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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.

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15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)

## 15.5.2 Contract Tariff Option 2

## (A) Scope

Contract Tariff Option 2 (**Option 2**) provides Quarterly Billing Credits or Adjustments on certain Special Access Services if the customer maintains an Annual Spend Premium of specified amounts. In this Option 2, 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 2, the following terms are used in this Option 2.

- (1) **Annual Spend Premium** shall mean the amount the customer spends in each year for Qualifying Services above the average rates in effect in July 2012. The Annual Spend Premium shall be calculated as the difference between the Total Flat Rate Spend less the Total Baseline Reference Spend on an annual basis.
- (2) **BANs** shall mean the Billing Account Numbers of the customer.
- (3) **Baseline Reference Spends** shall mean the amounts the customer would have spent for DS1, Multiplexed DS3, or PTP DS3 service at the customer's Baseline Unit Reference Costs for these services. The Baseline Reference Spends shall be calculated as follows:

Baseline Reference DS1 Spend = DS1 Billed Units \* DS1 Baseline Unit Reference Cost

Baseline Reference Multiplexed DS3 Spend  
= Multiplexed DS3 Billed Units \* Multiplexed DS3 Unit Reference Cost

Baseline Reference PTP DS3 Spend  
= PTP DS3 Billed Units \* PTP DS3 Unit Reference Cost

Total Baseline Reference Spend  
= Baseline Reference DS1 Spend  
+ Baseline Reference Multiplexed DS3 Spend  
+ Baseline Reference PTP DS3 Spend

(N)

(N)

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)

## (B) Specific Terms (Cont'd)

- (4) **Baseline Unit Reference Costs** shall mean the unit cost per circuit for the customer's Billed DS1 Units, Billed Multiplexed DS3 Units, and Billed PTP DS3 Units calculated as of July 2012 billing to the customer, net of any credits earned under tariff arrangements or contract tariffs in effect during July 2012.
- (5) **Billed DS1 Unit** shall mean, with respect to each month during the Service Period, a DS1 Unit for which one or more monthly recurring charge was billed using any of the applicable Universal Service Order Codes (**USOCs**) set forth in (F)(2)(a) following, to the customer under the Customer ACNAs (as defined in (B)(11) following) in the monthly recurring charge (**MRC**) section of Telephone Company's Access Service bill to the customer for that month. For the avoidance of any doubt, a DS1 circuit that is provided in a meet point arrangement by two or more Telephone Company entities under a single unique circuit identifier will count as two units. Additionally, a DS1 circuit that is provided in a meet point arrangement by two or more billing entities under a single unique circuit identifier, where only one of the billing entities is affiliated with the Telephone Company, will count as one unit.
- (6) **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 (F)(2)(b) following, was billed to the customer under the Customer ACNAs (as defined in (B)(11) following) in the MRC section of Telephone Company's Access Service bill to the customer for that month. For the avoidance of any doubt, a Multiplexed DS3 circuit that is provided in a meet point arrangement by two or more Telephone Company entities under a single unique circuit identifier will count as two units. Additionally, a Multiplexed DS3 circuit that is provided in a meet point arrangement by two or more billing entities under a single unique circuit identifier, where only one of the billing entities is affiliated with the Telephone Company, will count as one unit.

(N)

(N)

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15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(B) Specific Terms (Cont'd)

- (7) **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 (F)(2)(c) following, was billed to the customer under the Customer ACNAs (as defined in (B)(11) following) in the MRC section of Telephone Company's Access Service bill to the customer for that month. For the avoidance of any doubt, a PTP DS3 circuit that is provided in a meet point arrangement by two or more Telephone Company entities under a single unique circuit identifier will count as two units. Additionally, a PTP DS3 circuit that is provided in a meet point arrangement by two or more billing entities under a single unique circuit identifier, where only one of the billing entities is affiliated with the Telephone Company, will count as one unit.
- (8) **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 (F) following, subject to the exclusions specified in (F)(2)(d) and (F)(3) following.
- (9) **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 (F)(2)(d) and (F)(3) following.
- (10) **Billed Spends** shall mean the amounts the customer is billed for Qualifying Services by the Telephone Company under the applicable tariffed rates, terms, and conditions. Billed DS1 Spend is the amount billed by the Telephone Company for DS1 Qualifying Services; Billed Multiplexed DS3 Spend is the amount billed by the Telephone Company for Multiplexed DS3 Qualifying Services; Billed PTP DS3 Spend is the amount billed by the Telephone Company for PTP DS3 Qualifying Services; and Total Billed Spend is the sum of Billed DS1 Spend, Billed Multiplexed DS3 Spend, and Billed PTP DS3 Spend.
- (11) **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 2, Option 63 of FCC 4, and Option 32 of FCC 5 in accordance with (C)(2) following, which Customer ACNA(s) are agreed to by the Telephone Company in writing for inclusion in this Option 2, Option 63 of FCC 4, and Option 32 of FCC 5.

