SECTION 21 – CONTRACT TARIFFS

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SECTION 21 – CONTRACT TARIFFS, (cont'd.)

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 Hawaiian Telcom, Inc. are set forth in this Tariff F.C.C. No. 1, Section 19.1.

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

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.2 Contract Tariff Option 4

21.2.1 Scope

The Optical Networking West Renewal Plan (West Plan or West Renewal Plan) provides for the application of a discount to the qualifying monthly recurring rates on:

(A) Optical Networking month-to-month billed services that are converted to a West Plan under this Section 21.2 or

(B) existing Optical Networking Service term plans that are renewed as West Plans under this Section 21.2.

21.2.2 Eligible Services

(A) To be eligible for the West Plan, the Customer must have had minimum total billed annual access revenues for calendar year 2002 of $32,500,000.00 or greater for all of its Optical Networking services within the serving area of this tariff as listed in 21.2.3 following. The Customer must also maintain a minimum total billed annual access revenue for calendar year 2003 and for calendar year 2004 of $27,000,000.00 or greater for all of its Optical Networking services listed in 21.2.4 following within all of the operating territories of this tariff. The Customer is not required to maintain a total billed annual access revenue for year 2005 and beyond. Total billed annual access revenues are determined using Optical Networking Services billed at price band rates and at all other rates. Failure to maintain the annual minimum revenue volume will result in termination of the Customer’s West Plan.

(B) Beginning with the effective date of this tariff and ending December 31, 2003, each month-to-month billed service that is converted to an West Plan and each existing term plan that is renewed as an West Plan will be subject to the terms and conditions set forth in this Section 21.2.4. For conversion of a month-to-month billed service or renewal of an existing term plan, the service must have been billable as of March 31, 2003. For purposes of this regulation, a billable service is defined as a service that received a monthly bill for all or part of the March 2003 bill period.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.2 Contract Tariff Option 4, (cont'd.)

21.2.2 Eligible Services, (cont'd.)

(B) (cont'd.)

To subscribe to the West Plan, the Customer must provide the Telephone Company with a list of the circuit identification numbers (Ids) to be renewed, accompanied by a letter of authorization signed by an authorized representative of the Customer, that specifies the date for this Contract Tariff Option to commence, and the Access Customer Name Abbreviations (ACNAs) within the serving area of the contract. This listing of circuit Ids must be supplied to the Telephone Company as a single, onetime occurrence before December 31, 2003.

(C) The following Special Access Optical Networking Services are eligible for conversion or renewal to a West Plan:

Service	Tariff Reference
Optical Networking Express Connect	20.4.1(H)
Optical Networking Custom Connect	20.4.1(K)
Optical Networking Transport	20.4.2(F)&(G)

(D) When establishing a West Plan, the Customer must specify the term commitment period from those offered in 21.2.4(A) following for the specific type of service involved.

Nonrecurring charges and on termination liabilities as they would normally apply under the current billing option to convert or renew an eligible service to a term plan, do not apply when converting or renewing service to a West plan. Any other restrictions applicable to converting or discontinuing the existing bill option do not apply when converting or renewing service to a West Plan.

(E) With the exception of converting a month-to-month billed service to a West Plan or renewing an existing term plan to a West Plan, no other changes may be made to the physical characteristics of the service (e.g., no change of speed, type or capacity).

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.2 Contract Tariff Option 4, (cont'd.)

21.2.3 Serving Area

The serving area of Contract Tariff Option 4 is comprised of the following Telephone Company MSAs.

Metropolitan statistical Area	Pricing Status
Honolulu HI	Level 1

The above Telephone Company MSA is in effect as of the effective date of this Contract Tariff. Any additions of or changes to Telephone Company MSAs (including changes to Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff) that occur after August 1, 2003 do not apply.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.2 Contract Tariff Option 4, (cont'd.)

21.2.4 Terms and Conditions

(A) Term Commitment Periods

The Customer must select a term commitment period from the following options.

West Plan Term Commitment Periods Service	3 Year	5 Year	7 Year
Optical Networking Express Connect	X	X	X
Optical Networking Customer Connect	X	X	X
Optical Networking Transport	X	X	X

(B) The rate elements that are included in a West Plan are the recurring rate elements specified below for each type of service:

Optical Networking Express Rate Elements
- First System, Additional System, Additional Express Nodes

Optical Networking Custom Connect Rate Elements
- CO Nodes, CDL Links, SONET Premise Nodes, Custom Connect Transport
- Custom Connect Riders

Optical Networking Transport Rate Elements
- Banded Optical Transport, Expanded Banded Optical Transport

(C) Except as set forth in this Section 21.2.4, the terms and conditions of the term plan for each individual Optical Networking Services apply as set forth in Section 20.5 preceding.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.2 Contract Tariff Option 4, (cont'd.)

21.2.4 Terms and Conditions, (cont'd.)

(D) The following terms and conditions apply in addition to, or in lieu of, the terms and conditions that apply under the term plan for the specific type of service involved.

(1) Under the West Plan, the Customer will receive a discount of fifteen percent (15%) applied to the qualifying monthly recurring rates and charges for the type and duration of service involved which is provided within the MSAs set forth in 21.2.3 preceding. Service under a West Plan is not eligible for additional discount under any other sections of this tariff. The discount will be applied as a monthly adjustment to the Customer's bill.

(2) After December 31, 2003, the Customer may, at its option, renew the term commitment period of a service under the West Plan to the terms and conditions of the standard term plan (i.e., the non-West Plan) for the service involved.

Upon renewal to a non-West Plan, such service will no longer be subject to the terms and conditions or discounts provided under this Section 21.2.

(3) Additional services or rate elements may be added during the term commitment period subject to the terms and conditions set forth for service additions in the standard term plan for the service. The additional service or rate elements will not be eligible to receive the discount applied under a West Plan.

