

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer23.1.1 General Description

Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Contract Offer No. 1) is an access discount plan that provides Customers with Incentive Discounts and Portability Incentives (as defined in Section 23.1.4) in accordance with the terms and conditions as set forth in this Section 23.1.3.

23.1.2 Services Available For WAMS-VIP Offer

(A) Contract Offer No. 1 applies to qualified access services contained in Nevada Bell Telephone Company Tariff F.C.C. No. 1 (Qualified Access Services), listed in Table A below:

**Table A**

Service	General Basic Description	Rates and Charges	
High Capacity Service	7.11.1	7.11.5	22.5.2.5
Broadband Circuit Service (BCS)	20.1	20.2	22.5.2.9
(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)

(D)  
(D)  
(D)

(B) When additional Qualified Access Services are added to the services available under F.C.C. No. 1, all billed, recurring revenues for such additional Qualified Access Services will be added to this Contract Offer No. 1 for the purposes of calculating the Incentive Discounts and Portability Incentives included in this Contract Offer No. 1.

<sup>(1)</sup> Material previously contained in this section has been deleted. OCN PTP, GigaMAN and MON services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 1 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prod/ccb/etfs/>, effective December 31, 2007.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.2 Services Available Under WAMS-VIP Offer (Cont'd)

(C) All terms and conditions for the Qualified Access Services are governed by the respective tariff sections, except as noted in this Contract Offer No. 1.

23.1.3 WAMS-VIP Offer Terms and Conditions

The following terms and conditions apply to Contract Offer No. 1:

(A) Eligibility Criteria

- (1) The Qualified Access Services must be located within the "Operating Territory" of the Telephone Company, as described in F.C.C. No. 1, Section 17 (Operating Territory);
- (2) Incentive Discounts earned by the Customer under Contract Offer No. 1 shall be applied in the form of a credit to the Customer's bill(s) for Qualified Access Services, located in the following MSA(s) where Telephone Company has been granted pricing flexibility: Reno, Nevada; and
- (3) All traffic on the Qualified Access Service(s) must originate or terminate on a wireless carrier's network.

(N)

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(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.3 WAMS-VIP Offer Terms and Conditions (Cont'd)(B) Terms and Conditions

(1) Revenue commitments are based on billed, recurring charges for the Qualified Access Services and specifically exclude any non-recurring charges and Incentive Discounts earned under this Contract Offer No. 1;

(2) Customer must maintain a Baseline Minimum Annual Revenue Commitment of \$1,176,000 (Baseline MARC) for Qualified Access Services;

(3) Contract Offer No. 1 Incentive Discounts and Portability Incentives are in addition to, and do not alter, any of the existing service discount/term plans available in the Telephone Company's respective tariffs;

(4) The Telephone Company reserves the right to change rates for Qualified Access Services included under Contract Offer No. 1. In the event such rate modifications are made no change will be made to the Baseline MARC;

(5) Qualified Access Services are subject to certain rates, charges and general terms and conditions in other sections of F.C.C. Tariff No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services) and such terms and conditions may be modified through the filing of tariff changes at any time during the Term Period. Such tariff modifications will not change the terms and conditions described in Contract Offer No. 1;

(6) This Contract Offer No. 1 is available October 9, 2004 through November 9, 2004;

(N)

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(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.3 WAMS-VIP Offer Terms and Conditions (Cont'd)(B) Terms and Conditions (Cont'd)

- (7) The Customer must meet the criteria described for Incentive Discounts and Portability Incentives, as provided in Section 23.1.4; and
- (8) To subscribe to Contract Offer No. 1, the Customer must submit a Letter of Subscription (LOS) to the Telephone Company. The LOS shall contain the effective date ("Effective Date") and the Access Customer's Name Abbreviation(s) (ACNA) and must be signed by the Customer and the Telephone Company's representative.

(C) Term Period

The contract term (Term Period) is eighty-four (84) months commencing on the Effective Date. Each twelve (12) month period beginning with the Effective Date shall be a Term Year. At the end of the Term Period, the Incentive Discounts and Portability Incentives provided in this Contract Offer No. 1 shall be discontinued. This offer is not renewable.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.4 WAMS-VIP Offer Incentive Discounts

Customer will be eligible for the following Incentive Discounts and/or Portability Incentives (collectively "Incentives") under Contract Offer No. 1 during each of the Term Years:

Incentive Discount Commitment Credit (IDCC),  
Incentive Discount for WinBack Services (WinBack Incentive), and  
Portability Incentive for DS3s (Portability Incentive).

(A) Incentive Discount Commitment

In order to qualify for the IDCC and Portability Incentives, Customer must maintain the "Incentive Discount Commitment" (IDC):

- (1) Establishment of the IDC
  - (a) For Term Year one (1) the Customer's IDC will equal the Baseline MARC.
  - (b) Unless and until Customer elects to increase the IDC, as provided in Section 23.1.4(A)(1)(c), the IDC during Term Years two (2) through seven (7) shall remain the Baseline MARC.
  - (c) Customer may elect, by providing written notice to Telephone Company, to increase the IDC. Customer shall notify the Telephone Company of the new IDC Level, as provided in Table B in Section 23.1.4(B). The Customer may increase the IDC Level only; the IDC Level may not be decreased. An IDC Level may be increased effective at the beginning of each Term Year, after the first Term Year, and after the first six (6) months of each Term Year (New IDC Date). Each time Customer chooses a new IDC Level, the corresponding IDC and IDCC shall apply as of the New IDC Date and for the remainder of the Term Period, unless Customer further increases the IDC as provided in this section.
- (2) Application of Incentive Discount Commitment

If during the Annual True-Up, as defined in Section 23.1.5(A), the Customer's Achieved Revenue Amount meets or exceeds the IDC, the Telephone Company will apply the IDCC and Portability Incentives for the following Term Year, provided the criteria in Section 23.1.4(B) and (E) respectively, are met. During the first Term Year, the Telephone Company will apply the IDCC based upon IDC Level 1.

(N)

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(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.4 WAMS-VIP Offer Incentive Discounts (Cont'd)(A) Incentive Discount Commitment (Cont'd)(2) Application of Incentive Discount Commitment  
(Cont'd)

Example: After Term Year one (1), the Customer's Achieved Revenue Amount, determined by the Annual True-Up, equals \$1,900,000 and the IDC is \$1,176,000. Since the Achieved Revenue Amount exceeds the IDC and the Customer has not provided notice to increase the IDC to a new IDC Level, the Telephone Company would apply the IDCC, and Portability Incentives in Term Year two (2), based on the Customer's IDC of \$1,176,000.

(3) Notwithstanding the above, Incentives shall not be applied unless and until the Customer is current in paying (or properly disputing) all invoices submitted for payment by the Telephone Company for billed, recurring revenue for Qualified Access Services in accordance with F.C.C. No. 1, Section 2.

(B) Incentive Discount Commitment Credit for Qualified Access Services

For each Term Year, the Customer will be eligible for an "Incentive Discount Commitment Credit" (IDCC) according to Table B, per sub-section (1) below.

**Table B**

IDC Level	IDC	IDCC
1	\$ 1,176,000	\$ 105,840
2	\$ 1,296,000	\$ 129,600
3	\$ 1,416,000	\$ 169,920
4	\$ 1,536,000	\$ 215,040
5	\$ 1,656,000	\$ 248,400
6	\$ 1,776,000	\$ 301,920
7	\$ 1,896,000	\$ 379,200

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.4 WAMS-VIP Offer Incentive Discounts (Cont'd)(B) Incentive Discount Commitment Credit for Qualified Access Services (Cont'd)

(1) Application of Incentive Discount Commitment Credit

(a) The Telephone Company will apply the IDCC to the Customer's bill(s) for Qualified Access Services in those Term Years for which the Customer qualifies for the IDCC per Section 23.1.4(A), as follows: One-quarter of the IDCC will be applied thirty (30) days in arrears from the end of the first, second, third and fourth quarters of the Term Year, based on the IDCC determined under Section 23.1.4(B) (1) (b) and 23.1.4(B) (1) (c) below.

(b) The IDCC applied during the four (4) quarters of Term Year one (1) shall be based upon IDC-Level 1.

(c) The IDCC applied during the four (4) quarters for Term Years two (2) through seven (7) will be based upon the IDC-Level determined using the IDC established in Section 23.1.4(A).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.4 WAMS-VIP Offer Incentive Discounts (Cont'd)(C) Incentive Discount for WinBack Services

If the Customer elects to obtain Qualified Access Service(s) located in MSAs where the Telephone Company has been granted pricing flexibility within the Operating Territory, in place of access service(s) that is provided by a carrier other than the Telephone Company or one of its affiliates, the Customer will receive a one-time credit equal to twenty percent (20%) of the first twelve (12) months billed, recurring revenue for that new Qualified Access Service (WinBack Incentive).

This WinBack Incentive credit will be applied in addition to the Incentives described in Sections 23.1.4(B) and (D).

(1) Eligibility Criteria for WinBack Incentive

- (a) The Customer must present reasonable and verifiable information, which includes but is not limited to circuit detail or coordinated move orders, to demonstrate the service being converted is currently being provided by a carrier other than the Telephone Company or its affiliates; and
- (b) The new Qualified Access Service(s) ordered must have a minimum term period of twelve (12) months for DS1 and DS3 orders and thirty-six (36) months for SONET services.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.4 WAMS-VIP Offer Incentive Discounts (Cont'd)(C) Incentive Discount for WinBack Services (Cont'd)(2) Application of WinBack Incentive

(a) The Telephone Company will apply the credit to the Customer's bill(s) for Qualified Access Services that follows the end of the initial twelve (12) month period, thirty (30) days in arrears, as follows:

- (i) When the Telephone Company and Customer have identified the start date for the term period of the WinBack Qualified Access Service in a authorization letter, the initial twelve (12) month period will be the twelve (12) month period commencing on that start date; or,
- (ii) When the start date for the term period of the WinBack Qualified Access Service is established by the completion of an access service order, the initial twelve (12) month period will be the twelve (12) month period commencing on the day the access service order is completed.

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(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.4 WAMS-VIP Offer Incentive Discounts (Cont'd)(D) DS3 Portability Incentive

The Portability Incentive waives termination liability charges that would otherwise be assessed to the Customer for moves of DS3 Qualified Access Services.

This Portability Incentive is in addition to the Incentives described in Sections 23.1.4(B) and (C).

(1) Eligibility Criteria for DS3 Portability Incentive

The following criteria must be met in order to receive the Portability Incentive:

- (a) Customer's DS3s must meet the Minimum Period requirements, as established under F.C.C. No. 1, Section 7.2.4 at the previous location;
- (b) The term period of the new circuit must be equal to, or greater than, the remaining term of the disconnected circuit; and
- (c) The disconnect service and new service must be within the Operating Territory.

(2) Semi-Annual Review of Disconnect Access Service Orders

If Customer qualified for the Portability Incentive as set forth in Section 23.1.4(A) but cumulative "disconnect" access service orders exceeded "add" access service orders during the Term Year, as measured on a semi-annual basis, the Customer will be assessed termination liability charges on the sum difference between the cumulative disconnect and add access service orders.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.5 WAMS-VIP Annual True-Up

(A) An annual true-up calculation is performed after each Term Year ("Annual True-Up") to establish whether:

(1) Customer maintained the Baseline MARC during that Term Year; and

(2) Customer met or exceeded the IDC.

For the purposes of the Annual True-Up calculations, the Customer's billed, recurring revenue for Qualified Access Services during the Term Year will constitute the Customer's "Achieved Revenue Amount."

(B) Annual True-Up Calculations(1) Baseline MARC Annual True-Up:

The Telephone Company will determine whether the Customer's Achieved Revenue Amount meets, exceeds or falls below the Baseline MARC.

(a) If Customer's Achieved Revenue Amount falls below the Baseline MARC, the Customer may pay the difference between the Baseline MARC and the Achieved Revenue Amount (Shortfall Payment).

(i) The Telephone Company will notify the Customer within thirty (30) days of the end of the Term Year of any Shortfall Payment.

(ii) Customer must make the Shortfall Payment within thirty (30) days after receiving notification from the Telephone Company.

(iii) The following Term Year's IDC and IDCC will be determined as set forth in Section 23.1.4 (A) and (B).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.5 WAMS-VIP Annual True-Up (Cont'd)(B) Annual True-Up Calculations (Cont'd)(1) Baseline MARC Annual True-Up: (Cont'd)

Example of Baseline MARC Annual True-Up:

If Customer's Achieved Revenue Amount in Term Year 5 is \$1,000,000, the Baseline MARC of \$1,176,000 has not been met. Customer may choose to pay the difference of \$176,000 ( $1,176,000 - 1,000,000$ ), in order to avoid termination liability charges.

(b) If Customer's Achieved Revenue Amount falls below the Baseline MARC for any given Term Year, and the Customer does not make the Shortfall Payment, this Contract Offer Subscription shall terminate and termination liability charges will apply, as described in Section 23.1.8(A). (N)

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(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.5 WAMS-VIP Annual True-Up (Cont'd)(B) The Annual True-Up Calculation (Cont'd)(2) IDCC Annual True-Up:

The Telephone Company will determine whether the Customer's Achieved Revenue Amount meets, exceeds or falls below the IDC.

- (a) If the Customer's Achieved Revenue Amount meets or exceeds the IDC, the Telephone Company will determine the IDCC for the following Term Year and the quarterly credits, for that following Term Year, will be applied as set forth in Section 23.1.4(B) (1).
- (b) If the Customer's Achieved Revenue Amount falls below the IDC, the Customer may pay the difference between the Achieved Revenue Amount and the IDC ("Make-Up Payment") to be eligible for IDCC for the following Term Year as detailed below.
  - (i) The Telephone Company shall notify the Customer within thirty (30) days of the end of the Term Year of any Make-Up Payment.
  - (ii) Customer must pay the Make-Up Payment within thirty (30) days after receiving said notification from the Telephone Company.
  - (iii) The following Term Year's IDCC will be determined as set forth in Section 23.1.4(B).
  - (iv) If the Customer chooses not to make the Make-Up Payment, no IDCC payments will be made to the Customer for the following Term Year.

Example of IDCC Annual True-Up:

If the Achieved Revenue Amount for Term Year 3 is \$1,500,000 and the IDC is \$1,296,000 the Earned IDCC for Term Year 4 would be \$129,600, unless the Customer increased the applicable IDC as provided in Section 23.1.4(A).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.6 WAMS-VIP Offer Merger/Acquisitions(A) Assignment/Successors

- (1) If the Customer wishes to assign or transfer its rights and obligations under Contract Offer No. 1 ("Contract Offer Subscription"), the Telephone Company will permit such transfer or assignment if the criteria in F.C.C. No. 1 Sections 2.1.2 are fulfilled, unless the proposed assignee or transferee demonstrates a lack of credit worthiness under any of the criteria in (a), (b) or (c) below, or if the assignee or transferee or its parent, has commenced or had initiated against it a voluntary receivership or bankruptcy proceeding.
  - (a) Any debt of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than 50% of the equity of the proposed assignee or transferee) are rated below investment grade as defined by the Securities and Exchange Commission or;
  - (b) If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by a rating organization for a possible downgrade or;
  - (c) The proposed assignee or transferee does not have any outstanding securities rated by credit rating agencies (e.g., Standard and Poor's) but does have a Dun and Bradstreet rating and the proposed assignee or transferee is rated:
    - (i) Fair or below in a composite credit appraisal published by Dun and Bradstreet or;
    - (ii) High risk in a Paydex score as published by Dun and Bradstreet.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.6 WAMS-VIP Offer Merger/Acquisitions (Cont'd)(A) Assignment/Successors (Cont'd)

(2) The terms and conditions of the Contract Offer No. 1 shall continue in full force and effect if the Customer merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity (Transfer). After a Transfer, if the other entity also purchases Qualified Access Service(s) from the Telephone Company, either directly or through any affiliates, the Customer shall not include under the Contract Offer Subscription any of the billed, recurring revenue for the Qualified Access Services of the other entity in place as of the date the Transfer is finalized (Transfer Date), except as may be provided below.

Notwithstanding the foregoing, the Customer may choose, at its discretion, one of the options set forth in subsections (i)-(iii) below (Options), within the time period that is between twelve (12) months and twenty-four (24) months after the Transfer Date.

To exercise an Option, the Customer must send written notice to the Telephone Company within the time period described above stating which Option the Customer selects. The date that the Customer sends that written notice shall be the "Option Exercise Date". None of the Options shall alter in any way the terms or conditions of any contract or tariff pursuant to which the other entity obtains Qualified Access Services from the Telephone Company, including but not limited to any terms or conditions related to termination.

Option (i): The Customer and Telephone Company shall recalculate the Baseline MARC, IDC and IDCCs (Key Numbers) for the period from the Option Exercise Date to the end of the Term Period, to allow for the combined billed, recurring revenues for Qualified Access Services of the Customer and the merged or acquiring company to be covered under the Contract Offer Subscription, provided the following conditions are met:

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)

(N)

23.1.6 WAMS-VIP Offer Mergers/Acquisitions (Cont'd)(A) Assignment/Successors (Cont'd)

## (2) (Cont'd)

Option (i): (Cont'd)

- (a) One hundred percent (100%) of the total combined billed, recurring revenues for Qualified Access Services of Customer and the other entity must be included in the Contract Offer Subscription;
- (b) The Baseline MARC will be adjusted according to the following formula:

The Baseline MARC will be equal to one hundred percent (100%) of the other entity's billed, recurring revenues for Qualified Access Services for the three (3) months immediately preceding the Option Exercise Date multiplied by four (4) plus 1,176,000. This shall be the "Combined Baseline MARC";

- (c) The IDC for the remainder of the then-current Term Year will be adjusted according to the following formula:

The IDC will be equal to one hundred percent (100%) of the other entity's actual billed recurring Qualified Access Services revenues for the three months immediately preceding the Option Exercise Date multiplied by four (4) plus the Customer's current IDC. This shall be the "Combined IDC";

(N)

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23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.6 WAMS-VIP Offer Mergers/Acquisitions (Cont'd)(A) Assignment/Successors (Cont'd)Option (i): (Cont'd)

(d) The IDC will be adjusted according to the following formula:

The Option 1 multiplier ("Option 1 Multiplier"), which equals the ratio of the Combined IDC to the Customer's current IDC, will be applied to the IDCCs associated with the IDC Levels that are available to the Customer, as defined in Section 23.1.4.

Example:

IDC = \$1,416,000  
Current IDCC Level = 3

New Entity Revenue = \$1,000,000

Combined IDC = \$2,416,000  
(\$1,416,000 plus \$1,000,000)

Option 1 Multiplier = 1.71  
(\$2,416,000/\$1,416,000)

(e) The IDCCs amounts will be adjusted according to the following formula:

The Option 1 Multiplier will be applied to the IDCC associated with the IDCC Levels which remain available to the Customer in order to determine the Combined IDCC.

Example:

IDC = \$1,416,000  
Current IDC-Level = 3  
IDCC = \$169,920

New Entity Revenue = \$1,000,000  
Combined IDC = \$2,416,000  
(\$1,416,000 plus \$1,000,000)

Option 1 Multiplier = 1.71  
(\$1,416,000/\$1,000,000)

Combined IDCC = \$290,563  
(\$169,920 multiplied by 1.71)

(N)

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(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.6 WAMS-VIP Offer Mergers/Acquisitions (Cont'd)(A) Assignment/Successors (Cont'd)

## (2) (Cont'd)

Option (i): (Cont'd)

(f) The Customer must have at least forty-eight (48) months remaining in the Term Period under the Contract Offer Subscription or, if less than forty-eight (48) months are remaining in the Term Period under the Contract Offer Subscription, the Term Period shall be automatically extended so that the terms and conditions of the Contract Offer No. 1 remain in effect for forty-eight (48) months after the Option Exercise Date; and

(g) The Telephone Company will recalculate the Key Numbers within sixty (60) days of the Option Exercise Date with no credits being applied to the Customer's bill(s) during this sixty (60) day period. Starting with the remaining quarters, the combined Key Numbers will be used to determine applicable IDCC amounts.

(1) If the Option Exercise Date falls within the 1st, 2nd or 3rd quarter of the respective Term Year, the initial credit application of any eligible Combined IDCC will occur thirty (30) days after the Key Numbers are determined or thirty (30) days in arrears of the end of the quarter, whichever is later; or

(2) If the Option Exercise Date falls within the fourth quarter of the respective Term Year, the initial credit application of any eligible Combined IDCC will occur thirty (30) days after the Key Numbers are determined or sixty (60) days in arrears of the end of the quarter, whichever is later.

Option (ii): The Customer and Telephone Company shall endeavor to negotiate new Key Numbers for the period from the Option Exercise Date to the end of the Term Period, to allow for the combination of the billed, recurring revenues for Qualified Access Services of the Customer and the merged or acquiring company to be covered under this Contract Offer Subscription provided the following conditions are met:

(N)

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## (2) (Cont'd)

Option (ii): (Cont'd)

- (a) The Customer and Telephone Company shall each identify a team (composed of business and network subject matter experts) which shall negotiate new Key Numbers in good faith;
- (b) If these discussions do not result in mutual agreement on new Key Numbers within sixty (60) days of the date of the Option Exercise Date, either Customer or Telephone Company may provide written notice to the other requesting that each party appoint a knowledgeable, responsible representative(s) to meet and negotiate in good faith to agree upon new Key Numbers. The Customer and Telephone Company intend that these negotiations be conducted by non-lawyer, business representatives. The location, form, frequency, duration and conclusion of these discussions shall be left to the discretion of the representatives;
- (c) The Customer and Telephone Company shall endeavor to reach agreement upon the new Key Numbers within one hundred twenty (120) days of the Option Exercise Date; and
- (d) If the Customer and Telephone Company cannot mutually agree upon new Key Numbers within timelines outlined above, and the Customer does not wish to continue according to the rates terms and conditions of this Contract Offer Subscription, the Customer may terminate the Contract Offer Subscription by giving thirty (30) days written notice to the Telephone Company. Upon such termination, the Telephone Company shall bill the Customer, and the Customer shall pay to the Telephone Company, termination liability charges as described below:

(N)

(N)

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(2) (Cont'd)

Option (ii): (Cont'd)

(d) (Cont'd)

(a) For termination that occurs between twelve (12) and twenty-four (24) months after the effective Date, eighty percent (80%) of all IDCC provided to the Customer pursuant to this Contract Offer No. 1; or

(b) For termination that occurs after the first twenty-four (24) months after the Effective Date, fifty percent (50%) of all IDCC provided to the Customer pursuant to this Contract Offer No. 1.

Option (iii): The Contract Offer Subscription shall be terminated as set forth in Section 23.1.8(A). (N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.6 WAMS-VIP Offer Mergers/Acquisitions (Cont'd)(B) Sale of Markets

If Customer is required by a regulatory agency to divest any markets, market spectrum or customers ("Divested Market") in connection with a Transfer, the Customer can request that Key Numbers be recalculated by the Telephone Company. The Customer must send written notice to the Telephone Company within sixty (60) days of completing a market divestiture. The date the Customer sends that written notice shall be the "Divestiture Notice Date". The Telephone Company will recalculate the Key Numbers as described below:

- (1) The Baseline MARC, IDC and IDCC amounts will be reduced by either of the following methods, at the Customer's discretion ("Divested Revenue"):
  - (a) One hundred percent (100%) of the Divested Market's billed, recurring revenues for Qualified Access Services for the three (3) months immediately preceding the notification multiplied by four (4); or
  - (b) A revenue amount that is less than the amount determined under subparagraph (a) above.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.6 WAMS-VIP Offer Mergers/Acquisitions (Cont'd)(B) Sale of Markets (Cont'd)

(2) The IDCCs will be reduced according to the following steps:

## Step 1.

Determine the impact on total revenue by calculating the "Divestiture Percentage". The Divestiture Percentage is the percent change between the Pre-Divest and Post-Divest revenues. The "Pre-Divest Revenue" equals 100% of the Customer's billed, recurring revenues for Qualified Access Services for the three (3) months immediately preceding the Divestiture Notice Date multiplied by four (4) or the Baseline MARC, whichever is greater. The "Post-Divest Revenue" equals Pre-Divest Revenue minus the Divested Revenue from (B)(1).

## Example:

Pre-Divest Revenue = \$1,700,000  
Divested Revenue = \$ 100,000  
Post-Divest Revenue = \$1,600,000  
(\$1,700,000 - \$100,000)

Divestiture Percentage = 6%  
(1 - (\$1,600,000 / \$1,700,000))

(N)

(This page filed under Transmittal No. 75 )

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.6 WAMS-VIP Offer Mergers/Acquisitions (Cont'd)(B) Sale of Markets (Cont'd)

(2) (Cont'd)

Step 2.

The Divestiture Percentage will equal the percent reduction in the IDCs and IDCCs which remain available to the Customer.

Example:

IDCC-Level equals 5  
Divestiture % = 6%

Reduced IDC = \$1,598,000  
(\$1,700,000 - (\$1,700,000 X .06))

Reduced IDCC = \$233,496  
(\$248,400 - (\$248,400 X .06))

(3) The Telephone Company will recalculate the Key Numbers within sixty (60) days of the Divestiture Notice Date. The recalculated Key Numbers will become effective once the Divested Market's billed, recurring revenues for Qualified Access Service are no longer being billed to the Customer ("Divestiture Effective Date"). Starting with the remaining quarters of the Term Year as of the Divestiture Effective Date, the recalculated Key Numbers will be used to determine the applicable IDCC.

(a) If the Divestiture Effective Date falls within the 1st, 2nd or 3rd quarter of the respective Term Year, the initial credit application of any eligible Reduced IDCC will occur thirty (30) days after the Key Numbers are effective or thirty (30) days in arrears of the end of the quarter, whichever is later; or,

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.6 WAMS-VIP Offer Mergers/Acquisitions (Cont'd)(B) Sale of Markets (Cont'd)

## (3) (Cont'd)

(b) If the Divestiture Effective Date falls within the fourth quarter of the respective Term Year, the initial credit application of any eligible reduced IDCC will occur thirty (30) days after the Key Numbers are determined or sixty (60) days in arrears of the end of the quarter, whichever is later.

23.1.7. WAMS-VIP Cell-Site Performance - Credits(A) Description

Cell-Site Performance Improvement Credits are available to the Customer based upon the quality of service delivered during the Term Period, as set forth in subparagraph (2) below. The credits will be granted in the event that the Telephone Company's Contract Offer No. 1 service performance level objectives for cell-site DS1 Qualified Access Services are not met.

(1) The DS1 Qualified Access Services cell-site performance level parameters will be based on DS1 Percentage of Network Availability. The DS1 Percent of Network Availability will be calculated by determining the actual hours that the cell-site DS1 circuits are in service during a given month compared to the total expected availability, and then aggregating those total hours over the course of a Term Year.

Example:

If a Customer had 100 circuits in service at the end of January and 110 at the end of February, their total hours of expected availability would be (31 days times 100 circuits, times 24 hours) plus (28 days, times 110 circuits, times 24 hours) or 148,320. This would be the denominator of the network availability equation.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.7 WAMS-VIP Cell-Site Performance - Credits (Cont'd)(A) Description (Cont'd)(1) Example: (Cont'd)

The numerator would be the total hours of outage based upon measured tickets reported to the Telephone Company subtracted from the 148,320. If there were eight (8) reported failures averaging 3.5 hours per outage, the total hours of outage would be equal to twenty-eight (28). The resulting availability equation for those two (2) months will be  $((148,320-28)/148,320)$  or 99.981%. A twelve (12) month aggregation using the same process as noted for two (2) months will be used to determine annual percent availability for a Customer.

(2) Table C below provides cell-site service performance targets, based on DS-1 Percentage of Network Availability, for each Term Year.

**Table C**

Term Year	% Network Availability
1	99.9800%
2	99.9840%
3	99.9877%
4	99.9900%
5	99.9900%
6	99.9900%
7	99.9900%

(B) At the Annual True-Up, if the Telephone Company annual results fail to meet the performance target, as specified in Table D above, and the Customer has met the Baseline MARC, the Telephone Company will provide credits and services as follows:

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.7 WAMS-VIP Cell-Site Performance - Credits (Cont'd)

(B) (Cont'd)

- (1) The Telephone Company will apply one hundred dollars (\$100) in special construction credits for each measured trouble ticket reported to the Telephone Company during the Term Year for cell-site improvements. The special construction credits will be used to improve performance at mutually agreed upon Customer's cell sites that are performing below the DS-1 Percentage of Network Availability as specified in Table D above.

For example: special construction credits can be used to offset the cost of replacing copper with fiber at non-performing cell-sites; and,

- (2) The Telephone Company will provide Customer the ability to purchase Automatic Loop Transfer service at twenty-five percent (25%) discount off the monthly recurring rates described in F.C.C. No. 1, Section 31.5.2 for those cell sites that fail to meet the performance target, as specified in Table D above.

