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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37

(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.

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21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(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)
- (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)
- (11) **Effective Date** and the start of the Service Period shall be January 1, 2015.
- (12) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on January 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). (x)

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21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(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)
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21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(C) Eligibility for Benefits (Cont'd)

- (6) Except for the Existing Contract Tariff Options and the Existing Plans, 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.
- (7) 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. 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.

(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);

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21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(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).

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21. Contract Tariffs (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(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 One Million Eight-Hundred Fifty Thousand and 00/100 U.S. Dollars (\$1,850,000) (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).

(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.

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