnified Party for the reasonable costs of counsel engaged by the Indemnified Party, as such costs are incurred and upon request therefore, if:

(i) The Indemnified Party engages counsel in connection with its right to defend the Loss as described in Section (E)(5)(d)(3) preceding, or

(ii) Customer and the Telephone Company are parties to an action, proceeding or investigation and the Indemnified Party wishes to pursue additional or different claims and/or defenses unavailable to, or not pursued by, the Indemnifying Party. (N)

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(E) Exceptions to General Regulations (Cont'd)

(5) Indemnification (Cont'd)

(d) Indemnification Procedures (Cont'd)

(6) The Indemnifying Party shall not settle any claim or cause of action of which indemnity may be sought hereunder, whether or not the Indemnified Party is an actual or potential party thereto without the Indemnified Party's express prior written consent. Indemnified Party will not unreasonably withhold its consent to any such proposed settlement provided:

(i) Such proposed settlement does not involve a remedy other than the payment of money by the Indemnifying Party, and

(ii) Indemnifying Party and all plaintiffs or claimants agree to unconditionally release Indemnified Party from any responsibility or liability with respect to the subject matter thereof and any related facts or circumstances. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(F) Application of Rates and Charges

(1) Reserved

(2) Application of Rates and Charges for Ports

(a) This Option 21 includes monthly recurring rates for Ports that are ordered during the first thirty-six (36) months of the Service Period specified in (D) preceding and that are within the Serving Area as specified in (C) preceding. Such Ports are exclusively for use with Ordered SDRs that are subscribed to under this Option 21.

(b) The monthly recurring rates for Ports as set forth in (H) following apply only to those Ports that are subscribed to under this Option 21 and meet the requirements set forth herein for such Ports.

(c) The monthly recurring rates for Ports are set forth in (H) following and apply per Port.

(d) Ports ordered after the first thirty-six (36) months of the Service Period specified in (D) preceding may only be ordered on a month-to-month basis. Such Ports are subject to the monthly recurring charges set forth in (H) following of this Option 21 and to the nonrecurring charges set forth in Section 20.2 preceding (as determined in accordance with Section 19.1 preceding).

(3) Order Modification Charges

Following the customer's initial order for service at the time of subscription to Option 21, for any subsequent order for additional Ports that is modified within five (5) days of placement of an order for such service by Customer, order modification charges as set forth in Section 5 preceding do not apply. (N)

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(G) Terms and Conditions

Unless specifically superseded by the terms and conditions set forth herein, all terms and conditions, including termination liability and minimum periods, as stated in Section 20.2 preceding with respect to Ports, apply to the applicable services and Ports that are subscribed to under this Option 21.

(1) Subscription to Other Contract Tariff Options

The customer may not concurrently subscribe any rate element that is subject to the rates set forth in (H) following of this Option 21 to any other contract tariff option or other Telephone Company offering unless subscription of such rate element is explicitly allowed under that contact tariff option or other offering. Upon subscription to another contract tariff option or other offering, the rates set forth in (H) following will cease, unless explicitly allowed to continue under the other contract tariff option or other offering. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(G) Terms and Conditions (Cont'd)

(2) Termination Charges

(a) Reserved

(b) Termination Charges for Ports

(1) Termination charges apply if a Port is discontinued prior to the end of the respective Service Period as set forth in (D) preceding.

(2) Termination charges for Ports apply at one hundred percent (100%) of the applicable monthly recurring rate set forth in (H) following beginning with the date of disconnection and continuing through the end of the first twenty-four (24) months of the Service Period, plus seventy-five percent (75%) for months twenty-five (25) through thirty-six (36) of the Service Period. Termination charges do not apply after month 36 of the Service Period.

(3) Ports that are ordered after the first thirty-six (36) months of the Service Period (i.e., on a month-to-month basis) are not subject to termination charges. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(G) Terms and Conditions (Cont'd)

(2) Termination Charges (Cont'd)

(b) Termination Charges for Ports (Cont'd)

(4) When the TPP for an in-service Port that was previously purchased under Section 20.2 preceding is cancelled in order subscribe to a Port of the same type under this Option 21 for use with Ordered SDR under this Option 21, such cancellation of the term plan such shall not be regarded as a termination or cancellation of service and will not incur termination liability or cancellation charges. Once such Port(s) are subscribed to under this Option 21, such Port(s) shall be subject to termination liability and/or cancellation charges as set forth in this Option 21.

(3) Transitional Billing

(a) Where the customer orders an upgrade to OC192 SDR during the subscription period, and the upgrade meets the eligibility requirements set forth in (B) preceding, the customer may, at the time of ordering the upgrade, request the transitional billing option. In doing so, the customer will receive six (6) months of transitional billing credit when the conditions set forth herein are met. An upgrade to OC192 SDR that is ordered after the subscription period is not eligible for transitional billing credit under this Option 21.

(b) Transitional billing credit applies for six (6) months at fifty percent (50%) of the monthly recurring rates for the node and mileage rate elements on the SDR being replaced. For Ordered OC192 SDRs purchased under Section 20.2 preceding, transitional billing credit also applies at 50% of the node and mileage rate elements provided that, the replacing OC192 SDR has at least one (1) node location (customer designated premises or Telephone Company central office) in common with the SDR being replaced. The monthly recurring rates for DSR are set forth in Section 20.2 preceding (as determined in accordance with Section 19.1 preceding).

(4) Expiration of the Service Period

Upon expiration of the applicable Service Period, the customer's subscription to Ports is terminated and the customer must choose one of the following options:

(a) discontinue the service without termination liability; or

(b) select any then offered TPP, contract tariff option or other service offering provided by the Telephone Company for which the customer is eligible; or the customer may continue with the service on a monthly basis at the sixty (60) month rates set forth in Section 20.24 preceding as determined in accordance with Section 19.1 preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.22 Contract Tariff Option 21 (Cont'd) (N)

(H) Monthly Recurring Rates

	USOC	Monthly Recurring Rate
Ports		
DS1 Ports	-----	28.00
DS3 Ports	-----	115.00
DS3 Transmux Ports	-----	400.00 (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (N)

(A) Scope

Contract Tariff Option 22 (**Option 22**) provides Credits on certain Special Access Services if the customer meets certain total billed revenue (**TBR**) amounts for the Services (as defined in (E) following) during each Plan Year.

(B) Specific Terms

Unless otherwise defined in this Option 22, the following terms are used in this Option 22.

(1) **Alternative Tariff Arrangement** shall mean collectively any other generally available tariff arrangement (including any term or volume plans), contract tariff option, special service arrangement, or Individual Case Basis tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the Services covered by this Option 22.

(2) **Credits** shall mean collectively the RPC Credits (as described in (H)(1) following); the TBR Credits (as described in (H)(2) following); and the VID Credits (as described in (H)(3) following).

(3) **Customer ACNA(s)** shall mean the customer's ACNA(s) that are provided to the Telephone Company by the customer in its subscription to this Option 22 (as required in (C) following), which ACNA(s) are agreed to by the Telephone Company in writing for inclusion in this Option 22.

(4) **Groom(s)** shall mean a change in the connecting facility assignment (**CFA**) or termination point of a Special Access DS3 Service, and shall include any of the following types of moves, rearrangements, reterminations, and disconnection and subsequent reconnection, to the DS3 Service:

(a) a change in the CFA or termination point within a single Telephone Company wire center; or

(b) a change in the CFA or termination point from one Telephone Company wire center to CFA in another Telephone Company wire center (CFA can be a Telephone Company provided facility or a collocation).

(5) **MRCs** shall mean monthly recurring charges for the Services. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(6) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on July 24, 2007, and end on May 31, 2008; (2) Plan Year 2 shall commence on June 1, 2008 and end on May 31, 2009; and (3) Plan Year 3 shall commence on June 1, 2009 and end on May 31, 2010.

(7) **Quarter** shall mean either of the following periods, as applicable: (i) the first Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last day of the second calendar month after the month in which the first date occurs (i.e., approximately ninety (90) days thereafter), except for Quarter 1 of Plan Year 1 which shall commence on July 24, 2007, and end on August 31, 2007; or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last day of the second calendar month after the month in which the first day occurs.

In addition to the specific terms set forth in (1) through (7) preceding, the following shall apply.

All references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $17.25M shall mean $17,250,000).

All amounts in this Option 22 will be rounded up or down to the nearest $1,000. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Credits as set forth in (H) following and other benefits of this Option 22.

(1) During the three (3) month period prior to July 24, 2007, the customer must have maintained a minimum average of $65M in billed MRCs per month for the Services as defined in (E) following.

(2) The customer may not concurrently subscribe to an Alternative Tariff Arrangement except as allowed under (O) following.

(3) The customer must subscribe to Option 22 by submitting a written authorization in a manner designated by the Telephone Company before September 22, 2007. Such subscription must include a list of Customer ACNA(s).

(4) The customer must concurrently subscribe to this Option 22, Option 47 of FCC1 and Option 48 of FCC11. (x)

(D) Service Period

Subject to any early termination as set forth in (N) following, the **Service Period** shall commence on July 24, 2007, and end on May 31, 2010. (N)

(x) Issued under authority of Special Permission No. 07-017 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(E) Services

(1) The terms of this Option 22 apply **only** to the following Services, where such Services are provided using the USOCs set forth in (G)(6) following:

(a) Special Access DS1 Services (collectively, **DS1 Services**), as described in Section 5.2.7 preceding of this tariff, Section 7.2.9 of the Verizon Telephone Companies Tariff F.C.C. No. 1 (**FCC1**), Section 7.2.9 of the Verizon Telephone Companies Tariff F.C.C. No. 11 (**FCC11**), and Section 7.11.1 of the Verizon Telephone Companies Tariff F.C.C. No. 16 (**FCC16**); and (x) (x) (x)

(b) Special Access DS3 Services (collectively, **DS3 Services**), as described in Section 5.2.7 preceding of this tariff, Section 7.2.9 of FCC1, Section 7.2.9 of FCC11, and Section 7.11.1 of FCC16; and (x)

(c) Special Access Facilities Management Service (collectively, **FMS Services**), as described in Section 7.2.13 of FCC1 and Section 7.2.16 of FCC11; and (x) (x)

(d) IntelliLight® Entrance Facilities Service using STS1, DS3 or DS1 interfaces, as described in Section 20.4 preceding of this tariff, Section 7.2.15 of FCC1, Section 26.1.4 of FCC11, and Section 20.4 of FCC16 (**IEF Services**). (x)

(2) Any other services provided by the Telephone Company other than the Services listed above (including any similar SONET entrance facility service provided under an agreement or arrangement other than this tariff) are not included herein as a Service. No switched access services are included in this offering.

(3) This tariff may be amended from time to time, and such amended rates, terms, and conditions for the Services shall apply to this Option 22 upon the effectiveness of such change to this tariff.

(4) DS1 Services, DS3 Services, and IEF Services provided pursuant to FCC16 shall be included in the calculation of the TBR; however, no Credits or discounts under this Option 22 shall be provided or due with respect to Services purchased under FCC16. (x) (x)

(F) Serving Area

Any Billing Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC1 and FCC11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 14.7 of FCC1, and Section 15.3 of FCC11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status) that occur during the Service Period of this Option 22 will apply. (x) (x) (N)

(x) Issued under authority of Special Permission No. 07-017 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(G) Calculation of TBR

(1) Quarterly TBR Calculation

(a) Other than Quarter 1 of Plan Year 1 for which quarterly TBR is calculated as set forth in (G)(1)(b) following, the TBR for a given Quarter during the Service Period shall be determined as follows: (i) determine the MRCs for the Services that are billed during such applicable Quarter; and (ii) subtract from the amount derived in (1)(a)(i) preceding any DS3 Credits that are earned during such applicable Quarter; and

(b) For Quarter 1 of Plan Year 1, the TBR shall be determined as follows: (i) determine the MRCs for the Services that are billed during Quarter 1 as well as during the period from June 1, 2007 to July 24, 2007; and (ii) subtract from the amount derived in (1)(b)(i) preceding any DS3 Credits earned during Quarter 1 as well as during the period from June 1, 2007 to July 24, 2007. The customer and the Telephone Company agree that, notwithstanding the inclusion of MRCs and DS3 Credits in the calculation of quarterly TBR, the Services within the operating territories of this tariff are provided pursuant to the terms set forth in other sections of this tariff.

(2) Annual TBR Calculation

(a) Other than Plan Year 1 for which the Annual TBR is calculated as set forth in (G)(2)(b) following, the TBR for a given Plan Year shall be determined as follows: (i) determine the MRCs for the Services that are billed during such applicable Plan Year, which MRCs have been paid in full by the customer, as more specifically described in (M) following; and (ii) subtract from the amount derived in (2)(a)(i) preceding any DS3 Credits that are earned during such applicable Plan Year; and

(b) For Plan Year 1, the TBR shall be determined as follows: (i) determine the MRCs for the Services that are billed during such applicable Plan Year as well as during the period from June 1, 2007 to July 24, 2007, which MRCs have been paid in full by the customer, as more specifically described in (M) following; and (ii) subtract from the amount derived in (2)(b)(i) preceding any DS3 Credits that are earned during such applicable Plan Year as well as during the period from June 1, 2007 to July 24, 2007. The customer and the Telephone Company agree that, notwithstanding the inclusion of MRCs and DS3 Credits in the calculation of annual TBR, the Services within the operating territories of this tariff are provided pursuant to the terms set forth in other sections of this tariff.

As used in this Section (G), "earned" shall mean DS3 Credits that are associated with the MRCs for the Eligible DS3 Circuit(s) that were billed during the applicable Quarter or Plan Year. In calculating TBR for the applicable Quarter or Plan Year, the Telephone Company shall only use DS3 Credits that are earned during such applicable Quarter or Plan Year. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(G) Calculation of TBR (Cont'd)

(2) Annual TBR Calculation (Cont'd)

(c) Set forth below are two illustrative examples with respect to calculation of TBR. These examples, as well as other examples in this Option 22, are provided to add clarity to the substantive provisions of this Option 22, not to modify or replace those provisions.

Example 1:

Assume that the Telephone Company billed $11M in MRCs for purchases of Eligible DS3 Circuits in Quarter 1 of Plan Year 2. Assume that the applicable DS3 Credit associated with such Eligible DS3 Circuits is $1M. Assume further that the DS3 Credit of $1M is provided in Quarter 2 of Plan Year 2. In calculating the TBR for Quarter 1 of Plan Year 2, the DS3 Credits earned in Quarter 1 ($1M) shall be subtracted from the MRCs for the Eligible DS3 Circuits billed in Quarter 1 ($11M), yielding a total of $10M in MRCs to be included in calculation of TBR for Quarter 1. The DS3 Credits provided in Quarter 2 that are associated with the MRCs for Eligible DS3 Circuits billed during Quarter 1 shall not be used in the calculation of TBR for Quarter 2.

Example 2:

Assume that Plan Year 1 and the Service Period commence on July 25, 2007. The RPC Credit of $18M shall be due on August 8, 2007 (i.e., 15th calendar day of the Service Period). No Credits or discounts as set forth herein may be provided prior to July 25, 2007. However, in calculating the TBR for Plan Year 1 or Quarter 1 of Plan Year 1, as applicable, the Telephone Company shall determine the MRCs for such Services that have been billed during Plan Year 1 as well as from June 1, 2007 to July 25, 2007, and shall subtract from such MRC amount any DS3 Credits that have been earned by the customer during Plan Year 1 as well as from June 1, 2007 to July 25, 2007. Additionally, all Grooms performed between June 1, 2007 and May 31, 2008 shall be counted towards the Maximum Annual Grooms number for Plan Year 1, in accordance with (J) following. (N)

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(G) Calculation of TBR (Cont'd)

(3) The Telephone Company agrees that it will not intentionally and willfully delay billing in order to avoid discounts or credits otherwise due to the customer.

(4) Calculation of TBR to Include Only Billed Amounts for the Services

Billed amounts associated with any service (or any portion of a service) that is not a Service as specified in (E) preceding shall not be included in calculation of TBR.

(5) Calculation of TBR to Include Only MRCs

Other than the DS3 Credit (which will be included in the calculation of TBR), the TBR shall not include any non-recurring charges (NRCs), surcharges, taxes, late payment charges, credits (including any Credits provided herein, fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter or Plan Year of the Service Period. As an illustrative example, assume that during a Plan Year, the Telephone Company provides a credit of $5M based on incorrect billing of MRCs for a DS1 Service, such credit of $5M would not be included in the calculation of the TBR (i.e., the TBR for such Plan Year or Quarter, as applicable, would not be reduced by $5M). However, assume that the customer has earned a DS3 Credit of $2M during a given Quarter based on the customer's purchase of Eligible DS3 Circuits, then such $2M would be included in the calculation of TBR for such Quarter (i.e., the TBR for such Plan Year or Quarter, as applicable, would be reduced by $2M), as described in Sections (G)(1) and (G)(2) preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd)

(N)

(G) Calculation of TBR (Cont'd)

(6) USOCs Used in Calculation of TBR

The TBR will include all of the MRCs for the Services that are billed under one of the following USOCs, and that are ordered by the customer using one of the Customer ACNA(s). Calculation of TBR is more specifically described in (M) following. If any of the USOCs listed below bill both MRCs and/or other charges (e.g., NRCs), then only the MRC amounts of such USOCs shall be counted towards the calculation of TBR. If Services are billed under any USOCs not listed below as a result of any of the following reasons, then such new USOCs will be counted as contributory towards the TBR: (a) the customer begins purchasing under term plans under which it did not previously purchase Services; or (b) the Telephone Company introduces new USOCs for the Services, and the customer purchases Services using such USOCs, for which the Telephone Company shall provide notice to the customer within thirty (30) days of its inclusion in the Telephone Company's systems; or (c) the customer and the Telephone Company agree to add any USOCs to the list below.

USOCs Used to Calculate TBR:

1A4YS	1A59S	1A5LX	1A5YS	1A5ZS
1A89S	1CF22	1CF25	1CF3W	1CF75
1CFA5	1CFC5	1CFD1	1CFD3	1CFD5
1CFE3	1CFE5	1CFF1	1CFF5	1CFH1
1CFH3	1CFH5	1CFU8	1CFV8	1CKDX
1CKJX	1CKPF	1CKSX	1HHPS	1J53S
1J54S	1L5LS	1L5RS	1L5XS	1L5XX
1LFMX	1LFSX	1OX1X	1OX3X	1OX5X
1OXTX	1T58S	1U5PS	1X7VX	1XCDX
1Y3AC	1Y3AD	1YA8S	1YWPS	1YWQS

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(G) Calculation of TBR (Cont'd)

(6) USOCs Used in Calculation of TBR (Cont'd)

USOCs Used to Calculate TBR (Cont'd):

A1VA1	A1VXG	A1VXZ	ABVBA	AVY
AVYXX	B2CFP	C6H6X	C6H7X	CCO
DVA	EU4DX	EU4JX	EU4KX	EU4PF
EU4SX	EU7VX	EUU21	EUU22	EUU23
EUU25	EUU35	EUU3W	EUU41	EUU43
EUU45	EUU55	EUU95	EUUA1	EUUA5
EUUC5	EUUD1	EUUD3	EUUD5	EUUF5
EUUG1	EUUH5	EUUU8	EUUV8	EUUVJ
EUW	HGV1X	HGVTX	HKTJS	HKTJX
MKM	MQ1	MQ3	MQK	MXN12
MXN13	MXN15	MXN17	MXNF5	MXNM5
MXNMX	MXNRX	N2M	PR9PX	PR9SX
QMU	SLHA1	SLHA3	SLHA5	SLHB1
SLHB3	SLHB5	SLHC5	SLHC7	SLHD3
SLHD5	SLHD7	SLHE1	SLHE3	SLHE5
SLHE7	TJ59X	TMECS	TNJ9X	TNJZX
TNT3X	TNT4X	TNT8X	TNW5X	TNWZX
TRG	TSP	TUTPX	TVJPX	TVJRX
TVJYX	TWTE6	TWTE9	TWTF6	TWTF7
TYF1X	TYF3S	TYF3X	TYF8S	TYF8X
TYFLS	TYFLX	TYFMS	TYFMX	TYFSX
P8T35	TWBNX	TWBPX	T8XJ5	VPQSP

(H) Credits

If the customer meets the applicable TBR set forth in (H)(1), (H)(2) and (H)(3) following during a Quarter or a Plan Year of the Service Period, as applicable, then the customer is eligible to receive the following Credits as described below:

- RPC Credits (described in (H)(1) following)
- TBR Credits (described in (H)(2) following)
- VID Credits (described in (H)(3) following)

The above Credits are cumulative and apply independently of each other. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(H) Credits (Cont'd)

(1) Revenue Performance Credits (RPCs)

(a) Subject to the terms set forth in (M) and (N) following, if the customer achieves a certain TBR for each Plan Year as set forth in the table below, then the customer will be eligible for the corresponding RPC amount for such Plan Year (i.e., the Plan Year just ended), as set forth in the following RPC Table (**Eligible RPC Amount**).

RPC Table

TBR During Each Plan Year	Plan Year 1 RPC	Plan Year 2 RPC	Plan Year 3 RPC
Less than $830.0M	None ($0)	None ($0)	None ($0)
Greater than or equal to $830.0M but less than $840.0M	$23.7M	$24.8M	$25.6M
Greater than or equal to $840.0M but less than $850.0M	$30.3M	$30.8M	$31.2M
Greater than or equal to $850.0M	$36.0M	$36.0M	$36.0M

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(H) Credits (Cont'd)

(1) Revenue Performance Credits (RPCs) (Cont'd)

(b) Subject to the restrictions set forth in the immediately succeeding sentence, on the fifteenth (15th) calendar day of each Plan Year, and on the one hundred eightieth (180th) calendar day of each Plan Year (other than in Plan Year 1, where the second credit shall be provided on December 1, 2007), the Telephone Company will provide to the customer an RPC credit amount equal to $18M, for a total of $36M in each Plan Year (individually and collectively, RPC Credit). Such RPC Credit is subject to a partial or total refund if the customer does not meet or exceed a TBR of $850M for such Plan Year (i.e., the Plan Year just ended). The amount of the refund of the RPC Credit shall be equal to the difference between (a) the Eligible RPC Amount that the customer would have been eligible for (based on the tier in the table in Section (H)(1)(a) preceding into which the customer falls) and (b) $36M. Such determination shall be made at each Annual True-Up as described in (M) following. No RPC Credit will be due if the TBR for that Plan Year is less than $830M. The maximum Eligible RPC Amount available during any Plan Year is $36M.

Example 1:

If the TBR for Plan Year 2 was calculated as $845M, then the customer would be required to refund to the Telephone Company $5.2M (the RPC Credit of $36M provided during Plan Year 2 less the Eligible RPC Amount earned by the customer during such Plan Year 2 of $30.8M, as determined in accordance with the table in (H)(1)(a) preceding).

Example 2:

If the TBR for Plan Year 2 was calculated as $829M, then the customer would be required to refund to the Telephone Company the entire RPC Credit of $36M (the RPC Credit of $36M provided during Plan Year 2 less the Eligible RPC Amount earned by the customer during such Plan Year 2 of $0, as determined in accordance with the table in (H)(1)(a) preceding). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(H) Credits (Cont'd)

(1) Revenue Performance Credits (RPCs) (Cont'd)

(c) Application of a Debit (if any)

If the customer is required to refund to the Telephone Company some (or all) of the RPC Credit, the Telephone Company shall enter a debit on its CABS billing to the customer as soon as reasonably possible, which generally will be approximately thirty (30) days following the completion of the Annual True-Up described in (M) following. Such debit shall be issued on BANs of the customer that are associated with the Services in MSAs where the Telephone Company has received pricing flexibility. The customer shall pay to the Telephone Company such refund amount no later than the due date set forth on such bill.

(2) TBR Credits

TBR Credits are comprised of Quarterly TBR Credits and Annual TBR Credits

(a) Quarterly TBR Credits

(1) Subject to the terms of (M) and (N) following, if the customer achieves a TBR as set forth in the Quarterly TBR Credit Table set forth in (H)(2)(a)(4) following for one (1) or more of the first three (3) Quarters of each Plan Year, then the customer will be eligible for the corresponding Quarterly TBR Credit for such Quarter, as set forth in the Quarterly TBR table in (H)(2)(a)(4) following. Quarterly TBR Credits are subject to an Annual True-Up as described in (M) following.

(2) The Quarterly TBR Credit shall be determined at the end of each of the first three (3) Quarters of each Plan Year by calculating the TBR for Services for the Quarter just ended in accordance with (G) preceding. There shall be no Quarterly TBR Credit due in the last Quarter (i.e., Quarter 4) of each Plan Year. No Quarterly TBR Credit will be due if the TBR for the Quarter just ended is less than $207.5M.

(3) If the customer is eligible to receive one (1) or more Quarterly TBR Credits, the Telephone Company will provide a credit on the customer's bills within sixty (60) days following the end of the applicable Quarter. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(H) Credits (Cont'd)

(2) TBR Credits (Cont'd)

(a) Quarterly TBR Credits (Cont'd)

(4) Quarterly TBR Credit Table

Quarterly TBR	Plan Year 1 Quarterly TBR Credit	Plan Year 2 Quarterly TBR Credit	Plan Year 3 Quarterly TBR Credit
Less than $207.5M	None ($0)	None ($0)	None ($0)
Greater than or equal to $207.5M but less than $210.0M	$1.325M	$2.075M	$2.850M
Greater than or equal to $210.0M but less than $212.5M	$1.675M	$2.575M	$3.450M
Greater than or equal to $212.5M	$2.000M	$3.000M	$4.000M

(5) Example 1:

Assume that the TBR for Quarter 2 in Plan Year 2 is calculated as $215M, then the applicable Quarterly TBR Credit is $3M (as determined in accordance with the Quarterly TBR table in (H)(2)(a)(4) preceding). This amount is subject to the Annual True-Up as defined in (M) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(H) Credits (Cont'd)

(2) TBR Credits (Cont'd)

(b) Annual TBR Credits

(1) Subject to the terms of (M) and (N) following, if the customer achieves an annual TBR as set forth in the Annual TBR Credit Table in (H)(2)(b)(2) following for each Plan Year, then the customer will be eligible for the corresponding Annual TBR Credit for such Plan Year (i.e., the Plan Year just ended), as set forth in the Annual TBR table in (H)(2)(b)(2) following. The applicable Annual TBR Credit is the aggregate TBR Credit amount, if any, for which the customer is eligible during each Plan Year, and includes any Quarterly TBR Credits that may have been previously provided during such Plan Year.

(2) Annual TBR Credit Table

Annual TBR	Plan Year 1 Annual TBR Credit	Plan Year 2 Annual TBR Credit	Plan Year 3 Annual TBR Credit
Less than $830.0M	None ($0)	None ($0)	None ($0)
Greater than or equal to $830.0M but less than $840.0M	$5.300M	$8.300M	$11.400M
Greater than or equal to $840.0M but less than $850.0M	$6.700M	$10.300M	$13.800M
Greater than or equal to $850.0M	$8.000M	$12.000M	$16.000M

(N)

(Issued under Transmittal No. 826.)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(H) Credits (Cont'd)

(2) TBR Credits (Cont'd)

(b) Annual TBR Credits (Cont'd)

(3) At each Annual True-Up, the Annual TBR Credit shall be equal to the difference between (i) the Annual TBR Credit corresponding to the TBR for Services for the Plan Year just ended (as determined in accordance with the Annual TBR table set forth in (H)(2)(b)(2) preceding); and (ii) the total amount of all Quarterly TBR Credits provided by the Telephone Company during such Plan Year. No Annual TBR Credit will be due if the TBR for that Plan Year (i.e., the Plan Year just ended) is less than $830M.

(c) The following describes the calculation of any credits or refunds that would be applicable in a given Plan Year:

(1) If the amount of the Annual TBR Credit for which the customer is eligible in a given Plan Year exceeds the total amount of all Quarterly TBR Credits already provided to the customer during such Plan Year, then the Telephone Company shall provide a credit equal to the difference between (a) the Annual TBR Credit for which the customer was eligible in such Plan Year (as determined in accordance with the Annual TBR table in (H)(2)(b)(2) preceding); and (b) the total amount of all Quarterly TBR Credits provided in such Plan Year.

Example 1:

Assume that the customer's Annual TBR for Plan Year 2 is $865M, then the applicable Annual TBR Credit is $12M (as determined in accordance with the Annual TBR table in (H)(2)(b)(2) preceding). Assume also that the Telephone Company had provided Quarterly TBR Credits in Plan Year 2 in the amount of $3M per Quarter for each of the 3 Quarters (i.e., a total of $9M in Quarterly TBR Credits). Then, at the end of Plan Year 2, the Telephone Company would provide an additional credit of $3M (i.e., the eligible Annual TBR Credit of $12M less $9M of Quarterly TBR Credits already provided during such Plan Year). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(H) Credits (Cont'd)

(2) TBR Credits (Cont'd)

(c) (Cont'd)

(2) If the total amount of all Quarterly TBR Credits already provided to the customer during a Plan Year exceeds the applicable Annual TBR Credit for which the customer is eligible (in accordance with the Annual TBR table in (H)(2)(b)(2) preceding), then the customer would be required to refund the difference between (a) the total amount of all Quarterly TBR Credits provided in such Plan Year; and (b) the Annual TBR Credit for which it was eligible in such Plan Year (as determined in accordance with the Annual TBR table in (H)(2)(b)(2) preceding).

Example 2:

Assume that the TBR for Plan Year 2 is $835M, then the applicable Annual TBR Credit is $8.3M (as determined in accordance with the Annual TBR table in (H)(2)(b)(2) preceding). Assume, however, that the Telephone Company had provided Quarterly TBR Credits in Plan Year 2 in the amounts of $3M, $3M, and $2.575M for each of the 3 Quarters, respectively (i.e., a total of $8.575M), then the customer would be required to refund $275,000 to the Telephone Company (i.e., $8.575M of Quarterly TBR Credits provided during such Plan Year less the eligible Annual TBR Credit of $8.3M).

Example 3:

Assume that the TBR for Plan Year 2 is $829M, then the applicable Annual TBR Credit is $0 (as determined in accordance with the Annual TBR table in (H)(2)(b)(2) preceding). Assume, however, that the Telephone Company had provided Quarterly TBR Credits in Plan Year 2 in the amounts of $3M, $3M, and $2.575M for each of the 3 Quarters, respectively (i.e., a total of $8.575M), then the customer would be required to refund $8.575M to the Telephone Company (i.e., $8.575M of Quarterly TBR Credits already provided during such Plan Year less the eligible Annual TBR Credit of $0). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(H) Credits (Cont'd)

(2) TBR Credits (Cont'd)

(d) Application of Credit or Debit

If the customer is eligible to receive an Annual TBR Credit, the Telephone Company shall enter a credit on its CABS billing to the customer within thirty (30) days following the completion of the Annual True-Up, as described in (M) following. If the customer is required to refund to the Telephone Company some (or all) of the TBR Credits, the Telephone Company shall enter a debit on its CABS billing to the customer as soon as reasonably possible, which generally will be approximately thirty (30) days following the completion of the Annual True-Up, as described in (M) following. Such debit/credit shall be issued on BANs of the customer that are associated with the Services in MSAs where the Telephone Company has received pricing flexibility. The customer shall pay to the Telephone Company such refund amount no later than the due date set forth on such bill.

(3) Volume Incentive Discount (VID) Credits

(a) Subject to the terms of (M) and (N) following, if the customer achieves a TBR greater than $215.000M during a given Quarter during the Service Period, then the customer will be eligible for the corresponding VID Credit for such Quarter, as set forth in the table in (H)(3)(b) following. To determine the applicable VID Credit, multiply (1) the applicable VID Discount percentage from the table in (H)(3)(b) following that corresponds to the TBR achieved for such Quarter by the customer; by (2) the difference between (a) the TBR attained in such Quarter; and (b) $215.000M. Subject to the customer meeting an annual TBR of $830M or greater as set forth in (H)(3)(e) following, VID Credits are available in all four Quarters of each Plan Year. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(H) Credits (Cont'd)

(3) Volume Incentive Discount (VID) Credits (Cont'd)

(b) VID Credit Table

Quarterly TBR	VID Discount
Greater than $215.000M but less than $217.125M	10%
Greater than or equal to $217.125M but less than $219.250M	12%
Greater than or equal to $219.250M but less than $221.375M	14%
Greater than or equal to $221.375M but less than $223.500M	16%
Greater than $223.500M	18%

(c) Examples

Example 1:
If the TBR attained by the customer for Quarter 1 in Plan Year 3 is $215.000M, then the customer is eligible for a VID Credit of $0 for such Quarter (i.e., $215.000M achieved TBR minus $215.000M, multiplied by 10%).

Example 2:
If the TBR attained by the customer for Quarter 2 in Plan Year 2 is $224.9M, then the customer is eligible for a VID Credit of $1.782M for such Quarter (i.e., $224.9M achieved TBR minus $215.000M, multiplied by 18%).

(d) If the customer is eligible to receive a VID Credit for a Quarter, the Telephone Company will provide a credit on its CABS billing to the customer within sixty (60) days following the end of the applicable Quarter.

(e) If the TBR as calculated at an Annual True-Up in a given Plan Year is less than $830M, then all VID Credits provided during such Plan Year shall be refunded by the customer as set forth below. If the TBR as calculated at an Annual True-Up in a given Plan Year is equal to or greater than $830M, then any VID Credits provided during such Plan Year shall not be subject to refund by the customer. If the customer is required to refund to the Telephone Company all of the VID Credits, the Telephone Company shall enter a debit on its CABS billing to the customer as soon as reasonably possible, which generally will be approximately thirty (30) days following the completion of the Annual True-Up described in (M) following. Such debit shall be issued on BANs of the customer that are associated with the Services in MSAs where the Telephone Company has received pricing flexibility. The customer shall pay to the Telephone Company such refund amount no later than the due date set forth on such bill. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(I) DS3 Credits

A customer who subscribes to this Option 22 shall also earn DS3 Credits under Section 21.48(I) of Option 47 of FCC1 and/or Section 32.49(I) of Option 48 of FCC11 for Eligible DS3 Circuits that are ordered in the operating territories of FCC1 and/or FCC11, respectively. (x) (x)

(J) Limitation on Grooms

In consideration of the Credits and the DS3 Credits for Eligible DS3 Circuits as contemplated herein, the customer and the Telephone Company hereby agree as follows:

(1) Limitation on Grooms

Subject to the terms of this Option 22, during each Plan Year, the Telephone Company shall not be required to perform more than four hundred (400) Grooms of Special Access DS3 circuits per Plan Year (**Maximum Annual Grooms**).

(2) ACNAs Subject to Limitation on Grooms

The Maximum Annual Grooms limitation set forth in Section (J)(1) preceding shall only apply to those Customer ACNA(s) that are designated by the customer and agreed to, in writing, by the Telephone Company (i.e., the Maximum Annual Grooms limitation may apply to all, or less than all, of the Customer ACNA(s)). When determining whether the number of Grooms exceeds the Maximum Annual Grooms, the Telephone Company shall count all Grooms ordered during the Plan Year in any of the operating territories of this tariff, FCC1, FCC11 and FCC16; however, during Plan Year 1, the Maximum Annual Grooms shall be measured from June 1, 2007 through May 31, 2008. (x) (x)

(3) Grooms in Excess of Maximum Annual Grooms

The customer may submit requests to the Telephone Company to perform Grooms that exceed the Maximum Annual Grooms during any Plan Year, but the Telephone Company shall not be obligated to perform any Grooms in excess of the Maximum Annual Grooms, unless the customer specifically instructs the Telephone Company in writing to perform such Grooms that are in excess of the Maximum Annual Grooms, and agrees in writing to the assessment of any reductions in the Credits as set forth in (J)(4) following. (N)

(x) Issued under authority of Special Permission No. 07-017 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(J) Limitation on Grooms (Cont'd)

(4) Reduction in Credits or Application of Debits

During any given Plan Year, if the customer submits one (1) or more requests to the Telephone Company to perform more than the Maximum Annual Grooms, and the Telephone Company agrees to the same, the aggregate Credits provided under this Option 22 (including the RPC, TBR, and VID Credits) shall be reduced by $50,000 for each Groom that exceeds the Maximum Annual Grooms, or in the case where the customer is not eligible for a Credit, then the Telephone Company shall issue a debit on the customer's BAN(s) equal to $50,000 for each Groom that exceeds the Maximum Annual Grooms. The customer agrees that any reduction in the Credits, or application of a debit, as set forth herein, will be in addition to any retermination, move, or other charges assessed under other sections of this tariff. For example, following the Annual True-Up for Plan Year 2, assume that the Telephone Company owes an aggregate Credit (inclusive of any VID Credit and Annual TBR Credit) of $3.5M to the customer. Assume further that the customer has requested, and the Telephone Company has performed ten (10) Grooms in excess of the Maximum Annual Grooms. Hence, the total Credit provided to the customer for Plan Year 2 is $3M ($3.5M less $500,000).

(5) Exceptions to the Maximum Annual Grooms

The following types of Grooms shall not be included in the Maximum Annual Grooms and shall be performed by the Telephone Company in accordance with its normal business practices:

(a) Telephone Company Initiated Grooms: Any Groom initiated by the Telephone Company; or

(b) Optimization Grooms: Any Grooms where a DS3 Service rides a Telephone Company optical service provided to the customer, which optical service terminates at or, originates from, a customer Point-of-Presence (POP); or

(c) A disconnection of a multiplexed DS3 Service that does not (at the time of the Groom) have any DS1 Service that rides a channel of such DS3 Service; or

(d) Any other Grooms that the customer and the Telephone Company mutually agree in writing to not include in the count of Maximum Annual Grooms, including Grooms associated with the elimination or decommissioning of a customer POP. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(J) Limitation on Grooms (Cont'd)

(6) No representation or warranty is made by the Telephone Company with respect to the number of Grooms, process, speed, or completion of any Grooms in addition to the Maximum Annual Grooms, and such additional Grooms shall not be subject to the terms of this Option 22 with respect to any remedies for failure to perform the Grooms. Other than as set forth herein, all Grooms shall remain subject to the terms set forth in other sections of this tariff.

(K) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer

Only the Customer ACNA(s) are included in calculation of TBR under this Option 22. If the customer experiences either of the changes in control set forth in (1) or (2) following, the ACNA(s) associated with such changes in control will not be added to or removed from the calculation of TBR under this Option 22, unless the Telephone Company and the customer mutually agree to such addition or removal.

(1) The customer merges with, acquires, or otherwise gains an interest (whether through stock, assets, or otherwise) in one or more ACNA(s), entities, or unaffiliated third parties.

(2) The customer sells or otherwise divests one or more ACNA(s), or a line of business, division, affiliate, or other interest. (N)

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(L) Sale of a Telephone Company Operating Company

(1) If some or all of the assets and/or stock of a Verizon Operating Telephone Company are acquired by an unaffiliated third party (**Acquired VZ Telco**), and the Acquired VZ Telco does not provide the Services to the customer under this Option 22 after such time, then the tiers and the Credits set forth in the tables in (H)(1) through (H)(3) preceding shall be adjusted in accordance with Step 1 through Step 4 following:

Step 1 Calculate the following reduction amounts as described below:

(i) Calculate the **Total Impacted Revenue**

Calculate the MRCs for the Services purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Acquired VZ Telco ceases to provide the Services under this Option 22; and

(ii) Calculate **Average Monthly Impacted Revenue**

Divide the Total Impacted Revenue calculated in (i) of this Step 1 by twelve (12) months.

(iii) Calculate the **Acquisition Reduction Amount** for the Plan Year in Which the Sale Occurred

Multiply the Average Monthly Impacted Revenue for Services calculated in (ii) of this Step 1 by the number of months remaining in the Plan Year in which the sale occurred. As an illustrative example, if the sale occurs in month 3 of Plan Year 2, then the Average Monthly Impacted Revenue is multiplied by 9 months (i.e., 12 months less 3 months).

(iv) Calculate the **Annual Acquisition Reduction Amount** for the Remaining Plan Year(s)

Multiply the Average Monthly Impacted Revenue for Services calculated in (ii) of this Step 1 by twelve (12) months.

(v) Calculate the **Quarterly Acquisition Reduction Amount**

Multiply the Average Monthly Impacted Revenue for Services calculated in (ii) of this Step 1 by three (3) months. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(L) Sale of a Telephone Company Operating Company (Cont'd)

(1) (Cont'd)

Step 2 Reduce each of the tiers in each of the tables set forth in (H)(1) through (H)(3) preceding each time a sale occurs as follows:

(i) For the Plan Year during which the sale occurs, reduce the upper and lower ranges in each of the tiers in the RPC table set forth in (H)(1)(a) preceding and in the Annual TBR Credit table set forth in (H)(2)(b)(2) preceding by the Acquisition Reduction Amount calculated in (iii) of Step 1.

When calculating RPC and Annual TBR Credits for the Plan Year in which the sale occurs, the tiers of the RPC table as revised in this (i) of Step 2 shall be used in lieu of the tiers in the RPC table set forth in (H)(1)(a) preceding, and the tiers of the Annual TBR Credit table as revised in this (i) of Step 2 shall be used in lieu of the tiers in the Annual TBR Credit Table set forth in (H)(2)(b)(2) preceding. Additionally, the reduced tiers of the RPC table and Annual TBR Credit table are subject to further reduction in the event of a subsequent sale of another Telephone Company operating company.

(ii) For any remaining Plan Year(s), reduce the upper and lower ranges in each of the tiers in the RPC table set forth in (H)(1)(a) preceding, and in the Annual TBR Credit table set forth in (H)(2)(b)(2) preceding by the Annual Acquisition Reduction Amount calculated in (iv) of Step 1.

When calculating RPC and Annual TBR Credits for any remaining Plan Year(s), the tiers of the RPC table as revised in this (ii) of Step 2 shall be used in lieu of the tiers in the RPC table set forth in (H)(1)(a) preceding, and the tiers of the Annual TBR Credit table as revised in this (ii) of Step 2 shall be used in lieu of the tiers in the Annual TBR Credit Table set forth in (H)(2)(b)(2) preceding. Additionally, the reduced tiers of the RPC table and Annual TBR Credit table are subject to further reduction in the event of a subsequent sale of another Telephone Company operating company.

(iii) Reduce the upper and lower ranges in each of the tiers in the Quarterly TBR Credit Table set forth in (H)(2)(a)(4) preceding, and in the VID Credit Table set forth in (H)(3)(b) preceding by the Quarterly Acquisition Reduction Amount calculated in (v) of Step 1. For any sale that occurs prior to completion of a Quarter, the Quarterly Acquisition Reduction Amount shall be pro-rated to the number of days during the Quarter prior to the sale of the Acquired VZ Telco. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(L) Sale of a Telephone Company Operating Company (Cont'd)

(1) (Cont'd)

Step 3 Calculate the Applicable Revenue Reduction Percentages as follows:

(i) Calculate the **Acquisition Revenue Reduction Percentage** by dividing the Acquisition Reduction Amount by the lowest range of the tiers in each of the RPC and Annual TBR tables set forth in (H)(1)(a) and (H)(2)(b)(2) preceding, which tiers may have been reduced in accordance with (i) of Step 2 from time to time.

(ii) Calculate the **Annual Acquisition Revenue Reduction Percentage** by dividing the Annual Acquisition Reduction Amount by the lowest range of the tiers in each of the RPC and Annual TBR tables set forth in (H)(1)(a) and (H)(2)(b)(2) preceding, which tiers may have been reduced in accordance with (ii) of Step 2 from time to time.

(iii) Calculate the applicable **Quarterly Acquisition Revenue Reduction Percentage** by dividing the applicable Quarterly Acquisition Reduction Amount by twenty-five percent (25%) of the lowest range of the tiers in each of the RPC and Annual TBR tables set forth in (H)(1)(a) and (H)(2)(b)(2) preceding, which tiers may have been reduced in accordance with (iii) of Step 2 from time to time. If any sale occurs prior to the completion of a Quarter, there will be a Quarterly Acquisition Revenue Reduction Percentage for the Quarter in which the sale occurs as well as a Quarterly Acquisition Revenue Reduction Percentage for all remaining Quarters.

Step 4 Determine the Reduced Credits

(i) Multiply the Acquisition Revenue Reduction Percentage calculated in (i) of Step 3 preceding by each of the Credit amounts set forth in the RPC table in (H)(1)(a) preceding, and each of the Credit amounts set forth in the Annual TBR Credit table in (H)(2)(b)(2) preceding, for the Plan Year in which the sale occurred. Then, subtract these amounts from each of the Credit amounts set forth in the RPC table in (H)(1)(a) and the Annual TBR Credit table in (H)(2)(b)(2) preceding, for the Plan Year in which the sale occurred, to determine the appropriate credits for the Plan Year in which the sale occurred.

(ii) Multiply the Annual Acquisition Revenue Reduction Percentage calculated in (ii) of Step 3 preceding by each of the Credit amounts set forth in the RPC table in (H)(1)(a) preceding, and each of the Credit amounts set forth in the Annual TBR Credit table in (H)(2)(b)(2) preceding, for any remaining Plan Years. Then, subtract these amounts from each of the Credit amounts set forth in the RPC table in (H)(1)(a) preceding and the Annual TBR Credit table in (H)(2)(b)(2) preceding, for any remaining Plan Years, to determine the appropriate credits for any remaining Plan Years.

(iii) If the sale occurs at the end of a Quarter, multiply the Quarterly Acquisition Revenue Reduction Percentage calculated in (iii) of Step 3 preceding by each of the Credit amounts set forth in the Quarterly TBR Credit table in (H)(2)(a)(4) preceding. Then, subtract these amounts from each of the Credit amounts set forth in the Quarterly TBR Credit table in (H)(2)(a)(4) preceding to determine the appropriate Quarterly TBR credits. If the sale occurs prior to the completion of a Quarter, in addition to determining the appropriate Quarterly TBR credits for all other Quarters as set forth preceding in this (iii), calculate the appropriate Quarterly TBR credit for the Quarter in which the sale occurs utilizing the Quarterly Acquisition Revenue Reduction Percentage for such Quarter. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(L) Sale of a Telephone Company Operating Company (Cont'd)

(2) Illustrative Example

Assume that Verizon Delaware LLC (the Acquired VZ Telco) was acquired by an unaffiliated third party and ceased to operate at the end of month three (3) of year 1 of the Service Period. Assume that the customer purchased a total of $24M of Services from Verizon Delaware LLC during the twelve (12) months prior to the time that Verizon Delaware LLC ceased to provide the Services under this Option 22. Assume also that at the end of year 1 of the Service Period, the customer has achieved a TBR for Services of $849M. To calculate the applicable RPC Credits and TBR Billing Credits at the end of each year of the Service Period, perform the following calculation:

Step 1 Calculate the reduction amounts

(i) This example assumes the Total Impacted Revenue for the Services purchased by the customer from the Acquired VZ Telco is $24M.

(ii) The Monthly Average Impacted Revenue for Services purchased by the customer from the Acquired VZ Telco is $2M [$24M/12 months].

(iii) The Acquisition Reduction Amount for Services in Plan Year 1 is $18M [$2M x 9 months that remain in Plan Year 1 of the Service Period].

(iv) The Annual Acquisition Reduction Amount for Services in Plan Year 2 and Plan Year 3 is $24M [for each remaining Plan Year, multiply $2M x 12 months].

(v) The Quarterly Annual Reduction Amount is $6M [$2M x 3 months per Quarter]

Step 2 Reduce each tier of the TBR for Service set forth in the tables in (H)(1) through (H)(3) preceding.

(i) Subtract $18M (the Acquisition Reduction Amount for Services calculated in (iii) of Step 1) from each of the tiers in the RPC table set forth in (H)(1)(a) preceding and in the Annual TRR Credit Table set forth in (H)(2)(b)(2) preceding for the Plan Year during which the sale occurred. This reduction yields a new RPC table (as set forth in (i) following) and a new Annual TBR table (as set forth in (ii) following), which shall be used in lieu of the corresponding tables in (H)(1)(a) and (H)(2)(b)(2) preceding, respectively, during the Plan Year during which the sale occurred. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(L) Sale of a Telephone Company Operating Company (Cont'd)

(2) Illustrative Example (Cont'd)

Step 2 Reduce each tier of the TBR for Service set forth in (H)(1) through (H)(3) (Cont'd)

(ii) Subtract $24M (the Acquisition Reduction Amount for Services calculated in (iv) of Step 1) from each of the tiers in the RPC table set forth in (H)(1)(a) preceding and in the Annual TBR Credit table set forth in (H)(2)(b)(2) preceding for each Plan Year(s) subsequent to the sale. This reduction yields a new RPC table (as set forth in (i) following) and a new Annual TBR table (as set forth in (ii) following), which shall be used in lieu of the corresponding tables in (H)(1)(a) and (H)(2)(b)(2) preceding, respectively, during any successive Plan Years following the Plan Year in which the sale occurred.

(iii) Subtract $6M (the Acquisition Reduction Amount for Services calculated in (iv) of Step 1) from each of the tiers in the Quarterly TBR Credit table set forth in (H)(2)(a)(4) preceding and in the VID Credit table set forth in (H)(3)(b) preceding for each Plan Year(s) subsequent to the sale. This reduction yields a new Quarterly TBR Credit table (as set forth in (iii) following) and a new VID Credit table (as set forth in (iv) following), which shall be used in lieu of the corresponding tables in (H)(2)(a)(4) and (H)(3)(b) preceding, respectively, during any successive Plan Years following the Plan Year in which the sale occurred.

Step 3 Calculate the Revenue Reduction Percentages

(i) The Acquisition Revenue Reduction Percentage is 2.2% [$18M/$830M].

(ii) The Annual Acquisition Revenue Reduction Percentage is 2.9% [$24M/$830M].

(iii) The Quarterly Acquisition Revenue Reduction Percentage is 2.9% [$6M/(0.25 x $830M)].

Step 4 Proportionately reduce the Credits

(i) Proportionately reduce the Credits set forth in (H)(1)(a) and (H)(2)(b)(2) preceding for the Plan Year in which the sale occurred by the Acquisition Revenue Reduction Percentage of 2.2%.

(ii) Proportionately reduce the Credits set forth in (H)(1)(a) and (H)(2)(b)(2) preceding for any remaining Plan Years by the Annual Acquisition Revenue Reduction Percentage of 2.9%.

(iii) Proportionately reduce the Credits set forth in (H)(2)(a)(4) preceding by the Quarterly Acquisition Revenue Reduction Percentage of 2.9%. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(L) Sale of a Telephone Company Operating Company (Cont'd)

(2) Illustrative Example (Cont'd)

Upon completion of the calculations in Step 1 through Step 4 preceding, the adjusted Credit tables are as follows:

(i) Adjusted RPC Tables (Section (H)(1)(a) preceding)

Annual TBR	Plan Year 1 RPC	Plan Year 2 RPC	Plan Year 3 RPC
Less than $812.0M	None ($0)	N/A	N/A
Greater than or equal to $812.0M but less than $822.0M	$23.179M	N/A	N/A
Greater than or equal to $822.0M but less than $832.0M	$29.633M	N/A	N/A
Greater than or equal to $832.0M	$35.208M	N/A	N/A

Annual TBR	Plan Year 1 RPC	Plan Year 2 RPC	Plan Year 3 RPC
Less than $806.0M	N/A	None ($0)	None ($0)
Greater than or equal to $806.0M but less than $816.0M	N/A	$24.081M	$24.858M
Greater than or equal to $816.0M but less than $826.0M	N/A	$29.907M	$30.295M
Greater than or equal to $826.0M	N/A	$34.956M	$34.956M

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(L) Sale of a Telephone Company Operating Company (Cont'd)

(2) Illustrative Example (Cont'd)

(ii) Adjusted Annual TBR Credit Table (Section (H)(2)(b)(2) preceding)

Annual TBR	Plan Year 1 Annual TBR Credit	Plan Year 2 Annual TBR Credit	Plan Year 3 Annual TBR Credit
Less than $812.0M	None ($0)	N/A	N/A
Greater than or equal to $812.0M but less than $822.0M	$5.183M	N/A	N/A
Greater than or equal to $822.0M but less than $832.0M	$6.553M	N/A	N/A
Greater than or equal to $832.0M	$7.824M	N/A	N/A

Annual TBR	Plan Year 1 Annual TBR Credit	Plan Year 2 Annual TBR Credit	Plan Year 3 Annual TBR Credit
Less than $806.0M	N/A	None ($0)	None ($0)
Greater than or equal to $806.0M but less than $816.0M	N/A	$ 8.059M	$11.069M
Greater than or equal to $816.0M but less than $826.0M	N/A	$10.001M	$13.400M
Greater than or equal to $826.0M	N/A	$11.652M	$15.536M

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(L) Sale of a Telephone Company Operating Company (Cont'd)

(2) Illustrative Example (Cont'd)

(iii) Adjusted Quarterly TBR Credit Table (Section (H)(2)(a)(4) preceding)

Quarterly TBR	Plan Year 1 Quarterly TBR Credit	Plan Year 2 Quarterly TBR Credit	Plan Year 3 Quarterly TBR Credit
Less than $201.5M	None ($0)	None ($0)	None ($0)
Greater than or equal to $201.5M but less than $204.0M	$1.287M	$2.015M	$2.767M
Greater than or equal to $204.0M but less than $206.5M	$1.626M	$2.500M	$3.350M
Greater than or equal to $206.5M	$1.942M	$2.913M	$3.884M

(iv) Adjusted VID Credit Table (Section (H)(3)(b) preceding)

Quarterly TBR	VID Discount
Greater than $209.000M but less than $211.125M	10%
Greater than or equal to $211.125M but less than $213.250M	12%
Greater than or equal to $213.250M but less than $215.375M	14%
Greater than or equal to $215.375M but less than $217.500M	16%
Greater than $217.500M	18%

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(M) Annual True-Up, Calculation of TBR and Disputes

No later than ninety (90) days following the end of each Plan Year, the Telephone Company shall complete an annual true-up to calculate the TBR and any corresponding credits owed to the customer or debits owed to the Telephone Company as a result thereof (**Annual True-Up**), and provide written notice to the customer setting forth the calculation of TBR for Quarter 4 and the Plan Year just ended, and any Credits due to the customer, or any debits owed to the Telephone Company, each as further described herein.

(1) Calculation of TBR

At the Annual True-Up, the Telephone Company shall calculate TBR with respect to the Customer ACNA(s) as follows:

(a) add all of the MRCs for the Services billed during the Plan Year just completed, using the USOCs (set forth in (G)(6) preceding); and

(b) subtract from such number derived in (a) preceding (i) any amounts that have not been paid in full by the customer for the Services at the time of the Annual True-Up; and (ii) any DS3 Credits earned during the Plan Year just completed, as more specifically set forth in (G) preceding.

Such TBR calculation shall not include any credits or debits processed during such Plan Year. Any ongoing disputes, claims, backbilling, or other adjustments (whether debits or credits) shall not affect the calculation of TBR as set forth above.

(2) No Further Disputes/Claims; Adjustments to the TBR

Using such calculated TBR, the Telephone Company shall determine whether any additional Credits are owed by the Telephone Company, or debits owed by the customer, pursuant to (H)(1) through (H)(3) preceding. Upon completion of the Annual True-Up and the credit or debit that is owed in accordance with the terms of this Option 22, there shall be no adjustment to the calculation of the TBR at any later date, including as a result of any ongoing or new disputes, claims or backbilling that may be instituted by either the customer or the Telephone Company. The foregoing shall apply with respect to all billing for all Customer ACNA(s). Either the customer or the Telephone Company may institute backbilling, claims, or other disputes on amounts that were previously included in calculating TBR.

(3) Until any debit or credit as required to be provided under this Option 22 is actually billed (i.e., set forth on a CABS bill rendered to the customer), such debit or credit shall not be subject to any late payment penalty as set forth in Section 2.4.1 preceding. Upon the billing of such debit or credit, late payment penalties (if any) shall apply for failure to timely pay any such amounts. (N)

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(M) Annual True-Up, Calculation of TBR and Disputes (Cont'd)

(4) Example

Assume the following:

- Plan Year 1 ends on May 31, 2008.
- The Telephone Company billed an aggregate amount of $885M, comprised of MRCs for the Services and net of any DS3 Credits earned during Plan Year 1 (as more specifically set forth in (G) preceding).
- The customer paid $880M of billed MRCs for the Services no later than August 30, 2008 (i.e., as of the date of the Annual True-Up), but has not paid $5M of such billed MRC amounts.
- As of July 30, 2008, the customer has fifty (50) filed disputes totaling $10M in the aggregate.
- As of July 30, 2008, the Telephone Company has notified the customer of certain additional back billing items which equal in the aggregate $5M, but the Telephone Company has not billed such amounts.
- The customer has not requested any Grooms in excess of the Maximum Annual Grooms.

Based on the foregoing, the total TBR is calculated to be $880M (billed MRCs and DS3 Credits of $885M less $5M of unpaid MRCs). The customer would be eligible for the corresponding Annual TBR Credit (as set forth in (H)(2) preceding), any VID Credit, if applicable, for Quarter 4 of Plan Year 1 (as set forth in (H)(3) preceding), would retain any VID Credit earned for Quarters 1, 2 or 3 of Plan Year 1, and would retain all RPC Credits provided in Plan Year 1. The $5M of backbilling that the Telephone Company seeks to bill, and the $10M in disputes on which the customer seeks a credit do not change the calculated TBR of $880M, and such amounts are subject to the terms of other sections of this tariff.

Assume further that three (3) months later (i.e., on October 31, 2008), the customer or the Telephone Company have determined that (i) the customer is entitled to a credit of $7M (out of the customer's initial claim of $10M) associated with the disputes; (ii) the customer seeks to initiate five (5) new claims that pertain to MRCs for Services billed during the April and May 2008 bill periods (assume that all such claims are equal to $12M in the aggregate); and (iii) the customer and the Telephone Company both seek to initiate claims that pertain to MRCs for Services billed during the January through April 2006 bill periods.

All such disputes, adjustments, and claims shall be determined and resolved in accordance with the applicable sections of this tariff. There shall be no adjustment to the calculated TBR of $880M, and no further adjustment to the Credits, as a result of any resolution of any such claims. (N)

21. Contract Tariffs (Cont'd)

21.23 Contract Tariff Option 22 (Cont'd) (N)

(N) Early Termination

(1) On June 1, 2008 or on June 1, 2009, a customer subscribing to this Option 22 has the right to terminate its subscription to Option 22, or the Telephone Company has the right to terminate this Option 22 (each, a **Permitted Termination Date**). If the customer seeks to terminate its subscription to Option 22 and/or the Telephone Company seeks to terminate this Option 22, such party must provide at least forty-five (45) days advance notice in writing prior to the Permitted Termination Date of its intent to terminate. If either the customer or the Telephone Company does not provide such notice to the other party within the specified time period, then it shall not have a termination right until the next Permitted Termination Date (subject to the forty-five (45) day notice requirement set forth in this section).

(2) In addition to the termination liabilities outlined in (N)(1) preceding, termination of any individual Service(s) shall be subject to applicable termination liabilities (if any) in accordance with other sections of this tariff.

(3) If the customer terminates its subscription to this Option 22 or the Telephone Company terminates Option 22 at a Permitted Termination Date, then the following shall apply:

(a) the Telephone Company shall conduct the Annual True-Up as set forth in (M) preceding; and

(b) The customer shall be eligible for any VID Credit that it may have earned in the Quarter ending prior to the Permitted Termination Date.

In such event, the customer shall not receive the DS3 Credits on any new orders for Eligible DS3 Circuits from and after the Permitted Date of Termination.

(O) Alternate Tariff Arrangements

(1) Other than the terms set forth herein, nothing herein shall modify the application of any termination or shortfall penalties that apply in accordance with other sections of this tariff, including under any Commitment Discount Plans, FMS Term Plans, or Term Pricing Plans.

(2) Other than Alternate Tariff Arrangements that are in effect as of July 24, 2007, (including any existing contract tariffs for DS1 Services and DS3 Services), the customer may not subscribe to any Alternate Tariff Arrangement that provides a discount or credit on the Services, including the National Discount Plan as set forth in Section 25.3 following. Subscription to any such Alternate Tariff Arrangement will result in loss of all Credits and any special pricing available under this Option 22. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (N)

(A) Scope

Contract Tariff Option 23 (**Option 23**) provides Billing Credits on certain Special Access Services if the customer meets certain total billed revenue amounts for the Qualifying Services (as defined in (E) following).

In this Option 23, all references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $17.25M shall mean $17,250,000).

Additionally, all amounts in this Option 23 will be rounded up or down to the nearest $10,000.

(B) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits of this Option 23.

(1) During the twelve (12) month period ending on June 30, 2007, the customer, together with all its affiliates, must have: (i) achieved a minimum of fifty million dollars ($50.0M) in aggregate monthly billed recurring revenue for all Qualifying Services (as defined in (E) following) purchased by the customer from the Telephone Company; (ii) had no more than twelve and one half percent (12.5%) of the aggregate monthly billed recurring revenue for Qualifying Services purchased under this tariff, Tariff F.C.C. No. 1 (FCC1), Tariff F.C.C. No. 11 (FCC11), and Tariff F.C.C. No. 16 (FCC16) billed on a month-to-month basis; and (iii) had no more than three percent (3%) of the aggregate monthly billed recurring revenue for Qualifying Services purchased under FCC1 and FCC11 billed on a month-to-month basis. (x) (x) (x)

(2) In order to receive any Billing Credit (as determined in (I) following) other than a Billing Credit of $0 under this Option 23, the customer must achieve during the Service Period (as defined in (C) following) a minimum Total Billed Revenue (**TBR**), as described following, for Qualifying Services (as defined in (E) following) of at least sixty-one million two hundred fifty thousand dollars ($61.25M), of which a minimum of seventeen million two hundred fifty thousand dollars ($17.25M) of such TBR for Qualifying Services must be derived from Inter-Office Facility (**IOF)** transport as determined using the Channel Mileage rate elements as set forth in (E) following. For purposes of this Option 23, IOF TBR for Qualifying Services shall mean the portion of the TBR for Qualifying Services billed under the Channel Mileage USOCs set forth in (E) following during the Service Period. (N)

(x) Issued under authority of Special Permission No. 07-023 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd)

(N)

(B) Eligibility (Cont'd)

(3) Other than tariff arrangements that are in effect as of September 27, 2007, the customer may not subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company and available to the customer at any time during the Service Period, which tariff arrangement, contract tariff option, special service arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by the customer for the Qualifying Services.

(4) The customer must subscribe to Option 23 by submitting a written authorization in a manner designated by the Telephone Company during the period beginning September 27, 2007 and ending October 26, 2007. Such subscription must include a list of Customer ACNA(s) which the Telephone Company agrees to, in writing, for inclusion in this Option 23.

The TBR for Qualifying Services and the IOF TBR for Qualifying Services shall be calculated using the criteria and mechanism set forth in this Option 23. The amount of the Billing Credit shall vary depending on the level of TBR for Qualifying Services and the level of the IOF TBR for Qualifying Services achieved by the customer during the Service Period, and such Billing Credits shall be calculated in accordance with the terms and conditions of this Option 23. Billing Credits are determined in accordance with (I) following.

(C) Service Period

The Service Period of this Option 23 shall be for a period of one (1) year commencing on October 1, 2007, and ending on September 30, 2008.

(D) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC1 and FCC11. Wire centers for the Phase II MSAs are listed in Section 14.7 of FCC1, Section 15.3 of FCC11, and Section 19.1 preceding of this tariff. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 14.7 of FCC1, Section 15.3 of FCC11, and Section 19.1 preceding of this tariff) that occur during the Service Period of this Option 23 will apply. No Billing Credits will be provided in the operating territories of FCC16. (N)(x)

(x) Issued under authority of Special Permission No. 07-023 of the Federal Communications Commission.

(Issued under Transmittal No. 857.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(E) Qualifying Services

(1) Qualifying Services will be comprised of Special Access DS1 and DS3 Services as set forth in Section 7.2.9 of FCC1, Section 7.2.9 of FCC11, Section 5.3.6 preceding of this tariff, and Section 7.11.1 of FCC16, as the same may be amended from time to time, which Special Access DS1 and DS3 Services are billed by the Telephone Company during the Service Period and meet all of the following criteria during each month of the Service Period.

(a) Rate elements for MetroLAN services (as set forth in this tariff and FCC16) and Facilities Management Services (FMS as set forth in FCC1 and FCC11) will not be included. (x) (x)

(b) For the Qualifying Services set forth above, the associated rate elements must be billing under the following Universal Service Order Codes (USOCs):

(1) Channel Mileage Rate Elements

1A5LX	1A5ZS	1A8ZS	1HH7S	1HHBS
1HHPS	1J53S	1J54S	1L5LS	1L5RS
1L5XX	1LFMX	1LFSX	1T58S	1U5PS
1YA8S	TRG			

(2) All Other Rate Elements

MKM	MQ1	MQ3	MQJ++	MQK
MXN12	MXN13	MXN15	MXN17	MXNRX
QMU	1C4A3	1C4A5	1C4A7	1C4B3
1C4B5	1C4B7	1C4C3	1C4C5	1C4C7
1C4D3	1C4D5	1C4D7	1C4E3	1C4E5
1C4E7	1C4F3	1C4F5	1C4F7	1C4G3
1C4G5	1C4G7	1C4H3	1C4H5	1C4H7
1C4J3	1C4J5	1C4J7	1C4K3	1C4K5
1C4K7	1CF21	1CF22	1CF23	1CF25
1CF41	1CF42	1CF43	1CF45	1CF51
1CF52	1CF53	1CF55	1CF61	1CF62
1CF63	1CF65	1CF71	1CF72	1CF73
1CF75	1CF81	1CF82	1CF83	1CF85
1CF91	1CF92	1CF93	1CF95	1CFA1
1CFA2	1CFA3	1CFA5	1CFB1	1CFB2
1CFB3	1CFB5	1CFC1	1CFC2	1CFC3
1CFC5	1CFD1	1CFD3	1CFD5	1CFD7
1CFE1	1CFE3	1CFE5	1CFE7	1CFF1
1CFF3	1CFF5	1CFF7	1CFG1	1CFG3
1CFG5	1CFG7	1CFH1	1CFH3	1CFH5
1CFH7	1CFJ1	1CFJ3	1CFJ5	1CFJ7
1CFK1	1CFK3	1CFK5	1CFK7	1CFL1

(N)

(x) Issued under authority of Special Permission No. 07-023 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(1) (Cont'd)

(b) (Cont'd)

(2) All Other Rate Elements (Cont'd)

1CFL3	1CFL5	1CFL7	1CFM1	1CFM3
1CFM5	1CFM7	1CFN1	1CFN3	1CFN5
1CFN7	1CFR8	1CFRJ	1CFS8	1CFSJ
1CFT8	1CFTJ	1CFU8	1CFUJ	1CFV8
1CFVJ	1CKDF	1CKDX	1CKMF	1CKNX
1CKPF	1CKSX	1X7VX	1XCDX	CCO
EQUA3	EQUA5	EQUA7	EQUB3	EQUB5
EQUB7	EQUC3	EQUC5	EQUC7	EQUD3
EQUD5	EQUD7	EQUE3	EQUE5	EQUE7
EQUF3	EQUF5	EQUF7	EQUG3	EQUG5
EQUG7	EQUH3	EQUH5	EQUH7	EQUJ3
EQUJ5	EQUJ7	EQUK3	EQUK5	EQUK7
EU4DF	EU4DX	EU4MF	EU4NX	EU4PF
EU4SX	EU7VX	EUU21	EUU22	EUU23
EUU25	EUU41	EUU42	EUU43	EUU45
EUU51	EUU52	EUU53	EUU55	EUU61
EUU62	EUU63	EUU65	EUU71	EUU72
EUU73	EUU75	EUU81	EUU82	EUU83
EUU85	EUU91	EUU92	EUU93	EUU95
EUUA1	EUUA2	EUUA3	EUUA5	EUUB1
EUUB2	EUUB3	EUUB5	EUUC1	EUUC2
EUUC3	EUUC5	EUUD1	EUUD3	EUUD5
EUUD7	EUUE1	EUUE3	EUUE5	EUUE7
EUUF1	EUUF3	EUUF5	EUUF7	EUUG1
EUUG3	EUUG5	EUUG7	EUUH1	EUUH3
EUUH5	EUUH7	EUUJ1	EUUJ3	EUUJ5
EUUJ7	EUUK1	EUUK3	EUUK5	EUUK7
EUUL1	EUUL3	EUUL5	EUUL7	EUUM1
EUUM3	EUUM5	EUUM7	EUUN1	EUUN3
EUUN5	EUUN7	EUUR8	EUURJ	EUUS8
EUUSJ	EUUT8	EUUTJ	EUUU8	EUUUJ
EUUV8	EUUVJ	EUW	HKTJS	HKTJX
HKTLS	PR9SX	SLHA1	SLHA3	SLHA5
SLHA7	SLHB1	SLHB3	SLHB5	SLHB7
SLHC1	SLHC3	SLHC5	SLHC7	SLHD1
SLHD3	SLHD5	SLHD7	SLHE1	SLHE3
SLHE5	SLHE7	TKTPX	TMECS	TNJZX
TNT3X	TNT4X	TNT8X	TUTPX	TVJ7X
TVJPX	TVJQX	TVJRX	TVJSX	TYF8S
TYF8X	TYFLS	TYFLX	TYFMS	TYFMX
TYFNX	TYFOX	TYFPX	TYFQX	TYFRX
TYFSX	TYFTX	TYFUX	TYFVS	TYFVX
TYFWS	TYFWX	TZGHX		

(N)

(Issued under Transmittal No. 857.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(E) Description of Qualifying Services (Cont'd)

(2) All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in (E)(1) preceding shall not be eligible for inclusion as Qualifying Services under Option 23.

(F) Revenue Used to Calculate TBR and IOF TBR

(1) Revenues Included in Calculation of TBR for Qualifying Services and IOF TBR for Qualifying Services

The customer's TBR for Qualifying Services and IOF TBR for Qualifying Services shall include **only** the MRC amounts which are paid in full by the customer.

(a) For purposes of this Option 23, **MRCs** shall mean the revenues from the billed monthly recurring charges, net of any discounts given under existing pricing plans, if applicable, for the Qualifying Services billed during the Service Period under the USOCs set forth in (E) preceding, and excluding Disputed Charges.

(b) For purposes of this Option 23, **Disputed Charges** shall mean MRCs for the Qualifying Services billed during the Service Period, which amounts are under dispute by the customer and have been paid in full by the customer, as of the forty-fifth (45th) calendar day following the end of the Service Period in accordance with Section (I)(2) following. Amounts which have not been paid in full, as of the forty-fifth (45th) calendar day following the end of the Service Period (regardless of whether or not such amounts are under dispute by the customer), shall not be included in either the TBR for Qualifying Services or the IOF TBR for Qualifying Services.

(c) For purposes of this Option 23, "paid in full" shall mean that the customer has paid the billed amount without any offsets or reductions from the billed amount, in accordance with the terms of the this tariff, FCC1, FCC11 or FCC16, as applicable. (x) (N)(x)

(x) Issued under authority of Special Permission No. 07-023 of the Federal Communications Commission.

(Issued under Transmittal No. 857.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(F) Revenue Used to Calculate TBR and IOF TBR (Cont'd)

(2) Revenue Not Included in Calculation of TBR for Qualifying Services or IOF TBR for Qualifying Services.

TBR for Qualifying Services and IOF TBR for Qualifying Services do not include any revenues other than the revenues as set forth in (F)(1) preceding, and the following types of charges are not included:

(a) non-recurring charges;
(b) taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund);
(c) service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty);
(d) any other charges which are not applied on a monthly recurring basis;
(e) credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services;
(f) any debits or credits for Qualifying Services rendered in prior Quarters or periods prior to September 27, 2007;
(g) shortfall or overage charges associated with term plan true-ups;
(h) minimum period charges;
(i) any Disputed Charges;
(j) termination liabilities; or
(k) Billing Credits/adjustments. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(G) Mergers and Acquisitions of the Customer

In the event that after subscription to this Option 23, the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth in this Option 23.

(1) The customer may not combine or include any revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in the calculation of TBR for Qualifying Services or IOF TBR for Qualifying Services.

(2) The customer's TBR for Qualifying Services and IOF TBR for Qualifying Services shall be calculated based on its business and revenues with the Telephone Company using the Customer ACNAs, without adding the revenues and/or ACNAs attributable to expansion of the customer's purchase of Qualifying Services from the Telephone Company through merger, transfer, assignment, or acquisition.

(3) The Telephone Company reserves the right to terminate the customer's subscription to this Option 23 without liability if the customer does not adhere to the provisions of this Section (G).

(H) Sale of a Verizon Operating Telephone Company

(1) If some or all of the assets or equity of a Verizon Operating Telephone Company of this tariff, FCC1, FCC11, or FCC16 as applicable, are acquired by an unaffiliated third party ("**Acquired VZ Telco**"), and Verizon does not provide the Qualifying Services to the customer after such time, then the terms and conditions set forth in (H)(2) and (H)(3) following shall apply, in addition to any other terms and conditions set forth in this tariff, FCC1, FCC11, or FCC16 as applicable. (x) (x) (x) (X)

(2) Each range or tier of the TBR for Qualifying Services and IOF TBR for Qualifying Services set forth in the Table in (I)(2)(d) following shall be proportionately reduced by the TBR Acquisition Reduction Amount or IOF TBR Acquisition Amount (each as defined in (a) and (b) following), respectively. (N)

(x) Issued under authority of Special Permission No. 07-023 of the Federal Communications Commission.

(Issued under Transmittal No. 857.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd)

(N)

(H) Sale of Verizon Operating Telephone Company (Cont'd)

(2) (Cont'd)

(a) The TBR Acquisition Reduction Amount shall be calculated for the Qualifying Services as follows:

(i) calculate the TBR for Qualifying Services purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Acquired VZ Telco ceases to provide the Qualifying Services. For purposes of this Option 23, TBR for Qualifying Services shall mean the portion of the Qualifying Services billed under the USOCs set forth in (E)(1)(b)(1) and (E)(1)(b)(2) preceding; and

(ii) calculate the average monthly amount of TBR for Qualifying Services purchased by the customer from the Acquired VZ Telco by dividing the number in (i) preceding by twelve (12) months; and

(iii) multiply the average monthly amount of TBR for Qualifying Services calculated in (ii) preceding by the number of months and any fraction thereof remaining in the Service Period.

(iv) Reduce the tiers of the TBR for Qualifying Services set forth in the Table in (I)(2)(d) following by the amount of the TBR Acquisition Reduction Amount as calculated in (iii) preceding.

(b) The IOF TBR Acquisition Reduction Amount shall be calculated for the Qualifying Services as follows:

(i) calculate the IOF TBR for Qualifying Services purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Acquired VZ Telco ceases to provide the Qualifying Services; For purposes of this Option 23, IOF TBR for Qualifying Services shall mean the portion of the Qualifying Services billed under the USOCs set forth in (E)(1)(b)(1) preceding; and

(ii) calculate the average monthly amount of IOF TBR for Qualifying Services purchased by the customer from the Acquired VZ Telco by dividing the number in (i) preceding by twelve (12) months; and

(iii) multiply the average monthly amount for IOF TBR for Qualifying Services calculated in (ii) preceding by the number of months and any fraction thereof remaining in the Service Period.

(iv) Reduce the tiers of the IOF TBR for Qualifying Services set forth in the Table in (I)(2)(d) following by the amount of the IOF TBR Acquisition Reduction Amount as calculated in (iii) preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(H) Sale of a Verizon Operating Telephone Company (Cont'd)

(3) All of the Billing Credits set forth in the Table in (I)(2)(d) following shall be reduced by a percentage which shall be calculated by dividing the TBR Acquisition Reduction Amount by $61.25M.

For Example:

Assume the Telephone Company sells Verizon Delaware LLC and that the sale is finalized with two months remaining in the Service Period.

(a) Proportionately reduce each range or tier of the TBR for Qualifying Services by the TBR Acquisition Reduction Amount

(i) Assume that the customer's TBR for Qualifying Services purchased by the customer from Verizon Delaware LLC during the previous 12 months = $24M.

(ii) Calculate the average monthly amount of TBR for Qualifying Services purchased by the customer from Verizon Delaware LLC = $2M [$24M/12].

(iii) To calculate the TBR Acquisition Reduction Amount, multiply the average monthly amount determined in (ii) preceding ($2M) by the number of months (2) remaining in the Service Period = $4M [$2M x 2].

(iv) Reduce the tiers set forth in the Table in (I)(2)(d) following by such TBR Acquisition Reduction Amount.

(b) Proportionately reduce each range or tier of the IOF TBR for Qualifying Services by the IOF TBR Acquisition Reduction Amount

(i) Assume that the customer's IOF TBR for Qualifying Services purchased by the customer from Verizon Delaware LLC during the previous 12 months = $12M.

(ii) Calculate the average monthly amount of IOF TBR for Qualifying Services purchased by the customer from Verizon Delaware LLC = $1M [$12M/12].

(iii) To calculate the IOF TBR Acquisition Reduction Amount, multiply the average monthly amount determined in (ii) preceding ($1M) by the number of months (2) remaining in the Service Period = $2M [$1M x 2].

(iv) Reduce the tiers set forth in the Table in (I)(2)(d) following by such IOF TBR Acquisition Reduction Amount.

(c) Calculate the percentage reduction in Billing Credits by dividing the TBR Acquisition Reduction Amount of $4M by $61.25M = 6.5%. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(l) Calculation of TBR and Billing Credit

(1) Calculation of the TBR for Qualifying Services and IOF TBR for Qualifying Services at the End of Service Period

(a) Calculation of TBR for Qualifying Services

Upon expiration of the Service Period, the Telephone Company will calculate all eligible recurring Special Access DS1 and DS3 revenues as outlined in (E)(1)(b)(1) and (E)(1)(b)(2) preceding. The Special Access DS1 and DS3 recurring revenues carrying any USOCs not listed in (E)(1)(b)(1) and (E)(1)(b)(2) preceding will not be included. Non-Special Access DS1s and DS3s carrying any of the USOCs listed in (E)(1)(b)(1) and (E)(1)(b)(2) preceding will also not be included.

As an illustrative example of calculating TBR for Qualifying Services, assume that the eligible recurring Special Access DS1 and DS3 revenue as outlined in (E)(1)(b)(1) and (E)(1)(b)(2) preceding was $66.5M. Forty-five (45) calendar days after end of the Service Period, the Telephone Company will calculate all eligible recurring Special Access DS1 and DS3 revenue for the Service Period subject to dispute. Further assume that the amount under dispute is $1.0M. The TBR for Qualifying Services to be used in determining the Billing Credit therefore equals $65.5M [$66.5M - $1.0M].

(b) Calculation of IOF TBR for Qualifying Services

Upon expiration of the Service Period, the Telephone Company shall calculate all eligible Special Access DS1 and DS3 revenues as outlined in E)(1)(b)(1) preceding. The Special Access DS1 and DS3 recurring revenues not carrying one of the USOCs listed in (E)(1)(b)(1) preceding will not be included. Non-Special Access DS1s and DS3s carrying any of the USOCs listed in (E)(1)(b)(1) preceding will also not be included.

As an illustrative example of calculating IOF TBR for Qualifying Services, assume that the eligible recurring Special Access DS1 and DS3 revenue as outlined in (E)(1)(b)(1) preceding was $18.5M. Forty-five (45) calendar days after the end of the Service Period, the Telephone Company will calculate all eligible recurring Special Access IOF DS1 and DS3 revenues for the Service Period subject to dispute. Further assume that the amount under dispute is $1.0M. The IOF TBR for Qualifying Services to be used in determining the Billing Credit equals $17.5M [$18.5M - $1.0M]. (N)

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(I) Calculation of TBR and Billing Credit (Cont'd)

(1) Calculation of the TBR for Qualifying Services and IOF TBR for Qualifying Services at the End of Service Period (Cont'd)

(c) No later than the 60th day following the end of the Service Period, the Telephone Company shall calculate the total TBR for Qualifying Services and IOF TBR for Qualifying Services (i.e., by calculating the total MRCs for Qualifying Services, which MRCs for Qualifying Services shall not include any Disputed Charges) achieved by the customer during the Service Period in accordance with the terms and condition set forth in this Option 23, including Sections (F)(1), (F)(2) preceding and (I)(2) following. Subject to any reductions and adjustments as set forth herein, the customer shall be eligible to receive the applicable credit set forth in Table 1 following ("**Billing Credit**"), which Billing Credit may be $0 or more depending on the customer's TBR for Qualifying Services and IOF TBR for Qualifying Services during the Service Period.

(2) Calculation of Billing Credit at the End of the Service Period

If the customer has not achieved both a TBR for Qualifying Services of at least $61.25M and an IOF TBR for Qualifying Services of $17.25M, then the customer shall not receive any Billing Credit (i.e., a Billing Credit of $0 as set forth in the Table in (I)(2)(d) following). To calculate the Billing Credit, the Telephone Company shall:

(a) Locate the customer's TBR for Qualifying Services and IOF TBR for Qualifying Services in the Table in (I)(2)(d) following under the headings "TBR for Qualifying Services" and "IOF TBR for Qualifying Services," respectively. The Billing Credit (if any) that the customer is eligible to receive is set forth in the lowest tier achieved of either the TBR for Qualifying Services or the IOF TBR for Qualifying Services. The TBR for Qualifying Services and IOF TBR for Qualifying Services achieved by the customer during the Service Period is calculated in accordance with the terms and conditions set forth in Section (I)(1)(a) and (I)(1)(b) preceding, including Sections (F)(1), (F)(2) preceding and this Section(I)(2); (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(I) Calculation of TBR and Billing Credit (Cont'd)

(2) Calculation of Billing Credit at the End of the Service Period (Cont'd)

(b) The Telephone Company shall credit the customer's BANs with the applicable Billing Credit as determined in accordance with the terms of this Option 23. The Billing Credits will be provided only in the MSAs that have achieved Phase I or Phase II pricing flexibility. In no event will the customer be eligible for any Billing Credit unless both their TBR for Qualifying Services and IOF TBR for Qualifying Services fall within one of the tiers set forth in the Table in (I)(2)(d) following.

(c) To use the Billing Credit Table in (I)(2)(d) following, the "Floor" amount represents the applicable tier minimum and the "Ceiling" amount represents the applicable tier maximum. TBR amounts that fall above a tier minimum but below a tier maximum fall into that tier. To determine the applicable tier for the TBR for Qualifying Services, determine the appropriate tier into which the TBR for Qualifying Services falls. To determine the applicable tier for the IOF TBR for Qualifying Services, determine the appropriate tier into which the IOF TBR for Qualifying Services falls. To determine the Billing Credit, determine the highest tier that the customer achieved for both TBR for Qualifying Services and the IOF TBR for Qualifying Services. As an example, if the customer achieved Tier B for TBR for Qualifying Services and Tier C for IOF TBR for Qualifying Services, the highest tier that customer achieved for both the TBR for Qualifying Services and the IOF TBR for Qualifying Services would be Tier B, and the customer would be entitled to the Tier B Billing Credit (i.e., $200,000). (N)

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(l) Calculation of TBR and Billing Credit (Cont'd)

(2) Calculation of Billing Credit at the End of the Service Period (Cont'd)

(d) Table 1

	TBR for Qualifying Services		**IOF TBR for Qualifying Services**		**Billing Credit**
Tier	Floor	Ceiling	Floor	Ceiling	Billing Credit
A	$ 0.00M	$61.24M	$ 0.00M	$17.24M	$ 0
B	$61.25M	$65.49M	$17.25M	$18.49M	$ 200,000
C	$65.50M	$66.49M	$18.50M	$19.49M	$ 400,000
D	$66.50M	$68.49M	$19.50M	$21.49M	$1,100,000
E	$68.50M	$70.49M	$21.50M	$23.49M	$1,800,000
F	$70.50M	None	$23.50M	None	$3,000,000

Illustrative Examples:

Example 1:

Assume the customer's TBR for Qualifying Services equals $66.5M (placing the customer in Tier D) but the customer's IOF TBR for Qualifying Services equals $17.25M (placing the customer in Tier B), the customer will receive Tier B Billing Credit of $200,000.