23.1.8 Termination

The Customer's subscription to this Contract Offer No. 1 shall terminate if Customer gives notice to Telephone Company, as set forth in the following paragraph, and as set forth in other sections of this Contract Offer No. 1.

The termination liability charges described below shall apply if termination occurs because the Customer does not make a Shortfall Payment as described in Section 23.1.5(B)(1) and/or the Customer elects to terminate its subscription to Contract Offer No. 1 for reasons other than described in Section 23.1.6(A)(4) option(ii) and/or 23.1.8(B).

If the Customer elects to terminate its Contract Offer Subscription during the Term Period, written notification must be provided to the Telephone Company indicating the Customer's intention to terminate its Contract Offer Subscription. This notification must include the date upon which the Customer wishes to terminate its Contract Offer Subscription.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.8 Termination (Cont'd)(A) Termination Liability

Termination liability charges will consist of the sum of the following:

- (1) Ten percent (10%) of the Baseline MARC divided by twelve (12) then multiplied by the number of months remaining in the Term Period; plus
- (2) Repayment of the IDCC, given under Contract Offer No. 1 during the three (3) quarters preceding the termination date.

Example:

Customer with a Baseline MARC of \$1,176,000 and an IDC of \$1,416,000 terminates its Contract Offer Subscription after forty-eight (48) months and with thirty-six (36) months remaining in the eighty-four (84) month Term Period, and the Customer received IDCC \$127,440 for the previous three quarters before termination. The termination liability charges would be:

$((\$1,176,000/12) \times 10\% \times 36) + (\$127,440) = \$480,240$   
termination liability charge.

(B) Rate Reductions

If the tariffed rates for the Qualified Access Services are reduced by a cumulative total of twenty percent (20%) from the tariffed rates in effect as of the Effective Date (Initial Tariff Rates), either party may terminate the Contract Offer Subscription by providing a sixty (60) day written notice to the other party. Termination liability charges will not apply.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.1.8 Termination (Cont'd)(B) Rate Reductions (Cont'd)

To determine whether the 20% rate reduction has been met or exceeded, the Telephone Company shall perform an analysis within sixty (60) days following the Effective Date that details the Customer's inventory of Qualified Access Services and the Initial Tariff Rates (Initial Rate Analysis.)

Example: DS1-Initial Rate Analysis

Product Category/ Description	State	Zone	Term	Rate	Units	Total
DS1 - Channel Termination (CT)	CA	2	36	\$25.00	4,000	\$100,000
DS1 - Channel Mileage (CM-Fixed)				\$21.00	1,600	\$33,600
DS1 - Channel Mileage (CM-Per Mile)				\$16.40	1,000	\$16,400
DS1 Total				6,600		\$150,000

(N)

(This page filed under Transmittal No. 75 )

23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.1 Contract Offer No. 1 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)32.1.8 Termination (Cont'd)(B) Rate Reductions (Cont'd)

Telephone Company shall also perform a similar exercise within sixty (60) days following each Term Year detailing the Customer's inventory from the Initial Rate Analysis and the end-of-year tariff rates (EOY Rate Analysis). The Customer and Telephone Company will then compare the Initial Rate Analysis to the EOY Rate Analysis to identify the percent change in the total, cumulative rates, if any.

Example: Initial Rate Analysis and EOY Rate Analysis Comparison

Product Category	Units	Initial Tariff Rates	EOY Tariff Rates	% Rate Change
DS1	6600	\$150,000	\$122,000	
DS3	2000	\$ 90,000	\$ 70,000	
SONET	N/A	N/A	N/A	
Total	8600	\$240,000	\$192,000	20%

20% =  $(1 - (\$192,000 / \$240,000))$

The quantity of units for each product category used in the Initial Rate Analysis and the EOY Rate Analysis will be calculated from the Qualified Access Service rate elements listed below:

- (1) DS1 - Channel Terminations (CT), Channel Mileage (CM) fixed and Channel Mileage (CM) per mile;
- (2) DS3 - CT, CM fixed, CM per mile and Multiplexing (MUX); and
- (3) SONET - Not applicable.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings23.2 Contract Offer No. 2 - Special Access Service Offer23.2.1 General Description

The Special Access Service Offer (Contract Offer No. 2) is an access discount pricing plan requiring subscription from Customers under the following Access Tariffs: Ameritech Operating Companies Tariff F.C.C. No 2., Southwestern Bell Telephone Company Tariff F.C.C. No. 73, The Southern New England Telephone Company Tariff F.C.C. No. 39, Pacific Bell Telephone Company Tariff F.C.C. No. 1. and Nevada Bell Telephone Company Tariff F.C.C. No. 1. The plan requires Customers to maintain a Minimum Annual Revenue Commitment (MARC) for five (5) years. Contract Offer No. 2 is available to any Customer with at least \$18.5 million in cumulative annual recurring revenue for qualified access services in the SBC Interstate Access Tariffs as identified above. The qualified access services for the Nevada Bell Telephone Company (NBTC) are listed in Section 23.2.3(B). The Customer must meet the Eligibility Criteria as described in Section 23.2.2 and the Terms and Conditions as described in Section 23.2.3.

The Customer must meet a Minimum Annual Revenue Commitment (MARC) for each year of the five (5) year term. In the event the Customer does not meet its MARC as of each anniversary date, the Customer will be required to remit a payment, via the Annual True-Up process described in Section 23.2.4(D), otherwise termination liability charges will apply. Contract Offer No. 2 will only be available November 17, 2004 through January 17, 2005.

23.2.2 Eligibility Criteria

The following Eligibility Criteria must be met in order to receive Contract Offer No. 2 discounts:

(A) Contract Offer No. 2 is only available for services located in the following Metropolitan Statistical Areas (MSAs): Reno, NV

If the Telephone Company receives pricing flexibility relief in additional MSAs, the Customer will be able to use services and/or revenue from those areas to meet MARC commitments upon adjustment of the MARC for those incremental revenues as defined in Section 23.2.4.

(B) The Customer cannot subscribe to this Contract Offer concurrently with SBC's MVP offering in Section 22.

(C) The Customer must have a minimum of \$18.5 million in cumulative annual recurring revenue for Voice Grade(VG), Digital Data (DS0), High Capacity (DS1 and DS3), <sup>(1)</sup>, and <sup>(1)</sup> Services from this Contract Offer and the Contract Offers listed in Section 23.2.3 (A).

(D)  
(D)

<sup>(1)</sup> Material previously contained in this section has been deleted. OCN PTP and GigaMAN services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 2 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prod/ccb/etfs/>, effective December 31, 2007.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.2 Eligibility Criteria (Cont'd)

(D) The Customer must maintain an Access Service Ratio, equal to or greater than 98%. The Access Service Ratio is defined in Section 23.2.3(H) and will be measured monthly.

23.2.3 Terms and Conditions(A) Concurrent Subscription

The Customer must concurrently subscribe to the parallel Contract Offers of Contract Offer No. 23 pursuant to the following tariffs:

- (1) Pacific Bell, Tariff F.C.C No. 1, Section 33, Contract Offer No. 34.
- (2) Ameritech Tariff F.C.C. No. 2, Section 22, Contract Offer No. 43.
- (3) Southwestern Bell Tariff F.C.C. No. 73, Section 41, Contract Offer No. 31.
- (4) The Southern New England Telephone Company Tariff F.C.C. No. 39, Section 25, Contract Offer No. 6.

(B) Subject Services

Contract Offer No. 2 applies to pricing-flexibility-qualified access services (hereafter referred to as Subject Services) contained in the following tariff sections:

- (1) VG/DS0 Services - NBTC Tariff F.C.C. No. 1, Sections 7.7.6, 7.10.5 for Phase I MSAs, and Sections 22.5.2.1, 22.5.2.4 for Phase II MSAs;
- (2) DS1/DS3 Service - NBTC Tariff F.C.C. No. 1, Section 7.11.5.3 for Phase I MSAs and Section 22.5.2.5, 22.5.2.6, 22.5.2.11 for Phase II MSAs;
- (3) <sup>(1)</sup> Service - NBTC Tariff F.C.C. No. 1, Section <sup>(1)</sup> and Section <sup>(1)</sup> for Phase II (D)
- (4) <sup>(1)</sup> Service - NBTC Tariff F.C.C. No. 1 Section <sup>(1)</sup> for Phase I MSAs and Section <sup>(1)</sup> for Phase II MSAs. (D)

All Terms and Conditions for the Subject Services listed above are governed by their respective tariff sections except as noted herein. Annual recurring revenue generated from these services will be used in the MARC calculations defined in Section 23.2.4.

<sup>(1)</sup> See footnote (1) on page 23-30.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.3 Terms and Conditions (Cont'd)(C) Term Period

The contract term (Term Period) is five (5) years commencing on the date the Telephone Company receives a completed Letter of Authorization (LOA) from the Customer. Contract Offer No. 2 is not renewable.

Subject Services to which the Customer already subscribes as of the commencement of the Term Period, or any Subsequently Added Services to which Customer subscribes after commencement of the Term Period in accordance with the terms set forth herein, must be on five (5) year term payment plans or converted to five (5) year term payment plans (where available) in order to receive discounts pursuant to this Contract Offer. If five (5) year term is not available, the Customer must select from the longest term plan available for the service. The Customer may select from any term plan available for purchases of new Subject Services.

(D) Discounts

Discounts will be applied 60 days after the close of each quarter beginning with the first three months after contract commencement. Discounts will be applied each quarter that the Customer complies with MARC requirements, all Eligibility Criteria, and all Terms and Conditions. MARC calculations are discussed in Section 23.2.4 and the application of discounts is detailed in Section 23.2.5.

(E) General

Services are subject to certain rates, charges, and general terms and conditions in other sections of F.C.C. Tariff No. 1, as set forth in Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services. Such terms and conditions may be modified through the filing of tariff changes at any time during the Term Period. Such tariff modifications will not change the Terms and Conditions described in this Contract Offer.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - DS1, DS3, <sup>(1)</sup> Service Offer (Cont'd)

(D)

23.2.3 Terms and Conditions (Cont'd)(F) Contract Termination

If the Customer should terminate this Contract Offer during the Term Period, termination liability charges will apply in accordance with Section 23.2.8.

If the Customer fails to maintain any of the Terms and Conditions detailed in Section 23.2.3, the Telephone Company will notify the Customer in writing. The Customer will have 60 days to return to compliance. Failure to comply within 60 days will constitute a default and the Telephone Company shall have the right to terminate this contract. In the event of termination by Telephone Company, termination liability charges will apply as set forth in Section 23.2.8.

(G) Minimum Annual Revenue Commitment (MARC)

Customer must maintain a MARC (as described in Section 23.2.4) for each year in the Term Period of this Contract Offer.

(H) Access Service Ratio

As referenced in Section 23.2.2(D), the Customer and its affiliates must maintain an Access Service Ratio of 98% or greater. The ratio, calculated monthly, is the Access Revenue divided by Access Revenue plus Wholesale Revenue. To maintain compliance with this Contract Offer, the ratio must be greater than or equal to 98%. The 98% ratio is calculated as follows:

$$\frac{\text{Access Revenue}}{\text{Access Revenue} + \text{Wholesale Revenue}}$$

(1) Access Revenue is the Customer's and its affiliates interstate recurring billed revenue associated with the rate elements, as defined in Table A:

TABLE A:

Service	General/Basic Description
Voice Grade	7.7.1-5
DS0, DS1, DS3 Services	7.10.1-4, 7.11.1-5
<sup>(1)</sup>	<sup>(1)</sup>
<sup>(1)</sup>	<sup>(1)</sup>

(D)  
(D)

(2) Wholesale Revenue is the Customer's and its affiliates recurring billed revenue for associated rate elements, as defined in Table B, not included in the interstate tariff(s).

<sup>(1)</sup> See footnote (1) on page 23-30.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.3 Terms and Conditions (Cont'd)(H) Access Service Ratio (Cont'd)

TABLE B:

Service Level	Associated Rate Elements Not Included in Interstate Tariff
DS1/LT1	4-wire digital loop DS1 Entrance Facilities DS1 Interoffice Transport DS1 Cross Connects DS1 Multiplexing All DS1 non-tariffed Committed Information Rate Broadband Services
DS3/LT3	DS3 Loop DS3 Entrance Facilities DS3 Interoffice Transport DS3 Cross Connects DS1/DS3 Multiplexing All DS3 non-tariffed Committed Information Rate Broadband Services
OC-3 OC-12 OC-48	OC-3 Entrance Facilities OC-3 Interoffice Transport OC-3 Cross Connects OC-3 Multiplexing OC-12 Entrance Facility OC-12 Interoffice Transport OC-12 Cross Connects OC-12 Multiplexing OC-48 Entrance Facilities OC-48 Interoffice Transport OC-48 Cross Connects OC-48 Multiplexing All OCN equivalent non-tariffed Committed Information Rate Broadband Service
Other Transport Products	Dark Fiber - Interoffice Dark Fiber - Loop Dark Fiber - Subloop Dark Fiber Cross Connects Unbundled Dedicated Transport

(Z)

(Z)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.3 Terms and Conditions (Cont'd)(H) Access Service Ratio (Cont'd)

(3) As new rate elements are introduced to Table A in this section, all recurring revenues associated with the new rate elements will automatically be added to the Customer's Access Revenue, as defined in this section, for calculation of the Access Service Ratio.

(4) As new rate elements are introduced to Table B in this section, all recurring revenues associated with the new rate elements will automatically be added to the Customer's Wholesale Revenue, as defined in this section, for calculation of the Access Service Ratio.

(5) If the Customer fails to meet the Access Service Ratio in any given month of the term, upon notification from the Telephone Company, the Customer has ten (10) business days to notify the Telephone Company in writing that it will meet or exceed the 98% Access Services Ratio within 60 days. Failure to achieve compliance in 60 days will constitute a default and the Telephone Company shall have the right to terminate this Contract Offer. In the event of a termination by the Telephone Company, termination liability charges will apply as set forth in Section 23.2.8.

(6) Credits will not be issued until the Customer has met the 98% Access Services Ratio.

(I) The Customer will not be able to subscribe to any future Contract Offerings in Section 23 in conjunction with this Contract Offer or that might be offered by the Telephone Company for Subject Services covered under this Contract Offer.

(J) The Customer must pay billed charges in full for the Term Period of the contract, excluding amounts being disputed. The Telephone Company will provide Customer written notice of a non-compliance situation. Customer will have ten (10) business days from receipt of the written notice to comply. If the Customer does not comply, the Telephone Company shall have the right to terminate this Contract Offer. In the event of termination by the Telephone Company, termination liability charges as set forth in Section 23.2.8 will apply. Credits will not be issued until the Customer has paid all billed charges (excluding disputes).

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)

(N)

23.2.3 Terms and Conditions (Cont'd)

- (K) Any disputed billing amounts that have been resolved in favor of the Telephone Company are due and payable as described in Section 2.5 and Section 23.2.3 (J) above.
- (L) The Customer must provide, at the time of subscription, all of the Access Customer Name Abbreviation (ACNA), Other Company Name (OCN) and/or Tiecodes (collectively "Company Code(s)") that the Customer designates for inclusion in this Contract Offer. Company Code(s) may be added by the Customer after initial subscription but are subject to revenue and calculation requirements discussed in Section 23.2.4 (B). Customer shall not incur any termination liability under the relevant tariffs as a result of adding any such Company Code(s).

23.2.4 Minimum Annual Revenue Commitment (MARC)(A) Calculation of the MARC

Under Contract Offer No. 2, the Customer must establish and maintain a MARC. The MARC will be calculated as outlined in this section. The MARC for the first year will be established when the Telephone Company receives the Letter Of Authorization (LOA) from the Customer and the Customer identifies the Company Code(s) that will be included in this Contract Offer pursuant to Section 23.2.3 (L).

The Customer's MARC for Year 1 is calculated based on the total of the previous three (3) months recurring revenue (recalculated to five-year term rates where applicable pursuant to Section 23.2.3 (C)) for all Subject Services identified in Section 23.2.3 (B) from the SBC Tariffs identified in Section 23.2.3 (A) in eligible pricing flexibility MSAs, multiplied by four (4):

(Prior 3 months recurring revenue) x 4 = Year 1 MARC. The MARC for years 2 through 5 will be recalculated at each annual contract anniversary date.

Example for Year 1 MARC Establishment:

The Customer's prior 3 months recurring revenue (re-rated to 5 year term rates) is \$5M. The Customer's Year 1 MARC would be \$20M. (\$5M X 4).

The MARC for years 2 through 5 will be recalculated at each annual contract anniversary date as follows:

Total of the prior three (3) months recurring revenue for all Subject Services multiplied by four (4). If the recalculated MARC is greater than the previous year's MARC, the newly recalculated MARC will apply. If the recalculated MARC is less than the previous year's MARC, the previous year's MARC will carryover for the new year.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.4 Minimum Annual Revenue Commitment (MARC) (Cont'd)(A) Calculation of the MARC (Cont'd)Example for Year 2 MARC Establishment:

The Customer's prior 3 months recurring revenue is \$4M. The Customer's Year 2 MARC is \$20M. (\$4M X 4 = \$16M < \$20M). In this example the Customer's prior 3 months recurring revenue multiplied by 4 is less than the Year 1 MARC.

If the Value is less than the Year 1 MARC, then the Year 1 MARC will be used for Year 2.

If the Value calculated is greater than the Year 1 MARC, then the newly calculated MARC will be used as the Year 2 MARC.

If the Telephone Company receives additional pricing flexibility relief for MSAs that are not listed in Section 23.2.2, the Telephone Company will recalculate the MARC to incorporate recurring revenues from those areas and will include those revenues in the calculations discussed in Section 23.2.4 (B).

(B) Calculations to Achieve the MARC

Recurring revenue will be counted to determine whether the Customer achieves its MARC based on the following criteria:

Revenue from Existing Services:

- (1) Recurring revenue from Subject Services to which the Customer subscribes as of the commencement of the Term Period and which are billed under the specific Company Code(s) provided by the Customer pursuant to Section 23.2.3 (L) will be included in the calculation used to achieve the MARC effective upon the commencement of the Term Period.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)

N)

23.2.4 Minimum Annual Revenue Commitment (MARC) (Cont'd)(B) Calculations to Achieve the MARC (Cont'd)(2) Revenue from Subsequently Added Services:

Recurring revenue from Subject Services to which the Customer does not subscribe as of the commencement of the Contract Term Period will not be included in the calculations used to achieve the MARC except as specifically allowed in this subsection. Subject Services ordered prior to, and/or purchased after subscription to this Contract Offer and not subscribed to by the Customer as of the commencement of the Contract Term Period will be considered Subsequently Added Services.

Subsequently Added Services will be recalculated to five (5) year term payment plans in accordance with Section 3.2.3(C). Recurring revenue generated from these Subsequently Added Services may only be used in the calculations used to achieve the MARC after (1) the Telephone Company issues a completed service order, (2) the Customer has been billed for the Subsequently Added Services, and (3) the Subsequently Added Services are qualified under one of the following provisions:

(a) First Six (6) Months After Contract Subscription

Within the first six (6) months of subscribing to this Contract Offer, the Customer can add one or more of its existing Company Code(s) (with its corresponding recurring revenue) not previously included by the Customer on the LOA at the time of subscription pursuant to this provision. The Customer must notify the Telephone Company in writing of its desire to include additional Company Code(s) and specify the Company Code(s) to be added. The recurring revenue from Subject Services of these Company Code(s) (recalculated to five (5) year term payment plans where applicable pursuant to Section 23.2.3(C)) shall be eligible for the MARC discounts as detailed in Section 23.2.5 (A) (1). The recurring revenues from Subject Services of these added Company Code(s) are not eligible for above the MARC discounts detailed in Section 23.2.5 (A) (2) or win-back credits detailed in Section 23.2.5 (E).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.4 Minimum Annual Revenue Commitment (MARC) (Cont'd)(B) Calculations to Achieve the MARC (Cont'd)(2) Revenue from Subsequently Added Services (Cont'd)(b) After the first six (6) Months of Contract Subscription

After the first six (6) months of subscribing to this Contract Offer, the Customer can add one or more of its existing Company Code(s) (with its corresponding recurring revenue) not previously included by the Customer on the LOA at the time of subscription pursuant to this provision.

If the Customer chooses to include any of its additional existing Company Code(s) after the first six (6) months of subscription to this Contract Offer, the Customer must notify the Telephone Company in writing of its desire to include additional Company Code (s) and specify the Company Code(s) added at which time the MARC developed pursuant to Section 23.2.4 (A) will be re-calculated and increased to reflect the additional Company Codes (recalculated to five (5) year term payment plans where applicable pursuant to Section 23.2.3(C)). The recurring revenue from Subject Services of these Company Codes shall be eligible for the MARC discounts detailed in Section 23.2.5 (A), the above the MARC discounts detailed in Section 23.2.5 (A) (2) and the win-back credits detailed in Section 23.2.5 (E).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.4 Minimum Annual Revenue Commitment (MARC) (Cont'd)(B) Calculations to Achieve the MARC (Cont'd)(3) Mergers and Acquisitions

If, after subscribing to this Contract Offer, the Customer merges with, acquires, is acquired by, sells all or substantially all its stock or assets to any other entity, or purchases all stock or substantially all stock or assets of another company (the foregoing generally referred to herein as a merger or acquisition) or establishes joint marketing arrangements with another company for Subject Services (including services currently or previously provided through the Telephone Company's network under any Company Code(s)), the Mergers and Acquisition provisions discussed in Section 23.2.7 will apply.

(C) MARC Adjustments

The Customer shall have the right to adjust the MARC downward by 10% or 20%. This adjustment can only be made one time during the life of the Contract Term Period anytime after the first 12 months of the Contract Term Period. If the Customer exercises this option, reduced discounts (as specified in Table E Section 23.2.5(B) shall apply for the remainder of the Contract Term Period, discounts previously provided during that contract year will be re-rated retroactively to reflect the reduced discount level, and certain provisions will no longer apply as detailed in Section 23.2.5(B). If the Customer uses the MARC adjustment option in conjunction with any of the Merger and Acquisition options outlined in Section 23.2.7, reduced discounts will remain for the life of the Contract Term Period, and discounts previously received during that contract year will not be re-rated provided the Eligibility Criteria in Section 23.2.2, Terms and Conditions in Section 23.2.3 and the quarterly MARC schedule in Table D Section 23.2.5 have been met prior to the MARC adjustment, and certain provisions will no longer apply as detailed in Section 23.2.5.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.4 Minimum Annual Revenue Commitment (MARC) (Cont'd)(D) Failure to Achieve the MARC

If the Customer fails to achieve the annual MARC commitment as of the anniversary dates, the Customer will be notified by the Telephone Company.

The Customer must remit an Annual True-Up amount calculated as the difference between the annual MARC for the current plan year and the actual annual recurring revenue for the Subject Services.

If the Telephone Company does not receive the Annual True-Up amount within 30 days of the Customer's receipt of its notification, the Customer is deemed to have terminated this Contract Offer and termination liability charges will apply as set forth in Section 23.2.8.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)

(N)

23.2.5 Discounts and Other Credits(A) Discount Schedule and Application

Table C contains the level of discounts for this Contract Offer.

TABLE C:

Year	MARC Discount	Discount on Recurring Revenue above the MARC
1	7%	20%
2	9%	20%
3	10%	20%
4	11%	20%
5	12%	20%

Example for Year 1:

Customer's MARC = \$20M

Customer's actual annual recurring revenues for Subject Services = \$25M

Customer will receive a 7% discount on \$20M (issued quarterly in accordance with subsection (1) below) and a 20% discount on \$5M (issued annually in accordance with subsection (2))

(1) The Customer will receive MARC discounts quarterly on recurring revenues for all Subject Services up to the MARC. The discount will be applied 60 days after the close of the quarter. Recurring revenue above the MARC is subject to discounts discussed in Section 23.2.5 (A) (2) below. Recurring revenue from Company Codes added pursuant to Section 23.2.3 (L) will receive quarterly discounts described below at the time the codes are added.

The Customer will receive the quarterly discounts as long as the following percentages of the MARC have been achieved by the close of the quarter per Table D. Discounts will be withheld if the Customer does not meet the percentage requirements in any given quarter and discounts will not be issued until the Customer is in compliance with the MARC percentage schedule as outlined below.

Table D:

Quarter	% of MARC
1st	25%
2nd	50%
3rd	75%
4th	100%

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd) (N)23.2.5 Discounts and Other Credits (Cont'd)(A) Discount Schedule and Application (Cont'd)

## (1) (Cont'd)

For example, if the Customer has achieved 25% of the MARC by the close of the 1st quarter and is in compliance with all Terms and Conditions of this Contract Offer, discounts will be issued. If in the second quarter the Customer only achieves 40% of the MARC and all Terms and Conditions are met, discounts will be withheld. If by the 3rd quarter the Customer has achieved 75% of the MARC and is in compliance with all Terms and Conditions, discounts previously withheld in the 2nd quarter will be issued as well as discounts due for the 3rd quarter.

(2) The Customer will receive the 20% discount on recurring revenues above the MARC annually. The discount will be applied 60 days after each contract anniversary. Recurring revenue generated from services of Company Code(s) not identified at the time of subscription are not eligible for above the MARC discounts unless added pursuant to Section 23.2.3 (L) or Section 23.2.7. (N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.5 Discounts and Other Credits (Cont'd)(B) MARC adjustments Discount Schedule and Application

Table E outlines discounts that the Customer will be eligible to receive depending on the MARC adjustment percentage chosen pursuant to Section 23.2.4 (C)

TABLE E:

MARC Adjustment	10%	20%
Discounts	Year 2 - 3% Year 3 - 4% Year 4 - 5% Year 5 - 6%	Year 2 - 2% Year 3 - 2% Year 4 - 3% Year 5 - 3%
Above MARC discount	Will only apply to revenue above the MARC used as the basis of the adjustment or the recurring revenue from the previous 3 months multiplied by 4, whichever is lower.	Will only apply to revenue above the MARC used as the basis of the adjustment or the recurring revenue from the previous 3 months multiplied by 4, whichever is lower.

For example, the Customer's year 1 MARC is \$17M. The Customer's year 2 MARC is \$18M (calculated as revenue from the last quarter in year 1 x 4). On the anniversary date at the end of year 2, the Customer's year 2 recurring revenue is \$15M. The Customer elects to invoke the MARC adjustment option and adjust the MARC downward by 20%. The Customer's year 3 recalculated MARC is therefore \$14.4M = (\$18M x 80%).

The Customer's discounts (including any previously withheld) for year 2 will be recalculated to reflect levels as set forth in Table E and would total \$300K (\$15M x 2%). Any discounts that have been applied to the Customer's bill during year 2 in excess of \$300K will be back-billed. The discount amount for year 3 is also 2% as set forth in Table E.

Discounts, on a going forward basis, will be based on the recalculated MARC and will be subject to percentages as detailed in Table E.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.5 Discounts and Other Credits (Cont'd)(C) Non-Recurring Charges

The Telephone Company will waive Non-recurring charges associated with the purchase of VG, DS0, DS1, DS3, OCN PTP, and GigaMan Services. In the event that these non-recurring charges are billed, The Telephone Company will credit these charges quarterly. Access Order and Special Construction charges will apply where applicable. Non-recurring charges will be credited quarterly as long as the Customer is in compliance with the Eligibility Criteria in Section 23.2.2 and the Terms and Conditions of this Contract Offer as specified in Section 23.2.3. If the Customer fails to meet the MARC on a contract anniversary date pursuant to Section 23.2.4 (A) and fails to pay the Annual True-Up as defined in Section 23.2.4(D), the Customer will be back-billed the previous 12-months non-recurring charges previously waived or credited.

(D) Portability

The Telephone Company will waive termination liability charges for moves and/or disconnection of DS1, DS3, and OCN PTP Services. In the event that termination liability charges for these moves and/or disconnections are assessed, the Telephone Company will credit these charges quarterly provided the following criteria are met, and provided the Eligibility Criteria in Section 23.2.2, and Terms and Conditions in Section 23.2.3 have been met. If the Customer fails to meet the MARC on each contract anniversary date pursuant to Section 23.2.4 (A) and fails to pay the Annual True-Up as defined in Section 23.2.4 (D), the Customer will be back-billed the previous 12-months charges that were waived or credited for termination liability charges.

(1) The move, disconnect, and/or new service may be from any SBC Tariff as described in Section 23.2.1.

