

VERIZON TELEPHONE COMPANIES

Vice President, Federal Regulatory

1300 I Street NW

Washington, DC 20005

Issued: July 1, 2016

TARIFF FCC NO. 16

292nd Revised Page 1

Cancels 291st Revised Page 1

Effective: July 16, 2016

ACCESS SERVICE**Check Sheet**

Title Pages 1 to 4 and Pages 1 to 23-6 inclusive, of this tariff are effective as of the date shown. The original and revised pages named below and Supplement No. 1, 2, 5, 6, 7, 8, and 10 contain all changes from the original tariff that are in effect on the date shown.

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(This page filed under Transmittal No. 1335.)

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Issued: July 1, 2016

TARIFF FCC NO. 16

17th Revised Page 13.1

Cancels 16h Revised Page 13.1

Effective: July 16, 2016

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22. Discount Plans

The following discount plans are available to all customers who purchase the applicable services and meet the requirements for each such discount plan, as set forth in Section 22.1 following for National Discount Plan.

22.1 National Discount Plan22.1.1 General

(A) Overview

The National Discount Plan (NDP) is an optional discount plan that allows the NDP Customer to aggregate its Qualifying Services on a national basis. The NDP provides discounts on certain rate elements of Qualifying Services. The level of discount received by the NDP Customer corresponds to the NDP Customer's quantities of Qualifying Services, the customer's selection of a Commitment Matrix Option, and the Plan Year. (D)

(B) Specific Terms and References

Unless otherwise defined in this tariff, the following terms are used in this Section 22.1. References to other sections of Section 22.1 are provided for further information on each term.

- (1) Achieved Discount Tier: shall mean the Discount Tier (as determined in the Annual True-Up) that the NDP Customer could have achieved during the Annual True-Up Period.
- (2) ACNA: shall mean Access Customer Name Abbreviation, as such term is generally understood in the Telecommunications Industry to be the name abbreviation for a purchaser of Special Access Services and Facilities for Interstate Access.
- (3) Actual Increase: shall mean a measurement used in calculating the CBB Discount, that measures the difference between (i) the number of Equivalent DS1 CTs or Equivalent DS1 CMs (as applicable) in month one (1) of the Annual True-Up Period; and (ii) the number of Equivalent DS1 CTs or Equivalent DS1 CMs (as applicable) in month twelve (12) of the Annual True-Up Period.
- (4) Anniversary Date: shall mean each twelve (12) month anniversary of the NDP Start Date during the Term.
- (5) Annual True-Up: shall mean the true-up conducted by the Telephone Company following the end of each Plan Year during which the Telephone Company shall measure, among other things, whether the NDP Customer has met and/or exceeded the Commitment Level and the Discount Tier for the Annual True-Up Period, as more specifically described in Section 22.1.7 following. A Final True-Up shall be conducted in accordance with Section 22.1.14(B)(1) following.
- (6) Annual True-Up Period: shall mean the most recent Plan Year that has just been completed for which the Annual True-Up is being conducted.
- (7) Assigned Discount Tier: shall mean the applicable Discount Tier that was in effect during an Annual True-Up Period.
- (8) Average Monthly Rate Per Equivalent DS1 CM: shall mean the rate as calculated in accordance with Section 22.1.7(C)(2) following.

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.1 General (Cont'd)

(B) Specific Terms and References (Cont'd)

- (9) Average Monthly Rate Per Equivalent DS1 CT: shall mean the rate as calculated in accordance with in Section 22.1.7(C)(1) following.
- (10) Channel Termination(s): shall mean the applicable Special Access channel terminations for Qualifying Services (as used in the Telephone Company's Tariff FCC No. 1 (FCC1) and the Telephone Company's Tariff FCC No. 11 (FCC11)), the applicable Special Access Lines (SAL(s)) for Qualifying Services (as used in the Telephone Company's Tariff FCC No. 14 (FCC14)), and the applicable Circuit Terminations for Qualifying Services (as used in this tariff) as follows:
- (a) Channel Terminations for Special Access DS1 Services which are described in Section 7.2.9 of FCC1, Section 7.2.9 of FCC11, Section 5.3.6 of FCC14, and Section 7.11.1 preceding of this tariff; and
 - (b) Channel Terminations for Special Access DS3 Services using electrical and optical interfaces which are described in Section 5.3.6 of FCC14, and Section 7.11.1 preceding of this tariff; and
 - (c) Primary and Secondary Channel Terminations for Special Access DS3 Services using electrical and optical interfaces which are described in Section 7.2.9 of FCC1, and Section 7.2.9 of FCC11; and
 - (d) Channel Terminations for FMS Services which are described in Section 7.2.13 of FCC1 and Section 7.2.16 of FCC11; and
 - (e) Channel Terminations for IEF Services.
- (11) Channel Termination Revenue Cap: shall mean the total discounted monthly revenues associated with all in-service channel termination rate elements for Equivalent DS1 CTs for month one of the NDP multiplied by the appropriate Commitment Level percentage (e.g., 92% for Deluxe). In the event the Commitment Level changes, (e.g., as a result the NDP Customer exceeding its Maximum Service Level), the Telephone Company will make a commensurate adjustment to the Channel Termination (CT) Revenue Cap. (N)
- (12) Channel Mileage: shall mean the applicable channel mileage for Qualifying Services (as used in FCC1 and FCC11), the applicable Special Transport for Qualifying Services (as used in FCC14), and the applicable Circuit Mileage for Qualifying Services (as used in this tariff) as follows: (T)
- (a) Channel Mileage for Special Access DS1 Services and Special Access DS3 Services which are described in Section 7.2.9 of FCC 1, Section 7.2.9 of FCC11, Section 5.3.6 of FCC14, and Section 7.11 preceding of this tariff; and
 - (b) Channel Mileage for FMS Services which are described in Section 7.2.13 of FCC1, and Section 7.2.16 of FCC11.
- (13) Channel Mileage Revenue Cap: shall mean the total discounted monthly revenues associated with all in-service channel mileage rate elements for Equivalent DS1 CMs for month one of the NDP multiplied by the appropriate Commitment Level percentage (e.g., 92% for Deluxe). In the event the Commitment Level changes, (e.g., as a result the NDP Customer exceeding its Maximum Service Level), the Telephone Company will make a commensurate adjustment to the Channel Mileage (CM) Revenue Cap. (N)
- (14) Commitment Buy Up Bonus: shall mean an option available to the NDP Customer which allows the NDP Customer to increase (buy-up) their CT Commitment Level and/or their CM Commitment Level, and receive a discount one or both Commitment Levels, as described in Section 22.1.7(E) following. (T)
- (15) CBB Discount: shall mean the Commitment Buy-Up Bonus Discount as described in Section 22.1.7(E) following. (T)

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.1 General (Cont'd)

(B) Specific Terms and References (Cont'd)

- (16) **Commitment Level**: shall mean the CM Commitment Level (i.e., the total number of Equivalent DS1 CMs) and/or the CT Commitment Level (i.e., the total number of Equivalent DS1 CTs) that the NDP Customer must commit to the NDP, as described further in Section 22.1.4 following. If the NDP Customer has Channel Terminations and Channel Mileage, then the NDP Customer must establish a separate Commitment Level for Channel Terminations (CT Commitment Level) and a separate Commitment Level for Channel Mileage (CM Commitment Level). (T)
- (17) **Commitment Matrix**: shall mean the Premier Commitment Matrix, the Standard Commitment Matrix or the Deluxe Commitment Matrix, as each is described in Section 22.1.4(C) following. (T)
- (18) **Discount Tier**: shall mean the tier in each of the tables set forth in Section 22.1.4(B) following into which the NDP Customer falls based on the actual quantities of Equivalent DS1 CTs or Equivalent DS1 CMs, as applicable. (T)
- (19) **Discount Tier Adjustment**: shall mean the adjustment (if applicable) to a higher or a lower Discount Tier based on the difference (if any) between the NDP Customer's Achieved Discount Tier and Assigned Discount Tier, as calculated during the Annual True-Up Period. See Section 22.1.7(D) following for further explanation. (T)
- (20) **Discounted Rate Elements**: shall mean those rate elements of the Qualifying Services that receive a discount under the NDP. A listing of the Discounted Rate Elements is set forth in Section 22.1.5(A) following. (T)
- (21) **Equivalent DS1 CTs**: shall mean the total number of equivalent DS1 Channel Terminations for Qualifying Services for the ACNA(s) included in NDP as determined in accordance with Section 22.1.4 following. (T)(N)
- (22) **Equivalent DS1 CMs**: shall mean the total number of equivalent DS1 Channel Miles for Qualifying Services for the ACNA(s) included in NDP as determined in accordance with Section 22.1.4 following. (T)(N)
- (23) **FMS Services**: shall mean Special Access Service provided as Facilities Management Service under Section 7.2.13 of FCC1 and Section 7.2.16 of FCC11. Switched Access FMS Services are not included in the NDP. (T)
- (24) **IEF Services**: shall mean, as applicable, either (a) Special Access IntelliLight® Entrance Facilities STS1 terminations (excluding interface options) as described in Section 7.2.15 of FCC1, Section 26.1.4 of FCC11, Section 20.4 of FCC14, and Section 20.4 preceding of this tariff; or (b) Telephone Company provided SONET entrance facility STS1 terminations (excluding interface options) provided by the Telephone Company where such service is technically and operationally feasible, as determined by the Telephone Company. (T)
- (25) **Initial Term**: shall mean the five (5) year initial term of the NDP. (T)

