21. CONTRACT TARIFFS

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

21.1 General

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

Each contract tariff includes a serving area that is comprised of one or more MSAs within the operating territories of one or more Frontier Operating Telephone Companies. This tariff provides for service within the operating companies of Frontier California Inc., Frontier Florida LLC, and Frontier Southwest Incorporated whose operating territories are specified in Section 19.1 preceding.

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

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

21.2 through 21.34 Reserved for Future Use

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34

(A) Scope

Contract Tariff Option 34 (Option 34) provides a customer with certain aggregate discounts and Billing Credits (as defined following) on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 34.

(B) Specific Terms

Unless otherwise defined in this Section 21.35, the following terms are used in this Option 34:

(1) Alternative Tariff Arrangement shall mean, collectively, any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (ICB) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the services covered by this Option 34.

(2) BANs shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits to the customer.

(3) Billed DS1 Service Revenue shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges (as defined in (F) following) billed under one of the Customer ACNAs provided under (C)(3) following and which were paid in full by the customer for DS1 Qualifying Services for the applicable Quarter.

(4) Billed DS1 Unit with Mileage shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which a portion of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(B) Specific Terms (Cont'd)

(5) Billed DS1 Unit without Mileage shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which none of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.

(6) Billed DS1 Mileage Charges shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges for DS1 Mileage billed under one of the Customer ACNAs provided under (C)(3) following.

(7) Billed DS3 CLF Service Revenues shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLF Services for the applicable Quarter.

(8) Billed DS3 CLS Service Revenues shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLS Services for the applicable Quarter.

(9) Billed DS3 CLF Unit shall mean, with respect to each month during the Service Period, a DS3 CLF Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.

(10) Billed DS3 CLS Unit shall mean, with respect to each month during the Service Period, a DS3 CLS Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.

(11)

(12) Billed Qualifying Service Revenue shall mean each of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue, Billed DS3 CLS Service Revenue, and Billed FMS Revenue.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(B) Specific Terms (Cont'd)

(13) Billed Qualifying Service Units shall mean Billed DS1 Units with Mileage, Billed DS1 Units without Mileage, Billed DS3 CLF Units, and Billed DS3 CLS Units.

(14) Billing Credits shall mean, collectively, the Quarterly DS1 Flat Rate Credit, the Quarterly DS3 CLF Flat Rate Credit, and the Quarterly DS3 CLS Flat Rate Credit offered to Customer pursuant to this Option 34. Calculation of applicable Billing Credits is described in (G) following.

(15) Disputed Charges shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by Customer.

(16) DS1 Mileage shall mean the 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 Tariff No. 13 (FCC 13).

(17) DS1 Average Mileage shall mean the total DS1 Mileage billed to Customer for a given time period divided by the Billed DS1 Units with Mileage for that same time period.

(18) DS1 Unit shall mean Special Access DS1 Services that meet the following definitions: (i) a DS1 "Special Access Line" as defined in Section 5.1.1(C) of this tariff, and (ii) a DS1 "Circuit Termination" as defined in FCC 13, Section 7.2.1(A). Fractions of a "DS1 Unit" are not counted as a "DS1 Unit".

(19) DS3 CLF Unit shall mean an individual Special Access DS3 Services circuit that has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18).

(20) DS3 CLS Unit shall mean an individual Special Access DS3 Services circuit that has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683..NE).

(21) Flat Rate shall mean the flat rate monthly recurring charge that applies per Billed Qualifying Service Unit, per service type (i.e., DS1 with mileage, DS1 without mileage, DS3 CLF, and DS3 CLS), for a given Plan Year, each such charge being the charge that the Parties agree results from the application of the rate calculation methodology set forth in (G)(1)(a) following.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(B) Specific Terms (Cont'd)

(22) Plan Year shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on March 1, 2014 and end on February 28, 2015; (2) Plan Year 2 shall commence on March 1, 2015 and end on February 29, 2016; (3) Plan Year 3 shall commence on March 1, 2016 and end on February 28, 2017.

(23) Quarter shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately ninety (90) days thereafter); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs.

(24) Special Access DS1 Services shall mean DS1 Services of 1.544 Mbps bandwidth, as described in Section 5.3.6 of this tariff and FCC 13 (Section 7.11.1).

(25) Special Access DS3 CLF Services shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff and FCC 13 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18).

(26) Special Access DS3 CLS Services shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff and FCC 13 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683..NE).

(27)

(28) TDM Annual Revenue Commitment shall mean the annual minimum required Billed Qualifying Service Revenues and shall be equal to $84,000,000.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits and other benefits of this Option 34. All references to amounts represented in dollars followed by the letter “M” shall refer to such number in millions (e.g., $10M shall mean $10,000,000).

(1) As of March 1, 2014, the customer must:

(a) have billed a minimum of $10M of Billed Qualifying Service Revenue for the thirty (30) days immediately prior to March 1, 2014 and between Twenty-Five Thousand (25,000) and Sixty Thousand (60,000) Billed DS1 Units;

(b) be subscribed to the DS1 Term Volume Plan (Section 5.6.14(G) of this tariff) (Existing Plans);

(c) not have been required in connection with the most recent true-up to pay any shortfall payments or penalties as a result of a failure to maintain volume commitments, under any of the Existing Plans;

(d) have been subscribed to Option 29 of this tariff immediately prior to execution of this Option 34.

(2) Except for Existing Plans, Customer may not concurrently subscribe to an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue. If Customer wishes to subscribe to such an Alternative Tariff Arrangement, then Customer shall not receive any Discounts and Billing Credits under this Option 34, and such subscription shall be considered a termination by Customer of this Option 34, subject to (L) following.

(3) The customer must subscribe to this Option 34 in a manner designated by the Telephone Company during the thirty (30) day period beginning March 1, 2014 and ending March 31, 2014. Such subscription must include a list of the customer’s access customer name abbreviations (Customer ACNA(s)) that the Telephone Company agrees to, in writing, for inclusion in this Option 34.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(D) Service Period

The Service Period of this Option 34 shall commence on March 1, 2014 and end on February 28, 2017.

(E) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under this tariff. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff) that occur during the Service Period will apply. No Billing Credits will be provided in the operating territories of FCC 13.

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following as well as all other terms of this Option 34 (includes Disputes following), Qualifying Monthly Recurring Charges include total monthly recurring charges (MRCs) billed to Customer with respect to a particular service for a particular timeframe. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list by way of example only):

(1) Nonrecurring charges, surcharges, late payment charges, credits (including any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter of the Service Period.

(2) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(3) Service or administrative fees or charges imposed by the Telephone Company (e.g., interest penalty, late payment penalty);

(4) Any amount that appears in the “Other Charges and Credits” section of the Telephone Company’s invoice;

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(F) Qualifying Monthly Recurring Charges (Cont'd)

(5) Any other billed amount for which payment is being withheld or under dispute by the Customer or that is otherwise a Disputed Charge; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Customer, then the amount credited to Customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the Quarter in which the Telephone Company issues such credit; and

(6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels).

(G) Quarterly Review; Calculation and Payment of Billing Credits

(1) The Flat Rate pricing for the Services set forth in Tables 1 and 2 following is achieved by providing a DS1 Flat Rate Credit, a DS3 CLF Flat Rate Credit, and a DS3 CLS Flat Rate Credit.

(a) Calculation of Flat Rates

The DS1 Flat Rates without Mileage and the DS3 CLS Flat Rates for each Plan Year will be equal to a fixed percentage of the benchmark (as specified in (G)(1)(c) following) average revenue per DS1 Unit (DS1 ARPU) and DS3 CLS Unit (DS3 CLS ARPU), respectively. The DS3 CLF Flat Rates will be equal to a fixed percentage of the applicable DS3 CLS Flat Rate. The DS1 Flat Rates with Mileage will be equal to a fixed percentage of the DS1 Flat Rate without Mileage and will be based upon DS1 Average Mileage tiers. A more detailed description of the calculation of the DS1 Flat Rates without Mileage is provided in Table 2 following.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Con'td)

(b) Calculation of Quarterly Billing Credits

The dollar amount of the quarterly Billing Credits shall be determined as follows:

(i) The Telephone Company shall determine on a Quarterly basis the Billed Qualifying Service Revenue and Billed Qualifying Service Units for each Service, and the Average DS1 Mileage for Billed DS1 Units with Mileage.

(ii) The DS3 CLF Flat Rate Credit and the DS3 CLS Flat Rate Credit will be in an amount equal to the applicable Billed Qualifying Service Revenue (i.e., Billed Qualifying DS3 CLF Service Revenue and Billed Qualifying DS3 CLS Service Revenue) for the applicable Quarter minus the applicable flat rate revenue (i.e., applicable Billed Qualifying Service Units (i.e., Billed DS3 CLF Units and Billed DS3 CLS Units) multiplied by the applicable flat rate for the Plan Year from Table 1).

Table 1: Flat Rates

Qualifying Service	**Plan Year 1 Flat Rate**	**Plan Year 2 Flat Rate**	**Plan Year 3 Flat Rate**
DS1 Units without Mileage	61.06% of DS1 ARPU	60.25% of DS1 ARPU	59.43% of DS1 ARPU
DS3 CLF Units	60.61% of DS3 CLS Plan Year 1 Flat Rate	60.67% of DS3 CLS Plan Year 2 Flat Rate	61.11% of DS3 CLS Plan Year 3 Flat Rate
DS3 CLS Units	54.00% of DS3 CLS ARPU	53.67% of DS3 CLS ARPU	53.02% of DS3 CLS ARPU

(iii) The DS1 Flat Rate Credit will be an amount equal to the Billed Qualifying DS1 Service Revenue for the applicable Quarter minus the sum of the Billed DS1 Units without Mileage for the applicable Quarter multiplied by the applicable flat rate for the Plan Year from Table 1 plus the Billed DS1 Units with Mileage for the applicable Quarter multiplied by the applicable flat rate for the Average DS1 Mileage for the applicable Quarter from Table 2.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Con'td)

(b) Calculation of Quarterly Billing Credits (Cont'd)

Table 2: Flat Rates (DS1 Units with Mileage)
Applicable to All Plan Years

Minimum Average DS1 Mileage	Maximum Average DS1 Mileage	Flat Rate MRC
0	7.24	107.33% of DS1 Units without Mileage Plan Year 1 Flat Rate
7.25	8.99	108.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
9.00	10.74	108.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
10.75	12.49	110.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
12.50	14.24	112.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
14.25	15.99	114.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
16.00	17.74	116.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
17.75	+	117.33% of DS1 Units without Mileage Plan Year 1 Flat Rate

(c) Calculation of Benchmark Average Revenues

The benchmark average revenues per unit will be established at the time of subscription to Option 34 and will be calculated as follows:

(i) DS1 ARPU shall be calculated as follows:

Step 1 Sum the Billed DS1 Service Revenue for October 2013, November 2013, and December 2013.

Step 2 Sum the Billed DS1 Units with Mileage and Billed DS1 Units without Mileage for October 2013, November 2013, and December 2013.

Step 3 Divide the amount calculated in Step 1 by the amount calculated in Step 2.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Con'td)

(c) Calculation of Benchmark Average Revenues (Cont'd)

The benchmark average revenues per unit will be established at the time of subscription to Option 34 and will be calculated as follows:

(ii) DS3 CLS ARPU shall be calculated as follows:

Step 1 Sum the Billed DS3 CLS Service Revenue exclusive of amounts included in the definition of Billed FMS Revenues for October 2013, November 2013, and December 2013.

Step 2 Sum the Billed DS3 CLS Units for October 2013, November 2013, and December 2013.

Step 6 Divide the amount calculated in Step 1 by the amount calculated in Step 2.

(ii) Illustrative Example:

Assume the following information for all scenarios in this Section 21.35(G)(1)(c)(iii):

	DS1 ARPU	**DS3 CLS ARPU**
Billed Qualifying Service Revenue	$5,000,000; $5,000,000; and $5,000,000	$2,000,000; $2,000,000; and $2,000,000
Billed Qualifying Service Units (includes both Billed DS1 Units with Mileage and Billed DS1 Units without Mileage)	25,000; 25,000; and 25,000	1,100; 1,100; and 1,100

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Con'td)

(c) Calculation of Benchmark Average Revenues (Cont'd)

(ii) Illustrative Example: (Cont'd)

Scenario 1: DS1 ARPU would be calculated as follows:

Step 1: Total Billed Qualifying DS1 Service Revenue is $15,000,000 ($5,000,000 * 3).

Step 2: DS1 Billed Units are 75,000 (25,000 * 3).

Step 3: DS1 ARPU is $200.00 ($15,000,000/75,000).

Scenario 2: DS3 CLS ARPU would be calculated as follows:

Step 1: Total Billed Qualifying DS3 CLS Service Revenue exclusive of amounts billed to FMS USOCs is $6,000,000 ($2,000,000 * 3).

Step 2: DSL CLS Billed Units are 3,300 (1,100 * 3).

Step 3: DS3 CLS ARPU is $3,636.36 ($12,000,000 / 3,300).

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Con'td)

(d) Calculation of Quarterly DS1 Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing for all Billed DS1 Units with Mileage and all Billed DS1 Units without Mileage during each Quarter of each Plan Year of the Service Period. The Billed DS1 Units with Mileage and Billed DS1 Units without Mileage shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS1 Flat Rate Credit equal to the difference between the tariff rates and the pricing set forth herein:

(i) Example of Calculation of Quarterly DS1 Flat Rate Credit:

Assume the following information for Quarter 1 of Plan Year 3:s

	Quarter 1 of Plan Year 3
DS1 ARPU	$268.42
Billed DS1 Units with Miles	18,000; 18,000; and 19,000
Average DS1 Mileage	15.00
Billed DS1 Units without Miles	7,000; 7,000; and 6,000
Total Billed Qualifying DS1 Service Revenue	$15,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS1 Units with Miles is $152.14 ($268.42 * 49.43% * 114.67%).

Step 2: The Plan Year 3 flat rate for DS1 Units without Miles is $132.68 ($268.42 * 49.43%).

Step 3: The total Billed DS1 Units with Miles for the Quarter are 55,000 (18,000 + 18,000 + 19,000).

Step 4: The total Billed DS1 Units without Miles for the Quarter are 20,000 (7,000 + 7,000 + 6,000).

Step 5: The Quarterly DS1 Flat Rate Credit due under this Option 65 equals $3,978,700 ($15,000,000 – ((20,000 * $132.68) + (55,000 * $152.14))).

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Con'td)

(e) Calculation of Quarterly DS3 CLF Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing set forth in this Option 34 for all Billed DS3 CLF Units during each Quarter of each Plan Year of the Service Period. The Billed DS3 CLF Units shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS3 CLF Flat Rate Credit, which shall be a contra credit (i.e., debit) equal to the positive difference between the tariff rates and the pricing set forth herein.

(i) Example of Calculation of Quarterly DS3 CLF Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS3 CLS ARPU	$3,449.09
Billed DS3 CLF Units	1,000; 1,000; and 1,000
Total Billed Qualifying DS3 CLF Service Revenue	$3,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS3 CLF Units is $1,117.52 ($3,449.09 * 53.02% * 61.11%).

Step 2: The total Billed DS3 CLF Units for the Quarter are 3,000 (1,000 + 1,000 + 1,000).

Step 3: The Quarterly DS3 CLF Flat Rate Credit due under Option 65 equals ($352,560)($3,000,000 -(3,000 * $1,117.52)).

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Con'td)

(f) Calculation of Quarterly DS3 CLS Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing set forth in this Option 34 for all Billed DS3 CLS Units during each Quarter of each Plan Year of the Service Period. The Billed DS3 CLS Units shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS3 CLS Flat Rate Credit, equal to the difference between the tariff rates and the pricing set forth herein.

(i) Example of Calculation of Quarterly DS3 CLS Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS3 CLS ARPU	$3,449.09
Billed DS3 CLS Units	400; 500; and 600
Total Billed Qualifying DS3 CLS Service Revenue	$4,350,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS3 CLS Units is $1,828.71 ($3,449.09 * 53.02%).

Step 2: The total Billed DS3 CLS Units for the Quarter are 1,500 (400 + 500 + 600).

Step 3: The Quarterly DS3 CLS Flat Rate Credit due under Option 65 equals $1,606,935 ($4,350,000 – (1,500 * $1,828.71)).

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Con'td)

(g) Application of Billing Credits to CABS Bill

The Telephone Company shall provide the net Billing Credit for each Quarter on Customer's CABS billing by no later than sixty (60) days following the end of the applicable Quarter.

(i) Continuing the Examples Preceding in Calculating the net Billing Credit for Quarter 1 of Plan Year 3:

Based upon a Quarterly DS1 Flat Rate Credit of $3,978,700, a Quarterly DS3 CLF Flat Rate Credit of ($352,560), and a Quarterly DS3 CLS Flat Rate Credit of $1,606,935, in each case for Quarter 1 of Plan Year 3, the net Billing Credit for Quarter 1 of Plan Year 3 equals $5,233,075 ($3,978,700 - $352,560 + $1,606,935).

(h) Annual True Up

After the end of each Plan Year, the Telephone Company will perform a true-up to determine whether Customer qualified for any Billing Credits Customer received for that just-completed Plan Year based on Customer's overall annual performance under Option 34. If Customer's Billed Qualifying Service Revenues for the Plan Year just completed are less than the TDM Annual Revenue Commitment, then the Telephone Company will issue to Customer's applicable account(s) a debit equal to (i) the TDM Annual Revenue Commitment minus (ii) the aggregate Billed Qualifying Service Revenues for the just-completed Plan Year.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(H) Disputes

Notwithstanding any other provisions of this Option 34, the Telephone Company's calculation of the Billing Credits shall be subject to the following additional requirements (as well as other terms of this Option 34):

(1) The Telephone Company shall not include in the calculation of the Billing Credits any amounts which are unpaid and/or disputed by Customer as of the thirtieth (30th) day following the end of each Quarter. For example, assume that Customer had MRCs that were billed in Quarter 1 of $3,000,000. Assume further that Customer disputed and did not pay $450,000 of such billed MRCs. Hence, in calculating the Billing Credit (as set forth in (G) preceding), the MRCs would be calculated as $2,550,000 ($3,000,000 - $450,000).

(2) For the purpose of calculating the Billing Credits, the Telephone Company shall not include in MRCs any credits or debits for Services provided during any prior periods (regardless of whether such credits or debits were the result of a valid dispute by Customer or were the result of a billing error by the Telephone Company) or any prior Quarter other than the then current Quarter for which the Billing Credits are being calculated. For avoidance of doubt and as an illustrative example, assume that Customer had MRCs for DS1 Services which were billed in Quarter 1 of $4,000,000. Assume further that Customer disputed and did not pay $300,000 of such billed MRCs. Hence, in calculating the Quarterly DS1 Flat Rate Credit, the MRCs would be calculated as $3,700,000 ($4,000,000 - $300,000). Assume further that in Quarter 2, the Telephone Company and Customer agree that such billing was partially in error and that Customer should have received a credit of $200,000 for DS1 Services. Then, in Quarter 2, the Telephone Company shall not include such credit adjustment of $200,000 nor the subsequent debit of $100,000 for purposes of calculating Customer's Quarterly DS1 Flat Rate Credit in Quarter 2.

(3) To the extent that Customer has any disputes, then Customer must submit such disputes to the Telephone Company no later than the thirtieth (30th) day following the end of each Quarter. Each dispute must be submitted on a claim description form as provided by the Telephone Company and must clearly state next to the circuit ID and amount under dispute the following: "Dispute Associated with 2014 Contract Tariff".

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(H) Disputes (Cont'd)

(4) If the Telephone Company bills amounts after the determination of the Billing Credits that would have otherwise been included in the determination of the Billing Credits, there in no event will be any adjustment to the Billing Credits.

(5) Any amounts or Services that are included in calculation of the Billing Credits will not be subject to any claims or disputes by Customer at any time in the future.

(6) The Billing Credits as determined by the Telephone Company are not subject to dispute; provided, however, that the foregoing prohibition against disputes shall not be deemed (i) to preclude any debit issued pursuant to an annual true-up under (G)(1)(h) preceding, or (ii) to apply in a situation where the Telephone Company applies a Billing Credit that does not match the mutually agreed upon credit amount. For the avoidance of any doubt, the Telephone Company will not issue any Billing Credits until the applicable credit amount is agreed to by Customer.

(7) The amount of the Billing Credits shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.

(I) Access Planning Tools

Customer agrees to use commercially reasonable efforts to implement into its network access planning tools the flat rates for Service circuits provided under this Option 34. If such flat rates for such Services are not available to Customer, then Customer may remove such discounted pricing from its network access planning tools.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(J) Mergers and Acquisitions of Customer

In the event that after the effective date of Option 34, the Customer merges with another company, acquires a company or a portion of the business of another company which may be referred to collectively as the Customer Acquired Properties and such merger or acquisition may be referred to in either case as an Acquisition), and the Telephone Company provides any Qualifying Services in connection with such Customer Acquired Properties, then Customer shall notify the Telephone Company prior to the closing of the Acquisition (the Acquisition Closing Date) and the Parties shall determine whether such Customer Acquired Properties shall be included in or excluded from Option 34 in accordance with (J)(1)-(6) following.

(1) For an Acquisition where the Acquired Customer DS1 Unit Percentage (as defined in (J)(3) following) is no more than two percent (2%), the Parties shall automatically include the Customer Acquired Properties in this Option 34 in accordance with (J)(5) following.

(2) For an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), the Parties may, but shall have no obligation to, include the Customer Acquired Properties in this Option 34 in accordance with (J)(5)(a) following.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(J) Mergers and Acquisitions of Customer (Cont'd)

(3) Determination of Acquired Customer DS1 Unit Percentage

Upon the Telephone Company's receipt of the Acquisition notice, the Telephone Company and the Customer will work cooperatively to determine whether the number of DS1 Units generated by the Customer Acquired Properties is less than or greater than two percent (2%) of the Existing Customer DS1 Unit Quantity (as defined in Step 1 following) using the steps shown following:

Step 1: Determine the total volume of Billed DS1 Units that Customer purchased from the Telephone Company during the three (3) full calendar months prior to the Acquisition Closing Date. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the Existing Customer DS1 Unit Quantity.

Step 2: Determine the total volume of DS1 Units (purchased from the Telephone Company) that the Customer Acquired Properties generated during the three (3) full calendar months prior to the Acquisition Closing Date. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the Existing Acquired DS1 Unit Quantity).