(2) DS1 Services

The Telephone Company will credit the Customer, quarterly, any termination liability charges assessed and not disputed for the move and/or disconnection of DS1s throughout the term of this Contract Offer No. 23, provided that the Eligibility Criteria in Section 23.2.2, and Terms and Conditions in Section 23.2.3 have been met.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.5 Discounts and Other Credits (Cont'd)(D) Portability (Cont'd)(3) DS3, (1) and (1) Services

(D)

The Telephone Company will credit the Customer, quarterly, for any termination liability charges assessed and not disputed for the move and/or disconnection of (1), (1), and (1) services throughout the (D) Contract Term Period as long as the DS3, (1) or (1) has (D) been in service for a minimum of one (1) year from the original installation date, and provided that the Eligibility Criteria in Section 23.2.2 and Terms and Conditions in Section 23.2.3 have been met.

(4) (1) and (1) Services

(D)

The Telephone Company will credit the Customer, quarterly, for any termination liability charges assessed and not disputed for the move and/or disconnection of (1) or (1) throughout the Contract Term (D) Period as long as the (1) or (1) has been in service for (D) a minimum of three (3) years from the original installation date, and provided that the Eligibility Criteria in Section 23.2.2 and Terms and Conditions in Section 23.2.3 have been met.

(E) Winback

Winback credits will be calculated and applied on each contract anniversary date, and shall be in addition to all other discounts and credits set forth in this Contract Offer. Recurring revenue generated from services of Company Code(s) not identified at the time of subscription are not eligible for win-back credits described below.

- (1) The Customer will receive a 20% discount for the first 12 months of service for any DS1 or DS3 services moved to the Telephone Company's network that were previously provided by another company as long as the service is on the Telephone company's network for at least one year.
- (2) The Customer will receive a 30% discount for the first 12 months of service for any (1), (1), (1), and/or (1) or (1) moved to the Telephone Company's network that were previously provided by another company as long as the service is on the Telephone Company's network for at least one year.

(1) See footnote (1) on page 23-30.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)

(N)

23.2.5 Discounts and Other Credits (Cont'd)(E) Winback (Cont'd)

(3) The Customer must provide documentation to demonstrate that the Subject Services have been converted from another carrier to the Telephone Company's network. Documentation may include but is not limited to: circuit detail records, invoices, and coordinated orders to move the service. The Telephone Company is willing to review other documents that the Customer may deem appropriate to meet this criteria, however only to the extent that it does not result in breach of any non-disclosure agreements which may govern the distribution of such information.

23.2.6 Assignment and Transfer

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to F.C.C. No. 1, Section 2.1.2 of this Tariff, the Telephone Company will acknowledge such transfer or assignment pursuant to the terms of F.C.C. No. 1, Section 2.1.2, unless: (1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A) or (B) below, or (2) if the proposed assignee or transferee or its parent company has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly, more than 50% of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(B) The proposed assignee or transferee does not have any outstanding securities rated by credit rating agencies (e.g. Standard and Poor's), but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated "fair" or below in a composite credit appraisal published by Dun and Bradstreet, or "high risk" in a Paydex score as published by Dun and Bradstreet.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.7 Mergers and Acquisitions

The Terms and Conditions of Contract Offer No. 2 shall continue in full force and in effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all its stock or certain assets to any other entity, or purchases all stock or substantially all stock or certain assets of another company (the foregoing generally referred to herein as a merger or acquisition). During or after the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Telephone Company, either directly or through any affiliates, then billed, recurring revenue for Subject Services of the other company involved in the merger or acquisition will not be used in Calculations of the MARC as discussed in Section 23.2.4 (A) or Calculations to Achieve the MARC discussed in Section 23.2.4 (B), except as permitted by one of the provisions in this subsection.

The Customer must be meeting MARC commitments and all Eligibility Criteria and Terms and Conditions outlined in Sections 23.2.2 and 23.2.3 in order to exercise the provisions in this subsection.

Recurring revenue from Subject Services from the other entity involved in the merger or acquisition can not be used for any incentives or discounts contained in this Contract Offer except as permitted by one of the provisions outlined in this subsection.

The Customer shall have four one-time choices (per merger or acquisition) to incorporate revenue from the other company or companies involved in the merger or acquisition. If the Customer does not exercise any of the provisions in this subsection by the times specified in relation to the Transaction Close Date, the Customer will not be permitted to use existing or future Special Access revenues from the other company or companies involved in the merger or acquisition in the Calculation of the MARC or Calculations to Achieve the MARC discussed in Section 23.2.4 (A) & (B).

The acquisition and/or merger Transaction Close Date will be used to measure the length of time the following provisions are available. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

If the Customer has selected but not yet fully implemented one of the provisions in this subsection, the MARC adjustment calculation as detailed in Section 23.2.4 will only apply to the Customer's original (pre-merger or acquisition) MARC and will not include revenue from the other company involved in the merger or acquisition. The Customer cannot combine any of the Merger and Acquisition provisions in this subsection.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)

(N)

23.2.7 Mergers and Acquisitions (Cont'd)

The Telephone Company will calculate Annual Total Special Access revenue of the other company or companies involved in the merger or acquisition on the date the Customer selects one of the provisions in this subsection. The Annual Total Special Access revenue will be determined by calculating the prior three (3) months recurring revenue for Subject Services of the other company involved in the merger or acquisition multiplied by four (4). Until the Customer has fully implemented one of the provisions in this subsection, the Customer will not be eligible to earn above the MARC discounts discussed in Section 23.2.5 (A) (2) for revenue from the other company involved in the merger or acquisition until after it exceeds the Annual Total Special Access revenue. After the Customer has fully implemented one of the provisions in this subsection, the Customer will be eligible for above the MARC discounts discussed in Section 23.2.5 (A) (2) for revenue above the new combined MARC.

(N)

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23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.7 Mergers and Acquisitions (Cont'd) (N)23.2.7.1 Merger and Acquisition Provisions(A) Mergers and Acquisitions - Access Services Ratio Impacting

If the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all its stock or certain assets to any other entity, or purchases all stock or substantially all stock or certain assets of another company and inclusion of the recurring revenue from Subject Services from the other company or companies involved in the merger or acquisition into this Contract Offer will cause the Customer to fall below Access Services Ratio Terms and Conditions as defined in Section 23.2.3 (H), the Customer must select from Option 1 or 2 below in order to receive incentives and discounts for the other company involved in the merger or acquisition under this Contract Offer.

The Customer must fully comply with the Access Services Ratio Terms and Conditions within 18 months of the Transaction Close Date and must comply with the Access Conversion Schedule outlined in Table F below. As long as the Customer is in compliance with the Access Conversion Schedule and the Customer's existing revenue complies with the Access Services Ratio in Section 23.2.4 (H), the MARC discounts will continue to apply and the Customer shall not be considered out of compliance with the Access Services Ratio Terms and Conditions as defined in Section 23.2.3 (H).

If at any time the Customer does not comply with the Access Conversion Schedule outlined in Table F below, MARC discounts will be withheld and the Telephone Company will notify the Customer of non-compliance. The Customer will have 30 days to comply with the Access Conversion Schedule. If the Customer does not comply within 30 days, this Contract Offer will be considered in default, and the Telephone Company shall have the right to terminate this Contract Offer and termination liability charges will apply as detailed in Section 23.2.8. Notwithstanding the foregoing, if Telephone Company is primarily responsible for a delay in the Access Conversion Schedule, then the MARC discounts will continue to apply and the Customer shall not be considered out of compliance with the Access Services Ratio Terms and Conditions as defined in Section 23.2.3 (H) and the contract will not be considered in default, however, each party shall take all reasonable steps to comply as soon as possible.

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23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.7 Mergers and Acquisitions (Cont'd)23.2.7.1 Merger and Acquisition Provisions (Cont'd)(A) Mergers and Acquisitions - Access Services Ratio Impacting (Cont'd)

Table F outlines the Unbundled Network Element (UNE) to Access conversion schedule that will be used to migrate the services.

Table F: Access Conversion Schedule

90 Day Period	Required Conversion Level
1st	10%
2nd	20%
3rd	50%
4th	75%
5th	85%
6th	100%

(N)

(N)

(This page filed under Transmittal No. 79 )

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.7 Mergers and Acquisitions (Cont'd)23.2.7.1 Merger and Acquisition Provisions (Cont'd)(A) Mergers and Acquisitions - Access Services Ratio Impacting (Cont'd)(1) Option 1

- (a) The Customer may establish a temporary MARC by adding 85% but no more than 100% (depending on the Customer's selection) of Special Access Services recurring revenue from the other company involved in the merger or acquisition for Subject Services billed by the Telephone Company to the Customer's existing MARC as outlined below for a period not to exceed 18 months from the Transaction Close Date.
- (b) The Customer must exercise this option within 60 days following the Transaction Close Date.
- (c) This option is not available in the 5th year of the Contract Term Period.
- (d) The temporary MARC will be calculated by taking the last 3 months of applicable monthly recurring Special Access revenue for the other company involved in the merger or acquisition (from the date this option is selected) for Subject Services multiplied by four (4) multiplied by 85% to 100% (depending on the Customer's selection) and adding to that the Customer's existing MARC.
- (e) A combined permanent MARC will be established no later than 18 months following the Transaction Close Date using the following calculation.
  - (i) The last 3 months (at the time of the calculation) of monthly recurring Special Access revenue for the other company involved in the merger or acquisition for Subject Services multiplied by four (4) and adding to that the Customer's existing MARC.
  - (ii) The permanent MARC must be at least 85% of temporary MARC as defined in Section 23.2.7.1 (A) (1) (d).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)

(N)

23.2.7 Mergers and Acquisitions (Cont'd)23.2.7.1 Merger and Acquisition Provisions (Cont'd)(A) Mergers and Acquisitions - Access Services Ratio Impacting (Cont'd)(2) Option 2

- (a) The Customer must add at least 85% but no more than 100% (depending on the Customer's selection) of Special Access recurring revenue from the other company involved in the merger or acquisition for Subject Services billed by the Telephone Company to the Customer's existing MARC as outlined below for a period not to exceed 18 months from the Transaction Close Date.
- (b) The Customer must exercise this option within 12 months following the Transaction Close Date
- (c) This option is not available during the 5<sup>th</sup> year of the Contract Term Period.
- (d) The MARC will be set by taking the last 3 months of applicable monthly recurring Special Access revenue from the other company involved in the merger or acquisition (on the date this option is selected) for Subject Services multiplied by four (4) and multiplied by 85% to 100% (depending on the Customer's selection) and adding to that the Customer's existing MARC.

(B) Mergers and Acquisitions - Access Services Ratio Not Impacting

If the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all its stock or certain assets to any other entity, or purchases all stock or substantially all stock or certain assets of another company and inclusion of recurring revenue from Subject Services from the other company or companies involved in the merger or acquisition into this Contract Offer will not cause the Customer to fall below Access Services Ratio Terms and Conditions as defined in Section 23.2.3 (H), the Customer must select from Option 3 or 4 below in order to receive incentives and discounts for the other company involved in the merger or acquisition under this Contract Offer.

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.7 Mergers and Acquisitions (Cont'd)23.2.7.1 Merger and Acquisition Provisions (Cont'd)(B) Mergers and Acquisitions - Access Services Ratio Not Impacting (Cont'd)(1) Option 3

(a) The Customer may establish a temporary MARC by adding 90% to 100% (depending on the Customer's selection) of Special Access recurring revenue from the other company involved in the merger or acquisition for Subject Services used to calculate the MARC to the extent outlined below for a period not to exceed 12 months from the Transaction Close Date.

(b) The Customer must exercise this option within 60 days following the acquisition Transaction Close Date.

(c) This option is not available during the 5th year of the Contract Term Period.

(d) The temporary MARC will be established by taking the last 3 months of applicable monthly recurring Special Access revenue, for the other company involved in the merger or acquisition (from this date this option is selected) for Subject Services multiplied by four (4) and multiplied by 90% to 100% (depending on the Customer's selection). This amount will be added to the Customer's existing MARC.

(e) A combined permanent MARC will be established no later than 12 months following the Transaction Close Date using the following calculation:

(i) The last three (3) months (at the time of the calculation) of monthly recurring Special Access revenues from the other company involved in the merger or acquisition for Subject Services multiplied by four (4) and adding to that the Customer's existing MARC.

(ii) The permanent MARC must be at least 85% of the temporary MARC as defined Section 23.2.7 (A) (4).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)

(N)

23.2.7 Mergers and Acquisitions (Cont'd)23.2.7.1 Merger and Acquisition Provisions (Cont'd)(B) Mergers and Acquisitions - Access Services Ratio Not Impacting (Cont'd)(2) Option 4

- (a) The Customer must add at least 90% but no more than 100% (depending on the Customer's selection) of Special Access recurring revenue from the other company involved in the merger or acquisition for Subject Services billed by the Telephone Company to the Customer's existing MARC to the extent outlined below for a period not to exceed 12 months from the Transaction Close Date.
- (b) The Customer must exercise this option within 12 months of the Transaction Close Date.
- (c) This option is not available during the 5th year of the Contract Term Period.
- (d) The MARC will be set by taking the last 3 months of applicable monthly recurring Special Access revenue from the other company involved in the merger or acquisition (from the date this option is selected) for Subject Services multiplied by four (4) and multiplied by 90% to 100% (depending on the Customer's selection) and adding to that the Customer's existing MARC.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)23.2.8 Termination Liability(A) Termination Liability Charges

If the Customer terminates Contract Offer No. 2 before the completion of the term for any reason whatsoever (other than a material default by the Telephone Company), the Customer must pay the Telephone Company termination liability charges as described below. These charges shall become due as of the effective date of the cancellation or termination. The

Customer must provide written notification 90 days prior to the desired date of termination to the Telephone Company. This notification must include the date upon which the Customer will terminate the Contract Offer.

If the Customer fails to meet any of the eligibility criteria in Section 23.2.2, or fails to meet any of the Terms and Conditions in Section 23.2.3, then the Telephone Company shall provide the Customer with written notification of such non-compliance and the Customer will have sixty (60) days to comply. If the Customer does not comply within such time period, the Customer will be deemed to have terminated its participation in Contract Offer No. 2 and termination liability charges will apply as stated below and will be payable pursuant to F.C.C. No. 1, Section 2.4.

The Customer's termination liability charge shall be equal to: 100% of all Discounts under Contract Offer No. 2 for the six (6) months immediately prior to the date of termination; plus the following schedule:

- (1) If terminated in Year 1, 10.0% of the Base MARC for the remaining portion of Year 1, plus 10% of the Base MARC for the remaining years of the Contract Offer.
- (2) If terminated in Year 2, 12.5% of the Year 2 MARC for the remaining portion of Year 2, plus 12.5% of the Year 2 MARC for the remaining years of the Contract Offer.
- (3) If terminated in Year 3, 12.5% of the Year 3 MARC for the remaining portion of Year 3, plus 12.5% of the Year 3 MARC for the remaining years of the Contract Offer.
- (4) If terminated in Year 4, 12.5% of the Year 4 MARC for the remaining portion of Year 4, plus 12.5% of the Year 4 MARC for year 5.
- (5) If terminated in Year 5, 10.0% of the Year 5 MARC for the remaining portion of Year 5.

(N)

(This page filed under Transmittal No. 79 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.2 Contract Offer No. 2 - Special Access Service Offer (Cont'd)

(N)

23.2.8 Termination Liability (Cont'd)(B) New Technology Termination

If the Customer wishes to move its services to new alternative technology (such as Broadband over power lines, Wi-MAX, DWDM, or optical switching technologies), the Customer shall qualify to reduce the MARC termination liability charges as detailed above by 50% in year 4 and/or 5 of this Contract Offer as long as the conditions in this subsection are met. The Customer shall have the right to move its services to new alternative technology and receive reduced termination liability as long as Eligibility Criteria in Section 23.2.2 and all Terms and Conditions in Section 23.2.3 are met. The Customer must provide documentation that reasonably demonstrates that the new technology is an alternative to existing Subject Services.

For example, if the Customer wishes to terminate this Contract Offer due to a new technology in year 4 of the Contract Offer, the termination liability charge would be equal to 100% of discounts applied during the previous six-months as well as 6.25% of the Year 4 MARC for the remaining portion of year 4, plus 6.25% of the Year 4 MARC for year 5.

The Customer must notify SBC in writing at least 90 days prior to the start of year 4 if they wish to terminate in year 4 and invoke this provision or at least 90 days prior to the start of year 5 if they wish to terminate in year 5 and invoke this provision. This notification must include the date upon which the Customer will terminate the Contract Offer. Additionally, this provision is only available to the Customer if it has not exercised the 20% MARC adjustment option as detailed in Section 23.2.4 (C).

(C) This Section 23.2.8 sets forth the sole and exclusive remedies for termination of this Contract Offer No. 23, except for charges due and payable for Subject Services rendered prior to the date of termination and any non-recurring charges and/or termination liability charges that may become due and payable in accordance with Sections 23.2.5 (C) and (D).

(N)

(This page filed under Transmittal No. 79 )

23. Pricing Flexibility Contract Offerings23.3 Contract Offer No. 3 - Broadband Plan - Service Offer23.3.1 General Description

Contract Offer No. 3 - the Broadband Plan is a special access discount pricing plan requiring subscription from the Customer under the following Access Tariffs: Ameritech Operating Companies (Ameritech) Tariff F.C.C. No 2, Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, and The Southern New England Telephone Company (SNET) Tariff F.C.C. No. 39. The Broadband Plan provides discounted rates (Level II as described below) subject to volume commitments as described in Section 23.3.4 (G).

Services covered under this Contract Offer will be grouped into Levels:

- (1) Level I - Qualified existing access services that are already in service prior to the commencement of the Term Period are "Level I" circuits. Level I circuits will be counted toward the Customer's Portability Volume Commitment, as provided in Section 23.3.4 (G) of this Contract Offer, but are not eligible for the discounts provided under this Contract Offer.
- (2) Level II - Qualified access services that are installed during the Term Period, or qualified access services that migrate from Level I to Level II as described in section 23.3.5, are "Level II" circuits. Level II circuits will be counted toward the Customer's Portability Volume Commitment and also will be eligible for the discounts provided under this Contract Offer.

Qualified services under this Contract Offer are available only in the Pricing Flexibility Metropolitan Statistical Areas (hereafter referred to as MSA) as described in Section 23.3.3 (A). Contract Offer No. 3 is available for subscription from July 1, 2005 through August 1, 2005. This Contract Offer is not renewable.

(x) Issued under Authority of Special Permission No. 05-024 of F.C.C.

(This page filed under Transmittal No. 102 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.2 Subject Services

This Contract Offer applies to access services that qualify for pricing flexibility (hereafter referred to as Subject Services), as provided in the following tariff sections:

- (1) High Capacity Service (DS3), NBTC Tariff F.C.C. No. 1, Section 7.11.5 for Phase 1 MSAs and Section 22.5.2.5 for Phase 2 MSAs;
- (2) <sup>(1)</sup> <sup>(1)</sup> NBTC Tariff F.C.C. No. 1, Section <sup>(1)</sup> for Phase I MSAs and Section <sup>(1)</sup> for Phase 2 MSAs; (D)

All terms and conditions for the Subject Services provided under this Contract Offer are governed by their respective tariff sections, except as noted herein.

23.3.3 Eligibility Criteria

The following eligibility criteria must be met for Subject Services to be provided under this Contract Offer.

(A) Subject Services must be located in the following Pricing Flexibility MSAs:

Reno, NV

If the Telephone Company receives end-user channel termination pricing flexibility relief in additional MSAs, those MSAs will be added the Broadband Plan, as outlined in Section 23.3.4 (E) of this Contract Offer.

<sup>(1)</sup> Material previously contained in this section has been deleted. OCN PTP services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 3 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prod/ccb/etfs/>, effective December 31, 2007.

(This page filed under Transmittal No. 176 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.3 Eligibility Criteria (Cont'd)

(B) Subject Services must be configured as follows:

- (1) Subject Services must be a non-channelized point-to-point service; and
- (2) Both end points of the circuit must be served by the Telephone Company and be located in an MSA listed in Section 23.3.3 (A) of this Contract Offer; and
- (3) Subject Services must be at capacity levels of DS3, <sup>(1)</sup> or <sup>(1)</sup>; and
- (4) The 'Z' location for each circuit must be an end-user premise that is not a wireless cell site.

(D)  
(D)

- (C) The Customer must have a minimum of 1,200 existing Subject Service circuits meeting the configuration requirements described in Section 23.3.3 (B) of this Contract Offer.

<sup>(1)</sup> See footnote (1) on page 23-59.

(This page filed under Transmittal No. 176 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.4 Term and Conditions(A) Term Period

The Term Period for this Contract Offer shall be five (5) years commencing on the first day of the month after the Telephone Company receives a completed Letter of Subscription (LOS).

If the Customer elects to continue service upon the expiration of the Term Period, the Customer may, by written notification to the Telephone Company sixty (60) days prior to the expiration of the Term Period:

- (1) Extend rates, terms and conditions of this Contract Offer for one (1) additional two (2) year term; or
- (2) Select from the applicable payment options in NBTC Tariff F.C.C. No. 1.

If, at the expiration of the Term Period, the Customer does not elect an option as described above, the Subject Services provided under this Contract Offer will be subsequently be provided under the prevailing applicable monthly extension rates found in NBTC Tariff F.C.C. No. 1.

(B) Subscription

- (1) Contract Offer No. 3 is available only from June 1, 2005 through August 1, 2005.
- (2) To subscribe to this Contact Offer the Customer must submit a Letter of Subscription (LOS) to the Telephone Company.
- (3) To subscribe to this Contract Offer the Customer must meet all eligibility criteria as outlined in 23.3.3.
- (4) The Customer must also concurrently subscribe to the following contract offers pursuant to the following tariffs:
  - (a) SWBT Tariff F.C.C. No. 73, Section 41, Contract Offer No. 47;
  - (b) PBTC Tariff F.C.C. No. 1, Section 33, Contract Offer No. 54;
  - (c) SNET Tariff F.C.C. No. 39, Section 25, Contract Offer No. 15;
  - (d) Ameritech Tariff F.C.C. No. 2, Section 22, Contract Offer No. 61.

(x) Issued under Authority of Special Permission No. 05-024 of F.C.C.

(This page filed under Transmittal No. 102 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.4 Term and Conditions (Cont'd)(A) General

- (1) The Customer must subscribe to the services available under this Contract Offer according to the regulations set forth in NBTC Tariff F.C.C. No. 1, Section 5-Ordering Options for Switched and Special Access Services.
- (2) Subject Services provided under this Contract Offer shall also be subject to certain rates, charges and general terms and conditions set forth in NBTC Tariff F.C.C. No. 1, Sections: 2-General Regulations, 5- Ordering Options for Switched and Special Access Service, and 13-Additional Engineering, Additional Labor and Miscellaneous Services. Such terms and conditions may be modified through the filing of tariff revisions at any time during the Term Period, however such tariff modifications will not change the terms and conditions described in this Contract Offer.
- (3) If the Customer discontinues service under this Contract Offer during the Term Period, termination liability charges will apply in accordance with Section 23.3.10 of this Contract Offer.

(N)

(This page filed under Transmittal No. 102 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.4 Term and Conditions (Cont'd)(A) New Subject Services

- (1) All of the Customer's new Subject Services that are purchased from the Telephone Company and are eligible for inclusion in this Contract Offer must be provided under this Contract Offer.
- (2) The Customer may not include new Subject Services that are provided under this Contract Offer in any other promotional tariff, contract offer, or other discount plan concurrently with this Contract Offer.
- (3) The Customer must subscribe to all new Subject Services according to the otherwise applicable one (1) year term payment plan.
- (4) The Customer must pay all Special Construction charges associated with the provisioning of new Subject Services.
- (5) New Subject Services must remain in service under this Contract Offer for at least one (1) year.
- (6) New Subject Services installed in the final year of the Term Period of this Contract Offer must remain in service for at least one (1) year. Such Subject Services will continue to be subject to the Rates and Charges outlined in this Contract Offer for the remainder of the one (1) year minimum period. If any such Subject Services do not remain in service for at least one (1) year, they will be subject to Termination Liability as described in Section 23.3.10 of this Contract Offer.

(N)

(This page filed under Transmittal No. 102 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.4 Term and Conditions (Cont'd)(A) Additional MSA Relief

- (1) Upon FCC approval of additional MSAs for pricing flexibility relief for end-user channel terminations, those MSAs will be added to the Broadband Plan in TSA<sub>3</sub>.
- (2) Subject Services that were installed in such additional MSAs prior to the commencement of the Term Period will be included in this Contract Offer as Level I services; subject to existing terms for Migration to Level II as provided in Section 23.3.5.
- (3) Subject Services installed, in such additional MSAs, during the Term Period will be included in this Contract Offer as Level II services.
- (4) As Subject Services in such additional MSAs are provided under this Contract Offer, the then-current Portability Volume Commitment will be increased to reflect the added Subject Services, based on the in service volumes for qualified Subject Services that are reflected in the recurring billing records from the Telephone Company during the month prior to the MSA being granted pricing flexibility relief.

(B) Access Service Ratio

The Customer and its affiliates must maintain an Access Service Ratio of 95 percent or greater. The ratio will be based cumulative billing for DS1 and DS3 services in the MSAs described in Section 23.3.3 (A) of this Contract Offer for the prior six-month period. The Access Service Ratio will be calculated upon the completion of each six-month period beginning upon the commencement of the Term Period as follows:

Access Billing	-	Wholesale Billing
Access Billing		

Where:

- (1) Access Billing consists of the Customer's and its affiliates' interstate recurring billing for DS1 and DS3 rate elements, as defined in NBTC Tariff F.C.C. No. 1, Sections 7.11 and 22.5.2; and
- (2) Wholesale Billing consists of the Customer's and its affiliates' recurring billing for DS1 and DS3 bandwidth equivalent rate elements, as provided in Table A, not included in the interstate tariff(s).

(This page filed under Transmittal No. 102 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.4 Term and Conditions (Cont'd)

(N)

(F) Access Service Ratio (Cont'd)

Table A:

Service Level	Associated Rate Elements Not Included in Interstate Tariff
DS1/LT1	4-wire Digital Loop DS1 Entrance Facilities DS1 Interoffice Transport DS1 Cross Connects DS1 Multiplexing All DS1 Non-tariffed Committed Information Rate Broadband Services Unbundled Dedicated Transport
DS3/LT3	DS3 Loop DS3 Entrance Facilities DS3 Interoffice Transport DS3 Cross Connects DS1/DS3 Multiplexing All DS3 Non-tariffed Committed Information Rate Broadband Services Unbundled Dedicated Transport

(1) If new wholesale rate elements are introduced which are comparable to those set forth in Table A, all recurring billing associated with those new rate elements will also be included in the Customer's Wholesale Billing, as defined in this Section 23.3.4 (F), for purposes of calculating the Customer's Access Service Ratio.

(2) If the Customer does not meet the Access Service Ratio, then the Customer must pay the Telephone Company an amount sufficient to result in the Customer's resulting total Access Billing being equivalent to the amount that would have been billed, had the Customer maintained an Access Service Ratio of 95 percent. If the Customer fails to pay that amount, the Customer shall be deemed to have terminated this Contract Offer.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.4 Term and Conditions (Cont'd)(F) Portability Volume Commitment (PVC)

Portability is provided under this Contract Offer through the Portability Volume Commitment (PVC). For purposes of determining the Customer's PVC, the Telephone Company shall aggregate volumes for the various Subject Services included in this Contract Offer by converting counts of Telephone Company assigned unique Circuit ID's, by Circuit Type, into PVC Units, as shown below in Table B.

Table B:

Qty	Circuit Type	=	PVC Units
1	DS3	=	1
1	(1)	=	(1)
1	(1)	=	(1)

(D)  
(D)

## (1) PVC Level

- (a) The initial PVC Level shall be established at the commencement of the Term Period and is based on the in service volumes for Level I Subject Services that are reflected in the recurring billing records of the Telephone Company during the month prior to the commencement of the Term Period.
- (b) The PVC Level will be reset after each PVC Attainment Review, as described below in Section 23.3.4 (G) (2) (c).
- (c) The PVC Level can not be reduced, except as provided by the PVC Reduction Option described in Section 23.3.4 (G) (5) of this Contract Offer.

<sup>(1)</sup> See footnote (1) on page 23-59.

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.4 Term and Conditions (Cont'd)(G) Portability Volume Commitment (PVC) (Cont'd)

## (1) PVC Attainment Review

Upon the completion of each six-month period, beginning upon the commencement of the Term Period, the Telephone Company will perform a review (the PVC Attainment Review), to compare the Customer's then-current PVC Measurement to the PVC Floor.

(a) The Telephone Company shall calculate the Customer's PVC Level and PVC Floor as follows:

- (i) The PVC Measurement shall be the sum of all Level I and Level II PVC Units that are reflected in the recurring billing records of the Telephone Company for the last month of the period under review.
- (ii) The PVC Floor shall be equal to the Customer's then-current PVC Level, multiplied by the PVC Attainment Factor, as provided in Table C:

Table C:

Current PVC Level	PVC Attainment Factor
1,200 - 1,800	95%
1,801 - 2,100	92%
2,101 +	90%

(b) The Customer's PVC Measurement, at the time of each six-month review, must equal or exceed the current PVC Floor.

