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Effective:

FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)

21.14 Contract Tariff Option 13 (Cont'd)

(D) Service Area

The Billing Credit will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff and the Telephone Company's Tariff F.C.C. Nos. 1 and 11 (**Service Area**). Wire centers for the Phase II MSAs are listed in Section 19.1 preceding, Section 14.7 of the Telephone Company's Tariff F.C.C. No. 1, and Section 15.3 of the Telephone Company's Tariff F.C.C. No. 11. 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) that occur during the Service Period of this Option 13 will apply. No Billing Credits will be provided in the operating territories of the Telephone Company's Tariff F.C.C. No. 16, but the calculation of the TBR for the Qualifying Services will include all Qualifying Services purchased by the customer under (E)(1)(a) following.

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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.14 Contract Tariff Option 13 (Cont'd)

(N)

(E) Terms and Conditions

(1) Qualifying DS1 and Qualifying Services

(a) Description of Qualifying Services

Qualifying Services will be comprised of the following services purchased by the customer during the Service Period:

- (1) Special Access Voice Grade, Digital Data Service (**DDS**), DS1, DS3, SONET, Dense Wave Division Multiplexing, and other Optical services, as set forth in Sections 5 and 20 preceding; the Telephone Company's Tariff F.C.C. No. 1 (Sections 7, 8, and 25); the Telephone Company's Tariff F.C.C. No. 11 (Sections 7, 25, 26, 30, and 31); and the Telephone Company's Tariff F.C.C. No. 16 (Sections 7 and 20) (collectively, **Special Access**); and

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- (2) Switched Access DS1 and DS3 Direct Trunk Transport services, as set forth in Section 4 preceding; the Telephone Company's Tariff F.C.C. No. 1 (Section 6); the Telephone Company's Tariff F.C.C. No. 11 (Sections 6, 30, and 31); and the Telephone Company's Tariff F.C.C. No. 16 (Section 6) (collectively, **Switched DTT**).

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If the Telephone Company introduces a new Special Access Service or Switched DTT Service, or an enhancement to an existing Special Access Service or Switched DTT Service in its Tariff F.C.C. Nos. 1, 11, 14, or 16 (collectively, **Tariffs**), then such services shall be automatically included in Qualifying Services, and the customer's purchases of such new or enhanced Qualifying Services shall be included in the calculation of TBR, subject to the terms and conditions set forth in this Option 13.

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All other services purchased by the customer from the Telephone Company or any affiliate of the Telephone Company and not listed in this (E)(1)(a) shall not be eligible for inclusion as a Qualifying Service under this Option 13.

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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.14 Contract Tariff Option 13 (Cont'd)

(N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(b) Description of Qualifying DS1

Qualifying DS1 (1.544 Mbps) will be comprised of the following services purchased by the customer during the Service Period:

Special Access 1.544 Mbps High Capacity services, as set forth in Section 5 preceding; the Telephone Company's Tariff F.C.C. No. 1 (Section 7); the Telephone Company's Tariff F.C.C. No. 11 (Section 7); and the Telephone Company's Tariff F.C.C. No. 16 (Section 7) (collectively, **DS1**).

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(c) Revenues Included in Calculation of TBR for Qualifying Services

The customer's TBR for Qualifying Services shall include only the following:

- (1) monthly billed recurring revenues, inclusive (that is, net) of any credits or discounts given under existing pricing plans (e.g., Term Payment Plans or Commitment Discount Plan), if applicable, that are generated in the course of billing monthly recurring revenue for the Qualifying Services provided during the Service Period; and
- (2) any credits and adjustments made to monthly recurring billed amounts for Qualifying Services, as set forth in (E)(1)(c)(1) preceding, which are purchased by the customer during the Service Period.

(N)

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21. Contract Tariffs (Cont'd)21.14 Contract Tariff Option 13 (Cont'd)

(N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(d) Examples of Revenue Not Included in Calculation of TBR for Qualifying Services

TBR for Qualifying Services does not include any revenue other than as set forth in (E)(1)(c) preceding. The following types of charges are an illustrative list and are not intended to be a comprehensive listing of all other charges excluded from the calculation of TBR for Qualifying Services.