(N)

(X)

(X)

(X) Issued under authority of Special Permission No. 12-039.

(N)

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15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)

## (B) Specific Terms (Cont'd)

- (12) **DS1 Unit** shall mean an individual Qualifying Service circuit of DS1 capacity (i.e., 1.544 Mbps) that that both: (i) has a unique facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia, and (ii) is billed using any of the applicable USOCs set forth in F(2)(b) below.

For the avoidance of any doubt, a DS1 circuit that is provided in a meet point arrangement by two or more Telephone Company entities under a single unique circuit identifier will count as two units. Additionally, a DS1 circuit that is provided in a meet point arrangement by two or more billing entities under a single unique circuit identifier, where only one of the billing entities is affiliated with the Telephone Company, will count as one unit. For the avoidance of any doubt, sub-rate DS1s (e.g., 128 kbps, 256 kbps, 384 kbps, 512 kbps, and 768 kbps) are not counted as DS1 Units.

- (13) **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 (H)(1) following.

- (14) **Flat Rate Spend** shall mean the billed units for a given period multiplied by the Baseline Unit Reference Costs, by service type:

Flat Rate DS1 Spend = DS1 Billed Units \* DS1 Flat Rate

Flat Rate Multiplexed DS3 Spend = Multiplexed DS3 Units \* Multiplexed DS3 Flat Rate

Flat Rate PTP DS3 Spend = PTP DS3 Units \* PTP DS3 Flat Rate

Total Flat Rate Spend = Flat Rate DS1 Spend  
+ Flat Rate Multiplexed DS3 Spend + Flat Rate PTP DS3 Spend

- (15) **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.)

(N)

(N)

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)

## (B) Specific Terms (Cont'd)

- (16) **Multiplexed DS3 Unit** shall mean an individual Qualifying Service circuit of DS3 capacity (i.e., 44.736 Mbps) that both: (i) has a unique circuit identifier that conforms to the Common Language Circuit Identifier (CLCI) facility format administered by Telcordia and (ii) is billed using one or more of the USOCs specified in (F)(2)(b) following.

DSEF 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 2, 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 by forty-five percent (45%) and the other facility is reduced by sixty-five percent (65%) in accordance with Section 5.2.7 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 2: (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.

For the avoidance of any doubt, a Multiplexed DS3 circuit that is provided in a meet point arrangement by two or more Telephone Company entities under a single unique circuit identifier will count as two units. Additionally, a PTP DS3 circuit that is provided in a meet point arrangement by two or more billing entities under a single unique circuit identifier, where only one of the billing entities is affiliated with the Telephone Company, will count as one unit.

(N)

(N)

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)

## (B) Specific Terms (Cont'd)

(17) **Plan Year** shall mean each of the following periods during the Service Period: Plan Year 1 shall commence on the date on which the customer subscribes to this Option 2 and end on December 31, 2013; Plan Year 2 shall commence on January 1, 2014 and end on December 31, 2014; and Plan Year 3 shall commence on January 1, 2015 and end on December 31, 2015. In the event of any extension(s) of the Service Period pursuant to Section (E) 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 3.

(18) **PTP DS3 Unit** shall mean an individual Qualifying Service circuit of DS3 capacity (i.e., 44.736 Mbps) that both: (i) has a unique circuit identifier that conforms to the CLCI serial number format administered by Telcordia and (ii) is billed using one or more of the USOCs specified in (F)(2)(c) following.

DSEF 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 2, 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.

For the avoidance of any doubt, a PTP DS3 circuit that is provided in a meet point arrangement by two or more Telephone Company entities under a single unique circuit identifier will count as two units. Additionally, a PTP DS3 circuit that is provided in a meet point arrangement by two or more billing entities under a single unique circuit identifier, where only one of the billing entities is affiliated with the Telephone Company, will count as one unit.