- (i) If the PVC Measurement is greater than or equal to the PVC Floor, the Customer shall be deemed to have met the PVC requirement for the six-month period under review.
- (ii) If PVC Measurement is lower than the PVC Floor, then the Customer must pay the PVC Attainment Shortfall as described in Section 23.3.4 (G) (3).

(c) Upon completion of the PVC Attainment Review, the PVC Level shall be reset to the PVC Measurement calculated for the period under review, or the existing PVC Level, whichever is greater.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.4 Term and Conditions (Cont'd)

(N)

(G) Portability Volume Commitment (PVC) (Cont'd)

## (1) PVC Attainment Shortfall Payment

The PVC Attainment Shortfall Payment shall be calculated as follows:

(a) The PVC Unit Shortfall shall be calculated according to the following equation: (PVC Level x 95%) - PVC Measurement = PVC Unit Shortfall.

(b) The PVC Attainment Shortfall Payment shall be calculated by multiplying the PVC Unit Shortfall by \$9,600.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.4 Term and Conditions (Cont'd)(G) Portability Volume Commitment (PVC) (Cont'd)

## (1) PVC Attainment Review Example

At month 6:

PVC Level = 1,500. PVC Measurement = 1,800. PVC Measurement exceeds PVC Floor of 1,425, thus commitment is met and new PVC Level is reset to 1,800.

At month 12:

PVC Level = 1,800. PVC Measurement = 1,750. PVC Measurement exceeds PVC Floor of 1,710, thus commitment is met and PVC Level remains 1,800.

At month 18:

PVC Level = 1,800. PVC Measurement 18 = 1,700. PVC Measurement is below PVC Floor of 1,710, thus commitment is not met. Customer must pay PVC Attainment Shortfall and PVC Level remains = 1,800.

Month 18 PVC Attainment Shortfall calculation:

Step 1 - (PVC Level x 95%) - PVC Measurement = PVC Unit Shortfall

$[(1,800 \times 95\%) - 1,700] = 10$

Step 2 - PVC Unit Shortfall x \$9,600 = PVC Attainment Shortfall Payment

$10 \times \$9,600 = \$96,000$

Table D: PVC Attainment Review Example

Completed Contract Month	PVC Level	PVC Floor	PVC Measurement	PVC Attainment Review	PVC Unit Shortfall	PVC Attainment Shortfall
6	1,500	1,425	1,800	met	0	n/a
12	1,800	1,710	1,750	met	0	n/a
18	1,800	1,710	1,700		10	\$96,000

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.4 Term and Conditions (Cont'd)(G) Portability Volume Commitment (PVC) (Cont'd)

## (1) PVC Reduction Option

Annually, upon each anniversary of the commencement of the Term Period, the Customer shall be permitted to reduce its PVC Level, as outlined herein:

- (a) The PVC Reduction Option is available only if the Customer has met the PVC requirements of this Contract Offer during the previous six-month period, as provided in Section 23.3.4 (G) (2) of this Contract Offer, either by meeting the PVC Attainment Review criteria or by making the PVC Attainment Shortfall Payment.
- (b) The PVC Reduction Option lowers Customer's PVC Level; however, the Customer's PVC Level remains subject to increase through the PVC Attainment Review process as provided in Section 23.3.4 (G) (2) of this Contract Offer.
- (c) The Customer must notify the Telephone Company, in writing, within sixty (60) days following the anniversary of the commencement of the Term Period, of its decision to reduce the PVC Level, to be effective during the year of the Term Period in which notice is provided. The Customer shall include in its notice a PVC Reduction Amount, which shall be the amount of the reduction the customer has chosen, expressed in PVC Units.
- (d) A PVC Reduction Charge shall be calculated by multiplying the PVC Reduction Amount by \$1,600, then multiplying that amount by the PVC Term Factor, as provided in Table E:

Table E:

	<b>PVC Term Factor</b>
Completion of Year 1	24
Completion of Year 2	18
Completion of Year 3	12
Completion of Year 4	6

Example: PVC Reduction  
Customer requests a PVC Reduction of 10 PVC Units upon the completion of Year 2. PVC Reduction Charge is calculated as follows:

Requested PVC Reduction x \$1,600 x PVC Term Factor =  
PVC Reduction Charge  
10 x \$1,600 x 18 = \$288,000

(N)

(This page filed under Transmittal No. 102 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.5 Migration of Subject Services from Level I to Level II

Eligible Level I circuits may migrate to Level II of this Contract Offer. Migration from Level I to Level II may occur either automatically under defined circumstances (Type I Migration) or at the option of the Customer (Type II Migration), as further provided below. Upon migration, migrated circuits shall be subject to TSA<sub>3</sub> Rates and Charges, as provided in Section 23.3.7 of this Contract Offer.

(A) Migration Eligibility

Level I circuits must meet the following qualifications to be deemed eligible to migrate to Level II.

- (1) Level I circuits eligible for migration cannot be included in a promotional tariff or contract offering of any kind.
- (2) Level I circuits shall continue to be subject to the rates, terms and conditions of the otherwise applicable tariffs, including any otherwise applicable term payment plans. Upon expiration of existing term payment plans for Level I circuits the Customer must select one of the following options for the circuits to remain eligible for Level II status:
  - (a) Circuits may be provided according to Monthly Extension Rates; or
  - (b) Circuits may be renewed for terms equal to the existing terms; or
  - (c) Circuits may be renewed for terms shorter than the existing terms.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.5 Migration of Subject Services from Level I to Level II  
(Cont'd)(A) Rank Ordered Migration List

- (1) Upon completion of each PVC Attainment Review, the Telephone Company will provide the Customer a Rank Ordered Migration List of eligible Level I circuits. Type I and Type II Migration to Level II will be based on this list. To be included on the Rank Ordered Migration List, circuits must remain eligible for migration, as provided Section 23.3.5 (A) of this Contract Offer.
- (2) Level I circuits eligible for migration will be included in the Rank Ordered Migration List. The first criterion for the rank ordering shall be the service term applicable to each circuit (Expired Plans, 1 yr, 2 yr, 3yr, 4 yr and 5 yr respectively). The second criterion for the rank ordering shall be oldest Service Establishment Date. Both the service term and Service Establishment Date shall be determined according to the end-user termination rate element in the Telephone Company's billing records.

(B) Type I Migration

Type I Migration shall occur automatically if, upon any PVC Attainment Review, the PVC Measurement exceeds the PVC Level. For each PVC Unit by which the PVC Measurement exceeds the PVC Level, one PVC Unit shall be migrated from Level I to Level II. The order of migration shall be determined according to the Rank Ordered Migration List. <sup>TSA<sub>3</sub></sup> pricing shall apply to all circuits subject to Type I Migration, effective on the first day of the subsequent PVC Attainment Review Period.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.5 Migration of Subject Services from Level I to Level II (Cont'd)(A) Type II Migration

Type II Migration shall be permitted at the Customer's option, as provided in this Section 23.3.5 (D)

(1) The Customer must submit a written request to the Telephone Company meeting the following requirements:

(a) The Customer's request must be received by the Telephone Company within sixty (60) days after the completion of the last day of the six-month PVC Attainment Review Period; and

(b) The request must include the specific number of PVC Units to be migrated.

(2) The order of migration shall be determined according to the Rank Ordered Migration List.

(3) TSA<sub>3</sub> pricing will apply to all circuits subject to Type II Migration, effective on the date the Telephone Company receives the Customer's written request.

(4) A one-time migration charge will apply, as provided in Table F:

Table F: One-Time Migration Charge per PVC Unit

Cumulative Net Adds	Migration Charge (per PVC Attainment Review Period)							
	12	18	24	30	36	42	48	54
0 - 75	\$10,595							
76 - 125	\$8,965							
126 - 200	\$7,335							
201 - 300	\$5,705							
301 - 425	\$4,075							
426 - 575	\$2,445							
576 - 725	\$815							
726 +	\$0							
Less than 400			Not Eligible for Type II					
Greater than 400			\$2,445	\$1,630	\$815			

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.6 Termination Liability Credits for Renewed Level I Circuits

If the customer renews a Level I circuit as provided in Section 23.3.5 (A) (2) and that circuit is subsequently disconnected before the completion of its renewal term, the Telephone Company will credit the Customer 50% of the otherwise applicable Termination Liability charges billed to the Customer if the following requirements are met:

- (A) The original term plan for the disconnected circuit must expire after the commencement of the Term Period of this Contract Offer; and
- (B) The Customer must renew the Level I circuit as provided in Section 23.3.5 (A); and
- (C) The renewed Level I circuit must be disconnected before the completion of the first year of the Term Period of this Contract Offer; and
- (D) The Customer must pay all billed Termination Liability charges by their applicable due date.

Upon validation of compliance with the eligibility criteria, the Telephone Company will process a billing credit each quarter to the Customer.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.7 Rates and Charges(A) Target Service Areas (TSA)

Eligible MSAs have been grouped into  $TSA_1$ ,  $TSA_2$  or  $TSA_3$  for purpose of applying the Rates and Charges as described in this section of the Contract Offer.

<b>TSA<sub>3</sub></b>
Reno, NV

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)23.3.7 Rates and Charges (Cont'd)(A) Monthly Recurring Charge (MRC)

The Customer must pay the applicable MRC for each rate element listed below. Any rate elements not described below will continue to be billed at the applicable tariff rates as described in NBTC Tariff F.C.C. No. 1.

Rate Element	Applicable USOC	TSA <sub>1</sub>	TSA <sub>2</sub>	TSA <sub>3</sub>
<b>DS3 Service</b>				
Channel Termination	Z3MAC	n/a	n/a	\$900.00
Channel Termination	Z3MAP	n/a	n/a	\$900.00
Channel Mileage Termination	1L5XX	n/a	n/a	\$332.50
Channel Mileage Termination	1L5XX	n/a	n/a	\$35.00
(1)				
(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)

(D)  
(D)  
(D)  
(D)  
(D)  
(D)  
(D)  
(D)  
(D)  
(D)

(1) See footnote (1) on page 23-59.

(This page filed under Transmittal No. 176 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.7 Rates and Charges (Cont'd)(A) Nonrecurring Charges (NRC)

The Customer must pay the applicable NRC for installation and rearrangement as listed below. Any NRC not listed below will continue to be billed at the applicable tariff rates as described in NBTC Tariff F.C.C. No. 1.

Description	Applicable USOC	NRC
<b>DS3 Service</b>		
Channel Termination	Z3MAC	\$0.00
Channel Termination	Z3MAP	\$0.00

(N)

(This page filed under Transmittal No. 102 )

## 23. Pricing Flexibility Contract Offerings (Cont'd)

23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.8 Assignment/Transfer/Successors

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC Tariff F.C.C. No. 1, Section 2.1.2 of this Tariff, the Telephone Company will acknowledge such transfer or assignment if the criteria in Section 2.1.2 are met, unless (1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A) or (B) below, or (2) if the proposed assignee or transferee or its parent company has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly, more than 50% of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(B) The proposed assignee or transferee does not have any outstanding securities rated by credit rating agencies (e.g. Standard and Poor's), but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated "fair" or below in a composite credit appraisal published by Dun and Bradstreet, or "high risk" in a Paydex score as published by Dun and Bradstreet.

23.3.9 Mergers/Acquisitions

The Terms and Conditions of this Contract Offer shall continue in full force and in effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all its stock or assets to any other entity or purchases all stock or substantially all stock or certain assets of another company (the foregoing generally referred to herein as a merger or acquisition). Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Telephone Company, the Subject Services as provided for in this Contract Offer will continue to be maintained at the same volume, rates, terms, and conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

(N)

(This page filed under Transmittal No. 102 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.3 Contract Offer No. 3 - Broadband Plan - Service Offer (Cont'd)

(N)

23.3.10 Termination Liability

If Customer terminates this Contract Offer the termination liability language contained below applies in lieu of the termination liability language described in NBTC Tariff F.C.C. No. 1. Customer must pay to the Telephone Company termination liability charges as described below if Customer terminates this Contract Offer before the completion of the term period for any reason, or if Customer is not in compliance with Terms and Conditions in Section 23.3.4. These charges shall become due as of the effective date of the termination and are payable within 30 days of the billing invoice date.

Customer's termination liability charges for termination of this Contract Offer shall be equal to a complete reduction of the Portability Volume Commitment as outlined in 23.3.4 (G) (5). The PVC Term Factor shall be based on the longest fully completed year under this Contract Offer at termination.

Upon termination of this Contract Offer, all Subject Services provided under this Contract Offer will subsequently be provided under the prevailing applicable monthly extension rates found in NBTC Tariff F.C.C. No. 1.

If the Customer disconnects a Subject Service provided under this Contract Offer prior to the completion of the one (1) year minimum in service requirement, then the following termination liability charges will apply:

75% of all recurring charges for the balance of the one (1) year term period plus the current applicable NRC charge for a service installed under a one (1) year term payment plan less the NRC charge paid at installation of Subject Service.

The termination liability charge will be calculated as follows:

(Monthly Recurring Charges) multiplied by (Months remaining in order to achieve one (1) year in service) multiplied by (Termination liability percentage of 75%) plus current applicable NRC minus NRC charges already paid.

Example: Customer has \$20,000 in Monthly Recurring Charges for a Subject Service provided under this Contract Offer. The customer paid an NRC of \$550 at installation and the current applicable NRC equals \$750. If Customer terminates service after six (6) months and has six (6) months remaining in order to meet the one (1) year minimum time in service, the termination liability would be calculated as:

$(\$20,000 \times 6 \text{ months} \times 75\%) + (\$750 - \$550) = \$90,250$

(N)

(This page filed under Transmittal No. 102 )

23. Pricing Flexibility Contract Offerings23.4 Contract Offering No. 4 - 2005 Access Extension Offer23.4.1 General Description

Contract Offer No. 4 - 2005 Access Extension Offer is an access discount plan for which subscription is required to the following access tariffs: Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Southwestern Bell Telephone Company Tariff F.C.C. No. 73, Nevada Bell Telephone Company Tariff F.C.C. No. 1, The Southern New England Telephone Company Tariff F.C.C. No. 39, and Pacific Bell Telephone Company Tariff F.C.C. No. 1. (Ameritech, Southwestern Bell Telephone Company, Nevada Bell Telephone Company, The Southern New England Telephone Company, and Pacific Bell Telephone Company shall be identified herein as the Qualified Companies). To be eligible for discounts under this Contract Offer, the Customer must meet the Eligibility Criteria set forth in Section 23.5.2 and also must comply with all terms and conditions of this Contract Offer.

Contract Offer No. 4 requires eligible customers to establish and maintain a Total Revenue Commitment (TRC), as described in Section 23.4.6 following. The TRC shall include all Contributory Services purchased from the Qualified Companies eligible under this Contract Offer. Contributory Services include Contributory Subject Services, as listed in Section 23.4.5, Table 3, herein, in addition to Contributory Non-Subject Services (that are not Contributory Subject Services), as described in Section 23.4.5, Table 4, herein. Contributory Non-Subject Services shall not be eligible for discounts or other incentives provided under this Contract Offer. All Contributory Services described in Section 23.4.5 must be purchased through the SBC wholesale sales channel (SBC Industry Markets).

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.2 Eligibility Criteria

The following eligibility criteria must be met to subscribe to Contract Offer No. 4:

- (A) Managed Value Plan (MVP) Subscription
  - (1) At the time of subscription to this Contract Offer, the Customer must have MVP agreements pursuant to
    - (a) SWBT Tariff F.C.C No. 73, Section 38; and
    - (b) Ameritech Tariff F.C.C. No. 2, Section 19; and
    - (c) Pacific Bell Tariff F.C.C. No. 1, Section 22.
  - (2) The Customer must maintain eligibility under all MVP agreements until they expire.
  - (3) Such MVP agreements must all be expiring in 2005.
- (B) Customer must have billed revenue from Contributory Services, as listed in Section 23.4.5, net of all discounts, credits, and adjustments equal to or greater than 86.6 percent of 2004 Gross Spend rounded to the nearest million times 7/12's as of August 1, 2005, or must buy up to that amount no later than 60 days after August 1, 2005 in order to qualify and remain qualified for Contract Offer No. 4.
- (C) Concurrent Subscription
  - The Customer must concurrently subscribe to the identical contract offer of Contract Offer No. 4 pursuant to the following tariffs:
    - (1) SWBT Tariff F.C.C No. 73, Section 41, Contract Offer No. 54;
    - (2) Ameritech Tariff F.C.C. No. 2, Section 22, Contract Offer No. 73;
    - (3) The Southern New England Telephone Company Tariff F.C.C. No. 39, Section 25, Contract Offer No. 18; and
    - (4) Pacific Bell Tariff F.C.C. No. 1, Section 33, Contract Offer No. 65.
- (D) Discounts applied under Contract Offer No. 4 are applicable for services located in MSAs as listed in Tariff F.C.C. No. 1, Section 22.

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.3 Terms and Conditions(A) Term Period

The contract term (Term Period) will begin when the Customer submits a Letter of Subscription (LOS) and will end on December 31, 2005.

(B) Terms and Conditions

- (1) The Customer must establish and maintain a TRC as described in Section 23.4.6 following.
- (2) Two (2) true-up periods will occur during the Term Period of this Contract Offer:
  - (a) The first true-up will include all billing with respect to periods from the time of subscription to Contract Offer No. 4, up to and including the final MVP true-up, and will take place no later than 30 days after the expiration of the Customer's final MVP regional contract, as described in 23.4.7 (A).
  - (b) The final true-up will include all billing with respect to periods from the first day following the expiration of the Customer's final MVP contract, up to and including December 31, 2005, and will take place no later than 30 days thereafter, as described in 23.4.7(B).
- (3) MVP credits will continue to apply, if applicable. The MVP MATA process will take place as part of the first true-up described in Section 23.4.7 herein.
- (4) Contract Offer No. 4 is only available for subscription from August 4, 2005 through September 3, 2005.
- (5) Any transfer of services from non-SBC wholesale entities/Access Customer Name Abbreviation (ACNA) will require an equivalent increase in the TRC commitment based on the amount of revenue associated with the transferred services. The Customer's maximum Basic Credit Amount will not change as a result of the transfer.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.3 Terms and Conditions (Cont'd)(B) Terms and Conditions (Cont'd)

- (6) Customer will be eligible to subscribe to contract offers in Section 23 (or any successor section) filed prior to (providing the subscription window is still open) or after Contract Offer No. 4, as long as such contract offers do not reduce the TRC under Contract Offer No. 4 and the Customer qualifies for and adheres to the terms, conditions and eligibility requirements of the contract offer. For any contract offer which states that subscribers under such contract offer are not eligible to combine such contract offer with other contract offers, the Customer will not be permitted to earn any Achievement Credits with respect to such purchases, except that for any contract offer that by its terms states that nonrecurring charges apply under such contract offer the Customer will not be eligible to earn Basic or Achievement Credits associated with those nonrecurring charges.
- (7) Terms and Conditions for Contributory Subject Services pursuant to other contract offers the Customer is currently subscribed to at the time of subscription to this Contract Offer, shall continue to apply to those Contributory Subject Services covered under the other contract offers.
- (8) Contributory Services continue to be governed by the respective terms and conditions (including MVP provisions with respect to services subject to MVP for so long as the Customer's MVP subscription remains in effect) as defined in Tariff F.C.C. No. 1, except as noted herein.
- (9) The Customer must subscribe to the services available under this Contract Offer No. 4 in accordance with the regulations set forth in Section 5 - Ordering Options for Switched and Special Access Service.
- (10) The Customer must submit a completed Letter of Subscription (LOS) to the Qualified Companies as described in 23.4.3(A).

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.3 Terms and Conditions (Cont'd)(B) Terms and Conditions (Cont'd)

- (11) The Customer must maintain an Access Service Ratio equal to or greater than 95 percent. The Access Service Ratio is defined in Section 23.4.4 and will be measured monthly.
- (12) The Customer must remit bill payments as described in F.C.C. No. 1 Section 2.4.1 for all Contributory Services via electronic payment process. The Qualified Companies will provide Customer with written notice if Customer fails to comply with the requirement. The Customer will have ten (10) business days from receipt of such written notice to comply. If the Customer does not comply, the Qualified Companies shall have the right to terminate this Contract Offer. In the event of termination by the Qualified Companies, termination liability charges as set forth in Section 23.4.11 will apply. Credits, if applicable, will not be issued until the Customer has paid all billed charges
- (13) If the Customer discontinues service under Contract Offer No. 4 during the Term Period, termination liability charges will apply in accordance with Section 23.4.11.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.4 Access Service Ratio

(A) As referenced in Section 23.4.3, the Customer and its affiliates must maintain an Access Service Ratio of 95 percent or greater. The ratio, calculated monthly, is the Access Revenue divided by Access Revenue plus Wholesale Revenue. To maintain compliance with this Contract Offer, the ratio must be greater than or equal to 95 percent.

The 95-percent ratio is calculated as follows:

$$\frac{\text{Access Revenue}}{\text{Access Revenue} + \text{Wholesale Revenue}}$$

(1) Access Revenue is the Customer's and its affiliates' current interstate recurring billed revenue associated with the rate elements, as defined in Table 1 below, or comparable interstate access services from all Qualified Companies:

Table 1:

Service	General/Basic Description
Voice Grade	7.7.1
Generic Digital Transport (DS0), High Capacity (DS1 and DS3) Services	7.10.1 & 7.11.1
(1)	(1)
(1)	(1)

(D)  
(D)

(2) Wholesale Revenue is the Customer's and its affiliates' recurring billed revenue for associated rate elements, as defined in Table 2 herein, from all Qualified Companies not included in the interstate or intrastate access tariff(s).

<sup>(1)</sup> Material previously contained in this section has been deleted. OCN PTP, DSRS, GigaMAN and MON services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 4 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prod/ccb/etfs/>, effective December 31, 2007.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.4 Access Service Ratio (Cont'd)

(A) (Cont'd)

(2) (Cont'd)

Table 2

Service Level	Associated Rate Elements Not Included in Interstate Tariff
Voice Grade/DS0	2-wire analog and 2-wire digital loops 2-wire analog and digital transport
DS1	4-wire digital loop DS1 Entrance Facilities DS1 Interoffice Transport DS1 Cross Connects DS1 Multiplexing All DS1 non-tariffed Committed Information Rate Broadband Services
DS3	DS3 Loop DS3 Entrance Facilities DS3 Interoffice Transport DS3 Cross Connects DS1/DS3 Multiplexing All DS3 non-tariffed Committed Information Rate Broadband Services
OC-3 OC-12 OC-48	OC-3 Entrance Facilities OC-3 Interoffice Transport OC-3 Cross Connects OC-3 Multiplexing OC-12 Entrance Facility OC-12 Interoffice Transport OC-12 Cross Connects OC-12 Multiplexing OC-48 Entrance Facilities OC-48 Interoffice Transport OC-48 Cross Connects OC-48 Multiplexing All OCN equivalent non-tariffed Committed Information Rate Broadband Service
Other Transport Products	Dark Fiber - Interoffice Dark Fiber - Loop Dark Fiber - Subloop Dark Fiber Cross Connects Unbundled Dedicated Transport

(Z)  
(Z)

(3) As new rate elements are introduced to Table 1 in this section, all recurring revenues associated with the new rate elements will automatically be added to the Customer's Access Revenue, as defined in this section, for calculation of the Access Service Ratio.

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.4 Access Service Ratio (Cont'd)

## (A) (Cont'd)

(4) As new rate elements are introduced to Table 2 in Section 23.4.4(A)(2), all recurring revenues associated with the new rate elements will automatically be added to the Customer's Annual Wholesale Revenue, as defined in Section 23.4.4(A)(1) preceding, for calculation of the Access Service Ratio.

(5) If the Customer fails to meet the Access Service Ratio in any given month of the Term Period, upon notification from the Qualified Companies, the Customer will have ten (10) business days to notify the Qualified Companies in writing that it will meet or exceed the 95-percent Access Service ratio within 60 days. Failure to achieve compliance in 60 days will constitute a default and Qualified Companies shall have the right to terminate Contract Offer No. 4. In the event of a termination by Qualified Companies, termination liability charges will apply as set forth in Section 23.4.11 following.

Credits will not be issued until the Customer has met the 95 percent Access Service Ratio.

23.4.5 Contributory Services

The TRC shall include all Contributory Services purchased from the Qualified Companies eligible under this Contract Offer. Contributory Services include Contributory Subject Services, as listed in Section 23.4.5, Table 3, herein in addition to Contributory Non-Subject Services (that are not Contributory Subject Services), as described in Section 23.4.5, Table 4, herein.

Contributory Subject Services and Contributory Non-Subject Services shall together be known as Contributory Services. Customer's TRC includes revenue from all Contributory Services being provided by the Qualified Companies, as listed in Table 3 and 4 below.

Any new Special Access services added to the respective tariffs by Qualified Companies during the Term Period will qualify as Contributory Services and will be deemed to be added to the tables below.

(A) Contributory Subject Services

Contract Offer No. 4 applies to pricing flexibility qualified access services (referred to as Contributory Subject Services) located in pricing flexibility Metropolitan Statistical Areas (MSAs) as listed in Tariff F.C.C. No. 1, Section 22. Contributory Subject Services are eligible for discounts and credits under this Contract Offer and are listed in Table 3.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.5 Contributory Services (Cont'd)(B) Contributory Non-Subject Services

Contributory Non-Subject Services (that are not Contributory Subject Services) shall not be eligible for discounts or other incentives provided under this Contract Offer and are listed in Table 4.

Table 3 - Contributory Subject Services

<b>Contributory Subject Services</b>	
Interstate Special Access	VG, DS0, DS1, DS3, <sup>(1)</sup> , <sup>(1)</sup> , <sup>(1)</sup> , STN, FGTS, BCS, <sup>(1)</sup> , <sup>(1)</sup> , DAL, Program Audio, Video
Interstate Switched Transport	Entrance Facility, Direct Transport
	Includes Recurring and Non-Recurring Charges (including termination charges) associated with the products listed where applicable, except as described in Section 23.4.6 following, for all services located in Pricing Flexibility MSA's.

(D)  
(D)

Table 4 - Contributory Non-Subject Services

<b>Contributory Non-Subject Services</b>	
Interstate Special Access	VG, DS0, DS1, DS3, <sup>(1)</sup> , <sup>(1)</sup> , <sup>(1)</sup> , STN, FGTS, BCS, <sup>(1)</sup> , <sup>(1)</sup> , <sup>(1)</sup> , DAL, Program Audio, Video
Interstate Switched Transport	Entrance Facility, Direct Transport
Intrastate Special Access	Equivalent services as Interstate Special Access above if available
	Includes all Recurring and Non-Recurring Charges (including termination charges) associated with the products listed where applicable, except as described in Section 23.4.6 following, for all non-price flex qualified services.

(D)  
(D)

All Terms and Conditions for all Contributory Services are governed by their respective tariff sections.

<sup>(1)</sup> See footnote (1) on page 23-85.

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.6 Calculation of the Total Revenue Commitment (TRC)

The Customer must establish and maintain a Total Revenue Commitment (TRC) as provided in this Contract Offer. Upon subscription, the Customer's TRC will be established based on billed revenue from Contributory Services, as listed in Section 23.4.5, net of all discounts, credits, and adjustments as specified in Section 23.4.6 (B) (1) (b), equal to 86.6 percent of 2004 Gross Spend rounded to the nearest million times 5/12's.

Example: Customer's 2004 Gross Spend equals \$121.3M. 86.6% of 121.3M equals \$105M (rounded to the nearest million). 5/12's of \$105M equals \$43.75 TRC.

$$\$121.3M * 86.6\% = \$105M/12 = \$8.75M * 5 = \$43.75M$$

(A) Gross Spend, as defined in Section 23.4.6 (A) (1), (2), (3), (4), (5), and (6), is calculated by taking the sum of all of the purchases from the Qualified Companies, as described in Section 23.4.5 preceding, based on billed revenue. The Gross Spend is net of all discounts from existing optional payment plans or other tariffs or offers utilized by the Customer as of the date of subscription to this Contract Offer, any renewals, replacements or extensions of the foregoing, and any underlying tariff performance credits, but does not include discounts received under MVP (MARC or SLA credits).

- (1) Interstate Special Access recurring charges billed to the Customer associated with services described in Section 23.4.5 Table 3 and 4 preceding.
- (2) Interstate Special Access non-recurring charges billed to the Customer (including, but not limited to, items such as termination liability charges, expedite charges, cancellation charges, rearrangement charges, installation charges, and access order charges) except as noted in 23.4.6(A) (6).
- (3) Intrastate Special Access recurring charges billed to the Customer associated with services described in Section 23.4.5 Table 4 preceding.
- (4) Intrastate Special Access non-recurring charges billed to the Customer (including, but not limited to, items such as termination liability charges, expedite charges, cancellation charges, rearrangement charges, installation charges, and access order charges), except as noted in 23.4.6(A) (6) below.