(4) Upon completion of the West Plan term commitment period, the Customer has the following options.

(a) Continue with the service at the non-West Plan rates in effect with the application of the 15% discount. The Customer must provide the Telephone Company with written notice prior to subsequent disconnection of the service.

(b) Disconnect the service.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.2 Contract Tariff Option 4, (cont'd.)

21.2.4 Terms and Conditions, (cont'd.)

(D) (Cont’d)

(5) Except as set forth in 21.2.4(D)(5)(a) and 21.2.4(D)(5)(b) following, termination liability applies in accordance with the terms and conditions set forth in Section 20.5.5.

(b) For SONET rate elements associated with DS3 or lower level (DS1, DSO, or DDS) services, termination liability will not apply under this plan.

For SONET rate elements associated with optical channel services (i.e. OC3, OC12, OC24, OC48 & OC192) under this West Plan, the Telephone Company will grant time-in-service credit (TISC) toward the termination liability when the Customer disconnect service under the West Plan at the request of the Customer’s end user. TISC will not be granted when service is disconnected (even if at the request of the Customer’s end user) in order to rearrange the service on to the Customer’ own network or no to the network of another service provider. TISC will be granted for the period of time that the service was in effect one month-to-month billed basis or under its prior term plan, as applicable, prior to the conversion or renewal to a West Plan in accordance with (b) following. In order to receive TISC for the discontinuance of service, the Customer must provide the Telephone Company with documentation certifying that the discontinuance was the result of an order from the Customer’s end user to disconnect the service. The Telephone Company must receive the notification with 30 days of the date of disconnection in order for TISC to be applied.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.2 Contract Tariff Option 4, (cont'd.)

21.2.4 Terms and Conditions, (cont'd.)

(D) (cont'd.)

(5) (cont'd.)

(c) When the conditions above are met, TISC will be granted as follows. For month-to-month billed service that was converted to a West Plan, a maximum of 12 months TISC will be granted. For renewal of an existing term plan to a West Plan, the amount of TISC is equal to the number of months the original term plan was in effect prior to conversion to the West Plan. If a second renewal occurred under 21.2.4(B) preceding, the amount of TISC is equal to the number of months the original term plan was in effect prior to conversion to the West Plan plus the number of months the first renewal was in effect prior to the second renewal.

When calculating any termination liability charge that may be assessed for early disconnection of service or cancellation of the renewed plan, TISC will be applied to the beginning of the period that termination liability is assessed (i.e., beginning with the date of disconnection or cancellation) thereby adjusting the number of months which termination liability is applicable.

For example: Assume (1) the term commitment for the service is 60 months; (2) the termination liability for the service disconnected is disconnected in the second 12 months of service is 35% of the monthly rate for the remaining months in the term commitment; (3) the service was in effect for 9 months before conversion to the West Plan, resulting in 9 months of TISC; and (4) the Customer’s end user disconnects after 6 months of receiving service under the West Plan. TISC of 9 months would be added to the 6 months of service under the current West Plan, for an adjusted total of 15 months service. Termination liability would then apply to the remaining 45 months, and would be computed at the 35% rate.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.3 Contract Tariff Option 6

21.3.1 Scope

Contract Tariff Option 6, the New Connect Discount Plan E, is an offering exclusively for new installations of certain special access Optical Networking services ordered during a specific period of time.

The regulations, terms and conditions provided in this Section 21.3 automatically apply to all Customers who install new services offered under the New Connect Discount Plan E in the applicable MSAs during the specified subscription period. The qualifying services are listed in 21.3.2 following and the applicable Metropolitan Statistical Areas (MSAs) are specified in 21.3.3 following.

The initial subscription period during which the Customer qualifies for Contract Tariff Option 6, the New Connect Discount Plan E (Plan E), begins on October 1, 2003, and ends December 31, 2003.

(A) An order for service must be placed during the subscription period and the service must be one of the services specified in Section 21.3.2 following.

(B) The Customer must accept the service on the original service date.

(C) If the Customer does not accept service on the original service date, any change to a later date will make the service ineligible for the discount, unless the change is initiated by the Telephone Company.

21.3.2 Eligible Services

The New Connect Discount Plan E is an offering exclusively for new installations of Optical Network services listed below:

- special access Custom Connect (OC3 to OC192 and 1.25 & 2.5 Gbps)
- special access Express Connect
- special access Banded Optical (OC3 and above)

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.3 Contract Tariff Option 6, (cont'd.)

21.3.3 Serving Area

The serving area of the New Connect Discount Plan E is comprised of the following Metropolitan Statistical Area. The wire centers for the MSA are listed in Section 19.1.

Honolulu, HI*

* The additional discount of Plan E is not applicable to the portion of the communications pathconnecting the serving wire center to the associated End User location

Any additions or changes to the wire centers included in the MSAs listed above that occur after October 1, 2003, will apply and be included in the Plan E.

21.3.4 Description of New Connect Discount Plan E

The New Connect Discount Plan E offers an automatic additional discount on all eligible services ordered from Section 20 of this tariff that meet the conditions outlined in 21.3.1 21.3.2 and 21.3.3 preceding. The additional discount will be applied to the monthly recurring rate elements associated with the transport of the services listed in 21.3.2 preceding. Application of the additional discount on transport is limited to those instances where the serving wire center of one end is within an MSA identified in 21.3.3 above and the serving wire center of the other end is a Level 1 or Level 2 wire center of the same MSA or of a different MSA specified in Section 19.1 preceding.

The services and the associated rate elements may be ordered on a month-to-month (MTM) basis or as a term plan as allowed for that particular service as described in Section 20. Except for service provided under another contract tariff in this Section 21 for which minimum billed revenue is measured on a contract level basis, service provided under Plan E is not eligible for any other circuit-specific service, term or volume discount offered under other sections of this tariff.

Under the Plan, the Customer will receive a discount applied to the MTM rates or to the monthly rates of the term plan as described in Section 20.