(19) **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 the date on which the customer subscribes to this Option 2, and shall 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 day of the second calendar month after the month in which the first day appears.

(N)

(N)





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15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(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 2 shall commence on the date the customer subscribes to this Option 2 and end on December 31, 2015 (except that the Service Period shall include any extensions that take effect pursuant to (E)(2) following).
- (2) At the expiration of Plan Year 3 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 three (3) Plan Years of the Service Period at the Flat Rates and Premium Spend Target for Plan Year 3. 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 3 or the end of first one (1) year extension period, as applicable.

(F) Qualifying Services

- (1) Qualifying Services will be comprised of the following:
  - (a) Special Access 1.544 Mbps Services as set forth in Section 7.8 of FCC 1, Section 7.2.6 preceding of this tariff, Section 5.2.2 of FCC 3, Section 7.2.9 of FCC 4, Section 5.3.6 of FCC 5, Section 7.11.1 of FCC 6, and Section 7 of FCC 10, in each case as the same may be amended from time to time (collectively, **DS1 Services**); and (X)  
(X)  
(X)
  - (b) Special Access 44.736 Mbps Services as set forth in Section 7.8 of FCC 1, Section 7.2.6 preceding of this tariff, Section 5.2.2 of FCC 3, Section 7.2.9 of FCC 4, Section 5.3.6 of FCC 5, Section 7.11.1 of FCC 6, and Section 7 of FCC 10, in each case as the same may be amended from time to time (collectively, **DS3 Services**); and (X)  
(X)  
(X)
  - (c) Special Access 1.544 Mbps and 44.736 Mbps Facilities Management Services, as described in Section 7.2.13 of FCC 4 as the same may be amended from time to time (**FMS Services**). (X)

(X) Issued under authority of Special Permission No. 12-039.

(N)  
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(X)  
(X)  
(X)  
(X)  
(X)  
(X)  
(X)  
(X)  
(N)

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15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(F) Qualifying Services (Cont'd)

(1) Qualifying Services will be comprised of the following: (Cont'd)

(d) Special Access Dedicated SONET Entrance Facilities Service with a 44.736 Mbps electrical interface, as described in Section 7.2.15 of FCC 4, Section 20.4 of FCC 5, and Section 20.4 of FCC 6, in each case as the same may be amended from time to time (collectively, **DSEF Services**).

Any services other than the services explicitly listed in this (F)(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 2: (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 (F)(2) following; and (ii) subject to (F)(2)(d) and (F)(4) following, the USOCs set forth in (F)(2) following reflect the entire list of USOCs included in the definition of Qualifying Services and counted as contributory toward Billed Qualifying Service Revenue.

(2) Revenues Included in Calculation of Billed Qualifying Service Revenue

Subject to the exceptions and requirements set forth in this Section (F), 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 3, FCC 4, FCC 5, FCC 6, and FCC 10. **Billed DS1 Qualifying Service Revenue** is described in (F)(2)(a) following, subject to (F)(2)(d) and (F)(3) following. **Billed Multiplexed DS3 Qualifying Service Revenue** is described in (F)(2)(b) following, subject to (F)(2)(d) and (F)(3) following. **Billed PTP DS3 Qualifying Service Revenue** is described in (F)(2)(c) following, subject to (F)(2)(d) and (F)(3) following.

(X) Issued under authority of Special Permission No. 12-039.

(N)

(X)  
(X)

(X)

(N)

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15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)(F) Qualifying Services (Cont'd)(2) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)(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	7CT15	7CTDC	7FT01	7FT60	7OFFV
7TD60	A1VA1	C2X9A	C6H6X	C6H7X	CCO
CTG	DVA	EU4DF	EU4DX	EU7VX	EUEU7VX
EUEUW	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	HCCMF	HCCMT	HCCT4	HCCTA	HCCTV
HCHCCMT	HCHCCT4	HCHCMLT	HCM10	HCM1V	HCMF5
HCMLT	HGV1X	HGVTX	MQ1	MQ6	MQK
MXN12	MXN13	MXN15	MXN17	MXNF3	MXNF5
MXNFX	PR9PX	PR9SX	QMU	TJ4DX	TJ4DY
TJ4DZ	TMECS	TMTMECS	TNJZX	TNT3X	TNT4X
TNT8X	TNTNT3X	TNTNT4X	TNTNT8X	TQ2KM	TRG
TSP	TWTF6	TYF1X	TZGHX	VPQSP	