Example 2:

Assume the customer's TBR for Qualifying Services equals 70.5M (placing the customer in Tier F) but the customer's IOF TBR for Qualifying Services equals $16.0M (placing the customer in Tier A), the customer will receive no Billing Credit.

Example 3:

Assume the customer's TBR for Qualifying Services equals 69.0M (placing the customer in Tier E) but the customer's IOF TBR for Qualifying Services equals $25.0M (placing the customer in Tier F), the customer will receive tier E Billing Credit of $1.8M. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(I) Calculation of TBR and Billing Credit (Cont'd)

(3) Disputes, Releases and Waivers

(a) In calculating the Billing Credit, all of the following requirements shall apply.

(1) The Telephone Company shall not include in the calculation of the Billing Credit any Disputed Charges remaining as of the forty-fifth (45th) calendar day following the end of the Service Period.

(2) For the purpose of calculating the Billing Credit, the Telephone Company shall not include in MRCs any credits or debits for Qualifying Services provided during any periods prior to the Effective Date (regardless of whether such credits or debits were the result of a valid dispute by the customer or were the result of a billing error by the Telephone Company).

(3) With respect to any dispute for Qualifying Services, the customer must provide sufficient claim detail to enable the Telephone Company to appropriately assess the dispute, including but not limited to, the Billing Account Number (BAN), circuit ID, USOC detail, amount in dispute, appropriate references within this tariff, and a full explanation regarding why the customer believes it was billed in error.

(4) Upon resolution of any Disputed Charges, or disputes raised after the issuance of the Billing Credit in respect of amounts included in the TBR for Qualifying Services or the IOF TBR for Qualifying Services, amounts may be credited to the customer if the customer prevails, however notwithstanding anything to the contrary herein, there shall be no adjustment to the Billing Credit, the TBR for Qualifying Services or the IOF TBR for Qualifying Services calculated preceding, and the same shall apply regardless of the outcome of any Disputed Charges.

(5) There will not be any adjustment to the Billing Credit, the TBR for Qualifying Services or the IOF TBR for Qualifying Services if the Telephone Company bills amounts after the determination of the Billing Credit that would have otherwise been included in the TBR for Qualifying Services or the IOF TBR for Qualifying Services calculated preceding.

(6) The Billing Credit (as determined by the Telephone Company and agreed to by the customer) is not subject to dispute, except that the customer may dispute the Billing Credit only if the Billing Credit applied by the Telephone Company does not conform with the Billing Credits set forth in this Section (I).

(7) The amount of the Billing Credit shall in no event be subject to any late payment, interest or penalty as set forth in Section 2 preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.24 Contract Tariff Option 23 (Cont'd) (N)

(J) Termination at the end of the Service Period

Subject to the terms set forth herein, the customer may terminate its subscription to this Option 23 at any time during the Service Period. The customer must provide written notice of such termination at least thirty (30) days prior to the requested date of termination. Termination of less than all of the Contract Tariffs options (i.e., terminations of Contract Tariff Option 48 of FCC1, or Option 49 of FCC11, or Option 23 of this tariff) shall deemed to be an automatic termination of all Contract Tariff options. If the customer terminates its subscription to this Option 23 at any time during the Service Period, the customer will not be entitled to the payment of any Billing Credit, pro rated or otherwise, after the termination date. All obligations set forth in other sections of this tariff with respect to the Qualifying Services shall continue to apply. If the customer terminates a Qualifying Service(s) during the Service Period, termination liability shall apply in accordance with the applicable term plan under which such Qualifying Service(s) is being billed. (x) (N)

(x) Issued under authority of Special Permission No. 07-023 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (N)

(A) Scope

Contract Tariff Option 24 (**Option 24**) provides Billing Credits on certain Special Access Services if the customer meets certain total billed revenue amounts for the Qualifying Services (as defined in (E) following) as well as other credits as set forth herein.

In this Option 24, all references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $10M shall mean $10,000,000).

(B) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits, Fiber to the Cell Credit, and COW & COLT Credit of this Option 24.

(1) The customer must be a commercial mobile radio service provider and all Qualifying Services (as defined in (E)(1) following) must originate or terminate on the customer's wireless network.

(2) During the twelve (12) month period prior to the commencement of the Service Period, the customer, together with all its commercial mobile radio service provider affiliates, must have achieved a minimum of $155M in aggregate monthly billed recurring revenue for all Qualifying Services purchased by the customer from the Telephone Company.

(3) During the Service Period, in order to receive any Billing Credit, Fiber to the Cell (**FTTC**) Credit, or COW & COLT Credit (as defined in (K) following), the customer must:

(a) Meet or exceed the Annual Revenue Commitment (**ARC**)**,** as described in (K) following; and

(b) Satisfy the Annual Grooms Restriction, as described in (N) following.

(4) The customer must concurrently subscribe to National Discount Plan (**NDP**) as set forth in Section 23.1 following and, in order to receive any Billing Credit, FTTC Credit, or COW & COLT Credit hereunder, remain subscribed to NDP throughout the Service Period. The Billing Credits provided herein are in addition to, and do not alter, any of the existing service discounts/term plans available under NDP.

(5) The customer must subscribe to Option 24 by submitting a written authorization in a manner designated by the Telephone Company during the period beginning January 31, 2008 and ending February 29, 2008. Such subscription must include a list of Customer ACNA(s) which the Telephone Company agrees to, in writing, for inclusion in this Option 24. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd)

(N)

(B) Eligibility (Cont'd)

(6) Except as described in (B)(4) preceding, the customer may not concurrently subscribe to any other Tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company and available to the customer either currently or at any time during the Service Period, which Tariff arrangement, contract tariff option, special service arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by the customer for the Qualifying Services.

(7) The ARC/ARC+, as described in (K) following, for Qualifying Services shall be calculated using the criteria and mechanism set forth in this Option 24. The amount of any Billing Credit or FTTC Credit shall vary depending on the level of actual ARC/ARC+ for Qualifying Services achieved by the customer during each year of the Service Period. The Billing Credits, FTTC Credit, and COW & COLT Credit shall be calculated in accordance with the terms and conditions of this Option 24.

(C) Service Period

The Service Period of this Option 24 shall be for a period of eight (8) years commencing on February 1, 2008, and ending on January 31, 2016.

(D) Serving Area

(1) The Billing Credits, FTTC Credit, and COW & COLT Credit will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, Verizon Telephone Companies Tariff F.C.C. No. 1 (**FCC1**), and the Verizon Telephone Companies Tariff F.C.C. No. 11 (**FCC11**). Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 14.7 of FCC1, and Section 15.3 of FCC11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 14.7 of FCC1, and Section 15.3 of FCC11) that occur during the Service Period of this Option 24 will apply. No Billing Credits, FTTC Credit, or COW & COLT Credit will be provided in the operating territories of Verizon Telephone Companies Tariff F.C.C. No. 16 (**FCC16**). (x)

(2) No Billing Credits, FTTC Credit, or COW & COLT Credit will be provided in the states of Maine, New Hampshire or Vermont of FCC11. (N)(x)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

(Issued under Transmittal No. 890.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(E) Qualifying Services

(1) Description of Qualifying Services

Qualifying Services will be comprised of Special Access DS1 and DS3 Services as set forth in Section 5.3.6 preceding of this tariff, Section 7.2.9 of FCC1, Section 7.2.9 of FCC11, excluding the states of Maine, New Hampshire and Vermont, and Section 7.11.1 of FCC16, as the same may be amended from time to time, which Special Access DS1 and DS3 Services are billed by the Telephone Company during the Service Period and meet all of the following criteria during each month of the Service Period. (x) (x)

(a) Rate elements for MetroLAN services (as set forth in this tariff and FCC16) and Facilities Management Services (FMS as set forth in FCC1 and FCC11) will not be included. (x) (x)

(b) For the Qualifying Services set forth above, the associated rate elements must be billing under one of the following Universal Service Order Codes (USOCs):

1A5LX	1A5ZS	1A8ZS	1HH7S	1HHBS
1HHPS	1J53S	1J54S	1L5LS	1L5RS
1L5XX	1LFMX	1LFSX	1T58S	1U5PS
1YA8S	TRG	FQYU1	FQYU2	FQYU3
FQYU4	FQYU5	FQYU6	MKM	MQ1
MQ3	MQJ++	MQK	MXN12	MXN13
MXN15	MXN17	MXNRX	QMU	1C4A3
1C4A5	1C4A7	1C4B3	1C4B5	1C4B7
1C4C3	1C4C5	1C4C7	1C4D3	1C4D5
1C4D7	1C4E3	1C4E5	1C4E7	1C4F3
1C4F5	1C4F7	1C4G3	1C4G5	1C4G7
1C4H3	1C4H5	1C4H7	1C4J3	1C4J5
1C4J7	1C4K3	1C4K5	1C4K7	1CF21
1CF22	1CF23	1CF25	1CF41	1CF42
1CF43	1CF45	1CF51	1CF52	1CF53
1CF55	1CF61	1CF62	1CF63	1CF65
1CF71	1CF72	1CF73	1CF75	1CF81
1CF82	1CF83	1CF85	1CF91	1CF92
1CF93	1CF95	1CFA1	1CFA2	1CFA3
1CFA5	1CFB1	1CFB2	1CFB3	1CFB5
1CFC1	1CFC2	1CFC3	1CFC5	1CFD1
1CFD3	1CFD5	1CFD7	1CFE1	1CFE3
1CFE5	1CFE7	1CFF1	1CFF3	1CFF5
1CFF7	1CFG1	1CFG3	1CFG5	1CFG7
1CFH1	1CFH3	1CFH5	1CFH7	1CFJ1
1CFJ3	1CFJ5	1CFJ7	1CFK1	1CFK3
1CFK5	1CFK7	1CFL1	1CFL3	1CFL5
1CFL7				

(N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

(Issued under Transmittal No. 890.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(1) (Cont'd)

(b) (Cont'd)

1CFM1	1CFM3	1CFM5	1CFM7	1CFN1
1CFN3	1CFN5	1CFN7	1CFR8	1CFRJ
1CFS8	1CFSJ	1CFT8	1CFTJ	1CFU8
1CFUJ	1CFV8	1CFVJ	1CKDF	1CKDX
1CKMF	1CKNX	1CKPF	1CKSX	1X7VX
1XCDX	CCO	EQUA3	EQUA5	EQUA7
EQUB3	EQUB5	EQUB7	EQUC3	EQUC5
EQUC7	EQUD3	EQUD5	EQUD7	EQUE3
EQUE5	EQUE7	EQUF3	EQUF5	EQUF7
EQUG3	EQUG5	EQUG7	EQUH3	EQUH5
EQUH7	EQUJ3	EQUJ5	EQUJ7	EQUK3
EQUK5	EQUK7	EU4DF	EU4DX	EU4MF
EU4NX	EU4PF	EU4SX	EU7VX	EUU21
EUU22	EUU23	EUU25	EUU41	EUU42
EUU43	EUU45	EUU51	EUU52	EUU53
EUU55	EUU61	EUU62	EUU63	EUU65
EUU71	EUU72	EUU73	EUU75	EUU81
EUU82	EUU83	EUU85	EUU91	EUU92
EUU93	EUU95	EUUA1	EUUA2	EUUA3
EUUA5	EUUB1	EUUB2	EUUB3	EUUB5
EUUC1	EUUC2	EUUC3	EUUC5	EUUD1
EUUD3	EUUD5	EUUD7	EUUE1	EUUE3
EUUE5	EUUE7	EUUF1	EUUF3	EUUF5
EUUF7	EUUG1	EUUG3	EUUG5	EUUG7
EUUH1	EUUH3	EUUH5	EUUH7	EUUJ1
EUUJ3	EUUJ5	EUUJ7	EUUK1	EUUK3
EUUK5	EUUK7	EUUL1	EUUL3	EUUL5
EUUL7	EUUM1	EUUM3	EUUM5	EUUM7
EUUN1	EUUN3	EUUN5	EUUN7	EUUR8
EUURJ	EUUS8	EUUSJ	EUUT8	EUUTJ
EUUU8	EUUUJ	EUUV8	EUUVJ	EUW
HKTJS	HKTJX	HKTLS	PR9SX	SLHA1
SLHA3	SLHA5	SLHA7	SLHB1	SLHB3
SLHB5	SLHB7	SLHC1	SLHC3	SLHC5
SLHC7	SLHD1	SLHD3	SLHD5	SLHD7
SLHE1	SLHE3	SLHE5	SLHE7	TKTPX
TMECS	TNJZX	TNT3X	TNT4X	TNT8X
TUTPX	TVJ7X	TVJPX	TVJQX	TVJRX
TVJSX	TYF8S	TYF8X	TYFLS	TYFLX
TYFMS	TYFMX	TYFNX	TYFOX	TYFPX
TYFQX	TYFRX	TYFSX	TYFTX	TYFUX
TYFVS	TYFVX	TYFWS	TYFWX	TZGHX

(N)

(Issued under Transmittal No. 890.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(2) All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in (E)(1) preceding shall not be eligible for inclusion as Qualifying Services under this Option 24. If the Telephone Company, subsequent to January 31, 2008, determines that one or more USOC(s) were omitted from the preceding list in error, the Telephone Company shall amend the list to include such USOC(s) for all purposes hereunder. If the Telephone Company replaces or changes any of the USOC(s) listed in (E)(1) preceding, or creates any new USOC(s), in each case that fit within the description of the Qualifying Services set forth in this Section (E), the Telephone Company shall amend the list preceding to include such USOC(s) for all purposes hereunder as of the date of the replacement, changing or creation of such USOC(s), as applicable.

(F) Revenues Included/Not Included in Calculation of ARC/ARC+ for Qualifying Services

(1) Revenues Included in Calculation of ARC/ARC+ for Qualifying Services

The customer's ARC/ARC+ for Qualifying Services shall include only MRC amounts which are paid in full by the customer:

(a) For purposes of this Option 24, **MRCs** shall mean the revenues from the billed monthly recurring charges, net of any discounts given under existing pricing plans, including NDP, if applicable, for the Qualifying Services billed during any year of the Service Period under the USOCs set forth in (E)(1) preceding, and excluding Disputed Charges.

(b) For purposes of this Option 24, **Disputed Charges** shall mean MRCs for the Qualifying Services billed during any year of the Service Period, which amounts are under dispute by the customer and have been paid in full by the customer, as of the thirtieth (30th) calendar day following the end of the applicable quarter or year of the Service Period in accordance with (K) following. Amounts which have not been paid in full (regardless of whether or not such amounts are under dispute by the customer), shall also be excluded in the ARC/ARC+ for Qualifying Services for the applicable year of the Service Period.

(c) For purposes of this Option 24, "paid in full" shall refer to amounts that the customer paid for the Qualifying Services, in accordance with the terms of this tariff, FCC1, FCC11, or FCC16, as applicable, and shall not include any amounts that are Disputed Charges. In the event that the customer disputes some but not all charges on a bill, the charges that are not disputed shall, upon payment thereof, be considered "paid in full" for purposes of this Option 24. (x) (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

(Issued under Transmittal No. 890.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(F) Revenues Included/Not Included in Calculation of ARC/ARC+ for Qualifying Services (Cont'd)

(2) Examples of Revenues Not Included in Calculation of ARC/ARC+ for Qualifying Services

ARC/ARC+ for Qualifying Services does not include any revenues other than as set forth in (F)(1) preceding, and the following types of charges are not included:

(a) non-recurring charges;
(b) taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund);
(c) service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty);
(d) any other charges which are not applied on a monthly recurring basis;
(e) credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services;
(f) any debits or credits for Qualifying Services rendered in prior Quarters or periods prior to January 31, 2008;
(g) shortfall or overage charges associated with term plan true-ups;
(h) minimum period charges;
(i) any Disputed Charges;
(j) termination liabilities; or
(k) adjustments other than those relating explicitly to MRCs. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(G) Mergers, Acquisitions and Disposition of the Customer Business or Assets

(1) Customer Acquisitions

In the event the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company (collectively, a **Customer Acquisition**), unless the Telephone Company and the customer mutually agree otherwise as described in (d) following, the terms and conditions set forth in (a), (b) and (c) following will apply in addition to any other terms and conditions set forth in this tariff, FCC1, FCC11 and FCC16. (x)

(a) The customer may not combine or include any revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in the calculation of ARC/ARC+ for Qualifying Services.

(b) The customer's ARC/ARC+ for Qualifying Services shall be calculated based on its revenues with the Telephone Company using the customer's ACNAs (as submitted by the customer in its subscription to this Option 24) and approved by the Telephone Company for inclusion in this Option 24, without adding the revenues and/or ACNAs attributable to expansion of the customer's purchase of Qualifying Services from the Telephone Company through merger, transfer, assignment, or acquisition.

(c) The Telephone Company reserves the right to terminate the customer's subscription to this Option 24 without liability if the customer does not adhere to the provisions of this Section (G)(1). Termination of this Option 24 shall also result in termination of Option 49 of FCC1 and Option 50 of FCC11. (x)

(d) The customer and the Telephone Company may mutually agree to modify the customer's subscription to this Option 24 to include one or more of the ACNAs and related revenues attributable to expansion of the customer's purchase of Services from the Telephone Company as a result of a Customer Acquisition, with both the Telephone Company and the customer taking into consideration in good faith whether such revenues represent new or existing revenues to the Telephone Company. (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd)

(N)

(G) Mergers, Acquisitions and Disposition of the Customer Business or Assets (Cont'd)

(2) Customer Sold Business Adjustments

In the event the customer sells, transfers or otherwise disposes of interests in an affiliate or subsidiary (**Customer Sold Business**) that purchases Qualifying Services, to an unaffiliated third party, and the customer does not, through any affiliate or subsidiary, directly or indirectly, purchase the Qualifying Services after such time, then the following terms and conditions shall apply in addition to any other terms and conditions set forth in this tariff, FCC1, FCC11 and FCC16. (x)

(a) For the year of the Service Period in which the sale occurs, the following adjustments will occur:

(1) each range or tier of the ARC for Qualifying Services set forth in Table 1 of (K)(3) following shall be reduced by the Customer ARC Acquisition Reduction Amount (as defined following); and

(2) all Billing Credits set forth in Tables 1 and 2 of (K)(3) and (K)(4) following, each dollar figure set forth in the Floor and Ceiling columns of Table 2 of (K)(4) following, each Base Annual FTTC Credit set forth in Table 3 of (K)(6) following, and the COW & COLT Credit set forth in (K)(6) following shall be reduced by a percentage which shall be calculated by dividing the Customer ARC Acquisition Reduction Amount by the ARC in effect at the time of the sale.

Calculate the **Customer ARC Acquisition Reduction Amount** for the Qualifying Services as follows:

(i) Calculate the MRCs which have been billed to the Customer Sold Business for Qualifying Services by the Telephone Company during the twelve (12) months prior to the time that the customer ceases to purchase the Service(s);

(ii) calculate the average monthly amount of MRCs which have been billed to the customer by the Telephone Company for Qualifying Services in (i) preceding by dividing the number in (i) preceding by twelve (12); and

(iii) multiply the average monthly amount of MRCs which have been billed to the customer for Qualifying Services calculated in (ii) preceding by the number of months remaining in the year of the Service Period during which the sale occurs. (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(G) Mergers, Acquisitions and Disposition of the Customer Business or Assets (Cont'd)

(2) Customer Sold Business Adjustments (Cont'd)

(b) For each year of the Service Period subsequent to the year of the Service Period in which the sale occurs, the following adjustments will occur:

(1) each range or tier of the ARC for Qualifying Services set forth in Table 1 of (K)(3) following shall be reduced by the Subsequent Year Customer ARC Acquisition Reduction Amount (as defined following); and

(2) all Billing Credits set forth in Tables 1 and 2 of (K)(3) and (K)(4) following, each dollar figure set forth in the Floor and Ceiling columns in Table 2 of (K)(4) following, each Base Annual FTTC Credit set forth in Table 3 of (K)(6) following, and the COW & COLT Credit set forth in (K)(6) following shall be reduced by a percentage which shall be calculated by dividing the Subsequent Year Customer ARC Acquisition Reduction Amount by the ARC in effect at the time of the sale.

The **Subsequent Year Customer ARC Acquisition Reduction Amount** shall equal the MRCs which have been billed to the Customer Sold Business for Qualifying Services by the Telephone Company during the twelve (12) months prior to the time that the customer ceases to purchase the Qualifying Services.

The Telephone Company will make the adjustments in accordance with this Section (G)(2) upon receipt by the Telephone Company from the customer of confirmation that such sale, transfer or other disposition has been finalized, together with the information necessary to effect such adjustments, including, the Billing Account Numbers (BANs), circuit IDs, and USOC details associated with the Customer Sold Business. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(H) Sale of a Verizon Operating Telephone Company

(1) If some or all of the assets or stock of a Verizon Operating Telephone Company of this tariff, FCC1, FCC11, or FCC16, as applicable, are acquired by an unaffiliated third party (**Acquired VZ Telco**), and the Telephone Company does not provide the Qualifying Services in the operating territory of the Acquired VZ Telco to the customer after such time, then the following terms and conditions shall apply, in addition to any other terms and conditions set forth in this tariff, FCC1, FCC11, or FCC16, as applicable. No Service(s) provided in the states of Maine, New Hampshire or Vermont are included in the ARC/ARC+ for Qualifying Services and, accordingly, any sale of the assets or stock of the Verizon Operating Telephone Company providing service in those three states will not trigger the application of this Section (H). (x) (x) (x)

(a) For the year of the Service Period in which the sale occurs, the following adjustments will occur:

(1) each range or tier of the ARC for Qualifying Services set forth in Table 1 of (K)(3) following shall be reduced by the ARC Acquisition Reduction Amount (as defined following); and

(2) all Billing Credits set forth in Tables 1 and 2 of (K)(3) and (K)(4) following, each dollar figure set forth in the Floor and Ceiling columns in Table 2 of (K)(4) following, each Base Annual FTTC Credit set forth in Table 3 of (K)(6) following, and the COW & COLT Credit set forth in (K)(6) following shall be reduced by a percentage which shall be calculated by dividing the ARC Acquisition Reduction Amount by the ARC in effect at the time of the sale.

Calculate the **ARC Acquisition Reduction Amount** for the Qualifying Services as follows:

(i) calculate the MRCs which have been paid in full for Qualifying Services purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Telephone Company ceases to provide the Qualifying Service(s);

(ii) calculate the average monthly amount of MRCs which have been paid in full for Qualifying Services purchased by the customer in (i) preceding by dividing the number in (i) preceding by twelve (12); and

(iii) multiply the average monthly amount of MRCs which have been paid in full for Qualifying Services calculated in (ii) preceding by the number of months remaining in the year of the Service Period during which the sale occurs. (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(H) Sale of Verizon Operating Telephone Company (Cont'd)

(1) (Cont'd)

(a) (Cont'd)

For Example:

(i) Assume the Telephone Company sells Verizon New York Inc. during the first year of the Service Period. Sale is finalized with two months remaining in the first year of the Service Period.

(ii) Assume the customer is placed in ARC Level 2 for the first year of Service Period which has an ARC of $225M.

(iii) Assume the customer's MRCs which have been paid in full for Qualifying Services purchased by the customer from Verizon New York Inc. during the previous 12 months are $24M.

(iv) Average monthly amount of MRCs which have been paid in full for Qualifying Services purchased by the customer from Verizon New York Inc. = $2M [$24M/12].

(v) Tiers for ARC for Qualifying Services are reduced by $4M [$2M x 2].

(vi) The Billing Credits, each dollar amount set forth in the Floor and Ceiling columns in Table 2 of (K)(4) following, each Base Annual FTTC Credit set forth in Table 3 of (K)(6) following, and the COW & COLT Credit set forth in (K)(6) following are reduced by 1.78% [$4M/$225M]. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(H) Sale of Verizon Operating Telephone Company (Cont'd)

(1) (Cont'd)

(b) For each year of the Service Period subsequent to the year of the Service Period in which the sale occurs, the following adjustments will occur:

(1) each range or tier of the ARC for Qualifying Services set forth in Table 1 of (K)(3) following shall be reduced by the Subsequent Year ARC Acquisition Reduction Amount (as defined following); and

(2) all Billing Credits set forth in Tables 1 and 2 of (K)(3) and (K)(4) following, each dollar figure set forth in the Floor and Ceiling columns in Table 2 of (K)(4) following, each Base Annual FTTC Credit set forth in Table 3 of (K)(6) following, and the COW & COLT Credit set forth in (K)(6) following shall be reduced by a percentage which shall be calculated by dividing the Subsequent Year ARC Acquisition Reduction Amount by the ARC in effect at the time of the sale.

The **Subsequent Year ARC Acquisition Reduction Amount** shall equal the MRCs which have been paid in full for Qualifying Services purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Telephone Company ceases to provide the Qualifying Services.

For example:

(i) Assume the Telephone Company sells Verizon New York Inc. during the first year of the Service Period. The customer's MRCs which have been paid in full for Qualifying Services purchased by the customer from Verizon New York Inc. during the previous 12 months (i.e., Subsequent Year ARC Reduction Amount) = $24M.

(ii) Tiers for ARC for Qualifying Services are reduced by $24M.

(iii) Assume the customer is placed in ARC Level 2 for the first year of the Service Period which has an ARC of $225M.

(iv) The Billing Credits, each dollar amount set forth in the Floor and Ceiling columns in Table 2 of (K)(4) following, each Base Annual FTTC Credit set forth in Table 3 of (K)(6) following, and the COW & COLT Credit set forth in (K)(6) following are reduced by 10.67% [$24M/$225M]. (N)

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(I) Detariffing of Qualifying Services

If the Telephone Company detariffs any of the Qualifying Services specified in (E) preceding (**Detariffed Qualifying Services**), then each Floor, Ceiling, ARC Billing Credit and ARC+ Billing Credit for each of the tiers in Tables 1 and 2 of (K)(3) and (K)(4) following, shall be reduced (i) in the year in which such detariffing occurs, by the **Year One Detariffing Percentage** and (ii) in each subsequent year of the Service Period, by the **Annual Detariffing Percentage**, in each case as described following in this Section (I).

(1) The Annual Detariffing Percentage shall be calculated as follows:

(a) calculate the amount of the Detariffed Qualifying Services purchased by the customer from the Telephone Company during the twelve (12) months prior to the date that the Detariffed Qualifying Services are detariffed; and

(b) divide the number calculated in (a) preceding by the ARC (as defined following) then in effect to determine the Annual Detariffing Percentage.

The Year One Detariffing Percentage equals the Annual Detariffing Percentage multiplied by the number of days in the applicable year of the Service Period left after the date of detariffing divided by three hundred sixty five (365).

For Example:

(i) Assume that the Telephone Company detariffs certain Qualifying Services on the three hundredth (300th) day of year one of the Service Period.

(ii) Assume that the customer purchased twenty-two and a half million ($22.5M) of such Qualifying Services during the twelve (12) months prior to the date that the Telephone Company detariffed such Qualifying Services.

(iii) Assume that the customer's ARC for year one of the Service Period was $225M.

(iv) The Annual Detariffing Percentage to be applied to the Floor, Ceiling, ARC Billing Credit and ARC+ Billing Credit in each of the tiers in Tables 1 and 2 of (K)(3) and (K)(4) following would be 10% [$22.5/$225M].

(v) The Year One Detariffing Percentage would be 1.78% (calculated as follows [10%*65/365]). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(J) Price Reductions for Qualifying Service

If the Telephone Company reduces the MRCs for the Qualifying Services purchased by the customer during any year of the Service Period and, solely as a result of such price reduction(s), the customer does not meet its ARC for that year of the Service Period as selected or determined in accordance with (K)(1) following, each Floor, Ceiling, ARC Billing Credit and ARC+ Billing Credit for each of the tiers in Tables 1 and 2 of (K)(3) and (K)(4) following shall automatically be reduced by such percentage reduction (**Price Reduction Percentage**), as calculated following, for each subsequent year of the Service Period, and reduced on a pro rated basis consistent with the methodology set forth in (I) preceding for the year in which such price reduction(s) occurs. Regardless of whether any adjustments to Table 1 and Table 2 of (K)(3) and (K)(4) following are required pursuant to the preceding sentence, a **Price Reduction Percentage** shall be calculated for each year of the Service Period, taking into account all price reductions occurring in such year, as follows.

Step 1 Calculate the MRCs for Qualifying Services purchased by the customer during the month immediately preceding the month in which the price reduction is reflected in the billing.

Step 2 Calculate the MRCs for Qualifying Services purchased by the customer during the month in which the price reduction is reflected in the billing, subtracting any MRCs associated with any additional MRCs for Qualifying Services added and effective with that month, and adding back any MRCs for Qualifying Services disconnected and not billed effective with that month.

Step 3 Subtract the amount calculated in Step 2 from the amount calculated in Step 1.

Step 4 Divide the amount calculated in Step 3 by the amount calculated in Step 1 to get the price reduction percentage for that month.

Step 5 Repeat Steps 1 through 4 in connection with each month during which a price reduction occurs.

Step 6 Add up each of the individual price reduction percentages for the months in which a price reduction occurred to determine the Price Reduction Percentage for each year of the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(J) Price Reductions for Qualifying Service (Cont'd)

For Example:

Step 1 The customer's MRCs for Qualifying Services during the month preceding the month in which the price reduction is reflected in the billing are $19M.

Step 2 The customer's MRCs for Qualifying Services during the month following the price reduction equal $18M, including $50,000 of disconnects and $100,000 of new additions effective with that month, resulting in $17.95M in comparable MRCs after such price reduction.

Step 3 The difference between the month preceding the price reduction and the month in which the price reduction is implemented equals $1.05M [calculated as ($19M - $17.95M].

Step 4 The price reduction percentage for that month equals 5.53% [calculated as $1.05M / $19M].

Step 5 Assume that there were no other price reductions during the year of the Service Period.

Step 6 The Price Reduction Percentage would then also equal 5.53%.

In addition to the adjustments that may be required to Tables 1 and 2 of (K)(3) and (K)(4) following as discussed in this Section (J), if, over the course of the Service Period the Telephone Company implements price reductions which in the aggregate, when adding the Price Reduction Percentage calculated in respect of each year of the Service Period in which a price reduction occurs, are greater than eight percent (8%), the customer may terminate its subscription to this Option 24, or the Telephone Company may terminate the customer's subscription to this Option 24, as applicable, upon providing sixty (60) days written notice, in which case neither the Buyout Payment nor Termination Liability (each as defined in (Q) and (R) following) will be due and payable as a result of such a termination. Termination of this Option 24 shall result in termination of Option 49 of FCC1 and Option 50 of FCC11. (x) If neither the customer nor the Telephone Company terminates Option 24, the existing terms and conditions of this Option 24, Option 49 of FCC1 and Option 50 of FCC11 shall continue to apply. (N)(x)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(K) Calculation of ARC, ARC+ and Billing Credits

At the conclusion of each year of the Service Period, the customer is eligible to receive an **ARC Billing Credit** and an **ARC+ Billing Credit,** depending on the actual ARC/ARC+ for Qualifying Services achieved, and subject to an annual true-up to account for amounts paid as quarterly billing credits (**Quarterly Billing Credits** and together with the ARC Billing Credit and the ARC+ Billing Credit, **Billing Credits**) during such year of the Service Period with respect to the ARC Billing Credit and ARC+ Billing Credit.

(1) Calculation of the ARC Level

(a) For the first year of the Service Period, the Telephone Company shall calculate the total ARC for Qualifying Services and determine the ARC Level as follows:

(1) The Telephone Company will determine the amount of the customer's MRCs which have been paid in full for the Qualifying Services during the last three (3) months immediately prior to the commencement of the Service Period, in accordance with the terms and condition set forth in this Option 24, including (E)(1), (E)(2), (F)(1) and (F)(2) preceding.

(2) The Telephone Company will then multiply that amount by four (4).

(3) The Telephone Company will determine which ARC Level the customer falls into as set forth in Table 1 of (K)(3) following.

(4) The Floor of the ARC Level in which such amount falls will be the **ARC**.

(b) Subject to the right of the customer to terminate Option 24 as set forth in (P) following, in years two (2) through eight (8) of the Service Period, within thirty (30) days after the end of the previous year of the Service Period, the Telephone Company will provide an estimate of the ARC/ARC+ for Qualifying Services achieved by the customer for the previous year of the Service Period. The customer shall select the ARC Level in writing by no later than thirty (30) calendar days after the Telephone Company provides its estimate as set forth preceding, consistent with the following:

(1) The customer shall select either the ARC Level from the previous year of the Service Period; or the customer may increase the ARC Level to a higher ARC Level provided its MRCs which have been paid in full for Qualifying Services for the previous year, or for the last three (3) months of the previous year of the Service Period multiplied by four (4), in each case based upon the estimate provided by the Telephone Company to the customer as set forth in this Section (K)(1)(b), fall within the range of such ARC Level.

(2) The ARC Level selected by the customer may increase from one year of the Service Period to the next; however the ARC Level may not be decreased during the Service Period.

(3) If the customer does not notify the Telephone Company of it choice, the Telephone Company will place the customer in the ARC Level from the previous year of the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd)

(N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd) |

(2) Quarterly Billing Credit Calculation |

(a) At the end of the first three quarterly periods during each year of the Service Period, the Telephone Company shall determine the MRCs which have been paid in full by the customer during such quarterly period (**Achieved Quarterly Revenue**). The Telephone Company will also develop a quarterly ARC by dividing the ARC by four (4) (**Prorated Quarterly ARC**). The Telephone Company will then compare the Achieved Quarterly Revenue to the Prorated Quarterly ARC and also determine whether the customer has complied with the Annual Grooms Restriction described in Section (N) following, as prorated for such three month period (i.e., less than three hundred fifteen [315 = 1260/4] total Special Access DS1 and DS3 service grooms of which no more than fifteen [15 = 60/4] were Special Access DS3 services during such three month period). If the Achieved Quarterly Revenue during the three month period is less than the Prorated Quarterly ARC, or if the customer has not complied with the Annual Grooms Restriction, as prorated for such three month period, then the customer will not receive any Quarterly Billing Credits for that particular three month period (without prejudice to the customer's ability to receive such Billing Credits as part of the Annual True-Up Payment if the customer satisfies the Annual Grooms Restriction, for the applicable year of the Service Period). If the customer has complied with the Annual Grooms Restriction, as prorated for such three (3) month period, and has met or achieved the Prorated Quarterly ARC, then the customer will be eligible to receive a Quarterly Billing Credit for that three month period with respect to the ARC Billing Credit equal to one quarter of the ARC Billing Credit for which the customer would be eligible to receive for the applicable year of the Service Period if the Achieved Quarterly Revenue was multiplied by four (4). |

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd)

(2) Quarterly Billing Credit Calculation (Cont'd)

(a) (Cont'd)

Illustrative Example:

(i) Assume the customer's MRCs for Qualifying Services during each of the last three full months immediately prior to the commencement of the Service Period equals $20M. The Telephone Company will then multiply the total for that three month period ($60M) by 4 ($60M X 4 = $240M). The customer's ARC Level for year one of the Service Period will be Level 2. If the MRCs which have been paid in full by the customer during year one of the Service Period meet or exceed $225M, subject to this Option 24, the customer will receive the Level 2 credit of $10M.

(ii) Assume the Achieved Quarterly Revenue during each of the first three quarterly periods during year one of the Service Period is $60M, and the customer groomed in aggregate three hundred and eleven (311) Special Access DS1 and DS3 services of which twelve (12) were DS3 services, during each of those three quarterly periods. For each of the first three quarterly periods during year one of the Service Period, the Achieved Quarterly Revenue ($60M) would be greater than the Prorated Quarterly ARC ($56.25M = $225M/4), and the customer would have complied with the Annual Grooms Restriction, as prorated for such three month period (i.e., less than three hundred fifteen (315) total Special Access DS1 and DS3 service grooms of which no more than fifteen (15) were DS3 services during each quarterly period).

(iii) The customer would then have been eligible to receive a Quarterly Billing Credit with respect to the ARC Billing Credit of $2.5M for each of the first three quarterly periods ($2.5M = $10M ARC Billing Credit for ARC Level 2 divided by four (4)) during year one of the Service Period. (N)

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd)

(2) Quarterly Billing Credit Calculation (Cont'd)

(b) Additionally, if the customer is eligible to receive a Quarterly Billing Credit for any three month period with respect to the ARC Billing Credit, the Telephone Company will multiply the Achieved Quarterly Revenue by four (4) to determine what, if any, ARC+ Billing Credit the customer would be entitled to receive on an annualized basis using the methodology set forth in (K)(4) following. If the customer would be eligible to receive an ARC+ Billing Credit on an annualized basis, the customer will be eligible to receive a Quarterly Billing Credit with respect to the ARC+ Billing Credit equal to one quarter of such annualized credit.

Illustrative example which continues the example provided in Section (K)(2)(a) preceding:

(iv) The customer's Achieved Quarterly Revenue multiplied by four (4) equals $240M [$60M*4].

(v) Based upon the customer being in ARC Level 2 for year one of the Service Period, the customer would be eligible to receive an annualized ARC+ Billing Credit based upon the methodology set forth in (K)(4) following calculated as follows: The ARC+ would equal the Achieved Quarterly Revenue multiplied by four (4) minus the ARC [$15M = [($60M*4) - $225M)]].

(vi) $15M would place the customer below the minimum set forth in ARC+ Level 1 of ARC Level 2 necessary to receive any annualized ARC+ Billing Credit, and the customer would therefore not receive any Quarterly Billing Credit with respect to the ARC+ Billing Credit for any of the first three quarterly periods of year one of the Service Period.

(3) Calculation of ARC Billing Credit

At the conclusion of each year of the Service Period, subject to an annual true-up to account for amounts paid as Quarterly Billing Credits with respect to the ARC Billing Credit, the customer is eligible to receive an ARC Billing Credit if the MRC amounts which have been paid in full by the customer for the applicable year of the Service Period meet or exceed the ARC (subject to any reductions and adjustments as set forth herein) then in effect. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd)

(3) Calculation of ARC Billing Credit (Cont'd)

Table 1: ARC Billing Credit Matrix

ARC Level	Floor	Ceiling	ARC Billing Credit
1	$155,000,000	$224,999,999	$ 3,500,000
2	$225,000,000	$324,999,999	$10,000,000
3	$325,000,000	$424,999,999	$16,500,000
4	$425,000,000	None	$23,000,000

The following illustrative example continues the example provided in (K)(2)(b) preceding:

(vii) Assume the customer's MRCs for Qualifying Services during the last quarter of year one of the Service Period were $90M, resulting in MRC amounts paid in full by the customer during year one of the Service Period of $270M, making the customer eligible to receive the Level 2 ARC Billing Credit of $10M with respect to year one of the Service Period.

(viii) In year two of the Service Period, the customer must notify the Telephone Company in writing and in accordance with this Section (K)(3) as to whether it is going to continue with the Level 2 ARC or change to the Level 3 ARC, based upon multiplying the MRCs paid in full for Qualifying Services for the last three (3) months of the previous year of the Service Period ($90M) by four (4) = $360M. If the customer does not notify the Telephone Company of its choice, the Telephone Company will place the customer in the ARC Level from the previous year of the Service Period (in this example ARC Level 2).

(ix) Assume the MRC amounts which have been paid in full by the customer during year two of the Service Period are $365M. If the customer elected to retain the Level 2 ARC, it will receive the Level 2 ARC Billing Credit of $10M. If the customer elected to select the Level 3 ARC, it will receive the Level 3 ARC Billing Credit of $16.5M. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd)

(4) Calculation of the ARC+ Billing Credit

At the conclusion of each year during the Service Period, subject to an annual true-up to account for amounts paid as Quarterly Billing Credits with respect to the ARC+ Billing Credit, the customer is eligible to receive an ARC+ Billing Credit if the MRC amounts which have been paid in full by the customer for the applicable year of the Service Period minus the ARC exceed the Floor of the applicable ARC+ Level (subject to any reductions and adjustments as set forth herein) for the ARC Level then in effect.

(a) The Telephone Company will establish the customer's ARC Level as determined in (K)(1) preceding.

(b) The Telephone Company will determine the MRC amounts which have been paid in full by the customer during the applicable year of the Service Period for Qualifying Services as determined in (K)(1) preceding, and then subtract from such amount the ARC in effect for the applicable year of the Service Period (the resulting amount, the **ARC+**).

(c) The Telephone Company will determine which ARC+ Level of Table 2 following, if any, the customer's ARC+ falls into based upon the applicable ARC Level then in effect.

(d) If the customer's ARC+ exceeds the Floor for the applicable ARC+ Level for the ARC Level then in effect, the customer shall be eligible to receive the applicable ARC+ Billing Credit set forth in Table 2 following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd)

(4) Calculation of the ARC+ Billing Credit (Cont'd)

(d) (Cont'd)

Table 2: ARC+ Billing Credit Matrix

ARC Level	ARC+ Level	Floor	Ceiling	ARC+ Billing Credit
1	1	$20,000,000	$39,999,999	$ 500,000
	2	$40,000,000	$59,999,999	$1,000,000
	3	$60,000,000	$79,999,999	$1,500,000
	4	$80,000,000	None	$2,000,000
2	1	$20,000,000	$39,999,999	$1,500,000
	2	$40,000,000	$59,999,999	$2,750,000
	3	$60,000,000	$79,999,999	$4,000,000
	4	$80,000,000	None	$5,250,000
3	1	$20,000,000	$39,999,999	$1,500,000
	2	$40,000,000	$59,999,999	$3,000,000
	3	$60,000,000	$79,999,999	$4,500,000
	4	$80,000,000	None	$6,000,000
4	1	$20,000,000	$39,999,999	$2,000,000
	2	$40,000,000	$59,999,999	$4,000,000
	3	$60,000,000	$79,999,999	$6,000,000
	4	$80,000,000	None	$8,000,000

The following illustrative example continues the example provided in (K)(3) preceding.

(x) Assume the MRC amounts which have been paid in full by the customer during year one of the Service Period are $270M and the customer was in ARC Level 2 (ARC of $225M). In addition to the ARC Billing Credit of $10M, the customer will be eligible to receive the ARC+ Billing Credit calculated as follows:

(xi) The ARC+ is $45M ($270M - $225M). The customer's ARC+ will be in ARC+ Level 2 of ARC Level 2.

(xii) The ARC+ Billing Credit = $2.75M (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd)

(N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd)

(5) Annual True-Up Credit Calculation

Within sixty (60) days after the end of each year of the Service Period, the Telephone Company will perform an annual true-up to determine the ARC/ARC+ for Qualifying Services achieved and whether any additional credits are due to the customer with respect to the ARC Billing Credit and ARC+ Billing Credit, or if the customer is required to refund to the Telephone Company amounts previously paid as Quarterly Billing Credits with respect to the ARC Billing Credit and ARC+ Billing Credit. The Telephone Company will first determine whether the customer has complied with the Annual Grooms Restriction. If the customer has not complied with the Annual Grooms Restriction, then the customer will not be eligible for any additional credits with respect to the ARC Billing Credit and ARC+ Billing Credit for that year of the Service Period and shall be required to refund any amounts paid as Quarterly Billing Credits with respect to the ARC Billing Credit and ARC+ Billing Credit during that year of the Service Period, as described in (M)(3) following. If the customer has complied with the Annual Grooms Restriction, then the customer may be eligible to receive additional credits with respect to the ARC Billing Credit and ARC+ Billing Credit. In order to determine whether any additional credits are due with respect to the ARC Billing Credit and ARC+ Billing Credit, the Telephone Company will first determine the aggregate ARC Billing Credit and ARC+ Billing Credit due with respect to the applicable year of the Service Period. The Telephone Company will then determine what, if any, Quarterly Billing Credits were paid with respect to the first three quarterly periods of the applicable year of the Service Period with respect to the ARC Billing Credit and ARC+ Billing Credit. If the aggregate Quarterly Billing Credits that have been paid with respect to the applicable year of the Service Period are less than the aggregate ARC Billing Credit and ARC+ Billing Credit due to the customer with respect to such year, the Telephone Company shall credit the difference (**Annual True-Up Payment**) as provided in (M)(2) following. If the aggregate Quarterly Billing Credits that have been paid with respect to the applicable year of the Service Period are greater than the aggregate ARC Billing Credit and ARC+ Billing Credit due to the customer with respect to such year, the Telephone Company shall bill the difference as provided in (M)(3) following. Upon completion of the true-up, the Telephone Company will notify the customer in writing of its determination of the ARC/ARC+ for Qualifying Services achieved by the customer.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd)

(5) Annual True-Up Credit Calculation (Cont'd)

The following illustrative example continues the example provided in (K)(4) preceding.

(xiii) Based upon the calculations set forth in (K)(2)(a) and (K)(2)(b) preceding, the customer was paid $7.5M in Quarterly Billing Credits with respect to the ARC Billing Credit and $0M with respect to the ARC+ Billing Credit for year one of the Service Period.

(xiv) The customer is eligible to receive an ARC Billing Credit of $10M (see calculation in (K)(3) preceding) and an ARC+ Billing Credit of $2.75M (see calculation in (K)(4) preceding).

(xv) The aggregate Quarterly Billing Credits paid equal $7.5M ($7.5M + $0M) and the aggregate ARC Billing Credit and ARC+ Billing Credit due to the customer with respect to year one of the Service Period equals $12.75M ($10M + $2.75M).

(xvi) The Telephone Company shall therefore credit the customer an additional $5.25M as an Annual True-Up Payment as provided in (M)(2) following.

(6) Calculation of the FTTC Credit and COW & COLT Credit

(a) FTTC Credit

After the conclusion of each three (3) month period during the Service Period, the customer is eligible to receive a **FTTC Credit** in an amount equal to the lesser of (i) any unapplied FTTC Credit the customer is eligible to receive as set forth in Table 3 following (as it may have been increased pursuant to (K)(6)(a)(3) following), and (ii) the aggregate non-standard premises charges (**NSP**) billed with respect to provisioning Special Access DS1 or DS3 services to cell sites in the operating territories of FCC1 and FCC11 during the three (3) month period just ended. The Telephone Company will calculate the FTTC Credit as follows: (x) (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd)

(6) Calculation of the FTTC Credit and COW & COLT Credit (Cont'd)

(a) FTTC Credit (Cont'd)

(1) The Telephone Company or the customer, as applicable, will establish the customer's ARC Level as determined in (K)(1) preceding.

(2) With respect to year one of the Service Period, the customer shall be eligible to receive the Base Annual FTTC Credit as set forth in Table 3 following corresponding to the customer's ARC Level for year one of the Service Period.

(3) With respect to years two (2) through eight (8) of the Service Period, the customer shall be eligible to receive the Base Annual FTTC Credit set forth in Table 3 following for the ARC Level in effect for each such year plus the product of (i) such Base Annual FTTC Credit and (ii) the percentage, if any, by which the MRCs which have been paid in full for Qualifying Services by the customer in respect of the preceding year of the Service Period exceeds the ARC in effect for the previous year of the Service Period.

Within thirty (30) calendar days of the end of each three month period during the Service Period, the Telephone Company, with the customer's input as required, will determine the FTTC Credit earned as a result of the aggregate NSP charges billed to the customer in respect of provisioning Special Access DS1s or DS3s to cell sites during the previous three months. The Telephone Company will apply any FTTC Credit earned to the customer's bill within sixty (60) calendar days after the end of each three month period consistent with this Section (K)(6).

Table 3: FTTC Credit Matrix

ARC Level	Base Annual FTTC Credit
1	$ 250,000
2	$ 500,000
3	$ 750,000
4	$1,000,000

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(K) Calculation of ARC, ARC+ and Billing Credits (Cont'd)

(6) Calculation of the FTTC Credit and COW & COLT Credit (Cont'd)

(b) COW & COLT Credit

At the conclusion of each year of the Service Period, the customer is eligible to receive a Cell on Wheels (**COW**) & Cell on Light Truck (**COLT**) Credit (**COW & COLT Credit**) in an amount equal to the lesser of (i) $750,000 or (ii) the aggregate minimum period charges billed as a result of disconnecting Special Access DS1 services directly and solely serving COWs and COLTs purchased out of this tariff, FCC1, FCC11 and FCC16. Within thirty (30) calendar days of the end of each year of the Service Period, the Telephone Company, with the customer's input as required, will determine the COW & COLT Credit earned as a result of disconnecting COWs and COLTS prior to the twelve (12) month minimum period required under the NDP. The Telephone Company will apply any COW & COLT Credit earned to the customer's bill within sixty (60) calendar days after the end of each year of the Service Period consistent with this Section (K)(6)(b). (x)

(c) In no event will the combined FTTC Credit and COW & COLT Credit provided by the Telephone Company exceed $3M for any year of the Service Period.

Illustrative Example:

(i) Assume the customer's ARC is $225M. This is Level 2 ARC. For year one of the Service Period, the customer shall be eligible to receive an FTTC Credit of up to $500,000 based upon the ARC Level in effect. In addition, the customer shall be eligible to receive a COW & COLT Credit of up to $750,000.

(ii) For year two, the customer exceeds the ARC from the previous year by thirty percent (30%) and remains in ARC Level 2. The Base Annual FTTC Credit is $500,000.

(iii) The customer is eligible to receive an FTTC Credit for year two of the Service Period of up to $500,000 + ($500,000 X .30) = $650,000, based upon the ARC Level in effect and the percentage by which the actual MRCs which have been paid in full for year one of the Service Period exceed the ARC for year one of the Service Period. In addition, the customer shall be eligible to receive a COW & COLT Credit of up to $750,000. (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

(Issued under Transmittal No. 890.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd)

(N)

(L) Disputes

In calculating the Billing Credits, FTTC Credit and COW & COLT Credit, all of the following requirements shall apply:

(1) Subject to (L)(4) following, the Telephone Company shall not include in the calculation of the Billing Credits any Disputed Charges remaining as of the thirtieth (30th) calendar day following the end of each quarter or year, as applicable, of the Service Period.

(2) For the purpose of calculating the Billing Credits, the Telephone Company shall not include in MRCs any credits or debits for Service(s) provided during any periods prior to the Service Period (regardless of whether such credits or debits were the result of a valid dispute by the customer or were the result of a billing error by the Telephone Company).

(3) With respect to any dispute for Qualifying Services, the customer must provide sufficient claim detail to enable the Telephone Company to appropriately assess the dispute, including but not limited to the BAN, circuit ID, USOC detail, amount in dispute, appropriate tariff references, and a full explanation regarding why the customer believes it was billed in error. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(L) Disputes (Cont'd)

(4) One hundred eighty (180) days after the end of each year of the Service Period, the Telephone Company shall do a one-time recalculation of the ARC/ARC+ for Qualifying Services, taking into account additional amounts that may have been paid in full (e.g., amounts that were previously Disputed Charges) in respect of the Qualifying Services for that year of the Service Period in accordance with the terms of this Option 24. If, as a result of this recalculation, the Telephone Company determines, and the customer agrees, that the customer was provided a Billing Credit, FTTC Credit, or COW & COLT Credit it should not have been provided, or is entitled to a different Billing Credit , FTTC Credit, or COW & COLT Credit than the amounts determined in (K)(5) and (K)(6) preceding, the Telephone Company will make the necessary credit or debit on the same BANs to which the applicable Quarterly Billing Credit was provided, or the necessary credit or debit on the same BANs to which the applicable FTTC Credit or COW & COLT Credit was provided, in each case by no later than sixty (60) days after the date of such determination.

(5) Beyond one hundred eighty (180) days after the end of each year during the Service Period, the customer may continue to submit claims to the Telephone Company with regard to MRCs for the Qualifying Services billed by the Telephone Company during each year of the Service Period, and the Telephone Company may continue to bill the customer with regard to MRCs for the Qualifying Services during that year.

(6) After payment of the Billing Credits, FTTC Credit, and COW & COLT Credit, including any adjustment that may occur as set forth in accordance with (L)(4) preceding, the customer and the Telephone Company shall continue to negotiate and resolve all Disputed Charges.

(7) Upon resolution of any such disputes remaining or raised more than one hundred eighty (180) days after the end of each year of the Service Period, amounts may be credited to the customer if the customer prevails, however notwithstanding anything to the contrary herein, there shall be no adjustment to the Billing Credits, FTTC Credit, COW & COLT Credit, or the ARC/ARC+ for Qualifying Services, and the same shall apply regardless of the outcome of any Disputed Charges, nor shall there be any adjustment to the Billing Credits, FTTC Credit, COW & COLT Credit or the ARC/ARC+ for Qualifying Services as a result of any amounts billed by the Telephone Company to the customer and paid in full more than one hundred eighty (180) days after the end of the applicable year of the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(L) Disputes (Cont'd)

(8) The Annual True-Up and final Billing Credits, FTTC Credit, and COW & COLT Credit, as determined by the Telephone Company and agreed to by the customer, are not subject to dispute; provided, however, that the foregoing prohibition against disputing the Billing Credit, FTTC Credit, or COW & COLT Credit shall not be deemed to apply in a situation where the Telephone Company applies a Billing Credit that does not match the mutually agreed upon Billing Credit.

(9) The amount of the Billing Credits, FTTC Credit, and COW & COLT Credit shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.4.1 preceding.

(M) Timing of Payment of Billing Credits, FTTC Credit, and COW & COLT Credit

The Telephone Company shall credit the customer's BANs with the applicable Quarterly Billing Credits, Annual True-Up Payment with respect to the ARC Billing Credit and/or ARC+ Billing Credit, FTTC Credit, and COW & COLT Credit as determined in accordance with the terms of this Option 24. The Quarterly Billing Credits, Annual True-Up Payment with respect to the ARC Billing Credit and/or ARC+ Billing Credit, FTTC Credit, and COW and COLT Credit will be provided only in MSAs that have achieved Phase I and Phase II pricing flexibility under this tariff, FCC1 and FCC11. (x)

(1) If the customer is eligible for a Quarterly Billing Credit with respect to any of the first three quarterly periods of each year of the Service Period, the applicable Quarterly Billing Credit will be credited to the customer's account by no later than sixty (60) days after the end of the applicable quarterly period of the applicable year of the Service Period, subject to the terms of this Option 24.

(2) After the completion of the Annual True-Up, if the customer is eligible for an Annual True-Up Payment with respect to the ARC Billing Credit and/or ARC+ Billing Credit with respect to any year of the Service Period, the Annual True-Up Payment with respect to the ARC Billing Credit and/or ARC+ Billing Credit will be credited to the customer's account no later than sixty (60) days after the completion of the Annual True-Up for the applicable year of the Service Period, subject to the terms of this Option 24.

(3) After the completion of the Annual True-Up, if the customer is required to refund any or all of the Quarterly Billing Credits or FTTC Credit paid in respect of any or all of the first three quarterly periods of the applicable year of the Service Period, the Telephone Company will bill such amount to the customer's account on the same BANs to which the applicable Quarterly Billing Credits or FTTC Credit were provided by no later than sixty (60) days after the completion of the Annual True-Up for the applicable year of the Service Period, subject to the terms of this Option 24. (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(M) Timing of Payment of Billing Credits, FTTC Credit and COW & COLT Credit (Cont'd)

(4) If the customer is eligible for an FTTC Credit, the FTTC Credit will be credited to the customer's account no later than sixty (60) days after the end of the applicable three month period, subject to the terms of this Option 24.

(5) If the customer is eligible for a COW & COLT Credit, the COW & COLT Credit will be credited to the customer's account no later than sixty (60) days after the completion of the Annual True-Up.

(N) Network Grooms Restriction

The customer will not be eligible for any Billing Credits, FTTC Credit, or COW and COLT Credit if the customer grooms more than one-thousand two-hundred and sixty (1260) Special Access DS1 and/or DS3 services that are used for the provisioning of Qualifying Services, of which number may include no more than sixty (60) DS3 services. (**Annual Grooms Restriction**).

(1) For the purposes of this Option 24, a groom shall mean the retermination of a Special Access Service circuit from its original installation location to another location in the same Telephone Company central office or in another Telephone Company central office. Notwithstanding the foregoing, the customer will be eligible for the Billing Credits, FTTC Credit, and COW & COLT Credit in each year of the Service Period so long as during such year of the Service Period, the Annual Grooms Restriction is satisfied based upon aggregating all Special Access Service circuit grooms that are used for the provisioning of Qualifying Services during such year of the Service Period.

(2) The Telephone Company will follow its normal business practices with respect to the number of grooms, process, speed, or completion of any grooms. Grooms of Switched Access Service circuits shall not count towards the Annual Grooms Restriction. The Telephone Company and the customer shall exercise commercially reasonable efforts to determine in advance of a network groom being implemented whether such groom will count towards the Annual Grooms Restriction, in accordance with methods and procedures to be adopted by the Telephone Company and the customer. Additionally, the customer shall identify all circuits which it believes should not be counted towards the Annual Grooms Restriction by no later than thirty (30) calendar days after the end of the applicable quarter and year of the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(N) Network Grooms Restriction (Cont'd)

(3) The following types of network grooms shall not count towards the Annual Grooms Restriction and shall be performed by the Telephone Company in accordance with its normal business practices. In addition, the customer shall remain responsible for all other customary charges associated with such moves or terminations (i.e., Retermination charges and non-recurring charges) consistent with this tariff, FCC1, FCC11 and FCC16. (x)

(a) Optimization Grooms

Grooms that are initiated and completed solely on the Telephone Company network for customer's efficient utilization of Telephone Company facilities (e.g., movement from copper-based facilities to fiber-based facilities serving the same cell site, cell site re-homes from one mobile switching center (**MSC**) to another MSC and/or from one multiplexing hub to another multiplexing hub, activities associated with the implementation of a new MSC, and upgrades as described in (O) following or of DS1s and DS3s, in each case solely on the Telephone Company network).

(b) Telephone Company Initiated Grooms

Any groom initiated by the Telephone Company shall not count towards the Annual Grooms Restriction.

(c) Maintenance Grooms

A circuit that is identified as a Maintenance Groom (as defined below) by the customer, and accepted by the Telephone Company as a Maintenance Groom, shall not count towards the Annual Grooms Restriction. A Maintenance Groom shall mean a groom initiated and completed as a direct result of the original circuit experiencing service failures, where the grooming corrects such problems.

(d) Grooms of Less Than a DS1 Level

Any circuit that is at a bandwidth less than a DS1 shall not count towards the Annual Grooms Restriction.

(e) Force Majeure Grooms

Grooms that are necessitated by any Force Majeure condition (e.g., act of God; fire; flood; shortages or unavailability of facilities, equipment, software, or other materials; lack of or delay in transportation; laws, rules, regulations or restrictions; war, acts of terrorism, civil disorder, strikes, or other labor disputes). (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

(Issued under Transmittal No. 890.)

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(O) MRC Credits for Service Upgrades

If the customer upgrades any Qualifying Services, in accordance with the NDP requirements for upgrades as set forth in Section 23.1.7(H)(2) following of this tariff, Section 25.3.7(H)(2) of FCC1, Section 25.2.7(H)(2) of FCC11, or Section 22.1.7(H)(2) of FCC16, to a Telephone Company provided Dedicated fiber transport with network interface device service, switched Ethernet service, Ethernet Transport and Aggregation (ETAG) Service, Ethernet private line service, dedicated SONET ring service, DWDM ring service, SONET entrance facility service, or point-to-point SONET service, during any year of the Service Period, the Telephone Company will continue to count fifty percent (50%) of the MRC amounts which were billing in the month immediately prior to the upgrade with respect to such Qualifying Services, multiplied by twelve (12), in the calculation of the actual ARC/ARC+ for Qualifying Services achieved by the customer for any year in which the replacement service remains in service for the entire year of the Service Period. For the year in which the Qualifying Service was replaced, the Telephone Company shall count fifty percent (50%) of the MRC amounts which were billing in the month immediately prior to the upgrade in respect of such Qualifying Services, multiplied by the number of billing cycles left in the applicable year of the Service Period, in the calculation of the actual ARC/ARC+ for Qualifying Services achieved by the customer for the applicable year of the Service Period as long as the replacement service remains in service through the end of the applicable year of the Service Period. The customer is responsible for identifying in writing in accordance with the notice provisions in this Option 24 and the upgrade provisions as set forth in Section 23.1.7(H)(2)(g) following of this tariff, Section 25.3.7(H)(2)(g) of FCC1, Section 25.2.7(H)(2)(g) of FCC11, or Section 22.1.7(H)(2)(g) of FCC16, any upgraded circuits that qualify as set forth preceding in this Section (O). (x) (x) (x) (x)

Illustrative Example:

(i) The customer identifies $6M of MRCs for the month prior to the upgrade of DS1 and DS3 services upgraded to Telephone Company provided DSR Services in year two of the Service Period.

(ii) The DS1 and DS3 Qualifying Services cease billing in month eight (8) of year two of the Service Period.

(iii) The Telephone Company will count $6M X 50% X 4 months remaining = $12M towards the actual ARC/ARC+ for Qualifying Services achieved in year two of the Service Period based upon the upgraded DSR Services remaining in service as of the end of year two of the Service Period.

(iv) The Telephone Company will count $6M X 50% X 12 = $36M for all remaining years of the Service Period, based upon the upgraded DSR Services remaining in service as of the end of the applicable year of the Service Period. (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd)

(N)

(P) Shortfall Penalty |

(1) If the MRC amounts which have been paid in full by the customer during any year of the Service Period are less than the applicable ARC for that year, the customer will at its option, either pay a **Shortfall Penalty,** which will be the difference between the ARC for that year and the actual MRC amounts which have been paid in full by the customer during such year of the Service Period, in which case, subject to the terms and conditions of this Option 24, the customer shall be eligible to receive the Billing Credits associated with the ARC for that year; or (2) terminate its subscription to this Option 24, Option 49 of FCC1 and Option 50 of FCC11, subject to the payment of **Termination Liability** as set forth in (R) following. For the sole purpose of determining whether a Shortfall Penalty is due and payable, the Telephone Company will count towards the MRC amounts which have been paid in full by the customer during any year of the Service Period one hundred percent (100%), and not fifty percent (50%), of the MRCs associated with any Qualifying Services upgraded in accordance with (O) preceding, so long as such upgraded service(s) remains in service as of the end of the applicable year of the Service Period. | (x) | (x)

(2) The Telephone Company shall notify the customer that a Shortfall Penalty is due and payable no later than one hundred eighty (180) calendar days after the end of each year of the Service Period. The customer will have thirty (30) calendar days from the date of such notice to decide and notify the Telephone Company as to whether it wants to pay the Shortfall Penalty or terminate its subscription to this Option 24, Option 49 of FCC1 and Option 50 of FCC11. If the customer notifies the Telephone Company that it intends to pay the Shortfall Penalty, the Telephone Company shall bill the Shortfall Penalty, and the customer shall pay the Shortfall Penalty within thirty (30) days of receipt of the bill. | (x) | (x) (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

(Issued under Transmittal No. 890.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd) (N)

(Q) Telephone Company Buyout

The Telephone Company has the option, upon completion of the determination of the actual ARC/ARC+ for Qualifying Services achieved by the customer with respect to any year of the Service Period, and upon providing thirty (30) calendar days written notice to the customer in accordance with the notice provision set forth in this Option 24, to terminate the customer's subscription to this Option 24, Option 49 of FCC1, and Option 50 of FCC11. If the Telephone Company exercises this buyout option, the Telephone Company shall pay to the customer, within sixty (60) calendar days of the date of the notice exercising this option, an amount equal to any Billing Credits due and payable with respect to the year of the Service Period just ended plus $500,000 multiplied by the number of years left in the Service Period (**Buyout Payment**). (x) (x)

Illustrative Example:

(i) Assume the customer is owed $10M in Billing Credits for year 3 of the Service Period.

(ii) Assume five years are remaining in Service Period.

(iii) At the end of year three, the Telephone Company decides to exercise its buyout option.

(iv) The Telephone Company owes the customer a buyout payment equal to $10M + ($500,000 X 5) = $12.5M.

(R) Termination Liability

(1) Subject to the terms set forth in this Section (R), the customer may terminate its subscription to this Option 24, Option 49 of FCC1 and Option 50 of FCC11 at any time during the Service Period. The customer must provide written notice of termination at least thirty (30) days prior to the requested date of termination of this Option 24, Option 49 of FCC1 and Option 50 of FCC11. Termination of less than all of the Contract Tariffs (i.e., terminations of the contract option under this tariff, FCC1 or FCC11) shall be deemed to be an automatic termination of all Contract Tariffs. If the customer terminates this 24, Option 49 of FCC1 and Option 50 of FCC11 at any time during the Service Period, the customer will not be entitled to the payment of any Billing Credits, FTTC Credit, or COW & COLT Credit, pro rated or otherwise, after the termination date. All obligations under this tariff, FCC1, FCC11, and FCC16 with respect to the Qualifying Services shall continue to apply. (x) (x) (x) (x) (N)

(x) Issued under authority of Special Permission No. 08-001 of the Federal Communications Commission.

(Issued under Transmittal No. 890.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

21. Contract Tariffs (Cont'd)

21.25 Contract Tariff Option 24 (Cont'd)

(N)

(R) Termination Liability (Cont'd) |

(2) In addition, the customer will be liable for payment of **Termination Liability** equal to the product of (a) the **Termination Liability Percentage** applicable to the year of the Service Period in which the termination occurs as set forth in Table 4 following, and (b) the sum of all Billing Credits, FTTC Credits, and COW & COLT Credits paid during the Service Period from January 31, 2008 through and including the date of termination. The Termination Liability payment will be due and payable by the customer to the Telephone Company no later than sixty (60) days after the termination date. |

Table 4: Termination Liability Percentage Matrix |

Year of Service Period	Termination Liability Percentage	
1	100%	
2	90%	
3	80%	
4	60%	
5	40%	
6	30%	
7	20%	
8	10%	(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.26 Contract Tariff Option 25 (N)

(A) Scope

(1) Contract Tariff Option 25 (**Option 25**) is an offering exclusively for new installations of FiberConnect High Capacity Digital Service as described in Section 5.2.7(D) preceding (**FiberConnect**) when such new installations of FiberConnect are ordered in accordance with the requirements set forth herein.

(2) A customer subscribing to Option 25 will receive a discount to the monthly recurring charge for each Clear Channel optional feature of each FiberConnect that is ordered new between May 1, 2008 and December 31, 2008.

(3) A customer who previously ordered FiberConnect with the Clear Channel optional feature between April 1, 2008 and April 30, 2008 may also subscribe such FiberConnect to Option 25 provided that (i) the service was not installed as of May 1, 2008; and (ii) the other requirements set forth in this Option 25 are met.

(B) Eligibility Requirements

All of the following requirements must be met in order to be eligible for subscription to Option 25.

(1) A customer must subscribe to Option 25 by submitting a written authorization in a manner designated by the Telephone Company during the period that begins May 1, 2008 and ends on December 31, 2008 (**Subscription Period**).

(2) The customer must order new FiberConnect with the Clear Channel optional feature in accordance with this Option 25 no later than December 31, 2008.

(3) The customer must accept service on the original service date as specified in Section 3.2.1 preceding. If the customer does not accept service on the original service date, the customer's acceptance of the service on a later date will make the service ineligible for the discount set forth in (F) following, unless the later service date is designated by the Telephone Company for its own reasons.

(4) A new FiberConnect does not include a FiberConnect that was disconnected from its current location and installed as new at that same location, or a FiberConnect that replaces, at a particular customer's location, a FiberConnect that was disconnected from that same location. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.26 Contract Tariff Option 25 (Cont'd) (N)

(C) Serving Area

(1) The Clear Channel optional feature discount per FiberConnect set forth in (F) following will only be provided in Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff. Wire centers for the Phase II MSAs of this tariff are set forth in Section 19.1 preceding.

(2) Any additions of, or changes to, the wire centers within an MSA that occur during the Service Period (as specified in (D) following) of a FiberConnect subscribed to under this Option 25 will apply beginning on the effective date of such change and continuing through the end of the commitment period. When such change results in an increase or decrease to the rates applicable to FiberConnect under this Option 25, such increase or decrease will apply prospectively beginning on the effective date of the change but no retroactive billing or adjustment will be made for the portion of the Initial Service Period or Extended Service Period that has elapsed prior to the effective date of the change.

(D) Service Period

(1) The Service Period for FiberConnect that is subscribed to this Option 25 is equal to the 5-year Optional Payment Plan (OPP) for FiberConnect set forth in Section 5.6.12 preceding (**Initial Service Period**). This Option 25 is not available for other OPP periods set forth in Section 5.6.12 preceding.

(2) The customer may extend the Service Period for an additional twelve (12) months following the end of the Initial Service Period (**Extended Service Period**). The request must be in writing and must be received by the Telephone Company no later than thirty (30) days prior to the expiration date of the OPP.

(3) During the Initial Service Period or Extended Service Period, as applicable, the customer will receive the monthly discount set forth in (F) following for each FiberConnect subscribed to under this Option 25.

(4) The customer is subject to termination liability under (E)(3) following if service under this Option 25 is discontinued prior to the end of the Initial Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.26 Contract Tariff Option 25 (Cont'd) (N)

(E) Terms and Conditions

Unless superseded by the terms and conditions set forth herein, all terms and conditions, including termination liability and minimum periods, as stated in Section 5 preceding, apply to FiberConnect subscribed to under this Option 25.

(1) The discount set forth in (F) following will apply per FiberConnect during each month of Initial Service Period set forth in (D)(1) preceding and, when applicable, during each month of the Extended Service Period set forth in set forth in (D)(2) preceding.

(2) Subscription to Other Contract Tariff Options

(a) A customer subscribing to FiberConnect under this Option 25 may concurrently subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company and available to the customer either currently or at any time during the Initial Service Period or Extended Service Period, as applicable, which tariff arrangement, contract tariff option, special service arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by the customer for those same services.

(b) Notwithstanding (E)(2)(a) preceding, the customer may not subscribe any FiberConnect that receives the discount set forth in (F) following to any other contract tariff, unless subscription of such FiberConnect is explicitly allowed, by express reference to this Option 25, under that contact tariff option. Upon subscription to another contract tariff option, the discount set forth in (F) following will no longer be applied, unless explicitly allowed, by express reference to this Option 25, under that contract tariff option.

(3) Termination Liability

Termination liability for FiberConnect subscribed to under this Option 25 applies as follows:

(a) If service is terminated during the first twelve (12) months of the Initial Service Period, termination liability is equal to fifty percent (50%) of the 5-year monthly recurring charges for the Special Access Line (SAL) rate elements remaining from the date of termination to the end of the first twelve months of the Initial Service Period, plus twenty percent (20%) of the 5-year monthly recurring charges for the SAL rate elements beginning in month thirteen (13) of the Initial Service Period and continuing through the end of month forty-eight (48) of the Initial Service Period. Termination liability does not apply for months 49 through 60 of the Initial Service Period or during the Extended Service Period. Additionally, the termination liability amount does not include amounts for the Clear Channel optional feature rate element. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.26 Contract Tariff Option 25 (Cont'd) (N)

(E) Terms and Conditions (Cont'd)

(3) Termination Liability (Cont'd)

(b) If service is terminated after the first twelve (12) months of the Initial Service Period, termination liability is equal to twenty percent (20%) of the 5-year monthly recurring charges for the SAL rate elements from the date of termination and continuing through the end of month forty-eight (48) of the Initial Service Period. Termination liability does not apply for months 49 through 60 of the Initial Service Period or during the Extended Service Period. Additionally, the termination liability amount does not include amounts for the Clear Channel optional feature rate element.

(4) Expiration of Service Period

(a) Upon completion of the Initial Service Period or Extended Service Period for this Option 25, as applicable, the customer's subscription to this Option 25 is terminated and the discount set forth in (F) following shall cease. The Telephone Company will automatically renew the expiring 5-year OPP at standard rates applicable to a 5-year OPP in accordance with Section 5.6.12(C)(1) preceding unless the customer chooses one of the following options:

(1) discontinue service without termination liability; or

(2) convert to an OPP different from the one that would apply under Section 5.6.12(C)(1) preceding, in which case the discount set forth in (F) following will not apply to the different OPP; or

(3) select any then-offered term plan or contract tariff option for which the customer is eligible, in which case the discount set forth in (F) following will not apply to the term plan or contract tariff option.

(b) In the event that the customer does not make an election of (E)(4)(a)(1) through (E)(4)(a)(3) preceding, the customer's subscription to FiberConnect will automatically renew at the 5-year OPP in accordance with Section 5.6.12(C)(1) preceding, in which case the discount set forth in (F) following will not apply to the renewed OPP.

(F) Discount

The following discount will be applied each month for each FiberConnect that is subscribed to this Option 25. Such discount will continue to be applied through the end of the Initial Service Period set forth in (D)(1) preceding or the Extended Service Period set forth in (D)(2) preceding. The discount set forth in this Section (F) will cease at the end of the Initial Service Period or Extended Service Period, as applicable.

	Discount	
Per FiberConnect ordered with the Clear Channel optional feature	$96.00	(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (N)

(A) Scope

Contract Tariff Option 26 (**Option 26**) provides certain discounts and Billing Credits on Special Access High Capacity 1.544 Mbps (DS1) and 44.736 Mbps (DS3) Channel Mileage Rate Elements (as further defined in (B)(4) following) when the customer maintains a certain minimum number of DS1 and DS3 Transport Miles as defined herein.

Contract Tariff Option 26 also provides additional discounts and Billing Credits upon the conversion by the customer of a minimum of seventy five percent (75%) of the number of in-service DS1 unbundled loops as of July 18, 2008 to Special Access Service DS1 channel terminations and conversion of seventy five percent (75%) of the number of in-service DS1 unbundled transport miles as of July 18, 2008 to Special Access Service DS1 Transport Miles (as further defined in (B)(7) following). In consideration for this additional discount and Billing Credit, the customer must maintain a certain minimum number of Special Access Service DS1 channel terminations and DS1 Transport Miles. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(B) Specific Terms

Unless otherwise defined in this Option 26, the following terms are used in this Option 26.

(1) **Alternative Tariff Arrangement** shall mean collectively any other generally available tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the Services covered by this Option 26.

(2) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits (if any) to the customer.

(3) **Billing Credit** shall mean collectively the amounts (if any) provided to the customer as a Transport Credit and/or UNE Conversion Credit on its monthly bill at the end of each Quarter during the Service Period based on the applicable discounts on the specific Services (as set forth in Sections (H) and (I) following) offered to the customer pursuant to this Option 26. Calculation of the applicable Billing Credits is described in Sections (H) and (I) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(4) **Channel Mileage Rate Elements** shall mean the following:

(a) the Switched Access Service direct trunked transport rate elements, as such rate elements are described more particularly in Section 4.2.3(C) preceding of this tariff, Section 6.1.2(A)(2) of Tariff F.C.C. No. 1 (FCC1), Section 6.1.3(A) of Tariff F.C.C. No. 11 (**FCC11**), and Section 6.5.2(C) of Tariff F.C.C. No. 16 (**FCC16**); and (x) (x)

(b) the Special Access Service channel mileage rate element, as such rate elements are described more particularly in Section 7.1.2(B) of FCC1, and Section 7.1.2(B) of FCC11; and (x)

(c) the Special Access Service special transport rate elements as such rate elements are described more particularly in Section 5.1.1(B) preceding of this tariff (excluding MetroLAN transport); and

(d) the Special Access Service circuit mileage rate elements as such rate elements are described more particularly in Section 7.2.1(B) of FCC16 (excluding MetroLAN transport). (x)

(5) **Channel Termination Rate Elements** shall mean the following:

(a) the Special Access Service channel termination rate elements as such rate elements are more particularly described in Section 7.1.2(A) of FCC1, and Section 7.1.2(A) of FCC11; and (x)

(b) the Special Access Service Special Access Line (**SAL**) rate elements, as such rate elements are described more particularly in Section 5.1.1(C) preceding of this tariff; and

(c) the Special Access Service circuit termination rate elements as such rate elements are described more particularly in Section 7.2.1(A) of FCC16. (N)(x)

(x) Issued under authority of Special Permission No. 08-016 of the Federal Communications Commission.

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(6) **DS1 and DS3 Transport Miles** shall mean the sum of the DS1 Transport Miles and the DS3 Transport Miles.

(7) **DS1 Transport Miles** shall mean the aggregate number of miles billed by the Telephone Company to the customer for the Channel Mileage Rate Elements provided over DS1 high capacity facilities during each month of the Service Period provided pursuant to this tariff, FCC1, FCC11 and FCC16, and which miles are not subject to dispute by the customer. If the customer disputes the billing of any mileage for the Channel Mileage Rate Elements (e.g., number of miles billed or monthly recurring charges for a circuit is incorrect) provided over DS1 high capacity facilities, then such miles shall not be included in the calculation of DS1 Transport Miles. Unless error can be demonstrated by the customer, the Telephone Company's calculation of such aggregate mileage shall be deemed to be accurate. (x)

(8) **DS3 Mileage Ratio** shall mean the ratio of the number of DS3 Transport Miles divided by the number of DS1 Transport Miles.

(9) **DS3 Transport Miles** shall mean the aggregate number of miles billed by the Telephone Company to the customer for the Channel Mileage Rate Elements provided over DS3 high capacity facilities during each month of the Service Period provided pursuant to this tariff, FCC1, FCC11 and FCC16, and which miles are not subject to dispute by the customer. If the customer disputes the billing of any mileage for the Channel Mileage Rate Elements (e.g., number of miles billed or monthly recurring charges for a circuit is incorrect) provided over DS3 high capacity facilities, then such miles shall not be included in the calculation of DS3 Transport Miles. Unless error can be demonstrated by the customer, the Telephone Company's calculation of such aggregate mileage shall be deemed to be accurate. (x) (N)

(x) Issued under authority of Special Permission No. 08-016 of the Federal Communications Commission.

(Issued under Transmittal No. 932.)

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(10) **Minimum DS1 and DS3 Transport Miles** shall have the meaning set forth in Section (G) following.

(11) **Minimum Special Access Quantities in Service** shall have the meaning set forth in Section (I)(4) following.

(12) **Plan Year** shall mean each of the following periods during the Service Period: (i) Plan Year 1 shall commence on the July 18, 2008 and end on May 31, 2009; and (ii) Plan Year 2 shall commence on June 1, 2009 and end on May 31, 2010.

(13) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately 90 days thereafter), except for the first (1st) Quarter of Plan Year 1 which shall commence on the July 18, 2008 and end on August 31, 2008, and shall include solely for purposes of calculating the discounts and the Billing Credits in respect of such Quarter, the months of June and July, 2008; or (ii) each consecutive 3 month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs.

(14) **Transport Credit** shall mean collectively the amounts (if any) provided to the customer as a credit on its monthly bill at the end of each Quarter during the Service Period based upon the number of DS1 and DS3 Transport Miles (as defined in (B)(6) preceding) billed by the Telephone Company to the customer on a monthly basis. Calculation of the applicable Transport Credit is described in Section (H) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(15) **UNE Conversion Credit** shall have the meaning set forth in Section (I) following.

(16) **UNE Qualifying Month** shall mean the month in the Service Period during which the customer meets the requirements of Section (I)(2) following.

(C) Eligibility

The customer must meet all of the criteria set forth in this Section (C) in order to be eligible to receive the rates, terms, and conditions under this Option 26.

(1) As of the July 18, 2008, the customer must have:

(a) been billed a combined total of between One Hundred Fifty Thousand (150,000) and Two Hundred Fifty Thousand (250,000) DS1 and DS3 Transport Miles during the thirty (30) calendar day period immediately preceding July 18, 2008; and

(b) A DS3 Mileage Ratio of no more than .055 for the thirty (30) calendar day period immediately preceding July 18, 2008; and

(c) A minimum two thousand five hundred (2,500) in-service DS1 unbundled loops and sixteen thousand (16,000) in-service DS1 unbundled transport miles as July 18, 2008. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(C) Eligibility (Cont'd)

(2) The customer may not concurrently subscribe to an Alternative Tariff Arrangement which meets any of the following criteria at any time during the Service Period: (i) an Alternative Tariff Arrangement which provides a discount, credit, or other reduction in rates or terms, other than a generally available discount plan which allows for aggregation of Special Access Services across this tariff, FCC1, FCC11 and FCC16; and (ii) an Alternative Tariff Arrangement which provides discounts on Channel Mileage Rate Elements provided over DS1 or DS3 high capacity facilities. If the customer wishes to subscribe to such an Alternative Tariff Arrangement, then the customer shall not receive any Discounts and Billing Credits under this Option 26, Option 50 of FCC1, and Option 51 of FCC11, and such subscription shall be considered a termination by the customer of this Option 26, Option 50 of FCC1, and Option 51 of FCC11, subject to Section (L) following. (x) (x) (x)

(3) The customer must subscribe to Option 26 by submitting a written authorization in a manner designated by the Telephone Company during the period beginning July 18, 2008 and ending August 17, 2008. Such subscription must include a list of Customer ACNA(s) which the Telephone Company agrees to, in writing, for inclusion in this Option 26.

(D) Service Period

The Service Period of this Option 26 shall commence on July 18, 2008 and end on May 31, 2010.

(E) Serving Area

The Transport Credit and UNE Conversion Credit will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC1 and FCC11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 14.7 of FCC1, and Section 15.3 of FCC11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 14.7 of FCC1, and Section 15.3 of FCC11 that occur during the Service Period of this Option 26 will apply. No Billing Credits will be provided in the operating territories of FCC16. (x) (x) (N)(x)

(x) Issued under authority of Special Permission No. 08-016 of the Federal Communications Commission.

(Issued under Transmittal No. 932.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(F) Services and Rate Elements Subject to this Option 26

Subject to the terms and conditions of this Option 26, the applicable Transport Credit (as described in Section (H) following) and UNE Conversion Credit (as described in Section (I) following) shall be provided on the following Services and the following rate elements:

(1) Channel Mileage Rate Elements

The applicable Transport Credit (as described in Section (H) following) shall only be based upon the per mile units and monthly recurring charges (**MRCs**) for Channel Mileage Rate Elements, net of any discounts given under existing pricing plans, if applicable, that are billed during the Service Period and that meet all of the following criteria during each month of the Service Period, and excluding Disputed Charges. For purposes of this Option 26, **Disputed Charges** shall mean MRCs billed during the Service Period, which amounts are under dispute by the customer and have been paid in full by the customer, as of the forty-fifth (45th) calendar day following the end of each Quarter of the Service Period. Amounts which have not been paid in full, as of the forty-fifth (45th) calendar day following the end of each Quarter of the Service Period (regardless of whether or not such amounts are under dispute by the customer) shall be excluded from the determination of the applicable Transport Credit. For purposes of this Option 26, **paid in full** shall mean that the customer has paid the billed amount without any offsets or reductions from the billed amount, in accordance with the terms of this tariff, FCC1, FCC11 or FCC16, as applicable: (x)

(a) The Channel Mileage Rate Element must be a rate element of a service that has a Network Channel (**NC**) Code of either HC or HF (i.e., the circuit must be DS1 or DS3 bandwidth); (N)

(x) Issued under authority of Special Permission No. 08-016 of the Federal Communications Commission.