- The Plan discount for a 7-year term plan is 10%.
- The Plan discount for all other eligible services and all other term plans is 20%.

Shared use as set forth in Section 3.3 preceding is allowed under Plan E, however, only the special access portion of a service is eligible to receive the Plan E discount.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.3 Contract Tariff Option 6, (cont'd.)

21.3.5 Terms and Conditions

All terms and conditions, including termination liability and minimum service periods, as stated in Section 20 preceding apply for the respective services, except for those terms and conditions which involve the additional discount provided under New Connect Discount Plan E as stated following:

(A) For service ordered during the subscription period on a Month-to-Month basis under the New Connect Discount E, the Plan’s additional discount will expire effective with the first bill period date after December 31, 2017.

(B) For service ordered during the subscription period in a term plan under the New Connect Discount Plan E, the Plan E’s discount expires at the end of the initial term. The Customer may extend Plan E for an additional term(s) of less, equal or greater length than the expiring plan. In all cases, the additional discount provided under Plan E will expire effective with the first bill period date following December 31, 2017.

(C) When service is disconnected prior to completing the minimum service period, Plan E’s discount is not used in calculating the minimum period charges for the remainder of the minimum period.

(D) With the exception of adding or removing a node to an Custom Connect CDL Link – Ring Route dedicated ring, replacements, rearrangements, upgrades or any other physical change to service under the New Connect Discount Plan E will result in termination of Plan E’s additional discount. Plan E's discount will not apply to any obligations of termination liability or to charges applicable to the remaining minimum service period obligation.

(E) When termination liability applies to a service in accordance with the terms and conditions as stated in Section 20, the additional discount provided under Plan E will not apply and will thus be excluded from any calculation of the termination liability for the remainder of the term plan.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.4 Contract Tariff Option 9

21.4.1 Scope

(A) Contract Tariff Option 9, the New Connect Discount Plan F (Plan F), is an offering for new installations of Special Access IntelliLight Optical Transport Service, as set forth Section 20.1 preceding (IOTS). Switched Access IOTS rate elements as set forth in Section 20.1 preceding are not eligible to receive the Plan F discount.

(B) The regulations, terms, and conditions provided in this Section 21.4 apply to all Customers who order new IOTS offered under Plan F in the applicable Metropolitan Statistical Areas (MSAs) during the specified subscription periods set forth below.

21.4.2 Eligible Services

Plan F is an offering exclusively for new installations, as described in this Plan F, of the following IOTS. Exceptions are noted in 21.4.3(A) following.

- 4-Channel Nodes, Primary or Expansion Customer Premises Nodes
- 4-Channel Nodes, Primary or Expansion Central Office Nodes
- 16-Channel Nodes, Primary or Expansion Customer Premises Nodes
- 16-Channel Nodes, Primary or Expansion Central Office Nodes
- Ring Mileage, Miles 1-20 and Miles 21 and Over

  Network Optimization, At-Node Amplification Devices, and Mid-Span Amplification Devices
- Optical Transport Channels

  Protected and Unprotected Optical Transport Channels

  Protected and Unprotected Multi-Port Optical Transport Channels (Multi-Port Facilities and Multi-Port Channels)

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.4 Contract Tariff Option 9, (cont'd.)

21.4.3 Serving Area

(A) The serving area of Plan F is comprised of the following MSAs. Wire centers for these MSAs are listed in Section 19 preceding.

Honolulu HI*

* In this MSA, all Nodes and At-Node amplifiers located at End User locations and Optical Transport Channels that originate and terminate at End User locations are not eligible for the Plan F discount.

(B) Any additions or changes to the wire centers included in the MSA listed above that occur after September 16, 2004 will apply and be included in Plan F.

21.4.4 Eligibility Requirements

All of the following requirements must be met in order to be eligible for subscription to Plan F.

(A) Customers who wish to subscribe to Plan F must do so by submitting a written authorization in a manner designated by the Telephone Company during the following subscription periods. An initial subscription period begins on September 16, 2004 and ends on December 31, 2004 (initial subscription period). A second subscription period begins on January 1, 2005 and ends February 28, 2005 (second subscription period).

(B) The eligible IOTS and associated rate elements must be ordered on a term plan as allowed for IOTS.

(C) The Customer must accept service on the original service date. If the Customer does not accept service on the original service date, any change to a later date will make the service ineligible for the discount, unless the change is initiated by the Telephone Company.

(D) A new service cannot be a service that was disconnected from another contract option, discount plan, or tariff arrangement in order to include that service in this plan.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.4 Contract Tariff Option 9, (cont'd.)

21.4.5 Description of Plan F

(A) Plan F offers a discount as set forth in 21.4.4(B) following on all eligible IOTS that meet the conditions outlined in this Plan F. For the purchase of new IOTS, the Plan F discount will apply to IOTS monthly recurring rate elements (Nodes, Amplifiers, and Mileage), except as set forth in 21.4.3(A) above. In addition, the discount will apply to new installations of Optical Transport Channels ordered during either the initial or second subscription period on any new or existing IOTS, except as set forth in 21.4.3(A) above. The Plan F discount will not be applied to cross-connect services or to Expanded Interconnection arrangements. Application of the discount on Mileage rate elements is limited to those instances where at least one serving wire center is within an MSA identified in 21.4.3(A) above. Any additional nodes ordered after either the initial or second subscription period ends will be billed at the then effective tariff rates, as set forth in Section 20.1 preceding, and such additional nodes shall not be eligible for the Plan F discount.

(B) Under Plan F, the Customer will receive a discount, as set forth below, applied to the term plan rates then in effect as described in Section 20.1 preceding. Except for service provided under another contract tariff in this Section 21 for which minimum revenue or total revenue is measured on a contract level basis, or a term plan as described under Section 20.1 preceding, service subscribed to under Plan F is not eligible for any other service, term, or volume discount offered under this tariff.