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.1 General (Cont'd)

(B) Specific Terms and References (Cont'd)

- (26) Monthly Average Count of Equivalent DS1 CMs: shall mean the average number of Equivalent DS1 CMs that were in-service during each month of the Annual True-Up Period, as calculated in accordance with Section 22.1.7(B)(1) following. (T)
- (27) Monthly Average Count of Equivalent DS1 CTs: shall mean the average number of Equivalent DS1 CTs that were in-service during each month of the Annual True-Up Period, as calculated in accordance with Section 22.1.7(B)(1) following. (T)
- (28) Monthly Charges: shall mean the dollar amount of monthly recurring charges billed by the Telephone Company for Discounted Rate Elements. (T)
- (29) Monthly Shortage: shall mean the difference between (i) the Monthly Average Count of Equivalent DS1 CTs or Monthly Average Count of Equivalent DS1 CMs, as applicable; and (ii) the NDP Customer's CT Commitment Level or CM Commitment Level, respectively. (T)
- (30) NDP Customer: shall mean collectively the subscribing customer (as defined in Section 2.6 preceding) and all Persons that are included in the same NDP. (T)
- (31) NDP Start Date: shall mean the start date of the NDP Customer's NDP as described in Section 22.1.2(A)(1) following. (T)
- (32) Non-Discounted Billed Amounts: shall mean the Monthly Charges for the Discounted Rate Elements that would have been billed if the discount percentages of the NDP had not been applied, as calculated in accordance with Section 22.1.7(D) following. (T)
- (33) Person: shall mean any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization. (T)
- (34) Plan Year: shall mean each 12 month period during the Term of the NDP commencing on the NDP Start Date and each Anniversary Date thereafter, as applicable. (T)
- (35) Qualifying Services: shall mean Special Access DS1 Services, Special Access DS3 Services, FMS Services, and IEF Services provided by the Telephone Company to the NDP Customer as more specifically described in Section 22.1.3 following of this tariff, Section 25.3.3 of FCC1, Section 25.2.3 of FCC11, and Section 23.1.3 of FCC14. (T)
- (36) Renewal Term: shall mean any renewed 5-year period of the NDP. (T)

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.1 General (Cont'd)

(B) Specific Terms and References (Cont'd)

- (37) **Sale Adjustment**: shall mean an adjusted amount of Equivalent DS1 CTs and an adjusted amount of Equivalent DS1 CMs which are no longer provided to the NDP Customer as a result of a Telephone Company Sale. (T)
- (38) **Shortfall Penalty**: shall mean a penalty assessed against the NDP Customer when it fails to meet its CT Commitment Level and/or CM Commitment Level, as applicable, as further described in Section 22.1.7(C) following. (T)
- (39) **Special Access DS3 Service**: shall mean Special Access DS3 High Capacity Service as described in Section 7.11 of this tariff, Special Access DS3 High Capacity/44.736 Mbps Service as described in Section 7.2.9 of FCC1, Special Access High Capacity 44.736 Mbps Service as described in Section 7.2.9 of FCC11, and Special Access High Capacity Digital DS3 Service as described in Section 5.3.6(E) of FCC14. (T)
- (40) **Special Access DS1 Service**: shall mean Special Access DS1 High Capacity Service as described in Section 7.11 of this tariff, Special Access DS1 High Capacity/1.544 Mbps Service as described in Section 7.2.9 of FCC1, Special Access High Capacity 1.544 Mbps Service as described in Section 7.2.9 of FCC11, and Special Access High Capacity Digital DS1 Service as described in Section 5.3.6(A) of FCC14. (T)
- (41) **Subscription Date**: shall mean the date that the Telephone Company receives an executed and completed subscription document from the NDP Customer as described in Section 22.1.2(A) following. (T)
- (42) **Telephone Company Sale**: shall mean the sale or other divestiture of an operating territory or a portion of an operating territory of a Telephone Company, whereby the Telephone Company no longer provides Qualifying Services in such operating territory or portion of an operating territory. (T)
- (43) **Term**: shall mean the Initial Term, and any Renewal Term(s).
- (44) **Upgrade or Upgraded**: shall mean the replacement of (i) a Qualifying Service with a Qualifying Service of a higher bandwidth or capacity (e.g., replacement of a Special Access DS3 Service with an IEF Service); or (ii) a Qualifying Service with another Telephone Company provided service of a higher bandwidth or capacity that is not a Qualifying Service (e.g., replacement of a Special Access DS3 Service with an Ethernet Service of a higher bandwidth). (T)
- (45) **Upgrade Adjustment**: shall mean an adjusted number of Equivalent DS1 CTs and an adjusted number of Equivalent DS1 CMs that were Upgraded by the NDP Customer during the Annual True-Up Period. (T)

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.1 General (Cont'd)

- (C) ACNAs Subscribing to NDPs Established Prior to July 16, 2016 (T)
- (1) At the time of subscription to NDP, the subscribing customer must include all of its ACNAs in the NDP. The NDP Customer also has the option to include the ACNA(s) of one or more Person(s) in its NDP (subject to written authorization from the NDP Customer and the applicable Person(s)). In this case, the NDP Customer's NDP shall include (1) all of the subscribing customer's ACNA(s); and (ii) all of the ACNA(s) of the Person(s) that the subscribing customer wishes to include in its NDP (subject to written authorization from the NDP Customer and the applicable Person(s)).
- (2) If, subsequent to the NDP Start Date, the NDP Customer wishes to add one or more ACNA(s) to its NDP for one of the following reasons, then all such ACNA(s) of the NDP Customer or Person(s), as applicable, shall be added to the NDP Customer's NDP at the time of the next Annual True-Up, in accordance with the terms set forth in Section 22.1.11 following.
- (a) NDP Customer (at its option) wishes to include one or more Person(s) into its NDP that are not currently included in the NDP Customer's NDP (subject to written authorization from the NDP Customer and the applicable Person(s)); or
- (b) NDP Customer or one of the Person(s) who is currently included in the NDP (at its option) has acquired one or more new ACNA(s) and wishes to include such ACNA(s) in the NDP Customer's NDP; or (C)
(C)
- (c) NDP Customer has acquired one or more ACNA(s) through merger, acquisition, or other transaction that are not currently included in the NDP Customer's NDP only when such ACNA(s) were already included in an NDP acquired by such merger, acquisition or other transaction. NDP Customer is not required to include ACNA(s) acquired through merger, acquisition, or other transaction that were not currently included in another NDP. (C)
(C)
(C)
- (3) No later than thirty calendar (30) days prior to each Anniversary Date, the NDP Customer must provide written notice to the Telephone Company indicating its intent to add such ACNA(s) to the NDP, and setting forth the affected ACNA(s) and the name of the Person (if applicable) who owns such ACNA(s).
- (4) Once an ACNA is included in the NDP, it cannot concurrently be included in any other NDP. Combination or addition of ACNAs are further described in Section 22.1.11 following.
- (5) For example, assume that a customer who has only one ACNA (ABC) subscribes to the NDP. Assume further that such NDP Customer has five (5) affiliates, but only wishes to include three (3) affiliates in its NDP as of the NDP Start Date. Assume also that each of the three (3) included affiliates each have one ACNA respectively (ACNAs LLL, MMM, and NNN, respectively). In this case, a single NDP will be established for the NDP Customer that includes the following ACNAs: ABC, LLL, MMM, and NNN. Assume further that during Plan Year 2, the NDP Customer decides to include its remaining two (2) affiliates in its NDP. Then, in accordance with this Section 22.1.1 and Section 22.1.11 following, the NDP Customer will include all of the ACNAs of such affiliates into the NDP.