Step 3: Divide the Existing Acquired DS1 Unit Quantity determined in Step 2 preceding by the Existing Customer DS1 Unit Quantity determined in Step 1 preceding. The resulting percentage is the Acquired Customer DS1 Unit Percentage.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(J) Mergers and Acquisitions of Customer (Cont'd)

(4) Inclusion or Exclusion of Customer Acquired Properties

(a) If the Acquired Customer DS1 Unit Percentage is determined to be less than or equal to two percent (2%), then the Telephone Company shall make a pro-rata increase to Customer's TDM Annual Revenue Commitment and such increase, and application of the applicable Flat Rates, will be effective as of the later of (a) the Acquisition Closing Date if such Date occurs on the first (1st) day of a calendar month (or the first day of the calendar month following the Acquisition Closing Date if such Date occurs on a day other than the first (1st) day of a calendar month) and (b) the date specified by the Telephone Company, which shall be no later than the first (1st) day of the third (3rd) calendar month after the Acquisition Closing Date. The Telephone Company shall calculate such increase in the TDM Annual Revenue Commitment using the steps set forth in Section (J)(5) following.

(b) If the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), Customer may notify the Telephone Company in writing if, in its sole discretion, it seeks to include the Customer Acquired Properties in this Option 34. The Telephone Company may, in its sole discretion, agree in writing to such inclusion based upon a number of interrelated factors, including by way of example (a) the amount by which the Acquired Customer DS1 Unit Percentage exceeds two percent (2%); (b) the amount of additional Billing Credits that would result from such inclusion; and (c) the impact on the TDM Annual Revenue Commitment. If the Telephone Company agrees in writing to such inclusion, then the Telephone Company shall increase Customer's applicable TDM Annual Revenue Commitment and such increase will be effective as of a mutually-agreed date no earlier than the first (1st) day of the first full month after the Acquisition Closing Date. Effective as of the Acquisition Closing Date, the Telephone Company will also apply the applicable Flat Rates. The Telephone Company shall calculate such increase in the TDM Annual Revenue Commitment using the steps set forth in Section (J)(5) following.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(J) Mergers and Acquisitions of Customer (Cont'd)

(4) Inclusion or Exclusion of Customer Acquired Properties (Cont'd)

(c) The effective date upon which the Telephone Company is to adjust the TDM Annual Revenue Commitment and implement the Flat Rates for an Acquisition where the Acquired Customer DS1 Unit Percentage is less than or equal to two percent (2%) as described in (J)(4)(a) preceding, or for an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%) as described in Section (J)(4)(b) preceding, and the Parties have agreed in writing to include the Customer Acquired Properties in this Option 34, shall be referred to herein as the Property Adjustment Date.

(d) In the absence of the Parties' mutual written agreement to include the Customer Acquired Properties with an Acquired Customer DS1 Unit Percentage that is greater than two percent (2%) in this Option 34 as described in Section (J)(4)(b) preceding, the following shall apply:

(i) The TDM Annual Revenue Commitment shall remain unchanged.

(ii) The Flat Rates shall not apply to any Qualifying Service purchases attributable to the Customer Acquired Properties. The Customer Acquired Properties shall not otherwise receive the Flat Rates and shall not gain any other benefit of this Option 34.

(iii) Customer may not combine or include any Qualifying Services (or revenues associated therewith) from the Customer's Acquired Properties for the purposes of this Option 34.

(iv) Customer's Billed Qualifying Service Units and Billed Qualifying Service Revenue shall be determined using Customer's business with The Telephone Company using the Customer ACNAs provided under (C)(3) preceding, without adding the services and/or ACNAs attributable to expansion of Customer's purchase of services from the Telephone Company through the Acquisition.

(v) Without limiting any other right of the Telephone Company to terminate Option 34,, if the Telephone Company determines that Customer has failed to comply with any of the provisions of this Section (J)(4)(d), the Telephone Company, pursuant to mutually agreed dispute resolution provisions, may pursue all remedies available to it at law, in equity, or otherwise, including, but not limited to, termination of this Option 34.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(J) Mergers and Acquisitions of Customer (Cont'd)

(5) Contract Tariff TDM Annual Revenue Commitment Adjustment

In the event the Customer Acquired Properties are included in this Option 34 pursuant to (J)(4) preceding, the Telephone Company shall adjust the TDM Annual Revenue Commitment set forth in Section (B)(28) preceding as follows.

(a) For the Plan Year in which the Property Adjustment Date is to occur:

Step 1A: Determine the Billed Qualifying Service Revenues generated by the Customer Acquired Properties during the three (3) full calendar months prior to the Acquisition Closing Date.

Step 2A: Divide the amount determined in Step 1A by three (3) to arrive at an average monthly revenue.

Step 3A: Multiply the amount determined in Step 2A by the number of full months remaining in the Plan Year in which the Property Adjustment Date is to occur.

Step 4A: Add the amount resulting from Step 3A to the TDM Annual Revenue Commitment for the subject Plan Year to arrive at an adjusted TDM Annual Revenue Commitment for that Plan Year.

(b) For subsequent Plan Years:

Step 1B: Multiply the quarterly volume determined in Step 1A by four (4) to arrive at an annualized amount.

Step 2B: Add the amount resulting from Step 1B to the TDM Annual Revenue Commitment. The result of such addition is the adjusted TDM Annual Revenue Commitment for all Plan Years after the Plan Year in which the Property Adjustment Date occurred.

The Parties shall work cooperatively and in good faith with each other to take such action as may be necessary to achieve the intent of this Section (J), and neither Party shall unreasonably withhold from the other Party any data that is necessary or reasonably required to achieve such intent.

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(K) Sale of an Operating Telephone Company

If some or all of the assets or stock of an Operating Telephone Company that provides Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the TDM Annual Revenue Commitment.

Illustrative Example:

Assume the following information for the third quarter of Plan Year 2:

(1) The TDM Annual Revenue Commitment is $125,000,000.

(2) The Telephone Company sells Frontier California Inc. to a third party at the end of month 8 of Plan Year 2.

(3) During the three month period prior to the sale, Frontier California Inc. accounted for $6,000,000 in Billed Qualifying Service Revenue.

Based on the above assumptions:

(1) The average monthly Billed Qualifying Service Revenue for Frontier California Inc. is $2,000,000 ($6,000,000 / 3).

(2) There are four (4) months remaining in Plan Year 2 (12 months – 8 months).

(3) The Plan Year 2 TDM Annual Revenue Commitment would be reduced by $8,000,000 ($2,000,000 * 4).

(4) The TDM Annual Revenue Commitment for the remaining Plan Year will be reduced by the $24,000,000 annualized Billed Qualifying Service Revenue in Frontier California Inc. ($2,000,000 * 12) resulting in a revised TDM Annual Revenue Commitment of $101,000,000 ($125,000,000 - $24,000,000).

21. CONTRACT TARIFFS (Cont'd)

21.35 Contract Tariff Option 34 (Cont'd)

(L) Termination of Plan

The customer may terminate its subscription to this Option 34 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) calendar days prior to the requested date of termination.

If the Customer terminates or cancels its subscription to this Option 34 at any time during the Service Period for any reason, or if the customer fails to comply with the terms or conditions set forth herein, then the Customer shall pay to the Telephone Company by no later than thirty (30) calendar days after such date of termination or non-compliance an amount equal to the following percentage of all Billing Credits paid under this Option 34 through the date of termination.

Month of Termination/ Non-Compliance	Termination Percentage
1-12	100%
13-24	60%
25-36	40%

Additionally, the Customer will not receive any Billing Credits after receipt of notice of termination.

(M) Suspension of True-Ups During Service Period

During the Service Period of Option 34, the Parties agree to suspend the true-up requirements for the Services provided under this tariff, including any shortfall payments or penalties that would otherwise result for failure to maintain volume commitments under the DS1 Term Volume Plan (FCC 14, Section 5.6.14(G)-(I)). Upon termination of Option 34 for any reason, the true-up process will be re-activated for the underlying Existing Plans.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35

(A) Scope

Contract Tariff Option 35 (Option 35) provides a customer with certain Billing Credits (as defined following) on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 35.

(B) Specific Terms

Unless otherwise defined in this Section 21.36, the following terms are used in this Option 35:

(1) Alternative Tariff Arrangement shall mean collectively any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (ICB) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff and Tariff FCC No. 13 (FCC 13) with respect to any of the services covered by this Option 35.

(2) BANs shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits, if any, to the customer.

(3) Billed DS1 Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS1 Services which are paid by the customer.

(4) Billed DS3 CLF Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS3 CLF Services which are paid by the customer.

(5) Billed DS3 CLS Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS3 CLS Services which are paid by the customer.

(6) Billed Qualifying TDM Service Revenue shall mean the sum of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue, and Billed DS3 CLS Service Revenue.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(B) Specific Terms (Cont'd)

(7) Billing Credits shall mean the applicable Billing Credits as described in Section (G) following.

(8) Delayed Billing Grace Period shall mean the sixty (60) day period immediately following the end of each Plan Year.

(9) Delayed Billing Revenue shall mean customer identified amounts billed during the Delayed Billing Grace Period for Qualifying TDM Services that, in the ordinary course of the Telephone Company's standard billing practice for the subject Qualifying TDM Services should have occurred during the immediately preceding Plan Year.

(10) Delayed Billing Preceding Plan Year shall mean the Plan Year immediately preceding the Delayed Billing Grace Period.

(11) Disputed Amounts shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by customer.

(12) Plan Year shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on August 1, 2014 and end on July 31, 2015; (2) Plan Year 2 shall commence on August 1, 2015 and end on July 31, 2016; (3) Plan Year 3 shall commence on August 1, 2016 and end on July 31, 2017.

(13) Qualifying Monthly Recurring Charges shall have the meaning as described in Section (F) following.

(14) Qualifying TDM Service shall mean Special Access DS1 Service, Special Access DS3 CLF Service, and Special Access DS3 CLS Service.

(15) Qualifying TDM Services Annual Revenue Commitment shall mean the annual minimum required Billed Qualifying TDM Service Revenue and shall be equal to $19.0M.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(B) Specific Terms (Cont'd)

(16) Regulatory Change shall mean any legislative, regulatory, judicial, or other governmental decision, order, determination, complaint (whether formal or informal) or action or any change in applicable laws which affects any term or condition of Option 35, or otherwise prohibits or interferes with the Telephone Company's ability to offer the Services, or prohibits or interferes with the Telephone Company's ability to perform its obligations under this Option 35.

(17) Regulatory Termination shall mean the termination or withdrawal of this Option 35 as a result of a Regulatory Change as defined in Section (B)(17) preceding.

(18) Service Period shall have the meaning set forth in Section (D) following.

(19) Special Access DS1 Services shall mean DS1 Service of 1.544 Mbps bandwidth, as described in Section 5.3.6 of this tariff and FCC 13 (Section 7.11.1), but shall not include MetroLAN service.

(20) Special Access DS3 CLF Services shall mean DS3 Service of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff and FCC 13 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCITM) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18).

(21) Special Access DS3 CLS Services shall mean DS3 Service of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff and FCC 13 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCITM) format administered by Telcordia (e.g., 95.HFGS.634683..NE.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the rates, terms, and other benefits of this Option 35. All references to amounts represented in dollars followed by the letter “M” shall refer to such number in millions (e.g., $10M shall mean $10,000,000), and all references to amounts represented in dollars followed by the letter “K” shall refer to such number in thousands (e.g., $10K shall mean $10,000.00).

(1) As of August 1, 2014, the customer must:

(a) have billed a minimum of $24.0M of Billed Qualifying TDM Service Revenue for the twelve (12) months immediately prior to August 1, 2014; and

(b) be subscribed to the DS1 Term Volume Plan (Section 5.6.14(G) of this tariff), (Existing Plans) and the Term Payment Plan (TPP) (FCC 16, Section 7.2.1(G)); and

(c) not have been required in connection with the most recent true-up to pay any shortfall payments or penalties as a result of a failure to maintain volume commitments under any of the Existing Plans or the TPP.

(2) Except for Existing Plans and the TPP, customer may not concurrently subscribe to, or within three (3) years prior to August 1, 2014, have subscribed to, an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue. If customer wishes to subscribe to such an Alternative Tariff Arrangement, then customer shall not receive any Billing Credits under this Option 35, and such subscription shall be considered a termination by customer of this Option 35, subject to Section (L) following.

(3) The customer must subscribe to this Option 35 in a manner designated by the Telephone Company during the thirty (30) day period beginning August 1, 2014 and ending August 31, 2014. Such subscription must include a list of the customer’s access customer name abbreviations (Customer ACNA(s)) that the Telephone Company agrees to, in writing, for inclusion in this Option 35.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(D) Service Period

The Service Period of this Option 35 shall commence on August 1, 2014 and end on July 31, 2017, unless this Option 35 is earlier terminated.

(E) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under this tariff. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff that occur during the Service Period will apply. 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 all other terms of this Option 35 (including Section (H) following), Qualifying Monthly Recurring Charges include total monthly recurring charges (MRCs) billed to customer by the Telephone Company with respect to a particular Qualifying TDM Service for a particular Plan Year. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list is by way of example only):

(1) Charges for special construction;

(2) Nonrecurring charges, surcharges, interest, late payment charges, credits (including any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Plan Year of the Service Period;

(3) Taxes, fees, surcharges, charges, or other tax-like amounts imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(4) Service or administrative fees or charges (e.g., interest penalty, late payment penalty);

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(F) Qualifying Monthly Recurring Charges (Cont'd)

(5) Any other billed amount for which payment is being withheld or under dispute by the customer or that is otherwise a Disputed Amount; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Telephone Company, then the amount paid by the customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the month in which the customer pays such amount;

(6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels); and

(7) Any amounts associated with any service (or any portion of a service) that is not a Qualifying TDM Service.

(G) Annual Review; Billing Credits

The Telephone Company shall determine Billing Credits as follows:

(1) Plan Year 1

(a) By October 1, 2015, the Telephone Company shall calculate the customer’s Billed Qualifying TDM Service Revenue for Plan Year 1.

(b) If the customer’s Billed Qualifying TDM Service Revenue is equal to or greater than $19.7M, the Telephone Company shall apply a Billing Credit of $200K to customer’s CABS billing by no later than ninety (90) days following the end of Plan Year 1.

(c) If the customer’s Billed Qualifying TDM Service Revenue is less than $19.0M for Plan Year 1, Option 35 shall immediately terminate, and the true-up process will be re-activated for Existing Plans.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(G) Annual Review; Billing Credits (Cont'd)

The Telephone Company shall determine Billing Credits as follows:

(2) Plan Year 2

(a) By October 1, 2016, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 2.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $19.7M, the Telephone Company shall apply a Billing Credit of $200K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 2.

(c) If the customer's Billed Qualifying TDM Service Revenue is less than $19.0M for Plan Year 2, Option 35 shall immediately terminate, and the true-up process will be re-activated for Existing Plans.

(3) Plan Year 3

(a) By October 1, 2017, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 3.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $19.7M, the Telephone Company shall apply a Billing Credit of $200K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 3.

(c) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $19.0M, the customer will have the option of resetting its TVP commitment levels in accordance with the guidelines established in the Term Volume Plan (Section 5.6.14(F) of FCC 14).

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(H) Disputes

Notwithstanding any other provisions of this Option 35 and except as otherwise provided in FCC 13, the Telephone Company's calculation of the customer's Billed Qualifying TDM Service Revenue shall be subject to the following additional requirements (as well as other terms of this Option 35):

(1) The Telephone Company shall not include in the calculation of the customer's Billed Qualifying TDM Service Revenue any amounts which are unpaid and/or disputed by customer as of the sixtieth (60th) day following the applicable Plan Year.

(2) If any portion of an amount invoiced to customer under this Option 35 is subject to a good faith dispute, customer shall give written notice to the Telephone Company of the amounts it disputes (Disputed Amount) through the Telephone Company dispute submission process and include in such notice the specific details and reasons for disputing each item. Customer shall undertake a reasonable good faith effort to review an invoice received from .the Telephone Company under this Option 35 within sixty (60) days following the due date to determine whether there are any Disputed Amounts. Customer shall pay on or before the due date all undisputed amounts.

(3) If the Telephone Company denies a dispute submitted by customer, customer shall have thirty (30) days by which either to pay the Disputed Amount or escalate the dispute no higher than the Vice President level. The Telephone Company may deny such escalation if customer does not provide new or additional detailed information supporting its dispute.

(4) Charges due to the Telephone Company that are not paid on or before the due date shall be subject to a late payment charge. The late payment charge shall be calculated utilizing a rate of one-and-one-half percent (1.5%) of the overdue amount (including any unpaid previously billed late payment charges) per month. No late payment charge shall apply to Disputed Amounts that are allowed by the Telephone Company through the dispute submission process or to Disputed Amounts not owed to the Telephone Company after resolution of the dispute.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(I) Delayed Billing

(1) If, during a period of sixty (60) days after the end of an applicable Plan Year (Delayed Billing Grace Period), customer identifies amounts billed during that Delayed Billing Grace Period for Qualifying TDM Services that, in the ordinary course of the Telephone Company's standard billing practice for the subject Qualifying TDM Services, should have occurred during the immediately preceding Plan Year (Delayed Billing Preceding Plan Year) of the Service Period, then customer, no later than the end of the Delayed Billing Grace Period, may request in writing that the Telephone Company treat such amounts as Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year. For the avoidance of doubt, an amount may qualify for treatment as Delayed Billing Revenue as described in this Section (I)(1) only if the amount would have qualified as Billed Qualifying TDM Service Revenue if it had been billed on a timely basis..

(2) The Telephone Company will verify customer's request and include in the Plan Year calculation of the Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year any amounts verified as meeting the definition of Delayed Billing Revenue. Any Delayed Billing Revenue used for purposes of calculating the Billed Qualifying TDM Service Revenue for Plan Year shall not be used for purposes of calculating the Plan Year Billed Qualifying TDM Service Revenue for any subsequent Plan Year, nor may it be used to reopen the Billing Credit calculation for any Plan Year prior to the Delayed Billing Preceding Plan Year.

(3) If customer wishes to have any Delayed Billing Revenue used for purposes of the Billed Qualifying TDM Service Revenue calculation under Section (G) preceding, customer must, within the Delayed Billing Grace Period during which the Delayed Billing Revenue was billed, submit a written request for inclusion of the Delayed Billing Revenue in the calculation of the Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year. Subject to Section (I)(4) following, if customer does not claim the Delayed Billing Revenue in a written request to the Telephone Company during the Delayed Billing Grace Period in which the Delayed Billing Revenue was billed, then customer may not later request that the Delayed Billing Revenue be used for purposes of calculating any Plan Year Billing Credit.

(4) In no event shall the Telephone Company be subject to any late payment, interest, or penalty with respect to any Billing Credit.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(J) Remedial Billing Credits and Related Provisions

(1) In the event that (a) customer disputes charges that it believes were improperly billed for Qualifying TDM Services, (b) any such Disputed Amounts were included as Billed Qualifying TDM Service Revenue for purposes of calculating a Billing Credit under this Option 66, and (c) the Telephone Company resolves all or a portion of the dispute in favor of customer before the end of Plan Year 3, then any credit issued by the Telephone Company to remedy the dispute (Remedial Billing Credit) prior to the end of Plan Year 3 shall be included as an offset to Billed Qualifying TDM Service Revenue for the purposes of calculating the Billing Credit for the Plan Year in which such Remedial Billing Credit is issued by the Telephone Company.

(2) In the event that (a) customer disputes charges that it believes were improperly billed for Qualifying TDM Services, (b) any such Disputed Amounts were included as Billed Qualifying TDM Service Revenue for purposes of calculating a Billing Credit under this Option 66, and (c) the Telephone Company resolves all or a portion of the dispute in favor of customer after the end of Plan Year 3, then any Remedial Billing Credit issued by the Telephone Company to remedy the dispute after the end of Plan Year 3 shall be included as an offset to Billed Qualifying TDM Service Revenue for Plan Year 3 for a final revenue adjustment. To the extent such final revenue adjustment produces a change in the Billing Credit, then (a) if the Telephone Company has not yet issued a Billing Credit for the last Plan Year of Option 66, then the Telephone Company shall take account of the final revenue adjustment for purposes of the Billing Credit for Plan Year 3, and (b) if the Telephone Company has already issued the Billing Credit for Plan Year 3, then the Telephone Company will issue an adjustment in an amount necessary to reflect recalculation of the Billing Credit for Plan Year 3 to take account of the final revenue adjustment.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(J) Remedial Billing Credits and Related Provisions (Cont'd)

(3) Once a Billing Credit is issued by the Telephone Company, customer may not thereafter dispute such Billing Credit regardless of the outcome of any Disputed Amounts; provided, however, that, for the avoidance of any doubt, the foregoing prohibition against disputes by customer shall not be deemed (a) to preclude any adjustments by the Telephone Company to take account of Remedial Billing Credits as described in Sections (J)(1) and (J)(2) preceding or (b) to preclude customer from disputing the amount of a Billing Credit in any case where the Telephone Company applies a Billing Credit that does not match the mutually agreed upon amount of the Billing Credit. The Telephone Company will not issue any Billing Credit until the applicable Billing Credit amount is agreed to by customer.

(4) In no event shall the Telephone Company be subject to any late payment, interest, or penalty with respect to any Billing Credit.

(K) Mergers and Acquisitions of Customer

If, after August 1, 2014, the customer merges with another company, acquires a company or a portion of the business of another company (including, by way of example, any ACNA(s) not provided under Section (C)(3) preceding)(the company with which customer merges and the company or portion of the business thereof that customer acquires (including, by way of example, any ACNA(s) not provided under Section (C)(3) preceding) may be referred to collectively as the Customer Acquired Properties and such merger or acquisition may be referred to in either case as an Acquisition), and the Telephone Company provides any Qualifying TDM Services in connection with such Customer Acquired Properties, then customer shall notify the Telephone Company in writing (the Acquisition Notice) prior to the closing date of the Acquisition (the Acquisition Closing Date), and the customer and the Telephone Company shall determine whether such Customer Acquired Properties shall be included in or excluded from Option 35.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(L) Sale of an Operating Telephone Company

If some or all of the assets or stock of an Operating Telephone Company that provides Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the TDM Services Annual Revenue Commitment.

Illustrative Example:

Assume the following information for Plan Year 2:

(1) The Qualifying TDM Services Annual Revenue Commitment is $19.0M.
(2) The Telephone Company sells Frontier California Inc. to a third party at the end of month 8 of Plan Year 2.
(3) During the three month period prior to the sale, Frontier California Inc. accounted for $3.0M in Billed Qualifying TDM Service Revenue.

Based on the above assumptions:

(1) The average monthly Billed Qualifying TDM Service Revenue for Frontier California Inc. is $1.0M ($3.0M / 3).
(2) There are four (4) months remaining in Plan Year 2 (12 months – 8 months).
(3) The Plan Year 2 Qualifying TDM Services Annual Revenue Commitment would be reduced by $4.0M ($1.0M * 4).
(4) The adjusted Qualifying TDM Services Annual Revenue Commitment for Plan Year 2 is $15.0M ($19.0M – $4.0M).
(5) The Qualifying TDM Services Annual Revenue Commitment for Plan Year 3 will be reduced by the $12.0M ($1.0M * 12), resulting in a revised Qualifying TDM Services Annual Revenue Commitment of $7.0M ($19.0M - $12.0M).