(N)

(N)

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)(F) 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	1L5H3	1L5LS	1L5RS
1L5XX	1LFSX	1U5PS	1Y3AD	1YA8S	1YAMS
1YWQS	7CT45	7D3D1	7OF01	7OF18	7OF36
7OF60	7OT18	7OT36	7OT60	A1VXG	ABVBA
B2CDP	B2CDV	B2CEP	B2CEV	B2CFP	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	HCM31

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)(F) Qualifying Services (Cont'd)(2) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)(b) Billed Multiplexed DS3 Units (Cont'd)

HF12A	HF12F	HF3EA	HF3OA	HF3OF	HFCMF
HFCMT	HFCT1	HFCT4	HFCTA	HFCTV	HFHFCMT
HFHFCT4	HFMF1	HFMF3	HFMF5	HFOT4	HFOTA
HFUEA	HFUEF	HFUOA	HFUOF	HKTJS	HKTJX
HKTLS	MKM	MKW3X	MQ3	MXNM3	MXNM5
MXNMX	MXNRX	N2M	NDPCM	NDPDM	P8T13
P8T15	P8T33	P8T35	PR9SX	SLHA1	SLHA3
SLHA5	SLHA7	SLHB1	SLHB3	SLHB5	SLHB7
SLHC1	SLHC3	SLHC5	SLHC7	SLHD1	SLHD3
SLHD5	SLHD7	SLHE1	SLHE3	SLHE5	SLHE7
T7TAX	T8XJ3	T8XJ5	TJ4EX	TJ4EY	TJ4EZ
TJ59X	TKTPX	TNW3X	TNW5X	TNWZX	TQ2LM
TRG	TSP	TUTFX	TUTPX	TUTUTPX	TWBNX
TWBPX	TWTF7	TYF3S	TYF3X	TYF8S	TYF8X
TYFLS	TYFLX	TYFMS	TYFMX	TYFNX	TYFOX
TYFPX	TYFQX	TYFRX	TYFSX	TYFTX	TYFUX
TYFVS	TYFVX	TYFWS	TYFWX	TYTYF8X	TYTYFLS

DSEF USOCs mapped to Billed Multiplexed DS3 Units will be included in the Billed Qualifying Service Revenue for those Units.

(N)

(N)

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)(F) 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	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	1L5H3	1L5LS	1L5RS
1L5XX	1LFSX	1U5PS	1Y3AD	1YA8S	1YAMS
1YWQS	7CT45	7OF01	7OF18	7OF36	7OF60
7OT18	7OT36	7OT60	A1VXG	ABVBA	B2CDP
B2CDV	B2CEP	B2CEV	B2CFP	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

(N)

(N)

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)(F) Qualifying Services (Cont'd)(2) Revenues Included in Calculation of Billed Qualifying Service Revenue (Cont'd)(c) Billed PTP DS3 Units (Cont'd)

FQYU4	FQYU5	FQYU6	GMGX3	HF12A	HF12F
HF3EA	HF3OA	HF3OF	HFCMF	HFCMT	HFCT1
HFCT4	HFCTA	HFCTV	HFHFCMT	HFHFCT4	HFMF1
HFMF3	HFMF5	HFOT4	HFOTA	HFUEA	HFUEF
HFUOA	HFUOF	HKTJS	HKTJX	HKTLS	MXNM5
N2M	NDPCM	NDPDM	P8T13	P8T15	P8T33
P8T35	PR9SX	SLHA1	SLHA3	SLHA5	SLHA7
SLHB1	SLHB3	SLHB5	SLHB7	SLHC1	SLHC3
SLHC5	SLHC7	SLHD1	SLHD3	SLHD5	SLHD7
SLHE1	SLHE3	SLHE5	SLHE7	T7TAX	T8XJ3
T8XJ5	TJ4EX	TJ4EY	TJ4EZ	TJ59X	TKTPX
TNW3X	TNW5X	TNWZX	TQ2LM	TRG	TSP
TUTFX	TUTPX	TUTUTPX	TWBNX	TWBPX	TWTF7
TYF3S	TYF3X	TYF8S	TYF8X	TYFLS	TYFLX
TYFMS	TYFMX	TYFNX	TYFOX	TYFPX	TYFQX
TYFRX	TYFSX	TYFTX	TYFUX	TYFVS	TYFVX
TYFWS	TYFWX	TYTYF8X	TYTYFLS		

DSEF USOCs mapped to Billed PTP DS3 Units will be included in the Billed Qualifying Service Revenue for those Units.