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.1 General (Cont'd)

(D) ACNAs Subscribing to NDPs Established on or after July 16, 2016

- (1) At the time of subscription to NDP, the subscribing customer must designate to the Telephone Company its ACNAs that it wishes to include in the NDP. The NDP Customer also has the option to include some or all of the ACNA(s) of one or more Person(s) in its NDP (subject to written authorization from the NDP Customer and the applicable Person(s)).
- (2) If, subsequent to the NDP Start Date, the NDP Customer adds one or more ACNA(s) to its NDP for one of the following reasons, then the subscribing customer must designate to the Telephone Company those ACNA(s) it wishes to have added to its NDP at the time of the next Annual True-Up, in accordance with the terms set forth in Section 22.1.11 following.
 - (a) NDP Customer (at its option) may include one or more Person(s) into its NDP that are not currently included in the NDP Customer's NDP (subject to written authorization from the NDP Customer and the applicable Person(s)); or
 - (b) NDP Customer or one of the Person(s) who is currently included in the NDP has acquired one or more new ACNA(s) and (at its option) wishes to include such ACNA(s) in the NDP Customer's NDP; or
 - (c) NDP Customer (at its option) may include one or more ACNA(s) into its NDP that are not currently included in the NDP Customer's NDP; or
 - (d) NDP Customer has acquired one or more ACNA(s) through merger, acquisition, or other transaction that is not currently included in the NDP Customer's NDP and such ACNA(s) was already included in an NDP acquired by such merger, acquisition or other transaction. NDP Customer is not required to include ACNA(s) owned by a Person that is not included in the NDP Customer's NDP or ACNA(s) acquired through merger, acquisition, or other transaction that was not currently included in another NDP.
- (3) No later than thirty (30) calendar days prior to each Anniversary Date, the NDP Customer must provide written notice to the Telephone Company indicating its intent to add such ACNA(s) to the NDP, and setting forth the affected ACNA(s) and the name of the Person (if applicable) who owns such ACNA(s).
- (4) Once an ACNA is included in the NDP, it cannot concurrently be included in any other NDP. Combination or addition of ACNAs are further described in Section 22.3.11 following.
- (5) For example, assume that a customer who has only one ACNA (ABC) subscribes to the NDP. Assume further that such NDP Customer has five (5) affiliates, but only wishes to include three (3) affiliates in its NDP as of the NDP Start Date. Assume also that each of the three (3) included affiliates each have one ACNA respectively (ACNAs LLL, MMM, and NNN, respectively). In this case, a single NDP will be established for the NDP Customer that includes the following ACNAs: ABC, LLL, MMM, and NNN. Assume further that during Plan Year 2, the NDP Customer decides to include its remaining two (2) affiliates in its NDP. Then, in accordance with this Section 22.3.1 and Section 22.3.11 following, the NDP Customer will include all of the ACNAs of such affiliates into the NDP.

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.1 General (Cont'd)

- (E) Subscription to Other Tariff Arrangements (T)
- (1) At any time during the Term of the NDP, the NDP Customer may not simultaneously subscribe the Discounted Rate Elements for the ACNA(s) included in the NDP Customer's NDP to other existing or new tariff arrangements (including a contract tariff option as set forth in FCC1, FCC11 or FCC14), an individual case basis arrangement, specialized service arrangement (or the like), or other discount plan, such as DS1 Term Pricing Plans (as set forth in Section 7 preceding) under this tariff, subject to the exceptions set forth in Section 22.1.1(D)(1) following. Except as set forth in (D)(1)(a) through (e) following, if the NDP Customer subscribes to such other tariff arrangement, then the NDP Customer shall be deemed to have terminated the NDP, and termination liability (as set forth in Section 22.1.13 following) shall apply. (N)
- (a) Unless specifically prohibited under a contract tariff option, the NDP Customer may concurrently subscribe to and receive the benefits of the NDP and any existing or new contract tariff option that provides discounts on a circuit specific basis on any Qualifying Service (including discounts or credits on Discounted Rate Elements); or
- (b) Unless specifically prohibited under a contract tariff option, the NDP Customer may concurrently subscribe to and receive the benefits of NDP and any existing or new contract tariff option that provides discounts for achieving certain aggregate volume or revenue targets for FMS Services and/or IEF Services; or
- (c) The specific tariff arrangement (including the contract tariff option) specifically permits concurrent subscription to the NDP and the applicable contract tariff option; or
- (d) The NDP Customer may subscribe concurrently to the NDP and FMS term plans.
- (e) The NDP Customer may subscribe concurrently to the NDP and an IEF term plan or an IEF Commitment Discount Plan.
- (f) The NDP Customer may concurrently subscribe Qualifying Services ordered on or after July 16, 2016 to other existing or new tariff arrangements as long as said Qualifying Services are for an ACNA that is not included in the NDP Customer's NDP (N)
(N)

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.2 Subscription

(A) Subscription Requirements

The NDP Customer's request for subscription to the NDP must be in writing, must be signed by an authorized representative of the NDP Customer, and must be in a manner prescribed by the Telephone Company. In addition, the written request must include all of the following:

(1) NDP Start Date

Notwithstanding a different Subscription Date, the NDP shall start on one of the following dates as determined below:

(a) If the NDP Customer's Subscription Date to NDP is on or before the fifteenth (15th) calendar day of a month, the NDP Start Date shall be the first (1st) calendar day of the month following the Subscription Date. Application of discounts under the NDP shall begin with the first calendar day in the month following the Subscription Date. For example, assume the NDP Customer's Subscription Date to NDP is July 6th. Then, the NDP Start Date is August 1 and discounts under the NDP shall begin on August 1st.

(b) If the NDP Customer's Subscription Date to NDP is after the 15th calendar day of a month, the NDP Start Date shall be the 1st calendar day of the second calendar month following the Subscription Date. Application of discounts under the NDP shall begin with the first calendar day in the second month following the Subscription Date. For example, assume the NDP Customer's Subscription Date to NDP is July 17th. Then, the NDP Start Date is September 1st and discounts under the NDP shall begin on September 1st.

(2) Actual Quantities of Channel Terminations and Channel Mileage for Qualifying Services

The Telephone Company shall calculate and provide to the NDP Customer the actual quantities of Channel Terminations and Channel Mileage for the ACNA(s) included in the NDP Customer's NDP during the month prior to the Subscription Date. The Telephone Company's records regarding the actual number of Channel Terminations and Channel Mileage for the ACNA(s) included in the NDP Customer's NDP shall be deemed accurate in the case of any discrepancy between the NDP Customer's records and the Telephone Company's records. In accordance with Section 22.1.4 following, the Telephone Company shall derive the Equivalent DS1 CTs and the Equivalent DS1 CMs from the actual quantities of Channel Terminations and Channel Mileage for the ACNA(s) included in the NDP Customer's NDP. (N) (N) (N)

(3) Discount Tier

Based on the Equivalent DS1 CTs and Equivalent DS1 CMs determined in (2) above, the Telephone Company will determine the Discount Tier that the NDP Customer falls into in each of the applicable tables set forth in Section 22.1.4(B) following.

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22. Discount Plans (Cont'd)

22.1 National Discount Plan (Cont'd)

22.1.2 Subscription (Cont'd)

(A) Subscription Requirements (Cont'd)

(4) Commitment Matrix and Commitment Levels

The NDP Customer must specify a Commitment Level by selecting from one of the following three (3) Commitment Matrix options: (1) Premier Commitment Matrix, as described in Section 22.1.4(C)(1) following; and (2) Standard Commitment Matrix, as described in Section 22.1.4(C)(2) following; and (3) Deluxe Commitment Matrix, as described in 22.1.4(C)(3) following. The NDP Customer's choice of the Commitment Matrix determines (a) the number of Equivalent DS1 CTs and/or Equivalent DS1 CMs that the NDP Customer must commit to the NDP; and (b) the discount on Discounted Rate Elements provided under the NDP.

(5) BANs

The NDP Customer must specify a BAN, per state (for each operating territory included in this tariff), against which the Telephone Company will apply adjustments (including Shortfall Penalties as set forth in Section 22.1.7(C) following, Discount Tier Adjustments as set forth in Section 22.1.7(D) following, and CBB Discounts as set forth in Section 22.1.7(E) following) associated with the NDP.

(6) ACNA(s)

For customers subscribing to NDP on or after July 16, 2016, the NDP Customer must specify the ACNA(s) it wishes to include in NDP in accordance with Section 22.1.1(D)(1) preceding.

(N)
|
(N)

ACCESS SERVICE

22. Discount Plans (Cont'd)

22.1 National Discount Plan (Cont'd)

22.1.3 Qualifying Services

(A) Inclusion of Qualifying Services in NDP

The Qualifying Services are included in the NDP for purposes of determining the Equivalent DS1 CTs and Equivalent DS1 CMs.

- (1) If the NDP Customer purchases one or more of the Qualifying Services under this tariff, and/or under FCC1, and/or FCC11 and/or FCC14, and subscribes to the NDP, the NDP Customer's NDP must include the Qualifying Services in the quantities set forth in (B) following that are purchased under such affected tariffs for the ACNA(s) included in NDP. For each Qualifying Service, with the exception of FMS Services, for which only seventy-five percent (75%) must be included, the NDP Customer must include all quantities (i.e., one hundred percent (100%)) of such Qualifying Service purchased under all affected tariffs for the ACNA(s) included in NDP.