- non-recurring charges;
- taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g. Federal Universal Service Fund);
- service or administrative fees or charges imposed by the Telephone Company (e.g. Interest penalty, late payment penalty);
- any other charges which are not applied on a recurring monthly basis;
- any billed amount related to Qualifying Services for which payment is being withheld or under dispute by the customer;
- credits or adjustments provided by the Telephone Company that apply to any period other than the Service Period and to any services other than the Qualifying Services;
- Shortfall or overage charges associated with term plan true-ups (e.g., such as failure to satisfy commitment levels pursuant to a term plan);
- minimum period charges;
- termination liabilities; or
- Billing Credits (as defined in (E)(2)(b) under this Option 13)

(e) Use of Telephone Company SONET OC3 Services

For customers who subscribe to this Option 13 and also purchase new SONET IntelliLight Broadband Transport (IBT) OC3/OC3c service as set forth in the Telephone Company's Tariff F.C.C. Nos. 1 or 11 during the Service Period, a TBR multiplier of 1.15 will be applied to such TBR associated with such new SONET IBT OC3/OC3c service. This multiplier shall only be used to determine the TBR for Qualifying Services, and not for any other purpose.

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21. Contract Tariffs (Cont'd)21.14 Contract Tariff Option 13 (Cont'd)

(N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(e) Use of Telephone Company SONET OC3 Services (Cont'd)

In calculating TBR for Qualifying Services, the Telephone Company shall determine the total amount of monthly billed recurring revenues for new IBT OC3/OC3c services which have been purchased by the customer during the Service Period, and multiply the same by 1.15 (that is, a fifteen percent (15%) incentive for subscription to new IBT OC3/OC3c services). For example, assume that the customer's total amount of monthly billed recurring revenues for new IBT OC3/OC3c services during the Service Period was \$1,000,000 (\$1M). Then, in calculating TBR for Qualifying Services, the customer shall be deemed to have purchased \$1,150,000 (\$1.15M) in Qualifying Services. For purposes of this Option 13, a new SONET IBT OC3/OC3c service must meet one of the following criteria:

- (1) newly ordered and provisioned during the Service Period by the customer under this Option 13 and this tariff and in the Telephone Company's Tariff F.C.C. Nos. 1, 11, and 16; or
- (2) upgrade of an existing Special Access service during the Service Period that is not a SONET IBT OC3/OC3c service (e.g., upgrade of a DS1 or DS3 to a SONET IBT OC3 service) under the provisions set forth in the Telephone Company's Tariff F.C.C. Nos. 1 or 11.

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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.14 Contract Tariff Option 13 (Cont'd)

(N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(f) Use of Telephone Company Provided Special Access Services

For customers who subscribe to this Option 13 and convert their DS1 capacity loops, dedicated transport or Expanded Extended Loops (**EELs**) (collectively, **DS1 UNES**) provided by the Telephone Company as unbundled network elements (**UNES**) pursuant to a tariff or interconnection agreement under Sections 251 and 252 of the Telecommunications Act of 1934, as amended from time to time, to Special Access DS1 Service under Section 5.2.9 preceding of this tariff, the Telephone Company will multiply the customer's TBR associated with such converted DS1 UNES by 1.50. This multiplier shall only be used to determine the TBR for Qualifying Services, and not for any other purpose.

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For example, if the customer converts \$1,000,000 (\$1M) in DS1 UNES to Special Access DS1 Services during the Service Period of this Option 13, then, in calculating TBR for Qualifying Services, the customer shall be deemed to have purchased \$1,500,000 (\$1.50M) in Special Access DS1 Services for purposes of calculating the TBR for Qualifying Service.

(g) Mergers and Acquisitions of Customer

In the event the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply in addition to any other terms and conditions set forth in this Option 13 and the Tariffs.

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(i) The customer may not combine or include any revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in the calculation of TBR for Qualifying Services.