- (d) If any of the USOCs listed in (F)(2)(a) through (F)(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.

(N)

(N)

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)

## (F) Qualifying Services (Cont'd)

## (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 or for which the Telephone Company has issued a credit in response to a customer dispute;
- (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);
- (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 (H) following.

(N)

(N)

ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(F) Qualifying Services (Cont'd)

(4) USOC Updates

If, during the Service Period, the Telephone Company revises Section 7 preceding of this tariff, Section 7 of FCC 1, Section 7 of FCC 4, Section 5 of FCC 3, Section 5 of FCC 5, Section 7 of FCC 6, or Section 7 of FCC 10 to (i) replace or substitute a USOC for a rate element of a Qualifying Service as set forth in (F)(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 (F)(2) and (F)(3) preceding and all other terms set forth herein, will be counted as contributory towards Billed Qualifying Service Revenue.

(G) Serving Area

Notwithstanding any other provision set forth herein, any Quarterly Billing Adjustments or other credits will be provided only in the MSAs that have achieved Phase I or Phase II pricing flexibility under Section 14.3 of FCC 4, Section 15 of this tariff, and Section 19.1 of FCC 5. Wire centers for the Phase II MSAs are listed in Section 14.3 of FCC 4 and Section 19.1 of FCC 5. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 14.3 of FCC 4 and Section 19.1 of FCC 5) that occur during the Service Period will apply. No Quarterly Billing Adjustments or other credits will be provided in the operating territories of FCC 1, FCC 3, FCC 6, or FCC 10.

(X) Issued under authority of Special Permission No. 12-039.

(N)

(X)  
(X)

(X)  
(X)  
(X)  
(X)  
(X)

(N)

ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(H) Calculation and Payment of Quarterly Billing Adjustments

The customer will receive a Final Quarterly Billing Adjustment based on a two phase process. Phase 1 consists of a Flat Rate Billing Adjustment, and Phase 2 consists of a Premium Spend Adjustment.

(1) Rate Calculation Methodology for Flat Rate Pricing

The Flat Rate pricing for Qualifying Services under this Option 2 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 for the month of July 2012 and dividing by (ii) the total number of the DS1 Units for such DS1 Qualifying Services during the same period of time.

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

<u>Plan Year</u>	<u>Discount</u>
1	24.22%
2	24.22%
3	25.13%

(N)

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)

## (H) Calculation and Payment of Quarterly Billing Adjustments (Cont'd)

## (1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

## (b) Multiplexed DS3 Flat Rate Pricing

- (Step 1) Calculate the average revenue per Multiplexed DS3 Unit (**Multiplexed DS3 ARPU**) by summing (i) the total MRC associated with the customer's Qualifying Multiplexed DS3 Services for which the customer was billed by the Telephone Company for the month of July 2012 and dividing by (ii) the total number of the Multiplexed DS3 Units for such Multiplexed DS3 Qualifying Services during the same period of time.

The Multiplexed DS3 ARPU calculated in this Step 1 is used to determine the Flat Rate per Multiplexed DS3 Unit for each Plan Year of the Service Period.

- (Step 2) To determine the Flat Rate per Billed Multiplexed DS3 Unit, multiply (i) the Multiplexed DS3 ARPU calculated in Step 9; by (ii) one (1) minus the discount for the applicable Plan Year from Table 2 below [Multiplexed DS3 ARPU x (1 – discount)].

Table 2

<u>Plan Year</u>	<u>Discount</u>
1	25.80%
2	25.80%
3	25.80%

(N)

(N)

ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(H) Calculation and Payment of Quarterly Billing Adjustments (Cont'd)

(1) Rate Calculation Methodology for Flat Rate Pricing (Cont'd)

(c) PTP DS3 Flat Rate Pricing

(Step 1) Calculate the average revenue per PTP DS3 Unit (**PTP DS3 ARPU**) by summing (i) the total MRC associated with the customer's Qualifying PTP DS3 Services for which the customer was billed by the Telephone Company for the month of July 2012 and dividing by (ii) the total number of the PTP DS3 Units for such PTP DS3 Qualifying Services during the same period of time.