- (2) The NDP will be administered as a single discount plan across all such tariffs for which a single set of Commitment Levels, Discount Tiers, and Term shall apply.

For example, assume a NDP Customer purchases Special Access DS3 Services under FCC1, FCC11, and FCC14 and FMS Services under FCC1 and under FCC11. In this case, the NDP Customer must subscribe to the NDP all (i.e., 100%) of such Special Access DS3 Services purchased under FCC1, FCC11, and FCC14 for the ACNA(s) included in the NDP Customer's NDP. However, the NDP Customer is only required to include 75% of the FMS Services purchased by the NDP Customer under FCC1 and FCC11 for the ACNA(s) included in the NDP Customer's NDP. The NDP Customer's NDP shall be administered as one discount plan across FCC1, FCC11, and FCC14. Assume further that in Plan Year 2, the NDP Customer purchases Special Access DS1 Services under this tariff. Then, the Telephone Company shall include all (i.e., 100%) of such Special Access DS1 Services for the ACNA(s) included in the NDP Customer's NDP.

(N)

(N)

(N)

ACCESS SERVICE

22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.3 Qualifying Services

(B) Qualifying Services

Subject to the terms of Section 22.1.1(D) preceding, the applicable percentage (as listed below) of each Qualifying Service provided by the Telephone Company to the NDP Customer pursuant to this tariff, FCC1, FCC11, and FCC14 for the ACNA(s) included in the NDP Customer's NDP, shall be included in the NDP at the time of subscription to NDP and, as applicable, at any time during the Term when the NDP Customer purchases additional quantities of such Qualifying Services. (N)

- (1) All quantities (one hundred percent (100%)) of Special Access DS1 Service Channel Terminations (see Note 1);
- (2) All quantities (one hundred percent (100%)) of Special Access DS3 Service Channel Terminations (including Individual System, 3 System, and Unlimited System configurations in this tariff and FCC14, and 12 Capacity System configurations in this tariff) (see Note 2);
- (3) All quantities (one hundred percent (100%)) of Special Access DS1 Service Channel Mileage (see Notes 1 and 3);
- (4) All quantities (one hundred percent (100%)) of Special Access DS3 Service Channel Mileage (including Individual System, 3 System, and Unlimited System configurations in FCC14, and Individual System, 3 Capacity System, 12 Capacity System and Unlimited System configurations in this tariff);
- (5) All quantities (one hundred percent (100%)) of IEF STS1 Channel Terminations;
- (6) Seventy-five percent (75%) of the quantities of FMS Service Primary Premises Channel Terminations with a DS1 Interface or a DS3 Interface in FCC1 and FCC11;
- (7) Seventy-five percent (75%) of the quantities of FMS Service Channel Mileage in FCC1 and FCC11.

(C) Shared Use Arrangements

For Qualifying Services that are provided as part of a Shared Use Arrangement as set forth in Section 7.2.5 preceding, the Special Access DS3 Service or Special Access DS1 Service will be included in the NDP. The Switched Access Portion for such services of the Shared Use Arrangement will not be included in the NDP or be subject to discounting under the NDP.

(D) Conversion of Qualifying Services

Upon subscription to NDP, all of the NDP Customer's individual circuit-specific term plans, for Special Access DS3 Service and Special Access DS1 Service for the ACNA(s) included in the NDP Customer's NDP such as DS1 and DS3 term plans as offered under Section 7 preceding, must be cancelled to include all such services in the NDP. Minimum period charges as set forth in Section 5 preceding will not apply to such cancellations. (N)

Note 1: High Capacity Digital FT1 Facilities in this tariff and FCC14 are not Qualifying Services.

Note 2: Channel Terminations and Channel Mileage for 12 and 24 Group Systems in FCC14 are not Qualifying Services.

Note 3: The MetroLAN Optional Arrangement in this tariff and FCC14 is not a Qualifying Service.

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.3 Qualifying Services (Cont'd)

(D) Conversion of Qualifying Services (Cont'd)

Additionally, all of the NDP Customer's DS1 Term Payment Plan(s) (TPP(s)) offered under Section 7.2.1(G) preceding must be cancelled in order to include all such Special Access DS1 Services for the ACNA(s) included in the NDP Customer's in the NDP. Shortfall charges as set forth in Section 7.2.1(G) preceding will not apply to such cancellations. (N)

Further, all of the NDP Customer's individual circuit-specific term plans and non-circuit-specific term plans for Special Access DS3 Service and Special Access DS1 Service, for the ACNA(s) included in the NDP Customer's NDP such as (i) Term Pricing Plans (TPPs) and Commitment Discount Plans (CDPs) as offered under FCC1; (ii) Service Discount Plans (SDPs) and CDPs as offered under FCC11; and (iii) DS1 Term Volume Plans (TVPs), Eight and Ten Year DS1 Term Volume Plans (ETTVPs), and DS3 Term Volume Plans (DS3 TVPs) as offered under FCC14, must be cancelled in order to include all such services in the NDP to such cancellations. (N)

(E) Addition of Services and Removal of Services

(1) Addition of Services

- (a) The NDP Customer may add Special Access DS3 Service and Special Access DS1 Service for the ACNA(s) included in the NDP Customer's NDP at any time during the Term of the NDP. Qualifying Services are added to the NDP for the remainder of the Term (i.e., on a coterminous basis). The NDP Customer may add Special Access DS3 Service and Special Access DS1 Service for ACNA(s) not included in NDP only if it adds the ACNA(s) to the NDP Customer's NDP pursuant to Section 22.1.11 following. (N)

- (b) When the NDP Customer adds one or more IEF Services or one or more FMS Services during the Term of the NDP, the added IEF Service or FMS Service will be added to the NDP solely for the purpose of calculating the number of Equivalent DS1 CTs and/or the number of Equivalent DS1 CMs used to administer the NDP. (N)

(2) Removal of Services

- (a) When the NDP Customer removes one or more Special Access DS3 Services or Special Access DS1 Services for the ACNA(s) included in the NDP Customer's NDP, but not all Special Access DS3 Services and Special Access DS1 Services for the ACNA(s) included in the NDP Customer's NDP, from NDP at any time during the Term, no termination liability charge applies. (N)
- (b) When the NDP Customer removes one or more IEF Services for the ACNA(s) included in the NDP Customer's NDP, or one or more FMS Services for the ACNA(s) included in the NDP Customer's NDP during the Term of the NDP, no termination liability under this Section 22.1 applies. However, the NDP Customer may be subject to (i) termination liability under its applicable term plan for IEF Service or FMS Service. (N)
- (c) When the NDP Customer removes all Special Access DS3 Services and all Special Access DS1 Services for the ACNA(s) included in the NDP Customer's NDP from the NDP (i.e., the NDP Customer cancels its NDP in its entirety), termination liability applies in accordance with Section 22.1.13 following. (N)

ACCESS SERVICE

22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.4 Commitment Levels and Discount Tiers

(A) Calculation of Equivalent DS1 CTs and Equivalent DS1 CMs

In order to establish Commitment Levels and Discount Tiers, Equivalent DS1 CTs and Equivalent DS1 CMs must be determined. Based on the actual quantities of Channel Terminations and Channel Mileage for the ACNA(s) (N) included in the NDP Customer's NDP, and the percentage of each Qualifying Service that must be included in (N) the NDP (i.e., 100% or 75%, as applicable), as set forth in Section 22.1.3(B) preceding, the Telephone Company will calculate the Equivalent DS1 CTs and Equivalent DS1 CMs.

(1) The Equivalent DS1 CTs shall be calculated as follows:

(Step 1) Determine the actual quantity of Channel Terminations for each Qualifying Service across this tariff and FCC1, FCC11, and FCC14, as applicable, for the ACNA(s) included in the NDP Customer's NDP. (N)

(Step 2) Multiply the actual quantity of Channel Terminations for such Qualifying Service by either (a) 100% if the Qualifying Service is Special Access DS1 Service, Special Access DS3 Services, or an IEF Service; or (b) 75% if the Qualifying Service is an FMS Service.

(Step 3) Using Table 1, below, multiply (a) the applicable number in the column entitled "DS1 CT Multiplier" below; by (b) the number derived in Step 2 above.

(Step 4) Repeat the process in Steps (1) through (3) for each Qualifying Service.

(Step 5) Add the product of all of the equivalent Channel Terminations for all of the Qualifying Services derived in Steps (1) through (4) above.

Table 1: Calculation of Equivalent DSI CTs.

