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15. Metropolitan Statistical Area Services15.1 General Description

This section of the tariff provides the regulations, rates, and terms and conditions that apply to telecommunications services provided by the Telephone Company in the Metropolitan Statistical Areas (MSAs) in which the Telephone Company has received Phase II pricing flexibility pursuant to Subpart H of Part 69 of the Commission's Rules, as well as contract-based services provided in MSAs where the Telephone Company has received Phase I or Phase II pricing flexibility pursuant to Subpart H of Part 69 of the Commission's rules. MSAs are classified as full service relief MSAs, limited service relief MSAs, and non-relief MSAs. For purposes of this tariff, the term "MSA" includes non-MSA areas in which the Telephone Company operates. A non-MSA area for which the Telephone Company has been granted pricing flexibility is treated identically to an MSA that has been granted the same level of pricing flexibility.

Full service relief MSAs are those MSAs which qualified for Phase II pricing flexibility for all elements of service, i.e. channel terminations between Telephone Company end offices and end user premises; channel terminations between interexchange carrier points of presence and LEC serving wire centers; special access services other than channel terminations; and switched access entrance facilities and dedicated transport facilities.

Limited service relief MSAs are those MSAs that qualified for Phase II pricing flexibility for all elements of service except channel terminations between Telephone Company end offices and end user premises.

Non-relief MSAs are those which have not qualified for any Phase II pricing flexibility. It is possible for a non-relief MSA to qualify for Phase I pricing flexibility for some or all services.

The MSAs for which the Telephone Company has received Phase I or Phase II pricing flexibility, and the type of flexibility received, are listed in Section 15.2 following. The services provided pursuant to Phase II pricing flexibility are listed in Section 15.3 following. These services are comparable to the corresponding Switched Access transport services set forth in Section 6 or to the Special Access services set forth in Sections 7 and 8 of this tariff. The general regulations, service descriptions, and rate regulations found in Sections 6, 7, and 8 of this tariff are also applicable to the corresponding services in Section 16.9. Unless otherwise provided for in Section 16.9, regulations set forth in Sections 1, 2, 5, and 13 are also applicable.

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15. Metropolitan Statistical Area Services (Cont'd)15.2 Metropolitan Statistical Areas

MSAs are listed below by the type of relief that has been granted. MSAs in which the Telephone Company operates that are not listed have not been granted any Phase I or Phase II pricing flexibility.

Full Service Relief MSAs:

none currently

Limited Service Relief MSAs:

Rochester, NY MSA

Non-relief MSAs with Phase I pricing flexibility

none currently

15.3 Services Available in an MSA

The following services are available in MSAs with Full or Limited Service Relief:

Switched Access Services/Dedicated Transport:

Voice Grade Service

DS1 Service

Common Channel Signaling Network Connections

DS3 Service

Special Access:

Metallic Service

Telegraph Grade Service

Voice Grade Service (including WATS)

Program Audio Service

Digital Data Service

DS1 Service

DS3 Service

Fractional T1 Service

Digiline Interface Options

SONET Service

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15. Metropolitan Statistical Area Services (Cont'd)15.4 Rate Regulations

In some cases, service may be provided that spans areas that have been granted different levels of pricing flexibility. Where possible, rate elements for such services are attributed to specific wire centers that have a defined level of pricing flexibility. Some rate elements, such as interoffice mileage, may not be attributable to a single wire center. When a service spans areas with different levels of pricing flexibility, the following regulations apply:

Channel terminations will always be attributable to a single wire center. Channel terminations between interexchange carrier points of presence and LEC serving wire centers will be billed using the rates in Section 16.9 for wire centers in Full Service Relief MSAs and Limited Service Relief MSAs. Channel terminations between interexchange carrier points of presence and LEC serving wire centers will be billed using the rates found in Section 16.5 for wire centers in non-relief MSAs.

Channel terminations between Telephone Company end offices and end user premises will be billed using the rates in Section 16.9 for wire centers in Full Service Relief MSAs. Channel terminations between Telephone Company end offices and end user premises will be billed using the rates found in Section 16.5 for wire centers in Limited Service Relief MSAs and non-relief MSAs.

All other rate elements that are attributable to a single wire center will be billed using the rates in Section 16.9 for wire centers in Full Service Relief MSAs and Limited Service Relief MSAs. All other rate elements that are attributable to a single wire center will be billed using the rates found in Section 16.4, 16.5, or 16.6 for wire centers in non-relief MSAs.

When a rate element is not attributable to a single wire center, the wire centers to which it is attributed will be identified. When all wire centers to which such a rate element is attributed are in Full Service Relief MSAs or Limited Service Relief MSAs, the rate element will be billed using the rates in Section 16.9. When at least one of the wire centers to which such an element is attributed is in a non-relief MSA, the rate element will be billed using the rates found in Section 16.4, 16.5 or 16.6.

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15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services

This section contains terms and conditions and rates and charges for contract tariffs provided by the Telephone Company.

Contract tariffs apply in Metropolitan Statistical Areas (MSAs) which are eligible for Phase I and Phase II Pricing Flexibility, as described in Section 15.1. Each contract tariff includes a serving area that is contained in one or more MSAs for which the Telephone Company has been granted Phase I or Phase II Pricing Flexibility.

Contract tariffs are subject to the regulations specified in all other applicable sections of this tariff, unless otherwise specified.