- For any 3-year, 5-year, or 7-year term plan, the Plan F discount is 33%.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.4 Contract Tariff Option 9, (cont'd.)

21.4.6 Terms and Conditions

Unless superseded by the terms and conditions set forth herein, all terms and conditions, including termination liability and minimum periods, as stated in Section 20.1 preceding, apply to the IOTS subject to this Plan F.

(A) At the expiration of the initial term plan, if a new agreement for the service is not effective and the Customer has not requested a discontinuance of the service in writing, the Telephone Company will automatically renew the service, and the discount of Plan F will automatically be extended for one additional term of equal length to the expiring term plan. The automatic extension will not apply if the Customer notifies the Telephone Company within sixty (60) days after the expiration of the initial term that it wishes to select a new term plan or disconnect the service. Upon expiration of the renewal term of Plan F, the Customer’s rates will revert to the then current tariff rates for the same term.

(B) When service is disconnected prior to completing the minimum period, the Plan F discount is not used in calculating the minimum period charges for the remainder of the minimum period, and the Customer shall be responsible for any cancellation charges, minimum period obligations, and/or termination liabilities as set forth in Section 20.1 preceding.

(C) Replacements, rearrangements, or any other physical change to service under Plan F will result in termination of the Plan F discount, with the exception of adding or removing nodes to an IOTS included in this plan or to a Dedicated SONET Ring that subtends an IOTS included in this plan.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13

21.5.1 Scope

Contract Tariff Option 13 (**Option 13**) is offered for a service commitment period of one (1) year and provides a Customer with an annual credit when it meets certain total billed revenue (**TBR**) thresholds set forth in (B)(4) following for the Qualifying Services set forth in 21.5.5(A) following (**TBR for Qualifying Services**). Calculation of TBR for Qualifying Services shall be in accordance with the terms of this Option 13.

21.5.2 Eligibility

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The Customer must meet all of the following eligibility criteria in order to be eligible for subscription to Option 13.

(A) A Customer subscribes to Option 13 by submitting a written authorization in a manner designated by the Telephone Company during the thirty (30) day period which begins on April 2, 2005 and ends on May 1, 2005 (**Subscription Period**). The Customer must notify the Telephone Company of its election to each of the following three (3) options available under this Option 13 at the time of subscription to this Option 13:

(1) RMC option under Section 21.5.5(B)(4) following;

(2) Use of Telephone Company provided Special Access Services under Section 21.5.5(A)(6) following; and

(3) Qualifying DS1 Rate Stability Option under Section 21.5.5(F) following.

(B) During calendar year 2004, the Customer must have achieved billed revenue in Qualifying Switched Access DS1 and DS3 Direct Trunk Transport services, as defined in 21.5.5(A) following, purchased by the Customer from the Telephone Company that is greater than zero ($0) and less than a maximum of $750,000 (**$750K**).

(C) During the Service Period as set forth in 21.5.3 following, the Customer must achieve a TBR for Qualifying Services (as defined in 21.5.5(A) following) of not less than $43,000,000 (**$43M**) and no more than $69,000,000 (**$69M**) for Qualifying Services.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.2 Eligibility, (cont'd.)

(D) In order to receive any Billing Credit (as defined in 21.5.5(B)(1) following), other than a Billing Credit of $0 under this Option 13, the Customer must achieve a minimum TBR of at least $45M and less than or equal to a maximum of $69M of Qualifying Services.

(E) TBR for Qualifying Services and TBR for Qualifying DS1 Services (as defined in 21.5.5(A)(2) following) shall be calculated using the criteria and mechanism set forth in this Option 13. Billing Credits shall vary depending on the TBR for Qualifying Services and the TBR for Qualifying DS1 Services achieved by the Customer during the Service Period, and such Billing Credits shall be calculated in accordance with terms and conditions of this Option 13.

(F) The Customer must include all of the Access Customer Name Abbreviations (**ACNAs**) that it owns or has right to use, and all ACNAs of affiliates when subscribing to this Option 13. All such ACNAs must be verified and accepted by the Telephone Company prior to inclusion in this Option 13. All purchases of Qualifying Services by all of the Customer's ACNAs and ACNAs of the Customer's affiliates will be included in determining whether the Customer has met the TBR for Qualifying Services.

(G) The 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 and available to the Customer either currently or at any time during the Service Period which provides a discount, credit, or other reduction in rates or terms based on achievement of certain revenue targets by the Customer for the Qualifying Services.

12.13.3 Service Period

The Service Period of this Option 13 shall be for a period of one (1) year beginning April 2, 2005 and ending April 1, 2006 (**Service Period**).

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.4 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 (service area). Wire centers for the Phase II MSAs are listed in Section 19.1 preceding. 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.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions

(A) Qualifying DS1 and Qualifying Services

(1) Description of Qualifying Services

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

(a) 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 (collectively, **Special Access**); and

(b) Switched Access DS1 and DS3 Direct Trunk Transport services, as set forth in Section 4 preceding (collectively, **Switched DTT**).

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 this tariff, 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.

All other services purchased by the Customer from the Telephone Company or any affiliate of the Telephone Company and not listed in this 21.5.5(A)(1) shall not be eligible for inclusion as a Qualifying Service under this Option 13.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(A) Qualifying DS1 and Qualifying Services, (cont'd.)

(2) 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.

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

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

(a) monthly billed recurring revenues, including (that is, net) of any credits or discounts given under existing pricing plans (e.g., Term Payment Plans or Commitment Discount Plan), if applicable, for the Qualifying Services provided during the Service Period; and

(b) any credits and adjustments made to monthly recurring billed amounts for Qualifying Services, as set forth in 21.5.5(A)(3)(a) preceding, which are purchased by the Customer during the Service Period.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(A) Qualifying DS1 and Qualifying Services, (cont'd.)