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(M) Termination of Option 35

(1) Subject to the terms set forth in this Section (M), customer may terminate this Option 35 at any time during the Service Period. Customer must provide written notice of termination at least ninety (90) days prior to the requested date of termination of this Option 35. If customer terminates or cancels this Option 35 at any time during the Service Period for any reason other than by Regulatory Termination (as defined in Section (B) preceding), or a default by the Telephone Company, or if customer breaches the terms or conditions of the Option 35 and fails to cure such breach within thirty (30) days' written notice, then customer shall pay to the Telephone Company by no later than thirty (30) days after such date of termination or breach an amount equal to the percentage of the Billing Credit issued to customer for the prior Plan Year as indicated in the following table.

Month of Termination/Breach	Termination Percentage
13-24	60%
25-36	40%

(2) Customer will not receive any Billing Credits after receipt of notice of termination.

(3) The customer and the Telephone Company, by mutual written agreement, may terminate this Option 35 at any time. Except as otherwise mutually agreed in writing by the customer and the Telephone Company: (a) any termination under this Section (M)(3) in Plan Year 1 shall be effective as of August 1, 2014, and customer shall not be eligible for any Billing Credits for Plan Year 1; (b) any termination under this Section (M)(3) in Plan Year 2 or Plan Year 3 shall be effective as of the end of the applicable Plan Year preceding the termination, and customer shall be charged for all Billing Credits applied for the Plan Year preceding termination and shall not be eligible for any Billing Credits for any period of time after the end of such Plan Year.

21. CONTRACT TARIFFS (Cont'd)

21.36 Contract Tariff Option 35 (Cont'd)

(N) Suspension of True-Ups During Service Period

During the Service Period, the customer and the Telephone Company agree to suspend the true-up requirements for the Existing Plans, including any shortfall payments or penalties that would otherwise result for failure to maintain volume commitments the DS1 Term Volume Plan (FCC 14, Section 5.6.14(G)-(I)). Upon termination of Option 35 for any reason other than noted in Section (G)(3)(c) preceding,, the true-up process will be re-activated for the underlying Existing Plans based on original commitments under Existing Plans. Upon expiration of this Option 35 in compliance with Section (G)(3)(c) preceding, the true-up process will be re-activated for the underlying Existing Plans based on then current quantities of TDM Services under Existing Plans.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36

(A) Scope

Contract Tariff Option 36 (Option 36) provides a customer with certain Billing Credits (as defined following) on certain services offered by the Telephone Company when the customer satisfies the terms and conditions of this Option 36.

(B) Specific Terms

Unless otherwise defined in this Section 21.37, the following terms are used in this Option 36:

(1) Alternative Tariff Arrangement shall mean collectively any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (ICB) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the services covered by this Option 36.

(2) BANs shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits, if any, to the customer.

(3) Billed DS1 Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS1 Services which are paid by the customer.

(4) Billed DS3 CLF Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS3 CLF Services which are paid by the customer.

(5) Billed DS3 CLS Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the Customer ACNAs provided under Section (C)(3) following for Special Access DS3 CLS Services which are paid by the customer.

(6) Billed Qualifying TDM Service Revenue shall mean the sum of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue, and Billed DS3 CLS Service Revenue.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(B) Specific Terms (Cont'd)

(7) Billing Credits shall mean the applicable Billing Credits as described in Section (G) following.

(8) Buy-Up Amount shall mean the applicable Buy-Up Amount as described in Section (O) following.

(9) Delayed Billing Grace Period shall mean the sixty (60) day period immediately following the end of each Plan Year.

(10) Delayed Billing Revenue shall mean customer identified amounts billed during the Delayed Billing Grace Period for Qualifying TDM Services that, in the ordinary course of the Telephone Company's standard billing practice for the subject Qualifying TDM Services should have occurred during the immediately preceding Plan Year.

(11) Delayed Billing Preceding Plan Year shall mean the Plan Year immediately preceding the Delayed Billing Grace Period.

(12) Disputed Amounts shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by customer.

(13) Plan Year shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on October 1, 2014 and end on September 30, 2015; (2) Plan Year 2 shall commence on October 1, 2015 and end on September 30, 2016; (3) Plan Year 3 shall commence on October 1, 2016 and end on September 30, 2017.

(14) Qualifying Monthly Recurring Charges shall have the meaning as described in Section (F) following.

(15) Qualifying TDM Service shall mean Special Access DS1 Service, Special Access DS3 CLF Service, and Special Access DS3 CLS Service.

(16) Qualifying TDM Services Annual Revenue Commitment shall mean the annual minimum required Billed Qualifying TDM Service Revenue and shall be equal to $14.0M.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(B) Specific Terms (Cont'd)

(17) Regulatory Change shall mean any legislative, regulatory, judicial, or other governmental decision, order, determination, complaint (whether formal or informal) or action or any change in applicable laws which affects any term or condition of Option 36, or otherwise prohibits or interferes with the Telephone Company's ability to offer the Services, or prohibits or interferes with the Telephone Company's ability to perform its obligations under this Option 36.

(18) Regulatory Termination shall mean the termination or withdrawal of this Option 36 as a result of a Regulatory Change as defined in Section (B)(17) preceding.

(19) Service Period shall have the meaning set forth in Section (D) following.

(20) Special Access DS1 Services shall mean DS1 Service of 1.544 Mbps bandwidth, as described in Section 5.3.6 of this tariff and Tariff FCC No. 13 (FCC 13) (Section 7.11.1), but shall not include MetroLAN service.

(21) Special Access DS3 CLF Services shall mean DS3 Service of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff and FCC 13 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCITM) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18).

(22) Special Access DS3 CLS Services shall mean DS3 Service of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff and FCC 13 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCITM) format administered by Telcordia (e.g., 95.HFGS.634683..NE.

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the rates, terms, and conditions of this Option 36. All references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., $10M shall mean $10,000,000.00), and all references to amounts represented in dollars followed by the letter "K" shall refer to such number in thousands (e.g., $10K shall mean $10,000.00).

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(C) Eligibility (Cont'd)

(1) As of October 1, 2014, the customer must:

(a) have billed a minimum of $14.0M of Billed Qualifying TDM Service Revenue for the twelve (12) months immediately prior to October 1, 2014; and

(b) be subscribed to the DS1 Term Volume Plan (Section 5.6.14(G) of this tariff) (Existing Plans); and

(c) have at least five thousand (5,000) circuits of Special Access DS1 Service at locations other than Commercial Mobile Radio Service (CMRS) cell sites.

(2) Except for Existing Plans, customer may not concurrently subscribe to, or within three (3) years prior to October 1, 2014, have subscribed to, an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue. If customer wishes to subscribe to such an Alternative Tariff Arrangement, then customer shall not receive any Billing Credits under this Option 36, and such subscription shall be considered a termination by customer of this Option 36, subject to Section (L) following.

(3) The customer must subscribe to this Option 36 in a manner designated by the Telephone Company during the thirty (30) day period beginning October 1, 2014 and ending October 31, 2014. Such subscription must include a list of the customer's access customer name abbreviations (Customer ACNA(s)) that the Telephone Company agrees to, in writing, for inclusion in this Option 36.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(D) Service Period

The Service Period of this Option 36 shall commence on October 1, 2014 and end on September 30, 2017, unless this Option 36 is earlier terminated.

(E) Serving Area

The Billing Credits and the Buy-Up Amount will be provided only in the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under this tariff. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff that occur during the Service Period will apply. No Billing Credits and no Buy-Up Amount will be provided in the operating territories of FCC 16.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following as well as all other terms of this Option 36 (including Section (H) following), Qualifying Monthly Recurring Charges include total monthly recurring charges (MRCs) billed to customer by the Telephone Company with respect to a particular service for a particular timeframe. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list is by way of example only):

(1) Charges for special construction;

(2) Nonrecurring charges, surcharges, interest, late payment charges, credits (including any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Plan Year of the Service Period;

(3) Taxes, fees, surcharges, charges, or other tax-like amounts imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(4) Service or administrative fees or charges (e.g., interest penalty, late payment penalty);

(5) Any other billed amount for which payment is being withheld or under dispute by the customer or that is otherwise a Disputed Amount; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Telephone Company, then the amount paid by the customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the month in which the customer pays such amount;

(6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels); and

(7) Any amounts associated with any service (or any portion of a service) that is not a Qualifying TDM Service.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(G) Annual Review; Billing Credits

The Telephone Company shall determine Billing Credits as follows:

(1) Plan Year 1

(a) By December 1, 2015, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 1.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $14.5M, the Telephone Company shall apply a Billing Credit of $100K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 1.

(c) Subject to Section (O) following, if the customer's Billed Qualifying TDM Service Revenue is less than $14.0M for Plan Year 1, Option 36 shall immediately terminate, and the true-up process will be re-activated for Existing Plans.

(2) Plan Year 2

(a) By December 1, 2016, the Telephone Company shall calculate the customer's Billed Qualifying TDM Service Revenue for Plan Year 2.

(b) If the customer's Billed Qualifying TDM Service Revenue is equal to or greater than $14.5M, the Telephone Company shall apply a Billing Credit of $300K to customer's CABS billing by no later than ninety (90) days following the end of Plan Year 2.

(c) Subject to Section (O) following, if the customer's Billed Qualifying TDM Service Revenue is less than $14.0M for Plan Year 2, Option 36 shall immediately terminate, and the true-up process will be re-activated for Existing Plans.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(G) Annual Review; Billing Credits (Cont'd)

(3) Plan Year 3

(a) By December 1, 2017, the Telephone Company shall calculate the customer’s Billed Qualifying TDM Service Revenue for Plan Year 3.

(b) If the customer’s Billed Qualifying TDM Service Revenue is equal to or greater than $14.5M, the Telephone Company shall apply a Billing Credit of $600K to customer’s CABS billing by no later than ninety (90) days following the end of Plan Year 3.

(c) Subject to Section (O) following, if the customer’s Billed Qualifying TDM Service Revenue is equal to or greater than $14.0M, the customer will have the option of resetting its TVP commitment levels in accordance with the guidelines established in the Term Volume Plan (Section 5.6.14(F) of FCC 14).

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(H) Disputes

Notwithstanding any other provisions of this Option 36 and except as otherwise provided in FCC 13, the Telephone Company's calculation of the customer's Billed Qualifying TDM Service Revenue shall be subject to the following additional requirements (as well as other terms of this Option 36):

(1) The Telephone Company shall not include in the calculation of the customer's Billed Qualifying TDM Service Revenue any amounts which are unpaid and/or disputed by customer as of the sixtieth (60th) day following the applicable Plan Year.

(2) If any portion of an amount invoiced to customer under this Option 36 is subject to a good faith dispute, customer shall give written notice to the Telephone Company of the amounts it disputes (Disputed Amount) through the Telephone Company dispute submission process and include in such notice the specific details and reasons for disputing each item. Customer shall undertake a reasonable good faith effort to review an invoice received from .the Telephone Company under this Option 36 within sixty (60) days following the due date to determine whether there are any Disputed Amounts. Customer shall pay on or before the due date all undisputed amounts.

(3) If the Telephone Company denies a dispute submitted by customer, customer shall have thirty (30) days by which either to pay the Disputed Amount or escalate the dispute no higher than the Vice President level. The Telephone Company may deny such escalation if customer does not provide new or additional detailed information supporting its dispute.

(4) Charges due to the Telephone Company that are not paid on or before the due date shall be subject to a late payment charge. The late payment charge shall be calculated utilizing a rate of one-and-one-half percent (1.5%) of the overdue amount (including any unpaid previously billed late payment charges) per month. No late payment charge shall apply to Disputed Amounts that are allowed by the Telephone Company through the dispute submission process or to Disputed Amounts not owed to the Telephone Company after resolution of the dispute.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(I) Delayed Billing

(1) If, during a period of sixty (60) days after the end of an applicable Plan Year (Delayed Billing Grace Period), customer identifies amounts billed during that Delayed Billing Grace Period for Qualifying TDM Services that, in the ordinary course of the Telephone Company's standard billing practice for the subject Qualifying TDM Services, should have occurred during the immediately preceding Plan Year (Delayed Billing Preceding Plan Year) of the Service Period, then customer, no later than the end of the Delayed Billing Grace Period, may request in writing that the Telephone Company treat such amounts as Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year. For the avoidance of doubt, an amount may qualify for treatment as Delayed Billing Revenue as described in this Section (I)(1) only if the amount would have qualified as Billed Qualifying TDM Service Revenue if it had been billed on a timely basis..

(2) The Telephone Company will verify customer's request and include in the Plan Year calculation of the Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year any amounts verified as meeting the definition of Delayed Billing Revenue. Any Delayed Billing Revenue used for purposes of calculating the Billed Qualifying TDM Service Revenue for Plan Year shall not be used for purposes of calculating the Plan Year Billed Qualifying TDM Service Revenue for any subsequent Plan Year, nor may it be used to reopen the Billing Credit calculation for any Plan Year prior to the Delayed Billing Preceding Plan Year.

(3) If customer wishes to have any Delayed Billing Revenue used for purposes of the Billed Qualifying TDM Service Revenue calculation under Section (G) preceding, customer must, within the Delayed Billing Grace Period during which the Delayed Billing Revenue was billed, submit a written request for inclusion of the Delayed Billing Revenue in the calculation of the Billed Qualifying TDM Service Revenue for the Delayed Billing Preceding Plan Year. Subject to Section (I)(4) following, if customer does not claim the Delayed Billing Revenue in a written request to the Telephone Company during the Delayed Billing Grace Period in which the Delayed Billing Revenue was billed, then customer may not later request that the Delayed Billing Revenue be used for purposes of calculating any Plan Year Billing Credit.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(J) Remedial Billing Credits and Related Provisions

(1) In the event that (a) customer disputes charges that it believes were improperly billed for Qualifying TDM Services, (b) any such Disputed Amounts were included as Billed Qualifying TDM Service Revenue for purposes of calculating a Billing Credit under this Option 67, and (c) the Telephone Company resolves all or a portion of the dispute in favor of customer before the end of Plan Year 3, then any credit issued by the Telephone Company to remedy the dispute (Remedial Billing Credit) prior to the end of Plan Year 3 shall be included as an offset to Billed Qualifying TDM Service Revenue for the purposes of calculating the Billing Credit for the Plan Year in which such Remedial Billing Credit is issued by the Telephone Company.

(2) In the event that (a) customer disputes charges that it believes were improperly billed for Qualifying TDM Services, (b) any such Disputed Amounts were included as Billed Qualifying TDM Service Revenue for purposes of calculating a Billing Credit under this Option 67, and (c) the Telephone Company resolves all or a portion of the dispute in favor of customer after the end of Plan Year 3, then any Remedial Billing Credit issued by the Telephone Company to remedy the dispute after the end of Plan Year 3 shall be included as an offset to Billed Qualifying TDM Service Revenue for Plan Year 3 for a final revenue adjustment. To the extent such final revenue adjustment produces a change in the Billing Credit, then (a) if the Telephone Company has not yet issued a Billing Credit for the last Plan Year of Option 36, then the Telephone Company shall take account of the final revenue adjustment for purposes of the Billing Credit for Plan Year 3, and (b) if the Telephone Company has already issued the Billing Credit for Plan Year 3, then the Telephone Company will issue an adjustment in an amount necessary to reflect recalculation of the Billing Credit for Plan Year 3 to take account of the final revenue adjustment.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(J) Remedial Billing Credits and Related Provisions (Cont'd)

(3) Once a Billing Credit is issued by the Telephone Company, customer may not thereafter dispute such Billing Credit regardless of the outcome of any Disputed Amounts; provided, however, that, for the avoidance of any doubt, the foregoing prohibition against disputes by customer shall not be deemed (a) to preclude any adjustments by the Telephone Company to take account of Remedial Billing Credits as described in Sections (J)(1) and (J)(2) preceding or (b) to preclude customer from disputing the amount of a Billing Credit in any case where the Telephone Company applies a Billing Credit that does not match the mutually agreed upon amount of the Billing Credit. The Telephone Company will not issue any Billing Credit until the applicable Billing Credit amount is agreed to by customer.

(4) In no event shall the Telephone Company be subject to any late payment, interest, or penalty with respect to any Billing Credit.

(K) Mergers and Acquisitions of Customer

If, after October 1, 2014, the customer merges with another company, acquires a company or a portion of the business of another company (including, by way of example, any ACNA(s) not provided under Section (C)(3) preceding)(the company with which customer merges and the company or portion of the business thereof that customer acquires (including, by way of example, any ACNA(s) not provided under Section (C)(3) preceding) may be referred to collectively as the Customer Acquired Properties and such merger or acquisition may be referred to in either case as an Acquisition), and the Telephone Company provides any Qualifying TDM Services in connection with such Customer Acquired Properties, then customer shall notify the Telephone Company in writing (the Acquisition Notice) prior to the closing date of the Acquisition (the Acquisition Closing Date), and the customer and the Telephone Company shall determine whether such Customer Acquired Properties shall be included in or excluded from Option 36.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(L) Sale of an Operating Telephone Company

If some or all of the assets or stock of an Operating Telephone Company that provides Qualifying TDM Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the Qualifying TDM Services Annual Revenue Commitment.

Illustrative Example:

Assume the following information for Plan Year 2:

(1) The Qualifying TDM Services Annual Revenue Commitment is $14.0M.
(2) The Telephone Company sells Frontier California Inc. to a third party at the end of month 8 of Plan Year 2.
(3) During the three month period prior to the sale, Frontier California Inc. accounted for $3.0M in Billed Qualifying TDM Service Revenue.

Based on the above assumptions:

(1) The average monthly Billed Qualifying TDM Service Revenue for Frontier California Inc. is $1.0M ($3.0M / 3).
(2) There are four (4) months remaining in Plan Year 2 (12 months – 8 months).
(3) The Plan Year 2 Qualifying TDM Services Annual Revenue Commitment would be reduced by $4.0M ($1.0M * 4).
(4) The adjusted Qualifying TDM Services Annual Revenue Commitment for Plan Year 2 is $10.0M ($14.0M – $4.0M).
(5) The Qualifying TDM Services Annual Revenue Commitment for Plan Year 3 will be reduced by the $12.0M ($1.0M * 12), resulting in a revised Qualifying TDM Services Annual Revenue Commitment of $2.0M ($14.0M - $12.0M).

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(M) Termination of Option 36

(1) Subject to the terms set forth in this Section (M), customer may terminate this Option 36 at any time during the Service Period. Customer must provide written notice of termination at least ninety (90) days prior to the requested date of termination of this Option 36. If customer terminates or cancels this Option 36 at any time during the Service Period for any reason other than by Regulatory Termination (as defined in Section (B) preceding), or a default by the Telephone Company, or if customer breaches the terms or conditions of the Option 36 and fails to cure such breach within thirty (30) days' written notice, then customer shall pay to the Telephone Company by no later than thirty (30) days after such date of termination or breach an amount equal to the percentage of the Billing Credit issued to customer for the prior Plan Year as indicated in the following table.

Month of Termination/Breach	**Termination Percentage**
13-24	60%
25-36	40%

(2) Customer will not receive any Billing Credits after receipt of notice of termination.

(3) The customer and the Telephone Company, by mutual written agreement, may terminate this Option 36 at any time. Except as otherwise mutually agreed in writing by the customer and the Telephone Company: (a) any termination under this Section (M)(3) in Plan Year 1 shall be effective as of October 1, 2014, and customer shall not be eligible for any Billing Credits for Plan Year 1; (b) any termination under this Section (M)(3) in Plan Year 2 or Plan Year 3 shall be effective as of the end of the applicable Plan Year preceding the termination, and customer shall be charged for all Billing Credits applied for the Plan Year preceding termination and shall not be eligible for any Billing Credits for any period of time after the end of such Plan Year.

(4) TVP true-up calculations will resume beginning for the tariff review period in which the termination occurred. The review period for TVP true-up calculations is twelve (12) months, based on the effective date of the contracts.

21. CONTRACT TARIFFS (Cont'd)

21.37 Contract Tariff Option 36 (Cont'd)

(N) Suspension of True-Ups During Service Period

During the Service Period, the customer and the Telephone Company agree to suspend the true-up requirements for the Existing Plans, including any shortfall payments or penalties that would otherwise result for failure to maintain volume commitments the DS1 Term Volume Plan (FCC 14, Section 5.6.14(G)-(I)). Upon termination of Option 36 for any reason other than noted in Section (G)(3)(c) preceding, the true-up process will be re-activated for the underlying Existing Plans based on original commitments under Existing Plans. Upon expiration of this Option 36 in compliance with Section (G)(3)(c) preceding, the true-up process will be re-activated for the underlying Existing Plans based on then current quantities of TDM Services under Existing Plans.

(O) Buy-Up Amount

(1) In the event that the Customer's Billed Qualifying TDM Service Revenue during any Plan Year falls short of the Customer's Qualifying TDM Services Annual Revenue Commitment, the Customer may, subject to the limitation set forth in (2) following, pay an amount equal to the amount by which the Customer's Billed Qualifying TDM Service Revenue fell short of the Customer's Qualifying TDM Services Annual Revenue Commitment (the Buy-Up Amount). In the event that the Customer pays a Buy-Up Amount within sixty (60) calendar days after (i) the close of such Plan Year or (ii) the date of the Telephone Company's notice to Customer of the Buy-Up Amount of such Plan Year, whichever is later, it will be deemed to have met the Customer's Qualifying TDM Services Annual Revenue Commitment for such Plan Year, and Customer's Billed Qualifying TDM Service Revenue for such Plan Year will be deemed to be $14.0M. In the event that the Customer does not pay the Buy-Up Amount within sixty (60) calendar days after (i) the close of such Plan Year or (ii) the date of the Telephone Company's notice to Customer of the Buy-Up Amount of such Plan Year, whichever is later, this Service Agreement shall immediately terminate and the true-up process will be re-activated for Existing Plans as of the close date of such Plan Year.

(2) The Customer shall not be entitled to pay a Buy-Up Amount if the amount of the Buy-Up Amount exceeds $1.0M.

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 and Section 7.11.1 of Telephone Company FCC Tariff No. 13 (FCC 13) 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.

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 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 13).

(10) DS1 Unit shall mean Special Access DS1 Services that meet the following definitions: (i) a DS1 "Special Access Line" as defined in Section 5.1.1(C) of this tariff, (ii) a DS1 "Circuit Termination" as defined in FCC 13, Section 7.2.1(A), (iii) a DS1 to Voice "Multiplexing Arrangement" as defined in Section 5.5(D) of this tariff, and (iv) a DS1 to Voice "Central Office Multiplexing" as defined in FCC 13, Section 7.11.4(3)(e).

(11) Effective Date and the start of the Service Period shall be April 1, 2015, provided that the contract tariffs are deemed effective as of such date following a fifteen-day filing period with the FCC. The Telephone Company will inform the customer in writing upon filing of such contract tariffs.