<u>Qualifying Service</u>	<u>DS1 CT Multiplier</u>
STS1 level	28
DS3 level	28
DS1 level	1
FMS level	1/24th

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.4 Commitment Levels and Discount Tiers (Cont'd)

(A) Calculation of Equivalent DS1 CTs and Equivalent DS1 CMs (Cont'd)

(2) The Equivalent DS1 CMs shall be calculated as follows:

- (Step 1) Determine the actual quantity of Channel Mileage for each Qualifying Service across this tariff and FCC1, FCC11, and FCC14, as applicable, for the ACNA(s) included in the NDP Customer's NDP. (N)
- (Step 2) Multiply the actual quantity of Channel Mileage for such Qualifying Service by either (a) 100% if the Qualifying Service is a Special Access DS1 Service or a Special Access DS3 Services; or (b) 75% if the Qualifying Service is an FMS Service.
- (Step 3) Using Table 2, below, multiply (a) the applicable number in the column entitled "DS1 CM Multiplier" below; by (b) the number derived in Step 2 above.
- (Step 4) Repeat the process in Steps (1) through (3) for each Qualifying Service.
- (Step 5) Add the product of all of the equivalent Channel Mileage for all of the Qualifying Services derived in Steps (1) through (4) above.

Table 2: Equivalent DSI CMs.

<u>Qualifying Service</u>	<u>DS1 CM Multiplier</u>
STS1 level	N/A
DS3 level	28
DS1 level	1
FMS level	1/24th

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.4 Commitment Levels and Discount Tiers (Cont'd)

(A) Calculation of Equivalent DS1 CTs and Equivalent DS1 CMs (Cont'd)

(2) (Cont'd)

As an example of the above, assume the NDP Customer has Channel Terminations for the ACNA(s) included in the NDP Customer's NDP in the following quantities: (N)

- 200 IEF STS1 Channel Terminations
- 800 DS3 Channel Terminations
- 3,000 DS1 Channel Terminations
- 481 FMS Channel Terminations (this number represents 75% of the total quantity of FMS Channel Terminations in accordance with Section 22.1.3(A) preceding)

The Equivalent DS1 CTs would be determined as follows:

Channel Termination		DS1 CT Multiplier		Equivalent DS1 CTs
200 IEF STS1s	X	28	=	5,600
800 DS3 CTs	X	28	=	22,400
3000 DS1 CTs	X	1	=	3,000
481 FMS CTs	X	1/24	=	20.04
Total Equivalent DS1 CTs				= 31,020.04

Further assume that NDP Customer has Channel Mileage for the ACNA(s) included in the NDP Customer's NDP in the following quantities: (N)

- 5,000 DS3 Channel Miles
- 75,000 DS1 Channel Miles
- 3,004 FMS Channel Miles (this number represents 75% of the total quantity of FMS Channel Mileage in accordance with Section 22.1.3(A) preceding)

The Equivalent DS1 CMs would be determined as follows:

Channel Mileage		DS1 CM Multiplier		Equivalent DS1 CMs
5,000 DS3 CMs	X	28	=	140,000
75,000 DS1 CMs	X	1	=	75,000
3,004 FMS CMs	X	1/24	=	125.17
Total Equivalent DS1 CMs				= 215,125.17

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22. Discount Plans (Cont'd)

22.1 National Discount Plan (Cont'd)

22.1.5 Application of Discount

(A) Discounted Rate Elements

The discounts provided under the NDP shall only be provided for the ACNA(s) included in the NDP Customer's (N) NDP on the following Discounted Rate Elements:

- (1) The following Discounted Rate Elements from FCC1 are included in NDP.
 - (a) Special Access DS1 Service Channel Terminations, Basic Service, Section 7.5.9(A) of FCC1, as determined in accordance with Section 14.7 of FCC1.
 - (b) Special Access DS1 Service Channel Mileage, Basic Service, Section 7.5.9(B) of FCC1, as determined in accordance with Section 14.7 of FCC1.
 - (c) Special Access DS1 Service DS1 to Voice Multiplexing, Basic Service, Section 7.5.9(C) of FCC1, as determined in accordance with Section 14.7 of FCC1.
 - (d) Special Access DS1 Service DS1 to Digital Multiplexing, Basic Service, Section 7.5.9(C) of FCC1, as determined in accordance with Section 14.7 of FCC1.
 - (e) Special Access DS1 Service DS1 to DS0 Multiplexing, Basic Service, Section 7.5.9(C) of FCC1, as determined in accordance with Section 14.7 of FCC1.
 - (f) Special Access DS3 Service primary and secondary Channel Terminations with optical and electrical interfaces, Base Rates, Section 7.5.9(A) of FCC1, as determined in accordance with Section 14.7 of FCC1.
 - (g) Special Access DS3 Service Channel Mileage, Banded Base Rates, as applicable, Section 7.5.9(B)(1)(e)(ii) of FCC1.
 - (h) Special Access DS3 Service Channel Mileage, Base Rates, as applicable, Section 7.5.9(B)(1)(e)(i) of FCC1, as determined in accordance with Section 14.7 of FCC1.
 - (i) Special Access DS3 Service DS3 to DS1 Multiplexing, Base Rates, Section 7.5.9(C) of FCC1, as determined in accordance with Section 14.7 of FCC1.
 - (j) Special Access DS3 Service DS3 Premises Multiplexer, Base Rates, Section 7.5.9(C) of FCC1, as determined in accordance with Section 14.7 of FCC1.

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.6 Special Access DS3 Service Channel Mileage Rates

(A) Special Access DS3 Service Channel Mileage Banded (Circuit Mileage) Rates set forth in Section 7.5.11(J)(2) preceding will apply to Special Access DS3 Services for the ACNA(s) included in the NDP Customer's NDP that are provided between two serving wire centers of the same Verizon Telephone Company (i.e., in those instances where service is not provided by more than one exchange telephone company under Section 2.7 preceding). (N)

(B) Except as set forth in (A) preceding, the Channel Mileage (Circuit Mileage) Rates set forth in Section 7.5.11(J)(1) preceding apply to all other Special Access DS3 Services for the ACNA(s) included in the NDP Customer's NDP that are included in the NDP and provided between (i) two (2) Verizon Telephone Companies; or (ii) between a Verizon Telephone Company and another exchange telephone company in accordance with Section 2.4.7 preceding. (N)

22.1.7 Annual True-Up

After each Anniversary Date during the Term, the Telephone Company will conduct an Annual True-Up which shall be used to determine the NDP Customer's compliance with its established Commitment Levels and Discount Tiers for the Annual True-Up Period.

(A) The Annual True-Up shall consist of the following steps which shall be conducted by the Telephone Company in the following order:

- (1) Calculate the Monthly Average Count of Equivalent DS1 CTs and Monthly Average Count of Equivalent DS1 CMs, each as described in Section 22.1.7(B) following; and
- (2) Compare the Monthly Average Count of Equivalent DS1 CMs against the CM Commitment Level, and the Monthly Average Count of Equivalent DS1 CTs against the CT Commitment Level to determine if the NDP Customer (a) has met its applicable Commitment Level(s); or (b) has exceeded its applicable Commitment Level(s), as each is described in (B) following; and
- (3) If the NDP Customer has not met its CT Commitment Level and/or CM Commitment Level, as applicable, then calculate the Shortfall Penalty that is due in accordance with Section 22.1.7(C) following. If the NDP Customer has exceeded its CT Commitment Level or CM Commitment Level, as applicable, then calculate any adjustment to one or both Commitment Level(s) in accordance with Section 22.1.7(B) following; and
- (4) Determine if the Achieved Discount Tier is the same as the Assigned Discount Tier. For an NDP Customer under a Standard Commitment Matrix or Premier Commitment Matrix, if the Assigned Discount Tier is different than the Achieved Discount Tier, then the Telephone Company shall calculate the applicable Discount Tier Adjustment in accordance with Section 22.1.7(D) following. No Discount Tier Adjustment is calculated for an NDP Customer under a Deluxe Commitment Matrix; and
- (5) Assuming the NDP Customer is eligible for the Commitment Buy-Up Bonus for either its CT Commitment Level or CM Commitment Level, or both, and the NDP Customer elects to exercise such Commitment Buy-Up Bonus Option, the Telephone Company will calculate the applicable CBB Discount in accordance with Section 22.1.7(E) following. No later than thirty (30) calendar days prior to the Anniversary Date of its NDP, the NDP Customer must notify the Telephone Company in writing of its intent to exercise the Commitment Buy-Up Bonus Option.

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.7 Annual True-Up (Cont'd)

(A) (Cont'd)

(6) If the NDP Customer added or removed one or more ACNA(s) under Section 22.1.11 or Section 22.1.12 following, respectively, during the Annual True-Up Period, the Telephone Company will adjust the CT Commitment Level and/or CM Commitment Level, as applicable, to reflect such added or removed ACNA(s). No later than thirty (30) calendar days prior to the Anniversary Date of the NDP Customer's NDP, the NDP Customer must notify the Telephone Company in writing of any such changes to its ACNAs.