(4) 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 21.5.5(A)(3) 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 21.5.5(B)(2) under this Option 13)

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(A) Qualifying DS1 and Qualifying Services, (cont'd.)

(5) [Reserved for Future Use]

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(A) Qualifying DS1 and Qualifying Services, (cont'd.)

(6) 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**) to Special Access DS1 Service under Section 5.2.8 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.

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.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(A) Qualifying DS1 and Qualifying Services, (cont'd.)

(7) Mergers and Acquisitions of Customer, (cont'd.)

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.

(a) 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.

(b) The Customer shall continue subscribing to this Option 13, 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.

(c) The Telephone Company reserves the right to terminate this Option 13 without any liability if the Customer does not adhere to the provisions of this 21.5.5(A)(7).

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(A) Qualifying DS1 and Qualifying Services, (cont'd.)

(8) Sale of Operating Telephone Company

If an operating telephone company issuing this tariff, or the assets of such operating telephone company are acquired by an unaffiliated third party (**Acquired 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, 2, and 3.

(a) each range or tier of the TBR for Qualifying DS1 and the TBR for Qualifying Services set forth in the table in 21.5.5(B)(2) following shall be proportionately reduced by the applicable Acquisition Reduction Amount (as calculated in this 21.5.5(A)(8));

(b) all Billing Credits set forth in the table in 21.5.5(B(2) following shall be reduced by a percentage which shall be calculated by dividing the Acquisition Reduction Amount for Qualifying Services by $45M; and

(c) in calculating the Shortfall Penalty or Termination Liability, as set forth in Sections 21.5.5(D) and 21.5.5(E) 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 21.5.5(A)(8). For example, if the Acquisition Reduction Amount for Qualifying Services, as calculated in this 21.5.5(A)(8), 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).

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(A) Qualifying DS1 and Qualifying Services, (cont'd.)

(8) Sale of Operating Telephone Company, (cont'd.)

An Acquisition Reduction Amount shall be calculated for each of the Qualifying DS1 and the Qualifying Services as follows:

Step 1: calculate the TBR for Qualifying DS1 or the TBR for Qualifying Services, as applicable, purchased by the Customer from the Acquired Telco during the twelve (12) months prior to the time that the Acquired Telco ceases to provide the Services;

Step 2: calculate the average monthly amount purchased by the Customer from the Acquired Telco for Qualifying DS1 or the TBR for Qualifying Services, as applicable, by dividing the number in Step 1 above by 12; and

Step 3: multiply the average monthly amount for Qualifying DS1 or the TBR for Qualifying Services, as applicable, calculated in Step 2 above by the number of months remaining in the Service Period.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(A) Qualifying DS1 and Qualifying Services, (cont'd.)

(8) Sale of Operating Telephone Company, (cont'd.)

As an illustrative example, assume that an Acquired VZ Telco ceased to operate in month 3 of the Service Period. Assume that the Customer purchased $4,000,000 (**$4M**) of Qualifying DS1 and a total of $10,000,000 (**$10M**) of Qualifying Services from the Acquired Telco during the twelve (12) months prior to the time that the operating telephone company ceased to provide the Services under this Option 13. Assume also that at the end of the Service Period, the Customer has achieved a TBR for Qualifying DS1 of $25,000,000 and TBR for Qualifying Services of $57,000,000. To calculate the applicable Revenue Maintenance Credit (**RMC**) under 21.5.5(B)(4) following, Billing Credit, or the application of Shortfall Penalty (as defined in 21.5.5(D) following) at the end of the Service Period, the following shall apply:

Step 1: calculate the Acquisition Reduction Amounts. Using the number from the example above, the Acquisition Reduction Amount for Qualifying Services is $7.5M in Qualifying Services (calculated as $833,333 ($10M divided by 12) multiplied by the remaining 9 months of the Service Period). The Acquisition Reduction Amount for Qualifying DS1 is $3,000,000 (**$3M**) (calculated as $333,333 ($4M divided by 12) and multiplied by the remaining 9 months of the Service Period).

Step 2: If the Customer has subscribed to the RMC billing credit option under 21.5.5(B)(4) following, then the Customer’s 3-month average TBR for Qualifying Services (as measured on a rolling 3 month basis) shall be reduced by the average monthly TBR for Qualifying Services purchased by Customer from the Acquired VZ Telco. Using the example above, the adjusted monthly minimum TBR that Customer must maintain to receive the RMC billing credit and to remain eligible for the Billing Credit at the end of the Service Period is $3.7M ($4.5M less $833,333 ($10M TBR from the Acquired VZ Telco divided by 12 months).

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(A) Qualifying DS1 and Qualifying Services, (cont'd.)

(8) Sale of Operating Telephone Company, (cont'd.)

Step 3: determine the new table for calculation of Billing Credits or Shortfall Penalties (as defined in 21.5.5(D) following) based on the Acquisition Reduction Amounts. Subtract $7.5M (the Acquisition Reduction Amount for Qualifying Services) from each range or tier of the TBR for Qualifying Services and $3M (the Acquisition Reduction Amount for Qualifying DS1) from each of the two ranges for Qualifying DS1. This will provide an adjusted table for the determination of the Billing Credit or Shortfall Penalty, as applicable.

Step 4: determine the applicable Billing Credits as defined in 21.5.5(B) or Shortfall Penalty as described in 21.5.5(D) from the new table calculated in Step 3 above. In this example, the Billing Credit set forth in the table at 21.5.5(B) following will be reduced by 16.7% (calculated as $7.5M divided by $45M). The Customer would be eligible for a Billing Credit of $3,165,400 ($3,800,000 Billing Credit using the table set forth in 21.5.5(B)(2) following as adjusted in Step 3 above, less $634,600 ($3,800,000 multiplied by 0.0167).