(Issued under Transmittal No. 932.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(F) Services and Rate Elements Subject to this Option 26 (Cont'd)

(1) Channel Mileage Rate Elements (Cont'd)

(b) The Channel Mileage Rate Elements must be billing one of the following USOCs: 1A4YS, 1A4ZS, 1A5LX, 1A5ZS, 1J51S, 1J52S, 1J53S, 1J54S, 1L5LS, 1L5XX, 1LFMX, 1LFSX, 1T58S, 1U5PS, 1YA8S, 1YLXS, 1YTCS, 1YTDS, 1YTOS, 1YTRS, 1YTXS, 1YTYS, TRG, TRL, TRLAX, TS31X, and TS32X.

(c) The customer satisfies the requirements of maintaining the Minimum DS1 and DS3 Transport Miles as more specifically described in Section (G) following, and the requirements regarding disputes, payments, credits, and debits set forth in Section (H)(4) following.

(2) The Transport Credit is provided only on billed Channel Mileage Rate Elements that meet the requirements of this Option 26 (including any requirements set forth in Section (H) following). The following types of charges (which is an illustrative list and is not intended to be a comprehensive listing of all other charges excluded from the Transport Credit calculation) are not included in the calculation of the Transport Credit:

(a) Any non-recurring charges;

(b) Taxes, fees, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund);

(c) Service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty);

(d) Any other billed amount related to the Services for which payment is being withheld or under dispute by the customer, subject to the terms of Section (H) following;

(e) Any debits or credits for Services rendered in prior Quarters or periods prior to July 18, 2008, subject to Section (H) following;

(f) Minimum period charges;

(g) Any Disputed Charges**;**

(h) Shortfall or overage charges associated with term plan true-ups;

(i) Termination liabilities; or

(j) Any other charges that are not applied on a recurring monthly basis. (N)

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(G) Minimum DS1 and DS3 Transport Miles

(1) Subject to the terms and conditions of this Option 26, including by way of example the requirement to maintain the Minimum DS1 and DS3 Transport Miles as set forth following, the customer is eligible to receive the applicable Transport Credit as described in Section (H) following.

(2) In order to receive the applicable Transport Credit (as set forth in the table in Section (H) following) in any given month of the Service Period, the customer must meet either one of the following criteria (individually and collectively referred to as **Minimum DS1 and DS3 Transport Miles**):

(a) During each month of the Service Period, the customer must maintain in-service no less than the number of DS1 and DS3 Transport Miles in-service as of July 18, 2008, and including any DS1 Transport Miles as a result of the conversion of UNEs pursuant to Section (I) following, or otherwise. If the customer satisfies this criteria, then the Telephone Company will not calculate, and the customer is not required to meet the requirements of Section (G)(2)(b) following; or

(b) During any Quarter, the customer must maintain an average of no less than the number of DS1 and DS3 Transport Miles in-service as of July 18, 2008, including any DS1 Transport Miles as a result of the conversion of UNEs pursuant to Section (I) following, or otherwise. If the customer maintains an average number of no less than the number of DS1 and DS3 Transport Miles in-service as of July 18, 2008, including any DS1 Transport Miles as a result of the conversion of UNEs pursuant to Section (I) following, or otherwise, during each month of such Quarter, but does not otherwise meet the criteria as set forth in Section (G)(2)(a) preceding (i.e., the actual DS1 and DS3 Transport Miles in a given calendar month are less than that required as set forth in this Section (G)), the customer shall still be eligible for the applicable Transport Credit as set forth in Section (H) following in respect of each of the months of the Quarter. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(G) Minimum DS1 and DS3 Transport Miles (Cont'd)

The following two illustrative examples are presented.

Example 1

During Quarter 1 of Plan Year 2, the Telephone Company calculates the customer's DS1 and DS3 Transport Miles (excluding any miles which are disputed by the customer) during each such month of Quarter 1 of Plan Year 2 as follows. Assume for purposes of this Example 1 and Example 2 following that the number of DS1 and DS3 Transport Miles in-service as of July 18, 2008, including any DS1 Transport Miles as a result of the conversion of UNEs pursuant to Section (I) following, or otherwise, is equal to 170,000:

- Month 1 - 165,000 miles, and
- Month 2 – 171,000 miles, and
- Month 3 – 172,000 miles.

Since Month 1 did not satisfy the requirements of Section (G)(2)(a) preceding (i.e., the billed DS1 and DS3 Transport Miles were less than 170,000), this results in an average number of DS1 and DS3 Transport Miles for Quarter 1 of 169,333 miles per month (i.e., an aggregate of 508,000 Transport Miles for Quarter 1 divided by 3 months).

Based on this information, the customer would not receive the applicable Transport Credit (as set forth Section (H) following) in Month 1 of Quarter 1 because the customer has not satisfied either of the criteria set forth in Section (G)(2) preceding (i.e., the actual DS1 and DS3 Transport Miles in Month 1 are less than 170,000 miles, and the average monthly DS1 and DS3 Transport Miles, as measured throughout the three months of Quarter 1, is less than 170,000 miles). However, the customer would be eligible for the applicable Transport Credit (as set forth in Section (H) following) in Months 2 and 3 of Quarter 1 because the customer satisfied the Minimum DS1 and DS3 Transport Mile criteria in Section (G)(2)(a) preceding (i.e., its actual DS1 and DS3 Transport Miles for Months 2 and 3 are each at or above 170,000 miles). (N)

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(G) Minimum DS1 and DS3 Transport Miles (Cont'd)

Example 2

During Quarter 1, the Telephone Company calculates the customer's DS1 and DS3 Transport Miles (excluding any miles which are disputed by the customer) during each such month of Quarter 1 as follows:

- Month 1 - 169,000 miles, and
- Month 2 – 175,000 miles, and
- Month 3 – 177,000 miles.

This results in an average number of DS1 and DS3 Transport Miles for Quarter 1 of 173,667 miles per month (i.e., an aggregate of 521,000 Transport Miles for Quarter 1 divided by 3 months).

Based on this information, the customer would receive the applicable Transport Credit (as set forth in Section (H) following) for each month of Quarter 1 because the customer meets the Minimum DS1 and DS3 Transport Mile criteria in Section (G)(2)(b) preceding (i.e., the average monthly DS1 and DS3 Transport Miles are greater than 170,000 miles for each month of Quarter 1).

(H) Transport Credit

(1) Subject to the terms of this Option 26, including specifically the requirement to maintain the Minimum DS1 and DS3 Transport Miles as set forth in Section (G) preceding, and the method of calculation and timing of the Transport Credit as set forth in Section (H)(2) following, the Telephone Company will apply a credit to the billing of the customer's DS1 and DS3 Channel Mileage Rate Elements. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(H) Transport Credit (Cont'd)

(2) Calculation of Transport Credit

At the end of each month during the Service Period, the Telephone Company will calculate the Transport Credit as follows:

(Step 1) The aggregate DS1 and DS3 Transport Miles billed to the customer for the Channel Mileage Rate Elements will be calculated.

(Step 2) Based upon the DS1 and DS3 Transport Miles calculated in Step 1, the highest discount tier that the customer has achieved for the month will be identified from Table 1 following.

(Step 3) The discount percentage associated with the highest discount tier achieved (from Step 2) will then be multiplied times the total billed MRCs (less any Disputed Charges) for the month associated with the DS1 and DS3 Channel Mileage Rate Elements as described in Section (F)(1) preceding.

Table 1: Transport Credit Table

Discount Tier	Minimum Mileage (In miles)	Maximum Mileage (In miles)	Discount Percentage
1	150,000	160,000	7.05%
2	160,001	170,000	7.20%
3	170,001	175,000	7.50%
4	175,001	180,000	7.70%
5	180,001	185,000	8.05%
6	185,001	190,000	8.40%
7	190,001	195,000	8.85%
8	195,001	200,000	9.35%
9	200,001	205,000	9.90%
10	205,001	210,000	10.45%
11	210,001	215,000	11.05%
12	215,001	+	11.65% (N)

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(H) Transport Credit (Cont'd)

(2) Calculation of Transport Credit (Cont'd)

As an illustrative example, assume the customer had 180,000 DS1 and DS3 Transport Miles for Month 1 of Plan Year 2 and that the billed MRCs for DS1 and DS3 Channel Mileage Rate Elements for Month 1 of Plan Year 2 were $3,500,000. Per Table 1 preceding, the 180,000 miles would qualify the customer for a tier 4 discount of 7.70%. The Transport Credit for Month 1 of Plan Year 2 in this example is $269,500 ($3,500,000 X 7.70%). Each of the preceding steps would be repeated for Months 2 and 3 in a Quarter to arrive at the aggregate Transport Credit for the Quarter.

(3) Payment of Transport Credit

If the customer is eligible for a Transport Credit as set forth in this Option 26, then, subject to the terms of this Option 26, no later than sixty (60) days after the end of each Quarter during the Service Period, the Telephone Company shall credit the customer's BANs with the applicable Transport Credit as determined in accordance with the terms of Section (H)(2) preceding. The Transport Credit will be provided only in the MSAs that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC1 and FCC11. (x)

(4) In calculating the Transport Credit if any, all of the following requirements shall apply:

(a) The Telephone Company shall not include in the calculation of the Transport Credit any amounts which are unpaid and/or disputed by the customer as of the forth-fifth (45th) day following the end of each Quarter. For example, assume that the customer had MRCs for DS1 and DS3 Channel Mileage Rate Elements which were billed in Quarter 1 of $3,000,000. Assume further that the customer disputed and did not pay $450,000 of such billed MRCs, claiming that the DS1 and DS3 Transport Miles were incorrectly calculated. Hence, in calculating the Transport Credit, the MRCs would be calculated as $2,550,000 ($3,000,000 less $450,000).

(b) To the extent that the customer has any disputes, then the customer must submit such disputes to the Telephone Company no later than the forty-fifth (45th) day following the end of each Quarter. Each dispute must be submitted on a claim description form as provided by the Telephone Company and must clearly state next to the circuit ID and amount under dispute the following "Dispute Associated with 2008 Contract Tariff." (N)

(x) Issued under authority of Special Permission No. 08-016 of the Federal Communications Commission.

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(H) Transport Credit (Cont'd)

(4) (Cont'd):

(c) Any amounts or Services that are included in calculation of the Transport Credit will not be subject to any claims or disputes by the customer at any time in the future.

(d) For the purpose of calculating the Transport Credit, the Telephone Company shall not include in MRCs any credits or debits for Services provided during any prior periods (regardless of whether such credits or debits were the result of a valid dispute by the customer or were the result of a billing error by the Telephone Company) or any prior Quarter other than the then current Quarter for which the Transport Credit is being calculated. As an illustrative example, assume that the customer had MRCs for all DS1 and DS3 Channel Mileage Rate Elements which were billed in Quarter 1 of $3,000,000. Assume further that the customer disputed and did not pay $450,000 of such billed MRCs claiming that the DS1 and DS3 Transport Miles were incorrectly calculated. Hence, in calculating the Transport Credit, the MRCs would be calculated as $2,550,000 ($3,000,000 less $450,000). Assume further that in Quarter 2, the Telephone Company and the customer agree that the customer should have paid $150,000 of the $450,000 for DS1 and DS3 Channel Mileage Rate Elements, and the customer pays the $150,000. The $150,000 will not be included for purposes of calculating the customer's Transport Credit in Quarter 2, however the $150,000 will be credited to the customer in connection with the required one-time payment adjustment with respect to Quarter 1 set forth in (e) following.

(e) Upon resolution of any Disputed Charges, or disputes raised after the determination of the Billing Credit, amounts may be credited to the customer if the customer prevails, however notwithstanding anything to the contrary herein, and subject to the following proviso, there shall be no adjustment to the Billing Credit, and the same shall apply regardless of the outcome of any Disputed Charges; provided, however, that for each Quarter the Telephone Company shall determine the Disputed Charges for such Quarter that are resolved in favor of the Telephone Company and paid in full by the customer as of the ninetieth (90th) day after the end of each Quarter during the Service Period, and make a one-time payment adjustment on such date to the Billing Credit for such Quarter with respect to each month to which such Disputed Charges related, by crediting to the customer the additional amounts that have been paid in full in respect of Disputed Charges that no longer remain subject to dispute. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(H) Transport Credit (Cont'd)

(4) (Cont'd):

(f) If the Telephone Company bills amounts after the determination of the Billing Credit that would have otherwise been included in the determination of the Billing Credit, then in no event will there be any adjustment to the Billing Credit.

(g) The Billing Credit as determined by the Telephone Company is not subject to dispute.

(h) The amount of the Billing Credit shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.4.1 preceding.

(I) UNE Conversion Credit

(1) Subject to the provisions of Section (I)(2) following related to the conversion of unbundled loops and unbundled transport miles to Special Access Services and Section (I)(3) following related to the calculation of Minimum Special Access Quantities in Service, the customer shall be eligible to receive a UNE Conversion Credit.

(2) UNE Conversion Requirements

In order to qualify for the UNE Conversion Credit, the customer must meet all of the following criteria:

(a) Submit a bulk order to convert a minimum of seventy five percent (75%) of the DS1 unbundled loops in-service within the operating territories of this tariff, FCC1, FCC11 and FCC16 as of July 18, 2008to an equivalent number of Special Access Service DS1 Channel Termination Rate Elements; (x)

(b) Submit a bulk order to convert a minimum of seventy five percent (75%) of the DS1 unbundled transport miles within the operating territories of this tariff, FCC1, FCC11 and FCC16 in-service as of July 18, 2008 to an equivalent number of Special Access Service DS1 Channel Mileage Rate Elements; and (x)

(c) The bulk orders to authorize the conversions in (a) and (b) preceding must occur within the first six (6) months of the Service Period and provide for the same billing effective date as the date of submission of such bulk order.

(d) The customer may not purchase any unbundled services within the operating territories of this tariff, FCC1, FCC11 and FCC16 after July 18, 2008. (N)(x)

(x) Issued under authority of Special Permission No. 08-016 of the Federal Communications Commission.

(Issued under Transmittal No. 932.)

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(I) UNE Conversion Credit (Cont'd)

(3) Credit Amount

The UNE Conversion Credit shall be calculated, beginning with the month in which the requirements set forth in (I)(2) preceding are satisfied, as follows:

(a) First, calculate the aggregate number of unbundled loops converted to DS1 Channel Termination Rate Elements pursuant to (I)(2)(a) preceding.

(b) Second, multiply the aggregate number of unbundled loops converted determined in (a) preceding by ninety dollars ($90) to determine the amount of the UNE Conversion Credit.

(c) Finally, subject to the shortfall provisions of Section (I)(5) following, the UNE Conversion Credit calculated in (b) preceding shall be applied on a monthly basis in respect of all months remaining in the Service Period.

Illustrative Example 1:

Assume the customer authorizes the conversion of 2,250 DS1 unbundled loops to an equivalent number of DS1 Channel Termination Rate Elements in Month 1 of Quarter 2. Further assume that the customer authorizes the conversion of 13,500 DS1 unbundled transport miles to an equivalent number of DS1 Channel Mileage Rate Elements in Month 2 of Quarter 2. Further assume that the 2,250 DS1 unbundled loops and the 13,500 DS1 unbundled transport miles are equivalent to seventy five percent (75%) of their respective in-service quantities as of July 18, 2008.

Under this scenario, the customer would be eligible to receive a UNE Conversion Credit beginning in Month 2 of Quarter 2 calculated as follows:

2,250 x $90 = $202,500

The customer would continue to be eligible for a monthly UNE Conversion Credit of $202,500 for the remaining months of the Service Period so long as the requirements of Section (I)(4) following are met.

(4) Minimum Special Access Quantities in Service

At the end of the month in which the customer fulfills the requirements of Section (I)(2) preceding (i.e., the **UNE Qualifying Month**) and becomes eligible to receive its first UNE Conversion Credit, the Telephone Company will calculate the **Minimum Special Access Quantities in Service** as follows:

(a) The Minimum DS1 Channel Termination Rate Elements shall be equal to the total DS1 Channel Termination Rate Elements that are billed to the customer during the UNE Qualifying Month (including the DS1 unbundled loops that were converted under the provisions of Section (I)(2)(a) preceding); and

(b) The Minimum DS1 Channel Mileage Rate Elements shall be equal to the total miles for the DS1 Channel Mileage Rate Elements that are billed to the customer during the UNE Qualifying Month (including the DS1 unbundled transport miles that were converted under the provisions of Section (I)(2)(b) preceding). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd)

(N)

(I) UNE Conversion Credit (Cont'd)

(5) In order to be eligible for the UNE Conversion Credit (as calculated in Section (I)(3) preceding) in any given month of the Service Period following the UNE Qualifying Month, the customer must meet the following criteria:

(a) During any month of the Service Period following the UNE Qualifying Month, the customer must maintain in-service no less than the Minimum Special Access Quantities in Service for both DS1 Channel Termination Rate Elements and DS1 Channel Mileage Rate Elements (as calculated in Sections (I)(4)(a) and (b) preceding) per month. If the customer meets this criteria, then the Telephone Company will not calculate, and the customer is not required to meet the requirements of Section (I)(5)(b) following; or

(b) During any Quarter of the Service Period including or subsequent to the Quarter containing the UNE Qualifying Month, the customer must maintain an average (prorated for the number of months during the Quarter in which the UNE Qualifying Month occurs) of no less than the Minimum Special Access Quantities in Service for both DS1 Channel Termination Rate Elements and DS1 Channel Mileage Rate Elements (as calculated in Sections (I)(4)(a) and (b) preceding). If the customer maintains an average (prorated for the number of months during the Quarter in which the UNE Qualifying Month occurs) of no less than the Minimum Special Access Quantities in Service during each Quarter, but does not otherwise meet the criteria as set forth in Section (I)(5)(a) preceding (i.e., the actual DS1 channel terminations or actual DS1 Transport Miles in a given month are less than their respective Minimum Special Access Quantities in Service), the customer shall still be eligible for the applicable UNE Conversion Credit as set forth in Section (I)(3) preceding with respect to each of the months of the Quarter (prorated for the number of months during the Quarter in which the UNE Qualifying Month occurs).

(N)

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(I) UNE Conversion Credit (Cont'd)

(5) (Cont'd)

The following two illustrative examples are presented. For both of the following examples assume that the Minimum Special Access Quantities in Service are 50,000 DS1 channel terminations and 185,000 DS1 Transport Miles and that the UNE Qualifying Month is Month 1 of Quarter 2 of Plan Year 1.

Example 1

During Quarter 3, the Telephone Company calculates the customer's DS1 channel terminations and DS1 channel miles (excluding any channel terminations and miles which are disputed by the customer) during each such month of Quarter 3 as follows:

- Month 1 – 50,000 channel terminations; 181,000 miles, and
- Month 2 – 50,500 channel terminations; 185,000 miles, and
- Month 3 – 51,000 channel terminations; 186,000 miles.

Since Month 1 did not meet the requirements of Section (I)(5)(a) preceding (i.e., the billed DS1 Transport Miles were less than 185,000), this results in an average number of DS1 Transport Miles for Quarter 3 of 184,000 miles per month (i.e., an aggregate of 552,000 Transport Miles for Quarter 3 divided by 3 months).

Based on this information, the customer would not receive the UNE Conversion Credit for Month 1 of Quarter 3 because the customer has not met both of the Minimum Special Access Quantities in Service criteria set forth in Section (I)(4) preceding (i.e., the actual DS1 Transport Miles in Month 1 are less than 185,000 miles, and the average monthly DS1 Transport Miles, as measured throughout the three months of Quarter 3, are less than 185,000 miles). The fact that the DS1 channel terminations exceeded 50,000 is irrelevant because both the DS1 channel terminations and DS1 Transport Miles must be met or exceeded to qualify for the monthly UNE Conversion Credit.

However, the customer would be eligible for the UNE Conversion Credit (as set forth in Section (I)(3) preceding) in Months 2 and 3 of Quarter 1 because the customer met both of the Minimum Special Access Quantities in Service criteria in Section (I)(4) preceding (i.e., its actual DS1 channel terminations exceed 50,000 and its actual DS1 Channel Mileage exceeds 185,000 for Months 2 and 3). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(I) UNE Conversion Credit (Cont'd)

(5) (Cont'd)

Example 2

During Quarter 3, the Telephone Company calculates the customer's DS1 channel terminations and DS1 Transport Miles (excluding any channel terminations and miles which are disputed by the customer) during each such month of Quarter 3 as follows:

- Month 1 – 49,500 channel terminations; 186,000 miles, and
- Month 2 – 50,500 channel terminations; 186,000 miles, and
- Month 3 – 51,000 channel terminations; 186,000 miles.

This results in an average number of DS1 channel terminations for Quarter 3 of 50,333 DS1 channel terminations per month (i.e., an aggregate of 151,000 DS1 channel terminations for Quarter 3 divided by 3 months).

Based on this information, the customer would receive the applicable UNE Conversion Credit for all three months of Quarter 3 because the customer meets both the Minimum Special Access Quantities in Service criteria set forth in Section (I)(4) preceding (i.e., the average monthly DS1 channel terminations are greater than 50,000 and DS1 Transport Miles are greater than 185,000).

(6) Payment of UNE Conversion Credit

If the customer is eligible for a UNE Conversion Credit as set forth in this Option 26, then subject to the terms of this Option 26, no later than sixty (60) days after the end of each Quarter during the Service Period, the Telephone Company shall credit the customer's BANs with the applicable monthly UNE Conversion Credits as determined in accordance with the terms of this Option 26. The UNE Conversion Credit will be provided only in the MSAs that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC1 and FCC11. (N)(x)

(x) Issued under authority of Special Permission No. 08-016 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(J) Mergers and Acquisitions of the Customer

In the event that after subscription to this Option 26, the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth in this tariff, FCC1, FCC11, or FCC16. (x)

(1) The customer may not combine or include any DS1 or DS3 Transport Miles, Channel Mileage Rate Elements, or Channel Termination Rate Elements from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in determining whether or not the customer has qualified for, or the amount of any, Billing Credits provided for under this Option 26, Option 50 of FCC1 or Option 51 of FCC11. (x)

(2) The customer's DS1 Transport Miles, DS3 Transport Miles, Channel Mileage Rate Elements, and Channel Termination Rate Elements shall be calculated based on its business and revenue with the Telephone Company using the Customer ACNAs (as submitted by the customer in its subscription to this Option 26 and approved by the Telephone Company for inclusion in this Option 26), without adding the revenues and/or ACNAs attributable to expansion of the customer's purchase of Services from the Telephone Company through merger, transfer, assignment, or acquisition.

(3) The Telephone Company reserves the right to terminate the customer's subscription to this Option 26 without liability if the customer does not adhere to the provisions of this Section (J). Termination of the customer's subscription to this Option 26 shall be an automatic termination of the customer's subscription to Option 50 of FCC1 and Option 51 of FCC11. (x) (x)

(K) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Services which are used to determine the customer's Minimum DS1 and DS3 Transport Miles and/or Minimum Special Access Quantities in Service (i.e., the Channel Termination Rate Elements and the Channel Mileage Rate Elements of this tariff, FCC1, FCC11 and FCC16) are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the Minimum DS1 and DS3 Transport Miles, the Minimum Special Access Quantities in Service, and the related Billing Credits (x) (N)

(x) Issued under authority of Special Permission No. 08-016 of the Federal Communications Commission.

(Issued under Transmittal No. 932.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(L) Termination of Plan

(1) Termination

Subject to the terms set forth in this Section (L), the customer may terminate its subscription to this Option 26, Option 50 of FCC1 and Option 51 of FCC11 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) days prior to the requested date of termination. (x)

Termination of less than all of the Contract Tariffs (i.e., terminations of this Option 26, Option 50 of FCC1 and Option 51 of FCC11) shall be deemed to be an automatic termination of the customer's subscription to this Option 26, Option 50 of FCC1 and Option 51 of FCC11. If the customer terminates or cancels this Option 26, Option 50 of FCC1 and Option 51 of FCC11 at any time during the Service Period, then the customer shall pay to the Telephone Company by no later than sixty (60) days after such date of termination an amount equal to the following: (x)

(a) If termination occurs within the first twelve (12) months of the Service Period, seventy-five percent (75%) of all Transport Credits and UNE Conversion Credits paid up to the date of such termination under this Option 26, Option 50 of FCC1 and Option 51 of FCC11 (i.e., all Billing Credits paid since July 18, 2008). (x)

(b) If termination occurs within the last twelve (12) months of the Service Period, fifty percent (50%) of all Transport Credits and UNE Conversion Credits paid up to the date of such termination under this Option 26, Option 50 of FCC1 and Option 51 of FCC11 (i.e., all Billing Credits paid since the Effective Date). (x)

The customer will not receive any further Transport Credits or UNE Conversion Credits after receipt of notice of termination. (N)

(x) Issued under authority of Special Permission No. 08-016 of the Federal Communications Commission.

(Issued under Transmittal No. 932.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(M) Changes in Price of Channel Termination and Channel Mileage Rate Elements

At the end of each month of the Service Period in which any MRCs or non-recurring charges (**NRCs**) for DS1 or DS3 Channel Termination Rate Elements, or DS1 or DS3 Channel Mileage Rate Elements, increase or decrease, a price change index (**Price Change Index**) comparing the aggregate MRCs and NRCs in the month in which the price increases and/or decreases occur and the aggregate MRCs and NRCs as of July 18, 2008 shall be calculated as described below.

If the Price Change Index for any month is equal to or greater than one hundred and two (102), then the Telephone Company will multiply the amount shown in (I)(3)(b) preceding by an equivalent percentage increase (i.e., a Price Change Index of one hundred and three (103) would result in a three percent (3%) increase in the amount shown in Section (I)(3)(b) preceding to $92.70), thereby increasing the UNE Conversion Credit payable with respect to that month of the Service Period.

The **Price Change Index** shall be computed as follows**:**

(Step 1) Calculate the average revenue per unit for Special Access DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements purchased by the customer as of July 18, 2008 by dividing the aggregate MRCs and NRCs billed to the customer by the Telephone Company for all Special Access Channel Termination Rate Elements and Channel Mileage Rate Elements in-service in the month immediately preceding July 18, 2008;

(Step 2) Calculate the average revenue per unit for Special Access DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements purchased by the customer for the month in which an increase or decrease in any MRCs or NRCs for DS1 or DS3 Channel Termination Rate Elements, or DS1 or DS3 Channel Mileage Rate Elements, as compared to the MRCs and NRCs in effect as of July 18, 2008, is reflected in the billing, by dividing the aggregate MRCs and NRCs billed to the customer by the Telephone Company for all Special Access Channel Termination Rate Elements and Channel Mileage Rate Elements in-service in such month by the total number of units in-service in such month; (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd)

(N)

(M) Changes in Price of Channel Termination and Channel Mileage Rate Elements (Cont'd)

(Step 3) Multiply the average revenue per unit calculated in Step 2 preceding for both DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements by the corresponding units in-service determined in Step 1 preceding;

(Step 4) Sum the products of the calculations from Step 3 preceding to get the aggregate MRCs/NRCs at the new prices; and

(Step 5) Divide the result calculated in Step 4 preceding by the sum of the MRCs/NRCs for DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements calculated in Step 1 preceding.

(Step 6) Multiply the result calculated in Step 5 by 100 to get the Price Change Index.

As an illustrative example:

Example 1:

Assume that as of July 18, 2008 the MRCs and NRCs, units in service, and average revenue per unit for Special Access DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements are as follows (Step 1):

Rate Element:	MRCs/NRCs (1)	Units in Service (2)	Average Revenue Per Unit (3) = (1)/(2)
Channel Termination			
DS1	$6,600,000	55,000	$120.00
DS3	$ 480,000	600	$800.00
Channel Mileage			
DS1	$2,720,000	160,000	$ 17.00
DS3	$1,150,000	10,000	$115.00
Total MRCs/NRCs (at July 18, 2008)	$10,950,000		

(N)

(Issued under Transmittal No. 932.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

21. Contract Tariffs (Cont'd)

21.27 Contract Tariff Option 26 (Cont'd) (N)

(M) Changes in Price of Channel Termination and Channel Mileage Rate Elements (Cont'd)

Example 1 (Cont'd):

Further assume that during month ten (10) of Plan Year 1 the Telephone Company changes the prices on the Channel Termination Rate Elements and the Channel Mileage Rate Elements and that the MRCs and NRCs, units in service, and average revenue per unit following the price changes are as follows (Step 2):

Rate Element:	MRCs/NRCs (1)	Units in Service (2)	Average Revenue Per Unit (3) = (1)/(2)
Channel Termination			
DS1	$7,380,000	605,000	$123.00
DS3	$ 530,000	650	$800.00
Channel Mileage			
DS1	$2,950,000	164,000	$ 18.00
DS3	$1,270,000	11,000	$115.00
Total MRCs/NRCs (Month 10-Plan Year 1)	$12,130,000		

Taking the average revenue per units calculated in Step 2 above times the units in service for Step 1 above would give the following results (Step 3):

DS1 Channel Termination Revenues =	$6,765,000	(55,000 x $123)
DS3 Channel Termination Revenues =	$ 480,000	(600 x $800)
DS1 Channel Mileage Revenue =	$2,880,000	(160,000 x $18)
DS3 Channel Mileage Revenue =	$1,150,000	(10,000 x $115)

The sum of the results from Step 3 would be $11,275,000 ($6,765,000 + $480,000 + $2,880,000 + 1,150,000) and the price change index would be 103.0 ($11,275,000 / $10,950,000 x 100). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.28 Reserved for Future Use (C)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(D)

(D)

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(D)

(D)

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(D)

(D)

21. Contract Tariffs (Cont'd)

(D)

(D)

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

(D)

(D)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28

(N)

(A) Scope

Contract Tariff Option 28 (**Option 28**) provides Quarterly Billing Credits on certain Special Access Services if the customer maintains certain billed unit volumes for the Qualifying Services (as defined in (F) following) during each Plan Year. In this Option 28, all references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $17.25M shall mean $17,250,000).

(B) Specific Terms

Unless otherwise defined in this Option 28, the following terms are used in this Option 28.

(1) **BANs** shall mean the Billing Account Numbers of the customer.

(2) **Billed DS1 Unit** shall mean, with respect to each month during the Service Period, a DS1 Unit for which a DS1 Channel Termination, DS1 Special Access Line, or DS1 Circuit Termination (as defined collectively in (B)(8) following as a DS1 Channel Termination) was billed as a monthly recurring charge(s), using any of the applicable Universal Service Order Codes (**USOCs**) set forth following, to the customer under the Customer ACNAs (as defined in (B)(7) following) in the monthly recurring charge (**MRC**) section of Telephone Company's Access Service bill to the customer for that month.

1CF21	1CF22	1CF23	1CF25	1CF33	1CF35	1CF3W
1CF41	1CF42	1CF43	1CF45	1CF51	1CF52	1CF53
1CF55	1CF61	1CF62	1CF63	1CF65	1CF71	1CF72
1CF73	1CF75	1CF81	1CF82	1CF83	1CF85	1CF91
1CF92	1CF93	1CF95	1CFA1	1CFA2	1CFA3	1CFA5
1CFB1	1CFB2	1CFB3	1CFB5	1CFC1	1CFC2	1CFC3
1CFC5	1CFR8	1CFRJ	1CFS8	1CFSJ	1CFT8	1CFTJ
1CFU8	1CFUJ	1CFV8	1CFVJ	1CKDF	1CKDX	1X7VX
1XCDX	EU4DF	EU4DX	EU7VX	EUU21	EUU22	EUU23
EUU25	EUU33	EUU35	EUU3W	EUU41	EUU42	EUU43
EUU45	EUU51	EUU52	EUU53	EUU55	EUU61	EUU62
EUU63	EUU65	EUU71	EUU72	EUU73	EUU75	EUU81
EUU82	EUU83	EUU85	EUU91	EUU92	EUU93	EUU95
EUUA1	EUUA2	EUUA3	EUUA5	EUUB1	EUUB2	EUUB3
EUUB5	EUUC1	EUUC2	EUUC3	EUUC5	EUUR8	EUURJ
EUUS8	EUUSJ	EUUT8	EUUTJ	EUUU8	EUUUJ	EUUV8
EUUVJ	EUW	TMECS	TNJZX	TNT3X	TNT4X	TNT8X
TWTF6	TYF1X					

(N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(3) **Billed Multiplexed DS3 Unit** shall mean, with respect to each month during the Service Period, a Multiplexed DS3 Unit for which one or more MRCs, using any of the applicable USOCs set forth in (G)(2)(b) following, was billed to the customer under the Customer ACNAs (as defined in (B)(7) following) in the MRC section of the Telephone Company's Access Service bill to the customer for that month.

(4) **Billed PTP DS3 Unit** shall mean, with respect to each month during the Service Period, a point-to-point (**PTP**) DS3 Unit for which one or more MRCs, using any of the applicable USOCs set forth in (G)(2)(c) following, was billed to the customer under the Customer ACNAs (as defined in (B)(7) following) in the MRC section of the Telephone Company's Access Service bill to the customer for that month.

(5) **Billed Qualifying Service Revenue** shall mean each of Billed DS1 Qualifying Service Revenue, Billed Multiplexed DS3 Qualifying Service Revenue, and Billed PTP DS3 Qualifying Service Revenue as further described in (G) following, subject to the exclusions specified in (G)(2)(d) and (G)(3) following.

(6) **Billed Qualifying Service Unit(s)** shall mean Billed DS1 Units, Billed Multiplexed DS3 Units, and/or Billed PTP DS3 Units, subject to the exclusions set forth in (G)(2)(d) and (G)(3) following.

(7) **Customer ACNA(s)** shall mean the customer's Access Customer Name Abbreviations (ACNAs) that are provided to the Telephone Company by the customer in its subscription to this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11 in accordance with (C)(2) following, which Customer ACNA(s) are agreed to by the Telephone Company in writing for inclusion in this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11. (x)

(8) **DS1 Unit** shall mean DS1 capacity (i.e., 1.544 Mbps) Qualifying Services that include at least one (1) of the following: (i) a DS1 Special Access Line (SAL) as defined in Section 5.1.1(C) preceding of this tariff, (ii) a DS1 Channel Termination as defined in Section 7.1.2(A) of Tariff FCC No. 1 (**FCC 1**), (iii) a DS1 Channel Termination as defined in Section 7.1.2(A) of Tariff FCC No. 11 (**FCC 11**), and (iv) a DS1 Circuit Termination as defined in Section 7.2(A) of Tariff FCC No. 16 (**FCC 16**) (collectively, DS1 Channel Terminations). Sub-rate DS1s (e.g., 128 kbps, 256 kbps, 384 kbps, 512 kbps, and 768 kbps) are not counted as DS1 Units. (x) (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(9) **Flat Rate** shall mean the flat rate monthly recurring charge that applies per Billed Qualifying Service Unit, per service type (i.e., DS1, Multiplexed DS3, and PTP DS3), for a given Plan Year as calculated in accordance with (I)(1) following.

(10) **Groom(s)** shall mean a change in the connecting facility assignment (CFA) or termination point of a DS3 Service, and shall include any of the following types of moves, rearrangements, re-terminations, and disconnection and subsequent reconnection, to the DS3 Service: (i) a change in the CFA or termination point within a single Telephone Company wire center; (ii) a change in the CFA or termination point from one Telephone Company wire center to CFA in another Telephone Company wire center (CFA can be a facility provided by the Telephone Company or by a collocator under Section 17 preceding).

(11) **Initial Watermark** shall mean the initial quantity of Billed DS1 Units, the initial quantity of Billed Multiplexed DS3 Units, and the initial quantity of Billed PTP DS3 Units used to administer the terms and conditions of this Option 28 as calculated in accordance with (F) following, such quantities being as revised from time-to-time pursuant to (M) following for a third party merger, acquisition, divestiture, and other changes in control of the customer, and (N) following for a sale or acquisition of property of the Telephone Company.

(12) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on June 1, 2009 and end on December 31, 2009; (2) Plan Year 2 shall commence on January 1, 2010 and end on December 31, 2010; (3) Plan Year 3 shall commence on January 1, 2011 and end on December 31, 2011; (4) Plan Year 4 shall commence on January 1, 2012 and end on December 31, 2012; and (5) Plan Year 5 shall begin on January 1, 2013 and end on December 31, 2013. In the event of any extension(s) of the Service Period pursuant to Section (E) following, the term Plan Year may also be used to refer to an applicable calendar year (i.e., January 1 through December 31) subsequent to Plan Year 5. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(13) **Multiplexed DS3 Unit** shall mean an individual 44.736 Mbps Qualifying Service that both: (i) has a unique circuit identifier that conforms to the Common Language Circuit Identifier (CLCI) facility format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18), and (ii) is billed using one or more of the USOCs specified in (G)(2)(b) following.

IEF Service associated with a Multiplexed DS3 Unit (i.e. billed under the unique circuit identifier for that Multiplexed DS3 Unit) will not be counted as a unit separate from that Multiplexed DS3 Unit.

For purposes of administering the terms and conditions of this Option 28, all calculations involving Multiplexed DS3 Unit volumes shall exclude any portion of a circuit that is not used for Special Access. Where this calculation results in a fraction of a Multiplexed DS3 Unit, round to the nearest whole Multiplexed DS3 Unit. Thus, for example, if there were two (2) Shared Use Multiplexed DS3, and where one of the facilities is reduced to forty-five percent (45%) and the other facility is reduced to sixty-five percent (65%) in accordance with Section 5.6.7 preceding, then together they would count as only one (1) Multiplexed DS3 Unit (.45 + .65 = 1.10, rounded to the nearest integer, which in this case is one (1) Multiplexed DS3 Unit).

For purposes of administering the terms and conditions of this Option 28: (i) all DS1 FMS Services are converted to Multiplexed DS3 Units by dividing the total number of DS1 FMS Services by twenty-eight (28), and (ii) all DS3 FMS Services are quantified as either Multiplexed DS3 Units or PTP DS3 Units, depending on the format of the circuit identifier and the corresponding USOCs as described in the definitions of Multiplexed DS3 Unit and PTP DS3 Unit.

A Multiplexed DS3 facility that is provided by more than one (1) Exchange Telephone Company under Section 3.3 preceding using a single unique circuit identifier will count as one (1) Multiplexed DS3 Unit. (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(14) **PTP DS3 Unit** shall mean an individual 44.736 Mbps Qualifying Service that both: (i) has a unique circuit identifier that conforms to the CLCI serial number format administered by Telcordia (e.g., 95.HFGS.634683..NE) and (ii) is billed using one or more of the USOCs specified in (G)(2)(c) following.

IEF Service associated with a PTP DS3 Unit (i.e. billed under the unique circuit identifier for that PTP DS3 Unit) will not be counted as a unit separate from that PTP DS3 Unit.

For purposes of administering the terms and conditions of this Option 28, all DS3 FMS Services are quantified as either Multiplexed DS3 Units or PTP DS3 Units, depending on the format of the circuit identifier and the corresponding USOCs as described in the definitions of Multiplexed DS3 Unit and PTP DS3 Unit.

A PTP DS3 circuit that is provided by more than one (1) Exchange Telephone Company under Section 3.3 preceding using a single unique circuit identifier will count as one (1) PTP DS3 Unit.

(15) **Quarter** shall mean either of the following periods, as applicable: (i) the first Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last day of the second calendar month after the month in which the first date occurs (i.e., approximately ninety (90) calendar days thereafter), except for the initial Quarter of Plan Year 1 which shall commence on June 1, 2009 and end on June 30, 2009; or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last day of the second calendar month after the month in which the first day occurs.

(16) **Quarterly Billing Credit** shall mean the quarterly credit that is calculated per service type (i.e., DS1, Multiplexed DS3, and PTP DS3) as described in (I) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Quarterly Billing Credits as set forth in (I) following and other benefits of this Option 28.

(1) During the twelve (12) month period ending on December 31, 2008, the customer must have achieved a minimum of six hundred fifty million ($650M) in aggregate billed monthly recurring charges for all Qualifying Services purchased by the customer from the Telephone Company.

(2) The customer must subscribe to Option 28 by submitting a written authorization in a manner designated by the Telephone Company during the period that begins May 31, 2009 and ends July 30, 2009. Such subscription must include a list of Customer ACNA(s) as defined in (B)(7) preceding.

(3) The customer must concurrently subscribe to this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11. (x)

(4) As of June 1, 2009, the customer must be concurrently subscribed, and must remain concurrently subscribed during the Service Period, to the Commitment Discount Plan (as set forth in Section 25.1 of FCC 1 and Section 25.1 of FCC 11, and the Eight-and Ten-Year DS1 Term and Volume Plan (ETTVP) as set forth in Section 5.6.14 preceding, (collectively, **Existing Plans**). (x) (x)

(D) Terms and Conditions

(1) If the customer has met the eligibility criteria set forth in (C) preceding, then to receive the Quarterly Billing Credit in any Plan Year the customer must remain subscribed to the Existing Plans. If the customer fails to achieve the DS1 Initial Watermark, the Multiplexed DS3 Initial Watermark or the PTP DS3 Initial Watermark in any Plan Year other than Plan Year 1, the Telephone Company may terminate the customer's subscription to this Option 28 as set forth in (O)(2) following. Termination of the customer's subscription to this Option 28 is an automatic Termination of the customer's subscription to Option 56 of FCC 1 and Option 54 of FCC 11. (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(D) Terms and Conditions (Cont'd)

(2) If the customer is currently subscribed to a contract tariff option that provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by the customer, the customer's subscription to such contract tariff option shall be cancelled coincident with the customer's subscription to this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11, and the Telephone Company will conduct a final true-up of any billing credits the customer was entitled to through the date of cancellation. (x)

(3) Except for the Existing Plans and any FMS Services to which the customer subscribes to as of June 1, 2009, the customer may not concurrently subscribe the Qualifying Services to any Alternative Tariff Arrangement (which shall mean, collectively, any other tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company under this tariff, FCC 1, or FCC 11 and available to the customer either currently or at any time during the Service Period, which tariff arrangement, contract tariff option, specialized service or arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by the customer for any of the Qualifying Services) during the Service Period, unless such Alternate Tariff Arrangement explicitly permits subscription to this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11. Except as set forth in this (D)(3) and (D)(2) preceding, the customer's subscription to any such Alternate Tariff Arrangement as of June 1, 2009 shall be terminated upon subscription to this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11. The Telephone Company shall perform any final review/true-up that it determines to be necessary to reconcile any credits and debits that remain outstanding under such Alternate Tariff Arrangement. (x) (x) (x)

(4) To the extent the customer, as of June 1, 2009 or at any time during the Service Period, is not subscribed to the Existing Plans (i.e., with respect to the applicable Qualifying Services that the Telephone Company offers under the respective Existing Plans), the applicable Qualifying Services shall not be eligible to receive the Flat Rate pricing set forth in (I) following. (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(E) Service Period

(1) Subject to terms and conditions set forth in (E)(2) following and all other applicable terms set forth herein, the **Service Period** of this Option 28 shall commence on June 1, 2009 and end on December 31, 2013 (except that the Service Period shall include any extensions that take effect pursuant to (E)(2) following).

(2) At the expiration of Plan Year 5 of the Service Period, and unless otherwise terminated as set forth herein, the customer may elect to extend the Service Period for one (1) year beyond expiration of the initial five (5) Plan Years of the Service Period at the Flat Rates for Plan Year 5. Two (2) of such one (1) year extensions are permitted. The customer must notify the Telephone Company in writing of its election to extend the Service Period at least thirty (30) calendar days prior to the expiration date of Plan Year 5 or the end of first one (1) year extension period, as applicable. (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(F) Establishment of Initial Watermarks and Initial Watermark Adjustments

(1) Upon subscription to this Option 28, the Telephone Company will establish the annual quantities (Initial Watermarks) used to administer the terms and conditions of this Option 28 as follows:

(a) The Telephone Company will develop the DS1 Initial Watermark by summing the total number of DS1 Units (i.e., Channel Terminations) for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008, and multiplying the result by four (4). (x)

(b) The Telephone Company will develop the Multiplexed DS3 Initial Watermark by summing the total number of Multiplexed DS3 Units for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008, and multiplying the result by four (4). (x)

(c) The Telephone Company will develop the PTP DS3 Initial Watermark by summing the total number of PTP DS3 Units for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008, and multiplying the result by four (4). (x) (x)

(2) The Initial Watermark(s) may be adjusted as further described in (M) and (N) following. (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd)

(N)

(G) Qualifying Services

(1) Qualifying Services will be comprised of the following:

(a) Special Access 1.544 Mbps Services as set forth in Section 5.3.6 preceding of this tariff, Section 7.2.9 of FCC 1, Section 7.2.9 of FCC 11, and Section 7.11.1 of FCC 16, in each case as the same may be amended from time to time (collectively, **DS1 Services**); and (x) (x)

(b) Special Access 44.736 Mbps Services as set forth in Section 5.3.6 preceding of this tariff, Section 7.2.9 of FCC 1, Section 7.2.9 of FCC 11, and Section 7.11.1 of FCC 16, in each case as the same may be amended from time to time (collectively, **DS3 Services**); and (x) (x)

(c) Special Access 1.544 Mbps and 44.736 Mbps Facilities Management Services, as described in Section 7.2.13 of FCC 1 and Section 7.2.16 of FCC 11, in each case as the same may be amended from time to time (collectively, **FMS Services**). (x) (x)

(d) Special Access IntelliLight Entrance Facilities Service with a 44.736 Mbps electrical interface, as described in Section 20.4 preceding, Section 7.2.15 of FCC 1, Section 26.1.4 of FCC 11, Section 20.4 of FCC 16, in each case as the same may be amended from time to time (collectively, **IEF Services**). (x)

Any services other than the services explicitly listed in this (G)(1) (including any Telephone Company provided SONET entrance facility service) are not included herein as a Qualifying Service. Additionally, Qualifying Services do not include any Switched Access Services.

For purposes of this Option 28: (i) all Qualifying Service volumes and revenues are quantified according to three categories (DS1 Units, Multiplexed DS3 Units, and PTP DS3 Units) as described further in (G)(2) following; and (b) subject to (G)(2)(d) and (G)(4) following, the USOCs set forth in (G)(2) following reflect the entire list of USOCs included in the definition of Qualifying Services and counted as contributory toward Billed Qualifying Service Revenue. (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

(This page filed under Transmittal No. 1015.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(G) Qualifying Services (Cont'd)

(2) Revenues Included in Calculation of Billed Qualifying Service Revenue

Subject to the exceptions and requirements set forth in this Section (G), Billed Qualifying Service Revenue includes monthly recurring charges billed to the customer under the Customer ACNAs for Billed Qualifying Service Units in the operating territories of this tariff, FCC 1, FCC 11 and FCC 16. **Billed DS1 Qualifying Service Revenue** is described in (G)(2)(a) following, subject to (G)(2)(d) and (G)(3) following. **Billed Multiplexed DS3 Qualifying Service Revenue** is described in (G)(2)(b) following, subject to (G)(2)(d) and (G)(3) following. **Billed PTP DS3 Qualifying Service Revenue** is described in (G)(2)(c) following, subject to (G)(2)(d) and (G)(3) following. (x)

(a) Billed DS1 Units

With respect to Billed DS1 Units, Billed Qualifying Service Revenue includes only MRCs billed under rate elements using one or more of the following USOCs:

1A4YS	1A5ZS	1CF21	1CF22	1CF23	1CF25	1CF33
1CF35	1CF3W	1CF41	1CF42	1CF43	1CF45	1CF51
1CF52	1CF53	1CF55	1CF61	1CF62	1CF63	1CF65
1CF71	1CF72	1CF73	1CF75	1CF81	1CF82	1CF83
1CF85	1CF91	1CF92	1CF93	1CF95	1CFA1	1CFA2
1CFA3	1CFA5	1CFB1	1CFB2	1CFB3	1CFB5	1CFC1
1CFC2	1CFC3	1CFC5	1CFR8	1CFRJ	1CFS8	1CFSJ
1CFT8	1CFTJ	1CFU8	1CFUJ	1CFV8	1CFVJ	1CKDF
1CKDX	1J53S	1J54S	1L5LS	1L5XX	1LFMX	1LFSX
1OX1X	1OX2X	1OX3X	1OX5X	1OXTX	1T58S	1X7VX
1XCDX	1Y3AC	1YWPS	A1VA1	A1VXZ	AVY	C2X9A
C6H6X	C6H7X	CCO	CTG	DVA	EU4DF	EU4DX
EU7VX	EUU21	EUU22	EUU23	EUU25	EUU33	EUU35
EUU3W	EUU41	EUU42	EUU43	EUU45	EUU51	EUU52
EUU53	EUU55	EUU61	EUU62	EUU63	EUU65	EUU71
EUU72	EUU73	EUU75	EUU81	EUU82	EUU83	EUU85
EUU91	EUU92	EUU93	EUU95	EUUA1	EUUA2	EUUA3
EUUA5	EUUB1	EUUB2	EUUB3	EUUB5	EUUC1	EUUC2
EUUC3	EUUC5	EUUR8	EUURJ	EUUS8	EUUSJ	EUUT8
EUUTJ	EUUU8	EUUUJ	EUUV8	EUUVJ	EUW	HGV1X
HGVTX	MQ1	MQK	MXN12	MXN13	MXN15	MXN17
PR9PX	PR9SX	QMU	TJ4DX	TJ4DY	TJ4DZ	TMECS
TNJZX	TNT3X	TNT4X	TNT8X	TQ2KM	TRG	TSP
TWTF6	TYF1X	TZGHX	VPQSP			

(N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd)

(N)

(G) Qualifying Services (Cont'd)

(2) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(b) Billed Multiplexed DS3 Units

With respect to Billed Multiplexed DS3 Units, Billed Qualifying Service Revenue includes only MRCs billed under rate elements using one or more of the following USOCs:

1A4ZS	1A59S	1A5LX	1A5YS	1A87S	1A88S	1A89S
1C4A3	1C4A5	1C4A7	1C4B3	1C4B5	1C4B7	1C4C3
1C4C5	1C4C7	1C4D3	1C4D5	1C4D7	1C4E3	1C4E5
1C4E7	1C4F3	1C4F5	1C4F7	1C4G3	1C4G5	1C4G7
1C4H3	1C4H5	1C4H7	1C4J3	1C4J5	1C4J7	1C4K3
1C4K5	1C4K7	1CFD1	1CFD3	1CFD5	1CFD7	1CFE1
1CFE3	1CFE5	1CFE7	1CFF1	1CFF3	1CFF5	1CFF7
1CFG1	1CFG3	1CFG5	1CFG7	1CFH1	1CFH3	1CFH5
1CFH7	1CFJ1	1CFJ3	1CFJ5	1CFJ7	1CFK1	1CFK3
1CFK5	1CFK7	1CFL1	1CFL3	1CFL5	1CFL7	1CFM1
1CFM3	1CFM5	1CFM7	1CFN1	1CFN3	1CFN5	1CFN7
1CKMF	1CKNX	1CKPF	1CKSX	1L5LS	1L5RS	1L5XX
1LFSX	1U5PS	1Y3AD	1YA8S	1YAMS	1YWQS	A1VXG
ABVBA	B2CDP	B2CDV	B2CEP	B2CEV	B2CFP	BXCQX
C2X8A	CCO	DVA	EQUA3	EQUA5	EQUA7	EQUB3
EQUB5	EQUB7	EQUC3	EQUC5	EQUC7	EQUD3	EQUD5
EQUD7	EQUE3	EQUE5	EQUE7	EQUF3	EQUF5	EQUF7
EQUG3	EQUG5	EQUG7	EQUH3	EQUH5	EQUH7	EQUJ3
EQUJ5	EQUJ7	EQUK3	EQUK5	EQUK7	EU4MF	EU4NX
EU4PF	EU4SX	EUUD1	EUUD3	EUUD5	EUUD7	EUUE1
EUUE3	EUUE5	EUUE7	EUUF1	EUUF3	EUUF5	EUUF7
EUUG1	EUUG3	EUUG5	EUUG7	EUUH1	EUUH3	EUUH5
EUUH7	EUUJ1	EUUJ3	EUUJ5	EUUJ7	EUUK1	EUUK3
EUUK5	EUUK7	EUUL1	EUUL3	EUUL5	EUUL7	EUUM1
EUUM3	EUUM5	EUUM7	EUUN1	EUUN3	EUUN5	EUUN7
FQYU1	FQYU2	FQYU3	FQYU4	FQYU5	FQYU6	GMGX3
HKTJS	HKTJX	HKTLS	MKM	MQ3	MQ6	MXNF3
MXNF5	MXNFX	MXNM3	MXNM5	MXNMX	MXNRX	N2M
P8T33	P8T35	PR9SX	SLHA1	SLHA3	SLHA5	SLHA7
SLHB1	SLHB3	SLHB5	SLHB7	SLHC1	SLHC3	SLHC5
SLHC7	SLHD1	SLHD3	SLHD5	SLHD7	SLHE1	SLHE3
SLHE5	SLHE7	T8XJ5	TJ4EX	TJ4EY	TJ4EZ	TJ59X
TKTPX	TNW3X	TNW5X	TNWZX	TQ2LM	TRG	TSP
TUTPX	TWBNX	TWBPX	TWTF7	TYF3S	TYF3X	TYF8S
TYF8X	TYFLS	TYFLX	TYFMS	TYFMX	TYFNX	TYFOX
TYFPX	TYFQX	TYFRX	TYFSX	TYFTX	TYFUX	TYFVS
TYFVX	TYFWS	TYFWX				

IEF USOCs mapped to Billed Multiplexed DS3 Units will be included in the Billed Qualifying Service Revenue for those Units. (N)

(This page filed under Transmittal No. 1015.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(G) Qualifying Services (Cont'd)

(2) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(c) Billed PTP DS3 Units

With respect to Billed PTP DS3 Units, Billed Qualifying Service Revenue includes only MRCs billed under rate elements using one or more of the following USOCs:

1A4ZS	1A5LX	1A87S	1A88S	1A89S	1C4A3	1C4A5
1C4A7	1C4B3	1C4B5	1C4B7	1C4C3	1C4C5	1C4C7
1C4D3	1C4D5	1C4D7	1C4E3	1C4E5	1C4E7	1C4F3
1C4F5	1C4F7	1C4G3	1C4G5	1C4G7	1C4H3	1C4H5
1C4H7	1C4J3	1C4J5	1C4J7	1C4K3	1C4K5	1C4K7
1CFD1	1CFD3	1CFD5	1CFD7	1CFE1	1CFE3	1CFE5
1CFE7	1CFF1	1CFF3	1CFF5	1CFF7	1CFG1	1CFG3
1CFG5	1CFG7	1CFH1	1CFH3	1CFH5	1CFH7	1CFJ1
1CFJ3	1CFJ5	1CFJ7	1CFK1	1CFK3	1CFK5	1CFK7
1CFL1	1CFL3	1CFL5	1CFL7	1CFM1	1CFM3	1CFM5
1CFM7	1CFN1	1CFN3	1CFN5	1CFN7	1CKMF	1CKNX
1CKPF	1CKSX	1L5LS	1L5RS	1L5XX	1LFSX	1U5PS
1Y3AD	1YA8S	1YAMS	1YWQS	A1VXG	ABVBA	B2CDP
B2CDV	B2CEP	B2CEV	B2CFP	BXCQX	C2X8A	CCO
DVA	EQUA3	EQUA5	EQUA7	EQUB3	EQUB5	EQUB7
EQUC3	EQUC5	EQUC7	EQUD3	EQUD5	EQUD7	EQUE3
EQUE5	EQUE7	EQUF3	EQUF5	EQUF7	EQUG3	EQUG5
EQUG7	EQUH3	EQUH5	EQUH7	EQUJ3	EQUJ5	EQUJ7
EQUK3	EQUK5	EQUK7	EU4MF	EU4NX	EU4PF	EU4SX
EUUD1	EUUD3	EUUD5	EUUD7	EUUE1	EUUE3	EUUE5
EUUE7	EUUF1	EUUF3	EUUF5	EUUF7	EUUG1	EUUG3
EUUG5	EUUG7	EUUH1	EUUH3	EUUH5	EUUH7	EUUJ1
EUUJ3	EUUJ5	EUUJ7	EUUK1	EUUK3	EUUK5	EUUK7
EUUL1	EUUL3	EUUL5	EUUL7	EUUM1	EUUM3	EUUM5
EUUM7	EUUN1	EUUN3	EUUN5	EUUN7	FQYU1	FQYU2
FQYU3	FQYU4	FQYU5	FQYU6	GMGX3	HKTJS	HKTJX
HKTLS	N2M	P8T33	P8T35	PR9SX	SLHA1	SLHA3
SLHA5	SLHA7	SLHB1	SLHB3	SLHB5	SLHB7	SLHC1
SLHC3	SLHC5	SLHC7	SLHD1	SLHD3	SLHD5	SLHD7
SLHE1	SLHE3	SLHE5	SLHE7	T8XJ5	TJ4EX	TJ4EY
TJ4EZ	TJ59X	TKTPX	TNW3X	TNW5X	TNWZX	TQ2LM
TRG	TSP	TUTPX	TWBNX	TWBPX	TWTF7	TYF3S
TYF3X	TYF8S	TYF8X	TYFLS	TYFLX	TYFMS	TYFMX
TYFNX	TYFOX	TYFPX	TYFQX	TYFRX	TYFSX	TYFTX
TYFUX	TYFVS	TYFVX	TYFWS	TYFWX		

IEF USOCs mapped to Billed PTP DS3 Units will be included in the Billed Qualifying Service Revenue for those Units. (N)

(This page filed under Transmittal No. 1015.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(G) Qualifying Services (Cont'd)

(2) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(d) If any of the USOCs listed in (G)(2)(a) through (G)(2)(c) preceding bill both MRCs and other charges (e.g., NRCs), then only the MRC amounts (i.e., only those amounts appearing in the MRC section of the customer's bill from the Telephone Company) of such USOCs shall be counted towards the calculation of Billed Qualifying Service Revenue.

(3) Examples of Revenues Not Included in Calculation of Billed Qualifying Service Revenue

Billed Qualifying Service Revenue does not include (the following list being illustrative only) any of the following:

(a) any non-recurring charges (**NRCs**), surcharges, taxes, late payment charges, credits (including any credits provided herein), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter or Plan Year of the Service Period;

(b) taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(c) service or administrative fees or charges imposed by the Telephone Company (e.g. interest penalty, late payment penalty);

(d) any amount that appears in the Other Charges and Credits section of the Telephone Company's bill to the customer (e.g., prorated charges);

(e) any other charges that are not applied on a monthly recurring basis and/or do not appear in the MRC section (typically labeled "Monthly Access Charges") of the Telephone Company's bill to the customer;

(f) any amount for which payment is being withheld by the customer;

(g) any amount billed under a particular bill for services provided outside of the service period that is ordinarily covered by such bill;

(h) shortfall or overage charges associated with Existing Plan scheduled reviews/true-ups (e.g., for failure to satisfy commitment levels pursuant to a CDP); (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(G) Qualifying Services (Cont'd)

(3) Examples of Revenues Not Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(i) billed amounts associated with any service (or any portion of a service) that is not a Qualifying Service;

(j) any Quarterly Billing Credits or other Credits that the customer receives in connection with (I), (J) or (Q) following.

(4) USOC Updates

If, during the Service Period, the Telephone Company revises Section 5 preceding of this tariff, Section 7 of FCC 1, Section 30 and/or Section 31 of FCC 11, or Section 7 of FCC 16 to (i) replace or substitute a USOC for a rate element of a Qualifying Service as set forth in (G)(2) preceding; or (ii) add a USOC for a rate element of a Qualifying Service as used herein that was inadvertently omitted from this tariff, then (effective as of the date on which such revision becomes effective) such new USOC shall be included in the definition of the applicable Qualifying Service(s) and such new USOC, provided it otherwise qualifies to be contributory under (G)(2) and (G)(3) preceding and all other terms set forth herein, will be counted as contributory towards Billed Qualifying Service Revenue. (x) (x)

(H) Serving Area

Notwithstanding any other provision set forth herein, any Quarterly Billing Credits or other credits will be provided only in the MSAs that have achieved Phase I or Phase II pricing flexibility under Section 19.1 preceding, Section 14.7 of FCC 1, and Section 15.3 of FCC 11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding, Section 14.7 of FCC 1, and Section 15.3 of FCC 11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding, Section 14.7 of FCC 1, and Section 15.3 of FCC 11) that occur during the Service Period will apply. No Quarterly Billing Credits or other credits will be provided in the operating territories of FCC 16. (x) (x) (x) (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(I) Calculation and Payment of Quarterly Billing Credits

The customer may receive Quarterly Billing Credits for DS1 Qualifying Service, PTP DS3 Qualifying Service and Multiplexed DS3 Qualifying Service based on the difference between the applicable Billed Qualifying Service Revenues and the applicable revenues derived from Flat Rate pricing described in (I)(1) following.

(1) Rate Calculation Methodology for Flat Rate Pricing

The Flat Rate pricing for Qualifying Services under this Option 28 shall be achieved by applying a discount to the average revenue per Billed DS1 Unit, per Billed Multiplexed DS3 Unit, and per Billed PTP DS3 Unit using the calculation [average revenue per Billed Qualifying Service Unit x (1 – discount)] as follows:

(a) DS1 Flat Rate Pricing

(Step 1) Calculate the average revenue per DS1 Unit (**DS1 ARPU**) by summing (i) the total MRC associated with the customer's Qualifying DS1 Services for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008; and dividing by (ii) the total number of the DS1 Units for such DS1 Qualifying Services during the same period of time. (x)

The DS1 ARPU calculated in this Step 1 is used to determine the Flat Rate per DS1 Unit for each Plan Year of the Service Period.

(Step 2) To determine the Flat Rate per Billed DS1 Unit, multiply (i) the DS1 ARPU determined in Step 1; by (ii) 1 minus the discount for the applicable Plan Year from Table 1 below.

Table 1

Plan Year	Discount
1	10.4264%
2	15.0041%
3	19.5311%
4	24.0126%
5	28.2510% (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(I) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

(a) DS1 Flat Rate Pricing (Cont'd)

Illustrative Example:

(i) Assume the total Billed DS1 Qualifying Service Revenue is $9,075,000 ($2,750,000 for August 2008 + $3,025,000 for September 2008 + $3,300,000 for October 2008).

(ii) Assume the total Billed Qualifying DS1 Units is 33,000 (10,000 for August 2008 + 11,000 for September 2008 + 12,000 for October 2008).

(iii) The DS1 ARPU for Plan Year 1 is $275.00 ($9,075,000 / 33,000).

(iv) The Flat Rate per Billed DS1 Unit for Plan Year 1 is $246.33 [$275 x (1 – .104264)].

(b) PTP DS3 Flat Rate Pricing

The Flat Rate per PTP DS3 Unit will be calculated as follows:

(Step 1) Calculate the total revenue for Non-IEF PTP DS3 Qualifying Services (including any PTP FMS DS3 Services) for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 by summing the total billed MRC associated with each of such services during this time period (**PTP Non-IEF Revenue**). (x)

(Step 2) Calculate the total revenue for Non-IEF Multiplexed DS3 Qualifying Services (including any Multiplexed FMS DS3 Services) for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 by summing the total billed MRC associated with each of such services during this time period (**Multiplexed Non-IEF Revenue**). (x)

(Step 3) Determine the total revenue for Non-IEF DS3 Qualifying Services (excluding any IEF DS3 Services) by summing (i) the PTP Non-IEF Revenue in Step 1; and (ii) the Multiplexed Non-IEF Revenue in Step 2 (**Non-IEF DS3 Revenue**). (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(I) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

(b) PTP DS3 Flat Rate Pricing (Cont'd)

(Step 4) Determine the percentage of Non-IEF DS3 Revenue that is associated with Non-IEF PTP DS3 Services by dividing (i) the PTP Non-IEF Revenue determined in Step 1; by (ii) the Non-IEF DS3 Revenue determined in Step 3 **(% of Non-IEF DS3 Revenue that is PTP Non-IEF Revenue**).

(Step 5) Calculate the total revenue for IEF DS3 Qualifying Service units by summing the total MRC associated with the customer's Qualifying IEF Services using DS3 interfaces for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 (**IEF DS3 Revenue**). (x) (x)

(Step 6) Determine the portion of IEF DS3 Revenue that is associated with IEF PTP DS3 Services by multiplying (i) the IEF DS3 Revenue calculated in Step 5; by (ii) the % of Non-IEF DS3 Revenue that is PTP Non-IEF Revenue calculated in Step 4 (**PTP IEF Revenue**).

(Step 7) Determine the total PTP DS3 revenue by summing (i) the PTP IEF Revenue calculated in Step 6; and (ii) the PTP Non-IEF Revenue calculated in Step 1 (**PTP DS3 Revenue**).

(Step 8) Calculate the total number of PTP DS3 Qualifying Service units (including any PTP DS3 FMS Services) for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 (**PTP DS3 Units**). (x)

(Step 9) Calculate the average revenue per PTP DS3 unit (PTP DS3 ARPU) by dividing (i) the PTP DS3 Revenue determined in Step 7 by the PTP DS3 Units determined in Step 8 (**PTP DS3 ARPU**). (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd)

(N)

(I) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

(b) PTP DS3 Flat Rate Pricing (Cont'd)

(Step 9) (Cont'd)

The PTP DS3 ARPU calculated in this Step 9 is used to determine the Flat Rate per Billed PTP DS3 Unit for each Plan Year of the Service Period.

(Step 10) To determine the Flat Rate per Billed PTP DS3 Unit, multiply (i) the PTP DS3 ARPU calculated in Step 9; by (ii) one (1) minus the discount for the applicable Plan Year from Table 2 below [PTP DS3 ARPU x (1 – discount)].

Table 2

Plan Year	Discount
1	23.3169%
2	24.9144%
3	26.5144%
4	28.2266%
5	30.2200%

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(l) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

(b) PTP DS3 Flat Rate Pricing (Cont'd)

Illustrative Example:

(i) Assume the PTP Non-IEF Revenue is $4,888,921 ($1,551,860 for August 2008 + $1,628,990 for September 2008 + $1,708,071 for October 2008); and

(ii) Assume the Multiplexed Non-IEF Revenue is $4,856,579 ($1,548,140 for August 2008 + $1,616,010 for September 2008 + $1,692,429 for October 2008); and

(iii) Assume the IEF DS3 Revenue is $168,350 ($55,000 for August 2008 + $56,000 for September 2008 + $57,350 for October 2008); and

(iv) Assume the PTP DS3 Units are 1,575 (500 for August 2008 + 525 for September 2008 + 550 for October 2008).

Step 1 The PTP Non-IEF Revenue is $4,888,921.

Step 2 The Multiplexed Non-IEF Revenue is $4,856,579.

Step 3 The Non-IEF DS3 Revenue is $9,745,500 ($4,888,921 + $4,856,579).

Step 4 The % of Non-IEF DS3 Revenue that is PTP Non-IEF Revenue is 50.17% ($4,888,921 / $9,745,500).

Step 5 The IEF DS3 Revenue is $168,350.

Step 6 The PTP IEF Revenue $84,461 ($168,350 x 50.17%).

Step 7 The PTP DS3 Revenue is $4,973,382 ($4,888,921 + $84,461).

Step 8 The PTP DS3 Units are 1,575.

Step 9 The PTP DS3 ARPU is $3,157.70 ($4,973,382 / 1,575).

Step 10 For Plan Year 1, the Flat Rate per Billed PTP DS3 Unit is $2,421.42 [$3,157.70 x (1 - .233169)]. The Flat Rate per Billed PTP DS3 Unit in Plan Years 2-5 is calculated using the applicable discount from Table 2 preceding. (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd)

(N)

(l) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing Cont'd)

(c) Multiplexed DS3 Flat Rate Pricing

The Flat Rate per Multiplexed DS3 Unit will be calculated as follows:

(Step 1) Calculate the total revenue for Multiplexed Non-IEF DS3 Qualifying Services (including any Multiplexed FMS DS3 Services) for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 by summing the total MRC associated with each of such services during this time period (**Multiplexed Non-IEF Revenue**). (x)

(Step 2) Calculate the total revenue for PTP Non-IEF DS3 Qualifying Services (including any PTP FMS DS3 Services) for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 by summing the total MRC associated with each of such services during this time period (**PTP Non-IEF Revenue**). (x)

(Step 3) Determine the total revenue for Non-IEF DS3 Qualifying Services by summing (i) the Multiplexed Non-IEF Revenue in Step 1; and (ii) the PTP Non-IEF Revenue in Step 2 (**Non-IEF DS3 Revenue**).

(Step 4) Determine the percentage of Non-IEF DS3 Revenue that is associated with Non-IEF Multiplexed DS3 Services by dividing (i) the Multiplexed Non-IEF Revenue determined in Step 1; by (ii) the Non-IEF DS3 Revenue determined in Step 3 **(% of Non-IEF DS3 Revenue that is Multiplexed Non-IEF Revenue**)

(Step 5) Calculate the total revenue for IEF DS3 Qualifying Services by summing the total MRC associated with the customer's Qualifying IEF Services using DS3 interfaces for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 (**IEF DS3 Revenue**). (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(I) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

(c) Multiplexed DS3 Flat Rate Pricing (Cont'd)

(Step 6) Determine the portion of the IEF DS3 Revenue that is associated with IEF Multiplexed DS3 Services by first multiplying (i) the DS3 IEF Revenue calculated in Step 5; by (ii) the % of Non-IEF DS3 Revenue that is Multiplexed Non-IEF Revenue determined in Step 4 (**Multiplexed IEF DS3 Revenue**).

(Step 7) Calculate the total revenue for FMS DS1 Qualifying Services by summing the total MRC associated with the customer's FMS DS1 Qualifying Services for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 (**FMS DS1 Revenue**). (x)

(Step 8) Calculate the total multiplexed DS3 revenue by summing the Multiplexed Non-IEF Revenue determined in Step 1; (ii) the Multiplexed IEF DS3 Revenue determined in Step 6; and (iii) the FMS DS1 Revenue determined in Step 7 (**Multiplexed DS3 Revenue**).

(Step 9) Calculate the total number of Multiplexed DS3 Units for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 (**Multiplexed DS3 Units**). (x)

(Step 10) Calculate the total number of FMS DS1 Units by summing the total number of the customer's FMS DS1 Units for which the customer was billed by the Telephone Company under this tariff, FCC 1, FCC 11 and FCC 16 for the months of August 2008, September 2008, and October 2008 (**FMS DS1 Units**). (x) (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(I) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

(c) Multiplexed DS3 Flat Rate Pricing (Cont'd)

(Step 11) Convert the FMS DS1 Units determined in Step 10 to equivalent Multiplexed DS3 Units by dividing the result of Step 10 by twenty-eight (28) (**DS1s Converted to Multiplexed DS3 Units**).

(Step 12) Calculate the total number of Multiplexed DS3 Units by summing (i) the Multiplexed DS3 Units determined in Step 9; and (ii) the DS1s Converted to Multiplexed DS3 Units in Step 11 (**Total Multiplexed DS3 Units**).

(Step 13) Calculate the average revenue per Multiplexed DS3 Unit (**Multiplexed DS3 ARPU**) by dividing the Multiplexed DS3 Revenue determined in Step 8 by the Total Multiplexed DS3 Units determined in Step 12.

The Multiplexed DS3 ARPU calculated in this Step 13 is used to determine the Flat Rate per Billed Multiplexed DS3 Unit for each Plan Year of the Service Period.

(Step 14) To determine the Flat Rate per Billed Multiplexed DS3 Unit, multiply (i) the Multiplexed DS3 ARPU calculated in Step 13 by; (ii) one (1) minus the discount for the applicable Plan Year from the Table 3 below [Multiplexed DS3 ARPU x (1 – discount)]

Table 3

Plan Year	Discount
1	12.9005%
2	14.1864%
3	15.4526%
4	16.7016%
5	17.9302%

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(I) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

(c) Multiplexed DS3 Flat Rate Pricing (Cont'd)

Illustrative Example:

(i) Assume the Multiplexed Non-IEF Revenue is $4,856,579 ($1,548,140 for August 2008 + $1,616,010 for September 2008 + $1,692,429 for October 2008); and

(ii) Assume the PTP Non-IEF Revenue is $4,888,921 ($1,551,860 for August 2008 + $1,628,990 for September 2008 + $1,708,071 for October 2008); and

(iii) Assume the IEF DS3 Revenue is $168,350 ($55,000 for August 2008 + $56,000 for September 2008 + $57,350 for October 2008); and

(iv) Assume the FMS DS1 Revenues are: $4,969,500 ($1,500,500 for August 2008 + $1,660,000 for September 2008 + $1,809,000 for October 2008); and

(v) Assume the FMS DS1 Services are 18,900 (5,600 for August 2008 + 6,300 for September 2008 + 7,000 for October 2008); and

(vi) Assume the Multiplexed DS3 Units are 4,800 (1,500 for August 2008 + 1,600 for September 2008 + 1,700 for October 2008).

Step 1 The Multiplexed Non-IEF Revenue is $4,856,579.

Step 2 The PTP Non-IEF Revenue is $4,888,921.

Step 3 The Non-IEF DS3 Revenue is $9,745,500 ($4,888,921 + $4,856,579).

Step 4 The % of Non-IEF DS3 Revenue that is Multiplexed Non-IEF Revenue is 49.83% ($4,856,579 / $9,745,500).

Step 5 The IEF DS3 Revenue is $168,350.

Step 6 The Multiplexed IEF DS3 Revenue is $83,889 ($168,350 x 49.83%).

Step 7 The FMS DS1 Revenue is $4,969,500. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd)

(N)

(I) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

(c) Multiplexed DS3 Flat Rate Pricing (Cont'd)

Illustrative Example (Cont'd):

Step 8	The Multiplexed DS3 Revenue is $9,909,968 ($4,856,579 + $83,889 + $4,969,500).
Step 9	The total number of Multiplexed DS3 Units is 4,800.
Step 10	The total number of FMS DS1 Services is 18,900.
Step 11	The DS1s Converted to Multiplexed DS3 Units is 675 (18,900 / 28).
Step 12	The total number of Multiplexed DS3 Units is 5,475 (4,800 + 675).
Step 13	The Multiplexed DS3 ARPU is $1,810.04 ($9,909,968 / 5,475).
Step 14	For Plan Year 1, the Flat Rate per Billed Multiplexed DS3 Unit is $1,576.54 [$1,810.04 x (1 - .129005)]. The Flat Rate per Multiplexed DS3 Unit in Plan Years 2-5 is calculated using the applicable discount from Table 3 preceding.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(I) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(2) Calculation of Quarterly Billing Credit

To calculate the Quarterly Billing Credit:

Step 1 Determine the total number of Billed DS1 Units, Billed Multiplexed DS3 Units, and Billed PTP DS3 Units for the Quarter in accordance with (I)(1) preceding.

Step 2 Determine the Billed Qualifying Service Revenue for the Quarter for each Qualifying Service type (i.e., based on Billed DS1 Units, Billed Multiplexed DS3 Units, and Billed PTP DS3 Units) in accordance with (I)(1) preceding.

Step 3 Calculate the Flat Rate for each Qualifying Service type (DS1, Multiplexed DS3, and PTP DS3) in accordance with (I)(1) preceding.

Step 4 Calculate the Quarterly Billing Credit for each Qualifying Service type (DS1, Multiplexed DS3, and PTP DS3) by multiplying (i) the total number of the applicable Billed Qualifying Service Units determined in Step 1; by (ii) the applicable Flat Rate calculated in Step 3; and subtracting the result from (iii) the total of the applicable Billed Qualifying Service Revenue for the Quarter determined in Step 2.

Illustrative Example (using only Billed DS1 Units for illustrative purposes):

(i) Assume the customer's monthly Billed DS1 Units in the first Quarter of Plan Year 2 are 303,000.

(ii) Assume the total Billed Qualifying Service Revenue for DS1 Units in the first Quarter of Plan Year 2 is $83,325,000.

(iii) Assume the Flat Rate for DS1s calculated in accordance with (I)(1)(a) preceding is $246.33. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(I) Calculation and Payment of Quarterly Billing Credits (Cont'd)

(2) Calculation of Quarterly Billing Credit (Cont'd)

Illustrative Example (Cont'd):

Based on the above assumptions:

Step 1 The total Billed DS1 Units for the first Quarter of Plan Year 2 are 303,000.

Step 2 The Billed Qualifying Service Revenue for DS1 Units is $83,325,000.

Step 3 The Flat Rate is $246.33.

Step 4 The Quarterly Billing Credit for Quarter 1 of Plan Year 2 is $8,687,010 [$83,325,000 - (303,000 x $246.33)].

(3) Payment of the Quarterly Billing Credits

The Telephone Company will provide the Quarterly Billing Credits on the customer's bills within one hundred twenty (120) calendar days after the end of the applicable Quarter.

(J) One-Time Revenue Performance Credit

If, as of June 1, 2009, the customer satisfies the eligibility criteria set forth in (C)(1) through (C)(3) preceding, then the customer shall be eligible for a One-Time Revenue Performance Credit in the amount of twenty million dollars ($20M). If the customer satisfies such eligibility criteria, then the Telephone Company shall apply such credits to the customer's applicable account(s) within ninety (90) calendar days after June 1, 2009. The Revenue Performance Credit is available only on a one-time basis for the period specified above, and no further Revenue Performance Credit shall be available to the customer in conjunction with its subscription to this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11. The single One-Time Revenue Performance Credit is provided for the customer's collective subscription to this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11 (i.e., the total One-Time Revenue Performance Credit is $20M per customer). (x) (x) (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(K) Limitation on Grooms

(1) Maximum Annual Grooms

During each Plan Year, if the customer orders more than four hundred (400) Grooms of DS3 Services per Plan Year (**Maximum Annual Grooms**), then the Telephone Company may terminate the customer's subscription to this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11. The Maximum Annual Grooms for Plan Year 1 shall apply on a pro-rated basis for the seven (7) month period of Plan Year 1 beginning June 1, 2009 and ending December 31, 2009 [(400 x (7 / 12) = 233]. The Telephone Company shall provide the customer with notice of any such termination within sixty (60) calendar days of the end of the subject Plan Year, and such termination shall be deemed effective as of the end of such Plan Year. Termination of this Option 28 shall be an automatic termination of Option 56 of FCC 1 and Option 54 of FCC 11. (x)

(2) Customer ACNAs Subject to Limitation on Grooms

The Maximum Annual Grooms limitation set forth in (K)(1) preceding shall apply to all Customer ACNAs. When determining the Maximum Annual Grooms limitation, the Telephone Company shall count all Grooms ordered during the Plan Year in all of the operating territories of this tariff, FCC 1, FCC 11 and FCC 16 for such Customer ACNAs. (x) (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(K) Limitation on Grooms (Cont'd)

(3) Exceptions to the Maximum Annual Grooms

The following types of Grooms shall not be included in the Maximum Annual Grooms and shall be performed by the Telephone Company in accordance with its normal business practices:

(a) Any Groom initiated by the Telephone Company and not requested by the customer;

(b) Any Grooms where a DS3 Service rides a Telephone Company optical service provided to the customer, which optical service terminates at or, originates from, a Customer Point-of-Presence (POP);

(c) Any other Grooms that the customer and the Telephone Company mutually agree in writing to not include in the count of Maximum Annual Grooms, including Grooms associated with the elimination or decommissioning of a Customer POP.

(4) Other than as set forth herein, all Grooms shall remain subject to the terms set forth in this tariff, FCC 1, FCC 11 and FCC 16, as applicable. Upon termination of the customer's subscription to this Option 28 as set forth in this Section (K), the Telephone Company shall not owe any credits under this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11 for any period after the termination date described in (K)(1) preceding. Termination of this Option 28 shall be an automatic termination of Option 56 of FCC 1 and Option 54 of FCC 11. (x) (x) (x) (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

(This page filed under Transmittal No. 1015.)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(L) Suspension of True-ups and Extension of Existing Plans During Service Period

During the Service Period, the customer's Existing Plans as defined in (C)(4) preceding, shall be subject to the following provisions (both as to Qualifying Services as well as all other services covered by such Existing Plans):

(1) Suspension of True-ups

The scheduled review/true-up requirements for the customer's Existing Plans, and FMS Plans, if applicable, including any shortfall payments or penalties that would otherwise result for failure to maintain volume commitments, shall be suspended during the Service Period. Upon termination of the customer's subscription to this Option 28, Option 56 of FCC 1, or Option 54 of FCC 11 for any reason, the review/true-up requirements shall be re-activated for the Existing Plans and new commitments shall be established in accordance with the regulations for the type of Existing Plan or FMS Plan involved. For Existing Plans, Time-In-Service-Credits (**TISC**), when applicable, will be granted based on credit already earned as of June 1, 2009 plus any additional credit earned during the customer's subscription to this Option 28, Option 56 of FCC 1, or Option 54 of FCC 11, which collectively shall not be greater than the TISC available under the terms of the applicable Existing Plan. (x) (x) (x)

(2) Extension of Existing Plans

Subject to any early termination of the customer's subscription to this Option 28, Option 56 of FCC 1, or Option 54 of FCC 11, the Existing Plans are deemed extended as necessary to be coterminous with the Service Period. Upon expiration of the Service Period, the Existing Plans will be subject to the regulations for the type of Existing Plan involved that ordinarily apply upon expiration of the respective Existing Plans (including establishment of new commitments). TISC will be granted based on credit already earned as of June 1, 2009 plus any additional credit earned during the customer's subscription to this Option 28, Option 56 of FCC 1, or Option 54 of FCC 11, which collectively shall not be greater than the TISC available under the terms of the applicable Existing Plan. (x) (x) (x) (x) (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd)

(N)

(L) Suspension of True-ups and Extension of Existing Plans During Service Period (Cont'd)

(3) Other Tariff Provisions

All other terms and conditions applicable to the Existing Plans (including discounts and minimum period requirements) remain unchanged by this Section (L).

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer

(1) Sale or Other Transfer of Ownership From the Customer to an Unaffiliated Third Party

If the customer sells to an unaffiliated third party, or otherwise transfers to an unaffiliated third party its ownership of (collectively, a Third Party Sale), one or more Customer ACNA(s), or a line of business, division, affiliate, or license to operate in a particular geographic area (e.g., a Commercial Mobile Radio Service (CMRS) license) (collectively, Sold Properties), then the terms and conditions set forth in this Section (M) shall apply to account for the effect of such Third Party Sale on this Option 28:

(a) No later than sixty (60) calendar days prior to closure of the Third Party Sale, the customer shall notify the Telephone Company of such Third Party Sale via a written notice that includes the following information:

(1) the date on which the Third Party Sale is expected to close; and

(2) the affected Customer ACNA(s); and

(3) the affected state(s) or other relevant geographic area(s); and

(4) Information sufficient to begin the identification process of the volumes and circuit identifiers of all DS1 Units, Multiplexed DS3 Units, and PTP DS3 Units associated with the Sold Properties that the customer will no longer obtain from the Telephone Company as a result of the Third Party Sale (Sold Qualifying Units). After sending this notification, the customer will work cooperatively with the Telephone Company (and the third-party carrier, if necessary) to complete the exchange of information that may be reasonably required to determine an adjustment to the applicable Initial Watermark(s).

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(1) Sale or Other Transfer of Ownership From the Customer to an Unaffiliated Third Party (Cont'd)

(b) If the customer provides notice as described in (M)(1)(a) preceding, then effective upon closure of the Third Party Sale if such closure occurs on the first day of a calendar month (or effective upon the first day of the calendar month following closure of the Third Party Sale if such closure occurs on a day other than the first day of a calendar month): (i) all Sold Qualifying Units shall not be counted as Billed Qualifying Service Units, shall not be eligible for the Quarterly Billing Credits, and shall cease to be covered by this Option 28 for all other purposes, and (ii) the Initial Watermarks shall be adjusted as set forth in (M)(1)(c) following.

