

ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.64 Contract Tariff Option 63

(N)

(A) Scope

Contract Tariff Option 63 (**Option 63**) provides Billing Credits on certain Special Access Services. In this Option 63, 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 21.64, the following terms are used in this Option 63:

- (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 63.
- (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 21.64(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 21.64(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 21.64(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 21.64(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 Section 7.2.13 preceding and in Tariff FCC No. 11, Section 7.2.16.
- (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 21.64(F) following.

(x)

(N)

(x) Issued under authority of Special Permission No. 12-xxx of the Federal Communications Commission.

(Issued under Transmittal No. xxx)

Issued: Illustrative

Effective:

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

ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.64 Contract Tariff Option 63 (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 21.64(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 21.64(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 Channel Termination as defined in Section 7.1.2(A) preceding of this tariff, (ii) a DS1 Channel Termination as defined in Tariff FCC No. 11, Section 7.1.2(A), (iii) a DS1 Special Access Line as defined in Tariff FCC No. 14, Section 5.1.1(C), 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.
- (11) **DS3 Unit** shall mean DS3 capacity (i.e., 44.736 Mbps) Qualifying Services that meets one of the following definitions: (i) a DS3 Channel Termination as defined in Section 7.1.2(A) preceding of this tariff, (ii) a DS3 Channel Termination as defined in Tariff FCC No. 11, Section 7.1.2(A), (iii) a DS3 Special Access Line as defined in Tariff FCC No. 14, Section 5.1.1(C), 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.
- (12) **Minimum Billed DS1 Units** shall have the meaning set forth in Section 21.64(G)(1) following.
- (13) **Minimum Billed DS3 Units** shall have the meaning set forth in Section 21.64(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) Plan 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.

(x)

(x)

(x)

(x)

(N)

(x) Issued under authority of Special Permission No. 12-xxx of the Federal Communications Commission.

(Issued under Transmittal No. xxx)

Issued: Illustrative

Effective:

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

ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.64 Contract Tariff Option 63 (Cont'd)(C) Eligibility (Cont'd)

(4) (Cont'd)

(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.

- (5) The customer must subscribe to this Option 63 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 63. Subscription to this Option 63 shall be an automatic subscription to Option 62 of Tariff FCC No. 11 and Option 32 of Tariff FCC No. 14.

- (6) The customer subscribes to this Contract Tariff Option 63 for a period beginning on December 1, 2012 and ending on November 30, 2015.

(D) Serving Area

The serving area of Contract Tariff Option 63 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. 11 and Tariff FCC No. 14. Wire centers for the Phase II MSAs specified in this tariff are listed in Section 14.7 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 14.7 preceding of this tariff) that occur during the Service Period of this Option 63 will apply. No Billing Credits will be provided in the operating territories of Tariff FCC No. 16.

(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 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), the Telephone Company's Tariff FCC No. 14 (Sections 5.3.6, 5.6.14, 5.6.19, 5.7.18 and 5.7.22), and the Telephone Company's Tariff FCC No. 16 (Section 7.2.1(G) and 7.11.1)
- Special Access Facilities Management Service DS1 (only bandwidth of 1.544 Mbps) and DS3 (only bandwidth of 44.736 Mbps) set forth in this tariff (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)

- (2) Rate elements for MetroLAN services (as set forth in Tariff FCC No. 14 and Tariff FCC No. 16) will not be included.

(x) Issued under authority of Special Permission No. 12-xxx of the Federal Communications Commission.

(Issued under Transmittal No. xxx)

Issued: Illustrative

Effective:

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

ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.64 Contract Tariff Option 63 (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 63.

(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 63, 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 7.2.13(F), 7.4.13(D), 25.1.9, and 25.1.10 in this tariff; Sections 7.2.16(G)(3), 7.4.10(C), 25.1.11 and 25.1.12 in Tariff FCC No. 11; Sections 3.2.4, 5.6.14(O), 5.6.19(K) and 5.6.19(M) in Tariff FCC No. 14; 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)
(x)

- (b) For purposes of this Option 63, 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 21.64(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 63, "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. 11, Tariff FCC No. 14 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 63.

(x)
(x)

(N)

(x) Issued under authority of Special Permission No. 12-xxx of the Federal Communications Commission.

(Issued under Transmittal No. xxx)

Issued: Illustrative

Effective:

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

ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.64 Contract Tariff Option 63 (Cont'd)

(N)

(I) Mergers and Acquisitions of the Customer

In the event that after the date of subscription to this Option 63, 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. 11 and in Tariff FCC No. 14.

(x)
(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 63 under Section 21.64(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 63. 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-xxx of the Federal Communications Commission.

(Issued under Transmittal No. xxx)

Issued: Illustrative

Effective

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

ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.64 Contract Tariff Option 63 (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 63 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. 11, Tariff FCC No. 14, 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-xxx of the Federal Communications Commission.

(Issued under Transmittal No. xxx)

Issued: Illustrative

Effective

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

ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.64 Contract Tariff Option 63 (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 63 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 63. Termination of this Option 63 shall be deemed to be an automatic termination of Option 62 of Tariff FCC No. 11 and Option 32 of Tariff FCC No. 14. If the customer terminates its subscription to this Option 63, and/or Option 62 of Tariff FCC No. 11 and/or Option 32 of Tariff FCC No. 14 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)
(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-xxx of the Federal Communications Commission.

(Issued under Transmittal No. xxx)

Issued: Illustrative

Effective

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

ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.64 Contract Tariff Option 63 (Cont'd)

(N)

(L) Termination for Cause

The Telephone Company shall be entitled to terminate this Option 63, Option 62 of Tariff FCC No. 11 and Option 32 of Tariff FCC No. 14 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 21.64(G)(1) preceding) for six (6) consecutive months. For avoidance of doubt, failure to achieve all of the criteria described in Section 21.64(G)(1) 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 63, Option 62 of Tariff FCC No. 11 and Option 32 of Tariff FCC No. 14 by no later than ninety (90) days after the end of the 6 consecutive month period. If the Telephone Company terminates Option 63, Option 62 of Tariff FCC No. 11 and Option 32 of Tariff FCC No. 14 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-xxx of the Federal Communications Commission.

(Issued under Transmittal No. xxx)

Issued: Illustrative

Effective

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