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(B) Calculation of TBR and Billing Credit

(1) At the end of the Service Period, the Telephone Company shall calculate (1) the total TBR achieved by the Customer during the Service Period for Qualifying Services; and (2) the total TBR achieved by the Customer during the Service Period for Qualifying DS1s, in each case in accordance with the terms and conditions set forth in this Option 13. Subject to the terms and conditions relating to disputes as set forth in 21.5.5(B)(5)(c)(iii) and 21.5.5(B)(5)(c)(iv) following, and subject to any reductions and adjustments as set forth herein, the Customer shall be eligible to receive the applicable credit set forth in the table in 21.5.5(B)(2) following (the **Billing Credit**), which Billing Credit may be $0 depending on the Customer's TBR for the Qualifying Services and TBR for the Qualifying DS1 during the Service Period. If the Customer has not met the minimum TBR requirement for Qualifying Services of $43M**,** or the adjusted minimum TBR requirement pursuant to 21.5.5(A)(8) preceding, then the Customer shall not receive any Billing Credits (i.e., a Billing Credit of $0 as set forth in the table set forth in 21.5.5(B)(2) following), and the Customer shall be liable for the Shortfall Penalty as set forth in 21.5.5(D) following. If the Customer exceeds the maximum TBR for Qualifying Services of $69M during the Service Period, the Customer will not receive the Billing Credit under this Option 13.

(2) The Billing Credit shall be determined by using the table below. To calculate the Billing Credit, first, locate the Customer's TBR for Qualifying DS1 using the "x axis" of the table below under the heading "TBR for Qualifying DS1 ($M)". Second, locate the Customer's TBR for all Qualifying Services using the "y axis" of the table below under the heading "TBR for Qualifying Services ($M)". Third, find the corresponding meet-point of the two TBR amounts to determine the dollar amount of the Billing Credit. TBR Amounts will be rounded up or down to the nearest $10,000. As an illustrative example, assume that the Customer has a TBR for Qualifying DS1 of $26,993,456.27 (rounded down to $26.99) and a TBR for all Qualifying Services of $54,494,666.23 (rounded down to $54.49M), then the Customer shall be eligible for a Billing Credit of $2,500,000.00.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(B) Calculation of TBR and Billing Credit, (cont'd.)

(2) (cont'd.)

TBR for Qualifying Services ($M)	TBR for Qualifying DS1	
	Up to $20,000,000	$20,000,001 and above
$43.00 – $44.99*	$0.00	$0.00
45.00 – 45.99	0.76	0.95
46.00 – 46.99	0.96	1.20
47.00 – 47.99	1.16	1.45
48.00 – 48.99	1.36	1.70
49.00 – 50.99	1.56	1.95
51.00 – 53.99	1.775	2.225
54.00 – 56.99	2.00	2.50
57.00 – 58.99	2.20	2.75
59.00 – 60.99	2.40	3.00
61.00 – 62.99	2.70	3.40
63.00 – 64.99	3.00	3.80
65.00 – 66.99	3.50	4.40
67.00 – 69.00	4.00	5.00

* Shortfall Penalty applies if the Customer is below this range for Qualifying Services, as set forth in 21.5.5(C) following.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(B) Calculation of TBR and Billing Credit, (cont'd.)

(3) The Billing Credit is subject to the terms and conditions relating to disputes as set forth in 21.5.5(B)(5)(c)(iii) and 21.5.5(B)(5)(c)(iv) following, and subject to any reductions and adjustments as set forth herein.

(4) Revenue Maintenance Credit Option

The Customer has the option to receive a credit of $500,000 ($500K) under this Option 13 if the Customer achieves a monthly TBR for Qualifying Services that is greater than $4,500,000 (**$4.5M**) in any of the first three (3) months of its subscription to Option 13 (**Revenue Maintenance Credit or RMC**). In the event that the Customer's 3-month average TBR for Qualifying Services (as measured on a rolling 3 month basis) falls below $4.5M in any of the remaining nine (9) months of the Service Period, the RMC amount must be refunded to the Telephone Company, and the Customer will not be eligible for any Billing Credits at the end of the Service Period. The Customer may also be subject to a Shortfall Penalty under 21.5.5(D) following, in which event, the Customer must refund the amount of the RMC in addition to paying any applicable Shortfall Penalty. If the Customer terminates this Option 13, then the Customer may also be subject to termination penalties under 21.5.5(D) following, in which event, the Customer must refund the amount of the RMC in addition to paying any applicable termination penalties. If the Customer is eligible to receive the RMC, the RMC will be credited to the Customer's account in the fifth bill period following subscription to Option 13. The amount of the RMC shall not be subject to any interest penalty.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(B) Calculation of TBR and Billing Credit, (cont'd.)

(5) Timing of Payments and Billing Credits, Disputes, Releases, and Waivers

(a) If the Customer is eligible to receive the Billing Credit, the Billing Credit will be credited to the Customer's account no later than the ninetieth (**90th**) day following the end of the Service Period, subject to the terms of this Option 13.

If the Customer is required to pay a Shortfall Penalty in accordance with the terms of 21.5.5(C) following, then the Customer shall pay such amount no later than the 90th day following the end of the Service Period. If the Customer is required to refund the RMC in accordance with Section 21.5.5(B)(6) preceding, then Customer must refund such RMC no later than the ninetieth (90th) day following the end of the Service Period.

(b) The Telephone Company's provision of the Billing Credit is contingent on payment in full by the Customer of all undisputed billed amounts for Qualifying Services no later than the 45th day after the end of the Service Period. After the 45th day following the end of the Service Period, any amounts that remain disputed or are withheld by the Customer (i.e., not paid in full) shall not be used in calculation of the TBR for the Qualifying Services, TBR for Qualifying DS1, in determination of the Billing Credit, or in determination of any applicable Shortfall Penalty, as applicable. The foregoing shall apply regardless of whether such dispute is resolved in favor of the Customer or the Customer remits payment of undisputed amounts at a later date.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(B) Calculation of TBR and Billing Credit, (cont'd.)