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15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.1 Contract Tariff Option 1

Contract Tariff Option 1 is offered for a period of two years and provides a customer with annual credits when it meets certain billed revenue growth thresholds set forth in this section. The two year period begins with the first bills rendered after the effective date of the contract, which must be within 30 days of the effective date of this tariff.

Contract Tariff Option 1 is available in the portion of the Rochester, NY MSA that is served by Frontier Telephone of Rochester. Covered services are special access, and advanced services as described in Sections 7 and 8 of this tariff. The credits provided under Contract Tariff Option 1 are based on the growth in Monthly Recurring Charge (MRC) revenue billed to the customer.

A customer may subscribe to Contract Tariff Option 1 by submitting a written authorization in a manner designated by the Telephone Company in the 30 day period which begins on January 31, 2009 and ends on March 2, 2009.

(A) Volume and Growth Measurement

The volume and growth governed by Contract Tariff Option 1 are measured in Billed MRC Revenue, defined as revenue billed by the Telephone Company to the Customer for Monthly Recurring Charges for the covered services. Nonrecurring charges, surcharges, and other charges and credits will not be used to compute Billed MRC Revenue.

The customer commits to maintain Billed MRC Revenue of at least \$8,000,000 (\$8M) per year for the covered services.

The customer commits to grow Billed MRC Revenue for the covered services by at least four percent (4%) in each of the two years covered by the contract. The penalty for failing to meet the volume or growth commitments is loss of part or all of the credits available under Contract Tariff Option 1.

(B) Rates

The Monthly Recurring Charge rates paid by the customer for covered services will be the applicable tariffed rates for each covered service.

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15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.1 Contract Tariff Option 1 (Cont'd)(C) Measurement of Growth and Credits

Growth of Billed MRC Revenue is measured against a Baseline Annualized Spend for each of the two years covered by the contract.

The Initial Baseline Annualized Spend (IBAS) is the Billed MRC Revenue for the month immediately preceding the start of the contract period, multiplied by 12.

Year 1 Annualized Spend (Y1AS) is the Billed MRC Revenue for the 12th month of the contract period, multiplied by 12.

Year 2 Baseline Annualized Spend (Y2BAS) is the greater of the Initial Baseline Annualized Spend or Year 1 Annualized Spend.

Year 2 Annualized Spend (Y2AS) is the Billed MRC Revenue for the 24th month of the contract period, multiplied by 12.

Year 1 growth is computed by comparing Year 1 Annualized Spend to the Initial Baseline Annualized Spend. Year 2 growth is computed by comparing Year 2 Annualized Spend to Year 2 Baseline Annualized Spend.

The Discount Factor is 30%.

Year 1 Growth Credit (Y1GC) is calculated as follows:

If  $Y1AS < IBAS * 1.04$ ,  $Y1GC = 0$ . Otherwise,  
 $Y1GC = (Y1AS - (IBAS * 1.03)) * \text{Discount Factor}$

Year 2 Growth Credit (Y2GC) is calculated as follows:

If  $Y2AS < Y2BAS * 1.04$ ,  $Y2GC = 0$ . Otherwise,  
 $Y2GC = (Y2AS - (Y2BAS * 1.03)) * \text{Discount Factor}$

Year 2 Carryover Credit (Y2CC) is calculated as follows:

If  $Y2AS > Y1AS$ ,  $Y2CC = Y1GC$   
If  $Y2AS < IBAS * 1.04$ ,  $Y2CC = 0$ . Otherwise,  
 $Y2CC = (Y2AS - (IBAS * 1.03)) * \text{Discount Factor}$

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15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.1 Contract Tariff Option 1 (Cont'd)(D) Application of Credits

Credits earned under Contract Tariff Option 1 will be applied to the customer's bills every six months and trued up annually. Credits will be applied 90 days following the bill date of the 6th, 12th, 18th, and 24th months of the agreement.

The credits applied after the 6th month of the contract will be based on comparing the 4th, 5th, and 6th months of the contract to the same period from the preceding year. The credits applied after the 18th month of the contract will be based on comparing the 16th, 17th, and 18th months of the contract to the 4th, 5th, and 6th months of the contract. These comparisons will be used to compute estimated growth rates and credits. One half of the estimated credits computed on an annualized basis will be applied in this way. The true annual credits will be trued up following the 12th and 24th months of the contract.

The application of credits earned under this Contract Tariff Option 1 is contingent on payment in full by the customer of all undisputed billed amounts for covered services no later than 60 days from the bill date of the last bill used to compute an Annualized Spend. After 60 days, any amounts that remain disputed or are withheld by the customer shall be excluded from the calculation of the Year 1 Annualized Spend or Year 2 Annualized Spend, as appropriate to the date(s) the disputed amounts were billed.

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15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.1 Contract Tariff Option 1 (Cont'd)(E) Mergers and 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, the following terms and conditions will apply in addition to any other terms and conditions set forth in this Contract Tariff Option.

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 Billed MRC Revenue for the covered services.

The customer shall continue subscribing to Contract Tariff Option 1 for the duration of the contract period based on its business with the Telephone Company as of the start of the contract period, without adding any revenues attributable to the expansion of the customer's purchase of services from the Telephone Company through merger, transfer, assignment, or acquisition.

If the customer commingles its legacy business with merged, acquiring, or acquired business in such a manner that the Telephone Company cannot distinguish between the two types of business, there will be no credits due the customer after the date of the first such commingling.