The PTP DS3 ARPU calculated in this Step 1 is used to determine the Flat Rate per PTP DS3 Unit for each Plan Year of the Service Period.

(Step 2) 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 3

<u>Plan Year</u>	<u>Discount</u>
1	23.37%
2	23.37%
3	23.37%

(N)

(N)

## ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)15.5 Contract Services (Cont'd)15.5.2 Contract Tariff Option 2 (Cont'd)

## (H) Calculation and Payment of Quarterly Billing Adjustments (Cont'd)

## (2) Phase I: Calculation of the Flat Rate Billing Adjustment

To calculate the Quarterly Flat Rate Billing Adjustment:

- |        |  |
|--------|--|
| 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 (H)(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 (H)(1) preceding.  |
| Step 3 | Calculate the Flat Rate for the Quarter for each Qualifying Service type (DS1, Multiplexed DS3, and PTP DS3) in accordance with (H)(1) preceding.  |
| Step 4 | Calculate the Flat Rate Spend for each Qualifying Service type (DS1, Multiplexed DS3, and PTP DS3) by multiplying the Flat Rate determined in Step 3 by the Billed Units determined in Step 1.   |
| Step 5 | Calculate the Quarterly Flat Rate Billing Adjustment for each Qualifying Service type (DS1, Multiplexed DS3, and PTP DS3) by subtracting the Flat Rate Spend determined in Step 4 from the total of the applicable Billed Qualifying Service Revenue determined in Step 2. This Quarterly Flat Rate Billing Adjustment will be a credit if the Billed Qualifying Service Revenue is higher than the Flat Rate Spend or a debit if the Billed Qualifying Service Revenue is lower than the Flat Rate Spend. |

To the extent that the customer fails to pay any amounts due to Telephone Company for Qualifying Services under this Option 2, excluding bill disputes, Telephone Company may offset such amounts against any Quarterly Billing Adjustments owed to Customer by Telephone Company under this Option 2.

(N)

(N)

ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(H) Calculation and Payment of Quarterly Billing Adjustments (Cont'd)

(3) Phase II: Calculation of the Spend Premium Adjustment

To calculate the Spend Premium Adjustment:

- Step 1 Calculate the Total Baseline Reference Spend by multiplying the Billed Units for each Qualifying Service Type (DS1, Multiplexed DS3, and PTP DS3) by the Baseline Unit Reference Cost for each Qualifying Service Type (DS1, Multiplexed DS3, and PTP DS3), and summing the results.
- Step 2 Calculate the Quarterly Spend Premium by subtracting the Total Baseline Reference Spend from the Quarterly Total Flat Rate Spend, which is the sum of the Flat Rate Spends by Qualifying Service Type calculated in (H)(2) preceding
- Step 3 Compare the Quarterly Spend Premium to the Quarterly Spend Premium Target for the applicable year found in Table 4 below. The resulting difference ("Quarterly Spend Premium Adjustment") will be a credit if the Quarterly Spend Premium is higher than the Quarterly Spend Premium Target or a debit if the Quarterly Spend Premium is lower than the Quarterly Spend Premium Target.

Table 4

<u>Plan Year</u>	<u>Premium Spend Target</u>
1	\$3.75M per quarter (\$15M Annually)
2	\$3.75M per quarter (\$15M Annually)
3	\$3.25M per quarter (\$13M Annually)

(4) Final Quarterly Billing Adjustment

The Telephone Company will net the Quarterly Flat Rate Billing Adjustment and the Quarterly Spend Premium Adjustment determined in (H)(2) and (H)(3) preceding. If the net result is a credit, the Telephone Company will provide a credit on its invoice to the customer within 120 calendar days after the end of the applicable Quarter, and if the net result is a debit, the Telephone Company will bill the net debit to the customer within 120 days after the end of the applicable Quarter.

(N)

(N)

ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(I) Limitation on Grooms

There shall be no limits on number of Grooms for Qualifying Services.

(J) 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 2, Option 63 of FCC 4, or Option 32 of FCC 5 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 involved. For Existing Plans, Time-In-Service-Credits (**TISC**), when applicable, will be granted based on credit already earned as of January 1, 2013 plus any additional credit earned during the customer's subscription to this Option 2, Option 63 of FCC 4, or Option 32 of FCC 5, which collectively shall not be greater than the TISC available under the terms of the applicable Existing Plan.