(12) Plan Year shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on April 1, 2015 and end on June 30, 2015; (2) Plan Year 2 shall commence on July 1, 2015 and end on June 30, 2016; and (3) Plan Year 3 shall commence on July 1, 2016 and end on June 30, 2017.

(13) Quarter shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately 90 days thereafter); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs (with Plan Year 1 having only two Quarters as indicated under the definition of "Plan Year" preceding).

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 13, 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.

(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 Section 5.2.1 of this tariff and Section 7.5 of FCC 13.

(18) Special Access DDS Services shall mean Digital Data Services as described in Section 5.2.9 of this tariff and Section 7.10 of FCC 13.

(19) Special Access DS1 Services shall mean DS1 Services of 1.544 Mbps bandwidth, as described in Section 5.3.6 of this tariff and Section 7.11.1 of FCC 13.

(20) Special Access DS3 Services shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff and Section 7.11.1 of FCC 13.

(21) SwA Direct Trunked Transport Services shall mean transport services as described in Section 4.2.3(C) of this tariff and Section 6.5.2(C) of FCC 13.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(C) Eligibility for Benefits

Customer must meet all of the following criteria in order to be eligible for Option 37. In this Option 37, all references to amounts represented in dollars followed by the letter “M” shall refer to such number in millions (e.g., $10M shall mean $10,000,000).

(1) The customer must subscribe to Option 37 in a manner designated by the Telephone Company no later than fifteen (15) days following the Effective Date. Such subscription must include a list of the customer’s access customer name abbreviations (Customer ACNAs) that the Telephone Company agrees to, in writing, for inclusion in this Option 37.

(2) For the full calendar month prior to the Effective Date, the customer must have achieved a minimum of $10M in aggregate monthly billed recurring charges for Special Access Voice Grade Services, Special Access DDS Services, Special Access DS1 Services, and Special Access DS3 Services purchased by customer from Telephone Company (Eligibility Minimum Monthly Revenue).

(3) The percentage of revenues included in Eligibility Minimum Monthly Revenue billed to a subsidiary or Affiliate of the customer that is a provider of mobile wireless telecommunications services must be no more than fifty percent (50%).

(4) Customer must be concurrently subscribed as of the Effective Date to one or more of, and must remain concurrently subscribed during the Service Period, to one or more of, the following plans or their equivalents if these plans cease to be offered under the applicable tariffs: the National Discount Plan (NDP) (Section 23.1 of this tariff, and Section 22.1 of FCC 13); Term Pricing Plan (TPP) (Section 7.4.17 of FCC 1 and Section 7.2.1(G) of FCC 16); and Term Volume Plan (TVP) (Section 5.6.14 of this tariff)(Existing Plans). For the avoidance of any doubt, at any time during the Service Period, Customer may elect to terminate its subscription to any of the Existing Plans and subscribe to a different Existing Plan.

(5) Customer may not be subscribed, at any time during the Service Period, to any other contract tariff option contained in this tariff. Any contract tariff options to which customer is subscribed immediately prior to the Effective Date under this tariff shall be deemed terminated as of the day that is one day prior to the Effective Date, with no further action by either the customer or the Telephone Company to effectuate such termination.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(C) Eligibility for Benefits

(6) During the Service Period, in order to receive any Price Flex Base Credits, SPA DS1 Flat Rate Credits, or TDM Shortfall Credits, Customer must achieve the required amounts of Qualifying TDM Base Credit Revenues and DS1 Billed Units as described in more detail in Sections (G), (H) and (I) following.

(D) Service Period

The Service Period of Option 37 shall be the period commencing on the Effective Date and ending on June 30, 2017.

(E) Serving Area

The Billing Credits (to the extent any are earned by Customer) will be provided only in the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under the Telephone Company's tariffs in accordance with applicable law. Wire centers for the Phase II MSAs are listed 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 13.

(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);

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(F) Qualifying Monthly Recurring Charges (Cont'd)

(4) Any amount that appears in the “Other Charges and Credits” section of the Telephone Company’s invoice (other than a backbilled MRC of greater than $50,000 on a particular invoice) for which the billed charges would have been Qualifying Monthly Recurring Charges had the charges been billed in the appropriate billing period within the Service Period. For the purposes of this Section (F)(4), the term “invoice” shall mean the aggregate of all billing in invoices issued by the Telephone Company to Customer for Qualifying TDM Base Credit Services under the ACNAs included with Customer’s subscription to this Option 37 in any calendar month;

(5) Any amount for which payment is being withheld by Customer or that is otherwise a Disputed Charge; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Telephone Company, then the amount credited to Customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the Quarter in which the Telephone Company issues such credit; and

(6) Shortfall or overage charges associated with term plan true-ups (e.g., for failure to satisfy commitment levels).

(G) Price Flex Base Credit

Provided that Customer has satisfied all applicable eligibility requirements and subject to all other terms set forth in this Option 37, at the end of each Quarter of the Service Period, the Telephone Company will determine whether Customer qualifies to receive a Price Flex Base Credit based on Steps 1 through 3 set forth following. If Customer satisfies all applicable requirements to receive the Price Flex Base Credit for a particular Quarter, then the Telephone Company will apply such credit to one or more of Customer’s applicable special access billing accounts within ninety (90) days after the end of the applicable Quarter. All calculations under this Section (G) shall take account of any adjustments resulting from Section (L)(3) (Treatment of Remedial Billing Credits) following.

(Step 1) The Telephone Company will calculate the Qualifying TDM Base Credit Revenues for the Quarter.

(Step 2) Using the Price Flex Base Credit Table 1 following, the Telephone Company will determine which TDM Base Credit Percentage corresponds to the Qualifying TDM Base Credit Revenues that Customer achieved for that Quarter.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(G) Price Flex Base Credit (Cont'd)

Price Flex Base Credit Table 1

Minimum Qualifying TDM Base Credit Revenue	Maximum Qualifying TDM Base Credit Revenue	TDM Base Credit Percentage
$0	$32.99M	0.0%
$33.00M	$33.89M	1.0%
$33.90M	$34.79M	2.0%
$34.80M	$35.39M	3.0%
$35.40M	$35.99M	3.7%
$36.00M	$36.59M	4.4%
$36.60M	$37.19M	5.1%
$37.20M	$37.79M	5.8%
$37.80M	$38.39M	7.00%
$38.40M	$38.99M	8.00%
$39.00M	$39.59M	9.00%
$39.60M	$40.19M	10.00%
$40.20M	+	11.00%

(Step 3) The Price Flex Base Credit shall be equal to the Qualifying TDM Base Credit Percentage identified in Step 2 times the TDM Base Credit Revenues for the applicable Quarter.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(H) DS1 Volume Discount Rates and Associated SPA DS1 Flat Rate Credit

Provided that Customer has satisfied all applicable eligibility requirements and subject to all other terms set forth in this Option 37, at the end of each Quarter of the Service Period, the Telephone Company will determine whether Customer qualifies to receive a volume discount, applied using the SPA DS1 Flat Rate Credit, based on the following provisions, subject to the annual true-up described following. For the avoidance of any doubt, before reaching a determination of whether Customer qualifies for the SPA DS1 Flat Rate Credit under Sections (H)(1), (H)(2) and (H)(3) following, Customer must first satisfy the threshold requirements set forth in Section (H)(4) following. All calculations under Section (H) shall take account of any adjustments resulting from Section (L)(3) (Treatment of Remedial Billing Credits) following.

(1) After each Quarter, the Telephone Company shall determine the DS1 Billed Revenue and DS1 Billed Units that Customer achieved for that Quarter. The SPA DS1 Flat Rate Credit will be in an amount equal to the applicable DS1 Billed Revenues for the applicable Quarter minus the applicable flat rate revenue (i.e., “applicable flat rate revenue” means the applicable DS1 Billed Units multiplied by the applicable flat rate for the Plan Year from Table 2 following. If Customer satisfies all applicable requirements to receive the SPA DS1 Flat Rate Credit for a particular Quarter, the Telephone Company shall apply such credit to one or more of Customer’s applicable special access billing accounts within ninety (90) days after the end of the applicable Quarter.

SPA DS1 Flat Rate Table 2

Credit Tier	Plan Year 1 SPA DS1 Flat Rate	Plan Year 2 SPA DS1 Flat Rate	Plan Year 3 SPA DS1 Flat Rate
Tier 1	$173.00	$173.00	$173.00
Tier 2	$162.00	$161.00	$160.00

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(H) DS1 Volume Discount Rates and Associated SPA DS1 Flat Rate Credit (Cont'd)

(2) Eligibility for Tier 1

If the total volume of DS1 Billed Units that Customer achieved for the Quarter (i.e., the monthly totals added together for a sum) is equal to or greater than ninety thousand (90,000) and less than one hundred five thousand (105,000), then Customer will qualify (subject to meeting all other eligibility requirements) for the DS1 flat rates for Tier 1 in Table 2 preceding.

(3) Eligibility for Tier 2

If the total volume of DS1 Billed Units that Customer achieved for the Quarter (i.e., the monthly totals added together for a sum) is equal to or greater than one hundred five thousand (105,000), then Customer will qualify for the DS1 flat rates for Tier 2 in Table 2 preceding.

(4) In order to qualify for any SPA DS1 Flat Rate Credit in any Quarter under the preceding provisions, Customer must satisfy all of the following conditions (as well as all other eligibility requirements set forth in this Option 37):

(a) Customer must qualify for a discount (i.e., greater than 0%) for the Price Flex Base Credit for that same Quarter; and

(b) As of the end of that same Quarter (i.e., a snapshot view, not a quarterly total), Customer must have had DS1 Billed Units in volumes equal to or greater than thirty thousand (30,000).

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 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).

(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.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(J) One-Time DS1 Performance Credit

If, as of the Effective Date, Customer has achieved a total of thirty-five thousand (35,000) DS1 Billed Units, then the Telephone Company, no later than sixty (60) days after the Effective Date, will provide Customer with a one-time billing credit equal to Three Million Seven-Hundred Fifty Thousand and 00/100 U.S. Dollars ($3,750,000) (One-Time DS1 Performance Credit). Customer will determine and communicate to the Telephone Company within fifteen (15) days after the Effective Date the special access billing account on which Customer wishes the credit to appear.

(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.

Table 3 DS1 Mileage Surcharge Table

Minimum Baseline DS1 Mileage Ratio	Maximum Baseline DS1 Mileage Ratio	DS1 Mileage Surcharge Percent
0	1.39	0.00%
1.40	1.59	10.00%
1.60	1.79	15.00%
1.80	1.99	20.00%
2.00	+	25.00%

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(K) Excessive DS1 Mileage Surcharge (Cont'd)

(Step 4) The Excessive DS1 Mileage Surcharge for the Quarter shall be calculated by multiplying (i) the SPA DS1 Flat Rate Credit earned during that Quarter under Section (H) preceding times (ii) the DS1 Mileage Surcharge Percent identified in Step 3.

(Step 5) If the Excessive DS1 Mileage Surcharge is greater than $0, the Telephone Company, within ninety (90) days after the Quarter for which the Excessive DS1 Mileage Surcharge is owed, will apply the Excessive DS1 Mileage Surcharge by issuing a debit(s) (Excessive DS1 Mileage Surcharge Debits) to one or more of Customer's applicable special access billing accounts.

Example 1: Assume that Customer's DS1 Average Mileage achieved for Quarter 2 of Plan Year 1 is 4.9 miles and the SPA DS1 Flat Rate Credit achieved for that same Quarter is $1.30M. The Baseline DS1 Mileage Ratio is 1.02. The Excessive DS1 Mileage Surcharge is $0 ($1.3M x 0.00% = $0).

Example 2: Assume that Customer's DS1 Average Mileage achieved for Quarter 3 of Plan Year 2 is 7.0 miles and the SPA DS1 Flat Rate Credit achieved for that same Quarter is $1.60M. The Baseline DS1 Mileage Ratio is 1.46. The Excessive DS1 Mileage Surcharge is $0.16M ($1.6M x 10.00% = $0.16M).

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(L) Disputes

Notwithstanding any other provision of this Option 37, the Telephone Company's calculation of the Billing Credits and Excessive DS1 Mileage Surcharges under this Option 37 shall be subject to the following additional requirements (as well as all other terms of this Option 37):

(1) For the purposes of calculating the Price Flex Base Credit and the SPA DS1 Flat Rate Credit, the Telephone Company shall not include any credits or debits for Services provided during any periods prior to the Effective Date (regardless of whether such credits or debits were the result of a valid dispute by Customer or were the result of a billing error by the Telephone Company).

(2) Customer agrees to undertake a good faith effort to review, within forty-five (45) calendar days of receipt, each bill from the Telephone Company that includes amounts to be included in Qualifying Monthly Recurring Charges and, at such time that Customer determines there is a dispute, to promptly raise the dispute with the Telephone Company. For the avoidance of any doubt, Customer is not obligated or required to raise billing disputes within forty-five (45) calendar days of receipt of a bill.

(3) Treatment of Remedial Billing Credits

(a) In the event that (i) Customer disputes charges that it believes were improperly billed for Services billed in prior Quarters, (ii) any such disputed charges were included as Qualifying Monthly Recurring Charges for purposes of calculating any Price Flex Base Credits or SPA DS1 Flat Rate Credits under this Option 37, and (iii) the Telephone Company honors all or a portion of the dispute in favor of Customer, then any billing credit issued by the Telephone Company to remedy the dispute (Remedial Billing Credit) shall be included as an offset to Qualifying Monthly Recurring Charges for the purpose of calculating the Price Flex Base Credits and SPA DS1 Flat Rate Credits for the Quarter in which such Remedial Billing Credit is issued by the Telephone Company. For the avoidance of any doubt, if a Remedial Billing Credit results in Customer falling below the Minimum Qualifying TDM Base Credit Revenue necessary to qualify for a Price Flex Base Credit, but for which Customer would have otherwise qualified for a Price Flex Base Credit for each Quarter to which the underlying dispute is attributable, Customer will still qualify for the SPA DS1 Flat Rate Credit if all other requirements have been met to do so for the Quarter in which the Remedial Billing Credit is offset against Qualifying Monthly Recurring Charges; provided, however that any

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(L) Disputes (Cont'd)

(3) Treatment of Remedial Billing Credits (Cont'd)

(a) (Cont'd)

Remedial Billing Credit relating to DS1 Billed Revenues will be included as an offset to DS1 Billed Revenue for purposes of calculating the SPA DS1 Flat Rate Credit (and thus could cause Customer to be ineligible for the SPA DS1 Flat Rate Credit). For the avoidance of any doubt, if the Telephone Company offsets a Remedial Billing Credit against Billed DS1 Revenue set forth above, such offsetting shall not result in any adjustment to any Excessive DS1 Mileage Surcharge assessed with respect to any previous Quarter, but such offsetting will affect the Excessive DS1 Mileage Surcharge for the then current Quarter insofar as the Excessive DS1 Mileage Surcharge calculation is, as set forth in Section (K) above, based in part on the amount of the SPA DS1 Flat Rate credit (which in turn is based in part on DS1 Billed Revenues) for the then current Quarter.

(b) The provisions set forth in Section (L)(3)(a) preceding apply in cases where Customer disputes charges up to six (6) months after the end of the Service Period. In the event of any such disputes, any Remedial Billing Credit that the Telephone Company issues shall be included as an offset to Qualifying Monthly Recurring Charges for the last Quarter of the Service Period for the purpose of calculating the Price Flex Base Credits and SPA DS1 Flat Rate Credits for the last Quarter of the Service Period. To the extent the inclusion of the Remedial Billing Credit produces a lower Price Flex Base Credit or SPA Flat Rate Credit (or disqualifies Customer from either or both of such credits) for the last Quarter of the Service Period, the Telephone Company will issue a debit in an amount equal to (i) the Price Flex Base Credit and SPA DS1 Flat Rate Credit actually provided by the Telephone Company for the last Quarter of the Service Period minus (ii) the Price Flex Base Credit and SPA DS1 Flat Rate Credit (if any, in either case) due to Customer once the Remedial Billing Credit is included as an offset to the Qualifying Monthly Recurring Charges for the last Quarter of the Service Period.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(L) Disputes (Cont'd)

(4) The Price Flex Base Credits and SPA DS1 Flat Rate Credits, as determined by the Telephone Company and agreed to by Customer, and the Excessive DS1 Mileage Surcharge are not subject to dispute after being issued by the Telephone Company, regardless of the outcome of any Disputed Charges; provided, however, that the foregoing prohibition against disputes shall not be deemed (i) to preclude any adjustment pursuant to Section (L)(3) preceding; or (ii) to apply in a situation where the Telephone Company applies a Price Flex Base Credit or SPA DS1 Flat Rate Credit that does not match the mutually agreed upon credit amount. For the avoidance of any doubt, the Telephone Company will not issue any Price Flex Base Credits or SPA DS1 Flat Rate Credits until the applicable credit amount is agreed to by Customer.

(5) In no event shall the Telephone Company be subject to any late payment, interest or penalty with respect to any Billing Credits.

(M) Termination and Termination Liability

(1) Subject to the terms set forth in this Section (M), Customer may terminate this Option 37 at any time during the Service Period. Customer must provide written notice of termination at least ninety (90) days prior to the requested date of termination. All obligations under the tariffs with respect to the Services shall continue to apply.

(2) In the event of a termination by Customer under Section (M)(1) preceding, or a termination by the Telephone Company under Section (N)(2) following, Customer shall be liable for payment of termination liability to be calculated as follows:

(a) Termination During Plan Years 1 or 2:

(i) Customer shall receive no further Billing Credits for the Plan Year in which termination occurs;
(ii) Customer must return one hundred percent (100%) of all Billing Credits (which, for the avoidance of any doubt includes the One-Time DS1 Performance Credit) previously received at any time under Option 37; and
(iii) Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(M) Termination and Termination Liability (Cont'd)

(2) (Cont'd)

(b) Termination During Plan Year 3:

(i) Customer shall receive Price Flex Base Credits and SPA DS1 Flat Rate Credits of zero dollars ($0) for Plan Year 3 (including, by way of example, that Customer must repay to the Telephone Company any Price Flex Base Credits and SPA DS1 Flat Rate Credits already received in that Plan Year);
(ii) Customer must return fifty percent (50%) of any Price Flex Base Credits and SPA DS1 Flat Rate Credits received for Plan Year 2;
(iii) Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs.

Any termination liability payment owed by Customer under any of the preceding provisions shall be due and payable by Customer to the Telephone Company no later than sixty (60) days after the termination date.

(3) The Customer and the Telephone Company, by mutual written agreement in their sole discretion, may terminate this Option 37. Except as otherwise mutually agreed in writing by Customer and the Telephone Company: (i) any termination under this Section (M)(3) in Plan Year 1 shall be effective as of the Effective Date, and Customer shall not be eligible for any Billing Credits, including the One-Time DS1 Performance Credit, for Plan Year 1; (ii) if the termination under this Section (M)(3) is in Plan Years 2 through 3, such termination shall be effective as of the end of the Plan Year preceding the termination, and the Customer shall be entitled to all Billing Credits earned for the Plan Year preceding the termination, but shall not be eligible for any Billing Credits for any period of time after the end of such Plan Year; and (iii) regardless of the Plan Year in which the termination occurs, Customer shall not receive any refunds or credits with respect to any Excessive DS1 Mileage Surcharges owed for any previous Quarters, but Customer shall not be responsible for any Excessive DS1 Mileage Surcharge with respect to the Quarter in which termination occurs.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N) Mergers and Acquisitions of Customer

(1) In the event that after the Effective Date, Customer or its direct or indirect parent company merges with another company, acquires a company or a portion of the business of another company (including, by way of example, acquisition of any ACNAs other than those submitted with Customer's subscription to Option 37), becomes an Affiliate of another company, or is acquired in whole or in part by another company, the terms and conditions set forth in this Section (N) will apply in addition to all other terms and conditions set forth in this Option 37. Customer may not combine or include any DS1 Billed Revenues, DS1 Billed Units, DS1 Mileage, DS1 Units, Qualifying TDM Base Credit Revenues, or Qualifying Monthly Recurring Charges from the merged, acquiring, or acquired company, or from the assets of such merged, acquiring, or acquired company, for any purposes hereunder.

(2) Except where the Customer and the Telephone Company elect otherwise pursuant to Section (N)(3) following, Customer's DS1 Billed Revenues, DS1 Billed Units, DS1 Mileage, DS1 Units, Qualifying TDM Base Credit Revenues, and Qualifying Monthly Recurring Charges shall be calculated based on Customer's business and revenue with the Telephone Company using the ACNAs submitted with Customer's subscription to this Option 37, without adding any revenues, units, DS1 Mileage, and/or ACNAs attributable to expansion of Customer's purchase of any services from the Telephone Company through merger, transfer, assignment, or acquisition. If Customer violates the provisions of this Section (N)(2), then the Telephone Company may terminate Option 37 without liability upon written notice to Customer.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(N) Mergers and Acquisitions of Customer (Cont'd)

(3) In lieu of excluding the acquired business, revenue, DS1 Mileage, units, and the like as described in Section (N)(2) preceding, the Customer and the Telephone Company, in order to reflect the impact of mergers, acquisitions, divestitures or other transactions described in Section (N)(1) preceding, may in their sole discretion mutually agree in writing to make proportionate adjustments to Customer's Baseline DS1 Average Mileage, the amounts and/or percentages set forth in Table 1 (Price Flex Base Credit Table) in Section (G) preceding, and/or the volume of DS1 Billed Units required for Customer to receive the Tier 1 or Tier 2 rates set forth in Table 2 (SPA DS1 Flat Rate Table) of Section (H) preceding. For the avoidance of any doubt, no revenue, units or DS1 Mileage of the acquired business shall be included in the calculation of the Price Flex Base Credit or SPA DS1 Flat Rate Credit for any period prior to the effective date to which the parties mutually agree in writing.

(4) Customer shall provide the Telephone Company written notice no later than twenty (20) business days after filing any request with the FCC for approval of a transaction that is the subject of Section (N)(1) and, to the extent provided in writing publicly by the date of such notice, shall include a good faith estimate of the expected close date so that Customer and the Telephone Company can assess and implement their associated rights and obligations under this Option 37. Once the transaction closes, Customer shall further notify the Telephone Company of such closing within thirty (30) days after such closing occurs. Under no circumstance shall this Section (N) require Customer to provide the Telephone Company written notice of mergers solely between Customer entities holding, as of the Effective Date, the ACNAs submitted with Customer's subscription to this Option 37, such as Customer's internal merging of legal entities. For the avoidance of any doubt, the above reference to notice following an FCC filing affects only the notice that Customer is required to provide under this Section (N)(4), and does not alter application of the substantive provisions set forth in Sections (N)(1) through (N)(3) (e.g., prohibition against including acquired business, revenue, units and the like as described in Sections (N)(1) and (N)(2)) to transactions that are not subject to an FCC filing.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(O) Sale of Telephone Company Telephone Operating Company

(1) If some or all of the assets or stock of a Telephone Company Operating Telephone Company that provides DS1 Units are acquired by an unaffiliated third party during the Service Period, then effective with the closing of such transaction, the Telephone Company will make proportionate adjustments to Customer's DS1 Billed Revenues, DS1 Billed Units, DS1 Units, Qualifying TDM Base Credit Revenues, Qualifying Monthly Recurring Charges, or Baseline DS1 Average Mileage, the amounts and/or percentages set forth in Table 1 (Price Flex Base Credit Table) in Section (G) preceding, and/or the volume of DS1 Billed Units required for Customer to receive the Tier 1 or Tier 2 rates set forth in Table 2 (SPA DS1 Flat Rate Table) of Section (H) preceding. For the avoidance of any doubt, no such adjustments shall apply to any period prior to the effective date of the closing of such acquisition transaction.