(N)

(This page filed under Transmittal No. 108 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)

## (A) (Cont'd)

(5) Interstate Switched Access Dedicated Transport recurring and non-recurring charges (including but not limited to items such as termination liability charges, expedite charges, cancellation charges, rearrangement charges, installation charges, and access order charges) billed to the Customer for rate elements in Table 5 below.

Table 5

Service	General Basic Description
Entrance Facilities	Section 6.7.1(D)1
Direct Trunk Transport	Section 6.7.1(D)2

(6) Non-recurring charges detailed in 23.4.6(A) (2), (4), and (5) above exclude Special Construction and unregulated time and materials charges (e.g. Inside Wire, Custom Work Orders, etc.).

(B) Application of Credits

The Customer is eligible to receive two (2) types of credits under this Contract Offer.

(1) Basic Credit

The Basic Credit is equal to the difference between the TRC and the purchase of Contributory Services up to 148.9 percent of the TRC (rounded to the nearest million). The Customer will receive Basic Credits on Contributory Subject Services.

(a) Calculation of the Basic Credit. To determine the amount of Basic Credit the Customer can achieve, the TRC is multiplied by 148.9 percent. This amount less the TRC will equal the potential eligible Basic Credit rounded to the nearest million. If qualified, award of Basic Credit under this Contract Offer shall satisfy the Qualified Companies' Basic Credit obligations.

(This page filed under Transmittal No. 108 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(1) Basic Credit (Cont'd)

## (a) (Cont'd)

## Example:

The Customer has 2004 Gross Spend of \$121.3M. 86.6 percent of 2004 Gross Spend equals \$105M rounded to the nearest million.

The TRC is equal to 5/12's of \$105M. 5/12's of \$105M equals \$43.75M

The eligible total Basic Credit available is:

\$43.75 \* 148.9% = \$65.14M  
\$65.14M - \$43.75M = \$21M eligible Basic Credits rounded to the nearest million.

(b) The following credits issued to the Customer associated with the Contributory Services covered under the TRC (MVP Commitment credits, MVP SLA credits, and credit received under the first true-up attributable to this Contract Offer), but not including any discounts or credits described in 23.4.6(B)(1)(c) below, will be used by the Qualified Companies to satisfy any applicable Basic and Achievement Credit obligations under this Contract Offer.

## Example:

The Customer has TRC of \$43.75M. The Customer achieves 148.9 percent of TRC equal to \$65.14M. The Customer has received or is entitled to receive a total of \$7M in MVP Commitment Credits and \$2M in MVP SLA Credits for a total of \$9M in credits unrelated to this Contract Offer.

(This page filed under Transmittal No. 108 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(1) Basic Credit (Cont'd)

## (b) (Cont'd)

Table 6

2004 Gross Spend calculated as described above	86.6 percent of 2004 Gross Spend (rounded)	TRC = 5/12's of 86.6 percent 2004 Gross Spend	148.9 percent of TRC as described above (rounded)
\$121.3M	\$105M	\$43.75M	\$65.14M

Qualified Companies' Basic Credit obligations to the Customer in the amount of \$21M (\$65.14M - \$43.75M, rounded to the nearest million) under Contract Offer No. 4, as described in Table 6, will be satisfied by the \$9M in non-contract related credits acquired by the Customer under MVP and MVP SLA, and \$12M in Basic Credits paid related to this Contract Offer. This amount will be determined at the final true-up period once all other credits have been applied accordingly.

(c) MVP Commitment credits applicable to periods prior to 2005, MVP SLA credits applicable to periods prior to 2005, or other credits applicable to periods prior to 2005, other discounts from optional payment plans or other tariffs or offers utilized by the Customer as of the date of subscription to this Contract Offer, any renewals, replacements, or extensions of the foregoing, and any underlying tariff performance credits (other than MVP SLA credits) will not be used to satisfy any applicable Basic or Achievement Credit Obligations under this Contract Offer.

The Customer will not pay less than the TRC for the Term Period, except as described in Section 23.4.8 following. If the Customer does not achieve the TRC through the purchase of Contributory Services as of December 31, 2005, the Customer will be required to pay the deficiency.

(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(1) Basic Credit (Cont'd)

## (c) (Cont'd)

Basic Credits shall be calculated and awarded on an aggregate basis across the Qualified Companies. If qualified for a Basic Credit, an award of Basic Credit under this Contract Offer shall satisfy any Basic Credit obligations of the other Qualified Companies under the tariff offerings listed in Section 23.4.2(C), and an award of Basic Credit under such other contract offers shall satisfy any Basic Credit obligations under this Contract Offer No. 4.

The total Basic Credit will be increased dollar for dollar to the extent that any amount by which Gross Spend during the Term Period exceeds 148.9 percent of the TRC is attributable to increases in tariff rates effective after March 31, 2005.

## Example:

Customer's Gross Spend increased \$10M due to applicable tariff rate increases after March 31, 2005.

Customer exceeds 148.9% of TRC by \$30M.

Of the \$30M, \$10M is added to Basic Credit \$20M would receive Achievement Credit equal 17%

(2) Achievement Credits

Achievement Credits are those credits the Customer will receive based on purchases of Contributory Subject Services above 148.9 percent of the TRC.

(a) Achievement Credits are applied to purchase of services as described in Section 23.4.5 in excess of 148.9 percent of the TRC. The amount of applicable credit will be determined based on the amount of Gross Spend above the TRC, as defined in Section 23.4.6 preceding, measured at the final true-up period described in Section 23.4.7 below. The Customer will receive a discount on Contributory Subject Services equal to 17 percent of total revenue above 148.9 percent of the TRC.

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(2) Achievement Credits (Cont'd)

## (a) (Cont'd)

Achievement Credits shall be calculated and awarded on an aggregate basis across the Qualified Companies. If qualified, award of Achievement Credit under this Contract Offer shall satisfy the Qualified Companies' Achievement Credit obligations.

## Example:

The Customer has TRC of \$43.75M. The Customer achieves 155 percent of TRC equal to \$67.8M. The Customer will receive \$21M in Basic Credits as described above, and the Customer will receive \$452K in Achievement Credits calculated as follows:

$$(\$67.8M \text{ minus } (\text{TRC} \times 148.9\%)) \times 17\%$$

$$\begin{aligned} \$67.8M - \$65.14M &= (\$43.75M \times 148.9\%) = \$2.66M \\ \$2.66M \times 17\% &= \$452K \text{ (Achievement Credits).} \end{aligned}$$

Table 7

148.9% of TRC	\$65.14M
Gross Spend Achievement during Term Period (GSA)	\$67.8M
Difference between 148.9% of TRC and GSA	\$2.66M
Credit due for billed revenue above 148.9% of TRC x 17%	\$452K

The Customer receives \$21M in Basic Credits plus \$452K in Achievement Credits for total credits of \$21.452M as described in Table 7.

(3) Transfer of Qualified Services

(a) Any transfer of services from non-SBC wholesale entities/ACNAs will require an equivalent increase in the TRC based on the amount of revenue associated with the transferred services. The Customer's maximum Basic Credit will not change as a result of the transfer.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(3) Transfer of Qualified Services (Cont'd)

## (a) (Cont'd)

Example: Customer has a TRC of \$43.75M and is eligible to earn up to a maximum of \$21M in Basic Credits. Customer transfers \$10M of services from a non-SBC wholesale entity. The Customer's new TRC will be \$53.75M (\$43.75M plus \$10M = \$53.75M). The Customer's maximum Basic Credit (\$21M) will not change as a result of the transfer.

23.4.7 True-up Process

To determine TRC achievement, two true-up calculations will be performed as follows:

(A) First True Up - At the expiration of the final regional MVP agreement, the minimum required revenue will be based on the TRC proportionately divided between the months of 2005, in whole or in part, under MVP and the months of 2005 not under MVP plus 7/12's of 86.6 percent of 2004 Gross Spend as described in Section 23.4.2 preceding.

Example 1: MVP expires 8/31/05. The Customer must meet a minimum of 1/5 of \$43.75M TRC, which is equivalent to \$8.75M plus 7/12's of 86.6 percent of 2004 Gross Spend, as described in Section 23.4.2 preceding.

Example 2: MVP agreements expire 8/31/05 and 10/31/05. The Customer must meet a minimum of 3/5's of \$43.75M TRC, which is equivalent to \$26.25M plus 7/12's of 86.6% of 2004 Gross Spend, as described in Section 23.4.2 preceding.

If the Customer's purchase of Contributory Services, after all credits as described above, is greater than the minimum required revenue at time of true-up, the Customer will receive a Basic Credit equivalent to revenue above the minimum required revenue amount.

If the Customer's purchase of Contributory Services, after all credits as described above, is below the minimum required revenue at the time of true-up, the Customer will be billed the amount required to meet the minimum revenue amount, and will pay such bill pursuant to Section 23.4.7(D).

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.7 True-up Process (Cont'd)

(B) Final True Up - On December 31, 2005 calculation of final TRC achievement will be made to determine any eligible Basic or Achievement credits.

If the Customer's purchase of Contributory Services, after all credits as described above, is greater than the TRC required at time of true-up, the Customer will receive a Basic Credit against Contributory Subject Services equal to the amount above the TRC not to exceed the amount outlined in Section 23.4.6(B) preceding.

Example 3: The Customer's TRC is \$43.75M.  
The Customer's purchase of Contributory Services is \$54M.  
The Customer will receive Basic Credit equal to \$11.75M.

If the Customer's purchase of Contributory Services, after all credits as described above, is below the TRC at the time of the final true-up, the Customer will be billed the amount required to meet the TRC, and will pay such charge pursuant to Section 23.4.7(D).

Example 4: The Customer's TRC is \$43.75M.  
The Customer's purchase of Contributory Services is \$38.75M.  
The Customer must pay \$5M.

If the Customer's purchase of Contributory Services, after all credits as described above, is greater than 148.9 percent of the TRC, the Customer will receive a Basic Credit against Contributory Subject Services equal to the difference between the TRC and 148.9 percent of TRC and an Achievement Credit against Contributory Subject Services equal to a 17 percent discount on services above 148.9 percent of TRC.

Example 5: The Customer's TRC is \$43.75M.  
The Customer's purchase of Contributory Services is \$67.8M.  
The Customer receives \$21M in Basic Credits and \$452K in Achievement credits.

(C) If, at the time of final true-up the Qualified Companies owe the Customer a Basic Credit amount as described above, the credit will be applied to the Customer's bill no later than 30 days after the final true-up date.

(D) If, at the time of true-up, the Customer must buy up to meet the TRC as described above, payment must be submitted to the Qualified Companies no later than 30 days after the true-up date.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.8 Service Level Agreement (SLA)

The Qualified Companies will calculate the MVP SLA 1 performance measurement point value and the SLA 2 performance measurement as if it were applicable for the full 2005 calendar year. The Qualified Companies will calculate the MVP SLA 1 performance measurement point value and the SLA 2 performance measurement, as described in F.C.C. 1 Section 22.3(G), as if it were applicable for the full 2004 calendar year. No credits will be rendered with respect to 2005 based on these calculations, but if these calculations show that the Qualified Companies would have paid out a higher amount under the MVP SLAs in calendar year 2005 (if the Customer had been eligible to receive credits under the MVP SLAs through calendar year 2005) than what the Qualified Companies would have paid out under the MVP SLAs in calendar year 2004, the Qualified Companies will determine the difference between what the Qualified Companies paid out under MVP SLA in calendar year 2004 versus what the Customer would have been eligible to receive under MVP SLA if MVP extended through calendar year 2005. If the MVP SLA credit amount the Qualified Companies would have paid out for calendar year 2005 is greater than the MVP SLA credit amount paid out for calendar year 2004, then the MVP SLA credit amount the Customer received in calendar year 2004 will be subtracted from the amount of MVP SLA credit the Customer would have qualified for in calendar year 2005 and, if a positive number, the amount of any difference, less any impact based on an MVP MARC increase, will be deducted from the Customer's TRC.

Any credits due to the Customer resulting from any deduction to the TRC under this section will be determined and applied after the December 31, 2005 true-up process is finalized.

Example A: MVP calendar year 2005 effective SLA credit would be greater than MVP calendar year 2004 SLA credit.

The Customer's MVP MARC = \$30M (with MVP term agreement expiration August 31, 2005).

MVP calendar year 2004 total SLA credit = 1%.

\$30M \* 1% = \$300K total SLA credit received by the Customer in calendar year 2004.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.8 Service Level Agreement (SLA) (Cont'd)Example A: (Cont'd)

MVP calendar year 2005 effective SLA credit the Customer would have received if MVP extended through December 31, 2005 = 2%.

$\$30M * 2\% = \$600K$  total SLA credit the Customer would have received in calendar year 2005.

MVP calendar year 2005 effective SLA credit (\$600K) minus MVP calendar year 2004 credit (\$300K) = \$300K.

The Customer qualifies for a \$300K SLA credit to be applied to the Customer TRC.

$\$105M - \$300K = \$104.7M$  (new TRC).

Example B: MVP calendar year 2005 effective SLA credit is less than or equal to MVP calendar year 2004 SLA credit.

The Customer MVP MARC = \$30M (with MVP term agreement expiration August 31, 2005).

MVP calendar year 2004 total SLA credit = 1%.

$\$30M * 1\% = \$300K$  total SLA credit received by the Customer in 2004.

MVP calendar year 2005 effective SLA credit the Customer would have received if MVP extended through December 31, 2005 = 1%.

$\$30M * 1\% = \$300K$  effective SLA credit the Customer would have received in 2005.

MVP plan year 2005 effective SLA credit (\$300K) minus MVP plan year 2004 SLA credit (\$300K) = \$0.

The Customer does not qualify for any additional SLA credits toward its TRC.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.9 Assignment and Transfer

If the Customer wishes to assign or transfer its use of services under this Contract Offer No. 4 pursuant to F.C.C. No. 1, Section 2.1.2 of this Tariff, the Qualified Companies will acknowledge such transfer or assignment pursuant to the terms of F.C.C. No. 1, Section 2.1.2, unless:

- (A) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (1) or (2) below, or
- (B) if the proposed assignee or transferee or its parent company has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).
  - (1) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than 50 percent of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.
  - (2) The proposed assignee or transferee does not have any outstanding securities rated by credit rating agencies (e.g. Standard and Poor's), but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated "fair" or below in a composite credit appraisal published by Dun and Bradstreet, or "high risk" in a Paydex score as published by Dun and Bradstreet.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.10 Mergers and Acquisitions

The terms and conditions of this Contract Offer shall continue in full force and in effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all its stock or assets to any other entity, or purchases all stock or substantially all stock or certain assets of another company (the foregoing generally referred to herein as a merger or acquisition). Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases any services that are Contributory Services under this Contract Offer No. 4 from the Qualified Companies, the Contributory Services as provided for in this Contract Offer will continue to be maintained at the same volume, rates, terms, and conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

The terms and conditions of Section 23.4.9 above do not apply when the merger or acquisition occurs in accordance with the provisions outlined in this section 23.4.10.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.11 Termination Liability Charges

Termination liability language described below applies in lieu of the termination liability language in F.C.C. No. 1, Section 7. If the Customer terminates Contract Offer No. 4 before the expiration of the Term Period, for any reason whatsoever, the Customer must pay the Qualified Companies termination liability charges as described below. These charges shall become due as of the effective date of the cancellation or termination. The Customer must provide written notification ninety (90) days prior to the desired date of termination to the Qualified Companies. This notification must include the date upon which the Customer will terminate the Contract Offer.

If the Customer fails to meet any of the eligibility criteria in Section 23.4.2, or fails to meet any of the terms and conditions in Contract Offer No 4, then the Qualified Companies shall provide the Customer with written notification of such non-compliance and the Customer will have sixty (60) days to return to compliance. If the Customer does not return to compliance within such time period, the Customer will be deemed to have terminated its participation in Contract Offer No. 4, and termination liability charges will apply as stated below and will be payable within thirty (30) days from the time the contract is deemed terminated.

If the Customer terminates its subscription to this Contract Offer prior to September 30, 2005, the Customer must pay termination liability charges in an amount equivalent to a prorated portion of the TRC based upon the remaining months of the TRC as shown below:

## (A) Example:

The Customer's TRC is \$43.75M. The Customer terminates the contract on August 31, 2005. The Customer has 4 months remaining on the contract term and will owe \$35M in termination liability

$$\$43.75M/5 * 4 = \$35M = \text{in termination liability}$$

If the Customer terminates its subscription to this Contract Offer after September 30, 2005, the Customer must pay termination liability charges in an amount equivalent to a prorated portion of the TRC commitment based upon the remaining months of 2005, as well as any credits received under this Contract Offer.

23. Pricing Flexibility Contract Offerings (Cont'd)23.4 Contract Offering No. 4 - 2005 Access Extension Offer (Cont'd)23.4.11 Termination Liability Charges (Cont'd)

## (B) Example:

The Customer's TRC is \$43.75M. The Customer terminates the contract on October 31, 2005. The Customer has 2 months remaining on the contract term and has received \$5M in the first true-up under this Contract Offer.

$\$43.75M/5 * 2 = \$17.5M$  plus  
\$5M in first true-up.

$\$17.5M + \$5M = \$22.5M$  in termination liability.

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23. Pricing Flexibility Contract Offerings23.5 Contract Offering No. 5 - Access Discount Offer23.5.1 General Description

Contract Offer No. 5 - Access Discount Offer is an access discount plan for which subscription is required to the following access tariffs: Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No.73, Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, The Southern New England Telephone Company (SNET) Tariff F.C.C. No. 39, and Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1. To be eligible for discounts under this Contract Offer, the Customer must meet the Eligibility Criteria set forth in Section 23.5.2, and also must comply with all terms and conditions of this Contract Offer.

Contract Offer No. 5 requires eligible customers to establish and maintain a Total Revenue Commitment (TRC), as described in Section 23.5.6 following. The TRC shall include all Contributory Services subject to this Contract Offer. Contributory Services include Contributory Subject Services, as listed in Section 23.5.5, Table 3, herein, in addition to Contributory Non-Subject Services (that are not Contributory Subject Services), as described in Section 23.5.5, Table 4, herein. Contributory Non-Subject Services shall not be eligible for discounts or other incentives provided under this Contract Offer. All Contributory Services described in Section 23.5.5 must be purchased through the SBC wholesale sales channel (SBC Industry Markets). Any Frame Relay Contributory Services shall be provided pursuant to agreements and/or contracts. Such agreements and/or contracts shall be available for review at the web site established to make public any agreements for these services. Customers may reference <https://primeaccess.att.com>.

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In the event the Customer does not meet its monthly TRC amount, the Customer must remit the shortfall payment via the Monthly True-Up process set forth in Section 23.5.6. If the Customer does not meet the total TRC amount at the end of each Contract Year of the Term Period, the Customer must remit the shortfall payment via the Annual True-Up process set forth in Section 23.5.8. If the Customer does not comply with all terms and conditions of this Contract Offer (exclusive of the terms and conditions of non-tariffed agreements referenced herein) and cure any non-compliance within the cure period set forth in Section 23.5.13(A) of this Contract Offer, termination liability charges, in accordance with Section 23.5.13, will apply. Contract Offer No. 5 will be available only from November 19, 2005 through December 19, 2005.

(N)

23. Pricing Flexibility Contract Offerings (Cont'd)

23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)

23.5.2 Eligibility Criteria

The following eligibility criteria must be met to subscribe to Contract Offer No. 5:

(A) Managed Value Plan (MVP) Subscription

(1) At the time of subscription to this Contract Offer, the Customer must be, or have been, a participant under MVP agreements within the last 90 days, pursuant to:

(a) SWBT Tariff F.C.C. No. 73, Section 38;  
(b) Ameritech Tariff F.C.C. No. 2, Section 19; and  
(c) Pacific Bell Tariff F.C.C. No. 1, Section 22.

(2) The Customer must maintain eligibility under all MVP agreements until they expire.

(3) All such MVP agreements must expire in 2005.

(B) As of December 1, 2005, the Customer must have billed revenue from Contributory Services, as listed in Section 23.5.5, net of all discounts, credits, and adjustments equal to or greater than 86.5 percent of the Customer's Gross Spend (as defined in Section 23.5.6) for the calendar year 2004, rounded to the nearest million, times 11/12's; or, if the Customer's Gross Spend as of December 1, 2005 is less than that amount, the Customer must pay the Telephone Company, or any of its affiliated telephone companies as described in Section 23.5.2(C), an additional amount sufficient to make up the shortfall from that amount, no later than 60 days after December 1, 2005.

(C) Concurrent Subscription

The Customer must concurrently subscribe to the identical Contract Offer of Contract Offer No. 5 pursuant to the following tariffs:

(1) Ameritech Tariff F.C.C. No. 2, Section 22, Contract Offer No. 90;  
(2) PBTC Tariff F.C.C. No. 1, Section 33, Contract Offer No. 74;  
(3) SNET Tariff F.C.C. No. 39, Section 25, Contract Offer No. 22; and  
(4) SWBT Tariff F.C.C. No. 73, Section 41, Contract Offer No. 66.

Breach, cancellation or termination of any of these Contract Offers after the expiration of any cure provisions described in this Contract Offer, shall constitute a breach, cancellation or termination of all of these Contract Offers.

(D) Discounts applied under Contract Offer No. 5 are applicable for Contributory Subject Services located in MSAs as listed in Tariff F.C.C. No. 1, Section 22.

(x) Issued under Authority of Special Permission No. 05-060 of F.C.C.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.3 Terms and Conditions(A) Term Period

The term of this Contract Offer (Term Period) will begin on December 1, 2005 and end on December 31, 2007, upon submission of a signed Letter of Subscription.

(B) Terms and Conditions

- (1) The Customer must establish and maintain a TRC as described in Section 23.5.6.
- (2) A True-up will take place each month during the Term Period and annually at the end of each Contract Year, as defined in Section 23.5.6.
  - (a) With respect to each month's billing, the monthly true-up will include all qualified billing from Contributory Services, as described in 23.5.6(B), and will take place no later than 60 days after the end of the month, as described in Section 23.5.8,
  - (b) With respect to each Contract Year's billing, the annual true-up will include all qualified billing from Contributory Services, as described in Section 23.5.6, and will take place no later than 60 days after December 31, as described in 23.5.8.,
- (3) MVP credits will continue to apply, if applicable, until expiration of the MVP agreement.
- (4) Contract Offer No. 5 is available for subscription only from November 19, 2005 through December 19, 2005.
- (5) Any Customer-requested transfer of services purchased from SBC non-wholesale entities or channels, or purchased by the Customer under a different Access Customer Name Abbreviation (ACNA) than those identified at time of subscription, will require an equivalent increase in the Customer's TRC commitment based on the amount of revenue associated with the transferred services. The Customer's maximum Basic Credit amount will not change as a result of this transfer.
- (6) Any conversion of UNE or equivalent offerings to Contributory Subject Services, subject to this Contract Offer, will result in an increase in the TRC commitment equal to the revenue associated with those Contributory Subject Services and according to the rates that would apply to those Contributory Subject Services under this Contract Offer. This increase will apply to the TRC each subsequent year of the Term Period.

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.3 Terms and Conditions (Cont'd)(B) Terms and Conditions (Cont'd)

(7) The Customer will be eligible to subscribe to contract offers in Section 23 (or any successor section) filed after Contract Offer No. 5, in combination with this Contract offer, unless such contract offer states that it may not be combined with other contract offers, or as long as such contract offers do not reduce the TRC under this Contract Offer and the Customer qualifies for, and adheres to the terms, conditions and eligibility requirements of the other contract offer.

(a) If the Customer has subscribed to any other contract offer and chooses to terminate the other contract offer for purposes of subscribing to this Contract Offer, any termination liabilities provided in the other contract offer will apply according to the terms of the other contract offer.

(b) If the Customer purchases Contributory Subject Services pursuant to another contract offer, in addition to this Contract Offer No. 5, the Customer will not be eligible to earn Achievement Credits with respect to any charges that apply under the other contract offer.

(c) If the Customer purchases Contributory Services pursuant to another contract offer that states it may not be combined with other contract offers, the Contributory Services purchased under the other contract offer will not count toward achievement of Gross Spend or TRC under this Contract Offer.

(8) The Customer may choose to remove from this Contract Offer services provided under one or more Access Customer Name Abbreviations (ACNA's) without liability; however, the TRC commitment will not be reduced and the Access Service Ratio under Contract Offer No. 5 will continue to apply.

(9) Terms and Conditions for Contributory Subject Services, pursuant to other contract offers the Customer is currently subscribed to at the time of subscription to this Contract Offer, shall continue to apply to those Contributory Subject Services covered under the other contract offers.

(10) Contributory Services continue to be governed by the otherwise applicable rates, terms and conditions provided in Tariff F.C.C. No. 1 except as noted herein.

(11) The Customer must subscribe to the services available under this Contract Offer in accordance with the regulations set forth in Section 5 - Ordering Options for Switched and Special Access Service.

(12) The Customer must submit a Letter of Subscription (LOS) to the Telephone Company as described in Section 23.5.3(A).

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.3 Terms and Conditions (Cont'd)(B) Terms and Conditions (Cont'd)

- (13) The Customer must maintain an Access Service Ratio equal to or greater than 95 percent, except as described in Section 23.5.11 (B). The Access Service Ratio is defined in Section 23.5.4, and will be measured monthly.
- (14) Commingling, as defined in Tariff F.C.C. No. 2, Section 2.6, of Subject Services under this Contract Offer, is prohibited.
- (15) The Customer shall be permitted to Groom Contributory Subject Services subject to this Contract Offer as provided in this Section. Grooming is defined as moving, rearranging, or rolling over circuits subject to this Contract Offer without disconnecting the end user locations of those circuits. During Contract Years 2 and 3 (and during Years 4 and 5, if the Customer has exercised extension options), the Customer shall be permitted to Groom up to 9,000 circuits subject to this Contract Offer per year. The sum of all circuits groomed under the individual contract offers listed in Section 23.5.2 (C) cannot exceed 9,000. Grooms shall be scheduled and managed on a monthly basis according to the otherwise applicable operational methods and procedures.
- (16) The Customer must remit bill payments as described in F.C.C. No. 1 Section 2.4 for all Contributory Services via electronic payment process. The Telephone Company will provide Customer with written notice if Customer fails to comply with the requirement. The Customer will have fifteen (15) business days from receipt of such written notice to comply. If the Customer does not comply, the Telephone Company shall have the right to terminate this Contract Offer. In the event of termination of any of the Contract Offers, as described in Section 23.5.2 (C), termination liability charges, as set forth in Section 23.5.13, will apply. Credits, if applicable, will not be issued until the Customer has paid all billed charges.
- (17) If the Customer discontinues service under Contract Offer No. 5 during the Contract Period, termination liability charges will apply in accordance with Section 23.5.13.
- (18) The Customer may exercise Contract Offer extension options as described in Section 23.5.9.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.4 Access Service Ratio

(A) As referenced in Section 23.5.4, the Customer and its affiliates must maintain an Access Service Ratio of 95 percent or greater, except as described in Section 23.5.11(B) of this Contract Offer. The ratio, calculated monthly, is the Access Revenue divided by Access Revenue plus Wholesale Revenue. To maintain compliance with this Contract Offer, the ratio must be greater than or equal to 95 percent, except as provided in Section 23.5.11.

The 95-percent ratio is calculated as follows:

$$\frac{\text{Access Revenue}}{\text{Access Revenue} + \text{Wholesale Revenue}}$$

(1) Access Revenue is the Customer's and its affiliates' current interstate recurring billed revenue associated with the rate elements, as defined in Table 1 below, or comparable interstate access services, from the Telephone Company or its affiliated telephone companies in any of the Contract Offers as described in Section 23.5.2(C) :

Table 1:

Service	General/Basic Description
Voice Grade	7.7.1
High Capacity Services	7.11.1
(1)	(1)
(1)	(1)

(D)  
(D)

Any shortfall payments remitted to meet the monthly TRC commitment will be included in the Access Revenue calculation for the applicable month.

(2) Wholesale Revenue is the Customer's and its affiliates' recurring billed revenue for associated rate elements, as defined in Table 2 herein, from the Telephone Company or its affiliated telephone companies, in any of the Contract Offers as described in Section 23.5.2 (C) and not included in the interstate or intrastate access tariff(s).