(c) Initial Watermark Adjustment

Where required under (M)(1)(b) preceding, the Telephone Company shall adjust the Initial Watermarks set forth in (F) preceding as follows:

(1) For the Plan Year in which the Third Party Sale occurred:

(Step 1) Determine the volumes of Billed Qualifying Service Units per service type (i.e., DS1, Multiplexed DS3, and PTP DS3) generated by the Sold Properties for the three (3) full calendar months prior to the date of the closing of the Third Party Sale.

(Step 2) Divide the quarterly volumes determined in Step 1 by three (3) to arrive at an average monthly volume.

(Step 3) Multiply the amount determined in Step 2 by the number of full months remaining in the Plan Year (i.e., the Plan Year in which the Third Party Sale occurred) as of the closing date of the Third Party Sale.

(Step 4) Subtract the amount resulting from Step 3 above from the Initial Watermark to arrive at an adjusted Initial Watermark for the Plan Year in which the Third Party Sale occurred. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd)

(N)

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(1) Sale or Other Transfer of Ownership From the Customer to an Unaffiliated Third Party (Cont'd)

(c) Initial Watermark Adjustment (Cont'd)

(2) For subsequent Plan Years:

(Step 1) Multiply the quarterly volume determined in Step 1 of (c)(1) preceding by four (4) to arrive at an annualized amount.

(Step 2) Subtract the amount resulting from Step 1 of this (c)(2) from the Initial Watermark. The result of such subtraction is the adjusted Initial Watermark for all Plan Years after the Plan Year in which the Third Party Sale occurred.

(2) Mergers and Acquisitions of the Customer

(a) In the event the customer merges with another company or acquires a company or a portion of the business of another company (including any ACNA(s) that are not Customer ACNAs) (the company with which the customer merges and the company or portion of the business thereof that the customer acquires (including an ACNA(s) that is not a Customer ACNA(s)) may be referred to collectively as the Customer Acquired Properties and such merger or acquisition may be referred to in either case as an Acquisition), and the Telephone Company provides any Qualifying Services in connection with such Customer Acquired Properties, then the customer shall notify the Telephone Company prior to the closing of the Acquisition and the Parties shall determine whether the Customer Acquired Properties shall be included in or excluded from the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11 in accordance with (M)(2)(c) and (M)(4) following. (x) (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd)

(N)

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(2) Mergers and Acquisitions of the Customer (Cont'd)

(a) (Cont'd)

The Parties shall determine the Acquired Customer DS1 Unit Percentage in accordance with (b) following.

(1) For an Acquisition where the Acquired Customer DS1 Unit Percentage is no more than two percent (2%), the Parties shall automatically include the Customer Acquired Properties in the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11 in accordance with (M)(2)(c)(1) following. (x)

(2) For an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), the Parties may, but shall have no obligation to, include the Customer Acquired Properties in the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11 in accordance with (M)(2)(c)(2) following. (x)

(N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(2) Mergers and Acquisitions of the Customer (Cont'd)

(b) Determination of Acquired Customer DS1 Unit Percentage

Upon the Telephone Company's receipt of the customer's notice under (a) preceding, the Telephone Company and the customer will work cooperatively to determine whether the number of DS1 Units generated by the Customer Acquired Properties is no more than or greater than two percent (2%) of the Existing Customer DS1 Unit Quantity (as defined in Step 1 below) using the steps shown below:

(Step 1) Determine the total volume of Billed DS1 Units that the customer purchased from the Telephone Company during the three (3) full calendar months prior to the date of the closing of the Acquisition. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the Existing Customer DS1 Unit Quantity).

(Step 2) Determine the total volume of Billed DS1 Units (purchased from the Telephone Company) that the Customer Acquired Properties generated during the three (3) full calendar months prior to the date of the closing of the Acquisition. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the Existing Acquired DS1 Unit Quantity).

(Step 3) Divide the Existing Acquired DS1 Unit Quantity determined in Step 2 by the Existing Customer DS1 Unit Quantity determined in Step 1. The resulting percentage is the Acquired Customer DS1 Unit Percentage. (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(2) Mergers and Acquisitions of the Customer (Cont'd)

(b) Determination of Acquired Customer DS1 Unit Percentage (Cont'd)

Illustrative Example:

Assume the following:

(i) the Acquisition closed on September 15; and

(ii) during the period of three (3) full calendar months prior to the date of the closing of the Acquisition (i.e., June, July and August), the Customer Acquired Properties purchased a total of 3,000 Billed DS1 Units from the Telephone Company; and

(iii) during that same period of three (3) full calendar months, the customer purchased a total of 600,000 Billed DS1 Units from the Telephone Company.

Based on the above assumptions, the Acquired Customer DS1 Unit Percentage would be one-half of one percent (0.5%) as follows: (3,000 ÷ 3 = 1,000) ÷ (600,000 ÷ 3 = 200,000) = .5%.

(c) Inclusion or Exclusion of the Customer Acquired Properties

(1) If, under (M)(2)(b) preceding, the Acquired Customer DS1 Unit Percentage is determined to be no more than two percent (2%), then the Telephone Company shall make a pro-rata increase to customer's applicable Initial Watermark(s) and such increase, and application of the applicable Flat Rates, will be effective as of the later of (a) the closing of the Acquisition if such closure occurs on the first day of a calendar month (or the first day of the calendar month following closure of the Acquisition if such closure occurs on a day other than the first day of a calendar month) and (b) the date specified by the Telephone Company, which shall be no later than the first day of the third calendar month after the date on which the Acquisition closes. The Telephone Company shall calculate such increase in the Initial Watermark(s) using the steps set forth in (M)(2)(d) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(2) Mergers and Acquisitions of the Customer (Cont'd)

(c) Inclusion or Exclusion of the Customer Acquired Properties (Cont'd)

(2) If the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), the customer may notify the Telephone Company in writing if, in its sole discretion, it seeks to include the Customer Acquired Properties in the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11. The Telephone Company may, in its sole discretion, agree in writing to such inclusion based upon a number of interrelated factors, including but not limited to (i) the amount by which the Acquired Customer DS1 Unit Percentage exceeds 2%; (ii) the amount of additional Quarterly Billing Credits that would result from such inclusion; and (iii) the impact on the Initial Watermarks. If the Telephone Company agrees in writing to such inclusion, then the Telephone Company shall increase the customer's applicable Initial Watermark(s) and such increase will be effective as of a mutually-agreed date no earlier than the first day of the first full month after the closing of the Acquisition. Effective as of such date, the Telephone Company will also begin application of the applicable Flat Rates. The Telephone Company shall calculate such increase in the Initial Watermark(s) using the steps set forth in (M)(2)(d) following. (x)

(3) The effective date upon which the Telephone Company is to adjust the Initial Watermark(s) and implement the Flat Rates as described in (M)(2)(c)(1) preceding for an Acquisition where the Customer DS1 Unit Percentage is no more than two percent (2%), or as described in (M)(2)(c)(2) preceding for an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%) and the Parties have agreed in writing to include the Customer Acquired Properties in the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11, shall be referred to herein as the Property Adjustment Date. (x) (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(2) Mergers and Acquisitions of the Customer (Cont'd)

(c) Inclusion or Exclusion of the Customer Acquired Properties (Cont'd)

(4) In the absence of the Parties' mutual written agreement to include the Customer Acquired Properties with an Acquired Customer DS1 Unit Percentage that is greater than two percent (2%) in the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11 as set forth in (M)(2)(c)(2) preceding, the following apply:)x) (x)

(i) The Initial Watermarks shall remain unchanged.

(ii) The Flat Rates shall not apply to any Qualifying Service purchases attributable to the Customer Acquired Properties. The Customer Acquired Properties shall not otherwise receive the Flat Rates and shall not gain any other benefit of this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11. (x) (x)

(iii) The customer may not combine or include any Qualifying Services (or revenues associated therewith) from the Customer Acquired Properties for the purposes of this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11. (x) (x)

(iv) The customer's Billed Qualifying Service Units and Billed Qualifying Service Revenue shall be determined using the customer's business with the Telephone Company using the Customer ACNAs, without adding the services and/or ACNAs attributable to expansion of the customer's purchase of services from the Telephone Company through the Acquisition.

(v) Without limiting any other right of the Telephone Company to terminate the customer's subscription to this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11, if the Telephone Company determines that the customer has failed to comply with any of the provisions of this section (M)(2)(c)(4), then the Telephone Company, pursuant to mutually agreed dispute resolution provisions, may pursue all remedies available to it at law, in equity, or otherwise, including termination of the customer's subscription to this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11. (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(2) Mergers and Acquisitions of the Customer (Cont'd)

(d) Initial Watermark Adjustment

In the event the Customer Acquired Properties are included in this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11 pursuant to (M)(2)(c)(1) and (M)(2)(c)(2) preceding, the Telephone Company shall adjust the Initial Watermarks set forth in (F) preceding as follows: (x) (x)

(1) For the Plan Year in which the Property Adjustment Date is to occur:

(Step 1) Determine the volumes of Billed Qualifying Service Units (per service type (i.e., DS1, Multiplexed DS3, and PTP DS3)) generated by the Customer Acquired Properties during the three (3) full calendar months prior to the date of the closing of the Acquisition.

(Step 2) Divide the quarterly volumes determined in Step 1 by three (3) to arrive at an average monthly volume.

(Step 3) Multiply the amount determined in Step 2 by the number of full months remaining in the Plan Year in which the Property Adjustment Date is to occur.

(Step 4) Add the amount resulting from Step 3 to the Initial Watermark for the subject Plan Year to arrive at an adjusted Initial Watermark for that Plan Year.

(2) For Subsequent Plan Years:

(Step 1) Multiply the quarterly volume determined in Step 1 of (d)(1) preceding by four (4) to arrive at an annualized amount.

(Step 2) Add the amount resulting from Step 1 of this (d)(2) to the Initial Watermark. The result of such addition is the adjusted Initial Watermark for all Plan Years after the Plan Year in which the Property Adjustment Date occurred. (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(M) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(2) Mergers and Acquisitions of the Customer (Cont'd)

(e) In the event the Customer Acquired Properties are included in this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11 pursuant to (M)(2)(c)(1) and (M)(2)(c)(2) preceding, the customer shall, no later than ninety (90) calendar days after the date of closure of the subject Acquisition, complete such steps as are necessary to enroll the applicable Customer Acquired Properties into the customer's Existing Plans (as defined in (C)(4) preceding) and, upon such enrollment, the rates, terms, and conditions (including suspension of scheduled review/true-up, etc. under (L) preceding) shall apply to such enrolled Customer Acquired Properties. If the customer fails to complete such steps within the above-referenced ninety (90) day period, then the customer agrees that it shall be deemed to have authorized the Telephone Company to complete such steps on the customer's behalf. The enrollment requirement set forth in this (M)(2)(e) does not affect the Telephone Company's obligation to adjust the Initial Watermark(s) and implement the Flat Rates in accordance with the time periods described in (M)(2)(c)(1) and (M)(2)(c)(2) preceding. (x) (x)

(3) The Parties shall work cooperatively and in good faith with each other to take such action as may be necessary to achieve the intent of this Section (M), and neither Party shall unreasonably withhold from the other Party any data that is necessary or reasonably required to achieve such intent. (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(N) Sale or Acquisition of Properties by the Telephone Company

(1) Sale of a Verizon Operating Telephone Company

(a) In the event that the Telephone Company sells all or part of one (1) of its operating telephone companies (a Sold Operating Company) that provides Qualifying Services under this tariff, FCC 1, FCC 11 or FCC 16 during the Service Period (a Verizon Property Sale), the terms and conditions set forth in this Section (N) shall apply. (x) (x)

(b) Prior to closure of the Verizon Property Sale or as expeditiously as practical after such closure, the Telephone Company shall notify the customer of such Verizon Property Sale via a written notice, which shall include the date on which the Verizon Property Sale is expected to close (or has closed) and the affected state(s) or other relevant geographic area(s).

(c) Effective upon closure of the Verizon Property Sale if such closure occurs on the first day of a calendar month (or effective upon the first day of the calendar month following closure of the Verizon Property Sale if such closure occurs on a day other than the first day of a calendar month), all DS1 Units, Multiplexed DS3 Units, and PTP DS3 Units associated with the Sold Operating Company shall not be counted as Billed Qualifying Service Units, shall not be eligible for the Flat Rates, and shall cease to be covered by this Option 28, Option 56 of FCC 1 and Option 54 of FCC 11 for all other purposes, and the Initial Watermarks shall be adjusted as set forth in (d) following. (x) (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(N) Sale or Acquisition of Properties by the Telephone Company

(1) Sale of a Verizon Operating Telephone Company (Cont'd)

(d) Initial Watermark Adjustment

The Telephone Company shall adjust the Initial Watermarks set forth in (F) preceding as follows:

(1) For the Plan Year in which the Verizon Property Sale occurred:

(Step 1) Determine the volumes of Billed Qualifying Service Units (per service type) generated by the Sold Operating Company during the three (3) full calendar months prior to the date of the closing of the Verizon Property Sale.

(Step 2) Divide the quarterly volumes determined in Step 1 by three (3) to arrive at an average monthly volume.

(Step 3) Multiply the amount determined in Step 2 by the number of full months remaining in the Plan Year (i.e., the Plan Year in which the Verizon Property Sale occurred) as of the closing date of the Verizon Property Sale.

(Step 4) Subtract the amount resulting from Step 3 from the Initial Watermark to arrive at an adjusted Initial Watermark for the Plan Year in which the Verizon Property Sale occurred.

(2) For Subsequent Plan Years:

(Step 1) Multiply the quarterly volume determined in Step 1 of (d)(1) preceding by four (4) to arrive at an annualized amount.

(Step 2) Subtract the amount resulting from Step 1 of this (d)(2) from the original Initial Watermark. The result of such subtraction is the adjusted Initial Watermark for all Plan Years after the Plan Year in which the Verizon Property Sale occurred. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(N) Sale or Acquisition of Properties by the Telephone Company

(1) Sale of a Verizon Operating Telephone Company (Cont'd)

Illustrative Example:

Assume the following information for the third quarter of Plan Year 2:

(i) The Initial Watermark is 600,000 Billed DS1 Units.

(ii) The Telephone Company sells Verizon New York Inc. (Verizon NY) to a third party at the end of month eight (8) of Plan Year 2.

(iii) During the three (3) full calendar months prior to the date of the closing of the Verizon Property Sale, Verizon NY accounted for 15,000 of the customer's Billed DS1 Units.

Based on the above assumptions:

(Step 1) The average monthly Billed DS1 Units for Verizon NY is 5,000 (15,000/3).

(Step 2) The number of months remaining in Plan Year 2 is four (4) months (12-month Plan Year minus 8 months).

(Step 3) The Initial Watermark for Billed DS1 Units for the remainder of the Plan Year 2 is reduced by 20,000 (5,000 x 4).

(Step 4) The adjusted Watermark for Plan Year 2 is 580,000 (600,000 – 20,000).

(Step 5) The Initial Watermark for all Plan Years subsequent to Plan Year 2 will be adjusted downward by 60,000 (4 x 15,000). The adjusted Initial Watermark for all Plan Years subsequent to Plan Year 2 is 540,000 (600,000 – 60,000). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(N) Sale or Acquisition of Properties by the Telephone Company (Cont'd)

(2) Mergers and Acquisitions of the Telephone Company

In the event the Telephone Company merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company (the company with which the Telephone Company merges, the company or portion of the business thereof that the Telephone Company acquires, and the company that acquires the Telephone Company in whole or in part may be referred to collectively as the Verizon Acquired Properties and such merger or acquisition may be referred to in either case as a Verizon Acquisition), the Telephone Company shall determine whether such Verizon Acquired Properties shall be included in or excluded from the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11 in accordance with (a) and (b) following. (x)

(a) The Telephone Company will determine whether it wishes to include the Verizon Acquired Properties in the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11 based upon factors such as those specified in Sections (N)(2)(b) and (N)(2)(c) following. If the Telephone Company is interested in doing so, then it will determine whether the number of DS1 Units (i.e., as defined in (B)(8) preceding, or the Verizon Acquired Property's equivalent 1.544 Mbps services using time division multiplexing technology) that the customer purchases from the Verizon Acquired Properties is greater than two percent (2%) of the Existing DS1 Unit Quantity Purchased from Verizon (as defined below) using the steps shown below: (x) (x)

(Step 1) Determine the total volume of DS1 Units that the customer purchased from the Verizon Acquired Properties during the three (3) full calendar months prior to the date of the closing of the Verizon Acquisition. Divide such total by three (3) to result in an average monthly volume (such average monthly volume, the Existing DS1 Unit Quantity Purchased From Verizon Acquired Properties). (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(N) Sale or Acquisition of Properties by the Telephone Company (Cont'd)

(2) Mergers and Acquisitions of the Telephone Company (Cont'd)

(a) (Cont'd)

(Step 2) Determine the total volume of Billed DS1 Units that the customer purchased from the Telephone Company during the three (3) full calendar months prior to the date of the closing of the Verizon Acquisition. Divide such total by three (3) to result in an average monthly volume (such average monthly volume, the Existing DS1 Unit Quantity Purchased from Verizon).

(Step 3) Divide the Existing DS1 Unit Quantity Purchased From Verizon Acquired Properties determined in Step 1 by the Existing DS1 Unit Quantity Purchased from Verizon determined in Step 2. The resulting percentage is the Acquired Verizon DS1 Unit Percentage.

Illustrative Example:

Assume the following:

(i) The Verizon Acquisition closed on September 15 of a particular Plan Year.

(ii) During the period of three (3) full calendar months prior to the date of the closing of the Verizon Acquisition, the customer purchased a total of 3,000 Billed DS1 Units from the Verizon Acquired Properties.

(iii) During that same period of three (3) full calendar months prior to the date of the closing of the Verizon Acquisition, the customer purchased a total of 600,000 DS1 Units from the Telephone Company.

Based on the above assumptions:

The Acquired Verizon DS1 Unit Percentage would be one-half of one percent (0.5%) as follows: (3,000 ÷ 3 = 1,000) ÷ (600,000 ÷ 3 = 200,000) = .5%. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(N) Sale or Acquisition of Properties by the Telephone Company (Cont'd)

(2) Mergers and Acquisitions of the Telephone Company (Cont'd)

(b) If the Acquired Verizon DS1 Unit Percentage is no more than two percent (2%), then the Telephone Company may elect, in its sole discretion, to include the Verizon Acquired Properties in the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1, (x)
and Option 54 of FCC 11. The Telephone Company may exercise such discretion based upon a (x)
number of interrelated factors, including but not limited to (i) the availability of pricing flexibility for the Verizon Acquired Properties; (ii) the likelihood of additional regulatory filing requirements; (iii) the cost structure of the Verizon Acquired Properties; (iv) the impact on the Initial Watermarks; and (v) the impact on the Quarterly Billing Credits. If the Telephone Company so elects, the Telephone Company shall provide the customer written notice of such inclusion. If the Verizon Acquired Properties are to be included, the Telephone Company shall make a pro-rata increase to the customer's applicable Initial Watermark(s) and such increase, and application of the applicable Flat Rates to Qualifying Services (or equivalent 1.544 Mbps and 44.736 Mbps services provided by the Verizon Acquired Properties using time division multiplexing technology) that the customer purchases from the Verizon Acquired Properties, will be effective as of the date specified in the Telephone Company's notice as determined by the Telephone Company, which date may not be earlier than the closing date of the Verizon Acquisition if such closure occurs on the first day of a calendar month (or the first day of the calendar month following closure of the Verizon Acquisition if such closure occurs on a day other than the first day of a calendar month). Effective as of such date specified in the Telephone Company's notice, the applicable Flat Rates shall apply to Qualifying Services (or the equivalent 1.544 Mbps or 44.736 Mbps services provided by the Verizon Acquired Properties using time division multiplexing technology) that the customer purchases from the Verizon Acquired Properties. The Telephone Company shall calculate such increase in the Initial Watermark(s) using the steps set forth in (N)(2)(e) following. (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(N) Sale or Acquisition of Properties by the Telephone Company (Cont'd)

(2) Mergers and Acquisitions of the Telephone Company (Cont'd)

(c) If the Acquired Verizon DS1 Unit Percentage is greater than two percent (2%), then the Telephone Company may notify the customer if the Telephone Company in its sole discretion wishes to request to include the Verizon Acquired Properties in this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11. The Telephone Company may exercise such discretion based upon a number of interrelated factors, including but not limited to (i) the availability of pricing flexibility for the Verizon Acquired Properties; (ii) the likelihood of additional regulatory filing requirements; (iii) the cost structure of the Verizon Acquired Properties; (iv) the impact on the Initial Watermarks; and (v) the impact on the Quarterly Billing Credits. The customer may, in its sole discretion, agree in writing to such inclusion. (x) (x)

If the customer agrees in writing to such inclusion, then the Telephone Company shall increase the customer's applicable Initial Watermark(s) and such increase will be effective as of a mutually-agreed date no earlier than the first day of the first full month following the date of closing of the Verizon Acquisition. Effective as of such date, the applicable Flat Rates shall apply to Qualifying Services (or the equivalent 1.544 Mbps or 44.736 Mbps services provided by the Verizon Acquired Properties using time division multiplexing technology) that the customer purchases from the Verizon Acquired Properties. The Telephone Company shall calculate such increase in the Initial Watermark(s) using the steps set forth in (e) following.

(d) The effective dates upon which the Telephone Company is to adjust the Initial Watermark(s) and implement the Flat Rates as described in (b) and (c) preceding shall be referred to herein as the (Verizon Acquisition Property Adjustment Date). (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(N) Sale or Acquisition of Properties by the Telephone Company (Cont'd)

(2) Mergers and Acquisitions of the Telephone Company (Cont'd)

(e) Initial Watermark Adjustment

If the Verizon Acquired Properties are included in the terms and conditions (including the calculation of Quarterly Billing Credits) of this Option 28, Option 56 of FCC 1, and Option 54 of FCC 11 as described in (b) and (c) preceding, then the Telephone Company shall adjust the Initial Watermarks set forth in (F) preceding as follows: (x)

(1) For the Plan Year in which the Verizon Acquired Property Adjustment Date is to occur:

(Step 1) Determine the volumes of Billed Qualifying Service Units (which, for purposes of this Section (N)(2), shall be deemed to have the meaning set forth in (B)(6) preceding or, as applicable, the equivalent 1.544 Mbps or 44.736 Mbps service of the Verizon Acquired Properties using time division multiplexing technology) (per service type (i.e., DS1, Multiplexed DS3, and PTP DS3)) that the customer purchased from the Verizon Acquired Properties during the three (3) full calendar months prior to the date of the closing of the Verizon Acquisition.

(Step 2) Divide the quarterly volumes determined in Step 1 by three (3) to arrive at an average monthly volume.

(Step 3) Multiply the amount determined in Step 2 by the number of full months remaining in the Plan Year in which the Verizon Acquisition Property Adjustment Date is to occur.

(Step 4) Add the amount resulting from Step 3 to the Initial Watermark for the subject Plan Year to arrive at an adjusted Initial Watermark for that Plan Year.

(2) For subsequent Plan Years:

(Step 1) Multiply the quarterly volume determined in Step 1 of (e)(1) preceding by four (4) to arrive at an annualized amount.

(Step 2) Add the amount resulting from Step 1 of this (e)(2) to the Initial Watermark. The result of such addition is the adjusted Initial Watermark for all Plan Years after the Plan Year in which the Verizon Acquisition Property Adjustment Date occurred. (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(N) Sale or Acquisition of Properties by the Telephone Company (Cont'd)

(3) The Parties shall work cooperatively and in good faith and take such action as may be necessary to achieve the intent of this Section (N), and neither Party shall unreasonably withhold from the other Party any data that is necessary or reasonably required to achieve such intent.

(O) Termination

(1) Mutual Agreement

The Parties, by mutual written agreement in their sole discretion, may terminate the customer's subscription to this Option 28. Except as otherwise mutually agreed in writing by the Parties, any termination under this Section (O)(1) shall be effective as of the end of the Plan Year preceding the termination. Termination of the customer's subscription to this Option 28 shall be an automatic termination of the customer's subscription to Option 56 of FCC 1 and Option 54 of FCC 11. Upon any such termination, the customer shall be entitled to all Quarterly Billing Credits for the Plan Year preceding the termination, but shall not be eligible for any Quarterly Billing Credits for any period of time after the end of such Plan Year. (x)

(2) Termination by the Telephone Company for Failure to Achieve Any Initial Watermark, or Failure to Comply with the Maximum Grooms Limitation

If the Telephone Company wishes to terminate the customer's subscription to this Option 28 for the customer's failure to achieve the Initial Watermark as to any service type (DS1, Multiplexed DS3, or PTP DS3) by the end of any Plan Year, or for failure to comply with the Maximum Grooms Limitation in any Plan Year, then the Telephone Company shall provide notice of termination of the customer's subscription to this Option 28 by no later than ninety (90) calendar days after the end of the applicable Plan Year. Termination of the customer's subscription to this Option 28 shall be an automatic termination of the customer's subscription to Option 56 of FCC 1 and Option 54 of FCC 11. Upon such termination, the customer shall be entitled to all Quarterly Billing Credits for such just-concluded Plan Year, but shall not be eligible for any Quarterly Billing Credits for any period of time after the end of such Plan Year. (x) (x) (N)

(x) Issued under authority of Special Permission No. 09-007 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(P) Expiration of the Service Period

Upon expiration of Service Period (including any extensions permitted under (E)(2) preceding), the customer has the following options:

(1) continue with the services under the Existing Plans, in which case the review/true-up requirements shall be re-activated in accordance with (L)(1) preceding; or

(2) Subject to the re-activation of Existing Plans as set forth in (L) preceding, disconnect the services without the application of termination liability under this Option 28. In accordance with termination requirements set forth in the Existing Plans which the services are subscribed to, termination charges may apply under such Existing Plans upon any such disconnection.

(Q) Order Performance Credits

(1) Upon the customer's request at the end of each Quarter of a Plan Year, the Parties shall work cooperatively to determine the extent to which the customer's orders for installation or disconnection of DS1 Services and DS3 Services (in each case excluding FMS Services and IEF Services) did not post to the Telephone Company's billing system (and thus were not billed to the customer) until more than thirty one (31) calendar days after the "from" date (i.e., the date on which the customer began (in the case of an installation) or ceased (in the case of a disconnection) to incur monthly recurring charges for the subject service). Such orders may be referred to collectively as Adjustable Late Posted Orders and (i) an Adjustable Late Posted Order for installation of a DS1 Service may be referred to as an Adjustable DS1 Late Posted Add Order, (ii) an Adjustable Late Posted Order for disconnection of a DS1 Service may be referred to as an Adjustable DS1 Late Posted Disconnect Order, (iii) an Adjustable Late Posted Order for installation of a DS3 Service may be referred to as an Adjustable DS3 Late Posted Add Order, and (iv) an Adjustable Late Posted Order for disconnection of a DS3 Service may be referred to as an Adjustable DS3 Late Posted Disconnect Order. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.29 Contract Tariff Option 28 (Cont'd) (N)

(Q) Order Performance Credits (Cont'd)

(2) If the volume of Adjustable DS1 Late Posted Add Orders in a particular Quarter exceeds the volume of Adjustable DS1 Late Posted Disconnect Orders in that Quarter, then the Parties shall determine by mutual agreement the volume of such excess Adjustable DS1 Late Posted Add Orders for which the customer shall receive a DS1 Order Performance Credit for that Quarter. Such DS1 Order Performance Credit shall be equal to the agreed volume of excess Adjustable DS1 Late Posted Add Orders multiplied by thirty-eight dollars and 57/100 ($38.57).

(3) If the volume of Adjustable DS3 Late Posted Add Orders in a particular Quarter exceeds the volume of Adjustable DS3 Late Posted Disconnect Orders in that Quarter, then the Parties shall determine by mutual agreement the volume of such excess Adjustable DS3 Late Posted Add Orders for which the customer shall receive a DS3 Order Performance Credit for that Quarter. Such DS3 Order Performance Credit shall be equal to the amount resulting from the following calculations: (i) where the Parties agree that the excess Adjustable DS3 Late Posted Add Orders are associated with Multiplexed DS3 Units, the DS3 Order Performance Credit is equal to the agreed volume of such Orders multiplied by one hundred eighty-eight dollars and 67/100 ($188.67), (ii) where the Parties agree that the excess Adjustable DS3 Late Posted Add Orders are associated with PTP DS3 Units, the DS3 Order Performance Credit is equal to the agreed volume of such Orders multiplied by six hundred forty dollars and 32/100 ($640.32).

(4) Any Credits owed to the customer under this Section (Q) shall be provided by the Telephone Company on the customer's bills within one hundred twenty (120) calendar days after the end of the applicable Quarter. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (N)

(A) Scope

Contract Tariff Option 29 (**Option 29**) provides a customer with certain Billing Credits (as defined below) on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 29.

(B) Specific Terms

Unless otherwise defined in this Section 21.30, the following terms are used in this Option 29:

(1) **Alternative Tariff Arrangement** shall mean, collectively, any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (**ICB**) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the services covered by this Option 29.

(2) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits to the customer.

(3) **Billed DS1 Qualifying Service Revenue** shall mean the monthly recurring charge (**MRC**) amounts which are paid in full by the customer for the DS1 Qualifying Services for the applicable Quarter.

(4) **Billed DS1 Unit** shall mean, with respect to each month during the Service Period, a DS1 Unit for which a DS1 Channel Termination, a DS1 Special Access Line, or a DS1 Circuit Termination (each as defined in (B)(14) following), was billed to the customer for that month as a MRC, using any of the applicable Universal Service Order Codes (**USOCs**) specified in (E)(2)(a) following.

(5) **Billed FMS Revenue** shall mean the MRC amounts for Special Access Facilities Management Service (**FMS**) which were paid in full by the customer for the following USOCs:

B2CDP	B2CDV	B2CEP	B2CEV	B2CFP	BXCQX	N2M
1A59S	1A5YS	1A87S	1A88S	1A89S	1YAMS	MQ6
MXNF3	MXNF5	MXNFX	MXNM3	MXNM5	MXNMX	TNW3X
TNW5X	TNWZX					

(N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(6) **Billed Multiplexed DS3 Qualifying Service Revenue** shall mean the MRC amounts which are paid in full by the customer for the Multiplexed DS3 Qualifying Services for the applicable Quarter.

(7) **Billed Multiplexed DS3 Unit** shall mean, with respect to each month during the Service Period, a multiplexed DS3 service for which one or more MRCs, using any of the applicable USOCs set forth in (E)(2)(b) following, was billed to the customer for that month.

(8) **Billed PTP DS3 Qualifying Service Revenue** shall mean the MRC amounts which are paid in full by the customer for the PTP DS3 Qualifying Services for the applicable Quarter.

(9) **Billed PTP DS3 Unit** shall mean, with respect to each month during the Service Period, a PTP DS3 service for which one or more MRCs, using any of the applicable USOCs set forth in (E)(2)(c) following, was billed to the customer for that month.

(10) **Billed Qualifying Service Revenue** shall mean each of Billed DS1 Qualifying Service Revenue, Billed Multiplexed DS3 Qualifying Service Revenue, and Billed PTP DS3 Qualifying Service Revenue.

(11) **Billed Qualifying Service Units** shall mean Billed DS1 Units, Billed Multiplexed DS3 Units, and Billed PTP DS3 Units.

(12) **Billing Credits** shall mean, collectively, the Quarterly DS1 Credit, the Quarterly Multiplexed DS3 Credit and the Quarterly point-to-point (**PTP**) DS3 Credit provided to the customer as a net credit on its monthly bill after each Quarter during the Service Period based on the applicable rates (as set forth in (H)(1) following) on the specific Qualifying Services offered to the customer pursuant to this Option 29. Calculation of the applicable Billing Credits is described in (H) following. (N)

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(13) **DS1 Annual Watermark** shall mean the annual minimum required number of Billed DS1 Units. The DS1 Annual Watermark is established by (i) aggregating the number of Billed DS1 Units for the period February 1, 2009 through and including February 28, 2009 under this tariff, Tariff FCC No. 1 (**FCC 1**), Tariff FCC No. 11 (**FCC 11**), and Tariff FCC No. 16 (**FCC 16**); and (ii) multiplying the result by twelve (12). (x) (x)

(14) **DS1 Unit** shall mean a DS1 capacity (i.e., 1.544 Mbps) Qualifying Service that meets one of the following definitions: (i) a DS1 Special Access Line (SAL) as defined in Section 5.1.1(C) preceding of this tariff, (ii) a DS1 Channel Termination as defined in Section 7.1.2(A) of FCC 1, (iii) a DS1 Channel Termination as defined in Section 7.1.2(A) of FCC 11, or (iv) a DS1 Circuit Termination as defined in Section 7.2(A) of FCC 16. Where the calculation of DS1 Units results in a fraction of a DS1 Unit, such fractions are not counted as a DS1 Unit. (x) (x)

(15) **Multiplexed DS3 Annual Watermark** shall mean the annual minimum required number of Billed Multiplexed DS3 Units. The Multiplexed DS3 Annual Watermark is established by (i) aggregating the number of Billed Multiplexed DS3 Units for the period February 1, 2009 through and including February 28, 2009 under this tariff, FCC 1, FCC 11, and FCC 16; and (ii) multiplying the result by twelve (12). (x)

(16) **Multiplexed DS3 Unit** shall mean an individual Qualifying Service of 44.736 Mbps bandwidth that both: (i) has a unique circuit identifier that conforms to the Common Language Circuit Identifier (CLCI) facility format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18), and (ii) is billed using one or more of the USOCs specified in (E)(2)(b) following. (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(17) **Plan Year** shall mean each of the following periods during the Service Period: (i) Plan Year 1 shall commence on June 1, 2009 and end on February 28, 2010; (ii) Plan Year 2 shall commence on March 1, 2010 and end on February 28, 2011; (iii) Plan Year 3 shall commence on March 1, 2011 and end on February 29, 2012; (iv) Plan Year 4 shall commence on March 1, 2012 and end on February 28, 2013; and (v) Plan Year 5 shall begin on March 1, 2013 and end on February 28, 2014.

(18) **PTP DS3 Annual Watermark** shall mean the annual minimum required number of Billed PTP DS3 Units. The PTP DS3 Annual Watermark is established by (i) aggregating the number of Billed PTP DS3 Units for the period February 1, 2009 through and including February 28, 2009 under this tariff, FCC 1, FCC 11, and FCC 16; and (ii) multiplying the result by twelve (12). (x) (x)

(19) **PTP DS3 Unit** shall mean an individual 44.736 Mbps Qualifying Service that both: (i) has a unique circuit identifier that conforms to the CLCI serial number format administered by Telcordia (e.g., 95.HFGS.634683..NE) and (ii) is billed using one or more of the USOCs specified in (E)(2)(c) following.

(20) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately ninety (90) days thereafter); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs.

(21) **Watermarks** shall mean the DS1 Annual Watermark, the Multiplexed DS3 Annual Watermark and the PTP DS3 Annual Watermark. Watermarks are subject to adjustment following the Sale of a Verizon Operating Telephone Company as described in (K) following. (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits and other benefits of this Option 29.

(1) On June 1, 2009, the customer must:

(a) have between twenty-five thousand (25,000) and sixty thousand (60,000) Billed DS1 Units; and

(b) have billing between sixty thousand (60,000) and one hundred fifty thousand (150,000) total transport miles consisting of Special Access DS1 transport miles, Special Access DS3 transport miles and Special Access FMS transport miles for DS1 or DS3 bandwidth; and

(c) be subscribed to Special Access FMS; and

(d) subject to the terms and conditions set forth in (M) following, be subscribed, and remain concurrently subscribed during the Service Period, to the Commitment Discount Plan as set forth in Section 25.1 of FCC1 and Section 25.1 of FCC 11, the DS1 Term Volume Plan as set forth in Section 5.6.14 preceding of this tariff, and the DS1 Term Payment Plan as set forth in Section 7.2.1(G) of FCC 16 (collectively, **Existing Plans**), provided each applicable Existing Plan remains generally available under this tariff, FCC 1, FCC 11 and/or FCC 16, as applicable; and (x)

(e) not have been required in connection with the most recent scheduled true-up or review of its Existing Plans to pay any shortfall payments or penalties as a result of a failure to maintain volume commitments, under any of the Existing Plans.

(2) Except for Existing Plans, the customer may not concurrently subscribe to an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue or mileage targets that include Special Access DS1 and/or DS3 fixed and per mile charges. If the customer wishes to subscribe to such an Alternative Tariff Arrangement, then the customer shall not receive any Billing Credits under this Option 29, and such subscription shall be considered a termination by the customer of its subscription to this Option 29, subject to (L)(3) and (L)(4)(b) following. (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(C) Eligibility (Cont'd)

(3) The customer must subscribe to this Option 29 in a manner designated by the Telephone Company during the thirty (30) day period beginning June 1, 2009 and ending June 30, 2009. Such subscription must include a list of the customer's access customer name abbreviations (**Customer ACNA(s)**) that the Telephone Company agrees to, in writing, for inclusion in this Option 29. Subscription to this Option 29 shall be an automatic subscription to Option 57 of FCC 1 and Option 55 of FCC 11. (x)

(D) Service Period

The Service Period of this Option 29 shall commence on June 1, 2009 and end on February 28, 2014.

(E) Qualifying Services

Subject to the terms and conditions set forth in this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, the Billing Credits shall be provided on the following Qualifying Services and the following rate elements, except that no Billing Credits will be provided in the operating territories of FCC 16: (x) (x)

(1) Qualifying Services will be comprised of the following:

(a) Special Access DS1 Services and DS3 Services, each as set forth in Section 5.3.6 preceding of this tariff, Section 7.2.9 of FCC 1, Section 7.2.9 of FCC 11, and Section 7.11.1 of FCC 16, in each case as the same may be amended from time to time, which Special Access DS1 Services and DS3 Services are billed by the Telephone Company during the Service Period and meet all of the criteria set forth in this Section (E) during each month of the Service Period; and (x)

(b) Special Access FMS DS1 and FMS DS3 Services, as described in Section 7.2.13 of FCC 1 and Section 7.2.16 of FCC 11, in each case as the same may be amended from time to time, which Special Access FMS DS1 and FMS DS3 Services are billed by the Telephone Company during the Service Period and meet all of the criteria set forth in this Section (E) during each month of the Service Period. (x) (x) (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(2) Rate Elements for Qualifying Services

If, during the Service Period, the Telephone Company files a revision that replaces or substitutes, in part or in whole, a USOC set forth in this Section (E), then (effective as of the date on which such revision becomes effective) such new USOC shall be included in the definition of the applicable Qualifying Service(s) and such new USOC, provided it otherwise qualifies as to be contributory under this Section (E) and all other terms of this Option 29, will be counted as contributory towards Billed Qualifying Service Revenue.

(a) DS1 Qualifying Services

Each DS1 Qualifying Services must have Rate Elements billing under at least one of the following USOCs:

1A5ZS	1CF21	1CF22	1CF23	1CF25	1CF35	1CF3W
1CF41	1CF42	1CF43	1CF45	1CF51	1CF52	1CF53
1CF55	1CF61	1CF62	1CF63	1CF65	1CF71	1CF72
1CF73	1CF75	1CF81	1CF82	1CF83	1CF85	1CF91
1CF92	1CF93	1CF95	1CFA1	1CFA2	1CFA3	1CFA5
1CFB1	1CFB2	1CFB3	1CFB5	1CFC1	1CFC2	1CFC3
1CFC5	1CFR8	1CFRJ	1CFS8	1CFSJ	1CFT8	1CFTJ
1CFU8	1CFUJ	1CFV8	1CFVJ	1CKDF	1CKDX	1J53S
1J54S	1L5LS	1L5XX	1LFMX	1LFSX	1OX1X	1OX2X
1OX3X	1OX5X	1OXTX	1T58S	1X7VX	1XCDX	CCO
C6H6X	C6H7X	CTG	DVA	EU4DF	EU4DX	EU7VX
EUU21	EUU22	EUU23	EUU25	EUU31	EUU33	EUU35
EUU3W	EUU41	EUU42	EUU43	EUU45	EUU51	EUU52
EUU53	EUU55	EUU61	EUU62	EUU63	EUU65	EUU71
EUU72	EUU73	EUU75	EUU81	EUU82	EUU83	EUU85
EUU91	EUU92	EUU93	EUU95	EUUA1	EUUA2	EUUA3
EUUA5	EUUB1	EUUB2	EUUB3	EUUB5	EUUC1	EUUC2
EUUC3	EUUC5	EUUR8	EUUS8	EUUT8	EUUU8	EUUV8
EUURJ	EUUSJ	EUUTJ	EUUUJ	EUUVJ	EUW	MQ1
MQK	MXN12	MXN13	MXN15	MXN17	PR9PX	PR9SX
QMU	TMECS	TNJZX	TNT3X	TNT4X	TNT8X	TRG
TSP	TZGHX					

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(2) Rate Elements for Qualifying Services (Cont'd)

(b) Multiplexed DS3 Qualifying Services

Each Multiplexed DS3 Qualifying Services must have Rate Elements billing under at least one of the following USOCs:

1A59S	1A5YS	1A87S	1A88S	1A89S	1A5LX	1C4A3
1C4A5	1C4A7	1C4B3	1C4B5	1C4B7	1C4C3	1C4C5
1C4C7	1C4D3	1C4D5	1C4D7	1C4E3	1C4E5	1C4E7
1C4F3	1C4F5	1C4F7	1C4G3	1C4G5	1C4G7	1C4H3
1C4H5	1C4H7	1C4J3	1C4J5	1C4J7	1C4K3	1C4K5
1C4K7	1CFD1	1CFD3	1CFD5	1CFD7	1CFE1	1CFE3
1CFE5	1CFE7	1CFF1	1CFF3	1CFF5	1CFF7	1CFG1
1CFG3	1CFG5	1CFG7	1CFH1	1CFH3	1CFH5	1CFH7
1CFJ1	1CFJ3	1CFJ5	1CFJ7	1CFK1	1CFK3	1CFK5
1CFK7	1CFL1	1CFL3	1CFL5	1CFL7	1CFM1	1CFM3
1CFM5	1CFM7	1CFN1	1CFN3	1CFN5	1CFN7	1CKMF
1CKNX	1CKPF	1CKSX	1L5LS	1L5XX	1LFSX	1U5PS
1YA8S	1YAMS	ABVBA	B2CDP	B2CDV	B2CEP	B2CEV
B2CFP	BXCQX	EQUA3	EQUA5	EQUA7	EQUB3	EQUB5
EQUB7	EQUC3	EQUC5	EQUC7	EQUD3	EQUD5	EQUD7
EQUE3	EQUE5	EQUE7	EQUF3	EQUF5	EQUF7	EQUG3
EQUG5	EQUG7	EQUH3	EQUH5	EQUH7	EQUJ3	EQUJ5
EQUJ7	EQUK3	EQUK5	EQUK7	EU4MF	EU4NX	EU4PF
EU4SX	EUUD1	EUUD3	EUUD5	EUUD7	EUUE1	EUUE3
EUUE5	EUUE7	EUUF1	EUUF3	EUUF5	EUUF7	EUUG1
EUUG3	EUUG5	EUUG7	EUUH1	EUUH3	EUUH5	EUUH7
EUUJ1	EUUJ3	EUUJ5	EUUJ7	EUUK1	EUUK3	EUUK5
EUUK7	EUUL1	EUUL3	EUUL5	EUUL7	EUUM1	EUUM3
EUUM5	EUUM7	EUUN1	EUUN3	EUUN5	EUUN7	FQYU1
FQYU2	FQYU3	FQYU4	FQYU5	FQYU6	HKTJX	HKTJS
HKTLS	MKM	MQ3	MQ6	MXNF3	MXNF5	MXNFX
MXNM3	MXNM5	MXNMX	MXNRX	N2M	PR9SX	SLHA1
SLHA3	SLHA5	SLHA7	SLHB1	SLHB3	SLHB5	SLHB7
SLHC1	SLHC3	SLHC5	SLHC7	SLHD1	SLHD3	SLHD5
SLHD7	SLHE1	SLHE3	SLHE5	SLHE7	TRG	TKTPX
TNW3X	TNW5X	TNWZX	TUTPX	TYF8S	TYF8X	TYFLS
TYFLX	TYFMS	TYFMX	TYFNX	TYFOX	TYFPX	TYFQX
TYFRX	TYFSX	TYFTX	TYFUX	TYFVS	TYFVX	TYFWS
TYFWX						

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(2) Rate Elements for Qualifying Services (Cont'd)

(c) PTP DS3 Qualifying Services

Each PTP DS3 Qualifying Services must have Rate Elements billing under at least one of the following USOCs:

1A5LX	1A59S	1A5YS	1A87S	1A88S	1A89S	1C4A3
1C4A5	1C4A7	1C4B3	1C4B5	1C4B7	1C4C3	1C4C5
1C4C7	1C4D3	1C4D5	1C4D7	1C4E3	1C4E5	1C4E7
1C4F3	1C4F5	1C4F7	1C4G3	1C4G5	1C4G7	1C4H3
1C4H5	1C4H7	1C4J3	1C4J5	1C4J7	1C4K3	1C4K5
1C4K7	1CFD1	1CFD3	1CFD5	1CFD7	1CFE1	1CFE3
1CFE5	1CFE7	1CFF1	1CFF3	1CFF5	1CFF7	1CFG1
1CFG3	1CFG5	1CFG7	1CFH1	1CFH3	1CFH5	1CFH7
1CFJ1	1CFJ3	1CFJ5	1CFJ7	1CFK1	1CFK3	1CFK5
1CFK7	1CFL1	1CFL3	1CFL5	1CFL7	1CFM1	1CFM3
1CFM5	1CFM7	1CFN1	1CFN3	1CFN5	1CFN7	1CKMF
1CKNX	1CKPF	1CKSX	1L5LS	1L5XX	1LFSX	1U5PS
1YA8S	1YAMS	ABVBA	B2CDP	B2CDV	B2CEP	B2CEV
B2CFP	BXCQX	EQUA3	EQUA5	EQUA7	EQUB3	EQUB5
EQUB7	EQUC3	EQUC5	EQUC7	EQUD3	EQUD5	EQUD7
EQUE3	EQUE5	EQUE7	EQUF3	EQUF5	EQUF7	EQUG3
EQUG5	EQUG7	EQUH3	EQUH5	EQUH7	EQUJ3	EQUJ5
EQUJ7	EQUK3	EQUK5	EQUK7	EU4MF	EU4NX	EU4PF
EU4SX	EUUD1	EUUD3	EUUD5	EUUD7	EUUE1	EUUE3
EUUE5	EUUE7	EUUF1	EUUF3	EUUF5	EUUF7	EUUG1
EUUG3	EUUG5	EUUG7	EUUH1	EUUH3	EUUH5	EUUH7
EUUJ1	EUUJ3	EUUJ5	EUUJ7	EUUK1	EUUK3	EUUK5
EUUK7	EUUL1	EUUL3	EUUL5	EUUL7	EUUM1	EUUM3
EUUM5	EUUM7	EUUN1	EUUN3	EUUN5	EUUN7	FQYU1
FQYU2	FQYU3	FQYU4	FQYU5	FQYU6	HKTJX	HKTJS
HKTLS	MXNF3	MXNF5	MXNFX	MXNM3	MXNM5	MXNMX
N2M	PR9SX	SLHA1	SLHA3	SLHA5	SLHA7	SLHB1
SLHB3	SLHB5	SLHB7	SLHC1	SLHC3	SLHC5	SLHC7
SLHD1	SLHD3	SLHD5	SLHD7	SLHE1	SLHE3	SLHE5
SLHE7	TRG	TKTPX	TNW3X	TNW5X	TNWZX	TUTPX
TYF8S	TYF8X	TYFLS	TYFLX	TYFMX	TYFMS	TYFNX
TYFOX	TYFPX	TYFQX	TYFRX	TYFSX	TYFTX	TYFUX
TYFVS	TYFVX	TYFWS	TYFWX			

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(3) All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in (E)(1) preceding shall not be eligible for inclusion as Qualifying Services under this Option 29. Switched Access Services as set forth in Section 4 preceding are not Qualifying Services in this Option 29.

(4) If the rates or terms and conditions of a Qualifying Service under this tariff are amended from time to time, such amended rates or terms and conditions shall apply herein upon the effectiveness of such tariff amendment.

(F) Revenues Included in Calculation of Billed Qualifying Service Revenue

(1) The customer's Billed Qualifying Service Revenue under this tariff shall include **only** MRC amounts which are paid in full by the customer.

(a) For purposes of this Option 29, **MRCs** shall mean billed monthly recurring revenues, net of any discounts given under existing pricing plans, if applicable, for the Qualifying Services billed during any Quarter under the USOCs set forth in (E)(2) preceding, and excluding Disputed Charges.

(b) For purposes of this Option 29, **Disputed Charges** shall mean MRCs for the Qualifying Services billed during any Quarter, which amounts are under dispute regardless of whether or not they have been paid in full by the customer, as of the thirtieth (30th) calendar day following the end of the applicable Quarter in accordance with (H)(5) following. Amounts which have not been paid in full (regardless of whether or not such amounts are under dispute by the customer) shall not be included in the customer's Billed Qualifying Service Revenue for the applicable Quarter.

(c) For purposes of this Option 29, **paid in full** shall mean that the customer paid the billed amount without any offsets or reductions from the billed amount for the Qualifying Services, in accordance with the terms of this tariff. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(F) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(2) Examples of Revenue Not Included in Calculation of Billed Qualifying Service Revenue

Billed Qualifying Service Revenue under this tariff does not include (among other possible items, the following list being illustrative only) any revenue associated with other than the USOCs set forth in (E)(2) preceding, and the following types of charges are not included:

(a) Nonrecurring charges.

(b) Surcharges, late payment charges, credits (including any credits provided under this Option 29), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter of the Service Period.

(c) Any amount that appears in the Other Charges and Credits section of the Telephone Company's bill to the customer (e.g., prorated charges).

(d) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund).

(e) Service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty).

(f) Any other charges that are not applied on a recurring monthly basis and/or do not appear in the MRC section (typically labeled "Monthly Access Charges") of the Telephone Company's bill to the customer.

(g) Credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(F) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(2) Examples of Revenue Not Included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(h) Any debits or credits for Services rendered in prior Quarters or periods prior to June 1, 2009.

(i) Any amount billed under a particular bill period during the Service Period for services provided prior to June 1, 2009.

(j) Billed amounts associated with any service (or any portion of a service) that is not a Qualifying Service.

(k) Any Disputed Charges.

(l) Any other billed amount related to the Qualifying Services for which payment is being withheld or under dispute by the customer, subject to the terms of (H)(5) following hereof;

(m) Billing Credits.

(G) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC 1, and FCC 11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11) that occur during the Service Period will apply. No Billing Credits will be provided in the operating territories of FCC 16. (x) (x) (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits

(1) The Flat Rate pricing for the Qualifying Services is achieved by providing Quarterly Billing Credits.

(a) The DS1 Flat Rates for each Plan Year will be equal to a fixed percentage of the benchmark average revenue per DS1 unit (**DS1 ARPU**) as set forth in Table 1 below. The calculation of DS1 Flat Rates is further described in (H)(2)(a) following.

(b) The Multiplexed DS3 Flat Rate will be equal to a fixed percentage of the applicable PTP DS3 Flat Rate as set forth in Table 1 below. The calculation of PTP DS3 Flat Rates is further described in (H) (2)(b) following.

(c) The PTP DS3 Flat Rates for each Plan Year will be equal to a fixed percentage of the benchmark average revenue per PTP DS3 Unit (**PTP DS3 ARPU**) as set forth in Table 1 below. The calculation of PTP DS3 Flat Rates is further described in (H)(2)(b) following.

The Telephone Company shall determine on a Quarterly basis the Billed Qualifying Service Revenue and Billed Qualifying Service Units for each Qualifying Service. The Billing Credits for each of the three Qualifying Services (i.e., DS1 Qualifying Services, Multiplexed DS3 Qualifying Services and PTP DS3 Qualifying Services) will be an amount equal to the applicable Billed Qualifying Service Revenue (i.e., Billed DS1 Qualifying Service Revenue, Billed Multiplexed DS3 Qualifying Service Revenue and Billed PTP DS3 Qualifying Service Revenue) for the applicable Quarter **minus** the revenues derived from the Flat Rate pricing for the applicable Billed Qualifying Service Units (i.e., Billed DS1 Units, Billed Multiplexed DS3 Units, and Billed PTP DS3 Units) for the same Quarter. Shared Use as set forth in Section 5.6.7 preceding is allowed under this Option 29; however, only the Special Access portion of the Qualifying Service is included in the calculation of the Billing Credits. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits

(1) (Cont'd)

Table 1

Qualifying Service	Plan Year 1 Flat Rate	Plan Year 2 Flat Rate	Plan Year 3 Flat Rate	Plan Year 4 Flat Rate	Plan Year 5 Flat Rate
DS1 Units	94.01% of DS1 ARPU	92.44% of DS1 ARPU	90.87% of DS1 ARPU	89.30% of DS1 ARPU	87.74% of DS1 ARPU
Multiplexed DS3 Units	57.22% of PTP DS3 Flat Rate	57.75% of PTP DS3 Flat Rate	58.29% of PTP DS3 Flat Rate	58.84% of PTP DS3 Flat Rate	59.41% of PTP DS3 Flat Rate
PTP DS3 Units	92.66% of PTP DS3 ARPU	91.38% of PTP DS3 ARPU	90.09% of PTP DS3 ARPU	88.80% of PTP DS3 ARPU	87.51% of PTP DS3 ARPU

(2) The benchmark ARPU will be established at the time of subscription to this Option 29 and will be calculated as follows:

(a) DS1 ARPU shall be calculated as follows:

Step 1 Sum the Billed DS1 Qualifying Service Revenue for January 2009, February 2009, and March 2009.

Step 2 Sum the Billed FMS Revenue for January 2009, February 2009, and March 2009.

Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS1 transport and muxing.

Step 4 Sum the amounts calculated in Step 1 and Step 3.

Step 5 Sum the Billed DS1 Units for January 2009, February 2009, and March 2009.

Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(2) (Cont'd)

(a) DS1 ARPU shall be calculated as follows (Cont'd)

Illustrative Example 1:

Assume the following for this illustrative example.

(i) The Billed Qualifying Service Revenue for the DS1 ARPU is $800,000 during January 2009, $800,000 during February 2009, and $800,000 during March 2009.

(ii) The Billed FMS Revenue is $50,000 during January 2009, $50,000 during February 2009, and $50,000 during March 2009.

(iii) The Billed FMS Revenue Allocation Percentage for the DS1 ARPU is 26.20%.

(iv) The Billed Qualifying Service Units for the DS1 ARPU is 33,000 during January 2009, 33,000 during February 2009, and 34,000 during March 2009.

Based on the above assumptions, the DS1 ARPU would be calculated as follows:

Step 1 Total Billed DS1 Qualifying Service Revenue is $2,400,000 ($800,000 + $800,000 + $800,000).

Step 2 Billed FMS Revenue is $150,000 ($50,000 + $50,000 + $50,000).

Step 3 Billed FMS Revenue allocated to DS1 transport and muxing is $39,300 ($150,000 x 26.20%).

Step 4 Total DS1 Revenue is $2,439,300 ($2,400,000 + $39,300).

Step 5 DS1 Billed Units are 100,000 (33,000 + 33,000 + 34,000).

Step 6 DS1 ARPU is $243.93 ($2,439,300 / 100,000). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(2) (Cont'd)

(b) PTP DS3 ARPU shall be calculated as follows:

Step 1	Sum the Billed PTP DS3 Qualifying Service Revenue exclusive of amounts billed to USOCs included in the definition of Billed FMS Revenues for January 2009, February 2009, and March 2009.
Step 2	Sum the Billed FMS Revenue for January 2009, February 2009, and March 2009.
Step 3	Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to PTP DS3 transport and channel terminations.
Step 4	Sum the amounts calculated in Step 1 and Step 3.
Step 5	Sum the Billed PTP DS3 Units for January 2009, February 2009, and March 2009.
Step 6	Divide the amount calculated in Step 4 by the amount calculated in Step 5. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(2) (Cont'd)

(b) PTP DS3 ARPU shall be calculated as follows (Cont'd):

Illustrative Examples 2:

Assume the following for this illustrative example.

(i) The Billed Qualifying Service Revenue for the PTP DS3 ARPU is $1,000,000 during January 2009, $1,000,000 during February 2009, and $1,000,000 during March 2009.

(ii) The Billed Multiplexed DS3 Qualifying Service Revenue from FMS USOCs is $10,000 during January 2009, $10,000 during February 2009, and $10,000 during March 2009.

(iii) The Billed FMS Revenue is $50,000 during January 2009, $50,000 during February 2009, and $50,000 during March 2009.

(iv) The Billed FMS Revenue Allocation Percentage for the PTP DS3 ARPU is 35.46%.

(v) The Billed Qualifying Service Units for the PTP DS3 ARPU is 300 during January 2009, 350 during February 2009, and 350 during March 2009.

Based on the above assumptions, the PTP DS3 ARPU would be calculated as follows:

Step 1 Total Billed PTP DS3 Qualifying Service Revenue exclusive of amounts billed to FMS USOCs is $2,970,000 [($1,000,000 x 3) - ($10,000 x 3)].

Step 2 Billed FMS Revenue is $150,000 ($50,000 + $50,000 + $50,000).

Step 3 Billed FMS Revenue allocated to PTP DS3 transport and channel terminations is $53,190 ($150,000 x 35.46%)

Step 4 Total PTP DS3 Revenue is $3,023,190 ($2,970,000 + $53,190).

Step 5 PTP DS3 Billed Units are 1,000 (300 + 350 + 350).

Step 6 PTP DS3 ARPU is $3,023.19 ($3,023,190 / 1,000). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(3) Subject to all of the terms of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, the customer shall be eligible to receive the following Quarterly Billing Credits: (x)

(a) Quarterly DS1 Billing Credit

The customer will receive the Quarterly DS1 Billing Credit based on the applicable discounted Flat Rate pricing as calculated in accordance with (H)(1) and (H)(2) preceding for all Billed DS1 Units during each Quarter of each Plan Year of the Service Period. The Billed DS1 Units shall be billed on a monthly recurring basis at the rates set forth in this tariff, FCC 1, FCC 11, and FCC 16, as applicable, and the Telephone Company shall provide the Quarterly DS1 Billing Credit equal to the difference between such rates and the Flat Rates calculated in accordance with (H)(1) and (H)(2) preceding. (x)

Example of Calculation of Quarterly DS1 Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

(i) The DS1 ARPU is $243.93 as calculated in Illustrative Example 1 of (H)(2)(a) preceding; and

(ii) The customer's Billed DS1 Units for the three months of Quarter 1 are 33,000, 33,000, and 34,000; and

(iii) The total Billed Qualifying DS1 Service Revenue for Quarter 1 is $25,000,000.

Based on the above assumptions:

(i) The Plan Year 3 Flat Rate for DS1 Units for Plan Year 3 is $221.66 ($243.93 x 90.87%); and

(ii) The total Billed DS1 Units for the Quarter are 100,000 (33,000 + 33,000 + 34,000); and

(iii) The total Quarterly DS1 Billing Credit due under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, equals $2,834,000 [$25,000,000 – (100,000 x $221.66)]. (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(3) (Cont'd)

(b) Quarterly Multiplexed DS3 Billing Credit

The customer will receive the Quarterly Multiplexed DS3 Billing Credit based on the applicable discounted Flat Rate pricing as calculated in accordance with (H)(1) and (H)(2) preceding for all Billed Multiplexed DS3 Units during each Quarter of each Plan Year of the Service Period. The Billed Multiplexed DS3 Units shall be billed on a monthly recurring basis at the rates set forth in this tariff, FCC 1, FCC 11, and FCC 16, as applicable, and the Telephone Company shall provide the Quarterly Multiplexed DS3 Billing Credit, which shall be a contra credit, or debit, equal to the positive difference between such rates and the Flat Rates calculated in accordance with (H)(1) and (H)(2) preceding. (x)

Example of Calculation of Quarterly Multiplexed DS3 Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

(i) The Plan Year 3 Flat Rate per PTP DS3 Unit is $2,723.59 as calculated in the example in (H)(3)(c) following; and

(ii) The customer's Billed Multiplexed DS3 Units for the three months of Quarter 1 are 1,000, 1,000, and 1,000; and

(ii) The total Billed Qualifying Multiplexed DS3 Service Revenue for Quarter 1 is $4,000,000.

Based on the above assumptions:

(i) The Plan Year 3 Flat Rate for DS3 Units for Plan Year 3 is $1,587.58 ($2,723.59 x 58.29%); and

(ii) The total Billed Multiplexed DS3 Units for the Quarter are 3,000 (1,000 + 1,000 + 1,000); and

(iii) The total Quarterly Multiplexed DS3 Billing Credit due under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11 equals ($762,740) [$4,000,000 - (3,000 x $1,587.58)]. (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(3) (Cont'd)

(c) Quarterly PTP DS3 Billing Credit

The customer will receive the Quarterly PTP DS3 Billing Credit based on the applicable discounted Flat Rate pricing as calculated in accordance with Section (H)(1) and (H)(2) preceding for all Billed PTP DS3 Units during each Quarter of each Plan Year of the Service Period. The Billed PTP DS3 Units shall be billed on a monthly recurring basis at the rates set forth in this tariff, FCC 1, FCC 11, and FCC 16, as applicable, and the Telephone Company shall provide the Quarterly PTP DS3 Billing Credit equal to the difference between such rates and the Flat Rates calculated in accordance with (H)(1) and (H)(2) preceding. (x)

Example of Calculation of Quarterly PTP DS3 Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

(i) The PTP DS3 ARPU is $3,023.19 as calculated in Illustrative Example 2 of (H)(2)(b) preceding; and

(ii) The customer's Billed PTP DS3 Units for the three months of Quarter 1 are 400, 500, and 600; and

(iii) The total Billed Qualifying PTP DS3 Service Revenue for Quarter 1 is $4,350,000.

Based on the above assumptions:

(i) The Plan Year 3 Flat Rate for PTP DS3 Units for Plan Year 3 is $2,723.59 ($3,023.19 x 90.09%); and

(ii) The total Billed PTP DS3 Units for the Quarter are 1,500 (400 + 500 + 600); and

(iii) The total Quarterly PTP DS3 Billing Credit due under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11 equals $264,615 [$4,350,000 - (1,500 x $2,723.59)]. (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(4) The Telephone Company shall provide the net Billing Credit for each Quarter on the customer's Carrier Access Billing System (**CABS**) bill no later than sixty (60) calendar days following the end of the applicable Quarter.

Continuing the Examples set forth in (H)(3) preceding, the net Billing Credit for Quarter 1 of Plan Year 3 is calculated as follows:

Based upon a Quarterly DS1 Billing Credit of $2,834,000, a Quarterly Multiplexed DS3 Billing Credit of ($762,740), and a Quarterly PTP DS3 Billing Credit of $264,615, in each case for Quarter 1 of Plan Year 3, a net Billing Credit for Quarter 1 of Plan Year 3 equals $2,335,875 ($2,834,000 - $762,740 + $264,615).

(5) In calculating the Billing Credits, all of the following requirements shall apply:

(a) The Telephone Company shall not include in the calculation of the Billing Credits any amounts which are unpaid and/or disputed by the customer as of the thirtieth (30th) calendar day following the end of each Quarter. For example, assume that the customer had MRCs which were billed in Quarter 1 of $3,000,000. Assume further that the customer disputed and did not pay $450,000 of such billed MRCs. Hence, in calculating the net Billing Credit under (H)(4) preceding, the MRCs would be calculated as $2,550,000 ($3,000,000 - $450,000).

(b) To the extent that the customer has any disputes, the customer must submit such disputes to the Telephone Company no later than the thirtieth (30th) calendar day following the end of each Quarter. Each dispute must be submitted on a claim description form as provided by the Telephone Company and must clearly state next to the circuit ID the amount under dispute with the following "Dispute Associated with 2009 Contract Tariff."

(c) Any amounts or Qualifying Services that are included in calculation of the Billing Credits will not be subject to any claims or disputes by the customer at any time in the future. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(5) (Cont'd)

(d) For the purpose of calculating the Billing Credits, the Telephone Company shall not include in MRCs any credits or debits for Qualifying Services provided during any prior periods (regardless of whether such credits or debits were the result of a valid dispute by the customer or were the result of a billing error by the Telephone Company) or any prior Quarter other than the then current Quarter for which the Billing Credits are being calculated.

As an illustrative example,

(i) Assume that the customer had MRCs for DS1 Qualifying Services which were billed in Quarter 1 of $3,000,000.

(ii) Assume further that the customer disputed and did not pay $450,000 of such billed MRCs.

(iii) Hence, in calculating the Quarterly DS1 Billing Credit, the MRCs would be calculated as $2,550,000 ($3,000,000 - $450,000).

(iv) Assume further that in Quarter 2, the Telephone Company and the customer agree that such billing was partially in error and that the customer should have received a credit of $300,000 for DS1 Qualifying Services.

(v) Then, in Quarter 2, the Telephone Company shall not include such credit adjustment of $300,000 or the subsequent debit of $150,000 for purposes of calculating the customer's DS1 Quarterly Billing Credit in Quarter 2. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(H) Quarterly Review, Calculation of Billing Credits, and Payment of Billing Credits (Cont'd)

(5) (Cont'd)

(e) Upon resolution of any Disputed Charges, or disputes raised after the determination of the Billing Credits, amounts may be credited to the customer if the customer prevails, however notwithstanding anything to the contrary herein, there shall be no adjustment to the Billing Credits, and the same shall apply regardless of the outcome of any Disputed Charges.

(f) If the Telephone Company bills amounts after the determination of the Billing Credits that would have otherwise been included in the determination of the Billing Credits, there in no event will be any adjustment to the Billing Credits.

(g) The Billing Credits as determined by the Telephone Company are not subject to dispute.

(h) The amount of the Billing Credits shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.4.1 preceding of this tariff, Section 2.4.1 of FCC 1, or Section 2.4.1 of FCC 11. (N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(I) One-Time Credit

No later than thirty (30) days following the date of subscription, and subject to the terms and conditions set forth in this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, the Telephone Company will provide the customer with a One-Time Credit of seven hundred and fifty thousand dollars ($750,000), which credit shall be applied by the Telephone Company to specific BANs as mutually agreed to by the customer and the Telephone Company. This One-Time Credit shall not be included in the calculation of the Billing Credits set forth herein. (x)

The One-Time Credit is provided for the customer's collective subscription to this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11 (i.e., the total One-Time Credit is $750,000 per customer). (x) (x)

(J) Mergers and Acquisitions of Customer

In the event that the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth herein.

(1) The customer may not combine or include any Billed Qualifying Service Units or Billed Qualifying Services Revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in determining whether or not the customer has qualified for, or the amount of any, Billing Credits provided for under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11. (x)

(2) The customer's Billed Qualifying Service Units and Billed Qualifying Services Revenues shall be calculated based on its business and revenue with the Telephone Company using the Customer ACNAs provided under (C)(3) preceding, without adding the revenues, units, and/or ACNAs attributable to expansion of the customer's purchase of Qualifying Services from the Telephone Company through merger, transfer, assignment, or acquisition. (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd)

(N)

(J) Mergers and Acquisitions of Customer (Cont'd)

(3) The Telephone Company reserves the right to terminate the customer's subscription to this Option 29 without liability if the customer does not adhere to the provisions of this Section (J). Subject to (L)(4)(b) following, termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. (x)

(K) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Qualifying Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust each of the Watermarks.

Example:

Assume the following information for the third quarter of Plan Year 2:

(i) The current DS1 Annual Watermark is 369,000 Billed DS1 Units; and

(ii) The Telephone Company sells Verizon New York, Inc. to a third-party at the end of month eight (8) of Plan Year 2; and

(iii) During the three (3) month period prior to the sale, Verizon New York, Inc. provided 12,000 Billed DS1 Units to the customer.

Based on the above assumptions:

(i) The average Billed DS1 Units for Verizon New York, Inc. is 4,000 (12,000 / 3).

(ii) There are four (4) months remaining in Plan Year 2 (12 months – 8 months).

(iii) The Plan Year 2 DS1 Annual Watermark would be reduced by 16,000 (4,000 x 4).

(iv) The adjusted DS1 Annual Watermark for Plan Year 2 is 353,000 (369,000 – 16,000).

(v) The DS1 Annual Watermark for the remaining three Plan Years will be reduced by the 48,000 annualized Billed DS1 Units in Verizon New York, Inc. (4,000 x 12) resulting in a revised DS1 Annual Watermark of 321,000 Billed DS1 Units (369,000 - 48,000). (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(L) Termination

(1) Telephone Company Buy-Out Option

The Telephone Company has the option, upon completion of the determination of the Billing Credits for Qualifying Services achieved by the customer in respect of the fourth Quarter of any Plan Year of the Service Period, and upon providing thirty (30) calendar days written notice to the customer, to terminate the customer's subscription to this Option 29. Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. The (x)
suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11. If the Telephone Company (x)
exercises this buy-out option, the Telephone Company shall pay to the customer, within sixty (60) calendar days of the date of the notice exercising this option, an amount equal to any Billing Credits due and payable in respect of the fourth Quarter of Plan Year just ended plus two hundred thousand dollars ($200,000) multiplied by the number of Plan Years left in the Service Period. The following illustrative example is presented:

Assume the following information pertains to this example:

(i) Assume the customer is owed $400,000 in Billing Credits for the fourth Quarter of Plan Year 3 of the Service Period; and

(ii) assume two (2) years are remaining in Service Period; and

(iii) at the end of Plan Year 3, the Telephone Company decides to exercise its buy-out.

Based on the above assumptions the Telephone Company owes the customer a buy-out payment equal to $400,000 + ($200,000 x 2) = $800,000.

Additionally, the customer will not be subject to termination liability under (L)(3) following. (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(L) Termination (Cont'd)

(2) Mutual Termination Option

Not withstanding any other provisions set forth herein or as mutually agreed upon by the Telephone Company and the customer, each of the Telephone Company and the customer (individually **Party** or collectively the **Parties**) have the option at the end of Plan Year 4 to terminate the customer's subscription to this Option 29 without the imposition of either a Buyout Payment as set forth in (L)(1) preceding or Termination Liability as set forth in (L)(3) following, provided the Party or the Parties exercising such option provide written notice to the other Party within thirty (30) calendar days of the end of Plan Year 4 of its intent to terminate the customer's subscription to this Option 29. Upon the providing of such notice, the Parties shall terminate this Option 29. The Telephone Company shall remain liable for Billing Credits owed to the customer for the period ending on the last day of Plan Year 4. Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11. (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(L) Termination (Cont'd)

(3) Termination by the Customer

The customer may terminate its subscription to this Option 29 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) calendar days prior to the requested date of termination. Except as allowed under (L)(2) preceding, if the customer terminates or cancels its subscription to this Option 29 at any time during the Service Period for any reason, or if the customer fails to comply with the terms or conditions set forth herein (and as further described in (L)(4)(b) following), then the customer shall pay to the Telephone Company by no later than thirty (30) calendar days after such date of termination or non-compliance an amount equal to the following percentage of all Billing Credits paid under this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11 through the date of termination. (x)

Month Terminated	Termination Percentage
1-12	100%
13-24	60%
25-36	40%
37-48	20%
49-60	10%

Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. Additionally, the customer will not receive any Billing Credits after the date that the Telephone Company receives the customer's notice of termination. (x)

The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11. (N)(x)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(L) Termination (Cont'd)

(4) Termination by the Telephone Company

(a) The Telephone Company may terminate customer's subscription to this Option 29 if the customer fails to achieve the DS1 Annual Watermark, the Multiplexed DS3 Annual Watermark or the PTP DS3 Annual Watermark in any Plan Year, commencing with Plan Year 2. The Telephone Company shall provide notice to the customer of its intent to terminate the customer's subscription to this Option 29 by no later than ninety (90) calendar days after the end of the applicable Plan Year. Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. If such termination occurs, the customer shall be entitled to all earned Billing Credits for such Plan Year, but will not be eligible to earn any Billing Credits in subsequent Plan Years. (x) (x)

(b) The Telephone Company may terminate the customer's subscription to this Option 29 if the customer fails to comply with any of the terms and conditions of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11. Termination of the customer's subscription to this Option 29 shall be an automatic termination of the customer's subscription to Option 57 of FCC 1 and Option 55 of FCC 11. The suspensions associated with customer's Existing Plans as set forth in (M) following will be re-activated upon termination of this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11. Termination liability as calculated in (L)(3) preceding applies to such termination. (x) (x) (x) (x) (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.30 Contract Tariff Option 29 (Cont'd) (N)

(M) Suspension of True-Ups During Service Period

During the Service Period of this Option 29, the Parties agree that the following reviews and penalties associated with the customer's Existing Plans will be suspended during the time the customer is subscribed to this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11: (x)

(i) Suspension of the customer's Commitment Discount Plan Bi-Annual Reviews as set forth in Section 25.1.7 of FCC 1 and Section 25.1.7 of FCC 11, and any resulting penalties as set forth in Section 25.1.7 of FCC 1 and Section 25.1.7 of FCC 11; and (x) (x) (x)

(ii) Suspension of the customer's DS1 Term Volume Plan Annual Review as set forth in Section 5.6.14(G) preceding of this tariff, and any resulting penalties as set forth in Section 5.6.14(I) preceding of this tariff; and

(iii) Suspension of the customer's DS1 Term Payment Plan Annual Review as set forth in Section 7.2.1(G)(6) of FCC 16, and any resulting penalties as set forth in Section 7.2.1(G)(8) of FCC 16. (x) (x)

(N) Expiration of the Service Period

Upon expiration of the customer's subscription to this Option 29, Option 57 of FCC 1, and Option 55 of FCC 11, or at the end of the Service Period, whichever occurs first, the suspensions associated with customer's Existing Plans as set forth in (M) preceding shall resume. (x) (x) (N)

(x) Issued under authority of Special Permission No. 09-008 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.31 Contract Tariff Option 30 (N)

(A) Scope

Contract Tariff Option 30 (**Option 30**) provides a credit equal to a portion of the nonrecurring charge (**NRC**) applicable to the installation of certain Special Access Line (**SAL**) rate elements for High Capacity Digital DS1 (1.544 Mbps) and High Capacity Digital DS3 (44.736 Mbps) Facilities (as specified in (D)(4) following) when such DS1 and DS3 Facilities are ordered in accordance with this Option 30.

(B) Eligibility

(1) The customer must subscribe to this Option 30 in a manner designated by the Telephone Company during the thirty-one (31) day period that begins on August 1, 2009 and ends August 31, 2009 (**Subscription Period**).

(2) At the time of subscription to this Option 30, the customer may not be concurrently subscribed to any other contract tariff option in this Section 21 applicable to DS1 Services and/or DS3 Services purchased under this tariff.

(C) Serving Area

A portion of the NRC for the SAL rate elements using the USOCs set forth in (D)(2) following will be credited to the customer when the terms of this Option 30 are satisfied and only in the MSAs that have achieved Phase I or Phase II pricing flexibility under this tariff. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding) that occur during the Subscription Period of this Option 30 will apply. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.31 Contract Tariff Option 30 (Cont'd) (N)

(D) Terms and Conditions

(1) The High Capacity Digital DS1 and DS3 Facilities eligible for the credit provided in this Option 30 are those High Capacity Digital DS1 and DS3 Facilities ordered between August 1, 2009 and September 30, 2009.

(2) A portion of the NRC actually paid by the customer for the following SAL rate elements will be provided to the customer as a credit to the customer's account when either High Capacity Digital DS1 or DS3 Facilities are ordered in accordance with this Option 30:

(a) High Capacity Digital DS1 (1.544 Mbps) Facilities - Standard Arrangements only using one (1) of the following USOCs:

1CF41	1CF42	1CF43	1CF45	1CF51	1CF52	1CF53	1CF55	1CF61
1CF62	1CF63	1CF65	1CF71	1CF72	1CF73	1CF75	1CF81	1CF82
1CF83	1CF85	1CF91	1CF92	1CF93	1CF95	1CFA1	1CFA2	1CFA3
1CFA5	1CFB1	1CFB2	1CFB3	1CFB5	1CFC1	1CFC2	1CFC3	1CFC5
1CFR8	1CFRJ	1CFS8	1CFSJ	1CFT8	1CFTJ	1CFU8	1CFUJ	1CFV8
1CFVJ	1XCDX	EUU41	EUU42	EUU43	EUU45	EUU51	EUU52	EUU53
EUU55	EUU61	EUU62	EUU63	EUU65	EUU71	EUU72	EUU73	EUU75
EUU81	EUU82	EUU83	EUU85	EUU91	EUU92	EUU93	EUU95	EUUA1
EUUA2	EUUA3	EUUA5	EUUB1	EUUB2	EUUB3	EUUB5	EUUC1	EUUC2
EUUC3	EUUC5	EUUR8	EUURJ	EUUS8	EUUSJ	EUUT8	EUUTJ	EUUU8
EUUUJ	EUUV8	EUUVJ	EUW					

(b) High Capacity Digital DS3 Systems - All system types whether protected or unprotected using one (1) of the following USOCs

EQUA3	EQUA5	EQUA7	EQUB3	EQUB5	EQUB7	EQUC3	EQUC5	EQUC7
EQUD3	EQUD5	EQUD7	EQUE3	EQUE5	EQUE7	EQUF3	EQUF5	EQUF7
EQUG3	EQUG5	EQUG7	EQUH3	EQUH5	EQUH7	EQUJ3	EQUJ5	EQUJ7
EQUK3	EQUK5	EQUK7	EU4MF	EU4PF	EU4NX	EU4SX	EU4VX	EU4WX
EU4YX	EU4ZX	EUUD1	EUUD3	EUUD5	EUUD7	EUUE1	EUUE3	EUUE5
EUUE7	EUUF1	EUUF3	EUUF5	EUUF7	EUUG1	EUUG3	EUUG5	EUUG7
EUUH1	EUUH3	EUUH5	EUUH7	EUUJ1	EUUJ3	EUUJ5	EUUJ7	EUUK1
EUUK3	EUUK5	EUUK7	EUUL1	EUUL3	EUUL5	EUUL7	EUUM1	EUUM3
EUUM5	EUUM7	EUUN1	EUUN3	EUUN5	EUUN7	1C4A3	1C4A5	1C4A7
1C4B3	1C4B5	1C4B7	1C4C3	1C4C5	1C4C7	1C4D3	1C4D5	1C4D7
1C4E3	1C4E5	1C4E7	1C4F3	1C4F5	1C4F7	1C4G3	1C4G5	1C4G7
1C4J3	1C4J5	1C4J7	1C4K3	1C4K5	1C4K7	1CFD1	1CFD3	1CFD5
1CFD7	1CFE1	1CFE3	1CFE5	1CFE7	1CFF1	1CFF3	1CFF5	1CFF7
1CFG1	1CFG3	1CFG5	1CFG7	1CFH1	1CFH3	1CFH5	1CFH7	1CFJ1
1CFJ3	1CFJ5	1CFJ7	1CFK1	1CFK3	1CFK5	1CFK7	1CFL1	1CFL3
1CFL5	1CFL7	1CFM1	1CFM3	1CFM5	1CFM7	1CFN1	1CFN3	1CFN5
1CFN7	1CKMF	1CKNX	1CKPF	1CKSX	1CKVX	1CKWX	1CKYX	1CKZX

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.31 Contract Tariff Option 30 (Cont'd) (N)

(D) Terms and Conditions (Cont'd)

(3) The SAL rate elements included in this Option 30 may not be included in any other contract tariff option of this Section 21 subscribed to by the customer after the time of their subscription to this Option 30 unless such contract tariff option explicitly allows subscription to this Option 30.

(4) The portion of the SAL rate element NRC that will be provided as a credit to the customer under this Option 30 is set forth in (E) following. SAL rate element NRCs are set forth in Section 5.7.7(A) preceding for High Capacity Digital DS1 Standard Arrangement SAL rate elements; Sections 5.7.10, 5.7.11, 5.7.12 and 5.7.13 preceding for High Capacity Digital DS3 SAL rate elements; Section 5.7.18(A) preceding for High Capacity Digital DS1 SAL rate elements under a DS1 Term Volume Plan or Eight and Ten Year Term Volume Plan; or Section 5.7.22(B) for High Capacity Digital DS3 SAL rate elements under a DS3 Term Volume Plan, as applicable.

(5) A High Capacity Digital DS1 or DS3 Facility SAL that is not otherwise subject to a minimum period of twelve (12) must remain in service for a period of twelve (12) months in order to retain any credit applied under Option 30. If the High Capacity Digital DS1 or DS3 Facility SAL that is not otherwise subject to a minimum period of twelve (12) is discontinued prior to the end of the 12-month period, the customer will be billed (charged up) the amount of the credit provided for the applicable SAL rate element NRC that was discontinued. Such SAL rate element NRCs are set forth in Section 5.7.7(A) preceding for High Capacity Digital DS1 Standard Arrangement SAL rate elements; Sections 5.7.10, 5.7.11, 5.7.12, and 5.7.13 preceding for High Capacity Digital DS3 SAL rate elements; Section 5.7.18(A) preceding for High Capacity Digital DS1 SAL rate elements under a DS1 Term Volume Plan or Eight and Ten Year Term Volume Plan; or Section 5.7.22(B) for High Capacity Digital DS3 SAL rate elements under a DS3 Term Volume Plan, as applicable.

(6) The DS1 and DS3 services included in this Option 30 are newly installed services only. Rearrangements, coordinated reterminations, and conversions of existing services are excluded.

(E) Nonrecurring Charges

(1) A portion of the NRC actually paid by the customer for the following SAL rate elements using the USOCs specified in (D)(2) preceding will be credited in accordance with this Option 30 as follows:

Rate Element	NRC Credit Under this Option 30
High Capacity Digital DS1 SAL	1/3 of SAL NRC or $150, whichever is less
High Capacity Digital DS3 SAL	1/3 of SAL NRC or $333, whichever is less

(2) Application of the applicable credit for the applicable SAL rate element will occur within three (3) billing periods following the initial installation date of the High Capacity Digital DS1 or DS3 Facility SAL. (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31

(A) Scope

Contract Tariff Option 31 (**Option 31**) provides certain discounts and Billing Credits on Qualifying Services (as defined in (F)(1) following) offered by the Telephone Company pursuant to this tariff, Tariff F.C.C. No. 1 (**FCC1**), Tariff F.C.C. No. 11 (**FCC11**), and Tariff F.C.C. No. 16 (**FCC16**). Option 31 also provides additional discounts and Billing Credits upon the conversion by the customer of a minimum of seventy-five percent (75%) of each of its in-service DS1 and DS3 Unbundled Loops, DS1 and DS3 Unbundled Transport, DS1 and DS3 EELs, and DS1 and DS3 Commingled EELs to Qualifying Services, subject to the requirements set forth herein. The customer's subscription to this Option 31 shall be an automatic subscription to Option 59 of FCC1 and Option 57 of FCC11. (x)

(B) Specific Terms

Unless otherwise defined in this Section 21.32, the following terms shall have the meanings set forth following.

(1) **2009 TBR Bonus Credit** shall mean five hundred thousand dollars ($500,000), which such 2009 TBR Bonus Credit shall be paid by the Telephone Company to the customer within thirty (30) calendar days of the customer's subscription to this Option 31, provided the customer has satisfied the eligibility criterion set forth in (C)(1) through (C)(3) following.