(7) Subject to the requirements set forth in Section 22.1.7(F) following, assign the Discount Tiers applicable to the next Plan Year; and

(8) Assuming the NDP Customer qualifies for a change from the Standard Commitment Matrix to the Deluxe Commitment Matrix or the Premier Commitment Matrix, or for a change from the Deluxe Commitment Matrix to the Premier Commitment Matrix, and the NDP Customer elects to make such change, the Telephone Company will calculate and set the new Commitment Levels associated with the choice of a Deluxe Commitment Matrix or a Premier Commitment Matrix, as applicable and Discount Tiers in accordance with Section 22.1.7(G) following.

(B) Calculation of Monthly Counts and Measuring Monthly Counts Against Commitment Levels

(1) The Telephone Company will calculate the Monthly Average Count of Equivalent DS1 CTs and the Monthly Average Count of Equivalent DS1 CMs for the Qualifying Services purchased under the NDP that were in service for each month of the Annual True-Up Period. The Monthly Average Count of Equivalent DS1 CTs is calculated as follows:

(Step 1) add the actual number of Equivalent DS1 CTs for Qualifying Services purchased for the ACNA(s) (N) included under the NDP for each month of the Annual True-Up Period (including any Equivalent (N) DS1 CTs that were replaced by a Replacing Service using the methodology for a Technology Migration specified in Section 2.9.3 preceding);

(Step 2) add the result from Step 1 preceding to the quantities of Equivalent DS1 CTs determined in (i) and (ii) following:

(i) the Upgrade Adjustment, as calculated in accordance with Section 22.1.7(H) following, for any Qualifying Service(s) that has been Upgraded ; and/or

(ii) the Sale Adjustment, as calculated in accordance with Section 22.1.10 following, for any Qualifying Service(s) which are affected by a Telephone Company Sale;

(Step 3) divide the number derived in Step 2 preceding by 12 months.

A similar calculation is performed by the Telephone Company for calculating the Monthly Average Count of Equivalent DS1 CMs for the Qualifying Services purchased under the NDP by using Equivalent DS1 CMs for the ACNA(s) included in the NDP Customer's NDP instead of using Equivalent DS1 CTs. (N) (N)

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.7 Annual True-Up (Cont'd)

(C) Shortfall Penalty

A Shortfall Penalty is assessed against (i) the CT Commitment Level when the NDP Customer's Monthly Average Count of Equivalent DS1 CTs is less than the CT Commitment Level; or (ii) the CM Commitment Level is less than the NDP Customer's Monthly Average Count of Equivalent DS1 CMs. There are two methods (i.e., Option 1 or Option 2) of determining and calculating the Shortfall Penalty. The Telephone Company will calculate the Shortfall Penalty using both methods and apply the method that produces the lesser Shortfall Penalty. (N)

(1) Option 1 Shortfall Penalty Method and Calculation (C)

(Step 1) Calculate the Monthly Average Count of Equivalent DS1 CTs and the Monthly Average Count of Equivalent DS1 CMs during the Annual True-Up Period as set forth in Section 22.1.7(B)(1) preceding.

(Step 2) Determine the Monthly Shortage of Equivalent DS1 CTs and/or the Monthly Shortage of Equivalent DS1 CMs, as applicable.

(a) The NDP Customer's Monthly Shortage of Equivalent DS1 CTs will be determined by subtracting (i) the Monthly Average Count of Equivalent DS1 CTs determined in Step 1; from (ii) the CT Commitment Level.

(b) The NDP Customer's Monthly Shortage of Equivalent DS1 CMs will be determined by subtracting (i) the Monthly Average Count of Equivalent DS1 CMs determined in Step 1; from (ii) the CM Commitment Level.

(Step 3) Calculate the Average Monthly Rate per Equivalent DS1 CT and/or the Average Monthly Rate per Equivalent DS1 CM, as applicable.

(a) The Average Monthly Rate per Equivalent DS1 CT is calculated by (i) adding the total Monthly Charges billed for all Channel Termination and multiplexing (FCC1 and FCC11 only) Discounted Rate Elements, during each month of the Annual True-Up Period; and (ii) dividing the result in (i) preceding by twelve months; and (iii) dividing the result in (ii) preceding by the Average Monthly Count of Equivalent DS1 CTs calculated in Step 1.

(b) The Average Monthly Rate per Equivalent DS1 CM is calculated by (i) adding the total Monthly Charges billed for all Channel Mileage Discounted Rate Elements, during each month of the Annual True-Up Period; and (ii) dividing the result in (i) preceding by twelve months; and (iii) dividing the result in (ii) preceding by the Average Monthly Count of Equivalent DS1 CMs calculated in Step 1.

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.7 Annual True-Up (Cont'd)

(C) Shortfall Penalty

(1) Option 1 Shortfall Penalty Method and Calculation (Cont'd)

(N)

(Step 4) Calculate the Shortfall Penalty for the CT Commitment Level and/or the CM Commitment Level, as applicable

(a) The Telephone Company will calculate the Shortfall Penalty for the CT Commitment Level by multiplying (i) the Monthly Shortage determined in Step 2; by (ii) the Average Monthly Rate per Equivalent DS1 CT calculated in Step 3; and by (iii) twelve (12) months.

(b) The Telephone Company will calculate the Shortfall Penalty for the CM Commitment Level by multiplying (i) the Monthly Shortage determined in Step 2; by (ii) the Average Monthly Rate per Equivalent DS1 CM calculated in Step 3; and by (iii) twelve (12) months.

(2) As an illustrative example of the Option 1 Shortfall Penalty calculation for the CT Commitment Level, assume that at an Annual True-Up, an NDP Customer who selected the Premier Commitment Matrix had the following results: (i) the NDP Customer has met but has not exceeded by more than 60% its CM Commitment Level of 75,000 Equivalent DS1 CMs; (ii) the NDP Customer has not met its CT Commitment Level of 120,000 Equivalent DS1 CTs; and (iii) the Monthly Average Count of Equivalent DS1 CTs is 118,000. No Shortfall Penalty is applicable to the NDP Customer's CM Commitment Level since the NDP Customer has met its CM Commitment Level. Shortfall Penalty is due on the CT Commitment Level and is calculated as follows (using Steps 1-4 above): (N)

(Step 1) Calculate the Monthly Average Count of Equivalent DS1 CTs. In this example, this number is 118,000 Equivalent DS1 CTs

(Step 2) Calculate the Monthly Shortage of Equivalent DS1 CTs. [120,000 Commitment Level – 118,000 Monthly Average Count of Equivalent DS1 CTs = 2,000 Equivalent DS1 CTs]

(Step 3) Calculate the Average Monthly Rate per Equivalent DS1 CT. In this example, assume that the sum of the total Monthly Charges billed for all Channel Termination and multiplexing Discounted Rate Elements during each month of the Annual True-Up Period is \$150,000,000. The Average Monthly Rate per Equivalent DS1 CT is \$105.93. [\$150,000,000/12 months/118,000 Monthly Average Count of Equivalent DS1 CTs]

(Step 4) Calculate the Shortfall Penalty. The Shortfall Penalty is \$2,542,320 (the Monthly Shortage of 2,000 Equivalent DS1 CTs x \$105.93 Average Monthly Rate per Equivalent DS1 CT x 12 months).

Certain material previously found on this page can now be found on Original Page 22-33.1.

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22. Discount Plans (Cont'd)
 22.1 National Discount Plan (Cont'd)
 22.1.7 Annual True-Up (Cont'd)

(C) Shortfall Penalty

(3) Option 2 Shortfall Penalty Method and Calculation

(N)

The Shortfall Penalty will be an amount equal to the difference between (1) the Channel Termination Revenue Cap and/or the Channel Mileage Revenue Cap and (2) the actual total dollar Channel Termination revenue for Equivalent DS1 CTs in each of the twelve (12) months of the true-up period. The Telephone Company will calculate the difference as follows:

(Step 1) The Telephone Company will first determine the Channel Termination Revenue Cap by multiplying the total discounted monthly revenues associated with all in-service channel termination rate elements for Equivalent DS1 CTs for month one of the NDP by the appropriate Commitment Level percentage (e.g., 92% for Deluxe)(CT Revenue Cap). In the event the Commitment Level changes, (e.g., as a result the NDP Customer exceeding its Maximum Service Level), the Telephone Company will make a commensurate adjustment to the CT Revenue Cap. The adjusted CT Revenue Cap will be used beginning with the month in which the Commitment Level was changed.

(Step 2) The Telephone Company will then determine the actual channel termination revenues by calculating the total discounted monthly revenues associated with all in-service Equivalent DS1 CT rate elements for each month of the twelve (12) month true-up period.

(Step 3) For each month of the twelve (12) month true-up period, subtract the actual channel termination revenues from the CT Revenue Cap.

(Step 4) The Telephone Company will determine the Channel Mileage Revenue Cap by multiplying the total discounted monthly revenues associated with all in-service channel mileage rate elements for Equivalent DS1 CMs for month one of NDP by the appropriate Commitment Level percentage (e.g., 92% for Deluxe) (CM Revenue Cap). In the event the Commitment Level changes, (e.g., as a result the NDP Customer exceeding its Maximum Service Level), the Telephone Company will make a commensurate adjustment to the CM Revenue Cap. The adjusted CM Revenue Cap will be used beginning with the month in which the Commitment Level was changed.