(2) If the Telephone Company acquires another company (or portion thereof) that provides any services similar to DS1 Units, the Customer and the Telephone Company may mutually agree in writing to adjust any of the items described in Section (O)(1) preceding and DS1 Mileage on a proportionate basis to account for Customer's purchases from the acquired company (or portion thereof). For the avoidance of any doubt, no Customer purchases from the acquired company (or portion thereof) shall be included in DS1 Billed Revenues, DS1 Billed Units, DS1 Mileage, or Qualifying TDM Base Credit Revenues for any period prior to the effective date for such inclusion to which the Customer and the Telephone Company mutually agree in writing.

21. CONTRACT TARIFFS (Cont'd)

21.38 Contract Tariff Option 37 (Cont'd)

(P) Orders for Unbundled Network Elements

(1) Customer, as a material condition of the Telephone Company's offering the Billing Credits described in this Option 37, agrees that during the Service Period it may not submit orders for any of the following unbundled network elements (UNEs) that the Telephone Company offers: (i) UNE DS1 loops; (ii) UNE DS1 dedicated transport; (iii) any combination of any of the foregoing UNEs (which combinations are sometimes referred to as Enhanced Extended Loops or EELs or (iv) any of the foregoing UNEs commingled with special access services or other services ((i), (ii), (iii) and (iv), collectively Prohibited UNEs). The foregoing prohibition includes both orders for new Prohibited UNEs as well as orders for the conversion of special access services to Prohibited UNEs (collectively, Prohibited UNE Orders).

(2) Accordingly, the Telephone Company and Customer agree that if either the Telephone Company or Customer discovers any Prohibited UNE Orders submitted during the Service Period, then such discovering party shall notify the other party and Customer, no later than sixty (60) days after either the Telephone Company's or Customer's provision of such notice, shall promptly request conversion of such Prohibited UNEs to a Special Access service. The Telephone Company shall reasonably assist in this effort. The rates applicable to the Special Access service to which a Prohibited UNE is converted shall apply retroactively for the full period during which the Prohibited UNE was billed at UNE rates. For the avoidance of any doubt, no Billing Credits or Excessive DS1 Mileage Surcharge for any past Quarters or Plan Years shall be recalculated as a result of any such conversions of Prohibited UNEs to Special Access services. If Customer fails to submit an order to convert a Prohibited UNE to a Special Access service (Conversion Order) within sixty (60) days after notifying the Telephone Company of a Prohibited UNE Order (or, in cases where the Telephone Company discovers a Prohibited UNE Order and notifies Customer, within sixty (60) days after the date on which the Telephone Company provides such notice), then, without limiting Customer's continuing obligation to submit such Conversion Order, the Telephone Company shall have the right (but not the obligation) to submit such Conversion Order on Customer's behalf and take such other steps as necessary to complete the conversion. For the avoidance of any doubt, Customer shall bear the sole responsibility for monitoring its internal ordering processes to ensure that no Prohibited UNE Orders are submitted during the Service Period.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38

(A) Scope

Contract Tariff Option 38 (Option 38) provides Billing Credits on certain services.

(B) Specific Terms

Unless otherwise defined in this Section 21.39, the following terms are used in this Option 37:

(1) Alternative Tariff Arrangement shall mean collectively any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis ("ICB") tariff arrangement offered by the Telephone Company and available to Customer pursuant to this tariff, with respect to any of the Services covered by this Option 38.

(2) Billed DS1 Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the customer ACNAs provided under Section (C)(1) following for Special Access DS1 Service and which are paid by the Customer.

(3) Billed DS3 CLF Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the customer ACNAs provided under Section (C)(1) following for Special Access DS3 CLF Service and which are paid by the Customer.

(4) Billed DS3 CLS Service Revenue shall mean the Qualifying Monthly Recurring Charges (as defined in Section (F) following) billed under one of the customer ACNAs provided under Section (C)(1) following for Special Access DS3 CLS Service and which are paid by the Customer.

(5) Billed Qualifying TDM Service Revenue shall mean the sum of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue and Billed DS3 CLS Service Revenue.

(6) Billing Credits shall mean the applicable TDM Shortfall Credits as described in Section (I) following.

(7) Disputed Amounts shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by Customer.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(B) Specific Terms (Cont'd)

(8) DS1 Equivalent Circuit shall mean Equivalent DS1 Channel Termination as defined in Section 23.1.4 of this tariff and FCC13 (Section 22.1.4).

(9) Effective Date and the start of the Service Period shall be the first day following the date that the contract tariffs are deemed effective. The Telephone Company will inform the customer in writing upon filing of such contract tariffs.

(10) Groom(s) shall mean a change in the connecting facility assignment ("CFA") or termination point of a DS3 Service, and shall include, without limitation, any of the following types of moves, rearrangements, reterminations, and disconnection and subsequent reconnection, to the DS3 Service: (i) a change in the CFA or termination point within a single Telephone Company wire center; (ii) a change in the CFA or termination point from one Telephone Company wire center to CFA in another Telephone Company wire center (CFA can be a Telephone Company provided facility or a collocation).

(11) Initial DS1 Equivalent Circuit Quantity shall mean the number of DS1 Equivalent Circuits that the Customer had in service as of February 28, 2015.

(12) Plan Year shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on the Effective Date and end on the date that is one day prior to the first anniversary of the Effective Date; (2) Plan Year 2 shall commence on the date that is the first anniversary of the Effective Date and end on the date that is one day prior to the second anniversary of the Effective Date; (3) Plan Year 3 shall commence on the date that is the second anniversary of the Effective Date and end on the date that is one day prior to the third anniversary of the Effective Date.

(13) Qualifying Monthly Recurring Charges shall have the meaning as described in Section (F) following.

(14) Qualifying TDM Service shall mean Special Access DS1 Service, Special Access DS3 CLF Service and Special Access DS3 CLS Service.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(B) Specific Terms (Cont'd)

(15) Qualifying TDM Services Annual Revenue Commitment shall mean the annual minimum required Billed Qualifying TDM Service Revenue for each Plan Year during the Service Period, and shall be equal to the aggregate amount of Qualifying Monthly Recurring Charges the Customer was billed for the Qualifying TDM Services during the twelve (12) month period commencing on January 1, 2014 and ending on December 31, 2014.

(16) Service Plan Requirements shall mean the three (3) requirements (i.e., the Minimum Annual Revenue Commitment, the Minimum Average DS1 Equivalent Circuit Quantity and Grooms Limitations) set forth in Section (G) following.

(17) Service Period shall have the meaning set forth in Section (D) following.

(18) Special Access DS1 Service shall mean DS1 Service of 1.544 Mbps bandwidth, as described in this tariff and FCC13 (Section 7.11.1).

(19) Special Access DS3 CLF Service shall mean DS3 Service of 44.736 Mbps bandwidth, as described in this tariff (Section 5.3.6) and FCC13 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 968 T3Z PITBPADTHPE PITBPABTK18).

(20) Special Access DS3 CLS Service shall mean DS3 Service of 44.736 Mbps bandwidth, as described in this tariff (Section 5.3.6) and FCC13 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 94.HFGS.634783..NE).

(21) TDM Shortfall Credit Threshold shall mean seventy-five percent (75%) of Customer's total Initial DS1 Equivalent Circuit Quantity.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(C) Eligibility for Benefits

Customer must meet all of the following criteria in order to be eligible for Option 38. In this Option 38, all references to amounts represented in dollars followed by the letter “M” shall refer to such number in millions (e.g., $1M shall mean $1,000,000), and all references to amounts represented in dollars followed by the letter “K” shall refer to such number in thousands (e.g., $10K shall mean $10,000.00).

(1) The customer must subscribe to Option 38 in a manner designated by the Telephone Company no later than fifteen (15) days following the Effective Date. Such subscription must include a list of the customer’s access customer name abbreviations (Customer ACNAs) that the Telephone Company agrees to, in writing, for inclusion in this Option 38.

(2) As of the Effective Date, customer must:

(a) During the twelve (12) month period commencing on January 1, 2014 and ending on December 31, 2014, Customer must have purchased from the Telephone Company a minimum of $6M in aggregate Billed Qualifying TDM Service Revenue;

(b) be subscribed to the National Discount Plan at the Deluxe Commitment Level as defined in this tariff (Section 23.1) and FCC13 (Section 22.1) (“Existing Plan”); and

(c) have been subscribed to the Existing Plan for at least the twelve (12) months immediately prior to the Effective Date.

(3) Except for the Existing Plan, customer may not concurrently subscribe to an Alternative Tariff Arrangement which provides discounts, credits or other reductions in rates or terms based upon the achievement of total billed revenue. If customer wishes to subscribe to such an Alternative Tariff Arrangement, then customer shall not be eligible to receive any Billing Credits under this Option 38, and such subscription shall be considered a termination by customer of this Option 38, subject to Section (L) following.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(D) Service Period

The Service Period of Option 38 shall be the period commencing on the Effective Date and ending on the date that is one day prior to the third anniversary of the Effective Date, unless this Option 38 is earlier terminated.

(E) Serving Area

The Billing Credits (if applicable) will be provided only in the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under the Telephone Company's tariffs in accordance with applicable law. Wire centers for the Phase II MSAs are listed in Section 19.1 of this tariff. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in the Tariffs) that occur during the Service Period of this Option 38 will apply. For the avoidance of doubt, no Billing Credits will be provided in the operating territories of FCC 13.

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following, as well as other terms of this Option 38 (including, by way of example, Section (L), Disputes, following), Qualifying Monthly Recurring Charges include total monthly recurring charges (MRCs) billed to Customer with respect to a particular Qualifying TDM Service for a particular Plan Year. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list being illustrative only):

(1) Charges for special construction;

(2) Nonrecurring charges, surcharges, interest, late payment charges, credits (including any credits provided under this Option 38), fractional debit/credit amounts, adjustments or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Plan Year of the Service Period;

(3) Taxes, fees, surcharges, charges or other tax-like amounts imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(4) Service or administrative fees or charges (e.g., interest penalty, late payment penalty);

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(F) Qualifying Monthly Recurring Charges (Cont'd)

(5) Any other billed amount for which payment is being withheld or under dispute by the customer or that is otherwise a Disputed Amount; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Telephone Company, then the amount paid by the customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the month in which the customer pays such amount;

(6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels); and

(7) Any amounts associated with any service (or any portion of a service) that is not a Qualifying TDM Service.

(G) Service Plan Requirements

(1) Customer must satisfy each of the three (3) following Service Plan Requirements during each of the Plan Years during the Service Period to continue to be eligible for the terms and conditions of Option 38 for each Plan Year.

(a) Qualifying Minimum Annual Service Revenue Commitment. Customer must for each Plan Year meet or exceed the Qualifying Minimum Annual Revenue Commitment, which is an amount equal to the aggregate amount of Qualifying Monthly Recurring Charges the Customer was billed for the Qualifying Services during the twelve (12) month period commencing on January 1, 2014 and ending on December 31, 2014.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(G) Service Plan Requirements (Cont'd)

(1) (Cont'd)

(b) Minimum Average DS1 Equivalent Circuit Quantity

(i) Each Plan Year during the Term Customer must meet or exceed the “Minimum Average DS1 Equivalent Circuit Quantity” (as defined in the following sentence) for that Plan Year. The Telephone Company will calculate the Minimum Average DS1 Equivalent Circuit Quantity by taking the number of DS1 Equivalent Circuits Customer has in service as of the first day of the subject Plan Year and multiplying that number by 92%. The Telephone Company will then calculate the actual average DS1 Equivalent Circuit quantity for that Plan Year by adding the number of DS1 Equivalent Circuits in service at the end of each month during the twelve (12) month period of that Plan Year and dividing that total by twelve (12) (the “Actual Average DS1 Equivalent Circuit Quantity” for that Plan Year). The Actual Average DS1 Circuit Quantity for the subject Plan Year must meet or exceed the Minimum Average DS1 Equivalent Circuit Quantity for that Plan Year.

(ii) Example 1: Customer has 2,500 DS1 Equivalent Circuits in service at the beginning of Plan Year 1. The Minimum Average DS1 Equivalent Circuit Quantity for Plan Year 1 is 2,300 DS1 Equivalent Circuits (2,500 x 0.92). During Plan Year 1 Customer’s Actual Average DS1 Equivalent Circuit Quantity is 2,400. Accordingly, Customer under this example would have exceeded the Minimum Average DS1 Equivalent Circuit Quantity for Plan Year 1.

(iii) Example 2: Customer has 2,400 DS1 Equivalent Circuits in service at the beginning of Plan Year 2. The Minimum Average DS1 Equivalent Circuit Quantity for Plan Year 2 is 2,208 DS1 Equivalent Circuits (2,400 x 0.92). During Plan Year 2 Customer’s Actual Average DS1 Equivalent Circuit Quantity is 2,150. Accordingly, Customer under this example would not have met the Minimum Average DS1 Equivalent Circuit Quantity for Plan Year 2.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(G) Service Plan Requirements (Cont'd)

(1) (Cont'd)

(c) Grooms Limitation

During each Plan Year, subject to the exceptions listed below, Customer may not order more than twelve (12) Grooms of Special Access CLF DS3 Services per Plan Year ("Maximum Annual Grooms"). The following types of Grooms shall not be included in the Maximum Annual Grooms and shall be performed by the Telephone Company in accordance with its normal business practices:

(i) Any Groom initiated by the Telephone Company and not requested by Customer;

(ii) Any Grooms where a DS3 Service rides a Telephone Company optical service provided to Customer, which optical service terminates at or, originates from, a Customer Point-of-Presence (PoP);

(iii) A disconnection of a multiplexed DS3 Service that does not (at the time of the Groom) have any DS1 riders on such DS3 Service; and

(iv) Any other Grooms that the Parties mutually agree in writing to not include in the count of Maximum Annual Grooms, which may include Grooms associated with the elimination or decommissioning of a Customer POP.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(H) Annual Review

(1) Within ninety (90) days of the end of each Plan Year, the Telephone Company shall determine whether customer has met or exceeded the Service Plan Requirements set forth in Section (G) preceding, i.e., the Minimum Annual Revenue Commitment, the Minimum Average DS1 Equivalent Circuit Quantity and Grooms Limitations.

(2) Notwithstanding any other provisions of this Option 38, the Telephone Company's calculation of the customer's Billed Qualifying TDM Service Revenue under this Option 38 shall not include any amounts which are unpaid and/or disputed by Customer as of the forty-fifth (45th) day following end of the applicable Plan Year.

(3) If customer has satisfied each of the Service Plan Requirements for a given Plan Year, then subject to the terms of this Option 38, customer shall remain in Option 38 for the following Plan Year (subject to this Option 38 terminating by its terms at the end of Plan Year 3).

(4) If the customer does not satisfy the Service Plan Requirements, then the Telephone Company may terminate Option 38 in accordance with Section (L) following.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(I) TDM Shortfall Credit

Provided that customer has satisfied all applicable eligibility requirements and subject to all other applicable terms set forth in this Option 38, at the end of each Plan Year of the Service Period, customer shall qualify to receive a TDM Shortfall Credit as described in this Section (I).

(1) After the end of each Plan Year, the Telephone Company will determine whether, for each month during the subject Plan Year, customer achieved the TDM Shortfall Credit Threshold.

(2) If, for a given Plan Year, customer has met the TDM Shortfall Credit Threshold with respect to each month of that Plan Year, then the Telephone Company will determine the total amount that customer, during that just completed Plan Year, paid to the Telephone Company in the form of shortfall payments for Special Access DS1 and DS3 Services under customer's Existing Plan pursuant to this tariff (Section 23.1) and FCC16 (Section 22.1) (the "Total Annual Shortfall Payment"), and the Telephone Company will issue a credit ("TDM Shortfall Credit") in an amount equal to the Total Annual Shortfall Payment that customer paid to the Telephone Company during that just-completed Plan Year. For example, if the customer met the TDM Shortfall Credit Threshold with respect to each month of Plan Year 2, and the customer incurred and paid to the Telephone Company a shortfall payment for Special Access DS1 and DS3 Services with respect to the "Plan Year" under customer's Existing Plan that ended on January 31 of Plan Year 2, then the Telephone Company will issue a TDM Shortfall Credit in an amount equal to the Total Annual Shortfall Payment that customer paid to the Telephone Company with respect to the "Plan Year" under customer's Existing Plan that ended on January 31 of Plan Year 2.

(3) If customer did not meet the TDM Shortfall Credit Threshold with respect to each month of a given Plan Year, or did not pay any NDP shortfall payments to the Telephone Company during that Plan Year as described in Section (I)(2) preceding, then customer will not receive a TDM Shortfall Credit for that Plan Year.

(4) If customer receives a TDM Shortfall Credit for a given Plan Year, customer may not thereafter dispute or receive a refund of any shortfall payments that were paid during the Plan Year for which customer received a TDM Shortfall Credit. Once the Telephone Company issues a TDM Shortfall Credit, customer may not later dispute the amount of such credit.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(J) Mergers and Acquisitions of Customer

If, after the Effective Date, customer merges with another company, acquires a company or a portion of the business of another company (including, by way of example, acquisition of any ACNAs other than those submitted with customer's subscription to Option 38), the company with which customer merges and the company or portion of the business thereof that customer acquires (including, by way of example, acquisition of any ACNAs other than those submitted with customer's subscription to Option 38) may be referred to collectively as the "Customer Acquired Properties", and such merger or acquisition may be referred to in either case as an "Acquisition", and the Telephone Company provides any Qualifying TDM Services in connection with such Customer Acquired Properties, then such Customer Acquired Properties shall not be included in calculations associated with the Service Plan Requirements or the TDM Shortfall Credit Threshold in this Option 38.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(K) Sale of an Operating Telephone Company

If some or all of the assets or stock of an Operating Telephone Company that provides Qualifying TDM Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the Qualifying TDM Services Annual Revenue Commitment.

Illustrative Example:

Assume the following information for Plan Year 2:

(1) The Qualifying TDM Services Annual Revenue Commitment is $5.9M

(2) The Telephone Company sells Frontier California Inc. to a third-party at the end of month 8 of Plan Year 2;

(3) During the three month period prior to the sale, Frontier California Inc. accounted for $900K in Billed Qualifying TDM Service Revenue.

Based on the above assumptions:

(1) The average monthly Billed Qualifying TDM Service Revenue for Frontier California Inc. is $300K ($900K / 3)

(2) There are four (4) months remaining in Plan Year 2 (12 months – 8 months)

(3) The Plan Year 2 Qualifying TDM Services Annual Revenue Commitment would be reduced by $1.2M ($300K * 4)

(4) The adjusted Qualifying TDM Services Annual Revenue Commitment for Plan Year 2 is $4.7M ($5.9.0M - $1.2M)

(5) The Qualifying TDM Services Annual Revenue Commitment for the Plan Year 3 will be reduced by the $3.6M ($300K x 12) resulting in a revised Qualifying TDM Services Annual Revenue Commitment of $2.3M ($5.9M - $3.6M)

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 38 (Cont'd)

(L) Termination of Option 38

If Customer fails to satisfy any of the Service Plan Requirements set forth in this Option 70 as determined by the Telephone Company in its sole discretion at the conclusion of an Annual Review conducted in accordance with Section (H) preceding, then the Telephone Company may immediately terminate this Option 70. The Telephone Company shall provide notice of its termination intent to terminate Option 70 within one hundred twenty (120) calendar days after the end of the applicable Plan Year. In the event of termination of Option 70 under this Section (L)(1), customer shall not be eligible to receive the TDM Shortfall Credit for the Plan Year in which Option 70 is terminated (e.g., if in Plan Year 2 customer fails to satisfy any of the Service Plan Requirements and the Telephone Company accordingly provides notice of termination under (L), then customer shall not receive any TDM Shortfall Credit for Plan Year 2 nor for Plan Year 3).

The benefits of Option 38 shall cease to apply upon its termination.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39

(A) Scope

Contract Tariff Option 39 (Option 39) provides discounts, to be effected by the issuance of Quarterly Credits (as defined in Section (G) following) on certain services offered by the Telephone Company pursuant to its tariffs. In consideration for such discounts and credits, Customer agrees to abide by the requirements set forth in this Option 39. All references to amounts represented in dollars followed by the letter “M” shall refer to such number in millions (e.g., $17.25M shall mean $17,250,000).

(B) Definitions

The following terms are used in this Option 39:

(1) BANs shall mean Billing Account Numbers of Customer.

(2) Billed Qualifying Service Revenue has the meaning set forth in Section (E)(2) following (subject to the exclusions set forth in Section (E)(3) following).

(3) Disputed Amount shall mean any amount (or portion thereof) billed by the Telephone Company and disputed and/or not paid when due by Customer.

(4) Grooms shall mean a change in the connecting facility assignment (CFA) or termination point of a DS1 Service or a DS3 Service, and shall include, by way of example, any of the following types of moves, rearrangements, re-terminations, and disconnection and subsequent reconnection, to the DS1 Service or DS3 Service: (i) a change in the CFA or termination point within a single Telephone Company wire center; (ii) a change in the CFA or termination point from one Telephone Company wire center to CFA in another Telephone Company wire center (CFA can be a Telephone Company provided facility or a collocation). Solely for the purposes of defining the term Groom(s) and using such term in Section (H) following: DS1 Service as used above includes (in addition to the services captured by the definitions of DS1 Service and DS3 Service set forth in Qualifying SPA Services following) Switched Transport DS1 Service as described in Frontier Telephone Companies Tariff FCC No. 14 (FCC 14) (Section 4) and DS3 Service as used above includes Switched Transport DS3 Service as described in FCC 14 (Section 4).

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(B) Definitions (Cont'd)

(5) Special Access Minimum Annual Revenue Commitment (SPAMARC) means the following amounts of Billed Qualifying Service Revenue (before application of Quarterly Credits) for the annual periods indicated, as revised from time to time, if applicable, pursuant to Section (J) or (K) following (SPAMARC Amounts):

Plan Year	Plan Year 1	Plan Year 2	Plan Year 3	Plan Year 4	Plan Year 5*	Plan Year 6*
SPAMARC Amounts	$445M	$356M	$238M	$178M	$135M	$110M

* Plan Years 5 and 6 will occur only upon mutual agreement by the Parties pursuant to Section (D)(2)-(3) following.