(5) Timing of Payments and Billing Credits, Disputes, Releases, and Waivers, (cont'd.)

(c) Upon inclusion of any amounts in the TBR for Qualifying Services or in the TBR for Qualifying DS1, the Customer agrees to the following:

(i) such amounts included in the calculation of TBR shall not be subject to dispute at a later date.

(ii) the Customer waives and releases, and forever discharges the Telephone Company of and from any and all manner of claims, demands, rights, liabilities, damages, potential actions, causes of action, suits, agreements, judgments, decrees and controversies of any kind and nature whatsoever, at law, in equity, or otherwise, whether known or unknown, which have arisen or might arise related to amounts paid or payable by the Customer or any amounts credited to the Customer by the Telephone Company for the Qualifying Services provided by the Telephone Company to the Customer during the Service Period.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(B) Calculation of TBR and Billing Credit, (cont'd.)

(5) Timing of Payments and Billing Credits, Disputes, Releases, and Waivers, (cont'd.)

(c) (cont'd.)

(iii) The Customer shall retain its right to dispute with respect to any amounts that are not included in the TBR for Qualifying Services or in the TBR for Qualifying DS1.

As an illustrative example, assume that the Telephone Company calculates the TBR for the Qualifying Services to be equal to $60,000,000 (**$60M**), and the TBR for Qualifying DS1 to be equal to $25,000,000 (**$25M**). Assume that of the $60M, the Customer disputes $10M in SONET Special Access Services, and has no other disputes for Qualifying Services. Assume also that the Customer has paid such amount and that such dispute remains unresolved as of the 45th day following the end of the Service Period. Then, the final TBR for Qualifying Services shall be $50,000,000 ($60M less the $10M in disputes) and the final TBR for Qualifying DS1 shall be $25M, and the Telephone Company shall pay a Billing Credit of $1,950,000 in accordance with the terms of this Option 13. The Customer shall retain its right to dispute and recover any amounts (and interest penalties, as applicable) on the outstanding dispute of $10M, but such amounts (even if resolved in favor of the Customer at a later date) shall not result in an adjustment of the Billing Credit. Upon payment of the Billing Credit, the Customer may not dispute charges on any amounts included in the $50,000,000 (the TBR for Qualifying Services) or in the $25M (the TBR for Qualifying DS1).

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(B) Calculation of TBR and Billing Credit, (cont'd.)

(5) Timing of Payments and Billing Credits, Disputes, Releases, and Waivers, (cont'd.)

(c) (cont'd.)

(iv) With respect to any dispute for Qualifying Services, the Customer must provide sufficient claim detail to enable the Telephone Company to appropriately assess the dispute, including but not limited to, the Billing Account Number (**BAN**), circuit ID, USOC detail, amount in dispute, appropriate tariff references, and a full explanation regarding why the Customer believes it was billed in error.

(v) The amount of the Billing Credit shall not be subject to any interest penalty.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(C) Shortfall Penalty

If the Customer does not satisfy the minimum TBR requirement for Qualifying Services of $43M during the Service Period, the Customer will pay a shortfall payment equal to fifty percent (50%) of the difference between the minimum TBR of $43M, or the adjusted minimum TBR requirement as set forth in 21.5.5(A)(8) preceding, as applicable, and the Customer's actual annual TBR for the Qualifying Services during the Service Period (the **Shortfall Penalty**). In addition, and even upon payment of the Shortfall Penalty as set forth in the prior sentence, the Customer will not be eligible to receive any applicable Billing Credits under this Option 13. Further, if Customer has elected to and has received the RMC in accordance with 21.5.5(B)(4) preceding, such RMC amount must be refunded to the Telephone Company. The refund of the RMC amount is in addition to any Shortfall Penalties that are payable by Customer under this section 21.5.5(D). If the Customer has a TBR for Qualifying Services of at least $43M, or an adjusted minimum TBR requirement as set forth in Section 21.5.5(A)(8) preceding, then no Shortfall Penalty, as set forth in this Section 21.5.5(D), shall apply, but the Customer may be ineligible for any Billing Credits, as set forth in the table in 21.5.5(B)(2) preceding, based on the Customer's TBR for Qualifying Services and the Customer's TBR for Qualifying DS1, each as adjusted in accordance with 21.5.5(A)(8) preceding, as applicable.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(C) Shortfall Penalty, (cont'd.)

As an illustrative example, assume that the Customer has achieved a TBR for the Qualifying Services of $40,000,000 (**$40M**) during the Service Period, and assuming that no adjustment under 21.5.5(A)(8) occurred, then the Customer shall pay to the Telephone Company an amount equal to $1,500,000 (which is equal to $3,000,000 (i.e., minimum TBR for Qualifying Services of $43M less the Customer's actual TBR for the Qualifying Services of $40M), multiplied by 50%). The Customer will not be eligible to receive any applicable Billing Credits, and must refund any RMC amounts previously paid by Telephone Company.

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(D) Termination Charges

If the Customer cancels or terminates this Option 13 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 21.5.5(A)(8) preceding, as applicable. Additionally, the Customer must refund any RMC amounts previously paid under 21.5.5(B)(4) 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.

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 21.5.5(A)(8) 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.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.5 Contract Tariff Option 13, (cont'd.)

21.5.5 Terms and Conditions, (cont'd.)

(E) Qualifying DS1 Rate Stability Option

Customers whose purchases of Qualifying DS1 Special Access Services are equal to or more than ninety percent (90%) of such Customer’s purchases of DS1 services from the Telephone Company are eligible to subscribe to this Qualifying DS1 Rate Stability Option. The 90% threshold will be measured using revenues of the Customer during the prior 12-month period from the date of the Customer's subscription to this Option 13.