(1) Material previously contained in this section has been deleted. OCN PTP, DSRS, GigaMAN, and MON services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 5 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prod/ccb/etfs/>, effective December 31, 2007.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.4 Access Service Ratio (Cont'd)

(A) (Cont'd)

(2) (Cont'd)

**Table 2 UNE OR EQUIVALENT OFFERINGS NOT PURCHASED  
PURSUANT TO THIS AGREEMENT**

Service Level	Associated Rate Elements Not Included in Interstate Tariff
Voice Grade/DS0	2-wire analog and 2-wire digital loops 2-wire analog and digital transport
DS1/LTI	4-wire digital loop DS1 Entrance Facilities DS1 Interoffice Transport DS1 Cross Connects DS1 Multiplexing All DS1 non-tariffed Committed Information Rate Broadband Services
DS3/LT3	DS3 Loop DS3 Entrance Facilities DS3 Interoffice Transport DS3 Cross Connects DS1/DS3 Multiplexing All DS3 non-tariffed Committed Information Rate Broadband Services
	OC-3 Entrance Facilities OC-3 Interoffice Transport OC-3 Cross Connects OC-3 Multiplexing OC-12 Entrance Facility OC-12 Interoffice Transport OC-12 Cross Connects OC-12 Multiplexing OC-48 Entrance Facilities OC-48 Interoffice Transport OC-48 Cross Connects OC-48 Multiplexing All OCN equivalent non-tariffed Committed Information Rate Broadband Service
Other Transport Products	Dark Fiber - Interoffice Dark Fiber - Loop Dark Fiber - Subloop Dark Fiber Cross Connects Unbundled Dedicated Transport

(Z)

(Z)

(3) Services purchased pursuant to a Local Wholesale Complete (LWC) Agreement shall not be included in the calculation of the Customer's Access Service Ratio.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.4 Access Service Ratio (Cont'd)

## (A) (Cont'd)

- (4) As new rate elements are introduced to Table 1 in this section, all recurring revenues associated with the new rate elements will automatically be added to the Customer's Access Revenue, as defined in this section, for calculation of the Access Service Ratio.
- (5) As new rate elements are introduced to Table 2 in Section 23.5.4(A)(2), all recurring revenues associated with the new rate elements will automatically be added to the Customer's Annual Wholesale Revenue, as defined in Section 23.5.4(A) preceding, for calculation of the Access Service Ratio.
- (6) Except as provided in Section 23.5.11, if the Customer fails to meet the Access Service Ratio in any given month of the Contract Period, upon notification from the Telephone Company as described in Section 23.5.2 (C), the Customer will have ten (10) business days to notify the Telephone Company in writing that it will meet or exceed the 95-percent Access Service ratio within 60 days. Failure to achieve compliance in 60 days will constitute a default, and the Telephone Company shall have the right to terminate Contract Offer No. 5. In the event of a termination by the Telephone Company, termination liability charges will apply as set forth in Section 23.5.13.

Credits will not be issued for any month the Customer fails to meet the Access Service Ratio as described in Section 23.5.6 following.

23.5.5 Contributory Services

The TRC shall include all Contributory Services purchased from the Telephone Company and its affiliated telephone companies in any of the contract offers, as described in Section 23.5.2 (C), eligible under this Contract Offer. Contributory Services include Contributory Subject Services, as listed in Section 23.5.5, Table 3, herein, in addition to Contributory Non-Subject Services (that are not Contributory Subject Services), as described in Section 23.5.5, Table 4, herein.

Contributory Subject Services and Contributory Non-Subject Services shall together be known as Contributory Services. Customer's TRC includes revenue from all Contributory Services being provided by the Telephone Company and its affiliated telephone companies in any of the contract offers described in Section 23.5.2 (C), as listed in Table 3 and 4 below.

(A) Contributory Subject Services

Contract Offer No. 5 applies to pricing flexibility qualified access services (referred to as Contributory Subject Services) located in pricing flexibility Metropolitan Statistical Areas (MSAs) as listed in Tariff F.C.C. No. 1, Section 22. Contributory Subject Services are eligible for discounts and credits under this Contract Offer and are listed in Table 3.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.5 Contributory Services (Cont'd)(B) Contributory Non-Subject Services

Contributory Non-Subject Services (that are not Contributory Subject Services) shall not be eligible for discounts or other incentives provided under this Contract Offer, and are listed in Table 4 below.

Table 3 - CONTRIBUTORY SUBJECT SERVICES

Contributory Subject Services	
Interstate Special Access	VG, DS0, DS1, DS3, <sup>(1)</sup> , <sup>(1)</sup> , <sup>(1)</sup> , STN, FGTS, BCS, <sup>(1)</sup> ,
Interstate Switched Transport	Entrance Facility, Direct Transport
	Includes Recurring and Non-Recurring Charges (including termination charges) associated with the products listed where applicable, except as described in Section 23.5.6 following, for all services located in Pricing Flexibility MSAs.

Table 4 - CONTRIBUTORY NON-SUBJECT SERVICES

Contributory Non-Subject Services	
Interstate Special Access	VG, DS0, DS1, DS3, <sup>(1)</sup> , <sup>(1)</sup> , <sup>(1)</sup> , STN, FGTS, BCS, <sup>(1)</sup> , <sup>(1)</sup> , <sup>(1)</sup>
Interstate Switched Transport	Entrance Facility, Direct Transport as described in Table 6, following.
Intrastate Special Access	Equivalent services as Interstate Special Access above if available
Intrastate Switched Access	Equivalent services as described in Table 6 following.
Advanced Services	Frame Relay Service
	Includes all Recurring and Non-Recurring Charges (including termination charges) associated with the products listed, where applicable, except as described in Section 23.5.6 following, for all non-price flex qualified services.
	Frame Relay services shall be provided pursuant to agreements and/or contracts. Such agreements and/or contracts shall be available for review at the web site established to make public any agreements for these services. Customers may reference <a href="https://primeaccess.att.com">https://primeaccess.att.com</a> .

(T)

All Terms and Conditions for all Contributory Services are governed by their respective tariff sections.

<sup>(1)</sup> See footnote (1) on page 23-108.

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.6 Calculation of the Total Revenue Commitment (TRC)

The Customer must establish and maintain a Total Revenue Commitment (TRC) as provided in this Contract Offer. Upon subscription, the Customer's TRC will be established, as described in Table 5 below, based on billed revenue from Contributory Services, as listed in Section 23.5.5, net of all discounts, credits, and adjustments as specified in Section 23.5.6(B).

The Contract Year shall be each Calendar Year, or fraction thereof, to which this Contract Offer applies, as described in Table 5 below.

Table 5

Contract Year	2005 ( Dec)	2006	2007
TRC equals	86.5% of 2004 Gross Spend described in (A) below, rounded to the nearest million dollars, times 1/12's	2005 TRC times 12 times 89.7%, rounded to the nearest million dollars	2005 TRC times 12 times 83.4%, rounded to the nearest million dollars

(A) Gross Spend shall include all billed revenue for services identified in Section 23.5.6(A), and shall be based on the sum of all of the purchases from the Telephone Company and its affiliated telephone companies, including all of the contract offers as described in Section 23.5.2 (C), as described in Section 23.5.5 preceding, based on billed revenue. The Gross Spend is calculated as billed revenue, prior to the application of MVP discounts, MVP Service Level Agreement (SLA) credits and Discount Value Plan (DVP) credits, but after all other tariff term plan discounts, and other underlying tariff performance credits.

- (1) Interstate Special Access recurring charges billed to the Customer associated with services described in Section 23.5.5 Table 3 and 4 preceding.
- (2) Interstate Special Access non-recurring charges billed to the Customer (including, but not limited to, items such as termination liability charges, expedite charges, cancellation charges, rearrangement charges, installation charges, and access order charges), except as noted in 23.5.6(A) (7).
- (3) Intrastate Special Access recurring charges billed to the Customer associated with services described in Section 23.5.5 Table 4 preceding.
- (4) Intrastate Special Access non-recurring charges billed to the Customer (including but not limited to items such as termination liability charges, expedite charges, cancellation charges, rearrangement charges, installation charges, and access order charges), except as noted in 23.5.6(A) (7).

(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)

## (A) (Cont'd)

(5) Interstate Switched Access Dedicated Transport recurring and non-recurring charges (including, but not limited to, items such as termination liability charges, expedite charges, cancellation charges, rearrangement charges, installation charges, and access order charges) billed to the Customer for rate elements in Table 6 below.

Table 6

Service	General Basic Description
Entrance Facilities	Section 6.8.1
Direct Trunk Transport	Section 6.8.1

(6) Intrastate Switched Access Dedicated Transport recurring and non-recurring charges (including, but not limited to, items such as termination liability charges, expedite charges, cancellation charges, rearrangement charges, installation charges, and access order charges) billed to the Customer and remitted for rate elements equivalent to those described in Table 6 above.

(7) Non-recurring charges identified in 23.5.6(A) (2), (4), (5) and (6) exclude Special Construction and unregulated time and materials charges (e.g. Inside Wire, Custom Work Orders, etc.)

(B) Application of Credits

The Customer is eligible to receive two (2) types of credits under this Contract Offer. For the purposes of this Contract Offer, Customer will receive any applicable credits (the Basic Credit and Achievement Credit) through the SBC wholesale sales channel for all of the contract offers as described in Section 23.5.2 (C). The sum of all Basic Credits applicable under the individual contract offers listed in Section 23.5.2 (C) cannot exceed the total maximum Basic Credit described in Table 7 following. Award of the credits described below under this Contract Offer shall satisfy the credit obligations of the Telephone Company and its affiliated telephone companies to the Customer, as described in Section 23.5.2 (C).

(1) Basic Credit

The Basic Credit for each Contract Year shall be equal to the Gross Spend of Contributory Services minus the TRC, but not to exceed the Maximum Basic Credit as described in Table 7. This calculation shall be performed at the commencement of the Contract Offer, and the Maximum Basic Credit resulting from these calculations will not change at any time during the Term Period except as described in Section 23.5.11 following. The Customer will receive Basic Credits on Contributory Subject Services on a monthly basis, as provided in Section 23.5.6(B) (1) (b), for each Contract Year and subject to the true-up process described in Section 23.5.8 following.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(1) Basic Credit (Cont'd)

(a) Calculation of the Basic Credit. To determine the amount of Basic Credit the Customer can achieve, the TRC is multiplied by the applicable percent as described in Table 7 below. This amount, less the TRC, will equal the potential Maximum Basic Credit, rounded to the nearest million. If qualified, award of Basic Credit under this Contract Offer shall satisfy the Basic Credit obligations of the Telephone Company and its affiliated telephone companies.

Table 7

Year	TRC	Maximum Basic Credit Amount
2005	86.5% of 2004 Gross Spend described in (A) below, rounded to the nearest million dollars, times 1/12's	310% of TRC minus the TRC amount, rounded to the nearest million dollars
2006	2005 TRC times 12 times 89.7%, rounded to the nearest million dollars	119.6% of TRC minus the TRC amount, rounded to the nearest million dollars
2007	2005 TRC times 12 times 83.4%, rounded to the nearest million dollars	123.7% of TRC minus the TRC amount, rounded to the nearest million dollars

Example A: The Customer has 2004 Gross Spend of \$121.3M. 86.5 percent of 2004 Gross Spend equals \$105M, rounded to the nearest million.

The 2005 TRC is equal to 1/12th of \$105M.  
1/12th of \$105M equals \$8.75M

The eligible total Basic Credit available is;

\$8.75M x 310% = \$27.13M

\$27.13M - \$8.75M = \$18.38M, rounded to the nearest million, equals potential maximum Basic Credits

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(1) Basic Credit (Cont'd)

## (a) (Cont'd)

Example B: The 2006 TRC is equal to 2005 TRC times 12 times 89.7 percent, rounded to the nearest million.

$8.75M \times 12 \times 89.7\% = \$94.18M$ , rounded to the nearest million

The eligible total Basic Credit available is;

$\$94M \times 119.6\% = \$112.42M$

$\$112.42M - \$94M = \$18.42M$ , rounded to the nearest million equals maximum Basic Credits

(b) Application of the Maximum Basic Credit

The TRC will be divided evenly across the number of months for each Contract Year ending December 31<sup>st</sup> as described below. The resulting monthly average amount will be the Customer's Monthly TRC commitment.

2005 - Contract Year 1 - 1 month  
2006 - Contract Year 2 - 12 months  
2007 - Contract Year 3 - 12 months

Example:

2005 TRC equal \$8.75M

Maximum Basic Credits will be applied to the Customer's Monthly TRC revenue for Contributory Services, as described in Section 23.5 5 preceding, based on the amount above the Monthly TRC commitment, not to exceed the maximum Basic Credit allowed for each Contract Year as described in Table 7 preceding.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(1) Basic Credit (Cont'd)(b) Application of the Maximum Basic Credit (Cont'd)

If the Customer exceeds the Monthly TRC commitment, a credit will be issued on a monthly basis sixty (60) days in arrears. Monthly credits will be issued for every month the Customer maintains eligibility under Contract Offer No. 5 and exceeds the Monthly TRC Commitment, provided, however, that once the maximum Basic Credit is reached, as described in Table 7 preceding, no additional Basic Credits will be given for that Contract Year.

At MVP expiration, a MATA true-up will be conducted to determine the Customer's credit amount or required buy-up amount under MVP. The monthly TRC true-up will be calculated at the same time. Customer will be paid the net amount above the TRC. At the end of the Contract Year, a true-up will be conducted, as described in Section 23.5.8, to determine any additional applicable credits or buy-up amount required.

Example: The Customer's MVP expires on October 31, 2005. Under MVP MATA on October 31, the Customer has met its MARC and is due \$2M in MVP credits (earned in 2005), plus \$1M in MVP SLA credits (earned in 2005), for a total MVP credit amount of \$3M.

The Customer's monthly TRC under this Contract Offer is \$8.75M, and Customer is billed \$9.75M.

The Customer will receive the \$1M under Contract Offer No. 5.

At the Contract Year true-up, the total Gross Spend and total credits paid to the Customer, as described in Section 23.5.6 above, will be calculated to determine any additional applicable credit amount or, if a TRC shortfall occurs, the amount of buy-up the Customer will be billed.

If the Customer does not achieve the Monthly TRC commitment in a given month, the Customer will be billed, and will be required to pay, the amount required to meet the Monthly TRC commitment. This payment must be submitted to the Telephone Company no later than 60 days after the true-up date. Timely payment of this true-up amount to meet Customer's Monthly TRC commitment shall constitute full satisfaction of Customer's Monthly TRC obligation.

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(1) Basic Credits (Cont'd)(b) Application of the Maximum Basic Credit (Cont'd)

Except as provided in Section 23.5.11, credits will not be issued unless the Customer has met the monthly TRC and the 95 percent Access Service Ratio. Under the Contract Year True-up Process, any credits due to the Customer will be paid, except for those months the Customer was not in compliance with the 95 percent Access Service Ratio, or the Temporary Access Service Ratio set forth in Section 23.5.11. Any Basic Credits paid will not exceed the amount described in 23.5.6, Table 7.

A final true-up will take place at the end of each Contract Year as described in Section 23.5.8.

(c) Any of the following credits issued to the Customer and associated with the Contributory Services included in the TRC (including MVP Commitment credits earned in 2005, MVP SLA credits earned in 2005, DVP credits, any Basic Credits received pursuant to this Contract Offer) will be applied by the Telephone Company in satisfaction of any applicable Basic and Achievement Credit obligations under this Contract Offer.

Example

The Customer has Contract Year 1 TRC of \$8.75M. The Customer achieves 310 percent of the Contract Year 1TRC, equal to \$27.13M. The Customer has received, or is entitled to receive, a total of \$7M in MVP Commitment Credits and \$2M in MVP SLA Credits, for a total of \$9M in credits unrelated to this Contract Offer.

The Basic Credit obligation of the Telephone Company and its affiliated telephone companies providing service pursuant to the Contract Offers, as described in Section 23.5.2 (C), is \$18M (\$27.13M - \$8.75M, rounded to the nearest million), as illustrated in Table 7. The Basic Credit obligation will be satisfied by the \$9M in non-contract related credits acquired by the Customer under MVP and MVP SLA, plus \$9M in Basic Credits paid pursuant to this Contract Offer. This amount will be determined at the time of the final Contract Year true-up, once all other credits have been applied accordingly.

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(1) Basic Credits (Cont'd)

## (c) (Cont'd)

The Customer will not pay less than the TRC for the Contract Year. If the Customer does not achieve the TRC at the end of each Contract Year through the purchase of Contributory Services, the Customer will be required to pay the deficiency as full satisfaction of this obligation.

Basic Credits shall be calculated and awarded on an aggregate basis across the concurrently subscribed to contract offers as described in Section 23.5.2 (C). If qualified for a Basic Credit, an award of Basic Credit under this Contract Offer shall satisfy any Basic Credit obligations of the concurrently subscribed to contract offers as described in Section 23.5.2 (C), and an award of Basic Credit under such other contract offers shall satisfy any Basic Credit obligations under this Contract Offer No. 5.

(2) Achievement Credits

Achievement Credits are those credits the Customer will receive based on purchases of Contributory Subject Services above the TRC, plus the maximum Basic Credit Amount, as described in Table 7 preceding. Achievement Credits will not be applicable until the maximum Basic Credit amount has been achieved.

(a) The Customer may receive Achievement Credits if the Customer's Gross Spend for any Contract Year exceeds the TRC plus the Maximum Basic Credit, as described in Table 7 preceding. The Customer will receive a discount on Contributory Subject Services equal to 17 percent of total revenue above the sum of the TRC, plus the Maximum Basic Credit Amount. Any applicable Achievement Credit will be paid out at the end of each Contract Year.

Achievement Credits shall be calculated and awarded on an aggregate basis across the Telephone Company and its affiliated telephone companies, as they apply to the contract offers as described in Section 23.5.2 (C). If qualified, award of Achievement Credit under this Contract Offer shall satisfy the Telephone Company's Achievement Credit obligations.

(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.6 Calculation of Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(2) Achievement Credits (Cont'd)

## (a) (Cont'd)

Example:

The Customer has TRC for Contract Year 1 of \$8.75M. The Customer achieves 325 percent of TRC equal to \$28.44M. The Customer will receive \$18M in Basic Credits as described above, and the Customer will receive \$223K in Achievement Credits calculated as follows:

$(\$28.44M \text{ minus } (\text{Contract Year 1 TRC} \times 310\%)) \times 17\%$

$\$28.44M - \$27.13M (\$8.75M \times 310\%) = \$1.31M$   
 $\$1.31M \times 17\% = \$223K$  (Achievement Credits).

Table 8

310% of TRC	\$27.13M
Gross Spend Achievement during Contract Year (GSA)	\$28.44M
Difference between 310% of TRC and GSA	\$1.31M
Credit due for billed revenue above 310% of TRC x 17%	\$223K

The Customer receives \$18M in Basic Credits plus \$223K in Achievement Credits, for total credits of \$18.223M, as described in Table 8.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.6 Calculation of Total Revenue Commitment (TRC) (Cont'd)(B) Application of Credits (Cont'd)(3) Transfer of Qualified Services

(a) The Customer may transfer services purchased from SBC non - wholesale entities or channels, or purchased by the Customer under a different Access Customer Name Abbreviation (ACNA) than those identified under this Contract Offer. Upon such transfer, the Customer's TRC commitment must be increased proportionally, based on the amount of revenue associated with the transferred services. The Customer's Maximum Basic Credit amount will not change as a result of this transfer.

Example:

The Customer has a Contract Year 1 TRC of \$8.75M and is eligible to earn up to a maximum of \$18M in Basic Credits. The Customer transfers \$10M of services from a non-SBC wholesale entity. The Customer's new Contract Year 1 TRC will be \$18.75M (\$8.75M plus \$10M = \$18.75M). The Customer's maximum Basic Credit (\$18M) will not change as a result of the transfer.

This increase in the TRC amount will apply to Contract Year 2 and Contract Year 3, as well as the optional Contract Year Extensions.

23.5.7 Portability

(A) The Telephone Company will waive termination liability charges for moves and/or disconnection of non-channelized DS1, DS3, <sup>(1)</sup>services connecting to an end user premise, provided the conditions listed below are met, and provided the Eligibility Criteria in Section 23.5.2, and terms and conditions in Section 23.5.3 have been met. If the Customer both (i) fails to meet the monthly TRC during the Contract period pursuant to Section 23.5.6, and (ii) fails to pay the True-up amount, as defined in Section 23.5.8, or if the Customer fails to comply with the terms and conditions of their underlying term plans, the Customer will be back-billed for termination liability charges that were waived during the Term Period, up to a maximum of two years of such charges, to the extent such termination liability charges would otherwise apply under the relevant underlying term plans. Portability will apply subject to the following terms and conditions:

- (1) Each move and/or disconnection must be from any SBC Tariff as described in Section 23.5.1; and
- (1) Services moved or disconnected must be in the Price Flex MSAs described in Tariff F.C.C. No. 1, Section 22.

<sup>(1)</sup> See footnote (1) on page 23-108.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.7 Portability (Cont'd)

## (A) (Cont'd)

(1) Services must be non-channelized and must include at least one end user termination. The end user must be disconnected.

(2) The Customer must meet the minimum in-service period for each service, as described below:

(a) DS1 - no minimum in-service period;

(b) DS3, <sup>(1)</sup> and <sup>(1)</sup> - 1 year minimum in-service period; and

(c) <sup>(f)</sup> and <sup>(1)</sup> - 3 year minimum in-service period;

(D)

(D)

(3) The Customer must continue to meet the terms and conditions of any underlying term plan.

23.5.8 End of Contract Year True-up Process

A true-up calculation will be performed at the end of each Contract Year during the Term Period as follows:

(A) At the end of each Contract Year, the Customer's Gross Spend, as defined in Section 23.5.6 preceding, will be calculated to determine the applicable Basic Credit and Achievement Credits.

For true-up calculation purposes, the Gross Spend for Contract Year 1 will include the Customer's Contributory Service revenue for the full 2005 calendar year. The amount of Contributory Service minimum required revenue at final true-up for Contract Year 1 will be the 2005 TRC, plus 11/12ths of 86.5 percent of the 2004 Gross Spend, rounded to the nearest million. The applicable Basic Credit Amount and Achievement Credit Amount received as a result of this calculation will apply only to the TRC amount included in this Contract Offer, as described in Section 23.5.6 Table 7 preceding.

For Contract Years 2 and 3, the minimum required revenue shall be equal to the TRC.

The Basic Credit Amount shall be equal to the Gross Spend minus the TRC for each year (or, for Contract Year 1, the Gross Spend minus the sum of the TRC plus 11/12ths of 86.5 percent of 2004 Gross Spend), provided, however, that the Basic Credit Amount shall not exceed the amount provided in Section 23.5.6 Table 7 preceding, and will only apply to the TRC amount included in this Contract Offer.

Credits received under this Contract Offer during the Contract Year, as well as any MVP credits earned in 2005, MVP SLA credits earned in 2005, and DVP credits, will be calculated to determine the amount of Basic Credit the Customer has been paid.

<sup>(1)</sup> See footnote (1) on page 23-108.

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.8 End of Contract Year True-up Process (Cont'd)

(B) If the Customer's Gross Spend for Contributory Services, after all credits and shortfall payments described above, is greater than the minimum required revenue at time of the true-up, the Customer will receive a Basic Credit against Contributory Subject Services equal to the amount above the TRC, not to exceed the amount outlined in Section 23.5.6(B) Table 7 preceding.

Example 1: The Customer's TRC for the first Contract Year is \$8.75M. The Customer's Gross Spend for Contributory Services, after all credits and adjustments as described above, is \$10M. The Customer will receive an additional Basic Credit equal to \$1.25M

If the Customer's Gross Spend for Contributory Services, after all credits and shortfall payments described above, is below the minimum required revenue at the time of the true-up, the Customer will be billed the amount required to meet the minimum required revenue and will pay such charge pursuant to Section 23.5.8 (D).

Example 2: The Customer's TRC for the first Contract Year is \$8.75M. The Customer's Gross Spend for Contributory Services, after all credits and adjustments as described above, is \$7M. The Customer must pay \$1.75M.

If the Customer's Gross Spend for Contributory Services, after all credits and shortfall payments described above, is greater than the TRC times the maximum Basic Credit (plus 11/12ths of 86.5% of 2004 Gross Spend for Contract Year 1), as described in Section 23.5.6, Table 7, the Customer will receive the Maximum Basic Credit against Contributory Subject Services as described above, and an Achievement Credit against Contributory Subject Services (equal to a 17 percent discount on services above the TRC times the maximum Basic Credit amount, plus 11/12ths of 86.5 percent of 2004 Gross Spend for Contract Year 1).

Example 3: The Customer's TRC for the first Contract Year is \$8.75M. The Customer's Gross Spend for Contributory Services after all credits and adjustments as described above, is \$28.44M. The Customer receives \$18M in Basic Credits and \$223K in Achievement Credits.

(C) If, at the time of final true-up, the Telephone Company or any of its affiliated telephone companies described in Section 23.5.2 (C), owe the Customer a Basic Credit amount as described above, the credit will be applied to the Customer's bill no later than 60 days after the final true-up date.

(D) If, at the time of true-up, the Customer must make a true-up payment to meet the TRC as described above, the true-up payment must be submitted to the Telephone Company no later than 60 days after the true-up date. The true-up amount will appear on the Customer's monthly invoice.

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.9 Contract Extension Options

At the Customer's option, the Customer may extend this Contract Offer at the end of the Term Period. The Customer may extend for one year at the end of Term Period (First Extension Option), and may also extend the Contract Offer by another year at the end of the first extension year (Second Extension Option). The First Extension Option and Second Extension Option must be exercised concurrently for all contract offers described in Section 23.5.2(C). Those contract offers may not be extended individually. To exercise either option, the Customer must notify the Telephone Company and its affiliated telephone companies as described in Section 23.5.2 (C), in writing, no later than 60 days prior to the expiration of the Term Period or, for the Second Extension Option, 60 days prior to the expiration of the First Extension Option.

For the First Extension Option, the TRC shall be determined as follows:

The TRC amounts for the First Extension Option will be equal to the last 3 months of qualified Contributory Services revenue in Contract Year 3 times 4 times 83 percent, or the Contract Year 3 TRC, whichever is greater. The maximum Basic Credit will be equal to the TRC times 120 percent minus the TRC amount, less any Basic Credit reductions applied during the Term Period of this Contract Offer, as described in Section 23.5.11(A) following. An Achievement Credit of 17 percent will apply on revenue above 120 percent of the TRC, except as described in Section 23.5.11 (A) following.

Example:

(TRC X 120% - TRC) - (any credit reduction as described in Section 23.5.11)

For the Second Extension Option, the TRC shall be determined as follows:

The TRC amount for the Second Extension Option will be equal to the last 3 months of qualified Contributory Services revenue in Contract Year 4 times 4 times 83 percent, or the Contract Year 4 TRC, whichever is greater. The maximum Basic Credit Amount will be equal to the TRC times 120 percent minus the TRC amount, less any Basic Credit reductions applied during the Term Period of this Contract Offer, or under the First Extension Option as described in Section 23.5.11(A) following.. An Achievement Credit of 17 percent will apply on revenue above 120 percent of the TRC, except as described in Section 23.5.11 (A) following.

Example:

(TRC X 120% - TRC) - (any credit reduction as described in Section 23.5.11)

(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.10 Assignment and Transfer

If the Customer wishes to assign or transfer its use of services under this Contract Offer No. 5 pursuant to F.C.C. No. 1, Section 2.1.2 of this Tariff, the Telephone Company will acknowledge such transfer or assignment pursuant to the terms of F.C.C. No. 1, Section 2.1.2, unless:

- (A) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (1) or (2) below, or
- (B) if the proposed assignee or transferee or its parent company has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).
  - (1) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than 50 percent of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.
  - (2) The proposed assignee or transferee does not have any outstanding securities rated by credit rating agencies (e.g. Standard and Poor's), but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated "fair" or below in a composite credit appraisal published by Dun and Bradstreet, or "high risk" in a Paydex score as published by Dun and Bradstreet.

All of the contract offers described in Section 23.5.2(C) must be assigned or transferred concurrently. Those contract offers may not be assigned or transferred individually.

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.11 Mergers and Acquisitions

(A) The terms and conditions of this Contract Offer shall continue in full force and effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all its stock or assets to any other entity, or purchases all stock or substantially all stock or assets of another company (the foregoing generally referred to herein as a merger or acquisition). Any other company involved in such merger or acquisition shall be identified for purposes of this Contract Offer as an Acquired Company, without regard to whether the Customer or the Acquired Company is the surviving entity following the transaction. The Transaction Close Date shall be the date upon which a stock purchase has been completed and/or the final date on which the assets of the acquired/merged company have been purchased. Upon the Transaction Close Date, if the Acquired Company purchases any services that are Contributory Services under this Contract Offer No. 5 from the Telephone Company and each of its affiliated telephone companies in each of the contract offers described in Section 23.5.2 (C), the Contributory Services purchased by the Acquired Company will not count toward the Gross Revenue achievement or TRC amount, and the Contributory Services provided for in this Contract Offer will continue to be maintained at the same volume, rates, terms, and conditions as outlined herein.