(2) **2009 UNE Conversion Adjustment Amount** shall mean a debit or credit, as applicable, equal to (i) the aggregate amount that would have been billed in respect of all DS1 and DS3 Unbundled Transport, DS1 and DS3 Unbundled Loops, DS1 and DS3 EELs, and DS1 and DS3 Commingled EELs purchased on or after October 1, 2009 through and including December 31, 2009 had such services been initially purchased as Qualifying Services minus (ii) the actual amounts billed or to be billed for such DS1 and DS3 Unbundled Transport, DS1 and DS3 Unbundled Loops, DS1 and DS3 EELs, and DS1 and DS3 Commingled EELs for the same period, which such 2009 UNE Conversion Adjustment Amount shall be debited or credited, as applicable, on the customer's BANs within ninety (90) calendar days of the customer's subscription to this Option 31.

(3) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits (if any) to the customer.

(4) **Billing Credits** shall mean, collectively, the (i) 2009 TBR Bonus Credit, (ii) the 2009 UNE Conversion Adjustment Amount, (iii) the UNE Conversion Credit provided to the customer Quarterly on its monthly bill from the Telephone Company after the end of each Quarter during each Plan Year during the Service Period and (iv) the IOF/TBR Credit, if any, provided to the customer annually on its monthly bill from the Telephone Company after the end of each of the first five (5) Plan Years during the Service Period. Calculation of the applicable Billing Credits is described in (F)(2)and (F)(3) following.

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd)

(B) Specific Terms (Cont'd)

(5) **Channel Mileage Rate Elements** shall mean the following:

(a) the Special Access Channel Mileage rate elements, as such rate elements are described more particularly in Section 7.1.2(B) of FCC1 and Section 7.1.2(B) of FCC11; and (x)

(b) the Special Transport rate elements (excluding MetroLAN transport), as such rate elements are described more particularly in Section 5.1.1(B) preceding of this tariff; and

(c) the Circuit Mileage rate elements (excluding MetroLAN transport), as such rate elements are described more particularly in Section 7.2.1(B) of FCC16. (x)

The Channel Mileage Rate Elements are specified by USOC in more detail for each of the DS1 and DS3 Services in (F)(1)(b)(1) following.

(6) **Channel Termination Rate Elements** shall mean the following:

(a) the Special Access Channel Termination rate elements, as such rate elements are more particularly described in Section 7.1.2(A) of FCC1 and Section 7.1.2(A) of FCC11; and (x)

(b) the Special Access Line rate elements, as such rate elements are described more particularly in Section 5.1.1(C) preceding of this tariff; and

(C) the Special Access Circuit Termination rate elements, as such rate elements are described more particularly in Section 7.2.1(A) of FCC16. (x)

The Channel Termination Rate Elements are specified by USOC in more detail for each of the DS1s and DS3 Services in (F)(1)(b)(2) following.

(7) **Commingled Enhanced Extended Loop (Commingled EEL)** shall mean the unbundled portion of a combination of Unbundled Loop with special access transport (with or without multiplexing) or the unbundled portion of a combination of special access channel termination with Unbundled Transport (with or without multiplexing).

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(8) **Enhanced Extended Loop (EEL)** is a combination of Unbundled Loop and Unbundled Transport, including multiplexing as an option.

(9) **IOF/TBR Credit** shall mean the amounts (if any) provided annually to the customer as a credit after the end of each of the first five (5) Plan Years during the Service Period based upon the aggregate MRCs for the IOF TBR for Qualifying Services and the TBR for Qualifying Services. The IOF/TBR Credit shall be equal to the amount set forth in the applicable table in (F)(2) following for each of the first five (5) Plan Years during the Service Period where (if applicable) the IOF TBR for Qualifying Services and the TBR for Qualifying Services for such Plan Year intersect. Calculation of the applicable IOF/TBR Credit is described in (F)(2) following.

(10) **Multiplexing Rate Element** shall mean the following:

(a) the Special Access Central Office Multiplexing rate element as such rate elements are more particularly described in:

(1) Section 7.2.9(D)(3)(a) for DS3 to DS1, Section 7.2.9(D)(3)(c) for DS1 to Voice and Section 7.2.9(D)(3)(d) for DS1 to Digital in FCC1; and (x)

(2) Section 7.2.9(D)(3)(a) for DS3 to DS1, Section 7.2.9(D)(3)(c) and Section 7.2.9(D)(3)(d) for DS1 to Voice in FCC11; and (x)

(3) Section 7.11.4(3)(b) for DS3 to DS1, Section 7.11.4(3)(e) for DS1 to Voice, and Section 7.11.4(3)(f) for DS1 to DS0 in FCC16; and (x)

(b) the Special Access Multiplexing Arrangement rate elements as such rate elements are more particularly described in Section 5.5(D) preceding for DS1 to Voice, Section 5.5(G) preceding for DS3 to DS1, and Section 5.5(J) preceding of this tariff for DS1 to Digital.

Multiplexing rate elements are as specified by USOC in more detail for each of DS1 and DS3 Services in (F)(1)(b)(2) following. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(11) **Plan Year** shall mean each of the following periods during the Service Period:

(a) Plan Year 1 shall commence on December 31, 2009 and end on September 30, 2010;

(b) Plan Year 2 shall commence on October 1, 2010 and end on September 30, 2011;

(c) Plan Year 3 shall commence on October 1, 2011 and end on September 30, 2012;

(d) Plan Year 4 shall commence on October 1, 2012 and end on September 30, 2013;

(e) Plan Year 5 shall commence on October 1, 2013 and end on September 30, 2014; and

(f) Plan Year 6 shall commence on October 1, 2014 and end on March 31, 2015.

(12) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the month two (2) months after the month in which the first date occurs (i.e., approximately ninety (90) days thereafter), except for the first (1st) Quarter of Plan Year 1 which shall commence on December 9, 2009 and end on December 31, 2009, and shall include solely for purposes of calculating the discounts and the applicable Billing Credits in respect of such Quarter and Plan Year 1, the period beginning October 1, 2009 and ending December 8, 2009; or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the month two (2) months after the month in which the first day occurs (i.e., approximately ninety (90) days thereafter).

(13) **Unbundled Loop** shall mean a transmission facility between a distribution frame (or its equivalent) in a Telephone Company central office and the loop demarcation point at an End User customer premises, and ordered by the customer as an unbundled network element.

(14) **Unbundled Transport** shall mean a transmission facility between wire centers or switches owned by the Telephone Company, or between wire centers or switches owned by the Telephone Company, including, but not limited to, DS1 and DS3 level services, dedicated to a particular customer or carrier, and ordered by the customer as an unbundled network element.

(15) **UNE Conversion Credit** shall mean a credit for converting certain UNE rate elements to Special Access Qualifying Service rate elements as calculated in accordance with Section (F)(3) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits, rates, terms, and conditions under this Option 31. In this Option 31, all references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $17.25M shall mean $17,250,000).

(1) A customer must subscribe to Option 31 in a manner designated by the Telephone Company by January 31, 2010 (**Subscription Period**). Such subscription must include a list of customer ACNAs which the Telephone Company agrees to, in writing, for inclusion in this Option 31.

(2) During the twelve (12) month period ending on October 1, 2009, the customer must have: (i) achieved a minimum of seventy-four million dollars ($74.0M) in aggregate monthly recurring revenue for all Qualifying Services (as defined in (F)(1) following) purchased by the customer from the Telephone Company under this tariff, FCC1, FCC11 and FCC16, and (ii) been billed in aggregate no less than fifteen million dollars ($15.0M) for DS1 and DS3 Unbundled Loops, DS1 and DS3 Unbundled Transport, DS1 and DS3 EELs, and DS1 and DS3 Commingled EELs within the operating territories of this tariff, FCC1, FCC11 and FCC16. (x) (x) (x)

(3) The customer must have been billed a combined total of no less than nineteen thousand (19,000) miles of DS1 and DS3 Unbundled Transport (stand alone or as part of an EEL arrangement) within the operating territories of this tariff, FCC1, FCC11 and FCC16 during the month of September 2009. (x)

(4) In order to receive any IOF/TBR Credit (as determined in (F)(2) following) other than an IOF/TBR Credit of $0 under this Option 31 in any of the first five (5) Plan Years, the customer must achieve during the applicable Plan Year during the Service Period (as defined in (D) following) the minimum TBR for Qualifying Services and IOF TBR for Qualifying Services as set forth in the applicable Table in (F)(2) following for the applicable Plan Year. For purposes of this Option 31, IOF TBR for Qualifying Services shall mean the portion of the TBR for Qualifying Services billed under the USOCs set forth in (F)(1)(b)(1) following during the Service Period. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(C) Eligibility (Cont'd)

(5) Other than Tariff arrangements that are (i) in effect as of December 9, 2009 or (ii) introduced after December 9, 2009 that permit the customer's subscription to such Tariff arrangements, the customer may not subscribe to any other Tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company and available to the customer at any time during the Service Period, which Tariff arrangement, contract tariff option, special service arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by the customer for the Qualifying Services. If the customer wishes to subscribe to any such Tariff arrangement, contract tariff option, special service arrangement, or ICB, then such subscription shall be considered a termination by the customer of this Option 31, subject to (J) following, and the customer shall not receive any additional discounts or additional Billing Credits under this Option 31.

The TBR for Qualifying Services and the IOF TBR for Qualifying Services shall be calculated using the criteria and mechanism set forth in this Option 31. The amount of the IOF/TBR Credit shall vary depending on the level of TBR for Qualifying Services and the level of the IOF TBR for Qualifying Services achieved by the customer during each of the first five (5) Plan Years during the Service Period, and such IOF/TBR Credit shall be calculated in accordance with the terms and conditions of this Option 31. The customer may not earn and the Telephone Company shall not pay any IOF/TBR Credit in respect of Plan Year 6.

(D) The Service Period of this Option 31 shall be for a period commencing on December 31, 2009 and ending on March 31, 2015.

(E) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC1 and FCC11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 14.7 of FCC1, and Section 15.3 of FCC11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 14.7 of FCC1, and Section 15.3 of FCC11) that occur during the Service Period of this Option 31 will apply. No Billing Credits will be provided in the operating territories of FCC16. (x) (x) (x) (N)(x)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions

(1) Qualifying Services

(a) Description of Qualifying Services

Qualifying Services will be comprised of Special Access DS1 and DS3 Services as set forth in Section 5.3.6 preceding of this tariff, Section 7.2.9 of FCC1, Section 7.2.9 of FCC11, and Section 7.11.1 of FCC16, as the same may be amended from time to time, which Special Access DS1 and DS3 Services are billed by the Telephone Company during the Service Period and meet all of the following criteria during each month of the Service Period. MetroLAN services in this tariff and FCC16, and Facilities Management Service (FMS) in FCC1 and FCC11 are not Qualifying Services. (x) (x) (x)

(b) Rate Elements Included

The rate elements must be billing one of the following Universal Service Order Codes (USOCs):

(1) Channel Mileage Rate Element USOCs

1A5LX	1A5ZS	1A8ZS	1HH7S	1HHBS	1HHPS
1J53S	1J54S	1L5LS	1L5RS	1L5XX	1LFMX
1LFSX	1T58S	1U5PS	1YA8S	TRG	

(2) Other Rate Element USOCs

MKM	MQ1	MQ3	MQJ++	MQK	MXN12
MXN13	MXN15	MXN17	MXNRX	QMU	1C4A3
1C4A5	1C4A7	1C4B3	1C4B5	1C4B7	1C4C3
1C4C5	1C4C7	1C4D3	1C4D5	1C4D7	1C4E3
1C4E5	1C4E7	1C4F3	1C4F5	1C4F7	1C4G3
1C4G5	1C4G7	1C4H3	1C4H5	1C4H7	1C4J3
1C4J5	1C4J7	1C4K3	1C4K5	1C4K7	1CF21
1CF22	1CF23	1CF25	1CF41	1CF42	1CF43
1CF45	1CF51	1CF52	1CF53	1CF55	1CF61
1CF62	1CF63	1CF65	1CF71	1CF72	1CF73
1CF75	1CF81	1CF82	1CF83	1CF85	1CF91
1CF92	1CF93	1CF95	1CFA1	1CFA2	1CFA3
1CFA5	1CFB1	1CFB2	1CFB3	1CFB5	1CFC1
1CFC2	1CFC3	1CFC5	1CFD1	1CFD3	1CFD5
1CFD7	1CFE1	1CFE3	1CFE5	1CFE7	1CFF1
1CFF3	1CFF5	1CFF7	1CFG1	1CFG3	1CFG5
1CFG7	1CFH1	1CFH3	1CFH5	1CFH7	1CFJ1 (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(1) Qualifying Services (Cont'd)

(b) Rate Elements Included (Cont'd)

(2) Other Rate Element USOCs (Cont'd)

1CFJ3	1CFJ5	1CFJ7	1CFK1	1CFK3	1CFK5
1CFK7	1CFL1	1CFL3	1CFL5	1CFL7	1CFM1
1CFM3	1CFM5	1CFM7	1CFN1	1CFN3	1CFN5
1CFN7	1CFR8	1CFRJ	1CFS8	1CFSJ	1CFT8
1CFTJ	1CFU8	1CFUJ	1CFV8	1CFVJ	1CKDF
1CKDX	1CKMF	1CKNX	1CKPF	1CKSX	1X7VX
1XCDX	CCO	EQUA3	EQUA5	EQUA7	EQUB3
EQUB5	EQUB7	EQUC3	EQUC5	EQUC7	EQUD3
EQUD5	EQUD7	EQUE3	EQUE5	EQUE7	EQUF3
EQUF5	EQUF7	EQUG3	EQUG5	EQUG7	EQUH3
EQUH5	EQUH7	EQUJ3	EQUJ5	EQUJ7	EQUK3
EQUK5	EQUK7	EU4DF	EU4DX	EU4MF	EU4NX
EU4PF	EU4SX	EU7VX	EUU21	EUU22	EUU23
EUU25	EUU41	EUU42	EUU43	EUU45	EUU51
EUU52	EUU53	EUU55	EUU61	EUU62	EUU63
EUU65	EUU71	EUU72	EUU73	EUU75	EUU81
EUU82	EUU83	EUU85	EUU91	EUU92	EUU93
EUU95	EUUA1	EUUA2	EUUA3	EUUA5	EUUB1
EUUB2	EUUB3	EUUB5	EUUC1	EUUC2	EUUC3
EUUC5	EUUD1	EUUD3	EUUD5	EUUD7	EUUE1
EUUE3	EUUE5	EUUE7	EUUF1	EUUF3	EUUF5
EUUF7	EUUG1	EUUG3	EUUG5	EUUG7	EUUH1
EUUH3	EUUH5	EUUH7	EUUJ1	EUUJ3	EUUJ5
EUUJ7	EUUK1	EUUK3	EUUK5	EUUK7	EUUL1
EUUL3	EUUL5	EUUL7	EUUM1	EUUM3	EUUM5
EUUM7	EUUN1	EUUN3	EUUN5	EUUN7	EUUR8
EUURJ	EUUS8	EUUSJ	EUUT8	EUUTJ	EUUU8
EUUUJ	EUUV8	EUUVJ	EUW	HKTJS	HKTJX
HKTLS	PR9SX	SLHA1	SLHA3	SLHA5	SLHA7
SLHB1	SLHB3	SLHB5	SLHB7	SLHC1	SLHC3
SLHC5	SLHC7	SLHD1	SLHD3	SLHD5	SLHD7
SLHE1	SLHE3	SLHE5	SLHE7	TKTPX	TMECS
TNJZX	TNT3X	TNT4X	TNT8X	TUTPX	TVJ7X
TVJPX	TVJQX	TVJRX	TVJSX	TYF8S	TYF8X
TYFLS	TYFLX	TYFMS	TYFMX	TYFNX	TYFOX
TYFPX	TYFQX	TYFRX	TYFSX	TYFTX	TYFUX
TYFVS	TYFVX	TYFWS	TYFWX	TZGHX	

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(1) Qualifying Services (Cont'd)

(b) Rate Elements Included (Cont'd)

All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in this Section (F)(1) shall not be eligible for inclusion as Qualifying Services under this Option 31. If the Telephone Company, subsequent to December 9, 2009, determines that one or more USOC(s) were omitted from the preceding list in error, the Telephone Company shall amend the list to include such USOC(s) for all purposes hereunder. If the Telephone Company replaces or changes any of the USOC(s) listed preceding, or creates any new USOC(s), in each case that fit within the description of the Qualifying Services set forth in this (F)(1), the Telephone Company shall amend the list preceding to include such USOC(s) for all purposes hereunder as of the date of the replacement, changing or creation of such USOC(s), as applicable. If the rates or terms and conditions of a Qualifying Service under this tariff, FCC1, (x)
FCC11 or FCC16 are amended from time to time, such amended rates or terms and conditions shall apply (x)
herein upon the effectiveness of such tariff amendment; provided, however, that if such amendment results in the exclusion of such Qualifying Services from the TBR for Qualifying Services and IOF TBR for Qualifying Services, irrespective of whether such excluded Qualifying Services continue to be provided under this tariff subject to comparable discounts as provided under this Option 31, taken in its entirety, the Telephone Company shall adjust the TBR for Qualifying Services and IOF TBR for Qualifying Services in a manner consistent with the methodology utilized for a sale of a Verizon operating telephone company in (I) following where such Qualifying Services that are excluded from the TBR for Qualifying Services and IOF TBR for Qualifying Services are deemed to no longer be provided by the Telephone Company as of the effectiveness of such tariff amendment or, if mutually agreed to by the customer and the Telephone Company in each of their sole discretion, in a manner mutually agreed upon by the parties; and provided further, however, that if the customer and the Telephone Company do not mutually agree on a different methodology, the methodology set forth in this Section (F)(1)(b) shall apply in all respects. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(1) Qualifying Services (Cont'd)

(b) Rate Elements Included (Cont'd)

Notwithstanding the foregoing, if: (i) the Telephone Company and the customer are not able to mutually agree on a manner in which to adjust the TBR for Qualifying Services and IOF TBR for Qualifying Services as provided for preceding; (ii) the customer is not satisfied in its sole discretion with utilizing the methodology provided for in this Section (F)(1)(b); and (iii) the MRCs for Qualifying Services excluded from the TBR for Qualifying Services and IOF TBR for Qualifying Services are greater than thirty percent (30%) of either of the MRCs included in the TBR for Qualifying Services or IOF TBR for Qualifying Services based upon the MRCs included in the month prior to such amendment, the customer may terminate its subscription to this Option 31 by providing written notice of termination within ninety (90) calendar days of the date of such amendment, such termination to be effective as of the date of such amendment, subject to the following conditions: (a) Termination of this Option 31 shall be deemed to be an automatic termination of Option 59 of FCC1 and (x)
Option 57 of FCC11; (b) the customer will not be entitled to the payment of any additional Billing Credits, pro (x)
rated or otherwise, after the date of such amendment; (c) the customer, to the extent it desires to do so, may convert at its own cost and consistent with normal process for converting Special Access Services to UNEs, any remaining in-service Qualifying Services converted from DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs pursuant to the requirements of (F)(3)(a)(1) following back to DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs; and (d) the customer shall not be liable for any termination liability payment as provided for in (J) following. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(1) Qualifying Services (Cont'd)

(c) Revenues Included in Calculation of TBR for Qualifying Services and IOF TBR for Qualifying Services

The customer's TBR for Qualifying Services and IOF TBR for Qualifying Services shall include only MRC amounts which are paid in full by the customer.

(1) For purposes of this Option 31, **MRCs** shall mean the revenues from the billed monthly recurring charges, net of any discounts given under existing pricing plans, if applicable, for the Qualifying Services billed during the Service Period under the USOCs set forth in (F)(1)(b) preceding, and excluding Disputed Charges; provided, however, that certain minimum period charges and early termination charges (as specifically described in Sections 3.2.4 and 5.6.19(M) preceding of this tariff, Sections 7.4.4, 7.4.13(D), 7.4.17(D), 25.1.10, and 25.2.3 of FCC1, Sections 7.4.4, 7.4.10(C), and 25.1.12 of FCC11, and Sections 7.2.2 and 7.2.6(E) of FCC16) based solely on unpaid MRCs shall be included as MRCs solely in each of the months included in the calculation of the minimum period charges and/or early termination charges in an amount equal to such charges. (x) (x)

(2) For purposes of this Option 31, **Disputed Charges** shall mean MRCs for the Qualifying Services billed during the Service Period, which amounts are under dispute by the customer and have been paid in full by the customer, as of the forty-fifth (45th) calendar day following the end of each of the first five (5) Plan Years during the Service Period in accordance with (F)(2) following. Amounts which have not been paid in full, as of the forty-fifth (45th) calendar day following the end each of the first five (5) Plan Years during the Service Period (regardless of whether or not such amounts are under dispute by the customer), shall not be included in either the TBR for Qualifying Services or the IOF TBR for Qualifying Services for the applicable Plan Year.

(3) For purposes of this Option 31, "paid in full" shall mean that the customer has paid the billed amount without any offsets or reductions from the billed amount, in accordance with the terms of this tariff, FCC1, FCC11 and FCC16, as applicable. In the event that the customer disputes some but not all charges on its monthly bill from the Telephone Company, the charges that are not disputed shall, upon payment thereof, be considered "paid in full" for purposes of this Option 31. (x)

(4) For purposes of determining the MRCs included in the Calculation of TBR for Qualifying Services and IOF TBR for Qualifying Services, no MRCs for Qualifying Services originally ordered and placed in service as UNEs prior to October 1, 2009 and converted from DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs pursuant to the requirements of (F)(3)(a)(1) following shall be included. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(1) Qualifying Services (Cont'd)

(d) Additional Revenues Not Included in Calculation of TBR for Qualifying Services or IOF TBR for Qualifying Services

TBR for Qualifying Services and IOF TBR for Qualifying Services do not include any revenues other than the revenues as set forth in (F)(1) preceding, and the following types of charges are not included:

(1) non-recurring charges;

(2) surcharges;

(3) taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(4) service or administrative fees or charges imposed by the Telephone Company (e.g., Interest penalty, late payment penalty);

(5) except for minimum period or early termination charges as specified in ((F)(1)(c)(1)) preceding, any other charges which are not applied on a monthly recurring basis;

(6) credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services;

(7) any debits or credits for Services rendered in prior Quarters or periods prior to December 31, 2009;

(8) fractional debit/credit amount;

(9) Shortfall or overage charges associated with term plan true-ups; (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(1) Qualifying Services (Cont'd)

(d) Additional Revenues Not Included in Calculation of TBR for Qualifying Services or IOF TBR for Qualifying Services (Cont'd)

(10) minimum period charges other than as set forth in (F)(1)(c)(1) preceding;

(11) any Disputed Charges**;**

(12) termination liabilities other than as set forth in (F)(1)(c)(1) preceding; or

(13) Billing Credits/adjustments.

As an example of inclusion of minimum period and termination liability as a MRC, if a Qualifying Service with a three year term commitment commencing on December 31, 2009, has a $200 MRC, and a minimum period charge of 100% for the first year of the commitment period and 25% for the balance of the commitment period is terminated at the end of month eleven (11) of the first year of the commitment period/Plan Year 1, for purposes of calculating the TBR for Qualifying Services and IOF TBR for Qualifying Services, and provided such amounts are billed and paid in full, $200 shall be included as a MRC in respect of month twelve (12) of Plan Year 1 and $50 shall be included as a MRC for each of the months for Plan Years 2 and 3 as if paid in full in such months.

(2) Calculation of TBR and IOF/TBR Credit

(a) Calculation of the TBR for Qualifying Services and IOF TBR for Qualifying Services at the End of Each of the First Five (5) Plan Years During the Service Period

(1) No later than the sixtieth (60th) calendar day following the end of each of the first five (5) Plan Years during the Service Period, the Telephone Company shall calculate the total TBR for Qualifying Services and IOF TBR for Qualifying Services (i.e., by calculating the total MRCs for Qualifying Services, which MRCs for Qualifying Services shall not include any Disputed Charges) achieved by the customer during the applicable Plan Year during the Service Period in accordance with the terms and condition set forth in this Option 31. Subject to any reductions and adjustments as set forth herein, the customer shall be eligible to receive the applicable IOF/TBR Credit set forth in the IOF/TBR Credit Table for the applicable Plan Year (**IOF/TBR Credit**), which IOF/TBR Credit may be $0 or $0.2M or more depending on the customer's TBR for Qualifying Services and IOF TBR for Qualifying Services during each Plan Year during the Service Period. (N)

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(2) Calculation of TBR and IOF/TBR Credit (Cont'd)

(a) Calculation of the TBR for Qualifying Services and IOF TBR for Qualifying Services at the End of Each of the First Five (5) Plan Years During the Service Period (Cont'd)

(2) The TBR for Qualifying Services shall include all eligible monthly recurring Special Access DS1 and DS3 revenues for the USOCs listed in (F)(1)(b)(1) and (F)(1)(b)(2) preceding of this Option 31. The Special Access DS1 and DS3 monthly recurring revenues carrying any USOCs not listed in (F)(1)(b)(1) or (F)(1)(b)(2) preceding of this Option 31 will not be included. Non-Special Access DS1 and DS3 services carrying any of the USOCs listed in (F)(1)(b)(1) or (F)(1)(b)(2) preceding of this Option 31 will also not be included.

The IOF TBR for Qualifying Services shall include all eligible monthly recurring Special Access DS1 and DS3 revenues for the USOCs listed in (F)(1)(b)(1) preceding of this Option 31. The Special Access DS1 and DS3 monthly recurring revenues not carrying one of the USOCs listed in (F)(1)(b)(1) preceding of this Option 31 will not be included. Non-Special Access DS1 and DS3 services carrying any of the USOCs listed in (F)(1)(b)(1) preceding of this Option 31 will also not be included.

(3) In order to calculate the applicable IOF/TBR Credit for the Plan Year, the Telephone Company will locate the customer's TBR for Qualifying Services and IOF TBR for Qualifying Services in the IOF/TBR Credit Table for the applicable Plan Year as set forth in (F)(2)(a)(6) following under the headings "TBR for Qualifying Services" and "IOF TBR for Qualifying Services," respectively. The IOF/TBR Credit (if any) that the customer is eligible to receive is set forth in the cell where the TBR for Qualifying Services and the IOF TBR for Qualifying Services intersect on the IOF/TBR Credit Table for the applicable Plan Year. If the customer has not achieved both a TBR for Qualifying Services and an IOF TBR for Qualifying Services that intersect in one of the cells of the IOF/TBR Credit Table for the applicable Plan Year, then the customer shall not receive any Billing Credit (i.e., a Billing Credit of $0).

(4) The Telephone Company shall credit the customer's BANs with the applicable IOF/TBR Credit as determined in accordance with the terms of this Option 31 on the next billing cycle after the sixty (60) calendar day calculation period provided there are at least ten (10) business days before the close of the next billing cycle. If there are not at least ten (10) business days before the close of the next billing cycle, then such credit shall be applied in the following billing cycle. The IOF/TBR Credits will be provided only in the MSAs that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC1 and FCC11. In no event will the customer be eligible for any IOF/TBR Credit unless both their TBR for Qualifying Services and IOF TBR for Qualifying Services intersect in one of the cells set forth in the IOF/TBR Credit Table following for the applicable Plan Year. (x) (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(2) Calculation of TBR and IOF/TBR Credit (Cont'd)

(a) Calculation of the TBR for Qualifying Services and IOF TBR for Qualifying Services at the End of Each of the First Five (5) Plan Years During the Service Period (Cont'd)

(5) Illustrative Example

The following example illustrates the calculation of the TBR for Qualifying Services, the IOF TBR for Qualifying Services, and the IOF/TBR Credit:

First assume in Plan Year 1, the customer's eligible monthly recurring Special Access DS1 and DS3 revenues as described in (F)(1)(a), (F)(1)(b)(1) and (F)(1)(b)(2) preceding are $85M.

Further assume in Plan Year 1, the customer's eligible monthly recurring IOF Special Access DS1 and DS3 revenues as described in (F)(1)(a) and (F)(1)(b)(1) preceding are $21M.

Further assume that the amount of Qualifying Services still under dispute forty five (45) calendar days after the end of Plan Year 1 is $1M, none of which relate to IOF Special Access DS1 and DS3 revenues as described in (F)(1)(a) and (F)(1)(b)(1) preceding.

Further assume that the amount of eligible total minimum period and/or early termination charges as described in (F)(1)(c)(1) preceding and applied in Plan Year 1 is $500,000.

Further assume that the amount of eligible IOF minimum period and/or early termination charges as described in (F)(1)(c)(1) preceding is $200,000.

The Telephone Company shall calculate the TBR for Qualifying Services by (i) subtracting the Disputed Charges from the eligible monthly recurring Special Access DS1 and DS3 revenues described in (F)(1)(a), (F)(1)(b)(1) and (F)(1)(b)(2) preceding and (ii) adding the total minimum period and/or early termination charges in manner described in (F)(1)(c)(1) preceding. [($85M - $1M) + $500,000 = $84.5M]

The Telephone Company shall calculate the IOF TBR for Qualifying Services by adding the eligible monthly recurring IOF Special Access DS1 and DS3 revenues described in (F)(1)(a) and (F)(1)(b)(1) preceding to the eligible IOF minimum period and/or early termination charges in the manner described in (F)(1)(c)(1) preceding. [$21M + $200,000 = $21.2M] (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(2) Calculation of TBR and IOF/TBR Credit (Cont'd)

(a) Calculation of the TBR for Qualifying Services and IOF TBR for Qualifying Services at the End of Each of the First Five (5) Plan Years During the Service Period (Cont'd)

(5) Illustrative Example (Cont'd)

The Telephone Company shall calculate the IOF/TBR Credit by finding the cell in the Plan Year 1 IOF/TBR Credit Table where the TBR for Qualifying Services amount ($84.5M) and the IOF TBR for Qualifying Services amount ($21.2M) intersect, which would be $500,000.

(6) IOF/TBR Credit Tables

(a) Plan Year 1 IOF/TBR Credit Table

Plan Year 1 IOF TBR for Qualifying Services	TBR for Qualifying Services					
	$83.0M to $84.99M	$85.0M to $87.99M	$88.0M to $90.99M	$91.0M to $93.99M	$94.0M to $96.99M	$97.0M and Over
$20.4M - $20.89M	$0.20M	$0.50M	$1.25M	$2.00M	$2.75M	$3.50M
$20.9M - $21.39M	$0.50M	$0.80M	$1.55M	$2.30M	$3.05M	$3.80M
$21.4M - $21.89M	$0.80M	$1.10M	$1.85M	$2.60M	$3.35M	$4.10M
$21.9M - $22.89M	$1.05M	$1.35M	$2.10M	$2.85M	$3.60M	$4.35M
$22.9M and Over	$1.55M	$1.85M	$2.60M	$3.35M	$4.10M	$4.85M

(b) Plan Year 2 IOF/TBR Credit Table

Plan Year 2 IOF TBR for Qualifying Services	TBR for Qualifying Services					
	$90.4M to $92.39M	$92.4M to $95.39M	$95.4M to $98.39M	$98.4M to $101.39M	$101.4M to $104.39M	$104.4M and Over
$21.7M - $22.19M	$0.30M	$0.60M	$1.35M	$2.10M	$2.85M	$3.60M
$22.2M - $22.69M	$0.60M	$0.90M	$1.65M	$2.40M	$3.15M	$3.90M
$22.7M - $23.19M	$0.90M	$1.20M	$1.95M	$2.70M	$3.45M	$4.20M
$23.2M - $24.19M	$1.20M	$1.50M	$2.25M	$3.00M	$3.75M	$4.50M
$24.2M and Over	$1.80M	$2.10M	$2.85M	$3.60M	$4.35M	$5.10M (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(2) Calculation of TBR and IOF/TBR Credit (Cont'd)

(a) Calculation of the TBR for Qualifying Services and IOF TBR for Qualifying Services at the End of Each of the First Five (5) Plan Years During the Service Period (Cont'd)

(6) IOF/TBR Credit Tables (Cont'd)

(c) Plan Year 3 IOF/TBR Credit Table

Plan Year 3 IOF TBR for Qualifying Services	TBR for Qualifying Services $98.2M to $100.19M	$100.2M to $103.19M	$103.2M to $106.19M	$106.2M to $109.19M	$109.2M to $112.19M	$112.2M and Over
$23.5M - $23.99M	$0.40M	$0.70M	$1.45M	$2.20M	$2.95M	$3.70M
$24.0M - $24.49M	$0.70M	$1.00M	$1.75M	$2.50M	$3.25M	$4.00M
$24.5M - $24.99M	$1.00M	$1.30M	$2.05M	$2.80M	$3.55M	$4.30M
$25.0M - $25.99M	$1.30M	$1.60M	$2.35M	$3.10M	$3.85M	$4.60M
$26.0M and Over	$1.90M	$2.20M	$2.95M	$3.70M	$4.45M	$5.20M

(d) Plan Year 4 IOF/TBR Credit Table

Plan Year 4 IOF TBR for Qualifying Services	TBR for Qualifying Services $107.2M to $109.19M	$109.2M to $112.19M	$112.2M to $115.19M	$115.2M to $118.19M	$118.2M to $121.19M	$121.2M and Over
$25.7M - $26.19M	$1.05M	$1.35M	$2.10M	$2.85M	$3.60M	$4.35M
$26.2M - $26.69M	$1.35M	$1.65M	$2.40M	$3.15M	$3.90M	$4.65M
$26.7M - $27.19M	$1.65M	$1.95M	$2.70M	$3.45M	$4.20M	$4.95M
$27.2M - $28.19M	$1.95M	$2.25M	$3.00M	$3.75M	$4.50M	$5.25M
$28.2M and Over	$2.55M	$2.85M	$3.60M	$4.35M	$5.10M	$5.85M

(e) Plan Year 5 IOF/TBR Credit Table

Plan Year 5 IOF TBR for Qualifying Services	TBR for Qualifying Services $116.7M to $118.69M	$118.7M to $121.69M	$121.7M to $124.69M	$124.7M to $127.69M	$127.7M to $130.69M	$130.7M and Over
$28.0M - $28.49M	$2.00M	$2.30M	$3.05M	$3.80M	$4.55M	$5.30M
$28.5M - $28.99M	$2.30M	$2.60M	$3.35M	$4.10M	$4.85M	$5.60M
$29.0M - $29.49M	$2.60M	$2.90M	$3.65M	$4.40M	$5.15M	$5.90M
$29.5M - $30.49M	$2.90M	$3.20M	$3.95M	$4.70M	$5.45M	$6.20M
$30.5M and Over	$3.50M	$3.80M	$4.55M	$5.30M	$6.05M	$6.80M

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit

(a) Conditions Precedent to UNE Conversion Credit

Subject to the provisions of (F)(3)(a)(1) following related to the conversion of DS1 and DS3 Unbundled Transport, DS1 and DS3 Unbundled Loops, DS1 and DS3 EELs, and DS1 and DS3 Commingled EELs to Special Access Qualifying Services, the customer shall be eligible to receive a UNE Conversion Credit.

(1) UNE Conversion Requirements

In order to qualify for the UNE Conversion Credit, the customer must satisfy all of the following criteria:

(a) Request conversion, such conversion to be effective as of December 31, 2009, of a minimum of seventy-five percent (75%) of each of the customer's in-service DS1 and DS3 Unbundled Transport, DS1 and DS3 Unbundled Loops, DS1 and DS3 EELs, and DS1 and DS3 Commingled EELs, as well as for any in-progress orders for the same to be installed after December 31, 2009, in which case such conversion shall be effective as of the actual install date, to Qualifying Services of an equivalent configuration and equivalent number; and

(b) Agree that the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11, which such subscription shall specify the percentage of each of the customer's in-service DS1 and DS3 Unbundled Transport, DS1 and DS3 Unbundled Loops, DS1 and DS3 EELs, and DS1 and DS3 Commingled EELs, as well as for any in-progress orders for the same to be installed after December 31, 2009, that the customer desires to convert to Qualifying Services, constitutes the customer's authorization of the conversions in (a) preceding to occur contemporaneously with the effectiveness of such subscription as well as providing for the same billing effective date as the effective date of such subscription or, for those in-progress orders, the actual install date; and (x) (x)

(c) The customer may not purchase any DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, or DS1 or DS3 Commingled EELs on or after December 31, 2009 through and including the end of Plan Year 5; provided that any orders for any of the preceding shall be handled in accordance with (F)(3)(f) following.

(2) UNE Conversion Credit Amount

The UNE Conversion Credit shall be calculated, beginning with the month immediately following the month in which the requirements set forth in (F)(3)(a) preceding are satisfied, as described in more detail in (F)(3)(b) following. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(b) Calculation of UNE Conversion Credit

The UNE Conversion Credit shall be comprised of credit amounts or debit amounts, as applicable, for each Qualifying Service associated with a specific circuit ID (i.e., the Qualifying Service specific circuit ID that replaces the specific circuit ID for DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loop, DS1 or DS3 EEL and/or DS1 or DS3 Commingled EEL that was converted pursuant to the requirements of (F)(3)(a)(1) preceding) that remains in service during any month of the Service Period, as calculated in accordance with this Section (F)(3)(b).

(1) In order to determine the UNE Conversion Credit to be applied during each Quarter during the Service Period, the Telephone Company shall first calculate the aggregate monthly recurring revenue for September 2009 at a circuit ID level and specifically including all UNE Rate Element Monthly Recurring Charges (as reflected in Column A in the UNE Conversion Credit Support Table set forth in (F)(3)(b)(6) following) for such circuit IDs (**UNE Circuit Base MRCs**). The UNE Rate Elements reflected in Column A include only the DS1 or DS3 Unbundled Loops, DS1 or DS3 Unbundled Transport, DS1 or DS3 EELs, or DS1 or DS3 Commingled EELs being converted pursuant to the requirements of (F)(3)(a)(1) preceding.

(2) At the end of each month during the Service Period, the Telephone Company shall calculate the aggregate MRCs for such month, by circuit ID, associated with the remaining in-service Qualifying Services (i.e., the DS1 or DS3 Unbundled Loop, DS1 or DS3 Unbundled Transport, DS1 or DS3 EEL, and DS1 or DS3 Commingled EEL converted to Qualifying Services pursuant to (F)(3)(a)(1) preceding that remain in-service during that month) and specifically including all Special Access Rate Element Monthly Recurring Charges (as reflected in Column B in the UNE Conversion Credit Support Table set forth in (F)(3)(b)(6) following) billing under such circuit IDs (**Qualifying Service Circuit MRCs**).

(3) The Telephone Company shall then calculate the difference, whether positive or negative, between each of the Qualifying Service Circuit MRCs and the corresponding UNE Circuit Base MRCs for such month.

(4) The Telephone Company shall then determine the UNE Conversion Credit for such month by aggregating all amounts, whether positive or negative, calculated in (3) preceding and multiplying such amount by: (i) one hundred percent (100%) for Plan Years 1 and 2; (ii) ninety percent (90%) for Plan Year 3; (iii) eighty-five percent (85%) for Plan Year 4; and (iv) seventy-five percent (75%) for Plan Years 5 and 6.

(5) The UNE Conversion Credit to be applied to the customer's BANs for each Quarter of the Service Period is equal to the sum of the UNE Conversion Credits calculated in (4) preceding for each month of such Quarter. (N)

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(b) Calculation of UNE Conversion Credit (Cont'd)

(6) UNE Conversion Credit Support Table

Column A UNE Rate Element Monthly Recurring Charges	Column B Special Access Rate Element Monthly Recurring Charges
Loop (stand alone or as a part of an EEL arrangement), EEL Loop Test, Clear Channel, SS7, Fixed Mileage (stand alone or as a part of an EEL arrangement), Per Mile Mileage (stand alone or as a part of an EEL arrangement), and Multiplexing. USOCs Included: 69420 69479 EUW U4D1X ULC1X CCO URC7G URCTB U4D3X ULC3X EU4PF URC7H 1UMYS TRG ULYXX 1LFSX ULNXS ULYHX ULNHS ULYJX ULNJS MQ1 UM4CX M6W0U MQ3 UM43X M6W3U	As specified in (F)(1)(b)(1) and (F)(1)(b)(2) preceding.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(b) Calculation of UNE Conversion Credit (Cont'd)

(7) Illustrative Example of Calculations Described in (F)(3)(b) Preceding for Quarter 3 of Plan Year 3 Assuming Three (3) UNE Circuits Originally Converted to Qualifying Services

In order to establish the UNE Circuit Base MRCs for the each of the three (3) UNE circuits converted pursuant to the requirements of (F)(3)(a)(1) preceding, assume the following:

(a) During the month of September 2009, the customer had three (3) UNE circuit IDs, one configured as a DS1 Unbundled Loop UNE, one as a DS1 Unbundled Transport UNE, and one as an EEL. The monthly charges at a circuit level for each such UNE circuit ID using the applicable UNE Rate Element Monthly Recurring Charges associated with the USOCs listed in Column A of the UNE Conversion Credit Support Table set forth in (F)(3)(b)(6) preceding were as follows:

Circuit ID #1
A DS1 Unbundled Loop UNE billing a total of $90 (comprised of $89 for USOC U4D1X and $1 for USOC URCTB)

Circuit ID #2
A DS1 Unbundled Transport UNE billing a total of $100 (comprised of $100 for USOC 1UMYS)

Circuit ID #3
A DS1 EEL billing a total of $190 (comprised of $89 for USOC U4D1X, $1 for USOC URCTB, $2 for USOC URC7G, and $98 for USOC 1UMYS)

(b) Each of the three (3) UNE circuits associated with circuit IDs #1, #2, and #3 preceding was converted to a Qualifying Service with new circuit IDs #1A, #2A and #3A, respectively, for each such resultant Qualifying Service. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(b) Calculation of UNE Conversion Credit (Cont'd)

(7) Illustrative Example of Calculations Described in (F)(3)(b) Preceding for Quarter 3 of Plan Year 3 Assuming Three (3) UNE Circuits Originally Converted to Qualifying Services (Cont'd)

(c) During the months of April, May and June, 2012, the monthly recurring charges at the circuit level for such Qualifying Services (Circuit IDs #1A, #2A and #3A) using the applicable Special Access Rate Element Monthly Recurring Charges associated with the USOCs cross-referenced in Column B of the UNE Conversion Credit Support Table set forth in (F)(3)(b)(6) preceding (Qualifying Service Circuit MRCs) was as follows:

April 2012:

Circuit ID #1A
A Special Access DS1, consisting of a Channel Termination, billing a total of $180 (comprised of $180 for USOC TMECS)

Circuit ID #2A
A Special Access DS1, consisting of Channel Mileage, billing a total of $110 (comprised of $110 for USOC 1T58S)

Circuit ID #3A
A Special Access DS1, consisting of a Channel Termination and Channel Mileage, billing a total of $280 (comprised of $180 for USOC TMECS and $100 for USOC 1T58S)

May 2012:
Assume a monthly recurring rate decrease occurred for the rates billed under the TMECS and 1T58S USOCs resulting in the following reduced billing associated with the three Circuit IDs for May 2012:

Circuit ID #1A
Total billing is reduced from $180 to $170

Circuit ID #2A
Total billing is reduced from $110 to $107

Circuit ID #3A
Total billing is reduced from $280 to $267 (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(b) Calculation of UNE Conversion Credit (Cont'd)

(7) Illustrative Example of Calculations Described in (F)(3)(b) Preceding for Quarter 3 of Plan Year 3 Assuming Three (3) UNE Circuits Originally Converted to Qualifying Services (Cont'd)

(c) (Cont'd)

June 2012:
Assume the customer disconnected Circuit ID #3A resulting in the following:

Circuit ID #1A
Billing remains at $170

Circuit ID #2A
Billing remains at $107

Circuit ID #3A
No longer eligible for UNE Conversion Credit (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(b) Calculation of UNE Conversion Credit (Cont'd)

(7) Illustrative Example of Calculations Described in (F)(3)(b) Preceding for Quarter 3 of Plan Year 3 Assuming Three (3) UNE Circuits Originally Converted to Qualifying Services (Cont'd)

Based on the above monthly recurring charges, the Telephone Company will calculate the UNE Conversion Credit for each such Qualifying Service that remains in-service by:

Step 1
Calculating for each circuit the difference between the monthly recurring billed amount as a Qualifying Service (**Qualifying Service Circuit MRCs**) and the monthly recurring billed amount as UNE in September 2009 for the comparable UNE circuit (**UNE Circuit Base MRCs**):

	Charges As Qualifying Service	Charges As UNE in September 2009	Difference
April 2012:			
Circuit ID #1/1A	$180	$90	$ 90
Circuit ID #2/2A	$110	$100	$ 10
Circuit ID #3/3A	$280	$190	$ 90
Total			$190
May 2012:			
Circuit ID #1/1A	$170	$90	$ 80
Circuit ID #2/2A	$107	$100	$ 7
Circuit ID #3/3A	$267	$190	$ 77
Total			$164
June 2012:			
Circuit ID #1/1A	$170	$90	$ 80
Circuit ID #2/2A	$107	$100	$ 7
Circuit ID #3/3A	No longer eligible for UNE Conversion Credit		$ 0
Total			$ 87 (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(b) Calculation of UNE Conversion Credit (Cont'd)

(7) Illustrative Example of Calculations Described in (F)(3)(b) Preceding for Quarter 3 of Plan Year 3 Assuming Three (3) UNE Circuits Originally Converted to Qualifying Services (Cont'd)

Step 2
Calculate the UNE Conversion Credit for the three (3) Qualifying Services for the Quarter by aggregating all amounts calculated in Step 1 preceding and multiplying such amount by the Plan Year 3 percentage of 90% (all amounts are rounded to the nearest dollar)

	Total Difference	Plan Year 3 Percentage Multiplier	UNE Conversion Credit
April 2012:			
Month 1	$190	x 90%	$171
Month 2	$164	x 90%	$148
Month 3	$ 87	x 90%	$ 78
Total			$397

The customer is owed, subject to the terms and conditions of this Option 31, including this Section (F)(3), a UNE Conversion Credit for the three (3) Qualifying Services for Quarter 3 of Plan Year 3 of $397.00.

(c) Revenues Included in Calculation of UNE Conversion Credits

In calculating the UNE Conversion Credit, only MRC amounts which are paid in full by the customer shall be included in the calculation set forth in (F)(3)(b)(4) preceding.

(1) For purposes of this Option 31, "**MRCs**" shall mean the revenues from the billed monthly recurring charges, net of any discounts given under existing pricing plans, if applicable, for the Qualifying Services billed during the Service Period under the USOCs set forth in (F)(1)(b) preceding, and excluding Disputed Charges; provided, however, that certain minimum period charges and early termination charges (as specifically described in Sections 3.2.4 and 5.6.19(M) preceding of this tariff, Sections 7.4.4, 7.4.13(D), 7.4.17(D), 25.1.10, and 25.2.3 of FCC1, Sections 7.4.4, 7.4.10(C), and 25.1.12 of FCC11, and Sections 7.2.2 and 7.2.6(E) of FCC16) based solely on unpaid MRCs shall be included as MRCs solely in each of the months included in the calculation of the minimum period charges and/or early termination charges in an amount equal to such charges. (x) (x) (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(c) Revenues Included in Calculation of UNE Conversion Credits (Cont'd)

(2) For purposes of this Option 31, "**Disputed Charges**" shall mean MRCs for the Qualifying Services billed during the Service Period, which amounts are under dispute by the customer and have been paid in full by the customer, as of the forty-fifth (45th) calendar day following the end of each of the Plan Years during the Service Period in accordance with this Section (F)(3). Amounts which have not been paid in full, as of the forty-fifth (45th) calendar day following the end each of the Plan Years during the Service Period (regardless of whether or not such amounts are under dispute by the customer), shall not be included when determining the UNE Conversion Credit.

(3) For purposes of this Option 31, "paid in full" shall mean that the customer has paid the billed amount without any offsets or reductions from the billed amount, in accordance with the terms of this tariff, FCC1, FCC11 and FCC16, as applicable. In the event that the customer disputes some but not all charges on an invoice, the charges that are not disputed shall, upon payment thereof, be considered "paid in full" for purposes of this Option 31. (x)

(4) For purposed of determining the UNE Conversion Credit, the UNE Conversion Credit shall not include in its calculation MRCs for Qualifying Services originally ordered and placed in service as UNEs on or after October 1, 2009 and that were converted from DS1 and DS3 Unbundled Transport, DS1 and DS3 Unbundled Loops, DS1 and DS3 EELs and/or DS1 and DS3 Commingled EELs pursuant to the requirements of (F)(3)(a)(1) preceding. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd)

(N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(d) Additional Revenues Not Included in Calculation of UNE Conversion Credits

TBR for Qualifying Services and IOF TBR for Qualifying Services do not include any revenues other than the revenues as set forth in (F)(1) preceding, and the following types of charges are not included:

(1) non-recurring charges;
(2) surcharges;
(3) taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);
(4) service or administrative fees or charges imposed by the Telephone Company (e.g., Interest penalty, late payment penalty);
(5) except for minimum period or early termination charges as specified in (F)(1)(c)(1) preceding, any other charges which are not applied on a monthly recurring basis;
(6) credits or adjustments provided by Verizon that apply to any period other than the Service Period and to any services other than the Qualifying Services;
(7) any debits or credits for Services rendered in prior Quarters or periods prior to December 31, 2009;
(8) fractional debit/credit amounts;
(9) Shortfall or overage charges associated with term plan true-ups;
(10) minimum period charges other than as set forth in (F)(1)(c)(1) preceding;
(11) any Disputed Charges**;**
(12) termination liabilities other than as set forth in (F)(1)(c)(1) preceding; or
(13) Billing Credits/adjustments.

(e) Payment of UNE Conversion Credit

If the customer is eligible for a UNE Conversion Credit as set forth in this Option 31, then no later than the sixtieth (60th) calendar day following the end of each Quarter during each Plan Year during the Service Period, the Telephone Company shall calculate the aggregate UNE Conversion Credit earned for the previous Quarter and, subject to the terms of this Option 31, credit the customer's BANs with the UNE Conversion Credit as determined in accordance with the terms of this Option 31 on the next billing cycle after the sixty (60) calendar day calculation period provided there are at least ten (10) business days before the next billing cycle. If there are not at least ten (10) business days before the close of the next billing cycle, such credit shall be applied in the following billing cycle. The UNE Conversion Credit will be provided only in the MSAs that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC1 and FCC11. Notwithstanding any other provisions of this Option 31 to the contrary, the Telephone Company and the customer acknowledge and agree that the conversions of circuits pursuant to (F)(3)(a)(1) preceding may not have been completed in time to satisfy the conditions necessary to be able to accurately and fully calculate the UNE Conversion Credit in connection with the first four (4) Quarters in which such UNE Conversion Credit will be due and payable on the timing set forth in this Section (F)(3)(e). Accordingly, the Telephone Company and the customer acknowledge and agree that one or more true-ups may be required during the first four (4) Quarters in which such UNE Conversion Credit will be due and payable to effectuate the accurate payment of the UNE Conversion Credit as contemplated by this Option 31. (x) (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

(This page filed under Transmittal No. 1056.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(F) Terms and Conditions (Cont'd)

(3) UNE Conversion Credit (Cont'd)

(f) Orders for Unbundled Network Elements After December 31, 2009

The customer, as a material condition of the Telephone Company providing the UNE Conversion Credit, may not purchase any DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, or DS1 or DS3 Commingled EELs from any of operating territories of this tariff, FCC1, FCC11 or FCC16 during the first five (5) Plan Years of the Service Period. Accordingly, the Telephone Company and the customer agree that any orders for DS1 or DS3 Unbundled Loops, DS1 or DS3 Unbundled Transport, DS1 or DS3 EELs, or DS1 or DS3 Commingled EELs that occur on or after December 31, 2009 through and including the end of Plan Year 5 are errors and shall be treated for all purposes as if initially ordered as Qualifying Services. If either Party discovers that DS1 or DS3 Unbundled Loop, DS1 or DS3 Unbundled Transport, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs have been ordered by the customer through and including the end of Plan Year 5, such Party shall notify the other Party and the customer shall promptly request conversion of such DS1 or DS3 Unbundled Loop, DS1 or DS3 Unbundled Transport, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs to a Qualifying Service, which such conversion shall be completed at no charge to the customer. The Telephone Company shall reasonably assist in this effort. (x)

(G) Disputes, Releases and Waivers

(1) In calculating the Billing Credits, all of the following requirements shall apply:

(a) The Telephone Company shall not include in the calculation of the Billing Credits any Disputed Charges remaining as of the forty-fifth (45th) calendar day following the end of the applicable Quarter (UNE Conversion Credit) or Plan Year (IOF/TBR Credit).

(b) For the purpose of calculating the Billing Credits, the Telephone Company shall not include in MRCs any credits or debits for Services provided during any periods prior to December 31, 2009 (regardless of whether such credits or debits were the result of a valid dispute by the customer or were the result of a billing error by the Telephone Company). (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(G) Disputes, Releases and Waivers (Cont'd)

(1) (Cont'd)

(c) With respect to any dispute for Qualifying Services, the customer must provide sufficient claim detail to enable the Telephone Company to appropriately assess the dispute, including but not limited to, the Billing Account Number (BAN), circuit ID, USOC detail, amount in dispute, appropriate tariff references, and a full explanation regarding why the customer believes it was billed in error.

(d) The customer agrees to undertake a good faith effort to review, within thirty (30) calendar days of receipt, each bill received from the Telephone Company that includes amounts to be included in the TBR for Qualifying Services, the IOF TBR for Qualifying Services or included in the calculation of the UNE Conversion Credit and at such time that the customer determines there is a dispute to promptly raise the dispute(s) with the Telephone Company. The customer is not obligated or required to raise billing disputes within thirty (30) calendar days of receipt of a bill.

(e) Upon resolution of any Disputed Charges, or disputes raised after the issuance of the Billing Credits in respect of amounts included in the TBR for Qualifying Services, the IOF TBR for Qualifying Services or in the calculation of the UNE Conversion Credit, amounts may be credited to the customer if the customer prevails, however notwithstanding anything to the contrary herein, there shall be no adjustment to the Billing Credits, the TBR for Qualifying Services or the IOF TBR for Qualifying Services calculated preceding, and the same shall apply regardless of the outcome of any Disputed Charges.

(f) There will not be any adjustment to the Billing Credits, the TBR for Qualifying Services or the IOF TBR for Qualifying Services if the Telephone Company bills amounts after the determination of the Billing Credits that would have otherwise been included in the TBR for Qualifying Services, the IOF TBR for Qualifying Services or the UNE Conversion Credit calculated preceding.

(g) The Billing Credits as determined by the Telephone Company and agreed to by the customer are not subject to dispute; provided, however, that the foregoing prohibition against disputing the Billing Credits shall not be deemed to apply in a situation where the Telephone Company applies a Billing Credit(s) that does not match the mutually agreed upon Billing Credit(s).

(h) The amount of the Billing Credits shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.4.1 preceding of this tariff, Section 2.4.1 preceding of FCC1, and Section 2.4.1 preceding of FCC11. (x)

(N) (x)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

(This page filed under Transmittal No. 1056.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(H) Mergers and Acquisitions of Customer

In the event that after the date of subscription to this Option 31, the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth in this tariff, FCC1, FCC11 and FCC16. (x)

(1) The customer may not combine or include any revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in the calculation of TBR for Qualifying Services or the IOF TBR for Qualifying Services.

(2) The customer's TBR for Qualifying Services and IOF TBR for Qualifying Services shall be calculated based on its business and revenues with the Telephone Company using the customer ACNAs included with the customer's subscription to this Option 31 under (B)(1) preceding, without adding the revenues and/or ACNAs attributable to expansion of the customer's purchase of Services from the Telephone Company through merger, transfer, assignment, or acquisition.

(3) If the customer intentionally and willfully violates the provisions of this Section (H), the Telephone Company reserves the right to terminate the customer's subscription to this Option 31 without liability.

(4) The customer will provide timely notice to the Telephone Company of any anticipated customer merger, transfer, assignment or acquisition so that each of the customer and the Telephone Company can assess their respective rights and responsibilities under this Option 31. The Telephone Company recognizes that the customer requires the flexibility to manage its business in the manner that it sees fit, including ordering Qualifying Services under the appropriate ACNAs consistent with the manner in which it desires to manage its business. Notwithstanding the manner in which the customer orders Qualifying Services, the customer and the Telephone Company have agreed to the terms set forth in (H)(1) and (H)(2) of this Section (H) for purposes of determining the TBR for Qualifying Services and the IOF TBR for Qualifying Services for each Plan Year after the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company. The customer and the Telephone Company may mutually agree to modify the customer's subscription to the Option 31 to include one or more of the ACNAs and related revenue attributable to expansion of the customer's purchase of Qualifying Services from the Telephone Company as a result of a customer merger, transfer, assignment, or acquisition, with both parties taking into consideration whether such revenues represent new and unanticipated, or existing, revenues to the Telephone Company; provided, however, that if the customer and the Telephone Company do not mutually agree on any such modifications, the terms and conditions of this Section (H) shall apply in all respects and the customer shall use commercially reasonable efforts to provide the Telephone Company the necessary information to calculate the TBR for Qualifying Services and the IOF TBR for Qualifying Services consistent with this Section (H). (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(l) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company of this tariff, FCC1, FCC11 or FCC16 (**Acquired VZ Telco**) are acquired by an unaffiliated third party and Verizon does not provide the Qualifying Services to the customer after such time, then the following terms and conditions shall apply, in addition to any other terms and conditions set forth in this tariff, FCC1, FCC11, or FCC16, as applicable. (x) (x) (x)

(1) Each range or tier of the TBR for Qualifying Services and IOF TBR for Qualifying Services set forth in the IOF/TBR Credit Table for the applicable Plan Year in (F)(2)(a)(6) preceding shall be proportionately reduced by the TBR Acquisition Reduction Amount and IOF TBR Acquisition Amount (each as defined following), respectively; and

(2) All the Billing Credits set forth in the IOF/TBR Credit Table for the applicable Plan Year in (F)(2)(a)(6) preceding shall be reduced by a percentage which shall be calculated by dividing the TBR Acquisition Reduction Amount by $83M if in Plan Year 1, $90.4M if in Plan Year 2, $98.2M if in Plan Year 3, $107.2M if in Plan Year 4, or $116.7M if in Play Year 5.

(a) The TBR Acquisition Reduction Amount for the Plan Year in which the Acquired VZ Telco ceases to provide the Qualifying Services shall be calculated for the Qualifying Services as follows:

(1) calculate the TBR for Qualifying Services purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Acquired VZ Telco ceases to provide the such Services;

(2) calculate the average monthly amount of the TBR for Qualifying Services purchased by the customer from the Acquired VZ Telco by dividing the number in (1) preceding by twelve (12); and

(3) multiply the average monthly amount of the TBR for Qualifying Services calculated in (2) preceding by the number of months remaining in the Plan Year in which the Acquired VZ Telco ceases to provide the Services.

For the remaining Plan Years through and including Plan Year 5, the TBR Acquisition Reduction Amount shall equal the amount calculated in (1) preceding. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

(This page filed under Transmittal No. 1056.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(l) Sale of Verizon Operating Telephone Company (Cont'd)

(2) (Cont'd)

(b) The IOF TBR Acquisition Reduction Amount for the Plan Year in which the Acquired VZ Telco ceases to provide the Services shall be calculated for the Qualifying Services as follows:

(1) calculate the IOF TBR for Qualifying Services purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Acquired VZ Telco ceases to provide the Services;

(2) calculate the average monthly amount of the IOF TBR for Qualifying Services purchased by the customer from the Acquired VZ Telco by dividing the number in (1) preceding by twelve (12) (For purposes of this Option 31, IOF Qualifying Services shall mean the portion of the Qualifying Services billed under the USOCs set forth in (F)(1)(b)(1) preceding); and

(3) multiply the average monthly amount of the IOF TBR for Qualifying Services calculated in (2) preceding by the number of months remaining in the Plan Year in which the Acquired VZ Telco ceases to provide the Services.

For the remaining Plan Years through and including Plan Year 5, the IOF TBR Acquisition Reduction Amount shall equal the amount calculated in (1) preceding.

Illustrative Example:

* Assume Verizon sells Verizon Delaware LLC. Sale is finalized with two (2) months remaining in Plan Year 2.
* Customer's TBR for Qualifying Services purchased by the customer from Verizon Delaware LLC during the previous 12 months = $24M
* Average monthly amount of the TBR for Qualifying Services purchased by the customer from Verizon Delaware LLC = $2M [$24M/12]
* Tiers for the TBR for Qualifying Services for Plan Year 2 are reduced by $4M [$2M x 2 months]
* Tiers for the TBR for Qualifying Services for Plan Years 3 through and including Plan Year 5 are reduced by $24M each year
* The customer's IOF TBR for Qualifying Services purchased by the customer from Verizon Delaware LLC during the previous 12 months = $12M
* Average monthly amount of the IOF Qualifying Services purchased by the customer From Verizon Delaware LLC = $1M [$12M/12]
* Tiers for the IOF TBR for Qualifying Services for Plan Year 2 are reduced by = $2M [$1M x 2]
* Tiers for the IOF TBR for Qualifying Services for Plan Years 3 through and including Plan Year 5 are reduced by $12M each year
* Billing Credits are reduced by 4.4% [$4M / [$90.4M]] for Plan Year 2
* Billing Credits are reduced by 24.4% [$24M/$98.2M], 22.4% [$24M/ $107.2M], and 20.6% [$24M/116.7M] for each of Plan Years 3, 4 and 5, respectively. (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd)

(N)

(I) Sale of Verizon Operating Telephone Company (Cont'd)

(3) The UNE Conversion Credit shall be calculated on and after the closing of such transaction, such that any Qualifying Services converted from DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs pursuant to the requirements of (F)(3)(a)(1) preceding that Verizon no longer provides as a result of such transaction shall be treated as if disconnected by the customer as of the date of such transaction and is no longer eligible for any UNE Conversion Credit.

(4) Notwithstanding anything to the contrary in this Section (I), if an unaffiliated third party (**Third Party Purchaser**) purchases an Acquired VZ Telco on or after June 30, 2011 and does not put in place a comparable contract tariff(s) that, when taken as a whole with this Option 31, Option 59 of FCC1 and Option 57 of FCC11, provides the customer with a comparable: (i) overall deal, including an IOF/TBR Credit, analyzed solely as of the date of the close of such transaction, if such contract tariff(s) were taken together with this Option 31, Option 59 of FCC1 and Option 57 of FCC11 as one deal; (ii) remaining Service Period; and (iii) UNE Conversion Credit for the remaining Service Period, the customer, in its sole discretion, may terminate its subscription to such new contract tariff(s), in which case the customer shall not be bound by the terms of such new contract tariff(s), including any otherwise applicable termination liability, nor entitled to any of the benefits of, such new contract tariff(s), as applicable, and may convert any remaining in-service Qualifying Services converted from DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs to Qualifying Services pursuant to the requirements of Section (F)(3)(a)(1) preceding in the service territory of such Third Party Purchaser, back to DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs, as applicable, with a billing effective date the same as the close of such transaction. (x) (x) (x) (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(J) Termination of Plan

Subject to the terms set forth in this Section (J), the customer may terminate its subscription to this Option 31 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) calendar days prior to the requested date of termination of its subscription to this Option 31. Termination of this Option 31 shall be deemed to be an automatic termination of Option 59 of FCC1 and Option 57 of FCC11. (x)
Excluding a termination solely pursuant to (K) following, if the customer terminates its subscription to this Option 31, and/or Option 59 of FCC1 and/or Option 57 of FCC11 at any time during the Service Period, the customer will not (x)
be entitled to the payment of any additional Billing Credits, pro rated or otherwise, after receipt of notice of termination, and shall pay to the Telephone Company by no later than sixty (60) calendar days after such date of termination if such termination occurs during the first five (5) Plan Years: (i) if terminated during Plan Year 1, an amount equal to one hundred percent (100%) of all Billing Credits paid from December 31, 2009 through and including the termination date, but excluding any UNE Conversion Credits; (ii) if terminated during Plan Year 2, an amount equal to seventy-five percent (75%) of all Billing Credits paid from December 31, 2009 through and including the termination date, but excluding any UNE Conversion Credits; (iii) if terminated during Plan Year 3, an amount equal to fifty percent (50%) of all Billing Credits paid from December 31, 2009 through and including the termination date, but excluding any UNE Conversion Credits; (iv) if terminated during Plan Year 4, an amount equal to twenty-five percent (25%) of all Billing Credits paid from December 31, 2009 through and including the termination date, but excluding any UNE Conversion Credits; and (v) if terminated during Plan Year 5, an amount equal to ten percent (10%) of all Billing Credits paid from December 31, 2009 through and including the termination date, but excluding any UNE Conversion Credits. All obligations under this tariff, FCC1, FCC11 and FCC16, as (x)
applicable, with respect to the Qualifying Services shall continue to apply.

If the customer terminates a Qualifying Service(s) during the Service Period, minimum period and termination liability charges shall apply in accordance with the applicable term plan under which such Qualifying Service(s) is being billed; provided, however, that all DS1 and DS3 Unbundled Transport, DS1 and DS3 Unbundled Loops, DS1 and DS3 EELs, and DS1 and DS3 Commingled EELs converted to Qualifying Services pursuant to the requirements of Section (F)(3)(a)(1) preceding shall be granted ten and one-half months time in service credit for purposes of any applicable minimum period and/or early termination charges. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(K) Changes in Price of Channel Termination and Channel Mileage Rate Elements

At the end of each month during the first five (5) Plan Years of the Service Period in which any MRCs for DS1 or DS3 Channel Termination Rate Elements, or DS1 or DS3 Channel Mileage Rate Elements, decrease, a price change index (**Price Change Index**) comparing the aggregate MRCs in the month in which the price decrease(s) occurs and the aggregate MRCs as of December 31, 2009 shall be calculated as described below. If the Price Change Index for any month is equal to or less than ninety-seven (97) (or such lower Price Change Index, in the event that each of the parties has the right to terminate the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11 based upon the Price Change Index, but neither the customer nor the Telephone Company exercises such right and the Price Change Index triggering such right to terminate is reduced, consistent with (5) following), then the customer or the Telephone Company, in each of their sole discretion, may terminate the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11, subject to the following requirements. (x) (x) (x)

(1) The parties shall have one hundred twenty (120) calendar days from the end of the month in which the rate decrease(s) occurred to review, assess and discuss the implications of the decrease in MRCs for any DS1 or DS3 Channel Termination Rate Elements, or any DS1 or DS3 Channel Mileage Rate Elements.

(2) If either party desires to terminate the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11, such party shall provide written notice by not later than the end of the one hundred twenty (120) calendar day period set forth in (1) preceding, and the effective date of such termination shall be the end of the month in which such written notice is received (**Price Change Termination Date**). (x) (x)

(3) If the customer exercises its termination right as set forth in this Section (K), the following conditions shall apply:

(a) The customer may convert any remaining in-service Qualifying Services converted from DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs to Qualifying Services pursuant to the requirements of (F)(3)(a)(1) preceding back to DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs, as applicable, with a billing effective date the same as the Price Change Termination Date; and

(b) The customer shall pay to the Telephone Company a one-time termination charge by no later than sixty (60) calendar days after the Price Change Termination Date based upon the Plan Year in which the Price Change Termination Date occurs: (a) five hundred thousand dollars ($500,000) in each of Plan Years 1 and 2; (b) two hundred fifty thousand dollars ($250,000) in Plan Year 3; (c) one hundred twenty five thousand dollars ($125,000) in Plan Year 4; and (d) fifty thousand dollars ($50,000) in Plan Year 5. (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, D.C. 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(K) Changes in Price of Channel Termination and Channel Mileage Rate Elements (Cont'd)

(4) If the Telephone Company exercises its termination right as set forth in this Section (K), the following conditions shall apply:

(a) The Telephone Company shall conduct a true-up and calculate any applicable Billing Credits, each as pro-rated for the period of time from the beginning of the applicable Quarter (UNE Conversion Credit) or Plan Year (IOF/TBR Credit) of the Service Period to the Price Change Termination Date and more particularly pro-rated, with respect to the IOF/TBR Credit, based upon the IOF/TBR Credit to which the customer would otherwise have been entitled if the MRCs remained the same for the balance of the months in the Plan Year in which the Price Change Termination Date occurs; and

(b) The customer may convert any remaining in-service Qualifying Services converted from DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs to Qualifying Services pursuant to the requirements of (F)(3)(a)(1) preceding back to DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs, as applicable, with a billing effective date the same as the Price Change Termination Date, in which case the Telephone Company shall provide to the customer a one-time credit equal to the applicable nonrecurring charges associated with converting such remaining in-service Qualifying Services back to DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, and/or DS1 or DS3 Commingled EELs, as applicable.

(5) In the event that a Price Change Index of ninety-seven (97) or less is calculated and neither party exercises its termination right as set forth in this Section (K), the Price Change Index that triggers the right to terminate shall be reduced by three (3) points to ninety-four (94) after the first time both the parties fail to exercise such right to terminate the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11, and shall (x)
decrease by three (3) points each successive time that the Price Change Index is met and neither party exercises such right to terminate the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11; (x)
provided, however, that if the Price Change Index is calculated such that it is lower than the Price Change Index to which it would be reduced, then it shall be reduced to the next closest Price Change Index that is a multiple of three (3) less than ninety-seven (97) (e.g., if the first Price Change Index triggering the right to terminate was calculated as ninety-three (93) and neither party terminated the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11, the Price Change Index triggering such right would be reduced to ninety-one (x)
(91) (ninety-four (94) minus three (3)), If any MRCs for DS1 or DS3 Channel Termination Rate Elements, or DS1 or DS3 Channel Mileage Rate Elements, decrease, but the applicable Price Change Index does not trigger the right of each of the customer and the Telephone Company to terminate the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11 consistent with this Section (K), then (i) neither party will have the (x)
right to terminate the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11 (x)
pursuant to this Section (K) and (ii) the Price Change Index triggering the right to terminate the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11 will remain unchanged. (N)(x)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

(This page filed under Transmittal No. 1056.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(K) Changes in Price of Channel Termination and Channel Mileage Rate Elements (Cont'd)

The **Price Change Index** shall be computed as follows**:**

Step 1 Calculate the average revenue per unit for special access DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements purchased by the customer as of December 31, 2009 by dividing the aggregate MRCs billed to the customer by the Telephone Company for all special access Channel Termination Rate Elements and Channel Mileage Rate Elements by the total number of units in-service in the month immediately preceding December 31, 2009;

Step 2 Calculate the average revenue per unit for special access DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements purchased by the customer for the month in which a decrease in any MRCs for DS1 or DS3 Channel Termination Rate Elements, or DS1 or DS3 Channel Mileage Rate Elements, as compared to the MRCs in effect as of December 31, 2009, is reflected in the billing, by dividing the aggregate MRCs billed to the customer by the Telephone Company for all special access Channel Termination Rate Elements and Channel Mileage Rate Elements in-service in such month by the total number of units in-service in such month;

Step 3 Multiply the average revenue per unit calculated in Step 2 preceding for both DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements by the corresponding units in-service determined in Step 1 preceding;

Step 4 Sum the products of the calculations from Step 3. preceding to get the aggregate MRCs at the new prices; and

Step 5 Divide the result calculated in Step 4 preceding by the sum of the MRCs for DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements calculated in Step 1 preceding and round the result to two (2) decimal places.

Step 6 Multiply the result calculated in Step 5 by 100 to get the Price Change Index.

Illustrative Example:

Step 1 Assume that as of December 31, 2009 the MRCs, units in service, and average revenue per unit for special access DS1 and DS3 Channel Termination Rate Elements and DS1 and DS3 Channel Mileage Rate Elements are as follows:

	MRCs (1)	Units in Service (2)	Average Revenue (3)=(1)/(2)
Channel Termination Rate Element:			
DS1	$ 6,600,000	55,000	$120.00
DS3	$ 480,000	600	$800.00
Channel Mileage Rate Element:			
DS1	$ 2,720,000	160,000 (miles)	$ 17.00/mile
DS3	$ 1,150,000	10,000 (miles)	$115.00/mile
Total MRCs on 12/31/2009	$10,950,000		

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(K) Changes in Price of Channel Termination and Channel Mileage Rate Elements (Cont'd)

Illustrative Example: (Cont'd)

Step 2 Further assume that during month ten (10) of Plan Year 1 the prices on the Channel Termination Rate Elements and the Channel Mileage Rate Elements change and that the MRCs, units in service, and average revenue per unit following the price changes are as follows:

	MRCs (1)	Units in Service (2)	Average Revenue (3)=(1)/(2)
Channel Termination Rate Element:			
DS1	$ 7,000,000	60,000	$116.67
DS3	$ 500,000	650	$769.23
Channel Mileage Rate Element:			
DS1	$ 2,500,000	164,000 (miles)	$ 15.24/mile
DS3	$ 1,200,000	11,000 (miles)	$109.09/mile

Step 3 Taking the average revenue per units calculated in Step 2 preceding times the units in service for Step 1 preceding would give the following results:

DS1 Channel Termination Revenues =	$6,416,850	(55,000 x $116.67)
DS3 Channel Termination Revenues =	$ 461,538	(600 x $769.23)
DS1 Channel Mileage Revenues =	$2,438,400	(160,000 x $15.24)
DS3 Channel Mileage Revenues =	$1,090,900	(10,000 x $109.09)

Step 4 The sum of the results from Step 3 would be $10,407,688 ($6,416,850 + $461,538 + $2,438,400 + $1,090,900).

Step 5 The result of the division is 0.95 ($10,407,688 / $10,950,000).

Step 6 The Price Change Index is 95.0 (0.95 x 100)

If the result of Step 6 was a Price Change Index that was at or below ninety-seven (97.0), then the first time such result was to occur would trigger the right of either the customer or the Telephone Company to terminate the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11 in accordance with this Section (K). (x) (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.32 Contract Tariff Option 31 (Cont'd) (N)

(L) Renewal of Existing Plans

(1) Commitment Discount Plan

If the customer is signed up for the Telephone Company's Commitment Discount Plan (as set forth in Section 25.1 of FCC1 and/or Section 25.1 of FCC11) as of December 31, 2009, the Commitment Discount Plan shall be subject to the following provisions (both as to Qualifying Services as well as all other services covered by such Commitment Discount Plan): (x)

(a) Subject to any early termination of the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11, the Commitment Discount Plan is deemed extended as necessary to be coterminous with the end of Plan Year 5; and (ii) the TISC under the Commitment Discount Plan will be granted based on credit already earned as of December 31, 2009 plus any additional credit earned during the customer's subscription to Option 59 of FCC1 and Option 57 of FCC11, which collectively shall not be greater than the TISC available under the terms of the Commitment Discount Plan. (x) (x)

(b) All other terms and conditions applicable to Commitment Discount Plan (including discounts and minimum period and review/true-up requirements) remain unchanged by this Section (L); provided, however, that no Qualifying Services converted from DS1 or DS3 Unbundled Transport, DS1 or DS3 Unbundled Loops, DS1 or DS3 EELs, or DS1 and DS3 Commingled EELs pursuant to the requirements of (F)(3)(a)(1) preceding shall be included for purposes of establishing commitment levels or in connection with any review/true-up requirements. Upon expiration of Plan Year 5, the Commitment Discount Plan will be subject to the existing regulations that apply upon expiration of the Commitment Discount Plan, including establishment of new commitments.

(2) Term and Volume Plan

If the customer is signed up for the Telephone Company Five-Year DS1 Term and Volume Plan (TVP) (as set forth in Section 5.6.14 preceding), and subject to any early termination of the customer's subscription to this Option 31, Option 59 of FCC1 and Option 57 of FCC11, the TVP is deemed extended as necessary to be coterminous with the end of Plan Year 5 and the customer must remain concurrently subscribed during the first five (5) Plan Years during the Service Period. (x) (N)

(x) Issued under authority of Special Permission No. 09-030 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (N)

(A) Scope

Contract Tariff Option 32 (**Option 32**) provides Billing Credits on certain Special Access Services. In this Option 32, all references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $17.25M shall mean $17,250,000).

(B) Specific Terms

Unless otherwise defined in this Section 21.33, the following terms are used in this Option 32:

(1) **Alternative Tariff Arrangement** shall mean, collectively, any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (ICB) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the services covered by this Option 32.

(2) **BANs** shall mean Billing Account Numbers of customer that shall be used to provide the Billing Credits (if any) to customer.

(3) **Billed DS1 Unit** shall mean, with respect to each month during the Service Period, a DS1 Unit for which a DS1 Channel Termination, a DS1 Special Access Line, or a DS1 Circuit Termination (each as defined in Section 21.33(B)(10) following), was billed to the customer for that month as an MRC at a rate set forth in a tariff listed in Section 21.33(E) following.

(4) **Billed DS3 Unit** shall mean, with respect to each month during the Service Period, a DS3 Unit for which a DS3 Channel Termination, a DS3 Special Access Line, or a DS3 Circuit Termination (each as defined in Section 21.33(B)(11) following) was billed to the customer for that month as an MRC at a rate set forth in a tariff listed in Section 21.33(E) following.

(5) **Billed FMS Revenue** shall mean the MRC amounts that were paid in full by the customer for Special Access Facilities Management Service (**FMS**) as set forth in Tariff FCC No. 1, Section 7.2.13 and in Tariff FCC No. 11, Section 7.2.16. (x) (x)

(6) **Billed Qualifying DS1 Service Revenue** shall mean the MRC amounts for the DS1 Qualifying Services for the applicable Quarter that were paid in full by the customer and as more fully described in Section 21.33(F) following. (N)

(x) Issued under authority of Special Permission No. 12-035 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(7) **Billed Qualifying DS3 Service Revenue** shall mean the MRC amounts for the DS3 Qualifying Services for the applicable Quarter that were paid in full by the customer and as more fully described in Section 21.33(F) following.

(8) **Billed Qualifying Service Revenue** shall mean each of the Billed Qualifying DS1 Service Revenue, Billed Qualifying DS3 Service Revenue, and Billed FMS Revenue.

(9) **Billing Credit** shall mean the Billing Credit provided to customer quarterly on its monthly bill after the end of each Quarter during each Plan Year of the Service Period. Calculation of the applicable Billing Credits is described in Section 21.33(G)(2) following.

(10) **DS1 Unit** shall mean DS1 capacity (i.e., 1.544 Mbps) Qualifying Services that meets one of the following definitions: (i) a DS1 Special Access Line as defined in Section 5.1.1(C) preceding of this tariff, (ii) a DS1 Channel Termination as defined in Tariff FCC No. 1, Section 7.1.2(A), (iii) a DS1 Channel Termination as defined in Tariff FCC No. 11, Section 7.1.2(A), and (iv) a DS1 Circuit Termination as defined in Tariff FCC No. 16, Section 7.2.1(A). Where the calculation of DS1 Units results in a fraction of a DS1 Unit, such fractions are not counted as a DS1 Unit. (x) (x) (x)

(11) **DS3 Unit** shall mean DS3 capacity (i.e., 44.736 Mbps) Qualifying Services that meets one of the following definitions: (i) a DS3 Special Access Line as defined in Section 5.1.1(C) preceding of this tariff, (ii) a DS3 Channel Termination as defined in Tariff FCC No. 1, Section 7.1.2(A), (iii) a DS3 Channel Termination as defined in Tariff FCC No. 11, Section 7.1.2(A), and (iv) a DS3 Circuit Termination as defined in Tariff FCC No. 16, Section 7.2.1(A). Where the calculation of DS3 Units results in a fraction of a DS3 Unit, such fractions are not counted as a DS3 Unit. (x) (x) (x)

(12) **Minimum Billed DS1 Units** shall have the meaning set forth in Section 21.33(G)(1) following.

(13) **Minimum Billed DS3 Units** shall have the meaning set forth in Section 21.33(G)(1) following.

(14) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on December 1, 2012, and end on November 30, 2013; (2) Play Year 2 shall commence on December 1, 2013, and end on November 30, 2014; and (3) Plan Year 3 shall commence on December 1, 2014, and end on November 30, 2015. (N)

(x) Issued under authority of Special Permission No. 12-035 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(15) **Quarter** shall mean either of the following periods, as applicable: (i) the first Quarter of each Plan Year is the period beginning with the first day of the applicable Plan Year and ending on the last calendar day of the month two (2) months after the month in which the first day occurs (i.e., approximately ninety (90) days thereafter), except for the first Quarter of Plan Year 1 which shall commence on the December 1, 2012, and end on February 28, 2013; or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the month two (2) months after the month in which the first day occurs (i.e., approximately ninety (90) days thereafter).

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credit as set forth in Section 21.33(G) following and other benefits of this Option 32.

(1) During the twelve (12) month period ending on July 31, 2012, the customer must have achieved a minimum of Two Hundred Fifty Million Dollars ($250M) in Billed Qualifying Service Revenue (as defined in Section 21.33(F) following) purchased by the customer from the Telephone Company.

(2) During the twelve (12) month period ending on July 31, 2012, the customer must have been continuously subscribed to Telephone Company Facilities Management Service.

(3) As of the Effective Date, the customer must have at least Twenty-Five Thousand (25,000) Billed DS1 Units at locations other than Commercial Mobile Radio Service (**CMRS**) cell sites.

(4) Other than tariff arrangements that are in effect and subscribed to by the customer as of the Effective Date, the customer may not concurrently subscribe to any new Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon achievement of revenue or volume targets/levels for the Qualifying Services. If the customer wishes to subscribe to a new Alternative Tariff Arrangement, then the customer shall not receive any Billing Credits under this Option 32, and such subscription shall be considered a termination by the customer of this Option 32, subject to Section (K) following. For clarification purposes, this Section (C)(4) shall not apply and this Option 32 shall not be terminated in the event (i) the customer renews an expiring Commitment Discount Plan or Term Volume Plan on the exact same terms and conditions as the expiring plan; or (ii) the customer replaces an existing Commitment Discount Plan or Term Volume Plan with a similar plan or service from the Telephone Company on terms and conditions (including rates) as agreed to by the parties. By way of example, both parties would need to agree to the replacement of an expiring plan if different service terms under the expiring plan are selected by the customer; and/or (iii) the customer replaces its existing Special Access Facilities Management Service with a similar service from the Telephone Company on terms and conditions (including rates) as agreed to by the parties. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(C) Eligibility (Cont'd)

(5) The customer must subscribe to this Option 32 in a manner designated by the Telephone Company during the thirty (30) day period beginning December 1, 2012, and ending December 31, 2012. Such subscription must include a list of the customer's access customer name abbreviations (**Customer ACNAs**) that the Telephone Company agrees to, in writing, for inclusion in this Option 32. Subscription to this Option 32 shall be an automatic subscription to Option 63 of Tariff FCC No. 1 and Option 62 of Tariff FCC No. 11. (x) (x)

(6) The customer must subscribe to this Contract Tariff Option 32 for a period beginning on December 1, 2012, and ending on November 30, 2015.

(D) Serving Area

The serving area of Contract Tariff Option 32 is comprised of the Phase I and Phase II MSAs under this tariff and of those specified in the Telephone Company's Tariff FCC No. 1 and Tariff FCC No. 11. Wire centers for the Phase II MSAs specified in this tariff are listed in Section 19.1 preceding. Any additions of, or changes to, Telephone Company MSAs (including changes to wire centers or Level1/Level 2 pricing status as described in Section 19.1 preceding of this tariff) that occur during the Service Period of this Option 32 will apply. No Billing Credits will be provided in the operating territories of Tariff FCC No. 16. (x) (x)

(E) Qualifying Services

(1) Qualifying Services will be comprised of the following services purchased by the customer during the Service Period:

- Special Access DS1 and DS3 Services set forth in this tariff (Sections 5.3.6, 5.6.14, 5.6.19, 5.7.18, and 5.7.22), the Telephone Company's Tariff FCC No. 1 (Sections 7.2.9, 7.5.9 and 25), the Telephone Company's Tariff FCC No. 11 (Sections 7.2.9, 25, 30.7.9 and 31.7.9), and the Telephone Company's Tariff FCC No. 16 (Section 7.2.1(G) and 7.11.1) (x) (x) (x)

- Special Access Facilities Management Service DS1 (only bandwidth of 1.544 Mbps) and DS3 (only bandwidth of 44.736 Mbps) set forth in the Telephone Company's Tariff FCC No. 1 (Sections 7.2.13 and 7.5.18) and the Telephone Company's Tariff FCC No. 11 (Sections 7.2.16, 30.7.18 and 31.7.18) (x) (x) (x)

(2) Rate elements for MetroLAN services (as set forth in this tariff and in Tariff FCC No. 16) will not be included. (x) (N)

(x) Issued under authority of Special Permission No. 12-035 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(3) All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in (E)(1) preceding shall not be eligible for inclusion as Qualifying Services under Option 32.