(2) Extension of Existing Plans

Subject to any early termination of the customer's subscription to this Option 2, Option 63 of FCC 4, or Option 32 of FCC 5, 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 January 1, 2013 plus any additional credit earned during the customer's subscription to this Option 2, Option 63 of FCC 4, or Option 32 of FCC 5, which collectively shall not be greater than the TISC available under the terms of the applicable Existing Plan.

(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 (J).

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(N)

(X)  
(X)

(X)

(X)

(X)

(N)

ACCESS SERVICE

15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(K) 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 (K) shall apply to account for the effect of such Third Party Sale on this Option 2:

(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 this information.

(b) If the customer provides notice as described in (K)(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 Adjustments, and shall cease to be covered by this Option 2 for all other purposes, and (ii) the Flat Rates and Quarterly Spend Premium Targets shall be proportionally adjusted to account for the reduced number of ACNAs covered by this Option 2, Option 63 of FCC 4, and Option 32 of FCC 5.

(N)

(X)  
(X)

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15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(K) Mergers, Acquisitions, Divestitures, and Other Changes in Control of Customer (Cont'd)

(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 Adjustment) of this Option 2, Option 63 of FCC 4, and Option 32 of FCC 5. No Customer Acquired Properties shall be included in these contract tariffs absent the mutual agreement of the Parties.
- (b) 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 (K), and neither Party shall unreasonably withhold from the other Party any data that is necessary or reasonably required to achieve such intent.

(N)

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15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(L) Sale or Acquisition of Properties by the Telephone Company

(1) Sale of an Operating Telephone Company

- (a) In the event that the Telephone Company sells all or part of one of its operating telephone companies (a **Sold Operating Company**) that provides Qualifying Services under this tariff, FCC 1, FCC 3, FCC 4, FCC 5, FCC 6 or FCC 10 during the Service Period (a **Property Sale**), the terms and conditions set forth in this Section (L) shall apply.
- (b) Prior to closure of the Property Sale or as expeditiously as practical after such closure, the Telephone Company shall notify the customer of such Property Sale via a written notice, which shall include the date on which the 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 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 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 2, Option 63 of FCC 4, and Option 32 of FCC 5 for all other purposes, and the Flat Rates and Quarterly Spend Premium Targets shall be proportionally adjusted to account for the reduced operating territory covered by this Option 2, Option 63 of FCC 4, and Option 32 of FCC 5.

(N)

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15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(L) Sale or Acquisition of Properties by the Telephone Company (Cont'd)

(2) Mergers and Acquisitions of the Telephone Company

(a) 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 **Acquired Properties** and such merger or acquisition may be referred to in either case as a **Telco Acquisition**), the Telephone Company shall determine whether such Acquired Properties shall be included in or excluded from the terms and conditions (including the calculation of Quarterly Billing Adjustments) of this Option 2, Option 63 of FCC 4, and Option 32 of FCC 5 in accordance with (b) following.

(b) The Parties shall work cooperatively to determine whether such Acquired Properties shall be included in or excluded from this Option 2, Option 63 of FCC 4, and Option 32 of FCC 5. No Acquired Properties shall be included in these contract tariffs absent the mutual agreement of the Parties.

(N)

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(X)

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15. Metropolitan Statistical Area Services (Cont'd)

15.5 Contract Services (Cont'd)

15.5.2 Contract Tariff Option 2 (Cont'd)

(M) Termination

(1) Mutual Agreement

The Parties, by mutual written agreement in their sole discretion, may terminate the customer's subscription to this Option 2. Except as otherwise mutually agreed in writing by the Parties, any termination under this Section (M)(1) shall be effective as of the end of the Plan Year preceding the termination. Termination of the customer's subscription to this Option 2 shall be an automatic termination of the customer's subscription to Option 63 of FCC 4 and Option 32 of FCC 5. Upon any such termination, the customer shall be entitled to all Quarterly Billing Adjustments for the Plan Year preceding the termination, but shall not be eligible for any Quarterly Billing Adjustments for any period of time after the end of such Plan Year.

(N) 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 (J)(1) preceding; or
- (2) Subject to the re-activation of Existing Plans as set forth in (J) preceding, disconnect the services without the application of termination liability under this Option 2. 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.

(N)

(X)

(N)

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