Effective upon the Transaction Close Date:

The Acquired Spend shall be calculated for the Acquired Company, including the Acquired Company's billed revenue for Contributory Services consistent with the manner of calculating Gross Spend, as provided in Section 23.5.6(A) of this Contract Offer, plus the Acquired Company's billed revenue for UNE or equivalent offerings, as described in Section 23.5.4, Table 2.

(1) If the Acquired Spend (calculated based on the billed revenue of the Acquired Company during the three months immediately prior to the Transaction Close Date, times four) is less than or equal to 15 percent of the billed revenue for both Contributory Services and UNE, or equivalent offerings provided to the Customer prior to the Transaction Close Date, this Contract Offer shall remain in force without change, unless Customer includes the Acquired Spend in this Contract Offer, as provided in Section 23.5.11(B) of this Contract Offer.

(N)

(This page filed under Transmittal No. 114 )

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.11 Mergers and Acquisitions (Cont'd)

## (A) (Cont'd)

(1) If the Acquired Spend (calculated based on the billed revenue of the Acquired Company during the three months immediately prior to the Transaction Close Date, times four) is greater than 15 percent of the billed revenue for both Contributory Services and UNE, or equivalent offerings provided to the Customer prior to Transaction Close Date, the following provisions shall apply:

(a) The Customer's Calculated Annual Spend shall be the Customer's actual annualized billed revenue for Contributory Services (calculated as the Customer's billed revenue during the three months immediately prior to the Transaction Close Date, times four). The Ceiling shall be the sum of the TRC plus the Maximum Basic Credit. If the Customer's Calculated Annual Spend is less than the Ceiling, the Customer's Maximum Basic Credit shall be reduced by an amount equal to the difference between the Ceiling and the Calculated Annual Spend. The Customer's TRC shall not change. The reduced Maximum Basic Credit shall apply thereafter throughout the Term Period, unless subsequently reduced pursuant to this provision as a result of a subsequent merger or acquisition. Thereafter, the Customer shall not receive Achievement Credits for any revenue above the Calculated Annual Spend, except as described in Section 23.5.11(A) (3) of this Contract Offer.

Example: The Customer's Year 2 TRC is \$90M and its Maximum Basic Credit is \$18M, for a Ceiling of \$108M (TRC plus Maximum Basic Credit).

On the Transaction Close Date, the Customer's Calculated Annual Spend (billed revenue for Contributory Services during the prior three months, times four) is \$100M. The Customer's TRC remains \$90M, and the Customer's Maximum Basic Credit is reduced to \$10M. The Maximum Basic Credit remains at \$10M thereafter, unless further reduced as a result of a subsequent merger or acquisition.

No Achievement Credits will apply to any revenue over \$100M.

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.11 Mergers and Acquisitions (Cont'd)

(A) (Cont'd)

(2) (Cont'd)

(b) If the Customer's Calculated Annual Spend is equal to or greater than the Ceiling, neither the TRC nor the Maximum Basic Credit shall change, except as provided in Section 23.5.11(A) (3) of this Contract Offer. The Customer shall not receive Achievement Credits for any revenue above the Ceiling during the months after the Transaction Close Date, except as provided in Section 23.5.11(A) (3) of this Contract Offer. Any Achievement Credits earned after the maximum Basic Credit amount has been achieved, but prior to the Transaction Close Date, will continue to apply.

Example: The Customer's Year 2 TRC is \$90M and the Maximum Basic Credit is \$18M for total of \$108M.

On the Transaction Close Date, the Calculated Annual Spend (billed revenue for Contributory Services during the prior three months, times four) is \$112M. The Customer's TRC remains \$90M and the Maximum Basic Credit remains \$18M.

Achievement Credits will apply to Contributory Service revenue during any month after the month in which the Customer reaches the Maximum Basic Credit amount, but before the Transaction Close Date. Achievement Credits will not apply after the Transaction Close Date.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.11 Mergers and Acquisitions (Cont'd)

## (A) (Cont'd)

(3) If the Customer wishes to include Contributory Services provided to the Acquired Company in this Contract Offer, the Customer must so notify the Telephone Company within nine (9) months after the Transaction Close Date. If the Customer chooses to include the Acquired Company's Contributory Services in this Contract, the Acquired Spend (calculated based on the billed revenue of the Acquired Company during the three months immediately prior to the date upon which the Customer provides notification pursuant to this provision, times four) will be added to the Customer's then-current TRC. In addition, the revenues resulting from any conversion of UNE or equivalent offerings to qualified Contributory Subject Services, whether voluntary or required, shall also be added to the Customer's then-current TRC, according to the rates that would apply to those Contributory Services under this Contract Offer. The Maximum Basic Credit shall be determined according to Section 23.5.11(A) of this Contract Offer. Achievement Credits will apply to revenue above the Ceiling, beginning upon the date the Customer provides notification pursuant to this provision. Upon including the other company's Contributory Services in this Contract Offer, any pricing flexibility contract offer, or similar intrastate arrangement governing the included services, shall be deemed terminated and any termination liability or other charges will apply, as provided in the previously effective pricing flexibility contract offer or similar intrastate arrangement. The Customer's Maximum Basic Credit amount will not change as a result of this transfer except as described in Section 23.5.11(A)(2)(a) of this Contract Offer. The Access Service Ratio, as described in Section 23.5.4, will be applicable to all of the Customer's affiliates, regardless of their inclusion in, or exclusion from, this Contract Offer (except as described in Section 23.5.11(B) of this Contract Offer). The increase in the Customer's TRC shall apply thereafter, except to the extent the TRC may be further modified pursuant to this Contract Offer.

Example A: The Customer has a Year 2 TRC of \$90M, and the Maximum Basic Credit is \$18M. The Customer acquires another company with annualized Contributory Service revenues of \$40M, and the Customer chooses to add the Acquired Company's Contributory Services business to this Contract Offer. The Customer's new Contract Year 2 TRC will be \$130M (\$90M plus \$40M = \$130M). The Customer's Maximum Basic Credit (\$18M) will not change, except as described in Section 23.5.11(A)(2)(a) of this Contract Offer. The new TRC will apply thereafter, unless the TRC is subsequently changed pursuant to this Contract Offer.

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.11 Mergers and Acquisitions (Cont'd)(B) Mergers and Acquisitions Affecting Access Service Ratio

If any merger or acquisition affects the Customer's Access Service Ratio, the Customer and any affiliated entities that existed as of the Transaction Close Date (as determined by the applicable ACNA's) shall comply with the Access Service Ratio requirements of this Contract Offer, as described in Section 23.5.4 of this Contract Offer, subject to the provisions of this Section 23.5.11(B).

If the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all its stock or certain assets to any other entity, or purchases:

(1) All stock, or substantially all stock or certain assets of another company, and the merger or acquisition will cause the Customer to fall below Access Services Ratio Terms and Conditions as defined in Section 23.5.4, regardless of whether the Customer chooses to include the Acquired Company's Contributory Services in this Contract Offer, the following will apply.

(a) A Temporary Access Service Ratio will be calculated in a manner consistent with the calculation of the Access Service Ratio as described in Section 23.5.4 of this Contract Offer, for the Acquired Company, for the month immediately following the Transaction Close Date, according to the following formula.

$$\frac{\text{Acquired Company Access Revenue}}{\text{Acquired Company Access Revenue} + \text{Acquired Company Wholesale Revenue}}$$

Example:

$$\frac{\$35\text{M Access}}{\$35\text{M Access} + \$34\text{M Wholesale}}$$

The Temporary Access Services Ratio would be:

50.7%/49.3%

(This page filed under Transmittal No. 114 )

(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.11 Mergers and Acquisitions (Cont'd)(B) Mergers and Acquisitions Affecting Access Service Ratio  
(Cont'd)

## (1) (Cont'd)

(b) The Temporary Access Service Ratio will apply to the Acquired Company's Contributory Services until the earlier of nine (9) months after the Transaction Close Date, or the date upon which the Customer notifies the Telephone Company of its election to add the Acquired Company's Contributory Services to this Contract Offer, whichever is earlier. While the Temporary Access Service Ratio remains in effect, the Contributory Services of the Acquired Company must at all times meet or exceed the Temporary Access Service Ratio.

Thereafter, a Combined Access Service Ratio shall be calculated according to the following formula:

$$\frac{\text{Combined Access Revenue}}{\text{Combined Access Revenue} + (\text{Combined Wholesale} - \text{Acquired Wholesale Revenue})}$$

The Acquired Wholesale Revenue in the combined equation shall be measured at the earlier of nine (9) months after the Transaction Close Date or the date upon which the Customer notifies the Telephone Company of its election to add the Acquired Company's Contributory Services to this Contract Offer, whichever is earlier.

Example:

$$\frac{\$140M}{\$140M + (\$37M - \$35M)}$$

The combined Access Service Ratio of 98.6%/1.4% exceeds the 95%/5% ratio required.

(c) Once the Combined Access Service Ratio has been calculated, the combined Company (the Customer and Acquired Company, considered together) must meet or exceed a Combined Access Service Ratio of 95 percent for all services (Contributory and UNE or other equivalent offerings) purchased thereafter. Any wholesale services purchased by the Acquired Company prior to the earlier of the date nine months after the Transaction Close Date, or the date upon which the Customer notifies the Telephone Company of its election to add the Acquired Company's Contributory Services to this Contract Offer, will be deducted from the Combined Wholesale Revenue for purposes of calculating the Combined Access Service Ratio.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.11 Mergers and Acquisitions (Cont'd)(B) Mergers and Acquisitions Affecting Access Service Ratio  
(Cont'd)

(1) (Cont'd)

(d) Services included in the calculation of the Temporary Access Service Ratio or the Combined Access Service Ratio shall be the same as those described in Section 23.5.4 of this Contract Offer.

(e) If the Customer and/or the Acquired Company fails to meet or exceed the Temporary Access Service Ratio or the Combined Access Service Ratio, the remedies provided in Section 23.5.4 of this Contract Offer shall apply.

(f) The provisions of this Section 23.5.11 shall apply to each merger or acquisition during the Term Period.

(2) If the Customer chooses to include the Acquired Company's Contributory Services in this Contract Offer, Contributory Services previously provided to the Acquired Company shall be included in this Contract Offer immediately upon the Telephone Company's receipt of the Customer's notice of intent to include them, and the TRC will be increased by the amount of the Acquired Company's qualified revenues. In addition, the monthly TRC will be increased to reflect the conversion of any unbundled network elements and equivalent offerings to Contributory Subject Services subject to this Contract Offer. Any converted services will be billed as Contributory Subject Services subject to this Contract Offer, and will be included in the TRC, effective upon the date on which receives the Customer's request to convert. The Customer's Maximum Basic Credit will not change as a result of the inclusion of the Acquired Company's Contributory Services in this Contract Offer, except as described in 23.5.11(A) preceding. The recalculated monthly TRC will apply for the remainder of that Contract Year. In each subsequent Contract Year, the TRC will continue to include the revenues associated with the Acquired Company's Contributory Services.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.12 Cessation of Business

If, at any time during the Term Period, the Telephone Company, or any of its affiliated telephone companies, cease to provide telecommunications services in any MSA subject to this Contract Offer, or any of the other Contract Offers as described in Section 23.5.2 (C), sells or divests its operating assets in any MSA subject to this Contract Offer, or otherwise ceases to provide any of the Contributory Services subject to this Contract Offer, the TRC will be decreased by the amount of the qualified revenue associated with the Contributory Services no longer provided by the Telephone Company or its affiliated telephone companies.

23.5.13 Termination Liability Charges

Termination liability language described below applies in lieu of the termination liability language in F.C.C. No. 1, Section 7 and <sup>(1)</sup>. If the Customer terminates Contract Offer No. 5 before the expiration of the Term Period for any reason, except for that defined in 23.5.13 (B) below, the Customer must pay the Telephone Company termination liability charges as described below. These charges shall become due as of the effective date of the cancellation or termination. The Customer must provide written notification to the Telephone Company 90 days prior to the desired date of termination. This notification must include the date upon which the Customer will terminate the Contract Offer.

(D)

(A) If the Customer fails to meet any of the eligibility criteria in Section 23.5.2, or fails to meet any of the terms and conditions in Contract Offer No. 5, then the Telephone Company shall provide the Customer with written notification of such non-compliance, and the Customer will have sixty (60) days to return to compliance. If the Customer does not return to compliance within such time period, the Customer will be deemed to have terminated its participation in Contract Offer No. 5, and termination liability charges will apply as stated in 23.5.13 (C), and will be payable within sixty (60) days from the time the contract is deemed terminated.

<sup>(1)</sup> See footnote (1) on page 23-108.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.13 Termination Liability Charges (Cont'd)

(B) If the Telephone Company and its affiliated telephone companies providing service pursuant to the contract offers described in Section 23.5.2(C) fail, in the aggregate, to maintain a Network Availability cumulative annual target of 90 percent for all Contributory services for twelve consecutive months, the Customer will have the option to notify the Telephone Company of the Customer's intent to terminate this Contract Offer. The Customer must provide the Telephone Company with ninety (90) days notice of the Customer's intent to invoke this escape clause and return its services to standard special access services. The Telephone Company will have sixty (60) days, from the date that Customer notice is received, to rectify the service problems or the Customer will be allowed to terminate this offering without incurring any termination liability on the services moved to standard Special Access services. If the Telephone Company and its affiliated telephone companies meet the Network Availability targets within sixty (60) days, the Customer will continue to purchase services under this Contract Offer.

The following occurrences will not be included in the measurements described in the calculation of Network Availability:

- (1) In the case of labor disputes, governmental orders, civil commotions, or criminal actions taken against the Telephone Company or its affiliated telephone companies, the Telephone Company and its affiliated telephone companies will be excused for the duration of these events.
- (2) In the case of actions outside of the Telephone Company or its affiliated telephone companies' reasonable control (e.g., catastrophic weather conditions) that have a severe impact on the Telephone Company or its affiliated telephone companies' ability to provision and repair service, the Telephone Company and its affiliated telephone companies will be excused, for the duration of the situation, from the performance measures set forth herein. Any such temporary exemption will apply only to the dispatch area(s) directly affected by the situation, and the Telephone Company and its affiliated telephone companies will return to the levels of performance required hereunder as promptly as is reasonably practicable. To the extent additional dispatch areas are impacted by such a situation, the Telephone Company and its affiliated telephone companies will give prompt notice to the Customer of the scope and nature of such impact so the parties can determine whether additional temporary exemptions from the applicable performance measures are appropriate.
- (3) Performance shall be excused for the duration of any interruptions caused by the negligence of the Customer, the Customer's end-user, or other third parties not affiliated with the Telephone Company or its affiliated telephone companies.

(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.13 Termination Liability Charges (Cont'd)

## (B) (Cont'd)

- (4) Performance shall be excused for the duration of any interruptions of a service due to the failure of equipment or systems provided by the Customer or parties other than the Telephone Company or its affiliated telephone companies.
- (5) Performance shall be excused for the duration of any interruptions of a service during any period in which the Telephone Company or its affiliated telephone companies are not afforded access to the premises where the service is terminated.
- (6) Performance shall be excused for the duration of any interruptions of a service when the Customer has released that service to the Telephone Company or any of its affiliated telephone companies for maintenance purposes, to make rearrangements, or for the implementation of an order for a change in the service during the time that was negotiated with the Customer prior to the release of that service.
- (7) Performance shall be excused for the duration of any interruptions of a service which continue because of the failure of the Customer to authorize replacement of any element of special construction, as set forth in Section 5 and Section 13 of F.C.C. No. 1.
- (8) Performance shall be excused for the duration of any interruptions that occur on facilities that the Customer elected not to release the service to the Telephone Company or its affiliated telephone companies for testing and/or repair.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.5 Contract Offering No. 5 - Access Discount Offer (Cont'd)23.5.13 Termination Liability Charges (Cont'd)

(C) If the Customer terminates its subscription to this Contract Offer prior to the end of the Term Period, for any reason other than described in 23.5.13 (B), the Customer must pay termination liability charges as described below:

Termination of Contract during:

Contract Year 1 - Any credits received under this Contract Offer plus 25% of TRC for remaining months of Term Period

Contract Year 2 - Last 6 months of credit received under this Contract Offer plus 25% of TRC for remaining months of Term Period.

Contract Year 3 - Last 6 months of credit received under this Contract Offer plus 10% of total TRC for Contract Year 3.

Example:

The Customer's 2006 TRC is \$90M. The Customer terminates the contract on April 31, 2006. The Customer has 20 months remaining on the Term Period and has received \$6M in credits under this Contract Offer in the 6 months prior to termination. The customer will owe \$43.4M in termination liability

\$26.25M x 4 = \$105M

\$105M times 89.7% = \$94M

\$94M/12 = \$7.8M x 8 = \$62M x 25% = \$15.5M for remainder of Contract Year 2

plus

\$105M times 83.4% = \$87.5M

\$87.5M x 25% = \$21.9M for Contract Year 3

Contract Year 2 + Contract Year 3 + Last 6 months of credits

\$15.5M + \$21.9M + \$6M = \$43.4M Termination Liability

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> Material previously contained in this section has been deleted. DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 6 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prodccb/etfs/>, effective December 31, 2007.

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23. <sup>(1)</sup>

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<sup>(1)</sup> See footnote (1) on page 23-136.

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23. <sup>(1)</sup>

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<sup>(1)</sup> See footnote (1) on page 23-136.

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23. <sup>(1)</sup>

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<sup>(1)</sup> Material previously contained in this section has been deleted. DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 7 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prodccb/etfs/>, effective December 31, 2007.

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<sup>(1)</sup> See footnote (1) on page 23-142.

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23. <sup>(1)</sup>

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<sup>(1)</sup> Material previously contained in this section has been deleted. DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 8 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prod/ccb/etfs/>, effective December 31, 2007.

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23. <sup>(1)</sup>

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23. Pricing Flexibility Contract Offerings

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer

23.9.1 General Description

Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Contract Offer No. 9) is an access discount plan for which subscription is required to the following access tariffs: Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, The Southern New England Telephone Company (SNET) Tariff F.C.C. No. 39 and Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1. Contract Offer No. 9 provides Customers with discounts and incentives (as defined in Section 23.9.6) in accordance with the Terms and Conditions as set forth in Section 23.9.4.

To receive discounts under this Contract Offer, the Customer must meet Eligibility Criteria described in Section 23.9.3 and must comply with all Terms and Conditions of this Contract Offer. Contract Offer No. 9 requires eligible Customers to maintain a Baseline Minimum Annual Revenue Commitment (MARC) of \$141,600,000, as described in Section 23.9.3(B), following. If during the Annual True-up the Customer's billed recurring revenue for Qualified Access Services is less than the Baseline MARC, the Customer must remit the Make-up Payment as described in the Annual True-up process set forth in Section 23.9.7. If the Customer does not comply in all material respects with all Terms and Conditions of this Contract Offer No. 9, termination liability charges, in accordance with Section 23.9.10, will apply.

Contract Offer No. 9 will be available for subscription only from July 29, 2006 through August 29, 2006.

(N)

(N)

(Nx)

(Nx)

(N)

(N)

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(This page filed under Transmittal No. 134 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.2 Services Available For WAMS-VIP Offer

(A) Contract Offer No. 9 applies to billed recurring revenues for the qualified access services contained in NBTC Tariff F.C.C. No. 1 (Qualified Access Services), listed in Table A, below:

Table A

Service	General Basic Description	Rates and Charges	
DS1 and DS3 Service	7.11.1	7.11.5	22.5.2.5
Broadband Circuit Service	20.1	20.3	22.5.2.9
(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)

(D)  
(D)  
(D)  
(D)  
(D)

(B) When additional Qualified Access Services are added to the services available under NBTC Tariff F.C.C. No. 1, all billed, recurring revenues for such additional Qualified Access Services will be added to this Contract Offer No. 9 for the purposes of calculating the credits and incentives included in this Contract Offer No. 9.

(C) All terms and conditions for the Qualified Access Services are governed by the respective tariff sections, except as noted in this Contract Offer No. 9.

(1) Material previously contained in this section has been deleted. OCN PTP, DSRS, GigaMAN and MON services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 9 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prodccb/etfs/>, effective December 31, 2007.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.3 WAMS-VIP Offer Eligibility Criteria

The following eligibility criteria must be met to subscribe to Contract Offer No. 9:

(A) Concurrent Subscription

The Customer must concurrently subscribe to Contract Offer No. 9 pursuant to the following tariffs:

- (1) SWBT Tariff F.C.C. No. 73, Section 41, Contract Offer No. 94;
- (2) PBTC Tariff F.C.C. No. 1, Section 33, Contract Offer No. 99;
- (3) SNET Tariff F.C.C. No. 39, Section 25, Contract Offer No. 28; and
- (4) Ameritech Tariff F.C.C. No. 2, Section 22, Contract Offer No. 121.

Breach, cancellation or termination of any of these Contract Offers shall constitute a breach, cancellation or termination of all of these Contract Offers.

(B) The Customer must have billed recurring revenues for Qualified Access Services to establish a Baseline Minimum Annual Revenue Commitment (Baseline MARC) of \$141,600,000;

(C) The Qualified Access Services must be located within the "Operating Territory" of the Telephone Company, as described in NBTC Tariff F.C.C. No. 1, Section 17 (Operating Territory); and

(D) All Qualified Access Service(s) must originate or terminate on a wireless carrier's network.

(x) Issued under Authority of Special Permission No. 06-028 of F.C.C.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.4 WAMS-VIP Offer Terms and Conditions

- (A) Revenue commitments are based on billed, recurring charges for the Qualified Access Services and specifically exclude any non-recurring charges, incentives and discounts earned under this Contract Offer No. 9;
- (B) The Customer must maintain a Baseline Minimum Annual Revenue Commitment (MARC) of \$141,600,000 each Term Year of this Contract Offer No. 9;
- (C) The Customer must maintain the Incentive Discount Commitment (IDC), as defined in Section 23.9.6.(A)(1) for Term Years 2 to 5 for Qualified Access Services;
- (D) The Customer's Baseline MARC and IDC will include all billed recurring revenue for Qualified Access Services identified in Section 23.9.2, and shall be based on the sum of all of the billed recurring revenues for the Qualified Access Services, including all of the contract offers as described in Section 23.9.3(A);
- (E) Incentives and discounts earned by the Customer under this Contract Offer No. 9 shall be applied in the form of a credit to the Customer's bill(s) for Qualified Access Services, located in the Metropolitan Statistical Areas (MSAs) where the Telephone Company has been granted pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22;
- (F) Contract Offer No. 9 incentives and discounts are in addition to, and do not alter, any of the existing service discount/term plans available in the Telephone Company's respective tariffs;
- (G) The Telephone Company reserves the right to change rates for Qualified Access Services included under Contract Offer No. 9, but in the event of such rate modifications, no change will be made to the Baseline MARC or the IDC, except as specified in Section 23.9.7;

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.4 WAMS-VIP Offer Terms and Conditions (Cont'd)

(H) Qualified Access Services are subject to certain rates, charges and general terms and conditions in other sections of NBTC Tariff F.C.C. No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched and Special Access Service, and 13-Additional Engineering, Additional Labor and Miscellaneous Services) and such terms and conditions may be modified through the filing of tariff changes at any time during the Term Period. However, such tariff modifications will not change the Terms and Conditions described in Contract Offer No. 9;

(I) This Contract Offer No. 9 is available July 29, 2006 through August 29, 2006;

(J) The Customer must meet the criteria described for Incentive Discounts and Portability Incentives, as provided in Section 23.9.6; and

(K) To subscribe to Contract Offer No. 9, the Customer must submit a Letter of Subscription (LOS) to the Telephone Company.

23.9.5 WAMS-VIP Offer Term Period

The contract term (Term Period) is sixty (60) months commencing on the date the LOS is signed by the Customer. Each twelve month (12) period beginning with the LOS signature date shall be a Term Year. At the end of the Term Period, the discounts and incentives provided in this Contract Offer No. 9 shall be discontinued.

This offer is not renewable.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)

(N)

23.9.6 WAMS-VIP Offer Incentives

The Customer will be eligible for the following Incentive Discounts and/or Portability Incentives (collectively "Incentives") under this Contract Offer No. 9 during each of the Term Years:

Incentive Discount Commitment Credit (IDCC); Incentive Discount Plus Credit (IDPC); and Portability Incentive for DS3s (Portability Incentive).

(A) Incentive Discount Commitment

In order to qualify for the IDCC, IDPC and Portability Incentives, the Customer must maintain the "Incentive Discount Commitment" (IDC):

(1) Establishment of the IDC

- (a) For Term Year 1, the Customer's IDC will equal the Baseline MARC of \$141,600,000, as described in Section 23.9.3(B);
- (b) For Term Years 2 through 5, the Customer's IDC will be:
  - (i) The IDC from the previous Term Year; or
  - (ii) The IDC may be increased, at the Customer's election, effective with the beginning of the contract Term Year according to the IDC Levels in Table B, based on either the Achieved Revenue Amount, as defined in Section 23.9.7(A) or the Customer's billed recurring revenue for Qualified Access Services during the previous three (3) months times four (4).
- (c) The Customer may elect, by providing written notice to the Telephone Company within sixty (60) days of the contract's Term Year end date, to increase the IDC:
  - (i) The IDC may be increased but never decreased;
  - (ii) The re-established IDC represents the Customer's IDC for the remainder of the Term Period; and
  - (iii) The IDC elected by the Customer cannot exceed the higher of the Achieved Revenue amount or the previous three (3) months billed recurring revenue for Qualified Access Services times four (4).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.6 WAMS-VIP Offer Incentive Discounts (Cont'd)(A) Incentive Discount Commitment (Cont'd)

(2) Application of Incentive Discount Commitment  
If during the Annual True-Up, as defined in Section 23.9.7(A), the Customer's Achieved Revenue Amount meets or exceeds the IDC, the Telephone Company will apply the IDCC, IDPC and Portability Incentives during the following Term Year, provided the criteria in Section 23.9.6(B), (C) and (D), respectively, are met.

Example: In Term Year 1, the Customer's Achieved Revenue Amount, determined by the Annual True-Up, equals \$147,000,000 and the IDC is \$141,600,000. Since the Achieved Revenue Amount exceeds the IDC, the Telephone Company would apply the IDCC, IDPC and Portability Incentives in Term Year 2, based on the Customer's IDC for Term Year 2 of \$141,600,000.

(3) Notwithstanding the above, Incentives shall not be applied unless and until the Customer is current in paying (or properly disputing) all invoices submitted for payment by the Telephone Company for billed, recurring Qualified Access Services in accordance with NBTC Tariff F.C.C. No. 1, Section 2.

(B) Incentive Discount Commitment Credit for Qualified Access Services

IDCC shall be calculated and awarded on an aggregate basis across the concurrently subscribed to contract offers as described in Section 23.9.3(A). If qualified for a IDCC, an award of the IDCC under this Contract Offer will satisfy any IDCC obligations of the concurrently subscribed to contract offers as described in Section 23.9.3(A), and an award of IDCC under such other contract offers shall satisfy any IDCC obligations under this Contract Offer No. 9.

The Customer will notify the Telephone Company in writing of the Billing Account Number(s) (BAN) and percentage of the IDCC awarded to be applied to each BAN(s) billing Qualified Access Services for the contract offers subscribed to in Section 23.9.3(A).

For each Term Year, the Customer will be eligible for an Incentive Discount Commitment Credit (IDCC) based on the sum of all billed recurring revenue for Qualified Access Services, including all of the contract offers as described in Section 23.9.3(A), according to Table B, following.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.6 WAMS-VIP Offer Incentive Discounts (Cont'd)(B) Incentive Discount Commitment Credit for Qualified Access Services (Cont'd)**Table B:**

<b>IDC Level</b>	<b>IDC</b>	<b>IDCC</b>
1	\$141,600,000	\$12,700,000
2	\$179,900,000	\$19,800,000
3	\$194,200,000	\$25,300,000
4	\$209,800,000	\$31,500,000
5	\$226,600,000	\$36,300,000

(1) Application of Incentive Discount Commitment Credit

(a) The Telephone Company will apply the IDCC to the Customer's bill(s) for Qualified Access Services in those Term Years for which the Customer qualifies for the IDCC per Section 23.9.6(A) (2), as follows:

- (i) One-quarter (1/4) of the IDCC will be applied thirty (30) days in arrears from the end of the 1st and 3rd Quarters of the Term Year based on the IDCC determined under Sections 23.9.6(B) (1) (b) and 23.9.6(B) (1) (c), below;
- (ii) One-quarter (1/4) of the IDCC will be applied by the end of the 2nd Quarter, based on the IDCC determined under Sections 23.9.6(B) (1) (b) and 23.9.6(B) (1) (c), below; and
- (iii) One-quarter (1/4) of the IDCC will be applied sixty (60) days in arrears from the end of the 4th Quarter of the Term Year, through the Annual True-Up described in Section 23.9.7.