(6) Plan Year shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on January 1, 2016 (the Effective Date) and end on December 31, 2016; (2) Plan Year 2 shall commence on January 1, 2017 and end on December 31, 2017; (3) Plan Year 3 shall commence on January 1, 2018 and end on December 31, 2018; and (4) Plan Year 4 shall commence on January 1, 2019 and end on December 31, 2019. In the event of any extension(s) of the Service Period pursuant to Section (D)(2) –(3) following, Plan Year may also be used to refer to an applicable calendar year (i.e., January 1 through December 31) subsequent to Plan Year 4.

(7) Quarter shall mean either of the following periods, as applicable: (i) the first Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last day of the second calendar month after the month in which the first date occurs (i.e., approximately ninety (90) calendar days thereafter, depending on the number of days in the applicable calendar months); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last day of the second calendar month after the month in which the first day occurs.

(8) Quarterly Credit means the quarterly credits described in Section (G) following.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(C) Eligibility

Customer must meet all of the criteria set forth in this Section (C) to be eligible to receive the rates, terms, and conditions under this Option 39:

(1) The customer must subscribe to Option 39 in a manner designated by the Telephone Company no later than thirty (30) days following the effective date of Option 39. Such subscription must include a list of the customer's access customer name abbreviations (Customer ACNAs) that the Telephone Company agrees to, in writing, for inclusion in this Option 39.

(2) During the twelve (12) month period ending on October 1, 2015 (Eligibility Measuring Period), Customer must have achieved a minimum of $620M in aggregate monthly billed recurring charges for all Qualifying Services purchased by Customer from the Telephone Company.

(3) Customer (a) must be concurrently subscribed as of the Effective Date and must remain concurrently subscribed during the Service Period, to the Ten-Year DS1 Term Volume Plan (ETTVP) under Section 5.6.14 of this tariff (Existing Plans), and (b) unless already subscribed as of October 1, 2015, may not be subscribed, as of the Effective Date or at any time during the Service Period, to a DS3 Term Volume Plan under Section 5.6.19 of this tariff. To the extent Customer, as of the Effective Date or at any time during the Service Period, fails to comply with any of the requirements set forth in the immediately preceding sentence, Customer shall not be eligible to receive the Quarterly Credits set forth in Section (G) following.

(4) To receive the Quarterly Credits described in Section (G) following without incurring Shortfall Payments, Customer must (a) continue to achieve Billed Qualifying Service Revenue of no less than the SPAMARC Amounts specified in Section (B)(5) preceding, and (b) comply with the subscription provisions under Section (C)(3) preceding.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(C) Eligibility (Cont'd)

(5) Except for the Existing Plans, Customer may not concurrently subscribe to any other tariff arrangement, contract tariff option, special service arrangement, or Individual Case Basis (ICB) arrangement offered by the Telephone Company under this tariff and available to Customer either currently or at any time during the Service Period, which tariff arrangement, contract tariff option, special service arrangement, or ICB provides a discount, credit, or other reduction in rates or terms based on achievement of revenue or volume targets/levels by Customer for any of the Qualifying Services. For the avoidance of any doubt, this provision does not apply to services not covered by Option 39.

(6) Except as set forth herein, nothing herein shall modify the terms and conditions of the tariffs, including by way of example under the ETTVP plan.

(D) Service Period

(1) Subject to the terms of Section (D)(2)-(3) following and all other applicable terms in this Option 39 (including, by way of example, terms regarding early termination of this Option 39), the Service Period for the purchase of all DS1 and DS3 Qualifying Services under this Option 39 shall commence on the Effective Date (as defined above) and end on December 31, 2019 (except that the Service Period shall include any extensions that take effect pursuant to Section (D)(2)-(3) following).

(2) At the expiration of Plan Year 4, and unless this Option 39 is otherwise terminated, the Parties in their sole discretion might, but shall have no obligation to, mutually agree in writing to up to two (2) additional extensions of one (1) year each. If Customer wishes to request the Telephone Company's consent to such an extension(s), Customer must notify the Telephone Company in writing of such request at least ninety (90) calendar days prior to the date on which Option 39 will expire.

(3) If FCC approval is required but not received for any extension described in Section (D)(2) preceding, this Option 39 shall terminate as of the expiration date that would apply in the absence of such extension.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services

(1) The following Special Access services are Qualifying Services under this Option 39:

(a) Special Access DS1 Services (collectively, DS1 Services) of 1.544 Mbps bandwidth, as described in this tariff (Section 5.3.6) and FCC 13 (Section 7.11.1);

(b) Special Access DS3 Services (collectively, DS3 Services) of 44.736 Mbps bandwidth, as described in this tariff (Section 5.3.6) and FCC 13 (Section 7.11.1); and

(c)

(d) Dedicated SONET Entrance Facilities Service (only DS3 (bandwidth of 44.736 Mbps) as described in this tariff (Section 20.4) and FCC 13 (Section 20.4) (collectively, DSEF Services).

Any services other than the services explicitly listed above (including, by way of example, any SONET entrance facility service provided by the Telephone Company pursuant to an agreement or arrangement other than the tariffs) are not included herein as a Qualifying Service. Qualifying Services do not include any Switched Access services.

The tariffs are as amended from time to time, and such amended rates, terms and conditions for the Qualifying Services shall apply to this Option 39 upon the effectiveness of such change to the tariff(s) except as set forth in this Option 39, and subject to any termination of Option 39 (and/or customer's subscription thereto).

For purposes of this Option 39: (i) all Qualifying Service volumes and revenues are quantified according to three categories (DS1, DS3 CLF, and DS3 CLS) as described further following; and (ii) subject to Section (E)(2)(b)(iii) and Section (E)(5) following, the CoS-USOC combinations set forth in Section (E)(2) following reflect the entire list of CoS-USOC combinations included in the definition of Qualifying Services and counted as contributory toward Billed Qualifying Service Revenue.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

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

Subject to the exceptions and requirements set forth below in Section (E)(2) and in Section (E)(3) following, Billed Qualifying Service Revenue includes monthly recurring charges billed to Customer, under the ACNAs provided in accordance with Section (C)(1) preceding (Qualifying ACNAs) for Billed Qualifying Services under the tariffs (including both price flex and price cap MSAs) in the following CoS-USOC combinations:

(a) With respect to DS1 Services, Billed Qualifying Service Revenue includes only monthly recurring charges (MRCs) billed in the following CoS-USOC combinations:

CoS: XDH1X, XZH18, XZH1H, XZH1R.

USOCs: 1A4YS, 1A5ZS, 1CF21, 1CF22, 1CF23, 1CF25, 1CF33, 1CF35, 1CF3W, 1CF41, 1CF42, 1CF43, 1CF45, 1CF51, 1CF52, 1CF53, 1CF55, 1CF61, 1CF62, 1CF63, 1CF65, 1CF71, 1CF72, 1CF73, 1CF75, 1CF81, 1CF82, 1CF83, 1CF85, 1CF91, 1CF92, 1CF93, 1CF95, 1CFA1, 1CFA2, 1CFA3, 1CFA5, 1CFB1, 1CFB2, 1CFB3, 1CFB5, 1CFC1, 1CFC2, 1CFC3, 1CFC5, 1CFR8, 1CFRJ, 1CFS8, 1CFSJ, 1CFT8, 1CFTJ, 1CFU8, 1CFUJ, 1CFV8, 1CFVJ, 1CKDF, 1CKDX, 1J53S, 1J54S, 1L5LS, 1L5XX, 1LFMX, 1LFSX, 1OX1X, 1OX2X, 1OX3X, 1OX5X, 1OXTX, 1T58S, 1X7VX, 1XCDX, 1Y3AC, 1YWPS, A1VA1, A1VXZ, AVY, C2X9A, C6H6X, C6H7X, CCO, CTG, DVA, EU4DF, EU4DX, EU7VX, EUU21, EUU22, EUU23, EUU25, EUU33, EUU35, EUU3W, EUU41, EUU42, EUU43, EUU45, EUU51, EUU52, EUU53, EUU55, EUU61, EUU62, EUU63, EUU65, EUU71, EUU72, EUU73, EUU75, EUU81, EUU82, EUU83, EUU85, EUU91, EUU92, EUU93, EUU95, EUUA1, EUUA2, EUUA3, EUUA5, EUUB1, EUUB2, EUUB3, EUUB5, EUUC1, EUUC2, EUUC3, EUUC5, EUUR8, EUURJ, EUUS8, EUUSJ, EUUT8, EUUTJ, EUUU8, EUUUJ, EUUV8, EUUVJ, EUW, HGV1X, HGVTX, MQ1, MQK, MXN12, MXN13, MXN15, MXN17, PR9PX, PR9SX, QMU, TJ4DX, TJ4DY, TJ4DZ, TMECS, TNJZX, TNT3X, TNT4X, TNT8X, TQ2KM, TRG, TSP, TWTF6, TYF1X, TZGHX, VPQSP.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(2) Revenues included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(b) With respect to DS3 Services, Billed Qualifying Service Revenue includes only MRCs billed in the CoS-USOC combinations shown in Sections (E)(2)(b)(i) and (ii) following:

(i) DS3 CLF:

CoS: EGCFX, XDH3X, XZH38, XZH3H, XZH3R, XDH1X, XZH18, XDH3X, XSHDX, XSHHX, XSWWX.

USOCs: 1A4ZS, 1A59S, 1A5LX, 1A5YS, 1A87S, 1A88S, 1A89S, 1C4A3, 1C4A5, 1C4A7, 1C4B3, 1C4B5, 1C4B7, 1C4C3, 1C4C5, 1C4C7, 1C4D3, 1C4D5, 1C4D7, 1C4E3, 1C4E5, 1C4E7, 1C4F3, 1C4F5, 1C4F7, 1C4G3, 1C4G5, 1C4G7, 1C4H3, 1C4H5, 1C4H7, 1C4J3, 1C4J5, 1C4J7, 1C4K3, 1C4K5, 1C4K7, 1CFD1, 1CFD3, 1CFD5, 1CFD7, 1CFE1, 1CFE3, 1CFE5, 1CFE7, 1CFF1, 1CFF3, 1CFF5, 1CFF7, 1CFG1, 1CFG3, 1CFG5, 1CFG7, 1CFH1, 1CFH3, 1CFH5, 1CFH7, 1CFJ1, 1CFJ3, 1CFJ5, 1CFJ7, 1CFK1, 1CFK3, 1CFK5, 1CFK7, 1CFL1, 1CFL3, 1CFL5, 1CFL7, 1CFM1, 1CFM3, 1CFM5, 1CFM7, 1CFN1, 1CFN3, 1CFN5, 1CFN7, 1CKMF, 1CKNX, 1CKPF, 1CKSX, 1L5LS, 1L5RS, 1L5XX, 1LFSX, 1U5PS, 1Y3AD, 1YA8S, 1YAMS, 1YWQS, A1VXG, ABVBA, B2CDP, B2CDV, B2CEP, B2CEV, B2CFP, BXCQX, C2X8A, CCO, DVA, EQUA3, EQUA5, EQUA7, EQUB3, EQUB5, EQUB7, EQUC3, EQUC5, EQUC7, EQUD3, EQUD5, EQUD7, EQUE3, EQUE5, EQUE7, EQUF3, EQUF5, EQUF7, EQUG3, EQUG5, EQUG7, EQUH3, EQUH5, EQUH7, EQUJ3, EQUJ5, EQUJ7, EQUK3, EQUK5, EQUK7, EU4MF, EU4NX, EU4PF, EU4SX, EUUD1, EUUD3, EUUD5, EUUD7, EUUE1, EUUE3, EUUE5, EUUE7, EUUF1, EUUF3, EUUF5, EUUF7, EUUG1, EUUG3, EUUG5, EUUG7, EUUH1, EUUH3, EUUH5, EUUH7, EUUJ1, EUUJ3, EUUJ5, EUUJ7, EUUK1, EUUK3, EUUK5, EUUK7, EUUL1, EUUL3, EUUL5, EUUL7, EUUM1, EUUM3, EUUM5, EUUM7, EUUN1, EUUN3, EUUN5, EUUN7, FQYU1, FQYU2, FQYU3, FQYU4, FQYU5, FQYU6, GMGX3,

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(2) Revenues included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(b) (Cont'd)

(i) DS3 CLF: (Cont'd)

CoS: EGCFX, XDH3X, XZH38, XZH3H, XZH3R, XDH1X, XZH18, XDH3X, XSHDX, XSHHX, XSWWX. (Cont'd)

USOCs: (Con'td)
HKTJS, HKTJX, HKTLS, MKM, MQ3, MQ6, MXNF3, MXNF5, MXNFX, MXNM3, MXNM5, MXNMX, MXNRX, N2M, P8T33, P8T35, PR9SX, SLHA1, SLHA3, SLHA5, SLHA7, SLHB1, SLHB3, SLHB5, SLHB7, SLHC1, SLHC3, SLHC5, SLHC7, SLHD1, SLHD3, SLHD5, SLHD7, SLHE1, SLHE3, SLHE5, SLHE7, T8XJ5, TJ4EX, TJ4EY, TJ4EZ, TJ59X, TKTPX, TNW3X, TNW5X, TNWZX, TQ2LM, TRG, TSP, TUTPX, TWBNX, TWBPX, TWTF7, TYF3S, TYF3X, TYF8S, TYF8X, TYFLS, TYFLX, TYFMS, TYFMX, TYFNX, TYFOX, TYFPX, TYFQX, TYFRX, TYFSX, TYFTX, TYFUX, TYFVS, TYFVX, TYFWS, TYFWX.

DSEF USOCs mapped to the above DS3 Services will be included in Billed Qualifying Service Revenue.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(2) Revenues included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(b) (Cont'd)

(ii) DS3 CLS:

CoS: EGCFX, XDH3X, XZH38, XZH3H, XZH3R, XDH3X, XSHDX, XSHHX, XSWWX.

USOCs: 1A4ZS, 1A5LX, 1A87S, 1A88S, 1A89S, 1C4A3, 1C4A5, 1C4A7, 1C4B3, 1C4B5, 1C4B7, 1C4C3, 1C4C5, 1C4C7, 1C4D3, 1C4D5, 1C4D7, 1C4E3, 1C4E5, 1C4E7, 1C4F3, 1C4F5, 1C4F7, 1C4G3, 1C4G5, 1C4G7, 1C4H3, 1C4H5, 1C4H7, 1C4J3, 1C4J5, 1C4J7, 1C4K3, 1C4K5, 1C4K7, 1CFD1, 1CFD3, 1CFD5, 1CFD7, 1CFE1, 1CFE3, 1CFE5, 1CFE7, 1CFF1, 1CFF3, 1CFF5, 1CFF7, 1CFG1, 1CFG3, 1CFG5, 1CFG7, 1CFH1, 1CFH3, 1CFH5, 1CFH7, 1CFJ1, 1CFJ3, 1CFJ5, 1CFJ7, 1CFK1, 1CFK3, 1CFK5, 1CFK7, 1CFL1, 1CFL3, 1CFL5, 1CFL7, 1CFM1, 1CFM3, 1CFM5, 1CFM7, 1CFN1, 1CFN3, 1CFN5, 1CFN7, 1CKMF, 1CKNX, 1CKPF, 1CKSX, 1L5LS, 1L5RS, 1L5XX, 1LFSX, 1U5PS, 1Y3AD, 1YA8S, 1YAMS, 1YWQS, A1VXG, ABVBA, B2CDP, B2CDV, B2CEP, B2CEV, B2CFP, BXCQX, C2X8A, CCO, DVA, EQUA3, EQUA5, EQUA7, EQUB3, EQUB5, EQUB7, EQUC3, EQUC5, EQUC7, EQUD3, EQUD5, EQUD7, EQUE3, EQUE5, EQUE7, EQUF3, EQUF5, EQUF7, EQUG3, EQUG5, EQUG7, EQUH3, EQUH5, EQUH7, EQUJ3, EQUJ5, EQUJ7, EQUK3, EQUK5, EQUK7, EU4MF, EU4NX, EU4PF, EU4SX, EUUD1, EUUD3, EUUD5, EUUD7, EUUE1, EUUE3, EUUE5, EUUE7, EUUF1, EUUF3, EUUF5, EUUF7, EUUG1, EUUG3, EUUG5, EUUG7, EUUH1, EUUH3, EUUH5, EUUH7, EUUJ1, EUUJ3, EUUJ5, EUUJ7, EUUK1, EUUK3, EUUK5, EUUK7, EUUL1, EUUL3, EUUL5, EUUL7, EUUM1, EUUM3, EUUM5, EUUM7, EUUN1, EUUN3, EUUN5, EUUN7, FQYU1, FQYU2, FQYU3, FQYU4, FQYU5, FQYU6, GMGX3, HKTJS, HKTJX, HKTLS,

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(2) Revenues included in Calculation of Billed Qualifying Service Revenue (Cont'd)

(b) (Cont'd)

(ii) DS3 CLS: (Cont'd)

CoS: EGCFX, XDH3X, XZH38, XZH3H, XZH3R, XDH3X, XSHDX, XSHHX, XSWWX. (Cont'd)

USOCs: (Con'td)
N2M, P8T33, P8T35, PR9SX, SLHA1, SLHA3, SLHA5, SLHA7, SLHB1, SLHB3, SLHB5, SLHB7, SLHC1, SLHC3, SLHC5, SLHC7, SLHD1, SLHD3, SLHD5, SLHD7, SLHE1, SLHE3, SLHE5, SLHE7, T8XJ5, TJ4EX, TJ4EY, TJ4EZ, TJ59X, TKTPX, TNW3X, TNW5X, TNWZX, TQ2LM, TRG, TSP, TUTPX, TWBNX, TWBPX, TWTF7, TYF3S, TYF3X, TYF8S, TYF8X, TYFLS, TYFLX, TYFMS, TYFMX, TYFNX, TYFOX, TYFPX, TYFQX, TYFRX, TYFSX, TYFTX, TYFUX, TYFVS, TYFVX, TYFWS, TYFWX.

DSEF USOCs mapped to the above DS3 Services will be included in Billed Qualifying Service Revenue.

(iii) If any of the USOCs listed in Sections (E)(2)(b(i)-(ii) preceding bill both MRCs and/or other charges (e.g., NRCs), then only the MRC amounts (i.e., only those amounts appearing in the MRC section of the invoice) of such USOCs shall be counted towards the calculation of Billed Qualifying Service Revenue.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(3) Examples of Revenues Not Included in Calculation of Billed Qualifying Service Revenue. Billed Qualifying Service Revenue does not include (among other possible items, the following list being illustrative only) any of the following:

(a) any non-recurring charges (NRCs), surcharges, taxes, late payment charges, credits (including, by way of example, any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter or Plan Year of the Service Period;

(b) taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);

(c) service or administrative fees or charges imposed by the Telephone Company (e.g. interest penalty, late payment penalty);

(d) any amount that appears in the “Other Charges and Credits” section of the Telephone Company’s invoice;

(e) any other charges that are not applied on a recurring monthly basis and/or do not appear in the MRC section (typically labeled “Monthly Access Charges”) of the Telephone Company’s invoice;

(f) Disputed Amounts, except as set forth in Section (E)(4) following;

(g) any amount billed under a particular invoice for services provided outside of the service period that is ordinarily covered by such invoice;

(h) shortfall or overage charges associated with term plan true-ups (e.g., for failure to satisfy commitment levels pursuant to a CDP);

(i) billed amounts associated with any service (or any portion of a service) that is not a Qualifying Service (including, but not limited to, any service provided under a private carriage arrangement);

(j) any Quarterly Credits or Existing Plan True-up Credits that Customer receives in connection with this Option 39; and

(k) any Shortfall Payments under Section (G)(2) following.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts

(a) The Telephone Company shall not include in Billed Qualifying Service Revenue for a particular Plan Year any amounts that are unpaid and disputed by Customer as of the forty-fifth (45th) day following the end of that Plan Year (Year End Resolution Period). For any Disputed Amounts that Customer has paid prior to the end of the Year End Resolution Period, such amounts will be included in Billed Qualifying Service Revenue for the Plan Year that just ended, subject to Section (E)(4)(d) following.

Example: Assume that the Telephone Company billed Customer MRCs totaling $50,000,000 for Qualifying Services in October of Plan Year 1. Assume further that Customer disputed and did not pay $2,000,000 of such billed MRCs as of the end of the Year End Resolution Period for Plan Year 1. Thus, in determining whether Customer met the SPAMARC Amount required to avoid a Shortfall Payment under Section (G)(2) following for Plan Year 1, the Telephone Company would exclude $2,000,000 from Customer's Achieved Annual Revenue.

Example #2: Assume that the Telephone Company billed Customer MRCs totaling $50,000,000 for Qualifying Services in October of Plan Year 1. Assume further that Customer disputed but paid the $2,000,000 of such billed MRCs as of forty-five (45) days after the end of Plan Year 1. Thus, in determining whether Customer met the SPAMARC Amount required to avoid a Shortfall Payment under Section (G)(2) following for Plan Year 1, the Telephone Company would include the disputed but paid $2,000,000 in Customer's Achieved Annual Revenue.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts (Cont'd)

(b) Except as set forth in Sections (E)(4)(e) and (f) following, for purposes of the annual true-up under Section (G)(2) following, the Telephone Company shall exclude from Billed Qualifying Service Revenue any credits or debits for Services billed during Plan Years prior to the Plan Year that is the subject of the true-up (regardless of whether such credits or debits were the result of a valid dispute by Customer or were the result of a billing error by the Telephone Company).

Example: Assume that the Telephone Company billed Customer MRCs totaling $50,000,000 for Qualifying Services in October of Plan Year 1. Assume further that Customer disputed and did not pay $2,000,000 of such billed MRCs, and the dispute remains unresolved as of February 20 of Plan Year 2. Thus, in determining whether Customer met the SPAMARC Amount required to avoid a Shortfall Payment under Section (G)(2) following for Plan Year 1, the Telephone Company would exclude $2,000,000 from Customer's Achieved Annual Revenue. Assume further that in March of Plan Year 2, the Telephone Company and Customer agree that such billing was partially in error; and the dispute is resolved by Customer paying $1,800,000 and the Telephone Company issuing Customer a credit of $200,000 for the applicable Qualifying Services in March of Plan Year 2. For purposes of the Plan Year 2 true-up under Section (G)(2) following, the $1,800,000 payment by Customer would be included in Customer's Billed Qualifying Service Revenue for Plan Year 2, but the $200,000 credit by the Telephone Company would not be included in Customer's Billed Qualifying Service Revenue for Plan Year 2 or any other Plan Year in the Service Period.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts (Cont'd)

(c) Claim Period. To the extent that Customer disputes any amount billed for any Special Access services that are Qualifying Services as defined in Section (E)(1) preceding (or any portion of such a billed amount), Customer must submit such disputes to the Telephone Company no later than three hundred sixty five (365) days after the date of the invoice on which the Disputed Amount first appeared (such 365-day period, the Claim Period). Each dispute must be submitted on a claim description form as provided by the Telephone Company, must describe in detail Customer’s basis for the dispute, and must clearly state next to the circuit ID and amount under dispute the following: “Dispute Associated with 2016 Contract Tariff.” For the avoidance of any doubt, the Telephone Company shall not be required to consider any dispute regarding any Disputed Amount not submitted within the Claim Period, and Customer shall be deemed to waive any disputes not submitted prior to the end of the Claim Period. Customer (using a Claim Description Form or otherwise) may not: (i) retroactively dispute any amounts that first appeared on an invoice more than three hundred sixty five (365) days prior to the date on which Customer submits the dispute to the Telephone Company or (ii) prospectively dispute amounts to be billed in future invoices. Customer shall pay, on or before the due date that applies under the tariffs, all amounts that are not subject to a bona fide dispute that Customer has submitted in accordance with the terms of this Section (E)(4)(c). To the extent that the terms of FCC 16 conflict with the Claim Period terms set forth in this Section (E)(4)(c) with respect to amounts billed for Qualifying Services under FCC 16, the terms of FCC 16 shall apply instead of the conflicting term(s) of this Section (E)(4)(c).