(F) Revenues Included in Calculation of Billed Qualifying Service Revenues

(1) The customer's Billed Qualifying Service Revenues shall include **only** the MRC amounts that are paid in full by the customer.

(a) For purposes of this Option 32, **MRCs** shall mean the revenues from the billed monthly recurring charges, net of any discounts given under existing pricing plans, if applicable, for the Qualifying Services billed during the Service Period, and excluding Disputed Charges; provided however, that certain minimum period charges and early termination charges (as specifically described in Sections 3.2.4, 5.6.14(O), 5.6.19(K) and 5.6.19(M) in this tariff; Sections 7.2.13(F), 7.4.13(D), 25.1.9, and 25.1.10 in Tariff FCC No. 1; Sections 7.2.16(G)(3), 7.4.10(C), 25.1.11, and 25.1.12 in Tariff FCC No. 11; and Sections 7.2.2 and 7.2.6(E) in Tariff FCC No. 16 based solely on unpaid MRCs shall be included as MRCs solely in each of the months included in the calculation of the minimum period charges and/or early termination charges in an amount equal to such charges. (x) (x) (x)

(b) For purposes of this Option 32, **Disputed Charges** shall mean MRCs for the Qualifying Services billed during the Service Period, which amounts have been disputed by the customer and have been paid in full by the customer, as of the bill due date in accordance with Section 21.33(H) following. Amounts that have not been paid in full, as of the bill due date (regardless of whether or not such amounts are under dispute by the customer), shall not be included in Billed Qualifying Service Revenues.

(c) For purposes of this Option 32, "paid in full" shall mean that the customer has paid the billed amount without any offsets or reductions from the billed amount, in accordance with the terms of this tariff, Tariff FCC No. 1, Tariff FCC No. 11 or Tariff FCC No. 16, as applicable. For avoidance of doubt, in the event that the customer disputes some but not all charges on an invoice, the charges that are not disputed shall, upon payment thereof, be considered "paid in full" for purposes of this Option 32. (x) (N)

(x) Issued under authority of Special Permission No. 12-035 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(F) Revenues Included in Calculation of Billed Qualifying Service Revenues (Cont'd)

(2) Revenue Not Included in Calculation of Billed Qualifying Service Revenues.

Billed Qualifying Service Revenues do not include any revenues other than the revenues as set forth in (F)(1) preceding, and the following types of charges are not included:

(a) non-recurring charges;
(b) surcharges;
(c) taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund);
(d) service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty);
(e) except for minimum period or early termination charges as specified in Section (F)(1)(a) preceding, any other charges which are not applied on a monthly recurring basis;
(f) credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services;
(g) any debits or credits for Qualifying Services rendered in prior Quarters or periods prior to the Effective Date;
(h) fractional debit or credit amounts;
(i) shortfall or overage charges associated with term plan true-ups;
(j) minimum period charges other than as set forth in Section (F)(1)(a) preceding;
(k) any Disputed Charges;
(l) termination liabilities other than as set forth in Section (F)(1)(a) preceding; or
(m) Billing Credits/adjustments.

As an example of inclusion of minimum period and termination liability as an MRC, if a Qualifying Service with a three (3) year term commitment commencing on the Effective Date has a $200 MRC, and a minimum period charge of 100% for the first year of the commitment period and 25% for the balance of the commitment period is terminated at the end of month eleven (11) of the first year of the commitment period/Plan Year 1, for purposes of calculating the Billed Qualifying Service Revenues, and provided such amounts are billed and paid, $200 shall be included as an MRC in respect of month twelve (12) of Plan Year 1 and $50 shall be included as an MRC for each of the months for Plan Years 2 and 3 as if paid in such months. (N)

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(G) Billing Credit

(1) Conditions Precedent to Billing Credit

In order to receive the applicable Billing Credit (as set forth in Section (G)(2) following) in any given month of the Service Period, the customer must meet the following criteria:

(a) Customer must maintain Minimum Billed DS1 Units of at least 14,000; and
(b) Customer must maintain Minimum Billed DS3 Units of at least 400; and
(c) Customer must maintain Billed Qualifying Service Revenues of at least $4M.

(2) Calculation of Billing Credit

Subject to the terms of this Option 32, including the requirement to maintain the Minimum Billed DS1 Units, Minimum Billed DS3 Units, and Billed Qualifying Service Revenues as set forth in Section (G)(1) preceding, the Telephone Company will provide a monthly Billing Credit of $669,000. If the customer fails to meet any of the requirements in Section (G)(1) preceding for any given month of the Service Period, the Billing Credit for that month shall be $0.

(3) Payment of Billing Credit

If the customer is eligible for a Billing Credit as set forth in this Option 32, then no later than the sixtieth (60th) calendar day following the end of each Quarter during each Plan Year during the Service Period, the Telephone Company shall calculate the aggregate Billing Credit earned for the previous Quarter and, subject to the terms of this Option 32, credit the customer's BANs on the next billing cycle after the sixty (60) calendar day calculation period provided there are at least ten (10) business days before the close of the next billing cycle. If there are not at least ten (10) business days before the close of the next billing cycle, such credit shall be applied in the following billing cycle. The Billing Credit will be provided only in the MSAs that have achieved Phase I or Phase II pricing flexibility under the Telephone Company's tariffs in accordance with applicable law. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(H) Disputes, Releases and Waivers

(1) For the purpose of calculating the Billed Qualifying Service Revenues, the Telephone Company shall not include in MRCs any credits or debits for Services provided during any periods prior to the Effective Date (regardless of whether such credits or debits were the result of a valid dispute by the customer or were the result of a billing error by the Telephone Company).

(2) With respect to any dispute for Billed Qualifying Service Revenues, the customer must provide sufficient claim detail to enable the Telephone Company to appropriately assess the dispute, including but not limited to, the Billing Account Number (BAN), circuit ID, USOC detail, amount in dispute, appropriate tariff references, and a full explanation regarding why the customer believes it was billed in error.

(3) The customer agrees to undertake a good faith effort to review, within thirty (30) calendar days of receipt, each bill received from the Telephone Company that includes amounts to be included in the Billed Qualifying Service Revenues, and at such time that the customer determines there is a dispute to promptly raise the dispute(s) with the Telephone Company. The customer is not obligated or required to raise billing disputes within thirty (30) calendar days of receipt of a bill.

(4) Upon resolution of any Disputed Charges, or disputes raised after the issuance of the Billing Credit in respect of amounts included in the Billed Qualifying Service Revenues, amounts may be credited to the customer if the customer prevails, however notwithstanding anything to the contrary herein, there shall be no adjustment to the Billing Credit or the Billed Qualifying Service Revenues calculated preceding, and the same shall apply regardless of the outcome of any Disputed Charges.

(5) There will not be any adjustment to the Billing Credit or the Billed Qualifying Service Revenues if the Telephone Company bills amounts after the determination of the Billing Credit that would have otherwise been included in the Billed Qualifying Service Revenues calculated preceding.

(6) The Billing Credit (as determined by the Telephone Company and agreed to by the customer) is not subject to dispute, except that the customer may dispute the Billing Credit only if the Billing Credit applied by the Telephone Company does not conform with the Billing Credits set forth in Section (G).

(7) The amount of the Billing Credits shall not be subject to any late payment interest or penalty as set forth in Section 2. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(I) Mergers and Acquisitions of the Customer

In the event that after the date of subscription to this Option 32, the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth in this tariff, in Tariff FCC No. 1 and in Tariff FCC No. 11. (x)

(1) The customer may not combine or include any DS1 units, DS3 units, or revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in the calculation of Minimum Billed DS1 Units, Minimum Billed DS3 Units, or Billed Qualifying Service Revenues, respectively.

(2) The customer's Billed Qualifying Service Revenues shall be calculated based on its business and revenues with the Telephone Company using the customer ACNAs included with the customer's subscription to this Option 32 under Section 21.33(C)(6) preceding, without adding the revenues and/or ACNAs attributable to expansion of the customer's purchase of Services from the Telephone Company through merger, transfer, assignment, or acquisition.

(3) If applicable, the customer agrees to reimburse the Telephone Company for any Billing Credits received by the customer for any month in which a violation of the provisions of this Section (I) occurred. Further, if the customer intentionally and willfully violates the provisions of this Section (I), the Telephone Company reserves the right to not provide any Billing Credits for a period not to exceed three (3) months following the month in which the customer is no longer violating the provisions of this Section (I).

(4) The customer will provide timely notice to the Telephone Company of any anticipated customer merger, transfer, assignment or acquisition so that each of the customer and the Telephone Company can assess their respective rights and responsibilities under this Option 32. The Telephone Company recognizes that the customer requires the flexibility to manage its business in the manner that it sees fit, including ordering Qualifying Services under the appropriate ACNAs consistent with the manner in which it desires to manage its business. Notwithstanding the manner in which the customer orders Qualifying Services, the customer and the Telephone Company have agreed to the terms set forth in (I)(1) and (I)(2) of this Section (I) for purposes of determining the Minimum Billed DS1 Units, Minimum Billed DS3 Units, and Billed Qualifying Service Revenues for each Plan Year after the customer merges with another company, acquires a company or a portion of the business of another company, or is (N)

(x) Issued under authority of Special Permission No. 12-035 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(I) Mergers and Acquisitions of the Customer (Cont'd)

(4) (Cont'd)

acquired in whole or in part by another company. The customer and the Telephone Company may mutually agree to modify the customer's subscription to the Option 32 to include one or more of the ACNAs and related revenue attributable to expansion of the customer's purchase of Services from the Telephone Company as a result of a customer merger, transfer, assignment, or acquisition, with both parties taking into consideration whether such revenues represent new and unanticipated, or existing, revenues to the Telephone Company; provided, however, that if the customer and the Telephone Company do not mutually agree on any such modifications, the terms and conditions of this Section (I) shall apply in all respects and the customer shall use commercially reasonable efforts to provide the Telephone Company the necessary information to calculate the Minimum Billed DS1 Units, Minimum Billed DS3 Units, and Billed Qualifying Service Revenues consistent with this Section (I).

(J) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company of this tariff, Tariff FCC No. 1, Tariff FCC No. 11, or Tariff FCC No. 16 (**Acquired VZ Telco**) are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the Minimum Billed DS1 Units, Minimum Billed DS3 Units, Billed Qualifying Service Revenues, and the related Billing Credits. (x) (x)

As an illustrative example, assume that Verizon New York Inc. is sold. Further assume that the customer's Billed Qualifying Service Revenues in the Verizon New York Inc. operating territory are $1M and that the customer's overall total Billed Qualifying Service Revenues are $10M.

To determine the percentage by which the Telephone Company will proportionally adjust the Minimum Billed DS1 Units, Minimum Billed DS3 Units, Billed Qualifying Service Revenues, and the related Billing Credits, divide the Verizon New York Inc. Billed Qualifying Service Revenues by the overall total Billed Qualifying Service Revenues. The result in this example is 10%. (N)

(x) Issued under authority of Special Permission No. 12-035 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(J) Sale of Verizon Operating Telephone Company (Cont'd)

Based on the previous assumptions:

	Minimum Billed DS1 Units	Minimum Billed DS3 Units	Billed Qualifying Service Revenues	Monthly Billing Credits
1. Ratio of Verizon NY to Total VZ Billed Qualifying Service Revenues	10%	10%	10%	10%
2. Minimum Units/Revenues/Credit Before Sale of Verizon NY	14,000	400	$4M	$669,000
3. Adjustment Factor (100% – Line 1)	90%	90%	90%	90%
4. Minimum Units/Revenues/Credit After Sale of Verizon NY (Line 3 * Line 2)	12,600	360	$3.6M	$602,100

(K) Termination of Plan

Subject to the terms set forth in this Section (K), the customer may terminate its subscription to this Option 32 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) calendar days prior to the requested date of termination of its subscription to this Option 32. Termination of this Option 32 shall be deemed to be an automatic termination of Option 63 of Tariff FCC No. 1 and Option 62 of Tariff FCC No. 11. If the customer terminates its subscription to this Option 32, and/or Option 63 of Tariff FCC No. 1 and/or Option 62 of Tariff FCC No. 11 at any time during the Service Period, the customer will not be entitled to the payment of any additional Billing Credits, pro rated or otherwise, after receipt of notice of termination. (x) (x) (x)

If the customer terminates a Qualifying Service(s) during the Service Period, minimum period and termination liability charges shall apply in accordance with the applicable term plan under which such Qualifying Service(s) is being billed. (N)

(x) Issued under authority of Special Permission No. 12-035 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.33 Contract Tariff Option 32 (Cont'd) (N)

(L) Termination for Cause

The Telephone Company shall be entitled to terminate this Option 32, Option 63 of Tariff FCC No. 1 and Option 62 of Tariff FCC No. 11 should the customer fail to achieve any of the Minimum Billed DS1 Units, the Minimum Billed DS3 Units, or the Billed Qualifying Service Revenues (as defined in Section (B) preceding) for six (6) consecutive months. For avoidance of doubt, failure to achieve all of the criteria described in Section (B) preceding for six (6) consecutive months, regardless of which specific criteria is missed in each of the six (6) consecutive months, shall trigger the provisions of this Section (L). The Telephone Company shall provide notice of its termination of Option 32, Option 63 of Tariff FCC No. 1 and Option 62 of Tariff FCC No. 11 by no later than ninety (90) days after the end of the 6 consecutive month period. If the Telephone Company terminates Option 32, Option 63 of Tariff FCC No. 1 and Option 62 of Tariff FCC No. 11 as a result of the customer's failure to achieve any of the criteria in any Plan Year, the customer shall be entitled to all applicable Billing Credits up to the date of termination, but will not be eligible for any additional Billing Credits. (x) (x) (x) (x) (x) (x) (N)

(x) Issued under authority of Special Permission No. 12-035 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (N)

(A) Scope

Contract Tariff Option 33 (**Option 33**) provides Billing Credits on certain services.

(B) Specific Terms

Unless otherwise defined in this Section 21.34, the following terms are used in this Option 33:

(1) **Affiliate** shall mean an individual, partnership, association, joint-stock company, trust, or corporation that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, Customer. For purposes of this paragraph, the term "own" means to own an equity interest (or the equivalent thereof) of more than 10 percent.

(2) **Baseline DS1 Average Mileage shall** mean DS1 Average Mileage of 4.8 miles.

(3) **Baseline DS1 Billed Units** shall mean (i) for the first Quarter of the Service Period, DS1 Billed Units in a minimum total amount of forty-eight thousand four hundred (48,400), and (ii) for all other Quarters during the Service Period, DS1 Billed Units in a minimum total amount of one hundred forty-one thousand five hundred (141,500).

(4) **Billing Credits** shall mean, collectively, the Price Flex Base Credit, the SPA DS1 Flat Rate Credit, the TDM Shortfall Credit, and the One-Time DS1 Performance Credit.

(5) **Disputed Charges** shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by Customer.

(6) **DS1 Average Mileage** shall mean the total DS1 Mileage billed to Customer for a given time period divided by the DS1 Billed Units with charges for DS1 Mileage for that same time period.

(7) **DS1 Billed Revenues** shall mean Qualifying Monthly Recurring Charges billed to Customer, under the ACNAs included with the Customer's subscription to this Option 33 for Special Access DS1 Services of 1.544 Mbps bandwidth as described in Section 5.3.6 of this tariff, Section 7.2.9 of FCC Tariff No. 1 (FCC 1), Section 7.2.9 of FCC Tariff No. 11 (FCC 11), and Section 7.11.1 of FCC Tariff No. 16 (FCC 16) with respect to a particular time period for purposes of determining whether Customer qualified for a Price Flex Base Credit and calculating any such credit earned and for purposes of calculating any SPA DS1 Flat Rate Credit that Customer may earn. (x) (x) (x)

(8) **DS1 Billed Unit** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges to Customer under the ACNAs included with the Customer's subscription to this Option 33 for that month. (N)

(x) Issued under authority of Special Permission No. 13-002 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(9) **DS1 Mileage** shall mean the special transport for DS1 Services (as described in Section 5.1.1(B) of this tariff), the channel mileage for DS1 Services (as described in Section 7.1.2(B) of FCC 1 and FCC 11), and the circuit mileage for DS1 Services (as described in Section 7.2.1(B) of FCC 16). (x) (x)

(10) **DS1 Unit** shall mean Special Access DS1 Services that meet the following definitions: (i) a DS1 "Special Access Line" as defined in Section 5.1.1(C) of this tariff, (ii) a DS1 "Channel Termination" as defined in FCC 1, Section 7.1.2(A), (iii) a DS1 "Channel Termination" as defined in FCC 11, Section 7.1.2(A), (iv) a DS1 "Circuit Termination" as defined in FCC 16, Section 7.2.1(A), (v) a DS1 to Voice "Multiplexing Arrangement" as defined in Section 5.5(D) of this tariff, (vi) a DS1 to Voice "Central Office Multiplexing" as defined in FCC 1, Section 7.2.9(D)(3)(c), (vii) a DS1 to Voice "Central Office Multiplexing BSE" as defined in FCC 11, Section 7.2.9(D)(3)(c) and (d), and (viii) a DS1 to Voice "Central Office Multiplexing" as defined in FCC 16, Section 7.11.4(3)(e). (x) (x) (x) (x) (x)

(11) **Effective Date** and the start of the Service Period shall be the first day of the calendar month following February 28, 2013.

(12) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall begin on the Effective Date and end on June 30, 2013; (2) Plan Year 2 shall begin on July 1, 2013 and end on June 30, 2014; (3) Plan Year 3 shall begin on July 1, 2014 and end on June 30, 2015; (4) Plan Year 4 shall begin on July 1, 2015 and end on June 30, 2016; and (5) Plan Year 5 shall begin on July 1, 2016 and end on June 30, 2017.

(13) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately 90 days thereafter), except for Quarter 1 of Plan Year 1 which shall commence on the Effective Date and end on March 31, 2013; or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs. (N)

(x) Issued under authority of Special Permission No. 13-002 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(14) **Qualifying TDM Base Credit Revenues** shall mean Qualifying Monthly Recurring Charges, as defined in Section (F) following, billed to Customer under the ACNAs provided to the Telephone Company under Section (C) following, for Qualifying TDM Base Credit Services under this tariff and FCC 1, FCC 11, and FCC 16, with respect to a particular time period for purposes of determining whether Customer qualifies for the Price Flex Base Credit and calculating any such credit earned. (x)

(15) **Qualifying TDM Base Credit Services** shall mean Special Access Voice Grade Services, Special Access DDS Services, Special Access DS1 Services, Special Access DS3 Services, and SwA Direct Trunked Transport Services.

(16) **Service Period** shall have the meaning set forth in Section (D) following.

(17) **Special Access Voice Grade Services** shall mean Voice Grade Services as described in Section 5.2.1 of this tariff, Section 7.2.3 of FCC 1, Section 7.2.3 of FCC 11, and Section 7.5 of FCC 16. (x)

(18) **Special Access DDS Services** shall mean Digital Data Services as described in Section 5.2.9 of this tariff, Sections 7.2.8 of FCC 1, Sections 7.2.8 and 7.2.11 of FCC 11, and Section 7.10 of FCC 16. (x) (x)

(19) **Special Access DS1 Services** shall mean DS1 Services of 1.544 Mbps bandwidth, as described in Section 5.3.6 of this tariff, Section 7.2.9 of FCC 1, Section 7.2.9 of FCC 11, and Section 7.11.1 of FCC 16. (x) (x)

(20) **Special Access DS3 Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff, Section 7.2.9 of FCC 1, Section 7.2.9 of FCC 11, and Section 7.11.1 of FCC 16. (x) (x)

(21) **SwA Direct Trunked Transport Services** shall mean transport services as described in Section 4.2.3(C) of this tariff, Section 6.1.2(A)(2) of FCC 1, Section 6.1.3(A) of FCC 11, and Section 6.5.2(C) of FCC 16. (x) (N)(x)

(x) Issued under authority of Special Permission No. 13-002 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(C) Eligibility for Benefits

Customer must meet all of the following criteria in order to be eligible for Option 33. In this Option 33, all references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $10M shall mean $10,000,000).

(1) For the full calendar month prior to the Effective Date, Customer must have achieved a minimum of $10M in aggregate monthly billed recurring charges for Special Access Voice Grade Services, Special Access DDS Services, Special Access DS1 Services, and Special Access DS3 Services purchased by Customer from Telephone Company (**Eligibility Minimum Monthly Revenue**).

(2) The percentage of revenues included in Eligibility Minimum Monthly Revenue billed to a subsidiary or Affiliate of Customer that is a provider of mobile wireless telecommunications services must be no more than fifty percent (50%).

(3) Customer must be concurrently subscribed as of the Effective Date to one or more of, and must remain concurrently subscribed during the Service Period, to one or more of, the following plans or their equivalents if these plans cease to be offered under the applicable tariffs: the Commitment Discount Plan (**CDP**) (Section 25.1 of FCC 1 and FCC 11); the National Discount Plan (**NDP**) (Section 23.1 of this tariff, Section 25.3 of FCC 1, Section 25.2 of FCC 11, and Section 22.1 of FCC 16); Term Pricing Plan (**TPP)** (Section 7.4.17 of FCC 1 and Section 7.2.1(G) of FCC 16); and Term Volume Plan (**TVP**) (Section 5.6.14 of this tariff) (**Existing Plans**). For the avoidance of any doubt, at any time during the Service Period, Customer may elect to terminate its subscription to any of the Existing Plans and subscribe to a different Existing Plan. (x) (x) (x)

(4) Customer may not be subscribed, either immediately prior to the Effective Date or any time during the Service Period, to any other Contract Tariff Option contained in this tariff or in FCC 1 or FCC 11. (x) (x)

(5) During the Service Period, in order to receive any Price Flex Base Credits, SPA DS1 Flat Rate Credits, or TDM Shortfall Credits, Customer must achieve the required amounts of Qualifying TDM Base Credit Revenues and DS1 Billed Units as defined in Section (B) preceding. (N)

(x) Issued under authority of Special Permission No. 13-002 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(C) Eligibility for Benefits (Cont'd)

(6) The customer must subscribe to Option 33 in a manner designated by the Telephone Company during the thirty (30) day period beginning March 1, 2013 and ending March 30, 2013. Such subscription must include a list of the customer's access customer name abbreviations (**Customer ACNAs**) that the Telephone Company agrees to, in writing, for inclusion in this Option 33. Subscription to Option 33 shall be an automatic subscription to Option 64 of FCC 1 and Option 63 of FCC 11. (x) (x)

(D) Service Period

The Service Period of Option 33 shall be the period commencing on the Effective Date and ending on June 30, 2017.

(E) Serving Area

The Billing Credits (to the extent any are earned by Customer) will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under the Telephone Company's tariffs in accordance with applicable law. Wire centers for the Phase II MSAs are listed in Section 19.1 of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in the Tariffs) that occur during the Service Period of this Option 33 will automatically apply. For the avoidance of doubt, no Billing Credits will be provided in the operating territories of FCC 16. (x) (x)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following, as well as other terms of this Option 33 (including Section (L), Disputes, following), **Qualifying Monthly Recurring Charges** include total monthly recurring charges (**MRCs**) billed to Customer with respect to a particular service for a particular timeframe. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list being illustrative only):

(1) Any NRCs, surcharges, taxes, late payment charges, credits, fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, and any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter or Plan Year of the Service Period;

(2) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(3) Service or administrative fees or charges imposed by the Telephone Company (e.g., interest charges, late payment charges); (N)

(x) Issued under authority of Special Permission No. 13-002 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(F) Qualifying Monthly Recurring Charges (Cont'd)

(4) Any amount that appears in the "Other Charges and Credits" section of the Telephone Company's invoice (other than a backbilled MRC of greater than $50,000 on a particular invoice) for which the billed charges would have been Qualifying Monthly Recurring Charges had the charges been billed in the appropriate billing period within the Service Period. For the purposes of this Section (F)(4), the term "invoice" shall mean the aggregate of all billing in invoices issued by the Telephone Company to Customer for Qualifying TDM Base Credit Services under the ACNAs included with Customer's subscription to this Option 33 in any calendar month;

(5) Any amount for which payment is being withheld by Customer or that is otherwise a Disputed Charge; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Telephone Company, then the amount credited to Customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the Quarter in which the Telephone Company issues such credit; and

(6) Shortfall or overage charges associated with term plan true-ups (e.g., for failure to satisfy commitment levels).

(G) Price Flex Base Credit

Provided that Customer has satisfied all applicable eligibility requirements and subject to all other terms set forth in this Option 33, at the end of each Quarter of the Service Period, the Telephone Company will determine whether Customer qualifies to receive a Price Flex Base Credit based on Steps 1 through 3 set forth following. If Customer satisfies all applicable requirements to receive the Price Flex Base Credit for a particular Quarter, then the Telephone Company will apply such credit to one or more of Customer's applicable special access billing accounts within ninety (90) days after the end of the applicable Quarter. All calculations under this Section (G) shall take account of any adjustments resulting from Section (L)(3) (Treatment of Remedial Billing Credits) following.

(**Step 1**) The Telephone Company will calculate the Qualifying TDM Base Credit Revenues for the Quarter.

(**Step 2**) Using the Price Flex Base Credit Table 1 following for Quarter 1 of Plan Year 1, or the Price Flex Base Credit Table 2 following for all subsequent Quarters (i.e., Quarters 2 through 18 of the Service Period), the Telephone Company will determine which TDM Base Credit Percentage corresponds to the Qualifying TDM Base Credit Revenues that Customer achieved for that Quarter. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(G) Price Flex Base Credit (Cont'd)

Price Flex Base Credit Table 1

Minimum Qualifying TDM Base Credit Revenue	Maximum Qualifying TDM Base Credit Revenue	TDM Base Credit Percentage
$0	$10.99M	0.0%
$11.00M	$11.29M	3.00%
$11.30M	$11.59M	6.00%
$11.60M	$11.79M	9.00%
$11.80M	$11.99M	11.10%
$12.00M	$12.19M	13.20%
$12.20M	$12.39M	15.30%
$12.40M	+	17.40%

Price Flex Base Credit Table 2

Minimum Qualifying TDM Base Credit Revenue	Maximum Qualifying TDM Base Credit Revenue	TDM Base Credit Percentage
$0	$32.99M	0.0%
$33.00M	$33.89M	1.0%
$33.90M	$34.79M	2.0%
$34.80M	$35.39M	3.0%
$35.40M	$35.99M	3.7%
$36.00M	$36.59M	4.4%
$36.60M	$37.19M	5.1%
$37.20M	+	5.8%

(**Step 3**) The Price Flex Base Credit shall be equal to the Qualifying TDM Base Credit Percentage identified in Step 2 times the TDM Base Credit Revenues for the applicable Quarter. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(H) DS1 Volume Discount Rates and Associated SPA DS1 Flat Rate Credit

Provided that Customer has satisfied all applicable eligibility requirements and subject to all other terms set forth in this Option 33, at the end of each Quarter of the Service Period, the Telephone Company will determine whether Customer qualifies to receive a volume discount, applied using the SPA DS1 Flat Rate Credit, based on the following provisions, subject to the annual true-up described following. For the avoidance of any doubt, before reaching a determination of whether Customer qualifies for the SPA DS1 Flat Rate Credit under Sections (H)(1), (H)(2), and (H)(3) following, Customer must first satisfy the threshold requirements set forth in Section (H)(4) following. All calculations under Section (H) shall take account of any adjustments resulting from Section (L)(3) (Treatment of Remedial Billing Credits) following.

(1) After each Quarter, the Telephone Company shall determine the DS1 Billed Revenue and DS1 Billed Units that Customer achieved for that Quarter. The SPA DS1 Flat Rate Credit will be in an amount equal to the applicable DS1 Billed Revenues for the applicable Quarter minus the applicable flat rate revenue (i.e., "applicable flat rate revenue" means the applicable DS1 Billed Units multiplied by the applicable flat rate for the Plan Year from Table 3 following for Quarter 1 of Plan Year 1, or Table 4 following for all subsequent Quarters (i.e., Quarters 2 through 18 of the Service Period)). If Customer satisfies all applicable requirements to receive the SPA DS1 Flat Rate Credit for a particular Quarter, the Telephone Company shall apply such credit to one or more of Customer's applicable special access billing accounts within ninety (90) days after the end of the applicable Quarter.

Table 3

Credit Tier	Plan Year 1 SPA DS1 Flat Rate
Tier 1	$173.00
Tier 2	$146.00

Table 4

Credit Tier	Plan Year 1 SPA DS1 Flat Rate	Plan Year 2 SPA DS1 Flat Rate	Plan Year 3 SPA DS1 Flat Rate	Plan Year 4 SPA DS1 Flat Rate	Plan Year 5 SPA DS1 Flat Rate
Tier 1	$173.00	$173.00	$173.00	$173.00	$173.00
Tier 2	$164.00	$163.00	$162.00	$161.00	$160.00

(N)

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(H) DS1 Volume Discount Rates and Associated SPA DS1 Flat Rate Credit (Cont'd)

(2) Eligibility for Tier 1

If the total volume of DS1 Billed Units that Customer achieved for the Quarter is equal to, or up to 1,200 more than, the volume of DS1 Billed Units that Customer achieved for the immediate prior Quarter (or, in the case of the first Quarter of the Service Period, is equal to, or up to 400 more than, the Baseline DS1 Billed Units), then Customer will qualify (subject to meeting all other eligibility requirements) for the DS1 flat rates for Tier 1 in Tables 3 and 4 preceding.

(3) Eligibility for Tier 2

If the total volume of DS1 Billed Units that Customer achieved for the Quarter exceeds the DS1 Billed Units for the immediate prior Quarter by more than 1,200 DS1 Billed Units (or, in the case of the first Quarter of the Service Period, exceeds the Baseline DS1 Billed Units by more than 400 DS1 Billed Units), then Customer will qualify for the DS1 flat rates for Tier 2 in Tables 3 and 4 preceding.

(4) In order to qualify for any SPA DS1 Flat Rate Credit in any Quarter under the preceding provisions, Customer must satisfy all of the following conditions (as well as all other eligibility requirements set forth in this Option 33):

(a) Customer must qualify for a discount (i.e., greater than 0%) for the Price Flex Base Credit for that same Quarter; and

(b) As of the end of that same Quarter, Customer must have had DS1 Billed Units in volumes equal to or greater than the Baseline DS1 Billed Units.

(5) Annual True-up

After the end of each Plan Year, the Telephone Company will perform a true-up to determine whether Customer qualified for any Tier 2 credits Customer received for that just-completed Plan Year based on Customer's overall annual performance under Option 33.

(a) Plan Year 1. For Plan Year 1, if Customer's total annual DS1 Billed Units at the end of Plan Year 1 are not at least 1,600 greater than the Baseline DS1 Billed Units for the first Quarter of the Service Period, then the Telephone Company will issue to Customer's applicable account(s) a debit equal to (i) the aggregate amount of any credits Customer received to apply the Tier 2 rates in Tables 3 and 4 for Plan Year 1 minus (ii) the aggregate amount of credits that Customer would have received if the Tier 1 rates in Tables 3 and 4 were applied for all Quarters of Plan Year 1. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(H) DS1 Volume Discount Rates and Associated SPA DS1 Flat Rate Credit (Cont'd)

(5) Annual True-up (Cont'd)

(b) Plan Years 2-5. For Plan Years 2-5, if Customer's total annual DS1 Billed Units at the end of each Plan Year are not at least 4,800 greater than the DS1 Billed Units as of the end of the month immediately preceding the just-completed Plan Year being reviewed, then the Telephone Company will issue to Customer's applicable account(s) a debit equal to (i) the aggregate amount of any credits Customer received to apply the Tier 2 rates in Table 4 for that just-completed Plan Year minus (ii) the aggregate amount of credits that Customer would have received if the Tier 1 rates in Table 4 were applied for all Quarters of that just-completed Plan Year.

(I) TDM Shortfall Credit

Provided that Customer has satisfied all applicable eligibility requirements and subject to all other terms set forth in this Option 33, at the end of each Plan Year of the Service Period, Customer may qualify to receive a TDM Shortfall Credit as described in this Section (I).

(1) After the end of each Plan Year, the Telephone Company will determine whether Customer's total annual DS1 Billed Units are (i) for Plan Year 1, at least 1,600 greater than the Baseline DS1 Billed Units for the first Quarter of the Service Period and (ii) for Plan Years 2-5, at least 4,800 greater than the Baseline DS1 Billed Units (the **TDM Shortfall Credit Thresholds**).

(2) If, for a given Plan Year, Customer has met the applicable TDM Shortfall Credit Threshold set forth in Section (I)(1) preceding, then the Telephone Company will determine the total amount that Customer, during that just-completed Plan Year, paid to the Telephone Company in the form of shortfall payments for Special Access DS1 Services under Customer's Existing Plans for CDP, NDP, and TVP pursuant to Sections 5.6.14 and 23.1 of this tariff, Sections 25.1 and 25.3 of FCC 1, and Sections 25.1 and 25.2 of FCC 11, and (the **Total Annual Shortfall Payment**). The Telephone Company will issue a credit (**TDM Shortfall Credit**) in an amount equal to the lesser of: (i) the Total Annual Shortfall Payment and (ii) Two Million and 00/100 U.S. Dollars ($2,000,000). The TDM Shortfall Credit is a single credit provided for Customer's collective subscription to this Option 33, Option 64 of FCC 1, and Option 63 of FCC 11 (i.e., Customer may not receive a TDM Shortfall Credit under more than one of the three Options). (x) (x) (x) (N)

(x) Issued under authority of Special Permission No. 13-002 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(I) TDM Shortfall Credit (Cont'd)

(3) If Customer did not meet the applicable TDM Shortfall Credit Threshold for a given Plan Year, or did not pay any CDP, NDP, or TVP shortfall payments to the Telephone Company during that Plan Year as described in Section (I)(2) preceding, then Customer will not receive a TDM Shortfall Credit for that Plan Year. If Customer receives a TDM Shortfall Credit for a given Plan Year, Customer may not thereafter dispute or receive a refund of any shortfall payments that were paid during the Plan Year for which Customer received a TDM Shortfall Credit. Once the Telephone Company issues a TDM Shortfall Credit, Customer may not later dispute the amount of such credit.

(J) One-Time DS1 Performance Credit

If, as of the Effective Date, Customer has achieved a total of forty-seven thousand four hundred (47,400) DS1 Billed Units, then the Telephone Company, no later than sixty (60) days after the Effective Date, will provide Customer with a one-time billing credit equal to Two Million Five Hundred Thousand and 00/100 U.S. Dollars ($2,500,000) (**One-Time DS1 Performance Credit**). Customer will determine and communicate to the Telephone Company within fifteen (15) days after the Effective Date the special access billing account on which Customer wishes the credit to appear. The One-Time DS1 Performance Credit is a single credit provided for Customer's collective subscription to this Option 33, Option 64 of FCC 1, and Option 63 of FCC 11 (i.e., Customer may not receive a One-Time DS1 Performance Credit under more than one of the three Options). (x) (x)

(K) Excessive DS1 Mileage Surcharge

At the end of each Quarter of the Service Period, The Telephone Company will follow the steps set forth below to calculate the **Excessive DS1 Mileage Surcharge** that Customer will owe for that Quarter:

(**Step 1**) The Telephone Company will calculate the DS1 Average Mileage as defined in Section (B) preceding.

(**Step 2**) Divide the DS1 Average Mileage from Step 1 by the Baseline DS1 Average Mileage to determine the ratio of DS1 Average Mileage to the Baseline DS1 Average Mileage (**Baseline DS1 Mileage Ratio**).

(**Step 3**) Using Table 5 following, the Telephone Company will determine what DS1 Mileage Surcharge Percent applies based on the Baseline DS1 Mileage Ratio calculated in Step 2. (N)

(x) Issued under authority of Special Permission No. 13-002 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(K) Excessive DS1 Mileage Surcharge (Cont'd)

Table 5 DS1 Mileage Surcharge Table

Minimum Baseline DS1 Mileage Ratio	Maximum Baseline DS1 Mileage Ratio	DS1 Mileage Surcharge Percent
0	1.39	0.00%
1.40	1.59	10.00%
1.60	1.79	15.00%
1.80	1.99	20.00%
2.00	+	25.00%

(**Step 4**) The Excessive DS1 Mileage Surcharge for the Quarter shall be calculated by multiplying (i) the SPA DS1 Flat Rate Credit earned during that Quarter under Section (H) preceding (without taking account of any annual true-up under Section (H)(5)) times (ii) the DS1 Mileage Surcharge Percent identified in Step 3.

(**Step 5**) If the Excessive DS1 Mileage Surcharge is greater than $0, the Telephone Company, within ninety (90) days after the Quarter for which the Excessive DS1 Mileage Surcharge is owed, will apply the Excessive DS1 Mileage Surcharge by issuing a debit(s) (**Excessive DS1 Mileage Surcharge Debits**) to one or more of Customer's applicable special access billing accounts.

Example 1: Assume that Customer's DS1 Average Mileage achieved for Quarter 2 of Plan Year 1 is 4.9 miles and the SPA DS1 Flat Rate Credit achieved for that same Quarter is $1.30M. The Baseline DS1 Mileage Ratio is 1.02. The Excessive DS1 Mileage Surcharge is $0 ($1.3M x 0.00% = $0).

Example 2: Assume that Customer's DS1 Average Mileage achieved for Quarter 3 of Plan Year 4 is 7.0 miles and the SPA DS1 Flat Rate Credit achieved for that same Quarter is $1.60M. The Baseline DS1 Mileage Ratio is 1.46. The Excessive DS1 Mileage Surcharge is $0.16M ($1.6M x 10.00% = $0.16M). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(L) Disputes

Notwithstanding any other provision of this Option 33, the Telephone Company's calculation of the Billing Credits and Excessive DS1 Mileage Surcharges under this Option 33 shall be subject to the following additional requirements (as well as all other terms of this Option 33):

(1) For the purposes of calculating the Price Flex Base Credit and the SPA DS1 Flat Rate Credit, the Telephone Company shall not include any credits or debits for Services provided during any periods prior to the Effective Date (regardless of whether such credits or debits were the result of a valid dispute by Customer or were the result of a billing error by the Telephone Company).

(2) Customer agrees to undertake a good faith effort to review, within forty-five (45) calendar days of receipt, each bill from the Telephone Company that includes amounts to be included in Qualifying Monthly Recurring Charges and, at such time that Customer determines there is a dispute, to promptly raise the dispute with the Telephone Company. For the avoidance of any doubt, Customer is not obligated or required to raise billing disputes within forty-five (45) calendar days of receipt of a bill.

(3) Treatment of Remedial Billing Credits

(a) In the event that (i) Customer disputes charges that it believes were improperly billed for Services billed in prior Quarters, (ii) any such disputed charges were included as Qualifying Monthly Recurring Charges for purposes of calculating any Price Flex Base Credits or SPA DS1 Flat Rate Credits under this Option 33, and (iii) the Telephone Company honors all or a portion of the dispute in favor of Customer, then any billing credit issued by the Telephone Company to remedy the dispute (**Remedial Billing Credit**) shall be included as an offset to Qualifying Monthly Recurring Charges for the purpose of calculating the Price Flex Base Credits and SPA DS1 Flat Rate Credits for the Quarter in which such Remedial Billing Credit is issued by the Telephone Company. For the avoidance of any doubt, if a Remedial Billing Credit results in Customer falling below the Minimum Qualifying TDM Base Credit Revenue necessary to qualify for a Price Flex Base Credit, but for which Customer would have otherwise qualified for a Price Flex Base Credit for each Quarter to which the underlying dispute is attributable, Customer will still qualify for the SPA DS1 Flat Rate Credit if all other requirements have been met to do so for the Quarter in which the Remedial Billing Credit is offset against Qualifying Monthly Recurring Charges; (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(L) Disputes (Cont'd)

(3) Treatment of Remedial Billing Credits (Cont'd)

(a) (Cont'd)

provided, however, that any Remedial Billing Credit relating to DS1 Billed Revenues will be included as an offset to DS1 Billed Revenue for purposes of calculating the SPA DS1 Flat Rate Credit (and thus could cause Customer to be ineligible for the SPA DS1 Flat Rate Credit). For the avoidance of any doubt, if the Telephone Company offsets a Remedial Billing Credit against Billed DS1 Revenue set forth preceding, such offsetting shall not result in any adjustment to any Excessive DS1 Mileage Surcharge assessed with respect to any previous Quarter, but such offsetting will affect the Excessive DS1 Mileage Surcharge for the then current Quarter insofar as the Excessive DS1 Mileage Surcharge calculation is, as set forth in Section (K) preceding, based in part on the amount of the SPA DS1 Flat Rate credit (which in turn is based in part on DS1 Billed Revenues) for the then current Quarter.

(b) The provisions set forth in Section (L)(3)(a) preceding apply in cases where Customer disputes charges up to six (6) months after the end of the Service Period. In the event of any such disputes, any Remedial Billing Credit that the Telephone Company issues shall be included as an offset to Qualifying Monthly Recurring Charges for the last Quarter of the Service Period for the purpose of calculating the Price Flex Base Credits and SPA DS1 Flat Rate Credits for the last Quarter of the Service Period. To the extent the inclusion of the Remedial Billing Credit produces a lower Price Flex Base Credit or SPA Flat Rate Credit (or disqualifies Customer from either or both of such credits) for the last Quarter of the Service Period, the Telephone Company will issue a debit in an amount equal to (i) the Price Flex Base Credit and SPA DS1 Flat Rate Credit actually provided by the Telephone Company for the last Quarter of the Service Period minus (ii) the Price Flex Base Credit and SPA DS1 Flat Rate Credit (if any, in either case) due to Customer once the Remedial Billing Credit is included as an offset to the Qualifying Monthly Recurring Charges for the last Quarter of the Service Period. If the Telephone Company adjusts Qualifying Monthly Recurring Charges as set forth preceding and, at the time of such adjustment the Telephone Company has already billed Customer an Excessive DS1 Mileage Surcharge for the last Quarter of the Service Period, the Telephone Company shall not be required to recalculate the Excessive DS1 Mileage Surcharge already billed to Customer and Customer shall pay the amount of the Excessive DS1 Mileage Surcharge already billed. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(L) Disputes (Cont'd)

(4) The Price Flex Base Credits and SPA DS1 Flat Rate Credits as determined by the Telephone Company and agreed to by Customer, and the ExcessiveDS1 Mileage Surcharge are not subject to dispute after being issued by the Telephone Company, regardless of the outcome of any Disputed Charges; provided, however, that the foregoing prohibition against disputes shall not be deemed (i) to preclude any debit issued pursuant to an annual true-up under Section (H)(5) preceding, (ii) to preclude any adjustment pursuant to Section (L)(3) preceding; or (iii) to apply in a situation where the Telephone Company applies a Price Flex Base Credit or SPA DS1 Flat Rate Credit that does not match the mutually agreed upon credit amount. For the avoidance of any doubt, the Telephone Company will not issue any Price Flex Base Credits or SPA DS1 Flat Rate Credits until the applicable credit amount is agreed to by Customer.

(5) In no event shall the Telephone Company be subject to any late payment, interest or penalty with respect to any Billing Credits.

(M) Termination and Termination Liability

(1) Subject to the terms set forth in this Section (M), Customer may terminate this Option 33 at any time during the Service Period. Customer must provide written notice of termination at least ninety (90) days prior to the requested date of termination. Termination of less than all of the Contract Tariff options (i.e., terminations of Option 33 of this tariff, or Option 64 of FCC 1, or Option 63 of FCC 11) shall be deemed to be an automatic termination of all contract tariff options. All obligations under the tariffs with respect to the Services shall continue to apply. (x) (x)

(2) In the event of a termination by Customer under Section (M)(1) preceding, or a termination by the Telephone Company under Section (N)(2) following, Customer shall be liable for payment of termination liability to be calculated as follows:

(a) Termination During Plan Years 1 or 2:

(i) Customer shall receive no further Billing Credits for the Plan Year in which termination occurs;

(ii) Customer must return one hundred percent (100%) of all Billing Credits (which, for the avoidance of any doubt includes the One-Time DS1 Performance Credit) previously received at any time under Option 33; and

(iii) Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs. (N)

(x) Issued under authority of Special Permission No. 13-002 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(M) Termination and Termination Liability (Cont'd)

(2) (Cont'd)

(b) Termination During Plan Years 3 or 4:

(i) Customer shall receive Price Flex Base Credits and SPA DS1 Flat Rate Credits of zero dollars ($0) for the Plan Year in which termination occurs (including, by way of example, that Customer must repay to the Telephone Company any Price Flex Base Credits and SPA DS1 Flat Rate Credits already received in that Plan Year);
(ii) Customer must return sixty percent (60%) of any Price Flex Base Credits and SPA DS1 Flat Rate Credits received for Plan Year 2 if the termination occurs in Plan Year 3;
(iii) Customer must return forty percent (40%) of any Price Flex Base Credits and SPA DS1 Flat Rate Credits received for Plan Year 3 if the termination occurs in Plan Year 4; and
(iv) Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs.

(c) Termination During Plan Year 5:

(i) Customer shall receive Price Flex Base Credits and SPA DS1 Flat Rate Credits of zero dollars ($0) for Plan Year 5 (including, by way of example, that Customer must repay to the Telephone Company any Price Flex Base Credits and SPA DS1 Flat Rate Credits already received in Plan Year 5);
(ii) Customer must return fifty percent (50%) of any Price Flex Base Credits and SPA DS1 Flat Rate Credits received for Plan Year 4; and
(iii) Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs.

Any termination liability payment owed by Customer under any of the preceding provisions shall be due and payable by Customer to the Telephone Company no later than sixty (60) days after the termination date. (N)

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(M) Termination and Termination Liability (Cont'd)

(3) The Customer and the Telephone Company, by mutual written agreement in their sole discretion, may terminate this Option 33. Except as otherwise mutually agreed in writing by Customer and the Telephone Company: (i) any termination under this Section (M)(3) in Plan Year 1 shall be effective as of the Effective Date, and Customer shall not be eligible for any Billing Credits, including the One-Time DS1 Performance Credit, for Plan Year 1; (ii) if the termination under this Section (M)(3) is in Plan Years 2 through 5, such termination shall be effective as of the end of the Plan Year preceding the termination, and the Customer shall be entitled to all Billing Credits earned for the Plan Year preceding the termination, but shall not be eligible for any Billing Credits for any period of time after the end of such Plan Year; and (iii) regardless of the Plan Year in which the termination occurs, Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs.

(N) Mergers and Acquisitions of Customer

(1) In the event that after the Effective Date, Customer or its direct or indirect parent company merges with another company, acquires a company or a portion of the business of another company (including, by way of example, acquisition of any ACNAs other than those submitted with Customer's subscription to Option 33), becomes an Affiliate of another company or is acquired in whole or in part by another company, the terms and conditions set forth in this Section (N) will apply in addition to all other terms and conditions set forth in this Option 33. Customer may not combine or include any DS1 Billed Revenues, DS1 Billed Units, DS1 Units, DS1 Mileage, Qualifying TDM Base Credit Revenues, or Qualifying Monthly Recurring Charges or Baseline DS1 Billed Units from the merged, acquiring, or acquired company, or from the assets of such merged, acquiring, or acquired company, for any purposes hereunder.

(2) Except where the Customer and the Telephone Company elect otherwise pursuant to Section (N)(3) following, Customer's DS1 Billed Revenues, DS1 Billed Units, DS1 Units, DS1 Mileage, Qualifying TDM Base Credit Revenues, and Qualifying Monthly Recurring Charges shall be calculated based on Customer's business and revenue with the Telephone Company using the ACNAs submitted with Customer's subscription to this Option 33, without adding any revenues, units, DS1 Mileage, and/or ACNAs attributable to expansion of Customer's purchase of any services from the Telephone Company through merger, transfer, assignment, or acquisition. If Customer violates the provisions of this Section (N)(2), then the Telephone Company may terminate Option 33 without liability upon written notice to Customer. (N)

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(N) Mergers and Acquisitions of Customer (Cont'd)

(3) In lieu of excluding the acquired business, revenue, DS1 Mileage, units, and the like as described in Section (N)(2) preceding, the Customer and the Telephone Company, in order to reflect the impact of mergers, acquisitions, divestitures or other transactions described in Section (N)(1) preceding, may mutually agree in writing to make proportionate adjustments to Customer's Baseline DS1 Billed Units, Baseline DS1 Average Mileage, the amounts and/or percentages set forth in Tables 1 and 2 (Price Flex Base Credit Tables) in Section (G) preceding, and/or the volume of DS1 Billed Units required for Customer to receive the Tier 1 or Tier 2 rates set forth in Tables 3 and 4 (SPA DS1 Flat Rate Tables) of Section (H) preceding. For the avoidance of any doubt, no revenue, units or DS1 Mileage of the acquired business shall be included in the calculation of the Price Flex Base Credit or SPA DS1 Flat Rate Credit for any period prior to the effective date to which the parties mutually agree in writing.

(4) Customer shall provide the Telephone Company written notice no later than twenty (20) business days after filing any request with the FCC for approval of a transaction that is the subject of Section (N)(1) and, to the extent provided in writing publicly by the date of such notice, shall include a good faith estimate of the expected close date so that Customer and the Telephone Company can assess and implement their associated rights and obligations under this Option 33. Once the transaction closes, Customer shall further notify the Telephone Company of such closing within thirty (30) days after such closing occurs. Under no circumstance shall this Section (N) require Customer to provide the Telephone Company written notice of mergers solely between Customer entities holding, as of the Effective Date, the ACNAs submitted with Customer's subscription to this Option 33, such as Customer's internal merging of legal entities. For the avoidance of any doubt, the preceding reference to notice following an FCC filing affects only the notice that Customer is required to provide under this Section (N)(4), and does not alter application of the substantive provisions set forth in Sections (N)(1) through (N)(3) (e.g., prohibition against including acquired business, revenue, units and the like as described in Sections (N)(1) and (N)(2)) to transactions that are not subject to an FCC filing. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(O) Sale of Telephone Company Telephone Operating Company

(1) If some or all of the assets or stock of a Telephone Company Operating Telephone Company that provides DS1 Units are acquired by an unaffiliated third party during the Service Period, then effective with the closing of such transaction, the Customer and the Telephone Company will mutually agree in writing to make proportionate adjustments to Customer's DS1 Billed Revenues, DS1 Billed Units, Baseline DS1 Average Mileage, DS1 Units, Qualifying TDM Base Credit Revenues, Qualifying Monthly Recurring Charges, or Baseline DS1 Billed Units, the amounts and/or percentages set forth in Tables 1 and 2 (Price Flex Base Credit Tables) in Section (G) preceding, and/or the volume of DS1 Billed Units required for Customer to receive the Tier 1 or Tier 2 rates set forth in Tables 3 and 4 (SPA DS1 Flat Rate Tables) of Section (H) preceding. For the avoidance of any doubt, no such adjustments shall apply to any period prior to the effective date to which the Customer and the Telephone Company mutually agree in writing.

(2) If the Telephone Company acquires another company (or portion thereof) that provides any services similar to DS1 Units, the Customer and the Telephone Company may mutually agree in writing to adjust any of the items described in Section (O)(1) preceding and DS1 Mileage on a proportionate basis to account for Customer's purchases from the acquired company (or portion thereof). For the avoidance of any doubt, no Customer purchases from the acquired company (or portion thereof) shall be included in DS1 Billed Revenues, DS1 Billed Units, DS1 Mileage, or Qualifying TDM Base Credit Revenues for any period prior to the effective date for such inclusion to which the Customer and the Telephone Company mutually agree in writing. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.34 Contract Tariff Option 33 (Cont'd) (N)

(P) Orders for Unbundled Network Elements

(1) Customer, as a material condition of the Telephone Company's offering the Billing Credits described in this Option 33, agrees that during the Service Period it may not submit orders for any of the following unbundled network elements (UNEs) that the Telephone Company offers: (i) UNE DS1 loops; (ii) UNE DS1 dedicated transport; (iii) any combination of any of the foregoing UNEs (which combinations are sometimes referred to as **Enhanced Extended Loops** or **EELs** or (iv) any of the foregoing UNEs commingled with special access services or other services ((i), (ii), (iii) and (iv), collectively **Prohibited UNEs**). The foregoing prohibition includes both orders for new Prohibited UNEs as well as orders for the conversion of special access services to Prohibited UNEs (collectively, **Prohibited UNE Orders**).

(2) Accordingly, the Telephone Company and Customer agree that if either the Telephone Company or Customer discovers any Prohibited UNE Orders submitted during the Service Period, then such discovering party shall notify the other party and Customer, no later than sixty (60) days after either the Telephone Company's or Customer's provision of such notice, shall promptly request conversion of such Prohibited UNEs to a Special Access service. The Telephone Company shall reasonably assist in this effort. The rates applicable to the Special Access service to which a Prohibited UNE is converted shall apply retroactively for the full period during which the Prohibited UNE was billed at UNE rates. For the avoidance of any doubt, no Billing Credits or Excessive DS1 Mileage Surcharge for any past Quarters or Plan Years shall be recalculated as a result of any such conversions of Prohibited UNEs to Special Access services. If Customer fails to submit an order to convert a Prohibited UNE to a Special Access service (**Conversion Order**) within sixty (60) days after notifying the Telephone Company of a Prohibited UNE Order (or, in cases where the Telephone Company discovers a Prohibited UNE Order and notifies Customer, within sixty (60) days after the date on which the Telephone Company provides such notice), then, without limiting Customer's continuing obligation to submit such conversion order, the Telephone Company shall have the right (but not the obligation) to submit such order on Customer's behalf and take such other steps as necessary to complete the conversion. For the avoidance of any doubt, Customer shall bear the sole responsibility for monitoring its internal ordering processes to ensure that no Prohibited UNE Orders are submitted during the Service Period. (N)

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (N)

(A) Scope

Contract Tariff Option 34 (**Option 34**) provides a customer with certain aggregate discounts and Billing Credits (as defined following) on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 34.

(B) Specific Terms

Unless otherwise defined in this Section 21.35, the following terms are used in this Option 34:

(1) **Alternative Tariff Arrangement** shall mean, collectively, any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (ICB) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the services covered by this Option 34.

(2) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits to the customer.

(3) **Billed DS1 Service Revenue** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges (as defined in (F) following) billed under one of the Customer ACNAs provided under (C)(3) following and which were paid in full by the customer for DS1 Qualifying Services for the applicable Quarter.

(4) **Billed DS1 Unit with Mileage** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which a portion of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.

(5) **Billed DS1 Unit without Mileage** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which none of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.

(6) **Billed DS1 Mileage Charges** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges for DS1 Mileage billed under one of the Customer ACNAs provided under (C)(3) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(7) **Billed DS3 CLF Service Revenues** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLF Services for the applicable Quarter.

(8) **Billed DS3 CLS Service Revenues** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLS Services for the applicable Quarter.

(9) **Billed DS3 CLF Unit** shall mean, with respect to each month during the Service Period, a DS3 CLF Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.

(10) **Billed DS3 CLS Unit** shall mean, with respect to each month during the Service Period, a DS3 CLS Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.

(11) **Billed Facilities Management Services (FMS) Revenue** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which were paid in full by the Customer for Special Access Facilities Management Services.

(12) **Billed Qualifying Service Revenue** shall mean each of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue, Billed DS3 CLS Service Revenue, and Billed FMS Revenue.

(13) **Billed Qualifying Service Units** shall mean Billed DS1 Units with Mileage, Billed DS1 Units without Mileage, Billed DS3 CLF Units, and Billed DS3 CLS Units.

(14) **Billing Credits** shall mean, collectively, the Quarterly DS1 Flat Rate Credit, the Quarterly DS3 CLF Flat Rate Credit, and the Quarterly DS3 CLS Flat Rate Credit offered to Customer pursuant to this Option 34. Calculation of applicable Billing Credits is described in (G) following.

(15) **Disputed Charges** shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by Customer. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)
21.35 Contract Tariff Option 34 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(16) **DS1 Mileage** shall mean the special transport for DS1 Services (as described in Section 5.1.1(B) of this tariff, channel mileage for DS1 Services (as described in Section 7.1.2(B) of FCC Tariff No. 1 (FCC 1) and Section 7.1.2(B) of FCC Tariff No. 11 (FCC 11), and circuit mileage for DS1 Services (as described in Section 7.2.1(B) of FCC Tariff No. 16 (FCC 16). (x) (x)

(17) **DS1 Average Mileage** shall mean the total DS1 Mileage billed to Customer for a given time period divided by the Billed DS1 Units with Mileage for that same time period.

(18) **DS1 Unit** shall mean Special Access DS1 Services that meet the following definitions: (i) a DS1 "Special Access Line" as defined in Section 5.1.1(C) of this tariff, (ii) a DS1 "Channel Termination" as defined in FCC 1, Section 7.1.2(A), (iii) a DS1 "Channel Termination" as defined in FCC 11, Section 7.1.2(A), and (iv) a DS1 "Circuit Termination" as defined in FCC 16, Section 7.2.1(A). Fractions of a "DS1 Unit" are not counted as a "DS1 Unit". (x) (x)

(19) **DS3 CLF Unit** shall mean an individual Special Access DS3 Services circuit that has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18).

(20) **DS3 CLS Unit** shall mean an individual Special Access DS3 Services circuit that has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683..NE).

(21) **Flat Rate** shall mean the flat rate monthly recurring charge that applies per Billed Qualifying Service Unit, per service type (i.e., DS1 with mileage, DS1 without mileage, DS3 CLF, and DS3 CLS), for a given Plan Year, each such charge being the charge that the Parties agree results from the application of the rate calculation methodology set forth in (G)(1)(a) following.

(22) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on March 1, 2014 and end on February 28, 2015; (2) Plan Year 2 shall commence on March 1, 2015 and end on February 29, 2016; (3) Plan Year 3 shall commence on March 1, 2016 and end on February 28, 2017.

(23) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately ninety (90) days thereafter); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs.

(24) **Special Access DS1 Services** shall mean DS1 Services of 1.544 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9), and FCC 16 (Section 7.11.1). (x)

(N)

(x) Issued under authority of Special Permission No. 14-003 of the Federal Communications Commission.

(This page filed under Transmittal No. 1261.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(B) Specific Terms (Cont'd)

(25) **Special Access DS3 CLF Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9), and FCC 16 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18). (x) (x)

(26) **Special Access DS3 CLS Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9), and FCC 16 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683..NE). (x) (x)

(27) **Special Access Facilities Management Services** shall mean FMS Services as described in Section 7.2.13 of FCC 1 and Section 7.2.16 of FCC 11. (x)

(28) **TDM Annual Revenue Commitment** shall mean the annual minimum required Billed Qualifying Service Revenues and shall be equal to $84,000,000.

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits and other benefits of this Option 34. All references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $10M shall mean $10,000,000).

(1) As of March 1, 2014, the customer must:

(a) have billed a minimum of $10M of Billed Qualifying Service Revenue for the thirty (30) days immediately prior to March 1, 2014 and between Twenty-Five Thousand (25,000) and Sixty Thousand (60,000) Billed DS1 Units;

(b) be subscribed to the Commitment Discount Plan (Section 25.1 of FCC 1 and FCC 11, Section 25.1), and the DS1 Term Volume Plan (Section 5.6.14(G) of this tariff) (**Existing Plans**); (x)

(c) not have been required in connection with the most recent true-up to pay any shortfall payments or penalties as a result of a failure to maintain volume commitments, under any of the Existing Plans;

(d) have been subscribed to Option 29 of this tariff, Option 55 of FCC 11, and Option 57 of FCC 1 immediately prior to execution of this Option 34. (x) (N)(x)

(x) Issued under authority of Special Permission No. 14-003 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(C) Eligibility (Cont'd)

(2) Except for Existing Plans, Customer may not concurrently subscribe to an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue. If Customer wishes to subscribe to such an Alternative Tariff Arrangement, then Customer shall not receive any Discounts and Billing Credits under this Option 34, and such subscription shall be considered a termination by Customer of this Option 34, subject to (L) following.

(3) The customer must subscribe to this Option 34 in a manner designated by the Telephone Company during the thirty (30) day period beginning March 1, 2014 and ending March 31, 2014. Such subscription must include a list of the customer's access customer name abbreviations (Customer ACNA(s)) that the Telephone Company agrees to, in writing, for inclusion in this Option 34. Subscription to this Option 34 shall be an automatic subscription to Option 65 of FCC 1 and Option 65 of FCC 11. (x) (x)

(D) Service Period

The Service Period of this Option 34 shall commence on March 1, 2014 and end on February 28, 2017.

(E) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC 1, and FCC 11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11) that occur during the Service Period will apply. No Billing Credits will be provided in the operating territories of FCC 16. (x) (x) (x) (x) (x)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following as well as all other terms of this Option 34 (includes Disputes following), Qualifying Monthly Recurring Charges include total monthly recurring charges (**MRCs**) billed to Customer with respect to a particular service for a particular timeframe. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list by way of example only): (N)

(x) Issued under authority of Special Permission No. 14-003 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(F) Qualifying Monthly Recurring Charges (Cont'd)

(1) Nonrecurring charges, surcharges, late payment charges, credits (including any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter of the Service Period.

(2) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(3) Service or administrative fees or charges imposed by the Telephone Company (e.g., interest penalty, late payment penalty);

(4) Any amount that appears in the "Other Charges and Credits" section of the Telephone Company's invoice;

(5) Any other billed amount for which payment is being withheld or under dispute by the Customer or that is otherwise a Disputed Charge; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Customer, then the amount credited to Customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the Quarter in which Verizon issues such credit; and

(6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels).

(G) Quarterly Review; Calculation and Payment of Billing Credits

(1) The Flat Rate pricing for the Services set forth in Tables 1 and 2 following is achieved by providing a DS1 Flat Rate Credit, a DS3 CLF Flat Rate Credit, and a DS3 CLS Flat Rate Credit.

(a) Calculation of Flat Rates

The DS1 Flat Rates without Mileage and the DS3 CLS Flat Rates for each Plan Year will be equal to a fixed percentage of the benchmark (as specified in (G)(1)(c) following) average revenue per DS1 Unit (**DS1 ARPU**) and DS3 CLS Unit (**DS3 CLS ARPU**), respectively. The DS3 CLF Flat Rates will be equal to a fixed percentage of the applicable DS3 CLS Flat Rate. The DS1 Flat Rates with Mileage will be equal to a fixed percentage of the DS1 Flat Rate without Mileage and will be based upon DS1 Average Mileage tiers. A more detailed description of the calculation of the DS1 Flat Rates without Mileage is provided in Table 2 following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(b) Calculation of Quarterly Billing Credits

The dollar amount of the quarterly Billing Credits shall be determined as follows:

(i) The Telephone Company shall determine on a Quarterly basis the Billed Qualifying Service Revenue and Billed Qualifying Service Units for each Service, and the Average DS1 Mileage for Billed DS1 Units with Mileage.

(ii) The DS3 CLF Flat Rate Credit and the DS3 CLS Flat Rate Credit will be in an amount equal to the applicable Billed Qualifying Service Revenue (i.e., Billed Qualifying DS3 CLF Service Revenue and Billed Qualifying DS3 CLS Service Revenue) for the applicable Quarter **minus** the applicable flat rate revenue (i.e., applicable Billed Qualifying Service Units (i.e., Billed DS3 CLF Units and Billed DS3 CLS Units) **multiplied by** the applicable flat rate for the Plan Year from Table 1).

Table 1: Flat Rates

Qualifying Service	**Plan Year 1 Flat Rate**	**Plan Year 2 Flat Rate**	**Plan Year 3 Flat Rate**
DS1 Units without Mileage	61.06% of DS1 ARPU	60.25% of DS1 ARPU	59.43% of DS1 ARPU
DS3 CLF Units	60.61% of DS3 CLS Plan Year 1 Flat Rate	60.67% of DS3 CLS Plan Year 2 Flat Rate	61.11% of DS3 CLS Plan Year 3 Flat Rate
DS3 CLS Units	54.00% of DS3 CLS ARPU	53.67% of DS3 CLS ARPU	53.02% of DS3 CLS ARPU

(iii) The DS1 Flat Rate Credit will be an amount equal to the Billed Qualifying DS1 Service Revenue for the applicable Quarter minus the sum of the Billed DS1 Units without Mileage for the applicable Quarter multiplied by the applicable flat rate for the Plan Year from Table 1 plus the Billed DS1 Units with Mileage for the applicable Quarter multiplied by the applicable flat rate for the Average DS1 Mileage for the applicable Quarter from Table 2.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(b) Calculation of Quarterly Billing Credits (Cont'd)

Table 2: Flat Rates (DS1 Units with Mileage)
Applicable to All Plan Years

Minimum Average DS1 Mileage	Maximum Average DS1 Mileage	Flat Rate MRC
0	7.24	107.33% of DS1 Units without Mileage Plan Year 1 Flat Rate
7.25	8.99	108.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
9.00	10.74	108.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
10.75	12.49	110.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
12.50	14.24	112.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
14.25	15.99	114.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
16.00	17.74	116.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
17.75	+	117.33% of DS1 Units without Mileage Plan Year 1 Flat Rate

(c) Calculation of Benchmark Average Revenues

The benchmark average revenues per unit will be established at the time of subscription to Option 34 and will be calculated as follows:

(i) **DS1 ARPU** shall be calculated as follows:

Step 1 Sum the Billed DS1 Service Revenue for October 2013, November 2013, and December 2013.

Step 2 Sum the Billed FMS Revenue for October 2013, November 2013, and December 2013.

Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS1 transport and multiplexing.

Step 4 Sum the amounts calculated in Step 1 and Step 3.

Step 5 Sum the Billed DS1 Units with Mileage and Billed DS1 Units without Mileage for October 2013, November 2013, and December 2013.

Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(c) Calculation of Benchmark Average Revenues (Cont'd)

(ii) **DS3 CLS ARPU** shall be calculated as follows:

Step 1 Sum the Billed DS3 CLS Service Revenue exclusive of amounts included in the definition of Billed FMS Revenues for October 2013, November 2013, and December 2013.

Step 2 Sum the Billed FMS Revenue for October 2013, November 2013, and December 2013.

Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS3 CLS transport and channel terminations.

Step 4 Sum the amounts calculated in Step 1 and Step 3.

Step 5 Sum the Billed DS3 CLS Units for October 2013, November 2013, and December 2013.

Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5.

(iii) Illustrative Example:

Assume the following information for all scenarios in this Section 21.35(G)(1)(c)(iii):

	DS1 ARPU	**DS3 CLS ARPU**
Billed Qualifying Service Revenue	$5,000,000; $5,000,000; and $5,000,000	$2,000,000; $2,000,000; and $2,000,000
Billed Qualifying DS3 CLS Revenue from FMS USOCs	N/A	$10,000; $10,000; and $10,000
Billed FMS Revenue	$5,000,000; $5,000,000; and $5,000.000	
Billed FMS Revenue Allocation Percentage	34.21%	36.08%
Billed Qualifying Service Units (includes both Billed DS1 Units with Mileage and Billed DS1 Units without Mileage)	25,000; 25,000; and 25,000	1,100; 1,100; and 1,100

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(c) Calculation of Benchmark Average Revenues (Cont'd)

(iii) Illustrative Example: (Cont'd)

Scenario 1: DS1 ARPU would be calculated as follows:

Step 1: Total Billed Qualifying DS1 Service Revenue is $15,000,000 ($5,000,000 * 3).

Step 2: Billed FMS Revenue is $15,000,000 ($5,000,000 * 3).

Step 3: Billed FMS Revenue allocated to DS1 transport and multiplexing is $5,131,500 ($15,000,000 * 34.21%).

Step 4: Total DS1 Revenue is $20,131,500 ($15,000,000 + $5,131,500).

Step 5: DS1 Billed Units are 75,000 (25,000 * 3).

Step 6: DS1 ARPU is $268.42 ($20,131,500/75,000).

Scenario 2: DS3 CLS ARPU would be calculated as follows:

Step 1: Total Billed Qualifying DS3 CLS Service Revenue exclusive of amounts billed to FMS USOCs is $5,970,000 (($2,000,000 * 3) - $10,000 * 3).

Step 2: Billed FMS Revenue is $15,000,000 ($5,000,000 * 3).

Step 3: Billed FMS Revenue allocated to DS3 CLS transport and channel terminations is $5,412,000 ($15,000,000 * 36.08%).

Step 4: Total DS3 CLS Revenue is $11,382,000 ($5,970,000 + $5,412,000).

Step 5: DSL CLS Billed Units are 3,300 (1,100 * 3).

Step 6: DS3 CLS ARPU is $3,449.09 ($11,382,000 / 3,300). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(d) Calculation of Quarterly DS1 Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing for all Billed DS1 Units with Mileage and all Billed DS1 Units without Mileage during each Quarter of each Plan Year of the Service Period. The Billed DS1 Units with Mileage and Billed DS1 Units without Mileage shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS1 Flat Rate Credit equal to the difference between the tariff rates and the pricing set forth herein:

(i) Example of Calculation of Quarterly DS1 Flat Rate Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS1 ARPU	$268.42
Billed DS1 Units with Miles	18,000; 18,000; and 19,000
Average DS1 Mileage	15.00
Billed DS1 Units without Miles	7,000; 7,000; and 6,000
Total Billed Qualifying DS1 Service Revenue	$15,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS1 Units with Miles is $152.14 ($268.42 * 49.43% * 114.67%).

Step 2: The Plan Year 3 flat rate for DS1 Units without Miles is $132.68 ($268.42 * 49.43%).

Step 3: The total Billed DS1 Units with Miles for the Quarter are 55,000 (18,000 + 18,000 + 19,000).

Step 4: The total Billed DS1 Units without Miles for the Quarter are 20,000 (7,000 + 7,000 + 6,000).

Step 5: The Quarterly DS1 Flat Rate Credit due under this Option 65 equals $3,978,700 ($15,000,000 – ((20,000 * $132.68) + (55,000 * $152.14))). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(e) Calculation of Quarterly DS3 CLF Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing set forth in this Option 34 for all Billed DS3 CLF Units during each Quarter of each Plan Year of the Service Period. The Billed DS3 CLF Units shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS3 CLF Flat Rate Credit, which shall be a contra credit (i.e., debit) equal to the positive difference between the tariff rates and the pricing set forth herein.

(i) Example of Calculation of Quarterly DS3 CLF Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS3 CLS ARPU	$3,449.09
Billed DS3 CLF Units	1,000; 1,000; and 1,000
Total Billed Qualifying DS3 CLF Service Revenue	$3,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS3 CLF Units is $1,117.52 ($3,449.09 * 53.02% * 61.11%).

Step 2: The total Billed DS3 CLF Units for the Quarter are 3,000 (1,000 + 1,000 + 1,000).

Step 3: The Quarterly DS3 CLF Flat Rate Credit due under Option 65 equals ($352,560)($3,000,000 -(3,000 * $1,117.52)). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(f) Calculation of Quarterly DS3 CLS Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing set forth in this Option 34 for all Billed DS3 CLS Units during each Quarter of each Plan Year of the Service Period. The Billed DS3 CLS Units shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS3 CLS Flat Rate Credit, equal to the difference between the tariff rates and the pricing set forth herein.

(i) Example of Calculation of Quarterly DS3 CLS Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS3 CLS ARPU	$3,449.09
Billed DS3 CLS Units	400; 500; and 600
Total Billed Qualifying DS3 CLS Service Revenue	$4,350,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS3 CLS Units is $1,828.71 ($3,449.09 * 53.02%).

Step 2: The total Billed DS3 CLS Units for the Quarter are 1,500 (400 + 500 + 600).

Step 3: The Quarterly DS3 CLS Flat Rate Credit due under Option 65 equals $1,606,935 ($4,350,000 – (1,500 * $1,828.71)).

(g) Application of Billing Credits to CABS Bill

The Telephone Company shall provide the net Billing Credit for each Quarter on Customer's CABS billing by no later than sixty (60) days following the end of the applicable Quarter.

(i) Continuing the Examples Preceding in Calculating the net Billing Credit for Quarter 1 of Plan Year 3:

Based upon a Quarterly DS1 Flat Rate Credit of $3,978,700, a Quarterly DS3 CLF Flat Rate Credit of ($352,560), and a Quarterly DS3 CLS Flat Rate Credit of $1,606,935, in each case for Quarter 1 of Plan Year 3, the net Billing Credit for Quarter 1 of Plan Year 3 equals $5,233,075 ($3,978,700 - $352,560 + $1,606,935). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(h) Annual True Up

After the end of each Plan Year, the Telephone Company will perform a true-up to determine whether Customer qualified for any Billing Credits Customer received for that just-completed Plan Year based on Customer's overall annual performance under Option 34. If Customer's Billed Qualifying Service Revenues for the Plan Year just completed are less than the TDM Annual Revenue Commitment, then the Telephone Company will issue to Customer's applicable account(s) a debit equal to (i) the TDM Annual Revenue Commitment minus (ii) the aggregate Billed Qualifying Service Revenues for the just-completed Plan Year.

(H) Disputes

Notwithstanding any other provisions of this Option 34, the Telephone Company's calculation of the Billing Credits shall be subject to the following additional requirements (as well as other terms of this Option 34):

(1) The Telephone Company shall not include in the calculation of the Billing Credits any amounts which are unpaid and/or disputed by Customer as of the thirtieth (30th) day following the end of each Quarter. For example, assume that Customer had MRCs that were billed in Quarter 1 of $3,000,000. Assume further that Customer disputed and did not pay $450,000 of such billed MRCs. Hence, in calculating the Billing Credit (as set forth in (G) preceding), the MRCs would be calculated as $2,550,000 ($3,000,000 - $450,000).

(2) For the purpose of calculating the Billing Credits, the Telephone Company shall not include in MRCs any credits or debits for Services provided during any prior periods (regardless of whether such credits or debits were the result of a valid dispute by Customer or were the result of a billing error by the Telephone Company) or any prior Quarter other than the then current Quarter for which the Billing Credits are being calculated. For avoidance of doubt and as an illustrative example, assume that Customer had MRCs for DS1 Services which were billed in Quarter 1 of $4,000,000. Assume further that Customer disputed and did not pay $300,000 of such billed MRCs. Hence, in calculating the Quarterly DS1 Flat Rate Credit, the MRCs would be calculated as $3,700,000 ($4,000,000 - $300,000). Assume further that in Quarter 2, the Telephone Company and Customer agree that such billing was partially in error and that Customer should have received a credit of $200,000 for DS1 Services. Then, in Quarter 2, the Telephone Company shall not include such credit adjustment of $200,000 nor the subsequent debit of $100,000 for purposes of calculating Customer's Quarterly DS1 Flat Rate Credit in Quarter 2. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(H) Disputes (Cont'd)

(3) To the extent that Customer has any disputes, then Customer must submit such disputes to the Telephone Company no later than the thirtieth (30th) day following the end of each Quarter. Each dispute must be submitted on a claim description form as provided by the Telephone Company and must clearly state next to the circuit ID and amount under dispute the following: "Dispute Associated with 2014 Contract Tariff".

(4) If the Telephone Company bills amounts after the determination of the Billing Credits that would have otherwise been included in the determination of the Billing Credits, there in no event will be any adjustment to the Billing Credits.

(5) Any amounts or Services that are included in calculation of the Billing Credits will not be subject to any claims or disputes by Customer at any time in the future.

(6) The Billing Credits as determined by the Telephone Company are not subject to dispute; provided, however, that the foregoing prohibition against disputes shall not be deemed (i) to preclude any debit issued pursuant to an annual true-up under (G)(1)(h) preceding, or (ii) to apply in a situation where the Telephone Company applies a Billing Credit that does not match the mutually agreed upon credit amount. For the avoidance of any doubt, the Telephone Company will not issue any Billing Credits until the applicable credit amount is agreed to by Customer.

(7) The amount of the Billing Credits shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.

(I) Access Planning Tools

Customer agrees to use commercially reasonable efforts to implement into its network access planning tools the flat rates for Service circuits provided under this Option 34. If such flat rates for such Services are not available to Customer, then Customer may remove such discounted pricing from its network access planning tools. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(J) Mergers and Acquisitions

In the event that after the effective date of Option 34, the Customer merges with another company, acquires a company or a portion of the business of another company which may be referred to collectively as the **Customer Acquired Properties** and such merger or acquisition may be referred to in either case as an **Acquisition**), and the Telephone Company provides any Qualifying Services in connection with such Customer Acquired Properties, then Customer shall notify the Telephone Company prior to the closing of the Acquisition (the **Acquisition Closing Date**) and the Parties shall determine whether such Customer Acquired Properties shall be included in or excluded from Option 34 in accordance with (J)(1)-(6) following.

(1) For an Acquisition where the Acquired Customer DS1 Unit Percentage (as defined in (J)(3) following) is no more than two percent (2%), the Parties shall automatically include the Customer Acquired Properties in this Option 34 in accordance with (J)(5) following.

(2) For an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), the Parties may, but shall have no obligation to, include the Customer Acquired Properties in this Option 34 in accordance with (J)(5)(a) following.

(3) Determination of Acquired Customer DS1 Unit Percentage

Upon the Telephone Company's receipt of the Acquisition notice, the Telephone Company and the Customer will work cooperatively to determine whether the number of DS1 Units generated by the Customer Acquired Properties is less than or greater than two percent (2%) of the Existing Customer DS1 Unit Quantity (as defined in Step 1 following) using the steps shown following:

Step 1: Determine the total volume of Billed DS1 Units that Customer purchased from the Telephone Company during the three (3) full calendar months prior to the Acquisition Closing Date. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the **Existing Customer DS1 Unit Quantity**.

Step 2: Determine the total volume of DS1 Units (purchased from the Telephone Company) that the Customer Acquired Properties generated during the three (3) full calendar months prior to the Acquisition Closing Date. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the **Existing Acquired DS1 Unit Quantity**).

Step 3: Divide the Existing Acquired DS1 Unit Quantity determined in Step 2 preceding by the Existing Customer DS1 Unit Quantity determined in Step 1 preceding. The resulting percentage is the **Acquired Customer DS1 Unit Percentage**. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(J) Mergers and Acquisitions of Customer (Cont'd)

(4) Inclusion or Exclusion of Customer Acquired Properties

(a) If the Acquired Customer DS1 Unit Percentage is determined to be less than or equal to two percent (2%), then the Telephone Company shall make a pro-rata increase to Customer's TDM Annual Revenue Commitment and such increase, and application of the applicable Flat Rates, will be effective as of the later of (a) the Acquisition Closing Date if such Date occurs on the first (1st) day of a calendar month (or the first day of the calendar month following the Acquisition Closing Date if such Date occurs on a day other than the first (1st) day of a calendar month) and (b) the date specified by the Telephone Company, which shall be no later than the first (1st) day of the third (3rd) calendar month after the Acquisition Closing Date. The Telephone Company shall calculate such increase in the TDM Annual Revenue Commitment using the steps set forth in Section (J)(5) following.

(b) If the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), Customer may notify the Telephone Company in writing if, in its sole discretion, it seeks to include the Customer Acquired Properties in this Option 34. The Telephone Company may, in its sole discretion, agree in writing to such inclusion based upon a number of interrelated factors, including by way of example (a) the amount by which the Acquired Customer DS1 Unit Percentage exceeds two percent (2%); (b) the amount of additional Billing Credits that would result from such inclusion; and (c) the impact on the TDM Annual Revenue Commitment. If the Telephone Company agrees in writing to such inclusion, then the Telephone Company shall increase Customer's applicable TDM Annual Revenue Commitment and such increase will be effective as of a mutually-agreed date no earlier than the first (1st) day of the first full month after the Acquisition Closing Date. Effective as of the Acquisition Closing Date, the Telephone Company will also apply the applicable Flat Rates. The Telephone Company shall calculate such increase in the TDM Annual Revenue Commitment using the steps set forth in Section (J)(5) following.

(c) The effective date upon which the Telephone Company is to adjust the TDM Annual Revenue Commitment and implement the Flat Rates for an Acquisition where the Acquired Customer DS1 Unit Percentage is less than or equal to two percent (2%) as described in (J)(4)(a) preceding, or for an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%) as described in Section (J)(4)(b) preceding, and the Parties have agreed in writing to include the Customer Acquired Properties in this Option 34, shall be referred to herein as the **Property Adjustment Date**. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(J) Mergers and Acquisitions of Customer (Cont'd)

(4) Inclusion or Exclusion of Customer Acquired Properties (Cont'd)

(d) In the absence of the Parties' mutual written agreement to include the Customer Acquired Properties with an Acquired Customer DS1 Unit Percentage that is greater than two percent (2%) in this Option 34 as described in Section (J)(4)(b) preceding, the following shall apply:

(i) The TDM Annual Revenue Commitment shall remain unchanged.

(ii) The Flat Rates shall not apply to any Qualifying Service purchases attributable to the Customer Acquired Properties. The Customer Acquired Properties shall not otherwise receive the Flat Rates and shall not gain any other benefit of this Option 34.

(iii) Customer may not combine or include any Qualifying Services (or revenues associated therewith) from the Customer's Acquired Properties for the purposes of this Option 34.

(iv) Customer's Billed Qualifying Service Units and Billed Qualifying Service Revenue shall be determined using Customer's business with Verizon using the Customer ACNAs provided under (C)(3) preceding, without adding the services and/or ACNAs attributable to expansion of Customer's purchase of services from the Telephone Company through the Acquisition.

(v) Without limiting any other right of the Telephone Company to terminate Option 34,, if the Telephone Company determines that Customer has failed to comply with any of the provisions of this Section (J)(4)(d), the Telephone Company, pursuant to mutually agreed dispute resolution provisions, may pursue all remedies available to it at law, in equity, or otherwise, including, but not limited to, termination of this Option 34. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(J) Mergers and Acquisitions of Customer (Cont'd)

(5) Contract Tariff TDM Annual Revenue Commitment Adjustment

In the event the Customer Acquired Properties are included in this Option 34 pursuant to (J)(4) preceding, the Telephone Company shall adjust the TDM Annual Revenue Commitment set forth in Section (B)(28) preceding as follows.

(a) For the Plan Year in which the Property Adjustment Date is to occur:

Step 1A: Determine the Billed Qualifying Service Revenues generated by the Customer Acquired Properties during the three (3) full calendar months prior to the Acquisition Closing Date.

Step 2A: Divide the amount determined in Step 1A by three (3) to arrive at an average monthly revenue.

Step 3A: Multiply the amount determined in Step 2A by the number of full months remaining in the Plan Year in which the Property Adjustment Date is to occur.

Step 4A: Add the amount resulting from Step 3A to the TDM Annual Revenue Commitment for the subject Plan Year to arrive at an adjusted TDM Annual Revenue Commitment for that Plan Year.

(b) For subsequent Plan Years:

Step 1B: Multiply the quarterly volume determined in Step 1A by four (4) to arrive at an annualized amount.

Step 2B: Add the amount resulting from Step 1B to the TDM Annual Revenue Commitment. The result of such addition is the adjusted TDM Annual Revenue Commitment for all Plan Years after the Plan Year in which the Property Adjustment Date occurred.