(Step 5) The Telephone Company will then determine the actual channel mileage revenues associated with all in-service Equivalent DS1 CM rate elements for each month of the twelve (12) month true-up period.

(Step 6) For each month of the twelve (12) month true-up period, subtract the actual channel mileage revenues from the CM Revenue Cap.

(Step 7) To determine the amount due from the NDP Customer, the Telephone Company will sum the amounts calculated in Step 3 and Step 6.

(N)

(4) The Telephone Company will apply the lesser Shortfall Penalty calculated in (C)(1) or (C)(3) preceding to the BANs designated by the NDP Customer under Section 22.1.2(C)(5) preceding. The Shortfall Penalty is not subject to late payment penalty under Section 2.4.1 preceding, except when the bill containing such Shortfall Penalty is not paid by the payment date.

(C)(x)
(M) |
| |
(M)(x)

(x) Certain material on this page formerly appeared on Original Page 22-33.

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.7 Annual True-Up (Cont'd)

(E) Commitment Buy-Up Bonus (Cont'd)

- (5) As an illustrative example of the Commitment Buy-Up Bonus and the calculation of the CBB Discount for the CT Commitment Level, assume that the actual number of Equivalent DS1 CTs in month one (1) of the Annual True-Up Period was 6,046 Equivalent DS1 CTs and the actual number of Equivalent DS1 CTs in month twelve (12) of the Annual True-Up Period was 7,001.

(Step 1) Calculate the Percent Increase and corresponding CBB Discount Percentage in accordance with Step 1 of Section 22.1.7(E)(4) preceding.

In this example, the Percent Increase for Equivalent DS1 CTs is 16% $[(7,001 - 6,046)/6,046]$. The corresponding CBB Discount Percentage per the table in Section 22.1.7(E)(3) preceding is 3%.

(Step 2) Calculate the Monthly Average Count of Equivalent DS1 CTs in accordance with Step 2 of Section 22.1.7(E)(4) preceding. For this example, assume that the Monthly Average Count of Equivalent DS1 CTs is 6,350 Equivalent DS1 CTs.

(Step 3) Calculate the Average Monthly Rate per Equivalent DS1 CT in accordance with Step 3 of Section 22.1.7(E)(4) preceding. For this example, assume that the total charges over the Annual True-Up Period were \$9,475,000 which results in an average of \$124.34 per Equivalent DS1 CT. $[(9,475,000 \text{ divided by } 12 \text{ months}) = \$789,583]$ $[\$789,583 \text{ divided by } 6,350 = \text{an Average Monthly Rate of Equivalent DS1 CTs is } \$124.34 \text{ per Equivalent DS1 CT}]$

(Step 4) Determine the Actual Increase in Equivalent DS1 CTs in accordance with Step 4 of Section 22.1.7(E)(4) preceding. In this example, the Actual Increase for Equivalent DS1 CTs is 955 Equivalent DS1 CTs $(7,001 - 6,046)$.

(Step 5) Determine the CBB Discount for the CT Commitment Level in accordance with Step 5 of Section 22.1.7(E)(4) preceding. In this example, the CBB Discount is \$42,748 $[955 \text{ Actual Increase} \times \$124.34 \text{ Average Rate per Equivalent DS1 CT} \times 3\% \text{ Percent Increase} \times 12 \text{ months} = \$42,748 \text{ CBB Discount}]$.

(F) Assign the Discount Tier(s) for the Next Plan Year

The Telephone Company will assign the Discount Tier(s) applicable to the next Plan Year (i.e., from the most recent Anniversary Date to the next successive Anniversary Date) if the Achieved Discount Tier in month twelve (12) of the Annual True-Up Period (taking into account any (i) Upgrade Adjustment, as calculated in accordance with Section 22.1.7(H) following, for any Qualifying Service(s) that has been Upgraded; and (ii) any Sale Adjustment, as calculated in accordance with Section 22.1.10 following, for any Qualifying Service(s) for the ACNA(s) included in the NDP Customer's NDP which are affected by a Telephone Company Sale) is a higher or lower Discount Tier than the Assigned Discount Tier for the Annual True-Up Period. With respect to either Channel Terminations or Channel Mileage, the new Discount Tier for the next Plan Year (i.e., the new Assigned Discount Tier) shall result in an increased or decreased discount percentage pursuant to Section 22.1.5(B) preceding. If the Achieved Discount Tier (as determined in accordance with Section 22.1.7(D) preceding) is the same as the Assigned Discount Tier for the Annual True-Up, no action will be taken.

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22. Discount Plans (Cont'd)

22.1 National Discount Plan (Cont'd)

22.1.11 Addition of an ACNA(s) to an Existing NDP

(A) One of the following two (2) options must be chosen by the NDP Customer when adding one or more ACNA(s) to its NDP:

(1) If an NDP Customer adds one or more ACNA(s) to its NDP (as permitted under Section 22.1.1(C) and (D) (N) preceding), and such ACNA(s) is/are not already included in a different NDP, then, at its option, the NDP (C) Customer may include such ACNA(s) in its NDP in accordance with the terms of Section 22.1.11(B)(1) (C) following; or

(2) If an NDP Customer adds one or more ACNA(s) to its NDP (as permitted under Section 22.1.1(C) and (D) (N) preceding), and such ACNA(s) is/are already included in another NDP, then the NDP Customer must include such ACNA(s) in its NDP in accordance with the terms of Section 22.1.11(B)(2) following.

The terms of Section 22.1.1(C) preceding apply in addition to any requirements set forth herein.

(B) No later than thirty (30) calendar days prior to each Anniversary Date of the NDP, the NDP Customer must provide the Telephone Company with a list of the any ACNAs that the NDP Customer acquired (as defined in (A) above) during the Annual True-Up Period. Whether the acquired ACNA(s) is/are already included in an NDP shall determine whether (i) the NDP Customer's NDP is augmented to include such acquired ACNA(s); (ii) the NDP Customer's NDP is combined with the NDP associated with the acquired ACNA(s); or (iii) a new NDP is established that includes the NDP Customer's existing ACNA(s) and the acquired ACNAs.

(1) Augment of Existing NDP to Include the Added ACNA(s)

Where an NDP Customer seeks to add one or more ACNA(s) to its NDP in accordance with Section 22.1.11(A)(1) preceding (i.e., such ACNA(s) is/are not already included in another NDP), the NDP Customer's NDP shall be augmented to include the quantities of the Qualifying Services of such added ACNAs.

(a) At the next Annual True-Up following the effective date of the NDP Customer acquiring the additional ACNA(s), the Telephone Company will complete Steps (A)(1) through (A)(5) of the Annual True-Up as described in Section 22.1.7(A) preceding as if the NDP Customer had not acquired the additional ACNA(s).

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.11 Addition of an ACNA(s) to an Existing NDP (Cont'd)

(B) (Cont'd)

(1) Augment of Existing NDP to Include the Added ACNA(s) (Cont'd)

(b) Upon completion of Section 22.1.7(A)(1) through (A)(5) preceding, and in accordance with Section 22.1.1(C) or (N) (D) preceding, the acquired ACNA(s) will be added to the NDP and all of the following shall occur: (N)

(1) Adjust Commitment Levels

The Telephone Company will adjust Commitment Levels of the NDP to include the Qualifying Services of the acquired ACNA(s) as follows:

(Step 1) Using the table in Section 22.1.4(A)(1) preceding, and the actual quantities of Channel Terminations for the acquired ACNA(s) in month twelve (12) of the Annual True-Up Period (even though such Channel Terminations of the acquired ACNA(s) were not used in the Annual True-Up), determine the number of Equivalent DS1 CTs associated with the Qualifying Service(s) of the acquired ACNA(s) by multiplying (a) the level for the Qualifying Service (e.g., DS3 level); by (b) the DS1 CT multiplier using the table set forth in Section 22.1.4(A)(1) preceding.

The Telephone Company will determine the number of Equivalent DS1 CMs for the acquired ACNA(s) in the same manner as the number of Equivalent DS1 CTs was developed in the preceding paragraph.

(Step 2) The Telephone Company will calculate a CT Commitment Level for the acquired ACNA(s) by multiplying the result in Step 1 above by eighty-five percent (85%) if the NDP Customer has the Standard Commitment Matrix, by ninety percent (90%) if the NDP Customer has the Premier Commitment Matrix, or by ninety-two percent (92%) if the NDP Customer has the Deluxe Commitment Matrix.

The Telephone Company will develop a CM Commitment Level for the acquired ACNA(s) in the same manner as the CT Commitment Level was developed in the preceding paragraph.