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts (Cont'd)

(d) If any Disputed Amounts that were billed during a particular Plan Year remain disputed and unpaid as of the end of the Year End Resolution Period for that Plan Year, then such Disputed Amounts shall be excluded from Billed Qualifying Service Revenue for purposes of the annual true-up for that Plan Year under Section (G)(2) following, regardless of whether the Claim Period for the subject amount has expired as of the end of the Year End Resolution Period. If the dispute is resolved and Customer pays the Disputed Amount prior to the end of the Year End Resolution Period, then the Telephone Company will include the amount paid by Customer in Billed Qualifying Service Revenues for purposes of the annual true-up under Section (G)(2) following for the just-concluded Plan Year, in which case Customer may not thereafter raise any further disputes regarding the Disputed Amounts (regardless of whether there would otherwise still be time remaining for Customer to raise such a dispute under the Claim Period, other provisions of the tariffs, applicable law or elsewhere).

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts (Cont'd)

(e) If a Disputed Amount is excluded from Billed Qualifying Service Revenue for a given Plan Year because the Disputed Amount remained unpaid as of the Year-End Resolution Period, and if Customer, in a subsequent Plan Year, withdraws or settles the dispute and pays any withheld Disputed Amount (the amount of the Disputed Amount with respect to which Customer withdraws or settles the dispute and pays any withheld Disputed Amount may be referred to as a Resolved Disputed Amount), then that Resolved Disputed Amount (if it otherwise qualifies to be treated as Billed Qualifying Service Revenue) will be included in Billed Qualifying Service Revenue for the Plan Year in which the dispute is withdrawn or settled and Customer pays any withheld Disputed Amount; provided, however, that in no event shall Billed Qualifying Service Revenue for a given Plan Year include more than five million U.S. Dollars ($5M) in Resolved Disputed Amounts from a previous Plan Year (Resolved Disputed Amount Cap), and any excess Resolved Disputed Amount above the Resolved Disputed Amount Cap shall be carried over and included in Billed Qualifying Service Revenue in the next Plan Year (but not beyond that next Plan Year) and shall count toward the Resolved Disputed Amount Cap for that next Plan Year. If a Resolved Disputed Amount is included in Billed Qualifying Service Revenue pursuant to the preceding sentence (or was a Resolved Disputed Amount in excess of the Resolved Disputed Amount Cap and, therefore, carried over to the next Plan Year), then Customer may not at any time thereafter raise, and Customer shall waive, any further claims or disputes regarding the Disputed Amount (regardless of whether there would otherwise still be time remaining for Customer to raise such a dispute under the Claim Period, other provisions of the tariffs, applicable law or elsewhere).

(This page-filed under Transmittal No. 63)

Vice President, Regulatory Affairs
401 Merritt 7, Norwalk, CT 06851

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts (Cont'd)

(e) (Cont'd)

Example: Assume that the Telephone Company billed Customer MRCs totaling $50,000,000 for Qualifying Services in October of Plan Year 1. Assume further that Customer disputed and did not pay $6,000,000 of such billed MRCs and the dispute remains unresolved as of February 20 of Plan Year 2. Thus, in determining whether Customer met the SPAMARC Amount required to avoid a Shortfall Payment under Section (G)(2) following for Plan Year 1, the Telephone Company would exclude $6,000,000 from Customer's Achieved Annual Revenue. Assume further that in March of Plan Year 2, the Telephone Company and Customer agree that such billing was partially in error; and the dispute is resolved by Customer paying $5,500,000 and the Telephone Company issuing Customer a credit of $500,000 for the applicable Qualifying Services in March of Plan Year 2. For purposes of the Plan Year 2 true-up under Section (G)(2) following, $5,000,000 of the $5,500,000 paid by Customer in March of Plan Year 2 would be included in Customer's Billed Qualifying Service Revenue for Plan Year 2, but the remaining $500,000 paid by Customer exceeds the Resolved Disputed Amount Cap and will not be included in Customer's Billed Qualifying Service Revenue for Plan Year 2 but will be carried over and included in Billed Qualifying Service Revenue for Plan Year 3 (subject to the Resolved Disputed Amount Cap for Plan Year 3. Also, the $500,000 credit by the Telephone Company would be subtracted from Customer's Billed Qualifying Service Revenue for Plan Year 2 pursuant to Section (E)(4)(f) following.

(f) If a Disputed Amount is included in Billed Qualifying Service Revenue for a given Plan Year because Customer paid the Disputed Amount pending resolution of the dispute, and if Customer later prevails in the dispute (because the Telephone Company allows the claim in the claims process or Customer prevails through dispute resolution) and the Telephone Company issues Customer a credit in a subsequent Plan Year (the amount of such credit, the Resolution Credit Amount), then that Resolution Credit Amount (if it otherwise qualifies to be treated as Billed Qualifying Service Revenue) will be subtracted from Billed Qualifying Service Revenue for the Plan Year in which the Telephone Company issues the credit.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(E) Qualifying Services (Cont'd)

(4) Disputed Amounts (Cont'd)

(g) In the event that Customer withholds payment of any amounts billed for Qualifying Services, then, except as otherwise agreed in writing by the parties, the Telephone Company shall offset (i.e., withhold) such amounts from any Quarterly Credits owed to Customer until such time as Customer pays the disputed amount or the dispute is resolved in Customer's favor. For the avoidance of any doubt, Customer shall be liable for late payment charges as set forth in the tariffs with respect to any billed amounts that Customer does not pay by the date on which payment is due.

(5) USOC Updates

If, during the Service Period of this Option 39, a tariff is revised to include a USOC that is a replacement or substitution, in part or in whole, for one of the USOCs set forth in Section (E)(2) preceding or to include a USOC that was inadvertently omitted from such tariff, then (effective as of the date on which such revision to the tariff becomes effective) such new USOC shall be included in the definition of the applicable Qualifying Service(s) and such new USOC, provided it otherwise qualifies to be contributory under Sections (E)(2) and (E)(3) preceding and all other terms of this Option 39, will be counted as contributory towards Billed Qualifying Service Revenue.

(F) Serving Area

Notwithstanding any other provision of this Option 39, any Quarterly Credits will be provided only in the Metropolitan Statistical Areas (MSAs) that have achieved Phase I or Phase II pricing flexibility under the Telephone Company's tariffs in accordance with applicable law. Wire centers for the Phase II MSAs are listed in Section 19.1 of this tariff. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in the tariff) that occur during the Service Period will apply. For the avoidance of doubt, no Quarterly Credits will be provided in the operating territories of FCC 13.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(G) Quarterly Credits and Annual True-up

(1) Quarterly Credits

(a) If Customer satisfies the eligibility criteria set forth in Section (C) preceding, and subject to the annual true-up described in Section (G)(2) following and any withholding by the Telephone Company under Section (E)(4)(f) preceding (and subject further to any termination of this Option 39), Customer shall receive quarterly billing credits in amounts to be calculated as set forth in Table 1 below (Quarterly Credits). The Telephone Company will provide the Quarterly Credits on Customer's bills within one hundred twenty (120) calendar days after the end of the applicable Quarter. The Quarterly Credits are calculated using the formulas set forth in Table 1 following based on the Quarterly Credit Revenue Basis, which is defined as the amount of Billed Qualifying Service Revenue, as defined in Sections (E)(2) and (E)(3) preceding, but excluding revenue for DS1 Services as defined in Section (E)(2)(a), that Customer achieved during the period from (and including) July 2014 through June 2015.

Table 1

Plan Year 1 – Per Quarter	**Plan Year 2 – Per Quarter**	**Plan Year 3 – Per Quarter**	**Plan Year 4 – Per Quarter**	**Plan Year 5 – Per Quarter***	**Plan Year 6 – Per Quarter***
Quarterly Credit Revenue Basis multiplied by 9.68%.	Quarterly Credit Revenue Basis multiplied by 8.34%.	Quarterly Credit Revenue Basis multiplied by 6.85%.	Quarterly Credit Revenue Basis multiplied by 4.25%.	Quarterly Credit Revenue Basis multiplied by 1.31%.	Quarterly Credit Revenue Basis multiplied by 1.31%.

* Plan Years 5 and 6 will occur only upon mutual agreement by the parties pursuant to Section (D)(2)-(3) preceding.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(G) Quarterly Credits and Annual True-up (Cont'd)

(2) Annual True-up

At the end of each Plan Year the Telephone Company shall determine the total amount of Billed Qualifying Service Revenue (as determined under Section (E) preceding) that Customer achieved for the just-concluded Plan Year (Achieved Annual Revenue). If Customer's Achieved Annual Revenue is equal to or greater than the SPAMARC Amount for the Plan Year being reviewed, then Customer will owe no Shortfall Payment. If Customer's Achieved Annual Revenue is less than the SPAMARC Amount, then Customer will owe a shortfall payment equal to the difference between the SPAMARC Amount for the applicable plan year and Customer's Achieved Annual Revenue for that Plan Year (Shortfall Payment) and the Telephone Company shall issue a debit to account for such payment obligation and Customer shall pay such debited amount.

Example: Assume that in Plan Year 1, the SPAMARC Amount is $445,000,000 and in Plan Year 2, the SPAMARC Amount is $356,000,000. Also assume that, Customer achieved $446,000,000 in Billed Qualifying Service Revenue in Plan Year 1. Customer would not owe a Shortfall Payment at the end of Plan Year 1 because Customer's Achieved Annual Revenue was greater than the Plan Year 1 SPAMARC Amount. Assume further that, in Plan Year 2, Customer achieved $355,000,000 in Billed Qualifying Service Revenue. Customer would owe a Shortfall Payment of $1,000,000 (the difference between Customer's Achieved Annual Revenue and the Plan Year 2 SPAMARC Amount of $356,000,000).

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(H) Limitation on Grooms

(1) During each Plan Year, Customer shall not order more than a total of twenty-four thousand eight hundred (24,800) Grooms of DS1 Services and DS3 Services (Maximum Annual Grooms). The Telephone Company shall be required to accommodate the Maximum Annual Grooms in any Plan Year if requested by the Customer in accordance with the Agreed Throughput Volumes (as defined following). Customer (if it has not already done so prior to the Effective Date), upon determination of the need to initiate a groom project, shall provide the Telephone Company with a written notice indicating how Customer wishes to allocate the Maximum Annual Grooms according to (i) DS1, DS3, special access, and switched access services, (ii) per day order volumes, (iii) order volumes per each Telephone Company ordering center region, and (iv) order volumes per each Telephone Company ordering center (Customer Groom Notice). The Parties, no later than sixty (60) days after the Telephone Company's receipt of the Customer Groom Notice, shall discuss Customer's proposed allocation and arrive at a written mutually-agreed allocation (collectively, the Agreed Throughput Volumes (which will not be any more than 2,250 Grooms in a given month and up to the Maximum Annual Grooms of 24,800 for the full Plan Year), and, together with the Annual Maximum Grooms limit, the Groom Limitations). This same process shall be used throughout the Plan Year to manage Customer's Grooms up to the Maximum Annual Grooms. The Groom volumes will be paced so as to be spread evenly over the Plan Year unless the Parties mutually agree in writing to a different pace. The Telephone Company will make a good faith effort to accommodate Customer's requested volumes by Telephone Company ordering center. The Telephone Company shall reject any Groom orders that are not placed in accordance with the Groom Limitations. The Maximum Annual Grooms are specific to each Plan Year; thus, for example, if in a particular Plan Year Customer ordered 500 fewer Grooms than would be allowed by the Grooms Limitations for that Plan Year, Customer could not carry forward those 500 unused Groom orders to the next Plan Year. Any Grooms that Customer requested but were not completed prior to the Service Period are not exempt from the Maximum Annual Grooms and any such Grooms that Customer wishes to complete during a Plan Year in the Service Period shall count toward the Maximum Annual Grooms for that Plan Year.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(H) Limitation on Grooms (Cont'd)

(2) ACNAs Subject to Limitation on Grooms. The Groom Limitations shall apply to all ACNAs provided in accordance with Section (C)(1) preceding. When determining whether Customer has exceeded the Groom Limitations, the Telephone Company shall count all Grooms ordered during the applicable time period (day or Plan Year) in any of the operating territories for such ACNAs.

(3) Exceptions to the Grooms Limitations

The following types of Grooms shall not be included in the Grooms Limitations and shall be performed by the Telephone Company in accordance with its normal business practices:

(a) Any Groom initiated by the Telephone Company and not requested by Customer;

(b) Any Grooms where a DS3 Service rides a Telephone Company optical service provided to Customer, which optical service terminates at or, originates from, a Customer Point-of-Presence (PoP);

(c) Any other Grooms that the Parties mutually agree in writing to not include in the count of Maximum Daily Grooms or Maximum Annual Grooms.

(4) Other than as set forth herein, all Grooms shall remain subject to the terms of the tariffs.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(I) Existing Plan True-Up Credits

(1) Existing Plan True-Up Credits

During the Service Period and unless this Option 39 is terminated earlier, Customer may qualify to receive Existing Plan True-up Credits (as defined below) as described in this Section (I)(1).

(a) If, as a result of the true-up process for Qualifying Services set forth in Section 5.6.14 of this tariff, Customer is billed a shortfall penalty (a True-Up Adjustment Charge), then the Telephone Company will issue a credit equal to the amount of the True-Up Adjustment Charge for the applicable true-up period (Existing Plan True-Up Credit). Any such credits owed for any true-up periods in a particular Plan Year shall be made within one hundred twenty (120) days after the end of that Plan Year in conjunction with the annual true-up under Section (G)(2) preceding.

(b) If Customer does not pay a True-Up Adjustment Charge for a particular true-up period, then Customer will not receive an Existing Plan True-Up Credit for that true-up period.

(c) If Customer receives an Existing Plan True-Up Credit for a particular true-up period, Customer may not thereafter dispute the amount of True-Up Adjustment Charge or the Existing Plan True-up Credit.

(d) For the avoidance of any doubt, this Section (I)(1) does not affect Existing Plan provisions except as expressly set forth preceding (thus, for example, Existing Plan provisions regarding minimum periods and early termination liability, and charges associated with each, shall continue to apply as set forth in the tariffs, and Customer shall receive no credits with respect to any such charges under this Section (I)(1)).

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(I) Existing Plan True-Up Credits (Cont'd)

(2) Other Tariff Provisions

All other tariff provisions applicable to the Existing Plans (including, by way of example, discounts and minimum period requirements) remain unchanged by this Section (I); provided, however, that:

(a) Except where the Parties otherwise agree in writing in the event that any Acquired Properties are included in Option 39 pursuant to Section (K)(3) following) Customer may not consolidate or combine the Existing Plans with any other CDPs or term plans (including, by way of example, by adding to the Existing Plans any companies, assets or ACNAs acquired by the Telephone Company after the Effective Date) in cases where such consolidation or combination is optional under the applicable tariff terms; thus, among other things, any such other CDPs and term plans shall remain subject to any true-up and shortfall/overage payment provisions contained therein, and such provisions are not affected by Section (I)(1) preceding; and

(b) In cases where a tariff requires (i.e., non-optional, thus not covered by Section (I)(2)(a) preceding) Customer to include Acquired Properties in an Existing Plan, then the Existing Plan True-up Credits under Section (I)(1) preceding shall cease until such time as the Parties agree in writing to include such Acquired Properties in Option 39 pursuant to Section (K)(3) following. In the event the Parties are unable to reach such written agreement within ninety (90) days after the date on which the Acquired Properties were added to an Existing Plan, then either Party may seek dispute resolution to resolve any disagreement regarding the terms and conditions that may be necessary to equitably include the Acquired Properties in this Option 39 based on the proportionality of the Acquired Properties as compared to Customer's then-embedded base of Qualifying Services that contribute to Customer's Billed Qualifying Service Revenue (including, but not limited to, any terms to adjust the SPAMARC Amounts, Quarterly Credits and Grooms Limitations).

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties

(1) Notice of Divestiture

(a) Notice of Customer Divestiture

If Customer sells to an unaffiliated third party, or otherwise transfers to an unaffiliated third party its ownership of (collectively, a Customer Divestiture), one or more ACNA(s), or a line of business, division, affiliate, or license to operate in a particular geographic area (e.g., a CMRS license) (collectively, Customer Sold Properties), then Customer, prior to closure of the Customer Divestiture, or as expeditiously as practical after such closure, shall notify the Telephone Company of such Customer Divestiture via a written notice (Customer Divestiture Notice) that includes the following information:

(i) the date on which the Customer Divestiture is expected to close or has closed;
(ii) the affected ACNA(s);
(iii) the affected state(s) or other relevant geographic area(s); and
(iv) Information sufficient to begin the identification process of the volumes and circuit identifiers of all Qualifying Services and Billed Qualifying Service Revenues associated with the Customer Sold Properties that Customer will no longer obtain from the Telephone Company as a result of the Customer Divestiture. After sending this notification, Customer will work cooperatively with the Telephone Company (and the third-party carrier, if necessary) to complete the exchange of this information.

Customer shall also provide such other information that the Telephone Company reasonably requests for purposes of this Section (J) (e.g., for determining an adjustment to the SPAMARC Amounts and Quarterly Credits. For the avoidance of any doubt, any Customer divestiture of its interest in Qualifying Services is subject to the terms of the tariffs applicable to such divestitures (including, by way of example, Section 2.1.2 of this tariff). Upon such a divestiture, any permitted entity that acquires Customer's interest in the Qualifying Services shall purchase such Qualifying Services in accordance with the rates, terms and conditions of the tariffs, and this Option 39 shall cease to apply with respect to such Qualifying Services.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(1) Notice of Divestiture (Cont'd)

(b) Notice of Telephone Company Divestiture

If the Telephone Company sells all or part of any of its operating telephone companies (a Telephone Company Sold Property(ies)) that provides Qualifying Services under this Option 39 during the Service Period (a Telephone Company Divestiture), then the Telephone Company, prior to closure of the Telephone Company Divestiture or as expeditiously as practical after such closure, shall notify Customer of such Telephone Company Divestiture via a written notice (Telephone Company Divestiture Notice), which shall include the date on which the Telephone Company Divestiture is expected to close (or has closed) and the affected state(s) or other relevant geographic area(s).

The Telephone Company shall also provide thereafter such other information that Customer reasonably requests with respect to the adjustment to the SPAMARC Amounts and Quarterly Credits for purposes of Sections (J)(3) and (J)(4) following. In cases where the Telephone Company assigns its rights and obligations to a third party (Acquiring Third Party) with respect to any Qualifying Services, Customer shall remain obligated to purchase such Qualifying Services from such Acquiring Third Party in accordance with the terms of Option 39 and the tariffs. To the extent Customer's SPAMARC Amount obligation is reduced under Section (J)(3) (SPAMARC Reduction Amount), Customer's obligation with respect to the SPAMARC Reduction Amount shall apply as between Customer and the Acquiring Third Party. Similarly, to the extent the Quarterly Credits are reduced under Section (J)(4) following (Quarterly Credit Reduction Amounts), the Acquiring Third Party would be required to provide Quarterly Credits in amounts equal to the Quarterly Credit Reduction Amounts provided that Customer remains eligible for Quarterly Credits under the terms of this Option 39, and subject to any Shortfall Payment that Customer may owe under such terms (taking account of the adjusted SPAMARC Amounts that apply as between Customer and the Acquiring Third Party). For the avoidance of any doubt, after any assignment implemented in connection with a Telephone Company Divestiture, the Telephone Company shall have no responsibility for the prospective performance of this Option 39 and/or its obligations hereunder by the assignee or transferee.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(2) Divestiture Adjustment Factor

In the event of a Customer Divestiture or Telephone Company Divestiture (which, in either case, may be referred to as a Party Divestiture), the Divestiture Adjustment Factor (determined according to the steps set forth following) will be used under Sections (J)(3) and (J)(4) following. As used following: (i) Sold Qualifying Revenue refers to the Billed Qualifying Service Revenues generated by Customer Sold Properties (in the case of a Customer Divestiture) or the Telephone Company Sold Properties (in the case of a Telephone Company Divestiture) that are the subject of a particular Party Divestiture and that, as a result of the Party Divestiture, the Telephone Company will no longer bill to Customer and (ii) Sold Properties refers to the Customer Sold Properties (in the case of a Customer Divestiture) or the Telephone Company Sold Properties (in the case of a Telephone Company Divestiture).

Step 1A: Determine the total amount of all Billed Qualifying Service Revenues that Customer achieved for the one (1)-year period ending on the day immediately prior to the date of the closing of the Party Divestiture (Total Qualifying Revenue).

Step 2A: Determine the total amount of Sold Qualifying Revenue generated by the Sold Properties for the one (1)-year period ending on the day immediately prior to the date of the closing of the Customer Divestiture (Sold Qualifying Revenue).

Step 3A: Divide the Sold Qualifying Revenue determined in Step 2A above by the Total Qualifying Revenue determined in Step 1A above to arrive at a Divesture Adjustment Factor.

Example of the above steps: Assume all Billed Qualifying Service Revenue for the one (1) year period ending on the day immediately prior to the closing date of the Party Divestiture was $200M. Also assume the Sold Qualifying Revenue over that same time period as $40M. The Divestiture Adjustment Factor would be 20%.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(3) SPAMARC Amount Adjustments

In the event of a Party Divestiture, the Telephone Company shall adjust the SPAMARC Amounts set forth in Section (B)(5) preceding as follows:

(a) For purposes of the annual true-up for the Plan Year in which the Party Divestiture closed (Closing Plan Year):

Step 1B: For the Closing Plan Year, determine the number of days remaining in the period that begins on the Party Divestiture closing date and ends on the last day of the Plan Year (Remaining Plan Year Days).

Step 2B: Divide the number of Remaining Plan Year Days by three hundred sixty five (365) to produce a Closing Plan Year Adjustment Factor.