(ii) The customer shall continue subscribing to this Option 13 and the applicable Contract Tariffs for the duration of the Service Period based on its business with the Telephone Company as of the customer's date of subscription to Option 13 without adding the revenues attributable to expansion of the customer's purchase of Services from the Telephone Company through merger, transfer, assignment, or acquisition.

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(iii) The Telephone Company reserves the right to terminate this Option 13 if the customer does not adhere to the provisions of this (E)(1)(g).

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(N)

(E) Terms and Conditions (Cont'd)

(1) Qualifying DS1 and Qualifying Services (Cont'd)

(h) Sale of Verizon Operating Telephone Company

If a Verizon operating telephone company issuing this tariff, or the assets of such Verizon operating telephone company are acquired by an unaffiliated third party (**Acquired VZ Telco**), and the Telephone Company does not provide the Qualifying Services to the customer after such time, then the following terms and conditions shall apply, in addition to any other terms and conditions set forth in this tariff and in the Telephone Company's Tariff F.C.C. Nos. 1, 11, and 16.

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- (i) each range or tier of the TBR for Qualifying DS1 and the TBR for Qualifying Services set forth in the table in (E)(2)(b) following shall be proportionately reduced by the applicable Acquisition Reduction Amount (as calculated in this (E)(1)(h));
- (ii) all Billing Credits set forth in the table in (E)(2)(b) following shall be reduced by a percentage which shall be calculated by dividing the Acquisition Reduction Amount for Qualifying Services by \$45M; and
- (iii) in calculating the Shortfall Penalty or Termination Liability, as set forth in Sections (E)(4) and (E)(5) following, respectively, the TBR of \$43M for Qualifying Services shall be reduced by the Acquisition Reduction Amount for Qualifying Services, or the Acquisition Reduction Amount for Qualifying DS1, as calculated in this (E)(1)(h). For example, if the Acquisition Reduction Amount for Qualifying Services, as calculated in this (E)(1)(h), is \$8,500,000 (**\$8.5M**), then a Shortfall Penalty will not be assessed if the customer has a TBR for Qualifying Services of at least \$34,500,000 (the minimum TBR for Qualifying Services of \$43M less the Acquisition Reduction Amount of \$8.5M).

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21. Contract Tariffs (Cont'd)21.14 Contract Tariff Option 13 (Cont'd)

(N)

(E) Terms and Conditions (Cont'd)

(5) Termination Charges

If the customer cancels or terminates this Option 13 or its subscription to the applicable Contract Tariff Option(s) under the Tariffs prior to the expiration of the Service Period, the customer will be liable for one hundred percent (100%) of the difference between the customer's TBR for the Qualifying Services at the time of cancellation or termination and the minimum TBR for Qualifying Services of \$43M, or the adjusted minimum TBR requirement as set forth in (E)(1)(h) preceding, as applicable. Additionally, the customer must refund any RMC amounts previously paid under (E)(2)(f) by the Telephone Company. This section does not relieve the customer of any termination liabilities or minimum period charges under the Tariffs that may apply for termination of any individual Qualifying Service. The terms and conditions of the Tariffs, including any applicable termination liabilities, shall continue to apply with respect to any Qualifying Service.

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As an illustrative example, assume that the customer has a TBR for the Qualifying Services of \$35,000,000 (\$35M) during the first eight (8) months of the Service Period, and that no adjustment under (E)(1)(h) preceding occurred. Also assume that the customer decides to terminate this Option 13 at such time. The customer shall pay termination charges of \$8,000,000 (the minimum TBR of \$43M for Qualifying Services less the actual TBR for the Qualifying Services of \$35M, multiplied by 100%) and must refund any RMC amounts previously paid by the Telephone Company. The customer shall not be eligible for any applicable Billing Credits. In this example, if the customer also terminates or discontinues one or more Qualifying Services, then the customer shall be responsible for any associated termination liabilities and minimum period charges assessable under the applicable Tariff for such terminated or discontinued Qualifying Services.

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