The Parties shall work cooperatively and in good faith with each other to take such action as may be necessary to achieve the intent of this Section (J), and neither Party shall unreasonably withhold from the other Party any data that is necessary or reasonably required to achieve such intent. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd) (N)

(K) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the TDM Annual Revenue Commitment.

Illustrative Example:

Assume the following information for the third quarter of Plan Year 2:

(1) The TDM Annual Revenue Commitment is $125,000,000.

(2) The Telephone Company sells Verizon New York to a third party at the end of month 8 of Plan Year 2.

(3) During the three month period prior to the sale, Verizon New York accounted for $6,000,000 in Billed Qualifying Service Revenue.

Based on the above assumptions:

(1) The average monthly Billed Qualifying Service Revenue for Verizon New York is $2,000,000 ($6,000,000 / 3).

(2) There are four (4) months remaining in Plan Year 2 (12 months – 8 months).

(3) The Plan Year 2 TDM Annual Revenue Commitment would be reduced by $8,000,000 ($2,000,000 * 4).

(4) The TDM Annual Revenue Commitment for the remaining Plan Year will be reduced by the $24,000,000 annualized Billed Qualifying Service Revenue in Verizon New York ($2,000,000 * 12) resulting in a revised TDM Annual Revenue Commitment of $101,000,000 ($125,000,000 - $24,000,000). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(N)

(L) Termination of Plan

The customer may terminate its subscription to this Option 34 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) calendar days prior to the requested date of termination. Termination of the customer's subscription to this Option 34 shall be an automatic termination of the customer's subscription to Option 65 of FCC 1 and Option 65 of FCC 11. (x)

If the Customer terminates or cancels its subscription to this Option 34 at any time during the Service Period for any reason, or if the customer fails to comply with the terms or conditions set forth herein, then the Customer shall pay to the Telephone Company by no later than thirty (30) calendar days after such date of termination or non-compliance an amount equal to the following percentage of all Billing Credits paid under this Option 34, Option 65 of FCC 1, and Option 65 of FCC 11 through the date of termination. (x)

Month of Termination/ Non-Compliance	Termination Percentage
1-12	100%
13-24	60%
25-36	40%

Additionally, the Customer will not receive any Billing Credits after receipt of notice of termination.

(M) Suspension of True-Ups During Service Period

During the Service Period of Option 34, the Parties agree to suspend the true-up requirements for the Services provided under this tariff, FCC 1 and FCC 11, including any shortfall payments or penalties that would otherwise result for failure to maintain volume commitments under the Commitment Discount Plan (FCC 1 and FCC 11, Section 25.1.7), and the DS1 Term Volume Plan (FCC 14, Section 5.6.14(G)-(I)). (x)
Upon termination of Option 34 for any reason, the true-up process will be re-activated for the underlying Existing Plans. (x)

(N)

(x) Issued under authority of Special Permission No. 14-003 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (N)

(A) Scope

Contract Tariff Option 35 (Option 35) provides a customer with certain Billing Credits (as defined following) on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 35.

(B) Specific Terms

Unless otherwise defined in this Section 21.36, the following terms are used in this Option 35:

(1) **Alternative Tariff Arrangement** shall mean collectively any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (ICB) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff, Tariff FCC No. 1 (FCC 1), Tariff FCC No. 11 (FCC 11), and Tariff FCC No. 16 (FCC 16) with respect to any of the services covered by this Option 35. (x) (x)

(2) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits, if any, to the customer.

(3) **Billed DS1 Service Revenue** shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS1 Services which are paid by the customer.

(4) **Billed DS3 CLF Service Revenue** shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS3 CLF Services which are paid by the customer.

(5) **Billed DS3 CLS Service Revenue** shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS3 CLS Services which are paid by the customer.

(6) **Billed Qualifying TDM Service Revenue** shall mean the sum of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue, and Billed DS3 CLS Service Revenue.

(7) **Billing Credits** shall mean the applicable Billing Credits as described in Section (G) following.

(8) **Delayed Billing Grace Period** shall mean the sixty (60) day period immediately following the end of each Plan Year. (N)

(x) Issued under authority of Special Permission No. 14-009 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(9) **Delayed Billing Revenue** shall mean customer identified amounts billed during the Delayed Billing Grace Period for Qualifying TDM Services that, in the ordinary course of the Telephone Company's standard billing practice for the subject Qualifying TDM Services should have occurred during the immediately preceding Plan Year.

(10) **Delayed Billing Preceding Plan Year** shall mean the Plan Year immediately preceding the Delayed Billing Grace Period.

(11) **Disputed Amounts** shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by customer.

(12) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on August 1, 2014 and end on July 31, 2015; (2) Plan Year 2 shall commence on August 1, 2015 and end on July 31, 2016; (3) Plan Year 3 shall commence on August 1, 2016 and end on July 31, 2017.

(13) **Qualifying Monthly Recurring Charges** shall have the meaning as described in Section (F) following.

(14) **Qualifying TDM Service** shall mean Special Access DS1 Service, Special Access DS3 CLF Service, and Special Access DS3 CLS Service.

(15) **Qualifying TDM Services Annual Revenue Commitment** shall mean the annual minimum required Billed Qualifying TDM Service Revenue and shall be equal to $19.0M.

(16) **Regulatory Change** shall mean any legislative, regulatory, judicial, or other governmental decision, order, determination, complaint (whether formal or informal) or action or any change in applicable laws which affects any term or condition of Option 35, or otherwise prohibits or interferes with the Telephone Company's ability to offer the Services, or prohibits or interferes with the Telephone Company's ability to perform its obligations under this Option 35.

(17) **Regulatory Termination** shall mean the termination or withdrawal of this Option 35, Option 66 of FCC 1 and Option 66 of FCC11 as a result of a Regulatory Change as defined in Section (B)(17) preceding.

(x)
(N)

(x) Issued under authority of Special Permission No. 14-009 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(18) **Service Period** shall have the meaning set forth in Section (D) following.

(19) **Special Access DS1 Services** shall mean DS1 Service of 1.544 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9) and FCC 16 (Section 7.11.1), but shall not include MetroLAN service. (x) (x)

(20) **Special Access DS3 CLF Services** shall mean DS3 Service of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9) and FCC 16 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI™) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18). (x) (x)

(21) **Special Access DS3 CLS Services** shall mean DS3 Service of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9) and FCC 16 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI™) format administered by Telcordia (e.g., 95.HFGS.634683..NE. (x) (x)

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the rates, terms, and other benefits of this Option 35. All references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $10M shall mean $10,000,000), and all references to amounts represented in dollars followed by the letter "K" shall refer to such number in thousands (e.g., $10K shall mean $10,000.00). (N)

CLCI is a trademark of Telcordia Technologies, Inc. All rights reserved. (N)

(x) Issued under authority of Special Permission No. 14-009 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(C) Eligibility (Cont'd)

(1) As of August 1, 2014, the customer must:

(a) have billed a minimum of $24.0M of Billed Qualifying TDM Service Revenue for the twelve (12) months immediately prior to August 1, 2014; and

(b) be subscribed to the DS1 Term Volume Plan (Section 5.6.14(G) of this tariff), the Commitment Discount Plan (Section 25.1 of FCC 1 and FCC 11), (collectively, Existing Plans) and the Term Payment Plan (TPP) (FCC 16, Section 7.2.1(G)); and (x) (x)

(c) not have been required in connection with the most recent true-up to pay any shortfall payments or penalties as a result of a failure to maintain volume commitments under any of the Existing Plans or the TPP.

(2) Except for Existing Plans and the TPP, customer may not concurrently subscribe to, or within three (3) years prior to August 1, 2014, have subscribed to, an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue. If customer wishes to subscribe to such an Alternative Tariff Arrangement, then customer shall not receive any Billing Credits under this Option 35, and such subscription shall be considered a termination by customer of this Option 35, subject to Section (L) following.

(3) The customer must subscribe to this Option 35 in a manner designated by the Telephone Company during the thirty (30) day period beginning August 1, 2014 and ending August 31, 2014. Such subscription must include a list of the customer's access customer name abbreviations (**Customer ACNA(s)**) that the Telephone Company agrees to, in writing, for inclusion in this Option 35. Subscription to this Option 35 shall be an automatic subscription to Option 66 of FCC 1 and Option 66 of FCC 11. (x) (x)

(D) Service Period

The Service Period of this Option 35 shall commence on August 1, 2014 and end on July 31, 2017, unless this Option 35 is earlier terminated. (N)

(x) Issued under authority of Special Permission No. 14-009 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(E) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC 1, or FCC 11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 15.3 of FCC 11, and Section 14.7 of FCC 1. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 15.3 of FCC 11, and Section 14.7 of FCC 1) that occur during the Service Period will apply. No Billing Credits will be provided in the operating territories of FCC 16. (x) (x) (x) (x) (x) (x)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following as well as all other terms of this Option 35 (including Section (H) following), Qualifying Monthly Recurring Charges include total monthly recurring charges (MRCs) billed to customer by the Telephone Company with respect to a particular Qualifying TDM Service for a particular Plan Year. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list is by way of example only):

(1) Charges for special construction;

(2) Nonrecurring charges, surcharges, interest, late payment charges, credits (including any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Plan Year of the Service Period;

(3) Taxes, fees, surcharges, charges, or other tax-like amounts imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(4) Service or administrative fees or charges (e.g., interest penalty, late payment penalty);

(5) Any other billed amount for which payment is being withheld or under dispute by the customer or that is otherwise a Disputed Amount; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Telephone Company, then the amount paid by the customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the month in which the customer pays such amount;

(6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels); and

(7) Any amounts associated with any service (or any portion of a service) that is not a Qualifying TDM Service. (N)

(x) Issued under authority of Special Permission No. 14-009 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(G) Annual Review; Billing Credits

The Telephone Company shall determine Billing Credits as follows:

(1) Plan Year 1

(a) By October 1, 2015, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 1.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $19.7M, the Telephone Company shall apply a Billing Credit of $200K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 1.

(c) If the customer's Billed Qualifying TDM Service Revenue is less than $19.0M for Plan Year 1, Option 35 shall immediately terminate, and the true-up process will be re-activated for Existing Plans.

(2) Plan Year 2

(a) By October 1, 2016, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 2.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $19.7M, the Telephone Company shall apply a Billing Credit of $200K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 2.

(c) If the customer's Billed Qualifying TDM Service Revenue is less than $19.0M for Plan Year 2, Option 35 shall immediately terminate, and the true-up process will be re-activated for Existing Plans.

(3) Plan Year 3

(a) By October 1, 2017, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 3.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $19.7M, the Telephone Company shall apply a Billing Credit of $200K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 3.

(c) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $19.0M, the customer will have the option of resetting its CDP and TVP commitment levels in accordance with the guidelines established in the Commitment Discount Plan (Section 25.1.3 of FCC 1 and FCC 11) and the Term Volume Plan (Section 5.6.14(F) of FCC 14). (N)(x)

(x) Issued under authority of Special Permission No. 14-009 of the Federal Communications Commission.
(This page filed under Transmittal No. 1284.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(H) Disputes

Notwithstanding any other provisions of this Option 35 and except as otherwise provided in FCC 16, the Telephone Company's calculation of the customer's Billed Qualifying TDM Service Revenue shall be subject to the following additional requirements (as well as other terms of this Option 35): (x)

(1) The Telephone Company shall not include in the calculation of the customer's Billed Qualifying TDM Service Revenue any amounts which are unpaid and/or disputed by customer as of the sixtieth (60th) day following the applicable Plan Year.

(2) If any portion of an amount invoiced to customer under this Option 35 is subject to a good faith dispute, customer shall give written notice to the Telephone Company of the amounts it disputes (Disputed Amount) through the Telephone Company dispute submission process and include in such notice the specific details and reasons for disputing each item. Customer shall undertake a reasonable good faith effort to review an invoice received from .the Telephone Company under this Option 35 within sixty (60) days following the due date to determine whether there are any Disputed Amounts. Customer shall pay on or before the due date all undisputed amounts.

(3) If the Telephone Company denies a dispute submitted by customer, customer shall have thirty (30) days by which either to pay the Disputed Amount or escalate the dispute no higher than the Vice President level. The Telephone Company may deny such escalation if customer does not provide new or additional detailed information supporting its dispute.

(4) Charges due to the Telephone Company that are not paid on or before the due date shall be subject to a late payment charge. The late payment charge shall be calculated utilizing a rate of one-and-one-half percent (1.5%) of the overdue amount (including any unpaid previously billed late payment charges) per month. No late payment charge shall apply to Disputed Amounts that are allowed by the Telephone Company through the dispute submission process or to Disputed Amounts not owed to the Telephone Company after resolution of the dispute. (N)

(x) Issued under authority of Special Permission No. 14-009 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(I) Delayed Billing

(1) If, during a period of sixty (60) days after the end of an applicable Plan Year (Delayed Billing Grace Period), customer identifies amounts billed during that Delayed Billing Grace Period for Qualifying TDM Services that, in the ordinary course of the Telephone Company's standard billing practice for the subject Qualifying TDM Services, should have occurred during the immediately preceding Plan Year (Delayed Billing Preceding Plan Year) of the Service Period, then customer, no later than the end of the Delayed Billing Grace Period, may request in writing that the Telephone Company treat such amounts as Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year. For the avoidance of doubt, an amount may qualify for treatment as Delayed Billing Revenue as described in this Section (I)(1) only if the amount would have qualified as Billed Qualifying TDM Service Revenue if it had been billed on a timely basis..

(2) The Telephone Company will verify customer's request and include in the Plan Year calculation of the Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year any amounts verified as meeting the definition of Delayed Billing Revenue. Any Delayed Billing Revenue used for purposes of calculating the Billed Qualifying TDM Service Revenue for Plan Year shall not be used for purposes of calculating the Plan Year Billed Qualifying TDM Service Revenue for any subsequent Plan Year, nor may it be used to reopen the Billing Credit calculation for any Plan Year prior to the Delayed Billing Preceding Plan Year.

(3) If customer wishes to have any Delayed Billing Revenue used for purposes of the Billed Qualifying TDM Service Revenue calculation under Section (G) preceding, customer must, within the Delayed Billing Grace Period during which the Delayed Billing Revenue was billed, submit a written request for inclusion of the Delayed Billing Revenue in the calculation of the Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year. Subject to Section (I)(4) following, if customer does not claim the Delayed Billing Revenue in a written request to the Telephone Company during the Delayed Billing Grace Period in which the Delayed Billing Revenue was billed, then customer may not later request that the Delayed Billing Revenue be used for purposes of calculating any Plan Year Billing Credit.

(4) In no event shall the Telephone Company be subject to any late payment, interest, or penalty with respect to any Billing Credit. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(J) Remedial Billing Credits and Related Provisions

(1) In the event that (a) customer disputes charges that it believes were improperly billed for Qualifying TDM Services, (b) any such Disputed Amounts were included as Billed Qualifying TDM Service Revenue for purposes of calculating a Billing Credit under this Option 66, and (c) the Telephone Company resolves all or a portion of the dispute in favor of customer before the end of Plan Year 3, then any credit issued by the Telephone Company to remedy the dispute (Remedial Billing Credit) prior to the end of Plan Year 3 shall be included as an offset to Billed Qualifying TDM Service Revenue for the purposes of calculating the Billing Credit for the Plan Year in which such Remedial Billing Credit is issued by the Telephone Company.

(2) In the event that (a) customer disputes charges that it believes were improperly billed for Qualifying TDM Services, (b) any such Disputed Amounts were included as Billed Qualifying TDM Service Revenue for purposes of calculating a Billing Credit under this Option 66, and (c) the Telephone Company resolves all or a portion of the dispute in favor of customer after the end of Plan Year 3, then any Remedial Billing Credit issued by the Telephone Company to remedy the dispute after the end of Plan Year 3 shall be included as an offset to Billed Qualifying TDM Service Revenue for Plan Year 3 for a final revenue adjustment. To the extent such final revenue adjustment produces a change in the Billing Credit, then (a) if the Telephone Company has not yet issued a Billing Credit for the last Plan Year of Option 66, then the Telephone Company shall take account of the final revenue adjustment for purposes of the Billing Credit for Plan Year 3, and (b) if the Telephone Company has already issued the Billing Credit for Plan Year 3, then the Telephone Company will issue an adjustment in an amount necessary to reflect recalculation of the Billing Credit for Plan Year 3 to take account of the final revenue adjustment.

(3) Once a Billing Credit is issued by the Telephone Company, customer may not thereafter dispute such Billing Credit regardless of the outcome of any Disputed Amounts; provided, however, that, for the avoidance of any doubt, the foregoing prohibition against disputes by customer shall not be deemed (a) to preclude any adjustments by the Telephone Company to take account of Remedial Billing Credits as described in Sections (J)(1) and (J)(2) preceding or (b) to preclude customer from disputing the amount of a Billing Credit in any case where the Telephone Company applies a Billing Credit that does not match the mutually agreed upon amount of the Billing Credit. The Telephone Company will not issue any Billing Credit until the applicable Billing Credit amount is agreed to by customer.

(4) In no event shall the Telephone Company be subject to any late payment, interest, or penalty with respect to any Billing Credit.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(K) Mergers and Acquisitions of Customer

If, after August 1, 2014, the customer merges with another company, acquires a company or a portion of the business of another company (including, by way of example, any ACNA(s) not provided under Section (C)(3) preceding)(the company with which customer merges and the company or portion of the business thereof that customer acquires (including, by way of example, any ACNA(s) not provided under Section (C)(3) preceding) may be referred to collectively as the **Customer Acquired Properties** and such merger or acquisition may be referred to in either case as an **Acquisition**), and the Telephone Company provides any Qualifying TDM Services in connection with such Customer Acquired Properties, then customer shall notify the Telephone Company in writing (the **Acquisition Notice**) prior to the closing date of the Acquisition (the **Acquisition Closing Date**), and the customer and the Telephone Company shall determine whether such Customer Acquired Properties shall be included in or excluded from Option 35.

(L) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the TDM Services Annual Revenue Commitment.

Illustrative Example:

Assume the following information for Plan Year 2:

(1) The Qualifying TDM Services Annual Revenue Commitment is $19.0M.
(2) The Telephone Company sells Verizon New York to a third party at the end of month 8 of Plan Year 2.
(3) During the three month period prior to the sale, Verizon New York accounted for $3.0M in Billed Qualifying TDM Service Revenue.

Based on the above assumptions:

(1) The average monthly Billed Qualifying TDM Service Revenue for Verizon New York is $1.0M ($3.0M / 3).
(2) There are four (4) months remaining in Plan Year 2 (12 months – 8 months).
(3) The Plan Year 2 Qualifying TDM Services Annual Revenue Commitment would be reduced by $4.0M ($1.0M * 4).
(4) The adjusted Qualifying TDM Services Annual Revenue Commitment for Plan Year 2 is $15.0M ($19.0M – $4.0M).
(5) The Qualifying TDM Services Annual Revenue Commitment for Plan Year 3 will be reduced by the $12.0M ($1.0M * 12), resulting in a revised Qualifying TDM Services Annual Revenue Commitment of $7.0M ($19.0M - $12.0M). (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N)

(M) Termination of Option 35

(1) Subject to the terms set forth in this Section (M), customer may terminate this Option 35 at any time during the Service Period. Customer must provide written notice of termination at least ninety (90) days prior to the requested date of termination of this Option 35. Termination of less than all of the Contract Tariffs (i.e., terminations of the contract option under this tariff or FCC 1 or FCC 11 only) shall be deemed to be an automatic termination of all Contract Tariffs. If customer terminates or cancels this Option 35 at any time during the Service Period for any reason other than by Regulatory Termination (as defined in Section (B) preceding), or a default by the Telephone Company, or if customer breaches the terms or conditions of the Option 35 and fails to cure such breach within thirty (30) days' written notice, then customer shall pay to the Telephone Company by no later than thirty (30) days after such date of termination or breach an amount equal to the percentage of the Billing Credit issued to customer for the prior Plan Year as indicated in the following table. (x)

Month of Termination/Breach	Termination Percentage
13-24	60%
25-36	40%

(2) Customer will not receive any Billing Credits after receipt of notice of termination.

(3) The customer and the Telephone Company, by mutual written agreement, may terminate this Option 35 at any time. Except as otherwise mutually agreed in writing by the customer and the Telephone Company: (a) any termination under this Section (M)(3) in Plan Year 1 shall be effective as of August 1, 2014, and customer shall not be eligible for any Billing Credits for Plan Year 1; (b) any termination under this Section (M)(3) in Plan Year 2 or Plan Year 3 shall be effective as of the end of the applicable Plan Year preceding the termination, and customer shall be charged for all Billing Credits applied for the Plan Year preceding termination and shall not be eligible for any Billing Credits for any period of time after the end of such Plan Year.

(N) Suspension of True-Ups During Service Period

During the Service Period, the customer and the Telephone Company agree to suspend the true-up requirements for the Existing Plans, including any shortfall payments or penalties that would otherwise result for failure to maintain volume commitments under the Commitment Discount Plan (FCC 1 and FCC 11, Section 25.1.7), and the DS1 Term Volume Plan (FCC 14, Section 5.6.14(G)-(I)). Upon termination of Option 35 for any reason other than noted in Section (G)(3)(c) preceding,, the true-up process will be re-activated for the underlying Existing Plans based on original commitments under Existing Plans. Upon expiration of this Option 35 in compliance with Section (G)(3)(c) preceding, the true-up process will be re-activated for the underlying Existing Plans based on then current quantities of TDM Services under Existing Plans. (x) (x) (N)

(x) Issued under authority of Special Permission No. 14-009 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (N)

(A) Scope

Contract Tariff Option 36 (Option 36) provides a customer with certain Billing Credits (as defined following) on certain services offered by the Telephone Company when the customer satisfies the terms and conditions of this Option 36.

(B) Specific Terms

Unless otherwise defined in this Section 21.37, the following terms are used in this Option 36:

(1) **Alternative Tariff Arrangement** shall mean collectively any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (ICB) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff, Tariff FCC No. 1 (FCC 1), and Tariff FCC No. 11 (FCC 11) with respect to any of the services covered by this Option 36. (x) (x)

(2) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits, if any, to the customer.

(3) **Billed DS1 Service Revenue** shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS1 Services which are paid by the customer.

(4) **Billed DS3 CLF Service Revenue** shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS3 CLF Services which are paid by the customer.

(5) **Billed DS3 CLS Service Revenue** shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS3 CLS Services which are paid by the customer.

(6) **Billed Qualifying TDM Service Revenue** shall mean the sum of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue, and Billed DS3 CLS Service Revenue.

(7) **Billing Credits** shall mean the applicable Billing Credits as described in Section (G) following.

(8) **Buy-Up Amount** shall mean the applicable Buy-Up Amount as described in Section (O) following.

(9) **Delayed Billing Grace Period** shall mean the sixty (60) day period immediately following the end of each Plan Year. (N)

(x) Issued under authority of Special Permission No. 14-010 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(10) **Delayed Billing Revenue** shall mean customer identified amounts billed during the Delayed Billing Grace Period for Qualifying TDM Services that, in the ordinary course of the Telephone Company's standard billing practice for the subject Qualifying TDM Services should have occurred during the immediately preceding Plan Year.

(11) **Delayed Billing Preceding Plan Year** shall mean the Plan Year immediately preceding the Delayed Billing Grace Period.

(12) **Disputed Amounts** shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by customer.

(13) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on October 1, 2014 and end on September 30, 2015; (2) Plan Year 2 shall commence on October 1, 2015 and end on September 30, 2016; (3) Plan Year 3 shall commence on October 1, 2016 and end on September 30, 2017.

(14) **Qualifying Monthly Recurring Charges** shall have the meaning as described in Section (F) following.

(15) **Qualifying TDM Service** shall mean Special Access DS1 Service, Special Access DS3 CLF Service, and Special Access DS3 CLS Service.

(16) **Qualifying TDM Services Annual Revenue Commitment** shall mean the annual minimum required Billed Qualifying TDM Service Revenue and shall be equal to $14.0M.

(17) **Regulatory Change** shall mean any legislative, regulatory, judicial, or other governmental decision, order, determination, complaint (whether formal or informal) or action or any change in applicable laws which affects any term or condition of Option 36, or otherwise prohibits or interferes with the Telephone Company's ability to offer the Services, or prohibits or interferes with the Telephone Company's ability to perform its obligations under this Option 36.

(18) **Regulatory Termination** shall mean the termination or withdrawal of this Option 36, Option 67 of FCC 1 and Option 67 of FCC11 as a result of a Regulatory Change as defined in Section (B)(17) preceding.

(x)
(N)

(x) Issued under authority of Special Permission No. 14-010 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(19) **Service Period** shall have the meaning set forth in Section (D) following.

(20) **Special Access DS1 Services** shall mean DS1 Service of 1.544 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9) and Tariff FCC No. 16 (FCC 16) (Section 7.11.1), but shall not include MetroLAN service. (x) (x)

(21) **Special Access DS3 CLF Services** shall mean DS3 Service of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9) and FCC 16 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI™) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18). (x) (x)

(22) **Special Access DS3 CLS Services** shall mean DS3 Service of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9) and FCC 16 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI™) format administered by Telcordia (e.g., 95.HFGS.634683..NE. (x) (x)

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the rates, terms, and conditions of this Option 36. All references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $10M shall mean $10,000,000.00), and all references to amounts represented in dollars followed by the letter "K" shall refer to such number in thousands (e.g., $10K shall mean $10,000.00). (N)

CLCI is a trademark of Telcordia Technologies, Inc. All rights reserved. (N)

(x) Issued under authority of Special Permission No. 14-010 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(C) Eligibility (Cont'd)

(1) As of October 1, 2014, the customer must:

(a) have billed a minimum of $14.0M of Billed Qualifying TDM Service Revenue for the twelve (12) months immediately prior to October 1, 2014; and

(b) be subscribed to the DS1 Term Volume Plan (Section 5.6.14(G) of this tariff), the Commitment Discount Plan (Section 25.1 of FCC 1 and FCC 11), (collectively, Existing Plans); and (x)

(c) have at least five thousand (5,000) circuits of Special Access DS1 Service at locations other than Commercial Mobile Radio Service (CMRS) cell sites.

(2) Except for Existing Plans, customer may not concurrently subscribe to, or within three (3) years prior to October 1, 2014, have subscribed to, an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue. If customer wishes to subscribe to such an Alternative Tariff Arrangement, then customer shall not receive any Billing Credits under this Option 36, and such subscription shall be considered a termination by customer of this Option 36, subject to Section (L) following.

(3) The customer must subscribe to this Option 36 in a manner designated by the Telephone Company during the thirty (30) day period beginning October 1, 2014 and ending October 31, 2014. Such subscription must include a list of the customer's access customer name abbreviations (**Customer ACNA(s)**) that the Telephone Company agrees to, in writing, for inclusion in this Option 36. Subscription to this Option 36 shall be an automatic subscription to Option 67 of FCC 1 and Option 67 of FCC 11. (x)

(D) Service Period

The Service Period of this Option 36 shall commence on October 1, 2014 and end on September 30, 2017, unless this Option 36 is earlier terminated. (N)

(x) Issued under authority of Special Permission No. 14-010 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(E) Serving Area

The Billing Credits and the Buy-Up Amount will be provided only in the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC 1, or FCC 11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 15.3 of FCC 11, and Section 14.7 of FCC 1. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 15.3 of FCC 11, and Section 14.7 of FCC 1) that occur during the Service Period will apply. No Billing Credits and no Buy-Up Amount will be provided in the operating territories of FCC 16. (x) (x) (x) (x) (x) (x)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following as well as all other terms of this Option 36 (including Section (H) following), Qualifying Monthly Recurring Charges include total monthly recurring charges (MRCs) billed to customer by the Telephone Company with respect to a particular service for a particular timeframe. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list is by way of example only):

(1) Charges for special construction;

(2) Nonrecurring charges, surcharges, interest, late payment charges, credits (including any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Plan Year of the Service Period;

(3) Taxes, fees, surcharges, charges, or other tax-like amounts imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(4) Service or administrative fees or charges (e.g., interest penalty, late payment penalty);

(5) Any other billed amount for which payment is being withheld or under dispute by the customer or that is otherwise a Disputed Amount; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Telephone Company, then the amount paid by the customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the month in which the customer pays such amount;

(6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels); and

(7) Any amounts associated with any service (or any portion of a service) that is not a Qualifying TDM Service. (N)

(x) Issued under authority of Special Permission No. 14-010 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(G) Annual Review; Billing Credits

The Telephone Company shall determine Billing Credits as follows:

(1) Plan Year 1

(a) By December 1, 2015, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 1.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $14.5M, the Telephone Company shall apply a Billing Credit of $100K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 1.

(c) Subject to Section (O) following, if the customer's Billed Qualifying TDM Service Revenue is less than $14.0M for Plan Year 1, Option 36 shall immediately terminate, and the true-up process will be re-activated for Existing Plans.

(2) Plan Year 2

(a) By December 1, 2016, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 2.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $14.5M, the Telephone Company shall apply a Billing Credit of $300K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 2.

(c) Subject to Section (O) following, if the customer's Billed Qualifying TDM Service Revenue is less than $14.0M for Plan Year 2, Option 36 shall immediately terminate, and the true-up process will be re-activated for Existing Plans.

(3) Plan Year 3

(a) By December 1, 2017, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 3.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $14.5M, the Telephone Company shall apply a Billing Credit of $600K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 3.

(c) Subject to Section (O) following, if the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $14.0M, the customer will have the option of resetting its CDP and TVP commitment levels in accordance with the guidelines established in the Commitment Discount Plan (Section 25.1.3 of FCC 1 and FCC 11) and the Term Volume Plan (Section 5.6.14(F) of FCC 14). (x)

(N)

(x) Issued under authority of Special Permission No. 14-010 of the Federal Communications Commission.
(This page filed under Transmittal No. 1290.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(H) Disputes

Notwithstanding any other provisions of this Option 36 and except as otherwise provided in FCC 16, the Telephone Company's calculation of the customer's Billed Qualifying TDM Service Revenue shall be subject to the following additional requirements (as well as other terms of this Option 36): (x)

(1) The Telephone Company shall not include in the calculation of the customer's Billed Qualifying TDM Service Revenue any amounts which are unpaid and/or disputed by customer as of the sixtieth (60th) day following the applicable Plan Year.

(2) If any portion of an amount invoiced to customer under this Option 36 is subject to a good faith dispute, customer shall give written notice to the Telephone Company of the amounts it disputes (Disputed Amount) through the Telephone Company dispute submission process and include in such notice the specific details and reasons for disputing each item. Customer shall undertake a reasonable good faith effort to review an invoice received from .the Telephone Company under this Option 36 within sixty (60) days following the due date to determine whether there are any Disputed Amounts. Customer shall pay on or before the due date all undisputed amounts.

(3) If the Telephone Company denies a dispute submitted by customer, customer shall have thirty (30) days by which either to pay the Disputed Amount or escalate the dispute no higher than the Vice President level. The Telephone Company may deny such escalation if customer does not provide new or additional detailed information supporting its dispute.

(4) Charges due to the Telephone Company that are not paid on or before the due date shall be subject to a late payment charge. The late payment charge shall be calculated utilizing a rate of one-and-one-half percent (1.5%) of the overdue amount (including any unpaid previously billed late payment charges) per month. No late payment charge shall apply to Disputed Amounts that are allowed by the Telephone Company through the dispute submission process or to Disputed Amounts not owed to the Telephone Company after resolution of the dispute. (N)

(x) Issued under authority of Special Permission No. 14-010 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(I) Delayed Billing

(1) If, during a period of sixty (60) days after the end of an applicable Plan Year (Delayed Billing Grace Period), customer identifies amounts billed during that Delayed Billing Grace Period for Qualifying TDM Services that, in the ordinary course of the Telephone Company's standard billing practice for the subject Qualifying TDM Services, should have occurred during the immediately preceding Plan Year (Delayed Billing Preceding Plan Year) of the Service Period, then customer, no later than the end of the Delayed Billing Grace Period, may request in writing that the Telephone Company treat such amounts as Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year. For the avoidance of doubt, an amount may qualify for treatment as Delayed Billing Revenue as described in this Section (I)(1) only if the amount would have qualified as Billed Qualifying TDM Service Revenue if it had been billed on a timely basis..

(2) The Telephone Company will verify customer's request and include in the Plan Year calculation of the Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year any amounts verified as meeting the definition of Delayed Billing Revenue. Any Delayed Billing Revenue used for purposes of calculating the Billed Qualifying TDM Service Revenue for Plan Year shall not be used for purposes of calculating the Plan Year Billed Qualifying TDM Service Revenue for any subsequent Plan Year, nor may it be used to reopen the Billing Credit calculation for any Plan Year prior to the Delayed Billing Preceding Plan Year.

(3) If customer wishes to have any Delayed Billing Revenue used for purposes of the Billed Qualifying TDM Service Revenue calculation under Section (G) preceding, customer must, within the Delayed Billing Grace Period during which the Delayed Billing Revenue was billed, submit a written request for inclusion of the Delayed Billing Revenue in the calculation of the Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year. Subject to Section (I)(4) following, if customer does not claim the Delayed Billing Revenue in a written request to the Telephone Company during the Delayed Billing Grace Period in which the Delayed Billing Revenue was billed, then customer may not later request that the Delayed Billing Revenue be used for purposes of calculating any Plan Year Billing Credit.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(J) Remedial Billing Credits and Related Provisions

(1) In the event that (a) customer disputes charges that it believes were improperly billed for Qualifying TDM Services, (b) any such Disputed Amounts were included as Billed Qualifying TDM Service Revenue for purposes of calculating a Billing Credit under this Option 67, and (c) the Telephone Company resolves all or a portion of the dispute in favor of customer before the end of Plan Year 3, then any credit issued by the Telephone Company to remedy the dispute (Remedial Billing Credit) prior to the end of Plan Year 3 shall be included as an offset to Billed Qualifying TDM Service Revenue for the purposes of calculating the Billing Credit for the Plan Year in which such Remedial Billing Credit is issued by the Telephone Company.

(2) In the event that (a) customer disputes charges that it believes were improperly billed for Qualifying TDM Services, (b) any such Disputed Amounts were included as Billed Qualifying TDM Service Revenue for purposes of calculating a Billing Credit under this Option 67, and (c) the Telephone Company resolves all or a portion of the dispute in favor of customer after the end of Plan Year 3, then any Remedial Billing Credit issued by the Telephone Company to remedy the dispute after the end of Plan Year 3 shall be included as an offset to Billed Qualifying TDM Service Revenue for Plan Year 3 for a final revenue adjustment. To the extent such final revenue adjustment produces a change in the Billing Credit, then (a) if the Telephone Company has not yet issued a Billing Credit for the last Plan Year of Option 67, then the Telephone Company shall take account of the final revenue adjustment for purposes of the Billing Credit for Plan Year 3, and (b) if the Telephone Company has already issued the Billing Credit for Plan Year 3, then the Telephone Company will issue an adjustment in an amount necessary to reflect recalculation of the Billing Credit for Plan Year 3 to take account of the final revenue adjustment.

(3) Once a Billing Credit is issued by the Telephone Company, customer may not thereafter dispute such Billing Credit regardless of the outcome of any Disputed Amounts; provided, however, that, for the avoidance of any doubt, the foregoing prohibition against disputes by customer shall not be deemed (a) to preclude any adjustments by the Telephone Company to take account of Remedial Billing Credits as described in Sections (J)(1) and (J)(2) preceding or (b) to preclude customer from disputing the amount of a Billing Credit in any case where the Telephone Company applies a Billing Credit that does not match the mutually agreed upon amount of the Billing Credit. The Telephone Company will not issue any Billing Credit until the applicable Billing Credit amount is agreed to by customer.

(4) In no event shall the Telephone Company be subject to any late payment, interest, or penalty with respect to any Billing Credit.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(K) Mergers and Acquisitions of Customer

If, after October 1, 2014, the customer merges with another company, acquires a company or a portion of the business of another company (including, by way of example, any ACNA(s) not provided under Section (C)(3) preceding)(the company with which customer merges and the company or portion of the business thereof that customer acquires (including, by way of example, any ACNA(s) not provided under Section (C)(3) preceding) may be referred to collectively as the **Customer Acquired Properties** and such merger or acquisition may be referred to in either case as an **Acquisition**), and the Telephone Company provides any Qualifying TDM Services in connection with such Customer Acquired Properties, then customer shall notify the Telephone Company in writing (the **Acquisition Notice**) prior to the closing date of the Acquisition (the **Acquisition Closing Date**), and the customer and the Telephone Company shall determine whether such Customer Acquired Properties shall be included in or excluded from Option 36.

(L) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Qualifying TDM Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the Qualifying TDM Services Annual Revenue Commitment.

Illustrative Example:

Assume the following information for Plan Year 2:

(1) The Qualifying TDM Services Annual Revenue Commitment is $14.0M.
(2) The Telephone Company sells Verizon New York to a third party at the end of month 8 of Plan Year 2.
(3) During the three month period prior to the sale, Verizon New York accounted for $3.0M in Billed Qualifying TDM Service Revenue.

Based on the above assumptions:

(1) The average monthly Billed Qualifying TDM Service Revenue for Verizon New York is $1.0M ($3.0M / 3).
(2) There are four (4) months remaining in Plan Year 2 (12 months – 8 months).
(3) The Plan Year 2 Qualifying TDM Services Annual Revenue Commitment would be reduced by $4.0M ($1.0M * 4).
(4) The adjusted Qualifying TDM Services Annual Revenue Commitment for Plan Year 2 is $10.0M ($14.0M – $4.0M).
(5) The Qualifying TDM Services Annual Revenue Commitment for Plan Year 3 will be reduced by the $12.0M ($1.0M * 12), resulting in a revised Qualifying TDM Services Annual Revenue Commitment of $2.0M ($14.0M - $12.0M). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(M) Termination of Option 36

(1) Subject to the terms set forth in this Section (M), customer may terminate this Option 36 at any time during the Service Period. Customer must provide written notice of termination at least ninety (90) days prior to the requested date of termination of this Option 36. Termination of less than all of the Contract Tariffs (i.e., terminations of the contract option under this tariff or FCC 1 or FCC 11 only) shall be deemed to be an automatic termination of all Contract Tariffs. If customer terminates or cancels this Option 36 at any time during the Service Period for any reason other than by Regulatory Termination (as defined in Section (B) preceding), or a default by the Telephone Company, or if customer breaches the terms or conditions of the Option 36 and fails to cure such breach within thirty (30) days' written notice, then customer shall pay to the Telephone Company by no later than thirty (30) days after such date of termination or breach an amount equal to the percentage of the Billing Credit issued to customer for the prior Plan Year as indicated in the following table. (x)

Month of Termination/Breach	Termination Percentage
13-24	60%
25-36	40%

(2) Customer will not receive any Billing Credits after receipt of notice of termination.

(3) The customer and the Telephone Company, by mutual written agreement, may terminate this Option 36 at any time. Except as otherwise mutually agreed in writing by the customer and the Telephone Company: (a) any termination under this Section (M)(3) in Plan Year 1 shall be effective as of October 1, 2014, and customer shall not be eligible for any Billing Credits for Plan Year 1; (b) any termination under this Section (M)(3) in Plan Year 2 or Plan Year 3 shall be effective as of the end of the applicable Plan Year preceding the termination, and customer shall be charged for all Billing Credits applied for the Plan Year preceding termination and shall not be eligible for any Billing Credits for any period of time after the end of such Plan Year.

(4) CDP and TVP true-up calculations will resume beginning for the tariff review period in which the termination occurred. The review period for TVP true-up calculations is twelve (12) months, and the tariff review period for CDP true-up calculations is six (6) months, both based on the effective date of the contracts. (N)

(x) Issued under authority of Special Permission No. 14-010 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N)

(N) Suspension of True-Ups During Service Period

During the Service Period, the customer and the Telephone Company agree to suspend the true-up requirements for the Existing Plans, including any shortfall payments or penalties that would otherwise result for failure to maintain volume commitments under the Commitment Discount Plan (FCC 1 and FCC 11, Section 25.1.7) and the DS1 Term Volume Plan (FCC 14, Section 5.6.14(G)-(I)). Upon termination of Option 36 for any reason other than noted in Section (G)(3)(c) preceding, the true-up process will be re-activated for the underlying Existing Plans based on original commitments under Existing Plans. Upon expiration of this Option 36 in compliance with Section (G)(3)(c) preceding, the true-up process will be re-activated for the underlying Existing Plans based on then current quantities of TDM Services under Existing Plans. (x) (x)

(O) Buy-Up Amount

(1) In the event that the Customer's Billed Qualifying TDM Service Revenue during any Plan Year falls short of the Customer's Qualifying TDM Services Annual Revenue Commitment, the Customer may, subject to the limitation set forth in (2) following, pay an amount equal to the amount by which the Customer's Billed Qualifying TDM Service Revenue fell short of the Customer's Qualifying TDM Services Annual Revenue Commitment (the **Buy-Up Amount**). In the event that the Customer pays a Buy-Up Amount within sixty (60) calendar days after (i) the close of such Plan Year or (ii) the date of the Telephone Company's notice to Customer of the Buy-Up Amount of such Plan Year, whichever is later, it will be deemed to have met the Customer's Qualifying TDM Services Annual Revenue Commitment for such Plan Year, and Customer's Billed Qualifying TDM Service Revenue for such Plan Year will be deemed to be $14.0M. In the event that the Customer does not pay the Buy-Up Amount within sixty (60) calendar days after (i) the close of such Plan Year or (ii) the date of the Telephone Company's notice to Customer of the Buy-Up Amount of such Plan Year, whichever is later, this Service Agreement shall immediately terminate and the true-up process will be re-activated for Existing Plans as of the close date of such Plan Year.

(2) The Customer shall not be entitled to pay a Buy-Up Amount if the amount of the Buy-Up Amount exceeds $1.0M. (N)

(x) Issued under authority of Special Permission No. 14-010 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37

(N)

(A) Scope

Contract Tariff Option 37 (Option 37) provides Billing Credits on certain services.

(B) Specific Terms

Unless otherwise defined in this Section 21.38, the following terms are used in this Option 37:

(1) **Affiliate** shall mean an individual, partnership, association, joint-stock company, trust, or corporation that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, Customer. For purposes of this paragraph, the term "own" means to own an equity interest (or the equivalent thereof) of more than 10 percent.

(2) **Baseline DS1 Average Mileage** shall mean DS1 Average Mileage of 4.8 miles.

(3) **Reserved**

(4) **Billing Credits** shall mean, collectively, the Price Flex Base Credit, the SPA DS1 Flat Rate Credit, the TDM Shortfall Credit, and the One-Time DS1 Performance Credit.

(5) **Disputed Charges** shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by Customer.

(6) **DS1 Average Mileage** shall mean the total DS1 Mileage billed to Customer for a given time period divided by the DS1 Billed Units with charges for DS1 Mileage for that same time period.

(7) **DS1 Billed Revenues** shall mean Qualifying Monthly Recurring Charges billed to Customer, under the ACNAs included with the Customer's subscription to this Option 37 for Special Access DS1 Services of 1.544 Mbps bandwidth as described in Section 5.3.6 of this tariff, Section 7.2.9 of Telephone Company FCC Tariff No. 1 (FCC 1), Section 7.2.9 of Telephone Company FCC Tariff No. 11 (FCC 11), and Section 7.11.1 of Telephone Company FCC Tariff No. 16 (FCC 16) with respect to a particular time period for purposes of determining whether Customer qualified for a Price Flex Base Credit and calculating any such credit earned and for purposes of calculating any SPA DS1 Flat Rate Credit that Customer may earn. (x) (x)

(N)

(x) Issued under authority of Special Permission No. 15-001 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(8) **DS1 Billed Unit** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges to Customer under the ACNAs included with the Customer's subscription to this Option 37 for that month.

(9) **DS1 Mileage** shall mean the channel mileage for DS1 Services (as described in Section 7.1.2(B) of FCC 1 and Section 7.1.2(B) of FCC 11), special transport for DS1 Services (as described in Section 5.1.1(B) of this tariff), and circuit mileage for DS1 Services (as described in Section 7.2.1(B) of FCC 16). (x) (x)

(10) **DS1 Unit** shall mean Special Access DS1 Services that meet the following definitions: (i) a DS1 "Channel Termination" as defined in FCC 1, Section 7.1.2(A), (ii) a DS1 "Channel Termination" as defined in FCC 11, Section 7.1.2(A), (iii) a DS1 "Special Access Line" as defined in Section 5.1.1(C) of this tariff, (iv) a DS1 "Circuit Termination" as defined in FCC 16, Section 7.2.1(A), (v) a DS1 to Voice "Central Office Multiplexing" as defined in FCC 1, Section 7.2.9(D)(3)(c), (vi) a DS1 to Voice "Central Office Multiplexing BSE" as defined in FCC 11, Section 7.2.9(D)(3)(c) and (d), (vii) a DS1 to Voice "Multiplexing Arrangement" as defined in Section 5.5(D) of this tariff, and (viii) a DS1 to Voice "Central Office Multiplexing" as defined in FCC 16, Section 7.11.4(3)(e). (x) (x) (x) (x) (x) (x)

(11) **Effective Date** and the start of the Service Period shall be April 1, 2015, provided that the contract tariffs are deemed effective as of such date following a fifteen-day filing period with the FCC. The Telephone Company will inform the customer in writing upon filing of such contract tariffs.

(12) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on April 1, 2015 and end on June 30, 2015; (2) Plan Year 2 shall commence on July 1, 2015 and end on June 30, 2016; and (3) Plan Year 3 shall commence on July 1, 2016 and end on June 30, 2017.

(13) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately 90 days thereafter); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs (with Plan Year 1 having only two Quarters as indicated under the definition of "Plan Year" preceding). (N)

(x) Issued under authority of Special Permission No. 15-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(14) **Qualifying TDM Base Credit Revenues** shall mean Qualifying Monthly Recurring Charges, as defined in Section (F) following, billed to Customer under the ACNAs provided to the Telephone Company under Section (C) following, for Qualifying TDM Base Credit Services under this tariff and FCC 1, FCC 11 and FCC 16, with respect to a particular time period for purposes of determining whether Customer qualifies for the Price Flex Base Credit and calculating any such credit earned. (x)

(15) **Qualifying TDM Base Credit Services** shall mean Special Access Voice Grade Services, Special Access DDS Services, Special Access DS1 Services, Special Access DS3 Services, and SwA Direct Trunked Transport Services.

(16) **Service Period** shall have the meaning set forth in Section (D) following.

(17) **Special Access Voice Grade Services** shall mean Voice Grade Services as described in Section 7.2.3 of FCC 1, Section 7.2.3 of FCC 11, Section 5.2.1 of this tariff, and Section 7.5 of FCC 16. (x)

(18) **Special Access DDS Services** shall mean Digital Data Services as described in Section 7.2.8 of FCC 1, Sections 7.2.8 and 7.2.11 of FCC 11, Section 5.2.9 of this tariff, and Section 7.10 of FCC 16. (x) (x)

(19) **Special Access DS1 Services** shall mean DS1 Services of 1.544 Mbps bandwidth, as described in Section 7.2.9 of FCC 1, Section 7.2.9 of FCC 11, Section 5.3.6 of this tariff, and Section 7.11.1 of FCC 16. (x) (x)

(20) **Special Access DS3 Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 7.2.9 of FCC 1, Section 7.2.9 of FCC 11, Section 5.3.6 of this tariff,, and Section 7.11.1 of FCC 16. (x) (x)

(21) **SwA Direct Trunked Transport Services** shall mean transport services as described in Section 6.1.2(A)(2) of FCC 1, Section 6.1.3(A) of FCC 11, Section 4.2.3(C) of this tariff,, and Section 6.5.2(C) of FCC 16. (x) (N)(x)

(x) Issued under authority of Special Permission No. 15-001 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(C) Eligibility for Benefits

Customer must meet all of the following criteria in order to be eligible for Option 37. In this Option 37, all references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $10M shall mean $10,000,000).

(1) The customer must subscribe to Option 37 in a manner designated by the Telephone Company no later than fifteen (15) days following the Effective Date. Such subscription must include a list of the customer's access customer name abbreviations (Customer ACNAs) that the Telephone Company agrees to, in writing, for inclusion in this Option 37. Subscription to Option 37 shall be an automatic subscription to Option 68 of FCC 1 and Option 68 of FCC 11. (x)

(2) For the full calendar month prior to the Effective Date, the customer must have achieved a minimum of $10M in aggregate monthly billed recurring charges for Special Access Voice Grade Services, Special Access DDS Services, Special Access DS1 Services, and Special Access DS3 Services purchased by customer from Telephone Company (Eligibility Minimum Monthly Revenue).

(3) The percentage of revenues included in Eligibility Minimum Monthly Revenue billed to a subsidiary or Affiliate of the customer that is a provider of mobile wireless telecommunications services must be no more than fifty percent (50%).

(4) Customer must be concurrently subscribed as of the Effective Date to one or more of, and must remain concurrently subscribed during the Service Period, to one or more of, the following plans or their equivalents if these plans cease to be offered under the applicable tariffs: the Commitment Discount Plan (CDP) (Section 25.1 of FCC 1 and FCC 11); the National Discount Plan (NDP) (Section 25.3 of FCC 1, Section 25.2 of FCC 11, Section 23.1 of this tariff, and Section 22.1 of FCC 16); Term Pricing Plan (TPP) (Section 7.4.17 of FCC 1 and Section 7.2.1(G) of FCC 16); and Term Volume Plan (TVP) (Section 5.6.14 of this tariff)(Existing Plans). For the avoidance of any doubt, at any time during the Service Period, Customer may elect to terminate its subscription to any of the Existing Plans and subscribe to a different Existing Plan. (x) (x) (x) (x)

(5) Customer may not be subscribed, at any time during the Service Period, to any other contract tariff option contained in this tariff or in FCC 1 or FCC 11. Any contract tariff options to which customer is subscribed immediately prior to the Effective Date under this tariff, FCC 1 or FCC 11 shall be deemed terminated as of the day that is one day prior to the Effective Date, with no further action by either the customer or the Telephone Company to effectuate such termination. (x) (x) (x) (N)

(x) Issued under authority of Special Permission No. 15-001 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(C) Eligibility for Benefits (Cont'd)

(6) During the Service Period, in order to receive any Price Flex Base Credits, SPA DS1 Flat Rate Credits, or TDM Shortfall Credits, Customer must achieve the required amounts of Qualifying TDM Base Credit Revenues and DS1 Billed Units as described in more detail in Sections (G), (H) and (I) following.

(D) Service Period

The Service Period of Option 37 shall be the period commencing on the Effective Date and ending on June 30, 2017.

(E) Serving Area

The Billing Credits (to the extent any are earned by Customer) will be provided only in the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under the Telephone Company's tariffs in accordance with applicable law. Wire centers for the Phase II MSAs are listed in Section 14.7 of FCC 1, Section 15.3 of FCC 11, and Section 19.1 of this tariff. (x) Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in the Tariffs) that occur during the Service Period of this Option 37 will automatically apply. For the avoidance of doubt, no Billing Credits will be provided in the operating territories of FCC 16. (x)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following, as well as other terms of this Option 37 (including Section (L), Disputes, following), Qualifying Monthly Recurring Charges include total monthly recurring charges (MRCs) billed to Customer with respect to a particular service for a particular timeframe. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list being illustrative only):

(1) Any NRCs, surcharges, taxes, late payment charges, credits, fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, and any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter or Plan Year of the Service Period;

(2) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(3) Service or administrative fees or charges imposed by the Telephone Company (e.g., interest charges, late payment charges); (N)

(x) Issued under authority of Special Permission No. 15-001 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(F) Qualifying Monthly Recurring Charges (Cont'd)

(4) Any amount that appears in the "Other Charges and Credits" section of the Telephone Company's invoice (other than a backbilled MRC of greater than $50,000 on a particular invoice) for which the billed charges would have been Qualifying Monthly Recurring Charges had the charges been billed in the appropriate billing period within the Service Period. For the purposes of this Section (F)(4), the term "invoice" shall mean the aggregate of all billing in invoices issued by the Telephone Company to Customer for Qualifying TDM Base Credit Services under the ACNAs included with Customer's subscription to this Option 37 in any calendar month;

(5) Any amount for which payment is being withheld by Customer or that is otherwise a Disputed Charge; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Telephone Company, then the amount credited to Customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the Quarter in which the Telephone Company issues such credit; and

(6) Shortfall or overage charges associated with term plan true-ups (e.g., for failure to satisfy commitment levels).

(G) Price Flex Base Credit

Provided that Customer has satisfied all applicable eligibility requirements and subject to all other terms set forth in this Option 37, at the end of each Quarter of the Service Period, the Telephone Company will determine whether Customer qualifies to receive a Price Flex Base Credit based on Steps 1 through 3 set forth following. If Customer satisfies all applicable requirements to receive the Price Flex Base Credit for a particular Quarter, then the Telephone Company will apply such credit to one or more of Customer's applicable special access billing accounts within ninety (90) days after the end of the applicable Quarter. All calculations under this Section (G) shall take account of any adjustments resulting from Section (L)(3) (Treatment of Remedial Billing Credits) following.

(**Step 1**) The Telephone Company will calculate the Qualifying TDM Base Credit Revenues for the Quarter.

(**Step 2**) Using the Price Flex Base Credit Table 1 following, the Telephone Company will determine which TDM Base Credit Percentage corresponds to the Qualifying TDM Base Credit Revenues that Customer achieved for that Quarter.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(G) Price Flex Base Credit (Cont'd)

Price Flex Base Credit Table 1

Minimum Qualifying TDM Base Credit Revenue	Maximum Qualifying TDM Base Credit Revenue	TDM Base Credit Percentage
$0	$32.99M	0.0%
$33.00M	$33.89M	1.0%
$33.90M	$34.79M	2.0%
$34.80M	$35.39M	3.0%
$35.40M	$35.99M	3.7%
$36.00M	$36.59M	4.4%
$36.60M	$37.19M	5.1%
$37.20M	$37.79M	5.8%
$37.80M	$38.39M	7.00%
$38.40M	$38.99M	8.00%
$39.00M	$39.59M	9.00%
$39.60M	$40.19M	10.00%
$40.20M	+	11.00%

(**Step 3**) The Price Flex Base Credit shall be equal to the Qualifying TDM Base Credit Percentage identified in Step 2 times the TDM Base Credit Revenues for the applicable Quarter.

(H) DS1 Volume Discount Rates and Associated SPA DS1 Flat Rate Credit

Provided that Customer has satisfied all applicable eligibility requirements and subject to all other terms set forth in this Option 37, at the end of each Quarter of the Service Period, the Telephone Company will determine whether Customer qualifies to receive a volume discount, applied using the SPA DS1 Flat Rate Credit, based on the following provisions, subject to the annual true-up described following. For the avoidance of any doubt, before reaching a determination of whether Customer qualifies for the SPA DS1 Flat Rate Credit under Sections (H)(1), (H)(2) and (H)(3) following, Customer must first satisfy the threshold requirements set forth in Section (H)(4) following. All calculations under Section (H) shall take account of any adjustments resulting from Section (L)(3) (Treatment of Remedial Billing Credits) following.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(H) DS1 Volume Discount Rates and Associated SPA DS1 Flat Rate Credit (Cont'd)

(1) After each Quarter, the Telephone Company shall determine the DS1 Billed Revenue and DS1 Billed Units that Customer achieved for that Quarter. The SPA DS1 Flat Rate Credit will be in an amount equal to the applicable DS1 Billed Revenues for the applicable Quarter minus the applicable flat rate revenue (i.e., "applicable flat rate revenue" means the applicable DS1 Billed Units multiplied by the applicable flat rate for the Plan Year from Table 2 following. If Customer satisfies all applicable requirements to receive the SPA DS1 Flat Rate Credit for a particular Quarter, the Telephone Company shall apply such credit to one or more of Customer's applicable special access billing accounts within ninety (90) days after the end of the applicable Quarter.

SPA DS1 Flat Rate Table 2

Credit Tier	Plan Year 1 SPA DS1 Flat Rate	Plan Year 2 SPA DS1 Flat Rate	Plan Year 3 SPA DS1 Flat Rate
Tier 1	$173.00	$173.00	$173.00
Tier 2	$162.00	$161.00	$160.00

(N)

(This page filed under Transmittal No. 1305.)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(H) DS1 Volume Discount Rates and Associated SPA DS1 Flat Rate Credit (Cont'd)

(2) Eligibility for Tier 1

If the total volume of DS1 Billed Units that Customer achieved for the Quarter (i.e., the monthly totals added together for a sum) is equal to or greater than ninety thousand (90,000) and less than one hundred five thousand (105,000), then Customer will qualify (subject to meeting all other eligibility requirements) for the DS1 flat rates for Tier 1 in Table 2 preceding.

(3) Eligibility for Tier 2

If the total volume of DS1 Billed Units that Customer achieved for the Quarter (i.e., the monthly totals added together for a sum) is equal to or greater than one hundred five thousand (105,000), then Customer will qualify for the DS1 flat rates for Tier 2 in Table 2 preceding.

(4) In order to qualify for any SPA DS1 Flat Rate Credit in any Quarter under the preceding provisions, Customer must satisfy all of the following conditions (as well as all other eligibility requirements set forth in this Option 37):

(a) Customer must qualify for a discount (i.e., greater than 0%) for the Price Flex Base Credit for that same Quarter; and

(b) As of the end of that same Quarter (i.e., a snapshot view, not a quarterly total), Customer must have had DS1 Billed Units in volumes equal to or greater than thirty thousand (30,000).

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(I) TDM Shortfall Credit

Provided that Customer has satisfied all applicable eligibility requirements and subject to all other terms set forth in this Option 37, at the end of each Plan Year of the Service Period, Customer may qualify to receive a TDM Shortfall Credit as described in this Section (I).

(1) After the end of each Plan Year, the Telephone Company will determine whether Customer achieved a total volume of DS1 Billed Units of at least one hundred five thousand (105,000) in each of the Quarters of that Plan Year (the TDM Shortfall Credit Threshold).

(2) If, for a given Plan Year, Customer has met the applicable TDM Shortfall Credit Threshold set forth in Section (I)(1) preceding, then the Telephone Company will determine the total amount that Customer, during that just-completed Plan Year, paid to the Telephone Company in the form of shortfall payments for Special Access DS1 Services under Customer's Existing Plans for CDP, NDP and TVP pursuant to Sections 25.1 and 25.3 of FCC 1, Sections 25.1 and 25.2 of FCC 11, and Sections 5.6.14 and 23.1 of this tariff (the Total Annual Shortfall Payment). The Telephone Company will issue a credit (TDM Shortfall Credit) in an amount equal to the lesser of: (i) the Total Annual Shortfall Payment and (ii) Two Million and 00/100 U.S. Dollars ($2,000,000). (x) (N)

(x) Issued under authority of Special Permission No. 15-001 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(I) TDM Shortfall Credit (Cont'd)

(3) If Customer did not meet the applicable TDM Shortfall Credit Threshold with respect to each Quarter of a given Plan Year, or did not pay any CDP, NDP or TVP shortfall payments to the Telephone Company during that Plan Year as described in Section (I)(2) preceding, then Customer will not receive a TDM Shortfall Credit for that Plan Year. If Customer receives a TDM Shortfall Credit for a given Plan Year, Customer may not thereafter dispute or receive a refund of any shortfall payments that were paid during the Plan Year for which Customer received a TDM Shortfall Credit. Once the Telephone Company issues a TDM Shortfall Credit, Customer may not later dispute the amount of such credit.

(J) One-Time DS1 Performance Credit

If, as of the Effective Date, Customer has achieved a total of thirty-five thousand (35,000) DS1 Billed Units, then the Telephone Company, no later than sixty (60) days after the Effective Date, will provide Customer with a one-time billing credit equal to Three Million Seven-Hundred Fifty Thousand and 00/100 U.S. Dollars ($3,750,000) (One-Time DS1 Performance Credit). Customer will determine and communicate to the Telephone Company within fifteen (15) days after the Effective Date the special access billing account on which Customer wishes the credit to appear. The One-Time DS1 Performance Credit is a single credit provided for Customer's collective subscription to this Option 37, Option 68 of FCC 1, and Option 68 of FCC 11 (i.e., Customer may not receive a One-Time DS1 Performance Credit under more than one of the three Options). (x) (x)

(K) Excessive DS1 Mileage Surcharge

At the end of each Quarter of the Service Period, the Telephone Company will follow the steps set forth below to calculate the Excessive DS1 Mileage Surcharge that Customer will owe for that Quarter:

(Step 1) The Telephone Company will calculate the DS1 Average Mileage as defined in Section (B) preceding.

(Step 2) Divide the DS1 Average Mileage from Step 1 by the Baseline DS1 Average Mileage to determine the ratio of DS1 Average Mileage to the Baseline DS1 Average Mileage (Baseline DS1 Mileage Ratio).

(Step 3) Using Table 3 following, the Telephone Company will determine what DS1 Mileage Surcharge Percent applies based on the Baseline DS1 Mileage Ratio calculated in Step 2. (N)

(x) Issued under authority of Special Permission No. 15-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(K) Excessive DS1 Mileage Surcharge (Cont'd) (N)

Table 3 DS1 Mileage Surcharge Table

Minimum Baseline DS1 Mileage Ratio	Maximum Baseline DS1 Mileage Ratio	DS1 Mileage Surcharge Percent
0	1.39	0.00%
1.40	1.59	10.00%
1.60	1.79	15.00%
1.80	1.99	20.00%
2.00	+	25.00%

(Step 4) The Excessive DS1 Mileage Surcharge for the Quarter shall be calculated by multiplying (i) the SPA DS1 Flat Rate Credit earned during that Quarter under Section (H) preceding times (ii) the DS1 Mileage Surcharge Percent identified in Step 3.
(Step 5) If the Excessive DS1 Mileage Surcharge is greater than $0, the Telephone Company, within ninety (90) days after the Quarter for which the Excessive DS1 Mileage Surcharge is owed, will apply the Excessive DS1 Mileage Surcharge by issuing a debit(s) (Excessive DS1 Mileage Surcharge Debits) to one or more of Customer's applicable special access billing accounts.

Example 1: Assume that Customer's DS1 Average Mileage achieved for Quarter 2 of Plan Year 1 is 4.9 miles and the SPA DS1 Flat Rate Credit achieved for that same Quarter is $1.30M. The Baseline DS1 Mileage Ratio is 1.02. The Excessive DS1 Mileage Surcharge is $0 ($1.3M x 0.00% = $0).

Example 2: Assume that Customer's DS1 Average Mileage achieved for Quarter 3 of Plan Year 2 is 7.0 miles and the SPA DS1 Flat Rate Credit achieved for that same Quarter is $1.60M. The Baseline DS1 Mileage Ratio is 1.46. The Excessive DS1 Mileage Surcharge is $0.16M ($1.6M x 10.00% = $0.16M). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(L) Disputes

Notwithstanding any other provision of this Option 37, the Telephone Company's calculation of the Billing Credits and Excessive DS1 Mileage Surcharges under this Option 37 shall be subject to the following additional requirements (as well as all other terms of this Option 37):

(1) For the purposes of calculating the Price Flex Base Credit and the SPA DS1 Flat Rate Credit, the Telephone Company shall not include any credits or debits for Services provided during any periods prior to the Effective Date (regardless of whether such credits or debits were the result of a valid dispute by Customer or were the result of a billing error by the Telephone Company).

(2) Customer agrees to undertake a good faith effort to review, within forty-five (45) calendar days of receipt, each bill from the Telephone Company that includes amounts to be included in Qualifying Monthly Recurring Charges and, at such time that Customer determines there is a dispute, to promptly raise the dispute with the Telephone Company. For the avoidance of any doubt, Customer is not obligated or required to raise billing disputes within forty-five (45) calendar days of receipt of a bill.

(3) Treatment of Remedial Billing Credits

(a) In the event that (i) Customer disputes charges that it believes were improperly billed for Services billed in prior Quarters, (ii) any such disputed charges were included as Qualifying Monthly Recurring Charges for purposes of calculating any Price Flex Base Credits or SPA DS1 Flat Rate Credits under this Option 37, and (iii) the Telephone Company honors all or a portion of the dispute in favor of Customer, then any billing credit issued by the Telephone Company to remedy the dispute (Remedial Billing Credit) shall be included as an offset to Qualifying Monthly Recurring Charges for the purpose of calculating the Price Flex Base Credits and SPA DS1 Flat Rate Credits for the Quarter in which such Remedial Billing Credit is issued by the Telephone Company. For the avoidance of any doubt, if a Remedial Billing Credit results in Customer falling below the Minimum Qualifying TDM Base Credit Revenue necessary to qualify for a Price Flex Base Credit, but for which Customer would have otherwise qualified for a Price Flex Base Credit for each Quarter to which the underlying dispute is attributable, Customer will still qualify for the SPA DS1 Flat Rate Credit if all other requirements have been met to do so for the Quarter in which the Remedial Billing Credit is offset against Qualifying Monthly Recurring Charges; provided, however that any

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(L) Disputes (Cont'd)

(3) Treatment of Remedial Billing Credits (Cont'd)

(a) (Cont'd)

Remedial Billing Credit relating to DS1 Billed Revenues will be included as an offset to DS1 Billed Revenue for purposes of calculating the SPA DS1 Flat Rate Credit (and thus could cause Customer to be ineligible for the SPA DS1 Flat Rate Credit). For the avoidance of any doubt, if the Telephone Company offsets a Remedial Billing Credit against Billed DS1 Revenue set forth above, such offsetting shall not result in any adjustment to any Excessive DS1 Mileage Surcharge assessed with respect to any previous Quarter, but such offsetting will affect the Excessive DS1 Mileage Surcharge for the then current Quarter insofar as the Excessive DS1 Mileage Surcharge calculation is, as set forth in Section (K) above, based in part on the amount of the SPA DS1 Flat Rate credit (which in turn is based in part on DS1 Billed Revenues) for the then current Quarter.

(b) The provisions set forth in Section (L)(3)(a) preceding apply in cases where Customer disputes charges up to six (6) months after the end of the Service Period. In the event of any such disputes, any Remedial Billing Credit that the Telephone Company issues shall be included as an offset to Qualifying Monthly Recurring Charges for the last Quarter of the Service Period for the purpose of calculating the Price Flex Base Credits and SPA DS1 Flat Rate Credits for the last Quarter of the Service Period. To the extent the inclusion of the Remedial Billing Credit produces a lower Price Flex Base Credit or SPA Flat Rate Credit (or disqualifies Customer from either or both of such credits) for the last Quarter of the Service Period, the Telephone Company will issue a debit in an amount equal to (i) the Price Flex Base Credit and SPA DS1 Flat Rate Credit actually provided by the Telephone Company for the last Quarter of the Service Period minus (ii) the Price Flex Base Credit and SPA DS1 Flat Rate Credit (if any, in either case) due to Customer once the Remedial Billing Credit is included as an offset to the Qualifying Monthly Recurring Charges for the last Quarter of the Service Period. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(L) Disputes (Cont'd)

(4) The Price Flex Base Credits and SPA DS1 Flat Rate Credits, as determined by the Telephone Company and agreed to by Customer, and the Excessive DS1 Mileage Surcharge are not subject to dispute after being issued by the Telephone Company, regardless of the outcome of any Disputed Charges; provided, however, that the foregoing prohibition against disputes shall not be deemed (i) to preclude any adjustment pursuant to Section (L)(3) preceding; or (ii) to apply in a situation where the Telephone Company applies a Price Flex Base Credit or SPA DS1 Flat Rate Credit that does not match the mutually agreed upon credit amount. For the avoidance of any doubt, the Telephone Company will not issue any Price Flex Base Credits or SPA DS1 Flat Rate Credits until the applicable credit amount is agreed to by Customer.

(5) In no event shall the Telephone Company be subject to any late payment, interest or penalty with respect to any Billing Credits.

(M) Termination and Termination Liability

(1) Subject to the terms set forth in this Section (M), Customer may terminate this Option 37 at any time during the Service Period. Customer must provide written notice of termination at least ninety (90) days prior to the requested date of termination. Termination of less than all of the Contract Tariff options (i.e., terminations of Option 37 of this tariff, or Option 68 of FCC 1, or Option 68 of FCC 11) shall be deemed to be an automatic termination of all contract tariff options. All obligations under the tariffs with respect to the Services shall continue to apply. (x) (x)

(2) In the event of a termination by Customer under Section (M)(1) preceding, or a termination by the Telephone Company under Section (N)(2) following, Customer shall be liable for payment of termination liability to be calculated as follows:

(a) Termination During Plan Years 1 or 2:

(i) Customer shall receive no further Billing Credits for the Plan Year in which termination occurs;
(ii) Customer must return one hundred percent (100%) of all Billing Credits (which, for the avoidance of any doubt includes the One-Time DS1 Performance Credit) previously received at any time under Option 37; and
(iii) Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs. (N)

(x) Issued under authority of Special Permission No. 15-001 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(M) Termination and Termination Liability (Cont'd)

(2) (Cont'd)

(b) Termination During Plan Year 3:

(i) Customer shall receive Price Flex Base Credits and SPA DS1 Flat Rate Credits of zero dollars ($0) for Plan Year 3 (including, by way of example, that Customer must repay to the Telephone Company any Price Flex Base Credits and SPA DS1 Flat Rate Credits already received in that Plan Year);
(ii) Customer must return fifty percent (50%) of any Price Flex Base Credits and SPA DS1 Flat Rate Credits received for Plan Year 2;
(iii) Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs.

Any termination liability payment owed by Customer under any of the preceding provisions shall be due and payable by Customer to the Telephone Company no later than sixty (60) days after the termination date.

(3) The Customer and the Telephone Company, by mutual written agreement in their sole discretion, may terminate this Option 37. Except as otherwise mutually agreed in writing by Customer and the Telephone Company: (i) any termination under this Section (M)(3) in Plan Year 1 shall be effective as of the Effective Date, and Customer shall not be eligible for any Billing Credits, including the One-Time DS1 Performance Credit, for Plan Year 1; (ii) if the termination under this Section (M)(3) is in Plan Years 2 through 3, such termination shall be effective as of the end of the Plan Year preceding the termination, and the Customer shall be entitled to all Billing Credits earned for the Plan Year preceding the termination, but shall not be eligible for any Billing Credits for any period of time after the end of such Plan Year; and (iii) regardless of the Plan Year in which the termination occurs, Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(N) Mergers and Acquisitions of Customer

(1) In the event that after the Effective Date, Customer or its direct or indirect parent company merges with another company, acquires a company or a portion of the business of another company (including, by way of example, acquisition of any ACNAs other than those submitted with Customer's subscription to Option 37), becomes an Affiliate of another company, or is acquired in whole or in part by another company, the terms and conditions set forth in this Section (N) will apply in addition to all other terms and conditions set forth in this Option 37. Customer may not combine or include any DS1 Billed Revenues, DS1 Billed Units, DS1 Mileage, DS1 Units, Qualifying TDM Base Credit Revenues, or Qualifying Monthly Recurring Charges from the merged, acquiring, or acquired company, or from the assets of such merged, acquiring, or acquired company, for any purposes hereunder.

(2) Except where the Customer and the Telephone Company elect otherwise pursuant to Section (N)(3) following, Customer's DS1 Billed Revenues, DS1 Billed Units, DS1 Mileage, DS1 Units, Qualifying TDM Base Credit Revenues, and Qualifying Monthly Recurring Charges shall be calculated based on Customer's business and revenue with the Telephone Company using the ACNAs submitted with Customer's subscription to this Option 37, without adding any revenues, units, DS1 Mileage, and/or ACNAs attributable to expansion of Customer's purchase of any services from the Telephone Company through merger, transfer, assignment, or acquisition. If Customer violates the provisions of this Section (N)(2), then the Telephone Company may terminate Option 37 without liability upon written notice to Customer.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(N) Mergers and Acquisitions of Customer (Cont'd)

(3) In lieu of excluding the acquired business, revenue, DS1 Mileage, units, and the like as described in Section (N)(2) preceding, the Customer and the Telephone Company, in order to reflect the impact of mergers, acquisitions, divestitures or other transactions described in Section (N)(1) preceding, may in their sole discretion mutually agree in writing to make proportionate adjustments to Customer's Baseline DS1 Average Mileage, the amounts and/or percentages set forth in Table 1 (Price Flex Base Credit Table) in Section (G) preceding, and/or the volume of DS1 Billed Units required for Customer to receive the Tier 1 or Tier 2 rates set forth in Table 2 (SPA DS1 Flat Rate Table) of Section (H) preceding. For the avoidance of any doubt, no revenue, units or DS1 Mileage of the acquired business shall be included in the calculation of the Price Flex Base Credit or SPA DS1 Flat Rate Credit for any period prior to the effective date to which the parties mutually agree in writing.

(4) Customer shall provide the Telephone Company written notice no later than twenty (20) business days after filing any request with the FCC for approval of a transaction that is the subject of Section (N)(1) and, to the extent provided in writing publicly by the date of such notice, shall include a good faith estimate of the expected close date so that Customer and the Telephone Company can assess and implement their associated rights and obligations under this Option 37. Once the transaction closes, Customer shall further notify the Telephone Company of such closing within thirty (30) days after such closing occurs. Under no circumstance shall this Section (N) require Customer to provide the Telephone Company written notice of mergers solely between Customer entities holding, as of the Effective Date, the ACNAs submitted with Customer's subscription to this Option 37, such as Customer's internal merging of legal entities. For the avoidance of any doubt, the above reference to notice following an FCC filing affects only the notice that Customer is required to provide under this Section (N)(4), and does not alter application of the substantive provisions set forth in Sections (N)(1) through (N)(3) (e.g., prohibition against including acquired business, revenue, units and the like as described in Sections (N)(1) and (N)(2)) to transactions that are not subject to an FCC filing. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(O) Sale of Telephone Company Telephone Operating Company

(1) If some or all of the assets or stock of a Telephone Company Operating Telephone Company that provides DS1 Units are acquired by an unaffiliated third party during the Service Period, then effective with the closing of such transaction, the Telephone Company will make proportionate adjustments to Customer's DS1 Billed Revenues, DS1 Billed Units, DS1 Units, Qualifying TDM Base Credit Revenues, Qualifying Monthly Recurring Charges, or Baseline DS1 Average Mileage, the amounts and/or percentages set forth in Table 1 (Price Flex Base Credit Table) in Section (G) preceding, and/or the volume of DS1 Billed Units required for Customer to receive the Tier 1 or Tier 2 rates set forth in Table 2 (SPA DS1 Flat Rate Table) of Section (H) preceding. For the avoidance of any doubt, no such adjustments shall apply to any period prior to the effective date of the closing of such acquisition transaction.

(2) If the Telephone Company acquires another company (or portion thereof) that provides any services similar to DS1 Units, the Customer and the Telephone Company may mutually agree in writing to adjust any of the items described in Section (O)(1) preceding and DS1 Mileage on a proportionate basis to account for Customer's purchases from the acquired company (or portion thereof). For the avoidance of any doubt, no Customer purchases from the acquired company (or portion thereof) shall be included in DS1 Billed Revenues, DS1 Billed Units, DS1 Mileage, or Qualifying TDM Base Credit Revenues for any period prior to the effective date for such inclusion to which the Customer and the Telephone Company mutually agree in writing.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N)

(P) Orders for Unbundled Network Elements

(1) Customer, as a material condition of the Telephone Company's offering the Billing Credits described in this Option 37, agrees that during the Service Period it may not submit orders for any of the following unbundled network elements (UNEs) that the Telephone Company offers: (i) UNE DS1 loops; (ii) UNE DS1 dedicated transport; (iii) any combination of any of the foregoing UNEs (which combinations are sometimes referred to as Enhanced Extended Loops or EELs or (iv) any of the foregoing UNEs commingled with special access services or other services ((i), (ii), (iii) and (iv), collectively Prohibited UNEs). The foregoing prohibition includes both orders for new Prohibited UNEs as well as orders for the conversion of special access services to Prohibited UNEs (collectively, Prohibited UNE Orders).

(2) Accordingly, the Telephone Company and Customer agree that if either the Telephone Company or Customer discovers any Prohibited UNE Orders submitted during the Service Period, then such discovering party shall notify the other party and Customer, no later than sixty (60) days after either the Telephone Company's or Customer's provision of such notice, shall promptly request conversion of such Prohibited UNEs to a Special Access service. The Telephone Company shall reasonably assist in this effort. The rates applicable to the Special Access service to which a Prohibited UNE is converted shall apply retroactively for the full period during which the Prohibited UNE was billed at UNE rates. For the avoidance of any doubt, no Billing Credits or Excessive DS1 Mileage Surcharge for any past Quarters or Plan Years shall be recalculated as a result of any such conversions of Prohibited UNEs to Special Access services. If Customer fails to submit an order to convert a Prohibited UNE to a Special Access service (Conversion Order) within sixty (60) days after notifying the Telephone Company of a Prohibited UNE Order (or, in cases where the Telephone Company discovers a Prohibited UNE Order and notifies Customer, within sixty (60) days after the date on which the Telephone Company provides such notice), then, without limiting Customer's continuing obligation to submit such Conversion Order, the Telephone Company shall have the right (but not the obligation) to submit such Conversion Order on Customer's behalf and take such other steps as necessary to complete the conversion. For the avoidance of any doubt, Customer shall bear the sole responsibility for monitoring its internal ordering processes to ensure that no Prohibited UNE Orders are submitted during the Service Period.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (N)

(A) Scope

Contract Tariff Option 38 (**Option 38**) provides Billing Credits on certain services.

(B) Specific Terms

Unless otherwise defined in this Section 21.39, the following terms are used in this Option 38:

(1) Alternative Tariff Arrangement shall mean collectively any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis ("ICB") tariff arrangement offered by the Telephone Company and available to Customer pursuant to this tariff, Tariff FCC No. 1 (FCC1), Tariff FCC No. 11 (FCC11) with respect to any of the Services covered by this Option 38. (x) (x)

(2) Billed DS1 Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the customer ACNAs provided under Section (C)(1) following for Special Access DS1 Service and which are paid by the Customer.

(3) Billed DS3 CLF Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the customer ACNAs provided under Section (C)(1) following for Special Access DS3 CLF Service and which are paid by the Customer.

(4) Billed DS3 CLS Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the customer ACNAs provided under Section (C)(1) following for Special Access DS3 CLS Service and which are paid by the Customer.

(5) Billed Qualifying TDM Service Revenue shall mean the sum of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue and Billed DS3 CLS Service Revenue.

(6) Billing Credits shall mean the applicable TDM Shortfall Credits as described in Section (I) following.

(7) Disputed Amounts shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by Customer. (N)

(x) Issued under authority of Special Permission No. 15-013 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(8) DS1 Equivalent Circuit shall mean Equivalent DS1 Channel Termination as defined in Section 23.1.4 of this tariff, FCC1 (Section 25.3.4(a)), FCC11 (Section 25.2.4), and FCC16 (Section 22.1.4). (x)

(9) Effective Date and the start of the Service Period shall be the first day following the date that the contract tariffs are deemed effective. The Telephone Company will inform the customer in writing upon filing of such contract tariffs.

(10) Groom(s) shall mean a change in the connecting facility assignment ("CFA") or termination point of a DS3 Service, and shall include, without limitation, any of the following types of moves, rearrangements, re-terminations, and disconnection and subsequent reconnection, to the DS3 Service: (i) a change in the CFA or termination point within a single Telephone Company wire center; (ii) a change in the CFA or termination point from one Telephone Company wire center to CFA in another Telephone Company wire center (CFA can be a Telephone Company provided facility or a collocation).

(11) Initial DS1 Equivalent Circuit Quantity shall mean the number of DS1 Equivalent Circuits that the Customer had in service as of February 28, 2015.

(12) Plan Year shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on the Effective Date and end on the date that is one day prior to the first anniversary of the Effective Date; (2) Plan Year 2 shall commence on the date that is the first anniversary of the Effective Date and end on the date that is one day prior to the second anniversary of the Effective Date; (3) Plan Year 3 shall commence on the date that is the second anniversary of the Effective Date and end on the date that is one day prior to the third anniversary of the Effective Date.

(13) Qualifying Monthly Recurring Charges shall have the meaning as described in Section (F) following.

(14) Qualifying TDM Service shall mean Special Access DS1 Service, Special Access DS3 CLF Service and Special Access DS3 CLS Service.

(N)

(x) Issued under authority of Special Permission No. 15-013 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

(15) Qualifying TDM Services Annual Revenue Commitment shall mean the annual minimum required Billed Qualifying TDM Service Revenue for each Plan Year during the Service Period, and shall be equal to the aggregate amount of Qualifying Monthly Recurring Charges the Customer was billed for the Qualifying TDM Services during the twelve (12) month period commencing on January 1, 2014 and ending on December 31, 2014.

(16) Service Plan Requirements shall mean the three (3) requirements (i.e., the Minimum Annual Revenue Commitment, the Minimum Average DS1 Equivalent Circuit Quantity and Grooms Limitations) set forth in Section (G) following.

(17) Service Period shall have the meaning set forth in Section (D) following.

(18) Special Access DS1 Service shall mean DS1 Service of 1.544 Mbps bandwidth, as described in this tariff (Section 5.3.6), FCC1 (Section 7.2.9), FCC11 (Section 7.2.9), and FCC16 (Section 7.11.1). (x)

(19) Special Access DS3 CLF Service shall mean DS3 Service of 44.736 Mbps bandwidth, as described in this tariff (Section 5.3.6), FCC1 (Section 7.2.9), FCC11 (Section 7.2.9), and FCC16 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 968 T3Z PITBPADTHPE PITBPABTK18). (x)

(20) Special Access DS3 CLS Service shall mean DS3 Service of 44.736 Mbps bandwidth, as described in this tariff (Section 5.3.6), FCC1 (Section 7.2.9), FCC11 (Section 7.2.9), and FCC16 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 94.HFGS.634783..NE). (x)

(21) TDM Shortfall Credit Threshold shall mean seventy-five percent (75%) of Customer's total Initial DS1 Equivalent Circuit Quantity.

(N)

(x) Issued under authority of Special Permission No. 15-013 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(N)

(C) Eligibility for Benefits

Customer must meet all of the following criteria in order to be eligible for Option 38. In this Option 38, all references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $1M shall mean $1,000,000), and all references to amounts represented in dollars followed by the letter "K" shall refer to such number in thousands (e.g., $10K shall mean $10,000.00).

(1) The customer must subscribe to Option 38 in a manner designated by the Telephone Company no later than fifteen (15) days following the Effective Date. Such subscription must include a list of the customer's access customer name abbreviations (**Customer ACNAs**) that the Telephone Company agrees to, in writing, for inclusion in this Option 38. Subscription to Option 38 shall be an automatic subscription to Option 70 of FCC 1 and Option 70 of FCC 11. (x)

(2) As of the Effective Date, customer must:

(a) During the twelve (12) month period commencing on January 1, 2014 and ending on December 31, 2014, Customer must have purchased from the Telephone Company a minimum of $6M in aggregate Billed Qualifying TDM Service Revenue;

(b) be subscribed to the National Discount Plan at the Deluxe Commitment Level as defined in this tariff (Section 23.1), FCC1(Section 25.3), FCC11 (Section 25.2), and FCC16 (Section 22.1) ("Existing Plan"); and (x)

(c) have been subscribed to the Existing Plan for at least the twelve (12) months immediately prior to the Effective Date.

(3) Except for the Existing Plan, customer may not concurrently subscribe to an Alternative Tariff Arrangement which provides discounts, credits or other reductions in rates or terms based upon the achievement of total billed revenue. If customer wishes to subscribe to such an Alternative Tariff Arrangement, then customer shall not be eligible to receive any Billing Credits under this Option 38, and such subscription shall be considered a termination by customer of this Option 38, subject to Section (L) following. (N)

(x) Issued under authority of Special Permission No. 15-013 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(N)

(D) Service Period

The Service Period of Option 38 shall be the period commencing on the Effective Date and ending on the date that is one day prior to the third anniversary of the Effective Date, unless this Option 38 is earlier terminated.