(Step 3) The Telephone Company will add the CT Commitment Level for the acquired ACNA(s) determined in Step 2 above to the CT Commitment Level for the NDP (which such CT Commitment Level may have already been revised in accordance with Section 22.1.7(B) or Section 22.1.7(E) preceding, of the Annual True-Up), the result of which will be the adjusted CT Commitment Level for the remainder of the Term unless otherwise adjusted in this Section 22.1. Any prior CT Commitment level established under Section 22.1.7(B) or Section 22.1.7(E) preceding is expressly superseded by the CT Commitment Level established under this Step 3.

The Telephone Company will add the CM Commitment Level for the acquired ACNA(s) determined in Step 2 above to the CM Commitment Level for the NDP, the result of which will be the adjusted CM Commitment Level for the remainder of the Term unless otherwise adjusted in this Section 22.1. Any prior CM Commitment level established under Section 22.1.7(B) or Section 22.1.7(E) p

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.11 Addition of an ACNA(s) to an Existing NDP (Cont'd)

(B) (Cont'd)

(2) Combine NDPs (Cont'd)

(c) New NDP Option

This option combines the NDP of the existing ACNAs (Plan A) with the NDP of the acquired ACNAs (Plan B) into a new NDP (Plan C) that includes the ACNAs of Plan A and Plan B.

- (1) At the first Annual True-Up for either Plan A or Plan B following the effective date of the NDP Customer acquiring the ACNA(s), the Telephone Company will complete Steps (A)(1) through (A)(5) of the Annual True-Up as described in Section 22.1.7(A) preceding for Plan A and separately complete Steps (A)(1) through (A)(5) of the Annual True-Up as described in Section 22.1.7(A) preceding for Plan B. Each Annual True-Up will be conducted as if the NDPs had not been combined. The Telephone Company will conduct a Final True-Up on Plan A, and a separate Final True-Up on Plan B using the number of months available at the time the Final True-Up is conducted. Upon completion of the Final True-Up for each plan, Plan A and Plan B shall both be cancelled without the application of termination liability under Section 22.1.13 following.

- (2) The new NDP shall be established using the quantities of Qualifying Services for the ACNAs of Plan A and Plan B as determined in the Final True-Up for each plan, and shall be established and maintained in accordance with the requirements of this Section 22.1.

22.1.12 Removal of an ACNA(s) As A Result of a Customer Sale

- (A) A Customer Sale is the consummation of a sale, divestiture, spin-off, or other transaction which results in the NDP Customer no longer having any (i.e., 0%) control (including any stock or assets) in a Person that is (at the time of the Customer Sale) included within the NDP Customer's NDP. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership or voting securities, by contract or otherwise.

- (1) When an NDP Customer is subject to a Customer Sale, and seeks to remove one or more ACNA(s) from its NDP, the terms of Section (A)(2) following shall apply, and the Telephone Company shall automatically at the next Annual True-Up modify the existing NDP by removing the affected ACNAs and the Qualifying Services associated with the affected ACNA(s). No later than thirty (30) calendar days prior to the Anniversary Date, the NDP Customer must provide a written notice with supporting documentation that describes the Customer Sale, and the ACNAs impacted by such Customer Sale.

If the NDP Customer sells, divests, spins off, or otherwise reduces its control (including any stock or assets) in a Person that is (at the time of the applicable sale transaction) included within the NDP Customer's NDP, but the NDP Customer still retains some control (i.e., greater than 0%) in the affected Person(s), then all of the ACNA(s) of such Person(s) shall continue to be included in the NDP Customer's NDP, in accordance with the terms of Section 22.1.1(C) or (D) preceding. As used in this paragraph, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership or voting securities, by contract or otherwise. (N)

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.14 Renewal and Termination of NDP

(A) Description

No later than sixty (60) calendar days prior to expiration of the Initial Term or Renewal Term, as applicable, of the NDP, the NDP Customer must provide the Telephone Company with written notice of its election of one of the following options.

- (1) Renew its NDP for a 5-year Renewal Term as described in Section 22.1.14(B) including providing written (T) election of its subscription to the Renewal Benefit Option as set forth in Section 22.1.14(C) following; or
- (2) subscribe to a new NDP with a different set of ACNA(s) to be included. All terms and conditions of NDP, including termination liability, shall apply to the new Initial Term. The Renewal Benefit Option is not applicable to this option.
- (3) subscribe the Qualifying Services of the expiring NDP to any then effective discount plan, term plan or Contract Tariff Option for which the NDP Customer is eligible; or
- (4) continue with service on a month-to-month basis without any discount or term plan; or
- (5) discontinue service for all Qualifying Services without the application of termination liability as set forth in Section 22.1.13 preceding.

(B) Renewal

The NDP Customer's election to renew its NDP for another Renewal Term under Section 25.3.14(A)(1) preceding must be provided in writing, must include a list of ACNA(s) designated to be included in the NDP (C) Renewal Term, and must be received by the Telephone Company no later than 60 calendar days prior to (C) expiration of the Term. If the NDP Customer does not provide the Telephone Company with written notice (including providing timely notice) of its election under Section 25.3.14(A) preceding, and subject to the following requirements, the expiring NDP shall automatically renew for a 5-year Renewal Term at the end of the Initial Term or Renewal Term, as applicable, for the ACNA(s) included in the expiring NDP. (C)

- (1) The Telephone Company will conduct the Annual True-Up for Plan Year 5 in accordance with Section 22.1.7 preceding (Final True-Up), except that such Final True-Up shall not include the following:
 - (a) The Commitment Buy-Up option as set forth in Section 22.1.7(E) preceding; and
 - (b) The Telephone Company will not assign Discount Tiers for the expiring NDP since the NDP has just completed its last Plan Year of the Initial Term or Renewal Term, as applicable; and
 - (c) Subject to Section 22.1.14(C) following, where the NDP Customer provides timely notice of its election under Section 22.1.14(A) preceding, the NDP Customer may change the Commitment Matrix to any available Commitment Matrix option.

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22. Discount Plans (Cont'd)22.1 National Discount Plan (Cont'd)22.1.14 Renewal and Termination of NDP (Cont'd)

(B) Renewal (Cont'd)

- (2) The Telephone Company shall establish the renewed NDP using the quantities of Qualifying Services for the NDP Customer's ACNA(s) as determined in Section 22.1.1(D) preceding (including any ACNA(s) associated with any Person(s) that are included in the NDP Customer's NDP, as determined in Section 22.1.1(D) preceding). The renewed NDP shall be established and maintained in accordance with the requirements of this Section 22.1 and shall be subject to the following conditions: (C) (T)
- (a) A Renewal Term of five (5) years; and
- (b) All Qualifying Services that the NDP Customer subscribed to in month twelve (12) of Plan Year 5 of the expiring Initial Term or a Renewal Term, as applicable, must be included in the Renewed NDP; and
- (c) The NDP Customer must specify a Commitment Matrix Option for the Renewal Term from those offered under Section 22.1.4(C) preceding, except where the NDP Customer selects the Renewal Benefit Option under Section 22.1.14(C) following, in which case the NDP Customer must select either the Premier Commitment Matrix or the Deluxe Commitment Matrix; and
- (d) The Telephone Company will develop a new CT Commitment Level for the Renewal Term using (i) the actual number of Equivalent DS1 CTs for Qualifying Services that were subscribed to in month twelve (12) of Plan Year 5 of the expiring Initial Term or the Renewal Term, as applicable, for the NDP Customer's ACNA(s) that it designated to be included in the Renewal Term, and (ii) in the event the NDP customer is adding ACNA(s) to the plan, the actual number of Equivalent DS1 CTs for Qualifying Services that were in service for the new ACNA(s) during month 12 of Plan Year 5. The calculation shall be performed in accordance with Section 25.3.4 preceding; and (C)
- (e) The Telephone Company will develop a new CM Commitment Level for the Renewal Term using (i) the actual number of Equivalent DS1 CMs for Qualifying Services that were subscribed to in month twelve (12) of Plan Year 5 of the expiring Initial Term or the Renewal Term, as applicable, for the NDP Customer's ACNA(s) that it designated to be included in the Renewal Term, and (ii) in the event the NDP Customer is adding ACNA(s) to the plan, the actual number of Equivalent DS1 CMs for Qualifying Services that were in service for the new ACNA(s) during month 12 of Plan Year 5. The calculation shall be performed in accordance with Section 25.3.4 preceding; and (C)
- (f) New Discount Tiers will be assigned for the renewed NDP using the actual quantity of Equivalent DS1 CTs or actual quantity of Equivalent DS1 CMs, as applicable, that were used to determine the new CT and CM Commitment Levels as describe in (d) and (e) preceding; and (C) (C)
- (g) The renewed NDP shall begin in Plan Year 1 but shall continue to receive the discounts associated with Plan Year 5 as set forth in Section 22.1.5(B) preceding.