For avoidance of doubt, assume that the Customer purchases $50M in total DS1 services from the Telephone Company during the 12 month period prior to its subscription to this Option 13, and that of such $50M, the Customer’s purchases of Qualifying DS1 Special Access Services are equal to $46M, then such Customer is eligible to subscribe to this Qualifying DS1 Rate Stability option. If the Customer elects the Qualifying DS1 Rate Stability option and complies with the terms set forth in this section, during the Service Period, the Telephone Company will not initiate any rate increases to the applicable rate elements for such Qualifying DS1 Services in those MSAs where the Telephone Company has achieved Phase I or Phase II pricing flexibility under this tariff, even if rates for Qualifying DS1 Services under other sections of this tariff may be increased. The Customer is required to meet the 90% threshold described above only at the time of subscription to this Option 13, and is not required to meet this 90% threshold on a continuous basis during the Service Period of this Option 13 in order to be eligible for this Qualifying DS1 Rate Stability Option.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.6 Contract Tariff Option 14

21.6.1 Scope

(A) Contract Tariff Option 14 (**Option 14**) provides a transitional billing credit for certain monthly recurring rates assessed during an upgrade of Dedicated SONET Ring (**DSR**) as set forth in this Section 21.6. An upgrade is the replacement of one or two existing DSRs with a new DSR of a greater capacity (e.g., an OC12 DSR is replaced with an OC48 DSR). DSR is described in Section 20.2 preceding.

(B) The terms and conditions provided in this Section 21.6 apply to Customers who subscribe to an upgrade of DSR as offered herein.

21.6.2 Eligibility

All of the following requirements must be met in order to be eligible for subscription to Option 14.

(A) A Customer must subscribe to Option 14 by submitting a written authorization in a manner designated by the Telephone Company during the period that begins April 26, 2005 and ends April 25, 2006 (**Subscription Period**). The Customer may subscribe an upgrade to Option 14 that was ordered by the Customer prior to April 26, 2005, provided that the upgrade as defined in 21.6.2(B) following has not been completed as defined in 21.6.4(D) following at the time of subscription to Option 14.

(B) A Customer must replace one (1) or two (2) existing DSRs with one (1) new DSR of greater capacity than the combined capacity of the DSR(s) being replaced (**upgrade**).

21.8.3 Serving Area

(A) The serving area of Option 14 is comprised of the Telephone Company Phase I and Phase II Metropolitan Statistical Areas (**MSAs**) of this tariff.

(B) Wire centers for Phase II MSAs are listed in Section 19.1 preceding.

(C) Any additions or changes to the wire centers included in the above MSAs that occur after April 26, 2005 will apply and be included in Option 14.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.6 Contract Tariff Option 14, (cont'd.)

21.6.4 Terms and Conditions

(A) Except as set forth in this Section 21.6, the terms and conditions applicable to DSR, as set forth in Section 20.2 preceding, also apply.

(B) An upgrade under this Option 14 is subject to the following requirements:

(1) One (1) or two (2) existing DSRs (**the old DSR(s)**) must be replaced with a single DSR of greater capacity (**the new DSR**) than the combined capacity of the DSR(s) being replaced; and

(2) The commitment period for the new DSR shall commence with the date that the new DSR is available for use by the Customer; and

(3) The commitment period for the new DSR has an expiration date that extends beyond the expiration date of the commitment period(s) associated with the old DSR(s); and

(4) The new DSR has at least one (1) Customer premises node and one (1) CO node in common with each of the old DSR(s); and

(5) The commitment period for the new DSR shall be extended beyond the term commitment period chosen by the Customer in accordance with 21.6.4(B)(3) above and in accordance with 21.6.4(E) following.

(C) Upon completion of the upgrade, and regardless of the actual time taken to complete the upgrade, a transitional billing credit equal to fifty percent (50%) of the monthly recurring rates for the qualified node and mileage rate elements on both the old DSR(s) and on the new DSR will apply for the period of time specified in (1) through (3) following:

(1) Where the capacity of the new DSR is OC12, two (2) months of transitional billing credit will apply upon completion of the upgrade.

(2) Where the capacity of the new DSR is OC48, four (4) months of transitional billing credit will apply upon completion of the upgrade.

(3) Where the capacity of the new DSR is OC192, six (6) months of transitional billing credit will apply upon completion of the upgrade.

SECTION 21 – CONTRACT TARIFFS, (cont'd.)

21.6 Contract Tariff Option 14, (cont'd.)

21.6.4 Terms and Conditions. (cont'd.)

(E) The upgrade is complete when all circuits on the old DSR(s) are disconnected from the old DSR(s) and are installed and operational on the new DSR, and the old DSR(s) are disconnected.

(F) For each upgrade the Customer subscribes to under this Option 14, the term commitment period on the new DSR will be extended beyond the term commitment period chosen by the Customer in accordance with 21.6.4(B)(3) above as follows:

(1) Where the capacity of the new DSR is OC12, a two (2) month extension of the term commitment period on the OC12 applies.

(2) Where the capacity of the new DSR is OC48, a four (4) month extension of the term commitment period on the OC48 applies.

(3) Where the capacity of the new DSR is OC192, a six (6) month extension of the term commitment period on the OC192 applies.

As an example, assume that the Customer has two OC12 IDSRs (the old IDSRs), both of which expire on June 1, 2005. Further assume that the Customer wishes to upgrade both OC12 IDSRs to a new OC48 IDSR and that the new OC48 IDSR has an expiration date of May 1, 2010 (i.e., a date that extends beyond the commitment period of the old IDSRs). Under this Option 14, the term commitment period for such OC48 DSR will be extended by 4 months for a total commitment period of 5 years and 4 months (or an expiration date of September 1, 2010).

(G) Termination liability will not apply to disconnection of the old DSR(s) when the conditions set forth in 21.6.4(B) above and Section 20.11.6(E) preceding are met. In either case, the Customer remains responsible for any outstanding minimum period obligations as they may apply under Section 20.2 preceding.