(E) Serving Area

The Billing Credits (if applicable) will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under the Telephone Company's tariffs in accordance with applicable law. Wire centers for the Phase II MSAs are listed in Section 19.1 of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in the Tariffs) that occur during the Service Period of this Option 38 will apply. For the avoidance of doubt, no Billing Credits will be provided in the operating territories of FCC 16. (x) (x)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following, as well as other terms of this Option 38 (including, by way of example, Section (L), Disputes, following), **Qualifying Monthly Recurring Charges** include total monthly recurring charges (**MRCs**) billed to Customer with respect to a particular Qualifying TDM Service for a particular Plan Year. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list being illustrative only):

(1) Charges for special construction;
(2) Nonrecurring charges, surcharges, interest, late payment charges, credits (including any credits provided under this Option 38), fractional debit/credit amounts, adjustments or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Plan Year of the Service Period;
(3) Taxes, fees, surcharges, charges or other tax-like amounts imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);
(4) Service or administrative fees or charges (e.g., interest penalty, late payment penalty);

(N)

(x) Issued under authority of Special Permission No. 15-013 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(N)

(F) Qualifying Monthly Recurring Charges (Cont'd)

(5) Any other billed amount for which payment is being withheld or under dispute by the customer or that is otherwise a Disputed Amount; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Telephone Company, then the amount paid by the customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the month in which the customer pays such amount;

(6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels); and

(7) Any amounts associated with any service (or any portion of a service) that is not a Qualifying TDM Service.

(G) Service Plan Requirements

(1) Customer must satisfy each of the three (3) following Service Plan Requirements during each of the Plan Years during the Service Period to continue to be eligible for the terms and conditions of Option 38 for each Plan Year.

(a) Qualifying Minimum Annual Service Revenue Commitment. Customer must for each Plan Year meet or exceed the Qualifying Minimum Annual Revenue Commitment, which is an amount equal to the aggregate amount of Qualifying Monthly Recurring Charges the Customer was billed for the Qualifying Services during the twelve (12) month period commencing on January 1, 2014 and ending on December 31, 2014.

(b) Minimum Average DS1 Equivalent Circuit Quantity

(i) Each Plan Year during the Term Customer must meet or exceed the "Minimum Average DS1 Equivalent Circuit Quantity" (as defined in the following sentence) for that Plan Year. The Telephone Company will calculate the Minimum Average DS1 Equivalent Circuit Quantity by taking the number of DS1 Equivalent Circuits Customer has in service as of the first day of the subject Plan Year and multiplying that number by 92%. The Telephone Company will then calculate the actual average DS1 Equivalent Circuit quantity for that Plan Year by adding the number of DS1 Equivalent Circuits in service at the end of each month during the twelve (12) month period of that Plan Year and dividing that total by twelve (12) (the "Actual Average DS1 Equivalent Circuit Quantity" for that Plan Year). The Actual Average DS1 Circuit Quantity for the subject Plan Year must meet or exceed the Minimum Average DS1 Equivalent Circuit Quantity for that Plan Year. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(N)

(G) Service Plan Requirements (Cont'd)

(1) (Cont'd)

(b) (Cont'd)

(ii) Example 1: Customer has 2,500 DS1 Equivalent Circuits in service at the beginning of Plan Year 1. The Minimum Average DS1 Equivalent Circuit Quantity for Plan Year 1 is 2,300 DS1 Equivalent Circuits (2,500 x 0.92). During Plan Year 1 Customer's Actual Average DS1 Equivalent Circuit Quantity is 2,400. Accordingly, Customer under this example would have exceeded the Minimum Average DS1 Equivalent Circuit Quantity for Plan Year 1.

(iii) Example 2: Customer has 2,400 DS1 Equivalent Circuits in service at the beginning of Plan Year 2. The Minimum Average DS1 Equivalent Circuit Quantity for Plan Year 2 is 2,208 DS1 Equivalent Circuits (2,400 x 0.92). During Plan Year 2 Customer's Actual Average DS1 Equivalent Circuit Quantity is 2,150. Accordingly, Customer under this example would not have met the Minimum Average DS1 Equivalent Circuit Quantity for Plan Year 2.

(c) Grooms Limitation

During each Plan Year, subject to the exceptions listed below, Customer may not order more than twelve (12) Grooms of Special Access CLF DS3 Services per Plan Year ("Maximum Annual Grooms"). The following types of Grooms shall not be included in the Maximum Annual Grooms and shall be performed by the Telephone Company in accordance with its normal business practices:

(i) Any Groom initiated by the Telephone Company and not requested by Customer;
(ii) Any Grooms where a DS3 Service rides a Telephone Company optical service provided to Customer, which optical service terminates at or, originates from, a Customer Point-of-Presence (PoP);
(iii) A disconnection of a multiplexed DS3 Service that does not (at the time of the Groom) have any DS1 riders on such DS3 Service; and
(iv) Any other Grooms that the Parties mutually agree in writing to not include in the count of Maximum Annual Grooms, which may include Grooms associated with the elimination or decommissioning of a Customer POP.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(N)

(H) Annual Review

(1) Within ninety (90) days of the end of each Plan Year, the Telephone Company shall determine whether customer has met or exceeded the Service Plan Requirements set forth in Section (G) preceding, i.e., the Minimum Annual Revenue Commitment, the Minimum Average DS1 Equivalent Circuit Quantity and Grooms Limitations.

(2) Notwithstanding any other provisions of this Option 38, the Telephone Company's calculation of the customer's Billed Qualifying TDM Service Revenue under this Option 38 shall not include any amounts which are unpaid and/or disputed by Customer as of the forty-fifth (45th) day following end of the applicable Plan Year.

(3) If customer has satisfied each of the Service Plan Requirements for a given Plan Year, then subject to the terms of this Option 38, customer shall remain in Option 38 for the following Plan Year (subject to this Option 38 terminating by its terms at the end of Plan Year 3).

(4) If the customer does not satisfy the Service Plan Requirements, then the Telephone Company may terminate Option 38 in accordance with Section (L) following.

(N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(I) TDM Shortfall Credit (N)

Provided that customer has satisfied all applicable eligibility requirements and subject to all other applicable terms set forth in this Option 38, at the end of each Plan Year of the Service Period, customer shall qualify to receive a TDM Shortfall Credit as described in this Section (I).

(1) After the end of each Plan Year, the Telephone Company will determine whether, for each month during the subject Plan Year, customer achieved the TDM Shortfall Credit Threshold.

(2) If, for a given Plan Year, customer has met the TDM Shortfall Credit Threshold with respect to each month of that Plan Year, then the Telephone Company will determine the total amount that customer, during that just-completed Plan Year, paid to the Telephone Company in the form of shortfall payments for Special Access DS1 and DS3 Services under customer's Existing Plan pursuant to this tariff (Section 23.1), FCC1 (Section 25.3), FCC11 (Section 25.2, and FCC16 (Section 22.1) (the "Total Annual Shortfall Payment"), and the Telephone Company will issue a credit ("TDM Shortfall Credit") in an amount equal to the Total Annual Shortfall Payment that customer paid to the Telephone Company during that just-completed Plan Year. For example, if the customer met the TDM Shortfall Credit Threshold with respect to each month of Plan Year 2, and the customer incurred and paid to the Telephone Company a shortfall payment for Special Access DS1 and DS3 Services with respect to the "Plan Year" under customer's Existing Plan that ended on January 31 of Plan Year 2, then the Telephone Company will issue a TDM Shortfall Credit in an amount equal to the Total Annual Shortfall Payment that customer paid to the Telephone Company with respect to the "Plan Year" under customer's Existing Plan that ended on January 31 of Plan Year 2. (x) (x)

(3) If customer did not meet the TDM Shortfall Credit Threshold with respect to each month of a given Plan Year, or did not pay any NDP shortfall payments to the Telephone Company during that Plan Year as described in Section (I)(2) preceding, then customer will not receive a TDM Shortfall Credit for that Plan Year.

(4) If customer receives a TDM Shortfall Credit for a given Plan Year, customer may not thereafter dispute or receive a refund of any shortfall payments that were paid during the Plan Year for which customer received a TDM Shortfall Credit. Once the Telephone Company issues a TDM Shortfall Credit, customer may not later dispute the amount of such credit. (N)

(x) Issued under authority of Special Permission No. 15-013 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(J) Mergers and Acquisitions of Customer (N)

If, after the Effective Date, customer merges with another company, acquires a company or a portion of the business of another company (including, by way of example, acquisition of any ACNAs other than those submitted with customer's subscription to Option 38), the company with which customer merges and the company or portion of the business thereof that customer acquires (including, by way of example, acquisition of any ACNAs other than those submitted with customer's subscription to Option 38) may be referred to collectively as the "Customer Acquired Properties", and such merger or acquisition may be referred to in either case as an "Acquisition", and the Telephone Company provides any Qualifying TDM Services in connection with such Customer Acquired Properties, then such Customer Acquired Properties shall not be included in calculations associated with the Service Plan Requirements or the TDM Shortfall Credit Threshold in this Option 38.

(K) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Qualifying TDM Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the Qualifying TDM Services Annual Revenue Commitment.

Illustrative Example:

Assume the following information for Plan Year 2:

(1) The Qualifying TDM Services Annual Revenue Commitment is $5.9M

(2) The Telephone Company sells Verizon New York to a third-party at the end of month 8 of Plan Year 2;

(3) During the three month period prior to the sale, Verizon New York accounted for $900K in Billed Qualifying TDM Service Revenue.

Based on the above assumptions:

(1) The average monthly Billed Qualifying TDM Service Revenue for Verizon New York is $300K ($900K / 3)

(2) There are four (4) months remaining in Plan Year 2 (12 months – 8 months)

(3) The Plan Year 2 Qualifying TDM Services Annual Revenue Commitment would be reduced by $1.2M ($300K * 4)

(4) The adjusted Qualifying TDM Services Annual Revenue Commitment for Plan Year 2 is $4.7M ($5.9.0M - $1.2M)

(5) The Qualifying TDM Services Annual Revenue Commitment for the Plan Year 3 will be reduced by the $3.6M ($300K x 12) resulting in a revised Qualifying TDM Services Annual Revenue Commitment of $2.3M ($5.9M - $3.6M) (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(L) Termination of Option 38 (N)

If Customer fails to satisfy any of the Service Plan Requirements set forth in this Option 70 as determined by the Telephone Company in its sole discretion at the conclusion of an Annual Review conducted in accordance with Section (H) preceding, then the Telephone Company may immediately terminate this Option 70. The Telephone Company shall provide notice of its termination intent to terminate Option 70 within one hundred twenty (120) calendar days after the end of the applicable Plan Year. In the event of termination of Option 70 under this Section (L)(1), customer shall not be eligible to receive the TDM Shortfall Credit for the Plan Year in which Option 70 is terminated (e.g., if in Plan Year 2 customer fails to satisfy any of the Service Plan Requirements and the Telephone Company accordingly provides notice of termination under (L), then customer shall not receive any TDM Shortfall Credit for Plan Year 2 nor for Plan Year 3).

(1) Termination of Option 38 shall be deemed to be an automatic termination of Option 70 of FCC1 and Option 70 of FCC11. (x) (x)

(2) The benefits of Option 38 shall cease to apply upon its termination. (N)

(x) Issued under authority of Special Permission No. 15-013 of the Federal Communications Commission.

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (N)

(A) Scope

Contract Tariff Option 39 (**Option 39**) provides discounts, to be effected by the issuance of Quarterly Credits (as defined in Section (G) following) on certain services offered by the Telephone Company pursuant to its tariffs. In consideration for such discounts and credits, Customer agrees to abide by the requirements set forth in this Option 39. All references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $17.25M shall mean $17,250,000).

(B) Definitions

The following terms are used in this Option 39:

(1) **BANs** shall mean Billing Account Numbers of Customer.

(2) **Billed Qualifying Service Revenue** has the meaning set forth in Section (E)(2) following (subject to the exclusions set forth in Section (E)(3) following).

(3) **Disputed Amount** shall mean any amount (or portion thereof) billed by the Telephone Company and disputed and/or not paid when due by Customer.

(4) **Grooms** shall mean a change in the connecting facility assignment (**CFA**) or termination point of a DS1 Service or a DS3 Service, and shall include, by way of example, any of the following types of moves, rearrangements, re-terminations, and disconnection and subsequent reconnection, to the DS1 Service or DS3 Service: (i) a change in the CFA or termination point within a single Telephone Company wire center; (ii) a change in the CFA or termination point from one Telephone Company wire center to CFA in another Telephone Company wire center (CFA can be a Telephone Company provided facility or a collocation). Solely for the purposes of defining the term Groom(s) and using such term in Section (H) following: **DS1 Service** as used above includes (in addition to the services captured by the definitions of **DS1 Service** and **DS3 Service** set forth in Qualifying SPA Services following) Switched Transport DS1 Service as described in The Verizon Telephone Companies FCC Tariff No. 1 (FCC 1) (Section 6), The Verizon Telephone Companies FCC Tariff No. 11 (FCC 11) (Section 6), and The Verizon Telephone Companies FCC Tariff No. 14 (FCC 14) (Section 4) and **DS3 Service** as used above includes Switched Transport DS3 Service as described in the FCC 1 (Section 6), FCC 11 (Section 6), and FCC 14 (Section 4). (x) (x) (N)(x)

(x) Issued under authority of Special Permission No. 15-021 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(B) Definitions (Cont'd)

(5) **Special Access Minimum Annual Revenue Commitment** (**SPAMARC**) means the following amounts of Billed Qualifying Service Revenue (before application of Quarterly Credits) for the annual periods indicated, as revised from time to time, if applicable, pursuant to Section (J) or (K) following (**SPAMARC Amounts**):

Plan Year	Plan Year 1	Plan Year 2	Plan Year 3	Plan Year 4	Plan Year 5*	Plan Year 6*
SPAMARC Amounts	$445M	$356M	$238M	$178M	$135M	$110M

* Plan Years 5 and 6 will occur only upon mutual agreement by the Parties pursuant to Section (D)(2)-(3) following.

(6) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on January 1, 2016 (the **Effective Date**) and end on December 31, 2016; (2) Plan Year 2 shall commence on January 1, 2017 and end on December 31, 2017; (3) Plan Year 3 shall commence on January 1, 2018 and end on December 31, 2018; and (4) Plan Year 4 shall commence on January 1, 2019 and end on December 31, 2019. In the event of any extension(s) of the Service Period pursuant to Section (D)(2) – (3) following, Plan Year may also be used to refer to an applicable calendar year (i.e., January 1 through December 31) subsequent to Plan Year 4.

(7) **Quarter** shall mean either of the following periods, as applicable: (i) the first Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last day of the second calendar month after the month in which the first date occurs (i.e., approximately ninety (90) calendar days thereafter, depending on the number of days in the applicable calendar months); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last day of the second calendar month after the month in which the first day occurs.

(8) **Quarterly Credit** means the quarterly credits described in Section (G) following. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(C) Eligibility

Customer must meet all of the criteria set forth in this Section (C) to be eligible to receive the rates, terms, and conditions under this Option 39:

(1) The customer must subscribe to Option 39 in a manner designated by the Telephone Company no later than thirty (30) days following the effective date of Option 39. Such subscription must include a list of the customer's access customer name abbreviations (Customer ACNAs) that the Telephone Company agrees to, in writing, for inclusion in this Option 39. Subscription to Option 39 shall be an automatic subscription to Option 71 of FCC 1 and Option 71 of FCC 11. (x)

(2) During the twelve (12) month period ending on October 1, 2015 (**Eligibility Measuring Period**), Customer must have achieved a minimum of $620M in aggregate monthly billed recurring charges for all Qualifying Services purchased by Customer from the Telephone Company.

(3) Customer (a) must be concurrently subscribed as of the Effective Date and must remain concurrently subscribed during the Service Period, to the same DS1 and DS3 Commitment Discount Plans under Section 25.1 of FCC1 and FCC 11 for the same commitment periods to which Customer was subscribed as of October 1, 2015, and the Ten-Year DS1 Term Volume Plan (**ETTVP**) under Section 5.6.14 of this tariff (**Existing Plans**), and (b) unless already subscribed as of October 1, 2015, may not be subscribed, as of the Effective Date or at any time during the Service Period, to a DS3 Term Volume Plan under Section 5.6.19 of this tariff. To the extent Customer, as of the Effective Date or at any time during the Service Period, fails to comply with any of the requirements set forth in the immediately preceding sentence, Customer shall not be eligible to receive the Quarterly Credits set forth in Section (G) following. (x) (N)

(x) Issued under authority of Special Permission No. 15-021 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(C) Eligibility (Cont'd)

(4) To receive the Quarterly Credits described in Section (G) following without incurring Shortfall Payments, Customer must (a) continue to achieve Billed Qualifying Service Revenue of no less than the SPAMARC Amounts specified in Section (B)(5) preceding, and (b) comply with the subscription provisions under Section (C)(3) preceding.

(5) Except for the Existing Plans and any FMS Services to which Customer subscribes as of the Effective Date, Customer may not concurrently subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (**ICB**) arrangement offered by the Telephone Company under this tariff, FCC 1, or FCC 11 and available to Customer either currently or at any time during the Service Period, which tariff arrangement, contract tariff option, special service arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by Customer for any of the Qualifying Services. For the avoidance of any doubt, this provision does not apply to services not covered by Option 39. (x)

(6) Except as set forth herein, nothing herein shall modify the terms and conditions of the tariffs, including by way of example under any Commitment Discount Plan (**CDP**) and/or ETTVP plans.

(D) Service Period

(1) Subject to the terms of Section (D)(2)-(3) following and all other applicable terms in this Option 39 (including, by way of example, terms regarding early termination of this Option 39), the **Service Period** for the purchase of all DS1 and DS3 Qualifying Services under this Option 39 shall commence on the Effective Date (as defined above) and end on December 31, 2019 (except that the Service Period shall include any extensions that take effect pursuant to Section (D)(2)-(3) following).

(2) At the expiration of Plan Year 4, and unless this Option 39 is otherwise terminated, the Parties in their sole discretion might, but shall have no obligation to, mutually agree in writing to up to two (2) additional extensions of one (1) year each. If Customer wishes to request the Telephone Company's consent to such an extension(s), Customer must notify the Telephone Company in writing of such request at least ninety (90) calendar days prior to the date on which Option 39 will expire.

(3) If FCC approval is required but not received for any extension described in Section (D)(2) preceding, this Option 39 shall terminate as of the expiration date that would apply in the absence of such extension. (N)

(x) Issued under authority of Special Permission No. 15-021 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services

(1) The following Special Access services are **Qualifying Services** under this Option 39:

(a) Special Access DS1 Services (collectively, **DS1 Services**) of 1.544 Mbps bandwidth, as described in this tariff (Section 5.3.6, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9), and FCC 16 (Section 7.11.1); (x)

(b) Special Access DS3 Services (collectively, **DS3 Services**) of 44.736 Mbps bandwidth, as described in this tariff (Section 5.3.6), FCC 1, (Section 7.2.9), FCC 11 (Section 7.2.9), and FCC 16 (Section 7.11.1); (x)

(c) Special Access Facilities Management Service (DS1 (only bandwidth of 1.544 Mbps) and DS3 (only bandwidth of 44.736 Mbps)), as described in this tariff (Section 7.2.13) and FCC 11 (Section 7.2.16) (collectively, **FMS Services**); and (x)

(d) IntelliLight Entrance Facilities Service (only DS3 (bandwidth of 44.736 Mbps) as described in this tariff (Section 20.4), FCC 1 (Section 7.2.15), FCC 11 (Section 26.1.4), and FCC 16 (Section 20.4) (collectively, **IEF Services**). (x)

Any services other than the services explicitly listed above (including, by way of example, any SONET entrance facility service provided by the Telephone Company pursuant to an agreement or arrangement other than the tariffs) are not included herein as a Qualifying Service. Qualifying Services do not include any Switched Access services.

The tariffs are as amended from time to time, and such amended rates, terms and conditions for the Qualifying Services shall apply to this Option 39 upon the effectiveness of such change to the tariff(s) except as set forth in this Option 39, and subject to any termination of Option 39 (and/or customer's subscription thereto).

For purposes of this Option 39: (i) all Qualifying Service volumes and revenues are quantified according to three categories (DS1, DS3 CLF, and DS3 CLS) as described further following; and (ii) subject to Section (E)(2)(b)(iii) and Section (E)(5) following, the CoS-USOC combinations set forth in Section (E)(2) following reflect the entire list of CoS-USOC combinations included in the definition of Qualifying Services and counted as contributory toward Billed Qualifying Service Revenue. (N)

(x) Issued under authority of Special Permission No. 15-021 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(2) Revenues included in Calculation of Billed Qualifying Service Revenue

Subject to the exceptions and requirements set forth below in Section (E)(2) and in Section (E)(3) following, Billed Qualifying Service Revenue includes monthly recurring charges billed to Customer, under the ACNAs provided in accordance with Section (C)(1) preceding (**Qualifying ACNAs**) for Billed Qualifying Services under the tariffs (including both price flex and price cap MSAs) in the following CoS-USOC combinations:

(a) With respect to DS1 Services, Billed Qualifying Service Revenue includes only monthly recurring charges (**MRCs**) billed in the following CoS-USOC combinations:

CoS: XDH1X, XZH18, XZH1H, XZH1R.

USOCs: 1A4YS, 1A5ZS, 1CF21, 1CF22, 1CF23, 1CF25, 1CF33, 1CF35, 1CF3W, 1CF41, 1CF42, 1CF43, 1CF45, 1CF51, 1CF52, 1CF53, 1CF55, 1CF61, 1CF62, 1CF63, 1CF65, 1CF71, 1CF72, 1CF73, 1CF75, 1CF81, 1CF82, 1CF83, 1CF85, 1CF91, 1CF92, 1CF93, 1CF95, 1CFA1, 1CFA2, 1CFA3, 1CFA5, 1CFB1, 1CFB2, 1CFB3, 1CFB5, 1CFC1, 1CFC2, 1CFC3, 1CFC5, 1CFR8, 1CFRJ, 1CFS8, 1CFSJ, 1CFT8, 1CFTJ, 1CFU8, 1CFUJ, 1CFV8, 1CFVJ, 1CKDF, 1CKDX, 1J53S, 1J54S, 1L5LS, 1L5XX, 1LFMX, 1LFSX, 1OX1X, 1OX2X, 1OX3X, 1OX5X, 1OXTX, 1T58S, 1X7VX, 1XCDX, 1Y3AC, 1YWPS, A1VA1, A1VXZ, AVY, C2X9A, C6H6X, C6H7X, CCO, CTG, DVA, EU4DF, EU4DX, EU7VX, EUU21, EUU22, EUU23, EUU25, EUU33, EUU35, EUU3W, EUU41, EUU42, EUU43, EUU45, EUU51, EUU52, EUU53, EUU55, EUU61, EUU62, EUU63, EUU65, EUU71, EUU72, EUU73, EUU75, EUU81, EUU82, EUU83, EUU85, EUU91, EUU92, EUU93, EUU95, EUUA1, EUUA2, EUUA3, EUUA5, EUUB1, EUUB2, EUUB3, EUUB5, EUUC1, EUUC2, EUUC3, EUUC5, EUUR8, EUURJ, EUUS8, EUUSJ, EUUT8, EUUTJ, EUUU8, EUUUJ, EUUV8, EUUVJ, EUW, HGV1X, HGVTX, MQ1, MQK, MXN12, MXN13, MXN15, MXN17, PR9PX, PR9SX, QMU, TJ4DX, TJ4DY, TJ4DZ, TMECS, TNJZX, TNT3X, TNT4X, TNT8X, TQ2KM, TRG, TSP, TWTF6, TYF1X, TZGHX, VPQSP. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(2) Revenues included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(b) With respect to DS3 Services, Billed Qualifying Service Revenue includes only MRCs billed in the CoS-USOC combinations shown in Sections (E)(2)(b) (i) and (ii) following:

(i) **DS3 CLF:**

CoS: EGCFX, XDH3X, XZH38, XZH3H, XZH3R, XDH1X, XZH18, XDH3X, XSHDX, XSHHX, XSWWX.

USOCs: 1A4ZS, 1A59S, 1A5LX, 1A5YS, 1A87S, 1A88S, 1A89S, 1C4A3, 1C4A5, 1C4A7, 1C4B3, 1C4B5, 1C4B7, 1C4C3, 1C4C5, 1C4C7, 1C4D3, 1C4D5, 1C4D7, 1C4E3, 1C4E5, 1C4E7, 1C4F3, 1C4F5, 1C4F7, 1C4G3, 1C4G5, 1C4G7, 1C4H3, 1C4H5, 1C4H7, 1C4J3, 1C4J5, 1C4J7, 1C4K3, 1C4K5, 1C4K7, 1CFD1, 1CFD3, 1CFD5, 1CFD7, 1CFE1, 1CFE3, 1CFE5, 1CFE7, 1CFF1, 1CFF3, 1CFF5, 1CFF7, 1CFG1, 1CFG3, 1CFG5, 1CFG7, 1CFH1, 1CFH3, 1CFH5, 1CFH7, 1CFJ1, 1CFJ3, 1CFJ5, 1CFJ7, 1CFK1, 1CFK3, 1CFK5, 1CFK7, 1CFL1, 1CFL3, 1CFL5, 1CFL7, 1CFM1, 1CFM3, 1CFM5, 1CFM7, 1CFN1, 1CFN3, 1CFN5, 1CFN7, 1CKMF, 1CKNX, 1CKPF, 1CKSX, 1L5LS, 1L5RS, 1L5XX, 1LFSX, 1U5PS, 1Y3AD, 1YA8S, 1YAMS, 1YWQS, A1VXG, ABVBA, B2CDP, B2CDV, B2CEP, B2CEV, B2CFP, BXCQX, C2X8A, CCO, DVA, EQUA3, EQUA5, EQUA7, EQUB3, EQUB5, EQUB7, EQUC3, EQUC5, EQUC7, EQUD3, EQUD5, EQUD7, EQUE3, EQUE5, EQUE7, EQUF3, EQUF5, EQUF7, EQUG3, EQUG5, EQUG7, EQUH3, EQUH5, EQUH7, EQUJ3, EQUJ5, EQUJ7, EQUK3, EQUK5, EQUK7, EU4MF, EU4NX, EU4PF, EU4SX, EUUD1, EUUD3, EUUD5, EUUD7, EUUE1, EUUE3, EUUE5, EUUE7, EUUF1, EUUF3, EUUF5, EUUF7, EUUG1, EUUG3, EUUG5, EUUG7, EUUH1, EUUH3, EUUH5, EUUH7, EUUJ1, EUUJ3, EUUJ5, EUUJ7, EUUK1, EUUK3, EUUK5, EUUK7, EUUL1, EUUL3, EUUL5, EUUL7, EUUM1, EUUM3, EUUM5, EUUM7, EUUN1, EUUN3, EUUN5, EUUN7, FQYU1, FQYU2, FQYU3, FQYU4, FQYU5, FQYU6, GMGX3, HKTJS, HKTJX, HKTLS, MKM, MQ3, MQ6, MXNF3, MXNF5, MXNFX, MXNM3, MXNM5, MXNMX, MXNRX, N2M, P8T33, P8T35, PR9SX, SLHA1, SLHA3, SLHA5, SLHA7, SLHB1, SLHB3, SLHB5, SLHB7, SLHC1, SLHC3, SLHC5, SLHC7, SLHD1, SLHD3, SLHD5, SLHD7, SLHE1, SLHE3, SLHE5, SLHE7, T8XJ5, TJ4EX, TJ4EY, TJ4EZ, TJ59X, TKTPX, TNW3X, TNW5X, TNWZX, TQ2LM, TRG, TSP, TUTPX, TWBNX, TWBPX, TWTF7, TYF3S, TYF3X, TYF8S, TYF8X, TYFLS, TYFLX, TYFMS, TYFMX, TYFNX, TYFOX, TYFPX, TYFQX, TYFRX, TYFSX, TYFTX, TYFUX, TYFVS, TYFVX, TYFWS, TYFWX.

IEF USOCs mapped to the above DS3 Services will be included in Billed Qualifying Service Revenue. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(2) Revenues included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(b) (Cont'd)

(ii) **DS3 CLS:**

CoS: EGCFX, XDH3X, XZH38, XZH3H, XZH3R, XDH3X, XSHDX, XSHHX, XSWWX.

USOCs: 1A4ZS, 1A5LX, 1A87S, 1A88S, 1A89S, 1C4A3, 1C4A5, 1C4A7, 1C4B3, 1C4B5, 1C4B7, 1C4C3, 1C4C5, 1C4C7, 1C4D3, 1C4D5, 1C4D7, 1C4E3, 1C4E5, 1C4E7, 1C4F3, 1C4F5, 1C4F7, 1C4G3, 1C4G5, 1C4G7, 1C4H3, 1C4H5, 1C4H7, 1C4J3, 1C4J5, 1C4J7, 1C4K3, 1C4K5, 1C4K7, 1CFD1, 1CFD3, 1CFD5, 1CFD7, 1CFE1, 1CFE3, 1CFE5, 1CFE7, 1CFF1, 1CFF3, 1CFF5, 1CFF7, 1CFG1, 1CFG3, 1CFG5, 1CFG7, 1CFH1, 1CFH3, 1CFH5, 1CFH7, 1CFJ1, 1CFJ3, 1CFJ5, 1CFJ7, 1CFK1, 1CFK3, 1CFK5, 1CFK7, 1CFL1, 1CFL3, 1CFL5, 1CFL7, 1CFM1, 1CFM3, 1CFM5, 1CFM7, 1CFN1, 1CFN3, 1CFN5, 1CFN7, 1CKMF, 1CKNX, 1CKPF, 1CKSX, 1L5LS, 1L5RS, 1L5XX, 1LFSX, 1U5PS, 1Y3AD, 1YA8S, 1YAMS, 1YWQS, A1VXG, ABVBA, B2CDP, B2CDV, B2CEP, B2CEV, B2CFP, BXCQX, C2X8A, CCO, DVA, EQUA3, EQUA5, EQUA7, EQUB3, EQUB5, EQUB7, EQUC3, EQUC5, EQUC7, EQUD3, EQUD5, EQUD7, EQUE3, EQUE5, EQUE7, EQUF3, EQUF5, EQUF7, EQUG3, EQUG5, EQUG7, EQUH3, EQUH5, EQUH7, EQUJ3, EQUJ5, EQUJ7, EQUK3, EQUK5, EQUK7, EU4MF, EU4NX, EU4PF, EU4SX, EUUD1, EUUD3, EUUD5, EUUD7, EUUE1, EUUE3, EUUE5, EUUE7, EUUF1, EUUF3, EUUF5, EUUF7, EUUG1, EUUG3, EUUG5, EUUG7, EUUH1, EUUH3, EUUH5, EUUH7, EUUJ1, EUUJ3, EUUJ5, EUUJ7, EUUK1, EUUK3, EUUK5, EUUK7, EUUL1, EUUL3, EUUL5, EUUL7, EUUM1, EUUM3, EUUM5, EUUM7, EUUN1, EUUN3, EUUN5, EUUN7, FQYU1, FQYU2, FQYU3, FQYU4, FQYU5, FQYU6, GMGX3, HKTJS, HKTJX, HKTLS, N2M, P8T33, P8T35, PR9SX, SLHA1, SLHA3, SLHA5, SLHA7, SLHB1, SLHB3, SLHB5, SLHB7, SLHC1, SLHC3, SLHC5, SLHC7, SLHD1, SLHD3, SLHD5, SLHD7, SLHE1, SLHE3, SLHE5, SLHE7, T8XJ5, TJ4EX, TJ4EY, TJ4EZ, TJ59X, TKTPX, TNW3X, TNW5X, TNWZX, TQ2LM, TRG, TSP, TUTPX, TWBNX, TWBPX, TWTF7, TYF3S, TYF3X, TYF8S, TYF8X, TYFLS, TYFLX, TYFMS, TYFMX, TYFNX, TYFOX, TYFPX, TYFQX, TYFRX, TYFSX, TYFTX, TYFUX, TYFVS, TYFVX, TYFWS, TYFWX.

IEF USOCs mapped to the above DS3 Services will be included in Billed Qualifying Service Revenue. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(2) Revenues included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(b) (Cont'd)

(iii) If any of the USOCs listed in Sections (E)(2)(b(i)-(ii) preceding bill both MRCs and/or other charges (e.g., NRCs), then only the MRC amounts (i.e., only those amounts appearing in the MRC section of the invoice) of such USOCs shall be counted towards the calculation of Billed Qualifying Service Revenue.

(3) Examples of Revenues Not Included in Calculation of Billed Qualifying Service Revenue. Billed Qualifying Service Revenue does not include (among other possible items, the following list being illustrative only) any of the following:

(a) any non-recurring charges (**NRCs**), surcharges, taxes, late payment charges, credits (including, by way of example, any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter or Plan Year of the Service Period;

(b) taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(c) service or administrative fees or charges imposed by the Telephone Company (e.g. interest penalty, late payment penalty);

(d) any amount that appears in the "Other Charges and Credits" section of the Telephone Company's invoice;

(e) any other charges that are not applied on a recurring monthly basis and/or do not appear in the MRC section (typically labeled "Monthly Access Charges") of the Telephone Company's invoice;

(f) Disputed Amounts, except as set forth in Section (E)(4) following;

(g) any amount billed under a particular invoice for services provided outside of the service period that is ordinarily covered by such invoice;

(h) shortfall or overage charges associated with term plan true-ups (e.g., for failure to satisfy commitment levels pursuant to a CDP); (N)

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(3) (Cont'd)

(i) billed amounts associated with any service (or any portion of a service) that is not a Qualifying Service (including, but not limited to, any service provided under a private carriage arrangement);

(j) any Quarterly Credits or Existing Plan True-up Credits that Customer receives in connection with this Option 39; and

(k) any Shortfall Payments under Section (G)(2) following.

(4) Disputed Amounts

(a) The Telephone Company shall not include in Billed Qualifying Service Revenue for a particular Plan Year any amounts that are unpaid and disputed by Customer as of the forty-fifth (45th) day following the end of that Plan Year (**Year End Resolution Period**). For any Disputed Amounts that Customer has paid prior to the end of the Year End Resolution Period, such amounts will be included in Billed Qualifying Service Revenue for the Plan Year that just ended, subject to Section (E)(4)(d) following.

Example: Assume that the Telephone Company billed Customer MRCs totaling $50,000,000 for Qualifying Services in October of Plan Year 1. Assume further that Customer disputed and did not pay $2,000,000 of such billed MRCs as of the end of the Year End Resolution Period for Plan Year 1. Thus, in determining whether Customer met the SPAMARC Amount required to avoid a Shortfall Payment under Section (G)(2) following for Plan Year 1, the Telephone Company would exclude $2,000,000 from Customer's Achieved Annual Revenue.

Example #2: Assume that the Telephone Company billed Customer MRCs totaling $50,000,000 for Qualifying Services in October of Plan Year 1. Assume further that Customer disputed but paid the $2,000,000 of such billed MRCs as of forty-five (45) days after the end of Plan Year 1. Thus, in determining whether Customer met the SPAMARC Amount required to avoid a Shortfall Payment under Section (G)(2) following for Plan Year 1, the Telephone Company would include the disputed but paid $2,000,000 in Customer's Achieved Annual Revenue. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts (Cont'd)

(b) Except as set forth in Sections (E)(4)(e) and (f) following, for purposes of the annual true-up under Section (G)(2) following, the Telephone Company shall exclude from Billed Qualifying Service Revenue any credits or debits for Services billed during Plan Years prior to the Plan Year that is the subject of the true-up (regardless of whether such credits or debits were the result of a valid dispute by Customer or were the result of a billing error by the Telephone Company).

Example: Assume that the Telephone Company billed Customer MRCs totaling $50,000,000 for Qualifying Services in October of Plan Year 1. Assume further that Customer disputed and did not pay $2,000,000 of such billed MRCs, and the dispute remains unresolved as of February 20 of Plan Year 2. Thus, in determining whether Customer met the SPAMARC Amount required to avoid a Shortfall Payment under Section (G)(2) following for Plan Year 1, the Telephone Company would exclude $2,000,000 from Customer's Achieved Annual Revenue. Assume (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts (Cont'd)

(b) Example (Cont'd)

further that in March of Plan Year 2, the Telephone Company and Customer agree that such billing was partially in error; and the dispute is resolved by Customer paying $1,800,000 and the Telephone Company issuing Customer a credit of $200,000 for the applicable Qualifying Services in March of Plan Year 2. For purposes of the Plan Year 2 true-up under Section (G)(2) following, the $1,800,000 payment by Customer would be included in Customer's Billed Qualifying Service Revenue for Plan Year 2, but the $200,000 credit by the Telephone Company would not be included in Customer's Billed Qualifying Service Revenue for Plan Year 2 or any other Plan Year in the Service Period.

(c) Claim Period. To the extent that Customer disputes any amount billed for any Special Access services that are Qualifying Services as defined in Section (E)(1) preceding (or any portion of such a billed amount), Customer must submit such disputes to the Telephone Company no later than three hundred sixty five (365) days after the date of the invoice on which the Disputed Amount first appeared (such 365-day period, the **Claim Period**). Each dispute must be submitted on a claim description form as provided by the Telephone Company, must describe in detail Customer's basis for the dispute, and must clearly state next to the circuit ID and amount under dispute the following: "Dispute Associated with 2016 Contract Tariff." For the avoidance of any doubt, the Telephone Company shall not be required to consider any dispute regarding any Disputed Amount not submitted within the Claim Period, and Customer shall be deemed to waive any disputes not submitted prior to the end of the Claim Period. Customer (using a Claim Description Form or otherwise) may not: (i) retroactively dispute any amounts that first appeared on an invoice more than three hundred sixty five (365) days prior to the date on which Customer submits the dispute to the Telephone Company or (ii) prospectively dispute amounts to be billed in future invoices. Customer shall pay, on or before the due date that applies under the tariffs, all amounts that are not subject to a bona fide dispute that Customer has submitted in accordance with the terms of this Section (E)(4)(c). To the extent that the terms of FCC 16 conflict with the Claim Period terms set forth in this Section (E)(4)(c) with respect to amounts billed for Qualifying Services under FCC 16, the terms of FCC 16 shall apply instead of the conflicting term(s) of this Section (E)(4)(c). (x) (x) (N)

(x) Issued under authority of Special Permission No. 15-021 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)
(4) Disputed Amounts (Cont'd)

(d) If any Disputed Amounts that were billed during a particular Plan Year remain disputed and unpaid as of the end of the Year End Resolution Period for that Plan Year, then such Disputed Amounts shall be excluded from Billed Qualifying Service Revenue for purposes of the annual true-up for that Plan Year under Section (G)(2) following, regardless of whether the Claim Period for the subject amount has expired as of the end of the Year End Resolution Period. If the dispute is resolved and Customer pays the Disputed Amount prior to the end of the Year End Resolution Period, then the Telephone Company will include the amount paid by Customer in Billed Qualifying Service Revenues for purposes of the annual true-up under Section (G)(2) following for the just-concluded Plan Year, in which case Customer may not thereafter raise any further disputes regarding the Disputed Amounts (regardless of whether there would otherwise still be time remaining for Customer to raise such a dispute under the Claim Period, other provisions of the tariffs, applicable law or elsewhere).

(e) If a Disputed Amount is excluded from Billed Qualifying Service Revenue for a given Plan Year because the Disputed Amount remained unpaid as of the Year-End Resolution Period, and if Customer, in a subsequent Plan Year, withdraws or settles the dispute and pays any withheld Disputed Amount (the amount of the Disputed Amount with respect to which Customer withdraws or settles the dispute and pays any withheld Disputed Amount may be referred to as a **Resolved Disputed Amount**), then that Resolved Disputed Amount (if it otherwise qualifies to be treated as Billed Qualifying Service Revenue) will be included in Billed Qualifying Service Revenue for the Plan Year in which the dispute is withdrawn or settled and Customer pays any withheld Disputed Amount; provided, however, that in no event shall Billed Qualifying Service Revenue for a given Plan Year include more than five million U.S. Dollars ($5M) in Resolved Disputed Amounts from a previous Plan Year (**Resolved Disputed Amount Cap**), and any excess Resolved Disputed Amount above the Resolved Disputed Amount Cap shall be carried over and included in Billed Qualifying Service Revenue in the next Plan Year (but not beyond that next Plan Year) and shall count toward the Resolved Disputed Amount Cap for that next Plan Year. If a Resolved Disputed Amount is included in Billed Qualifying Service Revenue pursuant to the preceding sentence (or was a Resolved Disputed Amount in excess of the Resolved Disputed Amount Cap and, therefore, carried over to the next Plan Year), then Customer may not at any time thereafter raise, and Customer shall waive, any further claims or disputes regarding the Disputed Amount (regardless of whether there would otherwise still be time remaining for Customer to raise such a dispute under the Claim Period, other provisions of the tariffs, applicable law or elsewhere). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)
(4) Disputed Amounts (Cont'd)

(e) (Cont'd)

Example: Assume that the Telephone Company billed Customer MRCs totaling $50,000,000 for Qualifying Services in October of Plan Year 1. Assume further that Customer disputed and did not pay $6,000,000 of such billed MRCs and the dispute remains unresolved as of February 20 of Plan Year 2. Thus, in determining whether Customer met the SPAMARC Amount required to avoid a Shortfall Payment under Section (G)(2) following for Plan Year 1, the Telephone Company would exclude $6,000,000 from Customer's Achieved Annual Revenue. Assume further that in March of Plan Year 2, the Telephone Company and Customer agree that such billing was partially in error; and the dispute is resolved by Customer paying $5,500,000 and the Telephone Company issuing Customer a credit of $500,000 for the applicable Qualifying Services in March of Plan Year 2. For purposes of the Plan Year 2 true-up under Section (G)(2) following, $5,000,000 of the $5,500,000 paid by Customer in March of Plan Year 2 would be included in Customer's Billed Qualifying Service Revenue for Plan Year 2, but the remaining $500,000 paid by Customer exceeds the Resolved Disputed Amount Cap and will not be included in Customer's Billed Qualifying Service Revenue for Plan Year 2 but will be carried over and included in Billed Qualifying Service Revenue for Plan Year 3 (subject to the Resolved Disputed Amount Cap for Plan Year 3. Also, the $500,000 credit by the Telephone Company would be subtracted from Customer's Billed Qualifying Service Revenue for Plan Year 2 pursuant to Section (E)(4)(f) following.

(f) If a Disputed Amount is included in Billed Qualifying Service Revenue for a given Plan Year because Customer paid the Disputed Amount pending resolution of the dispute, and if Customer later prevails in the dispute (because the Telephone Company allows the claim in the claims process or Customer prevails through dispute resolution) and the Telephone Company issues Customer a credit in a subsequent Plan Year (the amount of such credit, the **Resolution Credit Amount**), then that Resolution Credit Amount (if it otherwise qualifies to be treated as Billed Qualifying Service Revenue) will be subtracted from Billed Qualifying Service Revenue for the Plan Year in which the Telephone Company issues the credit. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts (Cont'd)

(g) In the event that Customer withholds payment of any amounts billed for Qualifying Services, then, except as otherwise agreed in writing by the parties, the Telephone Company shall offset (i.e., withhold) such amounts from any Quarterly Credits owed to Customer until such time as Customer pays the disputed amount or the dispute is resolved in Customer's favor. For the avoidance of any doubt, Customer shall be liable for late payment charges as set forth in the tariffs with respect to any billed amounts that Customer does not pay by the date on which payment is due.

(5) USOC Updates

If, during the Service Period of this Option 39, a tariff is revised to include a USOC that is a replacement or substitution, in part or in whole, for one of the USOCs set forth in Section (E)(2) preceding or to include a USOC that was inadvertently omitted from such tariff, then (effective as of the date on which such revision to the tariff becomes effective) such new USOC shall be included in the definition of the applicable Qualifying Service(s) and such new USOC, provided it otherwise qualifies to be contributory under Sections (E)(2) and (E)(3) preceding and all other terms of this Option 39, will be counted as contributory towards Billed Qualifying Service Revenue.

(F) Serving Area

Notwithstanding any other provision of this Option 39, any Quarterly Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under the Telephone Company's tariffs in accordance with applicable law. Wire centers for the Phase II MSAs are listed in Section 19.1 of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in the tariff) that occur during the Service Period will apply. For the avoidance of doubt, no Quarterly Credits will be provided in the operating territories of FCC 16. (x)

(N)(x)

(x) Issued under authority of Special Permission No. 15-021 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(G) Quarterly Credits and Annual True-up

(1) Quarterly Credits

(a) If Customer satisfies the eligibility criteria set forth in Section (C) preceding, and subject to the annual true-up described in Section (G)(2) following and any withholding by the Telephone Company under Section (E)(4)(f) preceding (and subject further to any termination of this Option 39), Customer shall receive quarterly billing credits in amounts to be calculated as set forth in Table 1 below (**Quarterly Credits**). The Telephone Company will provide the Quarterly Credits on Customer's bills within one hundred twenty (120) calendar days after the end of the applicable Quarter. The Quarterly Credits are calculated using the formulas set forth in Table 1 following based on the **Quarterly Credit Revenue Basis**, which is defined as the amount of Billed Qualifying Service Revenue, as defined in Sections (E)(2) and (E)(3) preceding, but excluding revenue for DS1 Services as defined in Section (E)(2)(a), that Customer achieved during the period from (and including) July 2014 through June 2015. The Quarterly Credits are provided for Customer's collective subscription to this Option 39, Option 71 of FCC 1, and Option 71 of FCC 11 (i.e., Customer may not receive Quarterly Credits under more than one of the three Options). (x)

Table 1

Plan Year 1 – Per Quarter	Plan Year 2 – Per Quarter	Plan Year 3 – Per Quarter	Plan Year 4 – Per Quarter	Plan Year 5 – Per Quarter*	Plan Year 6 – Per Quarter*
Quarterly Credit Revenue Basis multiplied by 9.68%.	Quarterly Credit Revenue Basis multiplied by 8.34%.	Quarterly Credit Revenue Basis multiplied by 6.85%.	Quarterly Credit Revenue Basis multiplied by 4.25%.	Quarterly Credit Revenue Basis multiplied by 1.31%.	Quarterly Credit Revenue Basis multiplied by 1.31%.

(N)

* Plan Years 5 and 6 will occur only upon mutual agreement by the parties pursuant to Section (D)(2)-(3) preceding. (N)

(x) Issued under authority of Special Permission No. 15-021 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(G) Quarterly Credits and Annual True-up (Cont'd)

(2) Annual True-up

At the end of each Plan Year the Telephone Company shall determine the total amount of Billed Qualifying Service Revenue (as determined under Section (E) preceding) that Customer achieved for the just-concluded Plan Year (**Achieved Annual Revenue**). If Customer's Achieved Annual Revenue is equal to or greater than the SPAMARC Amount for the Plan Year being reviewed, then Customer will owe no Shortfall Payment. If Customer's Achieved Annual Revenue is less than the SPAMARC Amount, then Customer will owe a shortfall payment equal to the difference between the SPAMARC Amount for the applicable plan year and Customer's Achieved Annual Revenue for that Plan Year (**Shortfall Payment**) and the Telephone Company shall issue a debit to account for such payment obligation and Customer shall pay such debited amount.

Example: Assume that in Plan Year 1, the SPAMARC Amount is $445,000,000 and in Plan Year 2, the SPAMARC Amount is $356,000,000. Also assume that, Customer achieved $446,000,000 in Billed Qualifying Service Revenue in Plan Year 1. Customer would not owe a Shortfall Payment at the end of Plan Year 1 because Customer's Achieved Annual Revenue was greater than the Plan Year 1 SPAMARC Amount. Assume further that, in Plan Year 2, Customer achieved $355,000,000 in Billed Qualifying Service Revenue. Customer would owe a Shortfall Payment of $1,000,000 (the difference between Customer's Achieved Annual Revenue and the Plan Year 2 SPAMARC Amount of $356,000,000).

(H) Limitation on Grooms

(1) During each Plan Year, Customer shall not order more than a total of twenty-four thousand eight hundred (24,800) Grooms of DS1 Services and DS3 Services (**Maximum Annual Grooms**). The Telephone Company shall be required to accommodate the Maximum Annual Grooms in any Plan Year if requested by the Customer in accordance with the Agreed Throughput Volumes (as defined following). Customer (if it has not already done so prior to the Effective Date), upon determination of the need to initiate a groom project, shall provide the Telephone Company with a written notice indicating how Customer wishes to allocate the Maximum Annual Grooms according to (i) DS1, DS3, special access, and switched access services, (ii) per day order volumes, (iii) order volumes per each Telephone Company ordering center region, and (iv) order volumes per each Telephone Company ordering center (**Customer Groom Notice**). The Parties, no later than sixty (60) days after the Telephone Company's receipt of the Customer Groom Notice, shall discuss Customer's proposed allocation and arrive at a written mutually-agreed allocation (collectively, the **Agreed Throughput Volumes** (which will not be any more than 2,250 Grooms in a given month and up to the Maximum Annual Grooms of 24,800 for the full Plan Year), and, together with the Annual Maximum (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(H) Limitation on Grooms (Cont'd)

(1) (Cont'd)

Grooms limit, the **Groom Limitations**). This same process shall be used throughout the Plan Year to manage Customer's Grooms up to the Maximum Annual Grooms. The Groom volumes will be paced so as to be spread evenly over the Plan Year unless the Parties mutually agree in writing to a different pace. The Telephone Company will make a good faith effort to accommodate Customer's requested volumes by Telephone Company ordering center. The Telephone Company shall reject any Groom orders that are not placed in accordance with the Groom Limitations. The Maximum Annual Grooms are specific to each Plan Year; thus, for example, if in a particular Plan Year Customer ordered 500 fewer Grooms than would be allowed by the Grooms Limitations for that Plan Year, Customer could not carry forward those 500 unused Groom orders to the next Plan Year. Any Grooms that Customer requested but were not completed prior to the Service Period are not exempt from the Maximum Annual Grooms and any such Grooms that Customer wishes to complete during a Plan Year in the Service Period shall count toward the Maximum Annual Grooms for that Plan Year.

(2) ACNAs Subject to Limitation on Grooms. The Groom Limitations shall apply to all ACNAs provided in accordance with Section (C)(1) preceding. When determining whether Customer has exceeded the Groom Limitations, the Telephone Company shall count all Grooms ordered during the applicable time period (day or Plan Year) in any of the operating territories for such ACNAs.

(3) Exceptions to the Grooms Limitations

The following types of Grooms shall not be included in the Grooms Limitations and shall be performed by the Telephone Company in accordance with its normal business practices:

(a) Any Groom initiated by the Telephone Company and not requested by Customer;

(b) Any Grooms where a DS3 Service rides a Verizon optical service provided to Customer, which optical service terminates at or, originates from, a Customer Point-of-Presence (**PoP**);

(c) Any other Grooms that the Parties mutually agree in writing to not include in the count of Maximum Daily Grooms or Maximum Annual Grooms.

(4) Other than as set forth herein, all Grooms shall remain subject to the terms of the tariffs. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(I) Existing Plan True-Up Credits

(1) Existing Plan True-Up Credits

During the Service Period and unless this Option 39 is terminated earlier, Customer may qualify to receive Existing Plan True-up Credits (as defined below) as described in this Section (I)(1).

(a) If, as a result of the true-up process for Qualifying Services set forth in Section 5.6.14 of this tariff, Section 25.1.7 of FCC 1 and FCC 11, Customer is billed a shortfall adjustment or charge-up adjustment or a shortfall penalty (collectively, a **True-Up Adjustment Charge**), then the Telephone Company will issue a credit equal to the amount of the True-Up Adjustment Charge for the applicable true-up period (**Existing Plan True-Up Credit**). Any such credits owed for any true-up periods in a particular Plan Year shall be made within one hundred twenty (120) days after the end of that Plan Year in conjunction with the annual true-up under Section (G)(2) preceding. (x)

(b) If Customer does not pay a True-Up Adjustment Charge for a particular true-up period, then Customer will not receive an Existing Plan True-Up Credit for that true-up period.

(c) If Customer receives an Existing Plan True-Up Credit for a particular true-up period, Customer may not thereafter dispute the amount of True-Up Adjustment Charge or the Existing Plan True-up Credit.

(d) For the avoidance of any doubt, this Section (I)(1) does not affect Existing Plan provisions except as expressly set forth preceding (thus, for example, Existing Plan provisions regarding minimum periods and early termination liability, and charges associated with each, shall continue to apply as set forth in the tariffs, and Customer shall receive no credits with respect to any such charges under this Section (I)(1)). (N)

(x) Issued under authority of Special Permission No. 15-021 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(I) Existing Plan True-Up Credits (Cont'd)

(2) Other Tariff Provisions

All other tariff provisions applicable to the Existing Plans (including, by way of example, discounts and minimum period requirements) remain unchanged by this Section (I); provided, however, that:

(a) Except where the Parties otherwise agree in writing in the event that any Acquired Properties are included in Option 39 pursuant to Section (K)(3) following) Customer may not consolidate or combine the Existing Plans with any other CDPs or term plans (including, by way of example, by adding to the Existing Plans any companies, assets or ACNAs acquired by the Telephone Company after the Effective Date) in cases where such consolidation or combination is optional under the applicable tariff terms; thus, among other things, any such other CDPs and term plans shall remain subject to any true-up and shortfall/overage payment provisions contained therein, and such provisions are not affected by Section (I)(1) preceding; and

(b) In cases where a tariff requires (i.e., non-optional, thus not covered by Section (I)(2)(a) preceding) Customer to include Acquired Properties in an Existing Plan, then the Existing Plan True-up Credits under Section (I)(1) preceding shall cease until such time as the Parties agree in writing to include such Acquired Properties in Option 39 pursuant to Section (K)(3) following. In the event the Parties are unable to reach such written agreement within ninety (90) days after the date on which the Acquired Properties were added to an Existing Plan, then either Party may seek dispute resolution to resolve any disagreement regarding the terms and conditions that may be necessary to equitably include the Acquired Properties in this Option 39 based on the proportionality of the Acquired Properties as compared to Customer's then-embedded base of Qualifying Services that contribute to Customer's Billed Qualifying Service Revenue (including, but not limited to, any terms to adjust the SPAMARC Amounts, Quarterly Credits and Grooms Limitations). (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties

(1) Notice of Divestiture

(a) Notice of Customer Divestiture

If Customer sells to an unaffiliated third party, or otherwise transfers to an unaffiliated third party its ownership of (collectively, a **Customer Divestiture**), one or more ACNA(s), or a line of business, division, affiliate, or license to operate in a particular geographic area (e.g., a CMRS license) (collectively, **Customer Sold Properties**), then Customer, prior to closure of the Customer Divestiture, or as expeditiously as practical after such closure, shall notify the Telephone Company of such Customer Divestiture via a written notice (**Customer Divestiture Notice**) that includes the following information:

(i) the date on which the Customer Divestiture is expected to close or has closed;
(ii) the affected ACNA(s);
(iii) the affected state(s) or other relevant geographic area(s); and
(iv) Information sufficient to begin the identification process of the volumes and circuit identifiers of all Qualifying Services and Billed Qualifying Service Revenues associated with the Customer Sold Properties that Customer will no longer obtain from the Telephone Company as a result of the Customer Divestiture. After sending this notification, Customer will work cooperatively with the Telephone Company (and the third-party carrier, if necessary) to complete the exchange of this information. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties (Cont'd)
(1) Notice of Divestiture (Cont'd)
(a) Notice of Customer Divestiture (Cont'd)

Customer shall also provide such other information that the Telephone Company reasonably requests for purposes of this Section (J) (e.g., for determining an adjustment to the SPAMARC Amounts and Quarterly Credits. For the avoidance of any doubt, any Customer divestiture of its interest in Qualifying Services is subject to the terms of the tariffs applicable to such divestitures (including, by way of example, Section 2.1.2 of this tariff). Upon such a divestiture, any permitted entity that acquires Customer's interest in the Qualifying Services shall purchase such Qualifying Services in accordance with the rates, terms and conditions of the tariffs, and this Option 39 shall cease to apply with respect to such Qualifying Services.

(b) Notice of Telephone Company Divestiture

If the Telephone Company sells all or part of any of its operating telephone companies (a **Verizon Sold Property(ies)**) that provides Qualifying Services under this Option 39 during the Service Period (a **Verizon Divestiture**), then the Telephone Company, prior to closure of the Verizon Divestiture or as expeditiously as practical after such closure, shall notify Customer of such Verizon Divestiture via a written notice (**Verizon Divestiture Notice**), which shall include the date on which the Verizon Divestiture is expected to close (or has closed) and the affected state(s) or other relevant geographic area(s).

The Telephone Company shall also provide thereafter such other information that Customer reasonably requests with respect to the adjustment to the SPAMARC Amounts and Quarterly Credits for purposes of Sections (J)(3) and (J)(4) following. In cases where the Telephone Company assigns its rights and obligations to a third party (**Acquiring Third Party**) with respect to any Qualifying Services, Customer shall remain obligated to purchase such Qualifying Services from such Acquiring Third Party in accordance with the terms of Option 39 and the tariffs. To the extent Customer's SPAMARC Amount obligation is reduced under Section (J)(3) (**SPAMARC Reduction Amount**), Customer's obligation with respect to the SPAMARC Reduction Amount shall apply as between Customer and the Acquiring Third Party. Similarly, to the extent the Quarterly Credits are reduced under Section (J)(4) following (**Quarterly Credit Reduction Amounts**), the Acquiring Third Party would be required to provide Quarterly Credits in amounts equal to the Quarterly Credit Reduction Amounts provided that Customer remains eligible for Quarterly Credits under the terms of this Option 39, and subject to any Shortfall Payment that Customer may owe under such terms (taking account of the adjusted SPAMARC Amounts that apply as between Customer and the Acquiring Third Party). For the avoidance of any doubt, after any assignment implemented in connection with a Verizon Divestiture, the Telephone Company shall have no responsibility for the prospective performance of this Option 39 and/or its obligations hereunder by the assignee or transferee. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties (Cont'd)

(2) Divestiture Adjustment Factor

In the event of a Customer Divestiture or Verizon Divestiture (which, in either case, may be referred to as a **Party Divestiture**), the Divestiture Adjustment Factor (determined according to the steps set forth following) will be used under Sections (J)(3) and (J)(4) following. As used following: (i) **Sold Qualifying Revenue** refers to the Billed Qualifying Service Revenues generated by Customer Sold Properties (in the case of a Customer Divestiture) or the Verizon Sold Properties (in the case of a Verizon Divestiture) that are the subject of a particular Party Divestiture and that, as a result of the Party Divestiture, the Telephone Company will no longer bill to Customer and (ii) **Sold Properties** refers to the Customer Sold Properties (in the case of a Customer Divestiture) or the Verizon Sold Properties (in the case of a Verizon Divestiture).

Step 1A: Determine the total amount of all Billed Qualifying Service Revenues that Customer achieved for the one (1)-year period ending on the day immediately prior to the date of the closing of the Party Divestiture (**Total Qualifying Revenue**).

Step 2A: Determine the total amount of Sold Qualifying Revenue generated by the Sold Properties for the one (1)-year period ending on the day immediately prior to the date of the closing of the Customer Divestiture (**Sold Qualifying Revenue**).

Step 3A: Divide the Sold Qualifying Revenue determined in Step 2A above by the Total Qualifying Revenue determined in Step 1A above to arrive at a **Divesture Adjustment Factor**.

Example of the above steps: Assume all Billed Qualifying Service Revenue for the one (1) year period ending on the day immediately prior to the closing date of the Party Divestiture was $200M. Also assume the Sold Qualifying Revenue over that same time period as $40M. The Divestiture Adjustment Factor would be 20%. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties (Cont'd)

(3) SPAMARC Amount Adjustments

In the event of a Party Divestiture, the Telephone Company shall adjust the SPAMARC Amounts set forth in Section (B)(5) preceding as follows:

(a) For purposes of the annual true-up for the Plan Year in which the Party Divestiture closed (**Closing Plan Year**):

Step 1B: For the Closing Plan Year, determine the number of days remaining in the period that begins on the Party Divestiture closing date and ends on the last day of the Plan Year (**Remaining Plan Year Days**).

Step 2B: Divide the number of Remaining Plan Year Days by three hundred sixty five (365) to produce a **Closing Plan Year Adjustment Factor**.

Step 3B: Multiply the SPAMARC Amount for the subject Plan Year by the Closing Plan Year Adjustment Factor.

Step 4B: Multiply the amount produced by Step 3B by the Divestiture Adjustment Factor.

Step 5B: Subtract the amount resulting from Step 4B above from the SPAMARC Amount for the subject Plan Year to arrive at the **Closing Plan Year Adjusted SPAMARC**. The Closing Plan Year Adjusted SPAMARC shall then replace the SPAMARC Amount under Section (B)(5) preceding for the purposes of the annual true-up under Section (G)(2) preceding.

Example of the above steps: Assume the following: a Party Divestiture occurs on the 165th day of Plan Year 2, the SPAMARC for Plan Year 2 is $180M, and the Divestiture Adjustment Factor (as described in Section (J)(2) preceding) is 20%.

Step 1B: The Remaining Plan Year Days = 200 Days.
Step 2B: The Closing Plan Year Adjustment Factor would be 54.8% (200/365).
Step 3B: Multiply 54.8% by $180M, which produces the result $98.64M.
Step 4B: Multiply $98.64M by 20%, which produces the result of $19.73M.
Step 5B: Subtract $19.73M from the SPAMARC of $180M to calculate the Closing Plan Year Adjusted SPAMARC of $160.17M. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties (Cont'd)

(3) SPAMARC Amount Adjustments (Cont'd)

(b) For purposes of Plan Years subsequent to the Plan Year in which the Party Divestiture closed:

Step 1C: Multiply each of the SPAMARC Amounts (as set forth in Section (B)(5) preceding) for the remaining Plan Year(s) by the Divestiture Adjustment Factor.

Step 2C: For each of the remaining Plan Years, subtract the amount resulting from Step 1C from the SPAMARC Amount (as set forth in Section (B)(5) preceding) for the respective Plan Years.

Step 3C: The amounts resulting from Step 2C are the new SPAMARC Amounts that will be used for purposes of the annual true-ups in the Plan Years subsequent to the Plan Year in which the Party Divestiture occurred.

Example of the above steps: Assume the following: a Party Divestiture occurs on the 165th day of Plan Year 2, the SPAMARC for Plan Year 3 is $170M, the SPAMARC for Plan Year 4 is $160M, and the Divestiture Adjustment Factor (as described in 11.2 above) is 20%. The Adjusted SPAMARC for Plan Year 3 will be $136M ($170M - $34M). The Adjusted SPAMARC for Plan Year 4 will be $128M ($160M - $32M).

In the event of a subsequent Party Divestiture, the new SPAMARC Amounts resulting from Step 3C above will be used as the baseline SPAMARC Amounts that will be adjusted in accordance with the above provisions. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties (Cont'd)

(4) Quarterly Credit Adjustments

In the event of a Party Divestiture, the Telephone Company shall adjust the Quarterly Credits set forth in Section (G) preceding as follows:

(a) In the event a Party Divestiture that closes on any day of a Quarter other than the last day of a Quarter, the Telephone Company shall adjust the Quarterly Credit that would have applied for that Quarter under Section (G) preceding as follows:

Step 1D: Identify the Quarterly Credit that would be due for the Quarter in which the Party Divestiture occurred (such Quarter, the "Divestiture Closing Quarter").

Step 2D: For the Divestiture Closing Quarter, determine the number of days up to and including the Party Divestiture closing date.

Step 3D: Determine the number of days remaining in the Divestiture Closing Quarter after the Party Divestiture closing date by subtracting the result of Step 2D from 91.

Step 4D: Divide the amount identified in Step 2D by ninety-one (91) to determine the percentage of days before Party Divestiture in the Divestiture Closing Quarter.

Step 5D: Divide the amount identified in Step 3D by ninety-one (91) to determine the percentage of days after Party Divestiture in the Divestiture Closing Quarter.

Step 6D: Multiply the amount from Step 1D by the result of Step 4D to determine the portion of Quarterly Credit due for the period prior to the Party Divestiture.

Step 7D: Multiply the amount from Step 1D by the result of Step 5D to determine the unadjusted portion of Quarterly Credit that would be due for the period after the Party Divestiture.

Step 8D: Multiply the amount from Step 7D by the Divestiture Adjustment Factor.

Step 9D: Subtract the amount resulting from Step 8D from the result of Step 7D.

Step 10D: Add the result of Step 9D to the result of Step 6D to determine the Quarterly Credit due for the Divestiture Closing Quarter.

Example of the above steps: Assume a Party Divestiture occurs on the seventy-fifth (75th) day of the second Quarter of a Plan Year. Also assume that the Quarterly Credit amount for the Plan Year is $30M. Lastly, assume the Divestiture Adjustment Factor is 20%. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties (Cont'd)

(4) Quarterly Credit Adjustments (Cont'd)

(a) (Cont'd)

Example of the above steps: (Cont'd)

Step 1D: The Quarterly Credit Amount is $30M.

Step 2D: The number of days in the Divestiture Closing Quarter up to and including Party Divestiture Closing Date is 75.

Step 3D 91 days minus 75 days is 16 days.

Step 4D: 75 days / 91 days is 82.42%

Step 5D: 16 days / 91 days is 17.58%

Step 6D: $30M multiplied by 82.42% = $24,725,275

Step 7D: $30M multiplied by 17.58% = $5,274,725

Step 8D: $5,274,275 multiplied by 20% = $1,054,945

Step 9D: $5,274,725 minus $1,054,945 = $4,219,780

Step 10D: $24,725,275 plus $4,219,780 = $28,945,055

(b) For purposes of Quarterly Credits for any Quarters remaining in the same Plan Year after the Quarter in which the Party Divestiture occurred (**Remaining Closing Plan Year Credit Quarters**):

Step 1E: Total the Quarterly Credits for the Remaining Closing Plan Year Credit Quarters.

Step 2E: Multiply the sum resulting from Step 1E by the Divestiture Adjustment Factor.

Step 3E: Subtract the amount resulting from Step 2E from the sum resulting from Step 1E.

Step 4E: Divide the amount resulting from Step 3E by the number of Remaining Closing Plan Year Credit Quarters. (Thus, for example, if the Party Divestiture closed in the 1st Quarter of a given Plan Year, divide by four. As a further example, if the Party Divestiture closed in the 4th Quarter of a given Plan Year, divide by one.)

Step 5E: The amount(s) resulting from Step 4E is the amount(s) of the Quarterly Credits that Customer will receive for the Remaining Closing Plan Year Credit Quarters. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties (Cont'd)
(4) Quarterly Credit Adjustments (Cont'd)
(b) (Cont'd)

Example of the above steps: Assume a Party Divestiture occurs in the second Quarter of Plan Year 2. Also assume that the unadjusted Quarterly Credit due to Customer in each Quarter of Plan Year 2 is $20M and the first Quarter credit has been paid. Lastly, assume the Divestiture Adjustment Factor = 20%.

Step 1E: Total of Quarterly Credits for the Remaining Closing Plan Year Credit Quarters= $60M (3 Quarters x $20M).
Step 2E: $60M x 20% = $12M
Step 3E: $60M - $12M = $48M
Step 4E: $48M/3 = $16M
Step 5E: The Quarterly Credit for each of the Remaining Closing Plan Year Quarters is $16M.

(i) For purposes of Quarterly Credits for the Quarters of any Plan Years remaining after the Plan Year in which the Party Divestiture closed (**Subsequent Plan Year Credit Quarters**):

Step 1F: Multiply each of the Quarterly Credit amounts set forth in Section (G)(1) by the Divesture Adjustment Factor.

Step 2F: For each Subsequent Plan Year Credit Quarter, subtract the amount resulting from Step 1F from the respective Quarterly Credits (as set forth in Section (G)(1) preceding).

Step 3F: The amounts resulting from Step 2F are the new Quarterly Credit Amounts that Customer will receive (if it remains eligible) for the Subsequent Plan Year Credit Quarters.

Example of the above steps: Assume the following: a Party Divestiture occurs on the 165th day of Plan Year 2, the SPAMARC for Plan Year 3 = $170M with Quarterly Credits of $42.5M per Quarter, the SPAMARC for Plan Year 4 is $160M with Quarterly Credits of $40M per Quarter. Lastly, assume the Divestiture Adjustment Factor (as described in Section (J)(2) preceding) is 20%. The Subsequent Plan Year Quarterly Credit for Plan Year 3 is $34M ($42.5M - $8.5M). The Subsequent Plan Year Quarterly Credit for Plan Year 4 is $32M ($40M - $8M).

In the event of a subsequent Party Divestiture, the new Quarterly Credit amounts resulting from Step 3F preceding will be used as the baseline Quarterly Credit amounts that will be adjusted in accordance with the above provisions. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties (Cont'd)

(5) Adjustment to Maximum Annual Grooms

In the event of a Party Divestiture (as defined in Section (J)(2) preceding) the Maximum Annual Grooms limit set forth in Section (H)(1) preceding shall be reduced in accordance with the steps set forth below and the Parties by written mutual agreement will reallocate the Agreed Throughput Volumes accordingly.

Step 1G: For the Divestiture Plan Year, determine the number of days remaining in the period that begins on the Party Divestiture closing date and ends on the last day of the Plan Year (**Remaining Plan Year Days**).

Step 2G: Divide the number of Remaining Plan Year Days by three hundred sixty five (365) to produce a **Closing Plan Year Adjustment Factor**.

Step 3G: Multiply the Maximum Annual Grooms amount for the subject Plan Year by the Closing Plan Year Adjustment Factor.

Step 4G: Multiply the amount produced by Step 3G by the Divestiture Adjustment Factor as defined in Section (J)(2) preceding.

Step 5G: Subtract the amount resulting from Step 4G above from the Maximum Annual Grooms amount for the subject Plan Year to arrive at the **Closing Plan Year Adjusted Grooms Maximum**. The Closing Plan Year Adjusted Grooms Maximum shall then replace the Maximum Annual Grooms amount set forth in Section (H)(1) for the Closing Plan Year.

For purposes of calculating the Maximum Annual Grooms for Plan Years after the Closing Plan Year, the Maximum Annual Grooms amount set forth in Section (H)(1) preceding will be adjusted as follows:

Step 6G: For each Plan Year after the Closing Plan Year, Multiply the Maximum Annual Grooms amount for that Plan Year by the Divestiture Adjustment Factor. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(J) Divestitures by the Parties (Cont'd)

(5) Adjustment to Maximum Annual Grooms (Cont'd)

Example of the above steps: Assume the following: a Party Divestiture closes on the 151st day of Plan Year 2, the Maximum Annual Grooms amount for Plan Years 2 and 3 is 24,800, and the Divestiture Adjustment Factor (as described in Section (J)(2) preceding) is 20%.

Step 1G: The Remaining Plan Year Days = 214 Days.

Step 2G: The Closing Plan Year Adjustment Factor is 58.6% (214/365).

Step 3G: Multiply 58.6% by 24,800, which produces the result of 14,357.

Step 4G: Multiply 14,357 by the 20% Divestiture Adjustment Factor, which produces the result of 2,871.

Step 5G: Subtract 2,871 from the Maximum Annual Grooms amount of 24,800 to arrive at the Closing Plan Year Adjusted Grooms Maximum amount of 21,921.

Step 6G: Multiply the 20% Divestiture Adjustment Factor by the Plan Year 3 Maximum Annual Grooms amount of 24,800 = 4,960.

Step 7G: Subtract 4,960 from the Plan Year 3 Maximum Annual Grooms amount (24,800 – 4,960), resulting in an adjusted post-divestiture Maximum Annual Grooms amount of 19,840 for Plan Year 3. Repeat this calculation for all subsequent Plan Years to adjust the respective Maximum Annual Grooms amount set forth in Section (H)(1) preceding. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(K) Mergers and Acquisitions

(1) Notice of Customer Merger/Acquisition

In the event that, on or after the Effective Date, Customer merges with another company or acquires a company or a portion of the business of another company (including, but not limited to, any ACNA(s) not provided in accordance with Section (C)(1) preceding) (the company with which Customer merges and the company or portion of the business thereof that Customer acquires (including, but not limited to, an ACNA(s) not provided in accordance with Section (C)(1) preceding) may be referred to collectively as the **Customer Acquired Properties** and such merger or acquisition may be referred to in either case as a **Customer Acquisition**), and the Telephone Company provides any Qualifying Services in connection with such Customer Acquired Properties, then Customer, no later than the closing date of the Customer Acquisition or as expeditiously as possible after the closing date of the Customer Acquisition, shall notify the Telephone Company of the Customer Acquisition (**Customer Acquisition Notice**). Customer shall identify in such notice any Qualifying Services included in the Customer Acquired Properties. If Customer wishes to include the Customer Acquired Properties in this Option 39, then Customer in its Customer Acquisition Notice shall request the Telephone Company's consent to such inclusion.

(2) Notice of Telephone Company Merger/Acquisition

In the event the Telephone Company merges with another company, or acquires a company or a portion of the business of another company (the company with which the Telephone Company merges, and the company or portion of the business thereof that the Telephone Company acquires may be referred to collectively as the **Verizon Acquired Properties** and such merger or acquisition may be referred to in either case as a **Verizon Acquisition**). If the Telephone Company wishes to include the Verizon Acquired Properties in this Option 39, then the Telephone Company may request Customer's consent to such inclusion in a notice to Customer. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(K) Mergers and Acquisitions (Cont'd)

(3) If Customer requests inclusion of the Customer Acquired Properties pursuant to Section (K)(1) preceding, or if the Telephone Company requests inclusion of the Verizon Acquired Properties in accordance with Section (K)(2) preceding, then in either case the other Party, in its sole discretion, may accept or reject such request. If the Parties agree to include in this Option 39 any Customer Acquired Properties or Verizon Acquired Properties (collectively, **Acquired Properties**), such inclusion shall be as set forth in a written agreement between the Parties setting forth the terms and conditions of such inclusion (including, by way of example, any terms to adjust the SPAMARC Amounts, Quarterly Credits, and Grooms Limitations). Absent any such written agreement, Customer's achievement of the SPAMARC Amounts described in Section (B)(5) preceding shall be calculated based solely on Customer's purchase of Qualifying Services from the Telephone Company using the ACNAs provided in accordance with Section (C)(1) preceding as of the Effective Date, without adding any services or revenues attributable to expansion of Customer's purchase of any services from the Telephone Company through an Acquired Property, and the Quarterly Credit amounts and Grooms Limitations shall remain unchanged.

(4) If Customer violates the provisions of Section (K)(3), then (without limiting any other right of the Telephone Company to terminate Option 39):

(a) Customer shall notify the Telephone Company promptly upon the occurrence of such violation, and the Telephone Company, upon receipt of such notice or upon discovering the violation on its own (in which case the Telephone Company shall provide Customer written notice of such discovery) (either notice under this Section (K)(4)(a), a **Violation Notice**). Such a violation will be deemed to occur if (i) Customer assigns any Qualifying ACNAs to any existing Qualifying Services purchased through an Acquired Property as of the closing of Customer's acquisition of the Acquired Properties, or (ii) Customer disconnects any Qualifying Services purchased under a non-Qualifying ACNA of the Acquired Property, and then purchases that same Qualifying Service, to the same end-user location, under a Qualifying ACNA; provided, however, that any such activity performed solely to reflect changes in services ordered by Customer's end user shall not be deemed a violation of this provision.. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(K) Mergers and Acquisitions (Cont'd)

(4) (Cont'd)

(b) Upon a Violation Notice provided by either Party under Section (K)(4)(a) preceding, Customer must promptly, and no later than sixty (60) days after the date of the Violation Notice, complete such activities in cooperation with the Telephone Company to exclude the Acquired Properties from Billed Qualifying Service Revenue and to ensure such exclusion continues prospectively until such time, if at all, as the Parties agree to include the Acquired Properties in this Option 39 in accordance with Section (K)(3).

(c) In the event of a Violation Notice provided by either Party under Section (K)(4)(a) preceding, the Telephone Company shall calculate the effect of the violation (such effect may include, by way of example, any difference in rates paid by Customer or the Acquired Property as a result of the violation, any avoidance of shortfall or overage charges under the tariffs as a result of the violation, and any avoidance of Shortfall Payments that Customer would have been required to pay had the Acquired Properties been excluded) for the period during which the violation occurred and for such time as the violation continues prospectively until cured (**Unearned Economic Benefit**). Customer, upon being billed by the Telephone Company, shall pay the Telephone Company the amount of such Unearned Economic Benefit plus: (i) in a case where Customer provided the Telephone Company the Violation Notice, interest at one percent (1.0%) per month for any period during which the violation resulted in Customer receiving an Unearned Economic Benefit and (ii) in a case where the Telephone Company provided Customer the Violation Notice, interest at three percent (3.0%) per month for any period during which the violation resulted in Customer receiving an Unearned Economic Benefit. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(L) Termination

(1) Mutual Agreement

The Parties, by mutual written agreement in their sole discretion or as otherwise set forth herein, may terminate this Option 39 (and/or Customer's subscription thereto). Termination of Option 39 shall be deemed to be an automatic termination of Option 71 in FCC 1 and Option 71 in FCC 11. Except as otherwise mutually agreed in writing by the Parties or as set forth herein, any termination under this Section (L)(1) shall be effective as of the date of termination (**Termination Date**). Upon any such termination, (i) the Telephone Company, as set forth in Section (L)(1)(a) following, will calculate and issue to Customer a Quarterly Termination Credit in lieu of the Quarterly Credit that would otherwise have applied for the Quarter in which the termination occurred (**Termination Quarter**), and (ii) the Telephone Company will perform a true-up in accordance with the steps set forth in Section (L)(1)(b) following (**Termination True-Up**): (x)

(a) Termination Credit

The credit that Customer will receive under Section (G)(1) preceding for the Termination Quarter shall be determined according to the following steps:

Step 1H: Divide by three hundred sixty-five (365) the sum total of all Quarterly Credits that would apply under Section (G)(1) preceding for the Plan Year in which the termination occurred (**Termination Year**)to arrive at a daily dollar amount.

Step 2H: Multiply the dollar amount determined in Step 1H by the number of days that elapsed prior to the Termination Date within the Termination Year. The resulting amount may be referred to as the **Annual Termination Credit** to be used for purposes of the calculation in Step 3H below.

Step 3H: Reduce the Annual Termination Credit amount calculated in Step 2H by the sum total of all credits due in previous Quarters prior to the Termination Quarter (but within the Termination Year) to arrive at the Quarterly Termination Credit. Customer will receive no further Quarterly Credits under this Option 39.

Step 4H: The Telephone Company will issue the Quarterly Termination Credit on Customer's bill(s) within one hundred twenty (120) calendar days after the Termination Date upon Customer's written approval of the Quarterly Termination Credit to be issued. Once the Quarterly Termination Credit has been issued after Customer's approval of the amount, Customer may not thereafter dispute or seek adjustment to the Quarterly Termination Credit. (N)

(x) Issued under authority of Special Permission No. 15-021 of the Federal Communications Commission.

Vice President, Federal Regulatory
1300 I Street, NW, Washington, DC 20005

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(L) Termination (Cont'd)

(1) Mutual Agreement (Cont'd)

(a) Termination Credit (Cont'd)

Example of the above steps: Assume that on the one hundred ninetieth (190th) day of Plan Year 2, the Telephone Company terminates this Option 39. Also assume that the 190th day of Plan Year 2 is the eighth (8th) day of the 3rd Quarter of Plan Year 2. Assume further that the Quarterly Credit under Section (G)(1) preceding is $26,500,000.

Step 1H: Quarterly Credit = $106,000,000 / 365 days = $290,411 daily amount.

Step 2H: The amount $290,411 from Step 1H above multiplied by 190 Days = $55,178,082.

Step 3H: The amount of $55,178,082 from Step 2H minus $53,000,000 ($26,500,000 x 2 Quarters prior to the Termination Quarter) = Quarterly Termination Credit of $2,178,082. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(L) Termination (Cont'd)
(1) Mutual Agreement (Cont'd)

(b) Termination True-Up

The Telephone Company will review Customer's performance during the period from the beginning of the Plan Year in which the termination occurred through the Termination Date (**Termination Review Period**) according to the following steps, and Customer shall owe any resulting shortfall payment:

Step 1I: Divide by three hundred sixty five (365) the SPAMARC Amount for the Plan Year in which the termination occurred to arrive at a daily SPAMARC Amount.

Step 2I: Multiply the daily amount resulting from Step 1I by the total number of days in the Termination Review Period to arrive at a **Termination Review SPAMARC Amount**.

Step 3I: Determine the amount of Billed Qualifying Service Revenue that Customer Achieved during the Termination Review Period. For purposes of such determination, any billed amounts that remain Disputed Amounts as of thirty (30) days after the date of the termination shall be excluded from Billed Qualifying Service Revenue.

Step 4I(A): If the amount of Billed Qualifying Service Revenue that Customer Achieved during the Termination Review Period as determined under Step 3I is less than the Termination Review SPAMARC Amount, then Customer shall owe a shortfall payment equal to the difference between the Termination Review SPAMARC Amount and the amount of Billed Qualifying Service Revenue that Customer actually achieved during the Termination Review Period. Upon determining the shortfall amount owed, the Telephone Company shall issue a debit(s) to Customer's bill(s) to account for Customer's payment of the shortfall amount and Customer shall pay such amount.

Step 4I(B): If the amount of Billed Qualifying Service Revenue that Customer achieved during the Termination Review Period as determined under Step 3I is equal to or greater than the Termination Review SPAMARC Amount, then Customer will owe no shortfall payment. (N)

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.40 Contract Tariff Option 39 (Cont'd) (N)

(L) Termination (Cont'd)

(1) Mutual Agreement (Cont'd)

(b) Termination True-Up

Example of the above steps: Assume that on the one hundred ninetieth (190th) day of Plan Year 2, the Telephone Company terminates this Option 39. Also assume that Customer achieved Billed Qualifying Service Revenue in the amount of $130.14M for Plan Year 2 through the Termination Date.

Step 1I: Plan Year 2 SPAMARC of $356M divided by 365 days = daily SPAMARC Amount of $975,342.

Step 2I: The daily SPAMARC Amount of $975,342 multiplied by 190 days = Termination Review SPAMARC Amount of $185,315,068.

Step 3I: Billed Qualifying Service Revenue achieved during the Termination Review Period is $130.14M.

Step 4I: Because the amount of achieved Billed Qualifying Service Revenue during the Termination Review Period is $55,175,068 less than the Termination Review SPAMARC Amount, Customer owes a shortfall payment of $55,175,068.

(2) Termination by the Telephone Company for Failure to Achieve Any SPAMARC Amounts

If the Telephone Company wishes to terminate this Option 39 for Customer's failure to achieve the SPAMARC Amount by the end of a Plan Year and Customer's failure to pay the Shortfall Payment(s) owed, which failure shall be deemed a material breach of this Option 39, then (without limiting Customer's obligation to pay the Shortfall Payment(s) owed) the Telephone Company shall provide notice of its termination of Option 39 by no later than ninety (90) calendar days after the end of the applicable Plan Year. Upon such termination Customer shall be entitled to all Quarterly Credits owed for such just-concluded Plan Year (subject to payment of any Shortfall Payments owed), but shall not be eligible for any Quarterly Credits for any period of time after the end of such Plan Year. (N)