Step 3B: Multiply the SPAMARC Amount for the subject Plan Year by the Closing Plan Year Adjustment Factor.

Step 4B: Multiply the amount produced by Step 3B by the Divestiture Adjustment Factor.

Step 5B: Subtract the amount resulting from Step 4B above from the SPAMARC Amount for the subject Plan Year to arrive at the Closing Plan Year Adjusted SPAMARC. The Closing Plan Year Adjusted SPAMARC shall then replace the SPAMARC Amount under Section (B)(5) preceding for the purposes of the annual true-up under Section (G)(2) preceding.

Example of the above steps: Assume the following: a Party Divestiture occurs on the 165th day of Plan Year 2, the SPAMARC for Plan Year 2 is $180M, and the Divestiture Adjustment Factor (as described in Section (J)(2) preceding) is 20%.

Step 1B: The Remaining Plan Year Days = 200 Days.
Step 2B: The Closing Plan Year Adjustment Factor would be 54.8% (200/365).
Step 3B: Multiply 54.8% by $180M, which produces the result $98.64M.
Step 4B: Multiply $98.64M by 20%, which produces the result of $19.73M.
Step 5B: Subtract $19.73M from the SPAMARC of $180M to calculate the Closing Plan Year Adjusted SPAMARC of $160.17M.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(3) SPAMARC Amount Adjustments (Cont'd)

(b) For purposes of Plan Years subsequent to the Plan Year in which the Party Divestiture closed:

Step 1C: Multiply each of the SPAMARC Amounts (as set forth in Section (B)(5) preceding) for the remaining Plan Year(s) by the Divestiture Adjustment Factor.

Step 2C: For each of the remaining Plan Years, subtract the amount resulting from Step 1C from the SPAMARC Amount (as set forth in Section (B)(5) preceding) for the respective Plan Years.

Step 3C: The amounts resulting from Step 2C are the new SPAMARC Amounts that will be used for purposes of the annual true-ups in the Plan Years subsequent to the Plan Year in which the Party Divestiture occurred.

Example of the above steps: Assume the following: a Party Divestiture occurs on the 165th day of Plan Year 2, the SPAMARC for Plan Year 3 is $170M, the SPAMARC for Plan Year 4 is $160M, and the Divestiture Adjustment Factor (as described in 11.2 above) is 20%. The Adjusted SPAMARC for Plan Year 3 will be $136M ($170M - $34M). The Adjusted SPAMARC for Plan Year 4 will be $128M ($160M - $32M).

In the event of a subsequent Party Divestiture, the new SPAMARC Amounts resulting from Step 3C above will be used as the baseline SPAMARC Amounts that will be adjusted in accordance with the above provisions.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(4) Quarterly Credit Adjustments

In the event of a Party Divestiture, the Telephone Company shall adjust the Quarterly Credits set forth in Section (G) preceding as follows:

(a) In the event a Party Divestiture that closes on any day of a Quarter other than the last day of a Quarter, the Telephone Company shall adjust the Quarterly Credit that would have applied for that Quarter under Section (G) preceding as follows:

Step 1D: Identify the Quarterly Credit that would be due for the Quarter in which the Party Divestiture occurred (such Quarter, the "Divestiture Closing Quarter").

Step 2D: For the Divestiture Closing Quarter, determine the number of days up to and including the Party Divestiture closing date.

Step 3D: Determine the number of days remaining in the Divestiture Closing Quarter after the Party Divestiture closing date by subtracting the result of Step 2D from 91.

Step 4D: Divide the amount identified in Step 2D by ninety-one (91) to determine the percentage of days before Party Divestiture in the Divestiture Closing Quarter.

Step 5D: Divide the amount identified in Step 3D by ninety-one (91) to determine the percentage of days after Party Divestiture in the Divestiture Closing Quarter.

Step 6D: Multiply the amount from Step 1D by the result of Step 4D to determine the portion of Quarterly Credit due for the period prior to the Party Divestiture.

Step 7D: Multiply the amount from Step 1D by the result of Step 5D to determine the unadjusted portion of Quarterly Credit that would be due for the period after the Party Divestiture.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(4) Quarterly Credit Adjustments (Cont'd)

(a) (Cont'd)

Step 8D: Multiply the amount from Step 7D by the Divestiture Adjustment Factor.

Step 9D: Subtract the amount resulting from Step 8D from the result of Step 7D.

Step 10D: Add the result of Step 9D to the result of Step 6D to determine the Quarterly Credit due for the Divestiture Closing Quarter.

Example of the above steps: Assume a Party Divestiture occurs on the seventy-fifth (75th) day of the second Quarter of a Plan Year. Also assume that the Quarterly Credit amount for the Plan Year is $30M. Lastly, assume the Divestiture Adjustment Factor is 20%.

Step 1D: The Quarterly Credit Amount is $30M.

Step 2D: The number of days in the Divestiture Closing Quarter up to and including Party Divestiture Closing Date is 75.

Step 3D: 91 days minus 75 days is 16 days.

Step 4D: 75 days / 91 days is 82.42%

Step 5D: 16 days / 91 days is 17.58%

Step 6D: $30M multiplied by 82.42% = $24,725,275

Step 7D: $30M multiplied by 17.58% = $5,274,725

Step 8D: $5,274,275 multiplied by 20% = $1,054,945

Step 9D: $5,274,725 minus $1,054,945 = $4,219,780

Step 10D: $24,725,275 plus $4,219,780 = $28,945,055

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(4) Quarterly Credit Adjustments (Cont'd)

(b) For purposes of Quarterly Credits for any Quarters remaining in the same Plan Year after the Quarter in which the Party Divestiture occurred (Remaining Closing Plan Year Credit Quarters):

Step 1E: Total the Quarterly Credits for the Remaining Closing Plan Year Credit Quarters.

Step 2E: Multiply the sum resulting from Step 1E by the Divestiture Adjustment Factor.

Step 3E: Subtract the amount resulting from Step 2E from the sum resulting from Step 1E.

Step 4E: Divide the amount resulting from Step 3E by the number of Remaining Closing Plan Year Credit Quarters. (Thus, for example, if the Party Divestiture closed in the 1st Quarter of a given Plan Year, divide by four. As a further example, if the Party Divestiture closed in the 4th Quarter of a given Plan Year, divide by one.)

Step 5E: The amount(s) resulting from Step 4E is the amount(s) of the Quarterly Credits that Customer will receive for the Remaining Closing Plan Year Credit Quarters.

Example of the above steps: Assume a Party Divestiture occurs in the second Quarter of Plan Year 2. Also assume that the unadjusted Quarterly Credit due to Customer in each Quarter of Plan Year 2 is $20M and the first Quarter credit has been paid. Lastly, assume the Divestiture Adjustment Factor = 20%.

Step 1E: Total of Quarterly Credits for the Remaining Closing Plan Year Credit Quarters= $60M (3 Quarters x $20M).
Step 2E: $60M x 20% = $12M
Step 3E: $60M - $12M = $48M
Step 4E: $48M/3 = $16M
Step 5E: The Quarterly Credit for each of the Remaining Closing Plan Year Quarters is $16M.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(4) Quarterly Credit Adjustments (Cont'd)

(b) (Cont'd)

(i) For purposes of Quarterly Credits for the Quarters of any Plan Years remaining after the Plan Year in which the Party Divestiture closed (Subsequent Plan Year Credit Quarters):

Step 1F: Multiply each of the Quarterly Credit amounts set forth in Section (G)(1) by the Divesture Adjustment Factor.

Step 2F: For each Subsequent Plan Year Credit Quarter, subtract the amount resulting from Step 1F from the respective Quarterly Credits (as set forth in Section (G)(1) preceding).

Step 3F: The amounts resulting from Step 2F are the new Quarterly Credit Amounts that Customer will receive (if it remains eligible) for the Subsequent Plan Year Credit Quarters.

Example of the above steps: Assume the following: a Party Divestiture occurs on the 165th day of Plan Year 2, the SPAMARC for Plan Year 3 = $170M with Quarterly Credits of $42.5M per Quarter, the SPAMARC for Plan Year 4 is $160M with Quarterly Credits of $40M per Quarter. Lastly, assume the Divestiture Adjustment Factor (as described in Section (J)(2) preceding) is 20%. The Subsequent Plan Year Quarterly Credit for Plan Year 3 is $34M ($42.5M - $8.5M). The Subsequent Plan Year Quarterly Credit for Plan Year 4 is $32M ($40M - $8M).

In the event of a subsequent Party Divestiture, the new Quarterly Credit amounts resulting from Step 3F preceding will be used as the baseline Quarterly Credit amounts that will be adjusted in accordance with the above provisions.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(5) Adjustment to Maximum Annual Grooms

In the event of a Party Divestiture (as defined in Section (J)(2) preceding) the Maximum Annual Grooms limit set forth in Section (H)(1) preceding shall be reduced in accordance with the steps set forth below and the Parties by written mutual agreement will reallocate the Agreed Throughput Volumes accordingly.

Step 1G: For the Divestiture Plan Year, determine the number of days remaining in the period that begins on the Party Divestiture closing date and ends on the last day of the Plan Year (Remaining Plan Year Days).

Step 2G: Divide the number of Remaining Plan Year Days by three hundred sixty five (365) to produce a Closing Plan Year Adjustment Factor.

Step 3G: Multiply the Maximum Annual Grooms amount for the subject Plan Year by the Closing Plan Year Adjustment Factor.

Step 4G: Multiply the amount produced by Step 3G by the Divestiture Adjustment Factor as defined in Section (J)(2) preceding.

Step 5G: Subtract the amount resulting from Step 4G above from the Maximum Annual Grooms amount for the subject Plan Year to arrive at the Closing Plan Year Adjusted Grooms Maximum. The Closing Plan Year Adjusted Grooms Maximum shall then replace the Maximum Annual Grooms amount set forth in Section (H)(1) for the Closing Plan Year.

For purposes of calculating the Maximum Annual Grooms for Plan Years after the Closing Plan Year, the Maximum Annual Grooms amount set forth in Section (H)(1) preceding will be adjusted as follows:

Step 6G: For each Plan Year after the Closing Plan Year, Multiply the Maximum Annual Grooms amount for that Plan Year by the Divestiture Adjustment Factor.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(J) Divestitures by the Parties (Cont'd)

(5) Adjustment to Maximum Annual Grooms (Cont'd)

Example of the above steps: Assume the following: a Party Divestiture closes on the 151st day of Plan Year 2, the Maximum Annual Grooms amount for Plan Years 2 and 3 is 24,800, and the Divestiture Adjustment Factor (as described in Section (J)(2) preceding) is 20%.

Step 1G: The Remaining Plan Year Days = 214 Days.

Step 2G: The Closing Plan Year Adjustment Factor is 58.6% (214/365).

Step 3G: Multiply 58.6% by 24,800, which produces the result of 14,357.

Step 4G: Multiply 14,357 by the 20% Divestiture Adjustment Factor, which produces the result of 2,871.

Step 5G: Subtract 2,871 from the Maximum Annual Grooms amount of 24,800 to arrive at the Closing Plan Year Adjusted Grooms Maximum amount of 21,921.

Step 6G: Multiply the 20% Divestiture Adjustment Factor by the Plan Year 3 Maximum Annual Grooms amount of 24,800 = 4,960.

Step 7G: Subtract 4,960 from the Plan Year 3 Maximum Annual Grooms amount (24,800 – 4,960), resulting in an adjusted post-divestiture Maximum Annual Grooms amount of 19,840 for Plan Year 3. Repeat this calculation for all subsequent Plan Years to adjust the respective Maximum Annual Grooms amount set forth in Section (H)(1) preceding.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(K) Mergers and Acquisitions

(1) Notice of Customer Merger/Acquisition

In the event that, on or after the Effective Date, Customer merges with another company or acquires a company or a portion of the business of another company (including, but not limited to, any ACNA(s) not provided in accordance with Section (C)(1) preceding) (the company with which Customer merges and the company or portion of the business thereof that Customer acquires (including, but not limited to, an ACNA(s) not provided in accordance with Section (C)(1) preceding) may be referred to collectively as the Customer Acquired Properties and such merger or acquisition may be referred to in either case as a Customer Acquisition), and the Telephone Company provides any Qualifying Services in connection with such Customer Acquired Properties, then Customer, no later than the closing date of the Customer Acquisition or as expeditiously as possible after the closing date of the Customer Acquisition, shall notify the Telephone Company of the Customer Acquisition (Customer Acquisition Notice). Customer shall identify in such notice any Qualifying Services included in the Customer Acquired Properties. If Customer wishes to include the Customer Acquired Properties in this Option 39, then Customer in its Customer Acquisition Notice shall request the Telephone Company's consent to such inclusion.

(2) Notice of Telephone Company Merger/Acquisition

In the event the Telephone Company merges with another company, or acquires a company or a portion of the business of another company (the company with which the Telephone Company merges, and the company or portion of the business thereof that the Telephone Company acquires may be referred to collectively as the Telephone Company Acquired Properties and such merger or acquisition may be referred to in either case as a Telephone Company Acquisition). If the Telephone Company wishes to include the Telephone Company Acquired Properties in this Option 39, then the Telephone Company may request Customer's consent to such inclusion in a notice to Customer.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(K) Mergers and Acquisitions (Cont'd)

(3) If Customer requests inclusion of the Customer Acquired Properties pursuant to Section (K)(1) preceding, or if the Telephone Company requests inclusion of the Telephone Company Acquired Properties in accordance with Section (K)(2) preceding, then in either case the other Party, in its sole discretion, may accept or reject such request. If the Parties agree to include in this Option 39 any Customer Acquired Properties or Telephone Company Acquired Properties (collectively, Acquired Properties), such inclusion shall be as set forth in a written agreement between the Parties setting forth the terms and conditions of such inclusion (including, by way of example, any terms to adjust the SPAMARC Amounts, Quarterly Credits, and Grooms Limitations). Absent any such written agreement, Customer’s achievement of the SPAMARC Amounts described in Section (B)(5) preceding shall be calculated based solely on Customer’s purchase of Qualifying Services from the Telephone Company using the ACNAs provided in accordance with Section (C)(1) preceding as of the Effective Date, without adding any services or revenues attributable to expansion of Customer's purchase of any services from the Telephone Company through an Acquired Property, and the Quarterly Credit amounts and Grooms Limitations shall remain unchanged.

(4) If Customer violates the provisions of Section (K)(3), then (without limiting any other right of the Telephone Company to terminate Option 39):

(a) Customer shall notify the Telephone Company promptly upon the occurrence of such violation, and the Telephone Company, upon receipt of such notice or upon discovering the violation on its own (in which case the Telephone Company shall provide Customer written notice of such discovery) (either notice under this Section (K)(4)(a), a Violation Notice). Such a violation will be deemed to occur if (i) Customer assigns any Qualifying ACNAs to any existing Qualifying Services purchased through an Acquired Property as of the closing of Customer’s acquisition of the Acquired Properties, or (ii) Customer disconnects any Qualifying Services purchased under a non-Qualifying ACNA of the Acquired Property, and then purchases that same Qualifying Service, to the same end-user location, under a Qualifying ACNA; provided, however, that any such activity performed solely to reflect changes in services ordered by Customer’s end user shall not be deemed a violation of this provision..

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(K) Mergers and Acquisitions (Cont'd)

(4) (Cont'd)

(b) Upon a Violation Notice provided by either Party under Section (K)(4)(a) preceding, Customer must promptly, and no later than sixty (60) days after the date of the Violation Notice, complete such activities in cooperation with the Telephone Company to exclude the Acquired Properties from Billed Qualifying Service Revenue and to ensure such exclusion continues prospectively until such time, if at all, as the Parties agree to include the Acquired Properties in this Option 39 in accordance with Section (K)(3).

(c) In the event of a Violation Notice provided by either Party under Section (K)(4)(a) preceding, the Telephone Company shall calculate the effect of the violation (such effect may include, by way of example, any difference in rates paid by Customer or the Acquired Property as a result of the violation, any avoidance of shortfall or overage charges under the tariffs as a result of the violation, and any avoidance of Shortfall Payments that Customer would have been required to pay had the Acquired Properties been excluded) for the period during which the violation occurred and for such time as the violation continues prospectively until cured (Unearned Economic Benefit). Customer, upon being billed by the Telephone Company, shall pay the Telephone Company the amount of such Unearned Economic Benefit plus: (i) in a case where Customer provided the Telephone Company the Violation Notice, interest at one percent (1.0%) per month for any period during which the violation resulted in Customer receiving an Unearned Economic Benefit and (ii) in a case where the Telephone Company provided Customer the Violation Notice, interest at three percent (3.0%) per month for any period during which the violation resulted in Customer receiving an Unearned Economic Benefit.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(L) Termination

(1) Mutual Agreement

The Parties, by mutual written agreement in their sole discretion or as otherwise set forth herein, may terminate this Option 39 (and/or Customer's subscription thereto). Except as otherwise mutually agreed in writing by the Parties or as set forth herein, any termination under this Section (L)(1) shall be effective as of the date of termination (Termination Date). Upon any such termination, (i) the Telephone Company, as set forth in Section (L)(1)(a) following, will calculate and issue to Customer a Quarterly Termination Credit in lieu of the Quarterly Credit that would otherwise have applied for the Quarter in which the termination occurred (Termination Quarter), and (ii) the Telephone Company will perform a true-up in accordance with the steps set forth in Section (L)(1)(b) following (Termination True-Up):

(a) Termination Credit

The credit that Customer will receive under Section (G)(1) preceding for the Termination Quarter shall be determined according to the following steps:

Step 1H: Divide by three hundred sixty-five (365) the sum total of all Quarterly Credits that would apply under Section (G)(1) preceding for the Plan Year in which the termination occurred (Termination Year)to arrive at a daily dollar amount.

Step 2H: Multiply the dollar amount determined in Step 1H by the number of days that elapsed prior to the Termination Date within the Termination Year. The resulting amount may be referred to as the Annual Termination Credit to be used for purposes of the calculation in Step 3H below.

Step 3H: Reduce the Annual Termination Credit amount calculated in Step 2H by the sum total of all credits due in previous Quarters prior to the Termination Quarter (but within the Termination Year) to arrive at the Quarterly Termination Credit. Customer will receive no further Quarterly Credits under this Option 39.

Step 4H: The Telephone Company will issue the Quarterly Termination Credit on Customer's bill(s) within one hundred twenty (120) calendar days after the Termination Date upon Customer's written approval of the Quarterly Termination Credit to be issued. Once the Quarterly Termination Credit has been issued after Customer's approval of the amount, Customer may not thereafter dispute or seek adjustment to the Quarterly Termination Credit.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(L) Termination (Cont'd)

(1) Mutual Agreement (Cont'd)

(a) Termination Credit (Cont'd)

Example of the above steps: Assume that on the one hundred ninetieth (190th) day of Plan Year 2, the Telephone Company terminates this Option 39. Also assume that the 190th day of Plan Year 2 is the eighth (8th) day of the 3rd Quarter of Plan Year 2. Assume further that the Quarterly Credit under Section (G)(1) preceding is $26,500,000.

Step 1H: Quarterly Credit = $106,000,000 / 365 days = $290,411 daily amount.

Step 2H: The amount $290,411 from Step 1H above multiplied by 190 Days = $55,178,082.

Step 3H: The amount of $55,178,082 from Step 2H minus $53,000,000 ($26,500,000 x 2 Quarters prior to the Termination Quarter) = Quarterly Termination Credit of $2,178,082.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(L) Termination (Cont'd)

(1) Mutual Agreement (Cont'd)

(b) Termination True-Up

The Telephone Company will review Customer's performance during the period from the beginning of the Plan Year in which the termination occurred through the Termination Date (Termination Review Period) according to the following steps, and Customer shall owe any resulting shortfall payment:

Step 1I: Divide by three hundred sixty five (365) the SPAMARC Amount for the Plan Year in which the termination occurred to arrive at a daily SPAMARC Amount.

Step 2I: Multiply the daily amount resulting from Step 1I by the total number of days in the Termination Review Period to arrive at a Termination Review SPAMARC Amount.

Step 3I: Determine the amount of Billed Qualifying Service Revenue that Customer Achieved during the Termination Review Period. For purposes of such determination, any billed amounts that remain Disputed Amounts as of thirty (30) days after the date of the termination shall be excluded from Billed Qualifying Service Revenue.

Step 4I(A): If the amount of Billed Qualifying Service Revenue that Customer Achieved during the Termination Review Period as determined under Step 3I is less than the Termination Review SPAMARC Amount, then Customer shall owe a shortfall payment equal to the difference between the Termination Review SPAMARC Amount and the amount of Billed Qualifying Service Revenue that Customer actually achieved during the Termination Review Period. Upon determining the shortfall amount owed, the Telephone Company shall issue a debit(s) to Customer's bill(s) to account for Customer's payment of the shortfall amount and Customer shall pay such amount.

Step 4I(B): If the amount of Billed Qualifying Service Revenue that Customer achieved during the Termination Review Period as determined under Step 3I is equal to or greater than the Termination Review SPAMARC Amount, then Customer will owe no shortfall payment.

21. CONTRACT TARIFFS (Cont'd)

21.39 Contract Tariff Option 39 (Cont'd)

(L) Termination (Cont'd)

(1) Mutual Agreement (Cont'd)

(b) Termination True-Up (Cont'd)

Example of the above steps: Assume that on the one hundred ninetieth (190th) day of Plan Year 2, the Telephone Company terminates this Option 39. Also assume that Customer achieved Billed Qualifying Service Revenue in the amount of $130.14M for Plan Year 2 through the Termination Date.

Step 1I: Plan Year 2 SPAMARC of $356M divided by 365 days = daily SPAMARC Amount of $975,342.

Step 2I: The daily SPAMARC Amount of $975,342 multiplied by 190 days = Termination Review SPAMARC Amount of $185,315,068.

Step 3I: Billed Qualifying Service Revenue achieved during the Termination Review Period is $130.14M.

Step 4I: Because the amount of achieved Billed Qualifying Service Revenue during the Termination Review Period is $55,175,068 less than the Termination Review SPAMARC Amount, Customer owes a shortfall payment of $55,175,068.

(2) Termination by the Telephone Company for Failure to Achieve Any SPAMARC Amounts

If the Telephone Company wishes to terminate this Option 39 for Customer's failure to achieve the SPAMARC Amount by the end of a Plan Year and Customer's failure to pay the Shortfall Payment(s) owed, which failure shall be deemed a material breach of this Option 39, then (without limiting Customer's obligation to pay the Shortfall Payment(s) owed) the Telephone Company shall provide notice of its termination of Option 39 by no later than ninety (90) calendar days after the end of the applicable Plan Year. Upon such termination Customer shall be entitled to all Quarterly Credits owed for such just-concluded Plan Year (subject to payment of any Shortfall Payments owed), but shall not be eligible for any Quarterly Credits for any period of time after the end of such Plan Year.