(b) The IDCC applied during the first three (3) quarters of Term Year 1 will be based on IDC Level 1.

(c) The IDCC applied during the first three (3) quarters of Term Years 2 through 5 will be based on the IDC Level established in Section 23.9.6(A) .

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.6 WAMS-VIP Offer Incentive Discounts (Cont'd)(C) Incentive Discount Plus Credit for Qualified Access Service

IDPC shall be calculated and awarded on an aggregate basis across the concurrently subscribed to contract offers as described in Section 23.9.3(A). If qualified for a IDPC, an award of the IDPC under this Contract Offer will satisfy any IDPC obligations of the concurrently subscribed to contract offers as described in Section 23.9.3(A), and an award of IDPC under such other contract offers shall satisfy any IDPC obligations under this Contract Offer No. 9.

The Customer will notify the Telephone Company in writing of the Billing Account Number(s) (BAN) and percentage of the IDPC awarded to be applied to each BAN(s) billing Qualified Access Services for the contract offers subscribed to in Section 23.9.3(A).

For each Term Year, the Customer will be eligible for an IDPC which applies to non-IDC revenues. Non-IDC revenues are the sum of all recurring revenues associated with the Qualified Access Services, including billed recurring revenues of all of the contract offers as described in Section 23.9.3(A) that exceed the Customer's IDC (which are listed as Levels in Table B) according to the ranges set forth in Table C.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.6 WAMS-VIP Offer Incentive Discounts (Cont'd)(C) Incentive Discount Plus Credit for Qualified Access Service (Cont'd)

Table C:

IDC Level	Band	Non - IDCC Rev Min	Non - IDCC Rev Max	IDPC
1	1	\$ 31,600,000	\$ 38,299,999	\$1,400,000
	2	\$ 38,300,000	\$ 52,699,999	\$3,100,000
	3	\$ 52,700,000	\$ 68,199,999	\$5,700,000
	4	\$ 68,200,000	\$ 84,999,999	\$8,800,000
	5	\$ 85,000,000	\$ 103,099,999	\$12,400,000
	6	\$ 103,100,000	\$ 122,699,999	\$16,700,000
	7	\$ 122,700,000	and above	\$21,700,000
2	1	\$ 7,200,000	\$ 14,399,999	\$1,700,000
	2	\$ 14,400,000	\$ 29,899,999	\$3,800,000
	3	\$ 29,900,000	\$ 46,699,999	\$6,900,000
	4	\$ 46,700,000	\$ 64,799,999	\$10,600,000
	5	\$ 64,800,000	\$ 84,399,999	\$14,900,000
	6	\$ 84,400,000	\$ 105,599,999	\$20,000,000
	7	\$ 105,600,000	and above	\$25,700,000
3	1	\$ 7,800,000	\$ 15,499,999	\$2,100,000
	2	\$ 15,500,000	\$ 32,299,999	\$4,600,000
	3	\$ 32,300,000	\$ 50,499,999	\$8,300,000
	4	\$ 50,500,000	\$ 69,999,999	\$12,700,000
	5	\$ 70,000,000	\$ 91,199,999	\$17,700,000
	6	\$ 91,200,000	\$ 113,999,999	\$23,600,000
	7	\$ 114,000,000	and above	\$30,300,000
4	1	\$ 8,400,000	\$ 16,799,999	\$2,500,000
	2	\$ 16,800,000	\$ 34,899,999	\$5,400,000
	3	\$ 34,900,000	\$ 54,499,999	\$9,800,000
	4	\$ 54,500,000	\$ 75,599,999	\$15,000,000
	5	\$ 75,600,000	\$ 98,499,999	\$20,900,000
	6	\$ 98,500,000	\$ 123,099,999	\$27,700,000
	7	\$ 123,100,000	and above	\$35,500,000
5	1	\$ 9,100,000	\$ 18,099,999	\$3,000,000
	2	\$ 18,100,000	\$ 37,699,999	\$6,400,000
	3	\$ 37,700,000	\$ 58,799,999	\$11,600,000
	4	\$ 58,800,000	\$ 81,699,999	\$17,600,000
	5	\$ 81,700,000	\$ 106,299,999	\$24,400,000
	6	\$ 106,300,000	\$ 132,999,999	\$32,300,000
	7	\$ 133,000,000	and above	\$41,300,000

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.6 WAMS-VIP Offer Incentive Discounts (Cont'd)(C) Incentive Discount Plus Credit for Qualified Access Service (Cont'd)(1) Application of Incentive Discount Plus Credit

(a) The Telephone Company will apply the IDPC to the Customer's bill(s) for Qualified Access Services in those Term Years for which the Customer qualifies for the IDPC as provided in Section 23.9.6(C); and

(b) The IDPC corresponding to the IDC Level and IDPC Band will be credited to the Customer's bill sixty (60) days in arrears from the end of the 4th Quarter of the Term Year, through the Annual True-up described in Section 23.9.7.

(D) DS3 Portability Incentive

The Portability Incentive waives termination liability charges that would otherwise be assessed to the Customer for moves of DS3 Qualified Access Services.

This Portability Incentive will be applied in addition to the Incentives described in Sections 23.9.6(B) and (C).

(1) Eligibility Criteria for DS3 Portability Incentive

The Customer must meet the following criteria to receive the Portability Incentive:

- (a) the Customer's DS3s must meet the Minimum Period requirements, as established under NBTC Tariff F.C.C. No. 1, Section 2.4.2, at the previous location;
- (b) The Term Period of each new circuit must be equal to, or greater than, the remaining term of the disconnected circuit; and
- (c) The disconnect and new service must be within the Operating Territory.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.6 WAMS-VIP Offer Incentive Discounts (Cont'd)(D) DS3 Portability Incentive (Cont'd)(2) Quarterly Review of Add and Disconnect Access Service Orders

The Telephone Company will perform quarterly reviews of the quantity of the DS3 "adds" and "disconnects" within the Telephone Company Operating Territory, as described in Section 23.9.3(C), as follows:

- (a) If the Customer qualifies for the Portability Incentive as set forth in Sections 23.9.6(A) and 23.9.6(D)(1), and the cumulative "add" access service orders exceed cumulative "disconnect" access service orders during the Term Year, as measured on a quarterly basis, the cumulative adds and the cumulative disconnects will carry over quarter to quarter within a Term Year until the number of cumulative disconnects exceeds the cumulative adds;
- (b) If the Customer qualifies for the Portability Incentive as set forth in Sections 23.9.6(A) and 23.9.6(D)(1), but cumulative "disconnect" access service orders exceed cumulative "add" access service orders during the Term Year, as measured on a quarterly basis, the Customer will be assessed termination liability charges on the number of circuits by which cumulative disconnect orders, where termination liability charges are applicable, exceed cumulative add orders; or
- (c) During the Term Year, if the Customer is assessed termination liability charges as a result of cumulative "disconnects" access service orders exceeding cumulative "add" access service orders in any quarter, as described in 23.9.6(D)(2)(b), above, no cumulative "disconnect" access service orders or cumulative "add" access service orders will carry over to the next quarter within that Term Year.

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.6 WAMS-VIP Offer Incentive Discounts (Cont'd)(D) DS3 Portability Incentive (Cont'd)(2) Quarterly Review of Add and Disconnect Access Service Orders (Cont'd)

Example:

During a given Term Year:

If at the end of the 1st Quarter:

DS3 "adds" = 10

DS3 "disconnects" = 3

Quarter Termination Liability = 0 DS3's  
(DS3 "adds" are greater than DS3 "disconnects")If at the end of the 2nd Quarter:

Cumulative DS3 "adds" = 11 (1st Qtr 10 plus 2nd Qtr 1)

Cumulative DS3 "disconnects" = 12 (1st Qtr 3 plus 2nd Qtr 9)

Quarter Termination Liability = 1 DS3

(Cumulative DS3 "disconnects" are greater than Cumulative DS3 "adds")

Termination Liability assessed based on the last disconnect order provisioned during the 2nd Quarter. The 1st and 2nd Quarter cumulative DS3 "adds" and cumulative DS3 "disconnects" will not accumulate into the 3rd Quarter.

If at the end of the 3rd Quarter:

DS3 "adds" = 2

DS3 "disconnects" = 1

Quarter Termination Liability = 0 DS3's

(DS3 "adds" are greater than DS3 "disconnects")

If at the end of the 4th Quarter:

Cumulative DS3 "adds" = 5 (3rd Qtr 2 plus 4th Qtr 3)

Cumulative DS3 "disconnects" = 3 (3rd Qtr 1 plus 4th Qtr 2)

Quarter Termination Liability = 0 DS3's

(Cumulative DS3 "adds" are greater than Cumulative DS3 "disconnects")

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.7 WAMS-VIP Annual True-Up

(A) An annual true-up calculation is performed after each Term Year ("Annual True-Up") to establish any 4th Quarter Incentive credits, adjustments or other payments that apply for the preceding twelve-month (12) period, as determined by whether:

- (1) The Customer maintained its IDC during that Term Year;
- (2) The Customer earned the IDCC received during the 1st, 2nd and 3rd Quarters of the Term Year ("Applied IDCC"); and
- (3) The Customer qualifies to receive an IDPC.

For the purposes of the Annual True-Up calculations, the Customer's billed, recurring revenue for Qualified Access Services during the Term Year will constitute the Customer's "Achieved Revenue Amount." The IDCC and/or IDPC earned using the Achieved Revenue Amount compared to Table B in Section 23.9.6(B) and Table C in Section 23.9.6(C) will constitute the "Earned IDCC" and "Earned IDPC."

(B) Annual True-Up Calculations(1) IDC Impact - Divested Market(s) :

If the Telephone Company divests or sells any market(s) and if the billed recurring revenues for the Qualified Access Services that are used for the purposes of calculating the IDC are reduced, as a result of the divestiture and/or sale of those market(s), the Telephone Company will recalculate the IDC and IDCC, if requested by the Customer in writing within ninety (90) days of the divestiture and/or sale, according to the following steps below:

Step 1.

Determine the impact on total revenue by calculating the "IDC Impact-Divested Market(s) Percentage." The IDC Impact-Divested Market(s) Percentage is the percent change between the IDC and the Customer's billed recurring revenues for Qualified Access Services that the Telephone Company was required to divest.

Example:

IDC = \$141,600,000  
Revenue divestiture by the Telephone Company  
=\$10,000,000

IDC minus divestiture amount = \$131,600,000

IDC Impact - Divested Market(s) Percentage = 7.07%  
(1-(\$132,000,000/\$141,600,000))

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.7 WAMS-VIP Annual True-Up (Cont'd)(B) Annual True-Up Calculations (Cont'd)(1) IDC Impact - Divested Market(s) : (Cont'd)Step 2:

The current Term Year's IDC will be adjusted by subtracting the dollar amount of the billed recurring revenues for Qualified Access Services that were divested by the Telephone Company. The IDCC for the current Term Year will be adjusted by the IDC Impact-Divested Markets Percentage and prorated from the time of divestiture.

Step 3:

The Telephone Company will recalculate the IDC(s) which remains available to the Customer (Table B) by subtracting the annualized dollar amount of the billed recurring revenues for Qualified Access Service that was divested by the Telephone Company.

Step 4:

The Telephone Company will recalculate the IDCC(s) which remains available to the Customer (Table B) by the ratio of the reduced IDC to the original IDC for each level.

Example:

Reduced IDC = \$131,600,000  
(\$141,600,000 - \$10,000,000)

Reduced IDCC = \$11,802,110  
(\$12,700,000 - (\$12,700,000 x 7.07%))

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.7 WAMS-VIP Annual True-Up (Cont'd)(B) Annual True-Up Calculations (Cont'd)(2) IDCC Annual True-Up:

The Telephone Company will determine whether the Customer's Achieved Revenue Amount meets, exceeds or falls below the IDC.

- (a) If the Customer's Achieved Revenue Amount meets or exceeds the IDC, the Telephone Company will apply the appropriate 4th Quarter IDCC credit. The Customer will receive its 4th Quarter payment, as set forth in Section 23.9.6(B) (1) (a) (iii).
- (b) If the Customer's Achieved Revenue Amount falls below the IDC, the Customer may pay the difference between the Achieved Revenue Amount and the IDC ("Make-Up Payment"). If the Customer has identified an "IDC Negative Impact," as defined in Subsection (c), following, that amount will be subtracted from the Make-up Payment.
  - (i) The Telephone Company will notify the Customer within thirty (30) days of the end of the Term Year of any Make-Up Payment.
  - (ii) The Customer will pay the Make-Up Payment within thirty (30) days after receiving said notification from the Telephone Company.
  - (iii) The Telephone Company will apply the appropriate IDCC for the 4th Quarter of the Term Year within thirty (30) days of receiving the Make-Up Payment. The following Term Year's IDCC will be determined as set forth in Section 23.9.6(B).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.7 WAMS-VIP Annual True-Up (Cont'd)(B) Annual True-Up Calculations (Cont'd)(2) IDCC Annual True-Up: (Cont'd)

(c) The Telephone Company will adjust the Make-up Payment at the Annual True-up, by the amount identified as a "Negative IDC Impact" revenue amount, if the IDC is missed due to the following "Negative IDC Impact" causes:

- (i) If the tariff rates for the billed recurring revenues for the Qualified Access Services that are used for the purposes of calculating the IDC are reduced by a percentage that causes the Customer's billed recurring revenues for such Qualified Access Services to fall below the IDC; and/or
- (ii) If the Customer terminates Qualified Access Service(s) as a result of one or more Excessive Service Outages, as defined in Section 23.9.10(B), and the billed recurring revenues for the Qualified Access Services that are used for the purposes of calculating the IDC are reduced, as a result of the Excessive Service Outage termination, by a percentage that causes the Customer's billed recurring revenues for such Qualified Access Services to fall below the IDC.

(d) If the Customer chooses not to make the Make-Up Payment, in Section 23.9.7(B) (2) (b) (ii), this Contract Offer shall be terminated and termination liability charges will apply, as described in Section 23.9.10(A).

Example of IDCC Annual True-Up:

If the Achieved Revenue Amount for Term Year 3 is \$143,000,000 and the IDC is \$141,600,000, then the IDCC would be \$12,700,000. The IDCC applied for the 4th Quarter would be equal to \$12,700,000 (which is \$3,175,000 X 4) less the Applied IDCC received by the Customer for the Term Year.

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.7 WAMS-VIP Annual True-Up (Cont'd)(B) Annual True-Up Calculations (Cont'd)(3) IDPC Annual True-Up:

The Telephone Company will determine whether the Customer's Achieved Revenue Amount exceeds the IDC.

- (a) If the Achieved Revenue Amount exceeds the IDC, the revenue above the IDC will be used to determine the IDPC Band in Table C based on the IDC Level. The IDPC corresponding to the IDC Level and IDPC Band will be credited as per Section 23.9.6.(C), or
- (b) If the Achieved Revenue Amount does not exceed the IDC or if revenue above the IDC, does not fall within an IDPC Band, as described in (a), above, no IDPC credit will be applied for the Term Year.

Example of IDPC Annual True-Up:

If the Achieved Revenue Amount for Term Year 1 is \$175,000,000 and the IDC is \$141,600,000 (IDC Level 1), the revenue above the IDC would equal \$33,400,000 (\$175,000,000 - \$141,600,000). The IDPC applied in the 4th Quarter would be \$1,400,000 per IDPC Band 1.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.8 WAMS-VIP Offer Merger/Acquisitions(A) Assignment/Successors

- (1) If the Customer wishes to assign or transfer its rights and obligations under this Contract Offer 9 ("Contract Offer Subscription"), the Telephone Company will permit such transfer or assignment if the criteria in NBTC Tariff F.C.C. No. 1, Section 2.1.2(A) are fulfilled, unless the proposed assignee or transferee demonstrates a lack of credit worthiness under any of the criteria in (a), (b) or (c), below, or if the assignee or transferee or its parent has commenced, or had initiated against it, a voluntary receivership or bankruptcy proceeding.
  - (a) Any debt of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than 50% of the equity of the proposed assignee or transferee) are rated below investment grade as defined by the securities and exchange commission; or
  - (b) If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade, and have been placed on review by a rating organization for a possible downgrade; or
  - (c) The proposed assignee or transferee does not have any outstanding securities rated by credit rating agencies (e.g., Standard and Poor's) but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:
    - (i) Fair or below in a composite credit appraisal published by Dun and Bradstreet, or
    - (ii) High risk in a Paydex score as published by Dun and Bradstreet.

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.8 WAMS-VIP Offer Merger/Acquisitions (Cont'd)(A) Assignment/Successors (Cont'd)

(2) The Terms and Conditions of Contract Offer No. 9 shall continue in full force and effect if the Customer merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity (Transfer). After a Transfer, if the other entity also purchases Qualified Access Service(s) from the Telephone Company, either directly or through any affiliates, the Customer shall not include under the Contract Offer Subscription any of the billed, recurring revenue for the Qualified Access Services of the other entity in place as of the date the Transfer is finalized (Transfer Date), except as may be provided below.

Notwithstanding the foregoing, the Customer may choose, at its discretion, one of the options set forth in Subsection Options (i) and (ii), following, within the time period that is between twelve (12) months and twenty-four (24) months after the Transfer Date.

To exercise an Option, the Customer shall send written notice to the Telephone Company, within the time period described above, stating which Option the Customer selects. The date that the Customer sends that written notice shall be the "Option Exercise Date." None of the Options shall alter in any way the terms or conditions of any contract or tariff pursuant to which the other entity obtains Qualified Access Services from the Telephone Company, including, but not limited to, any terms or conditions related to termination.

Option (i): The Customer and the Telephone Company shall recalculate the IDC, IDCC and IDPCs (collectively "Key Numbers") for the period from the Option Exercise Date to the end of the Term Period to allow for the combined billed, recurring revenues for Qualified Access Services of the Customer and the merged or acquiring company to be covered under the Contract Offer Subscription, provided the following conditions are met:

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.8 WAMS-VIP Offer Merger/Acquisitions (Cont'd)(A) Assignment/Successors (Cont'd)

## (2) (Cont'd)

Option (i): (Cont'd)

(1) One hundred percent (100%) of the total combined billed, recurring revenues for Qualified Access Services of the Customer and the other entity must be included in the Contract Offer Subscription;

(2) The IDC will be adjusted according to the following formula:

The IDC will be equal to one hundred percent (100%) of the other entity's billed, recurring revenues for Qualified Access Services for the three (3) months immediately preceding the Option Exercise Date, multiplied by four (4), plus the actual IDC at the time of merger. This shall be the "Combined IDC," and

(3) The IDC and IDCC amounts will be adjusted according to the following formula:

The Option 1 multiplier ("Option 1 Multiplier"), which equals the ratio of the Combined IDC to the Customer's current IDC and IDCC, will be applied to the values of the IDC and IDCC associated with the IDC and IDCC Levels that are still available to the Customer, as defined in Section 23.9.6.

## Example:

IDC = \$141,600,000  
Current IDC Level = 1  
IDCC = \$12,700,000

New Entity Revenue = \$33,400,000  
Combined IDC = \$175,000,000  
(\$141,600,000 plus \$33,400,000)

Option 1 Multiplier = 1.24  
(\$175,000,000/\$141,600,000)  
Combined IDCC = \$15,748,000  
(\$12,700,000 multiplied by 1.24)

(4) The IDPC Bands, IDPC ranges and IDPC amounts will be adjusted using the Option 1 Multiplier.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.8 WAMS-VIP Offer Merger/Acquisitions (Cont'd)(A) Assignment/Successors (Cont'd)

(2) (Cont'd)

Option (i): (Cont'd)

(5) The Customer must have at least thirty-six (36) months remaining in the Term Period under the Contract Offer Subscription, or if less than thirty-six (36) months are remaining in the Term Period under this Contract Offer Subscription, the Term Period shall be automatically extended so that the Terms and Conditions of the Contract Offer No. 9 remain in effect for thirty-six (36) months after the Option Exercise Date; and

(6) The Telephone Company will recalculate the Key Numbers within sixty (60) days of the Option Exercise Date, with no credits being applied to the Customer's bill(s) during this sixty (60) day period. Starting with the remaining quarters, combined Key Numbers will be used to determine applicable IDCC and IDPC credit amounts.

(a) If the Option Exercise Date falls within the 1st, 2nd or 3rd Quarters of the respective Term Year, the initial credit application of any eligible Combined IDCC will occur thirty (30) days after the Key Numbers are determined, or thirty (30) days in arrears of the end of the Quarter, whichever is later; or

(b) If the Option Exercise Date falls within the 4th Quarter of the respective Term Year, the initial credit application of any eligible Combined IDCC and/or Combined IDPC will occur thirty (30) days after the Key Number are determined, or sixty (60) days in arrears of the end of the Quarter, whichever is later.

Option (ii):

The Contract Offer Subscription shall be terminated as set forth within Section 23.9.10(A).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.9 WAMS-VIP Performance - Credits(A) Cell Site Performance

Cell site Performance Improvement Credits may be available to the Customer based on the quality of service delivered during the Term Period, as set forth in Subparagraph (2), following. The credits will be granted in the event that the Telephone Company's Contract Offer No. 9 service performance level objectives for cell site DS1 Qualified Access Services are not met.

For Term Year 1, the Telephone Company will apply a maximum of \$600,000 in special construction credits to improve performance at mutually agreed cell sites that are performing below the DS1 Percentage of 99.9650% Network Availability. The special construction credits will not exceed \$600,000 for the sum of all mutually agreed cell sites in all of the Contract Offers, as described in Section 23.9.3(A). This special construction credit will be available until Term Year 1 Annual True-Up.

- (1) The DS1 Qualified Access Services cell site performance level parameters will be based on DS1 Percentage of Network Availability. The DS1 Percent of Network Availability will be calculated by determining the actual hours that the cell site DS1 circuits are in service during the Term Year compared to the total expected availability, and then aggregating those total hours over the course of a Term Year.

Example:

If a Customer had 100 circuits in service at the end of January and 110 at the end of February, their total hours of expected availability would be (31 days times 100 circuits, times 24 hours) plus (28 days, times 110 circuits, times 24 hours), or 148,320. This would be the denominator of the network availability equation.

The numerator would be the total hours of outage based on measured trouble found tickets reported to the Telephone Company, subtracted from the 148,320. If there were eight (8) reported failures totaling twenty-eight (28) hours of outage time, the resulting availability for those two (2) months will be equal to  $((148,320 - 28) / 148,320)$ , or 99.981 percent.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.9 WAMS-VIP Performance - Credits (Cont'd)(A) Cell Site Performance (Cont'd)

(2) Table D, below, provides cell site service performance targets, based on DS1 Percentage of Network Availability, for each Term Year.

**Table D**

Term Year	% Network Availability
1	99.9650%
2	99.9700%
3	99.9750%
4	99.9850%
5	99.9900%

(3) At the Annual True-Up, if the Telephone Company's annual results fail to meet the performance target for the Term Year, as specified in Table D, above, and the Customer has met the IDC, the Telephone Company will provide credits for products and services as follows:

(i) The Telephone Company will apply one hundred dollars (\$100) in special construction credits for each measured trouble found ticket reported to the Telephone Company during the Term Year for cell site improvements. The special construction credits will be used to improve performance at mutually agreed cell sites that are performing below the DS1 Percentage of Network Availability as specified in Table D, above; and

(ii) The special construction credits will be available for nine (9) months following the Annual True-Up in any Term Year in which the Telephone Company failed to meet the performance target.

Example: Special construction credits can be used to offset the cost of replacing copper with fiber at non-performing cell sites.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.10 Termination

The Customer's subscription to this Contract Offer No. 9 shall terminate if the Customer elects to terminate this Contract Offer No. 9, or if the Customer materially breaches this Contract Offer, or any tariff governing any Qualifying Service provided pursuant to this Contract Offer No. 9, except as expressly provided to the contrary herein.

If the Customer elects to terminate its Contract Offer Subscription during the Term Period, the Customer must provide written notification to the Telephone Company indicating the Customer's intention to terminate its Contract Offer Subscription. This notification must include the date upon which the Customer wishes to terminate its Contract Offer Subscription.

(A) Termination Liability

Termination charges will be calculated as the percentage of all discounts given up to the time of termination as listed in Table E, below.

**Table E:**

<b>Months</b>	<b>Termination Liability %</b>
1 to 12	120%
13 to 24	75%
25 to 36	50%
37 to 48	25%
49 to 60	10%

Example:

The Customer terminates its Contract Offer Subscription after twenty-four (24) months, and the Customer received an IDCC of \$25,400,000 for the previous twenty-four (24) months. The termination liability charges would be:

$\$25,400,000 \times 75\% = \$19,050,000$  termination liability charges.

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.10 Termination (Cont'd)(B) Excessive Service Outage Termination

An Excessive Service Outage occurs when the Customer's, Dedicated SONET Ring Service (DSRS), or any self-healing ring-based Qualified Access Service experiences simultaneous equipment service interruptions of both the working and protection path of the network, and the service interruptions have not been excepted from treatment for a credit allowance under NBTC Tariff F.C.C. No. 1, Section 2.

- (1) An Excessive Service Outage remedy will be available to the Customer if any of the following conditions apply:
  - (a) If, during any consecutive six (6) month period, there are more than two (2) Excessive Service Outages on an individual DSRS;
  - (b) If, during any consecutive twelve (12) month period, there are more than three (3) Excessive Service Outages on an individual DSRS; and/or
  - (c) If Excessive Service Outages reach a cumulative total of twelve (12) hours in any period of thirty (30) consecutive calendar days on an individual DSRS.

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.9 Contract Offer No. 9 - Wireless Advantage Managed Services Value Incentive Plan (WAMS-VIP) Offer (Cont'd)23.9.10 Termination (Cont'd)(B) Excessive Service Outage Termination (Cont'd)

(2) If an Excessive Service Outage occurs, the Customer shall have one of the following Excessive Service Outage remedies. The Customer shall elect one of these remedies within sixty (60) days after the end of the Excessive Service Outage, as defined in Section 23.9.10(B)(1), by providing written notice to the Telephone Company:

- (a) All underlying tariff remedies for the outage will apply for each Excessive Service Outage with no monthly limitations;
- (b) Any failed equipment that is responsible for an Excessive Service Outage will be replaced, at no charge to the Customer, and with no change in the Customer's Term Period; or
- (c) The Customer may terminate its subscription to the DSRS service which incurred the outage(s) without incurring termination liability charges, if applicable, by providing written notice to the Telephone Company. Termination will be effective within two hundred and forty (240) calendar days following delivery of written notice to the Telephone Company.

(N)

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> Material previously contained in this section has been deleted. DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 10 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prodccb/etfs/>, effective December 31, 2007.

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-182.

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-182.

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<sup>(1)</sup> See footnote (1) on page 23-182.

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> Material previously contained in this section has been deleted. DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 11 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prodccb/etfs/>, effective December 31, 2007.

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23. <sup>(1)</sup>

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23. <sup>(1)</sup>

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<sup>(1)</sup> See footnote (1) on page 23-187.

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23. <sup>(1)</sup>

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<sup>(1)</sup> See footnote (1) on page 23-187.

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> Material previously contained in this section has been deleted. DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 12 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prodccb/etfs/>, effective December 31, 2007.

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23. <sup>(1)</sup>

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<sup>(1)</sup> Material previously contained in this section has been deleted. DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 13 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prodccb/etfs/>, effective December 31, 2007.

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23. Pricing Flexibility Contract Offerings23.14 Contract Offer No. 14- Price Flex MARC and Discount Freeze Option

(N)

23.14.1 General Description

Contract Offer No. 14 - The Price Flex MARC and Discount Freeze Option permits the modification of certain contract offers set forth in Nevada Bell Telephone Company (NBTC) Tariff No. 1, Section 23, that contain Minimum Annual Revenue Commitments (MARCs), and were in effect as of December 29, 2006. This Contract Offer is available to Customers that meet the Eligibility Criteria specified below.

This Contract Offer implements the following commitment of the Telephone Company (Special Access Commitment 11):

"Within 14 days of the Merger Closing Date, the AT&T/BellSouth ILECs will give notice to customers of AT&T/BellSouth with interstate pricing flexibility contracts that provide for a MARC that varies over the life of the contract that, within 45 days of such notice, customers may elect to freeze, for the remaining term of such pricing flexibility contract, the MARC in effect as of the Merger Closing Date, provided that the customer also freezes, for the remaining term of such pricing flexibility contract, the contract discount rate (or specified rate if the contract sets forth specific rates rather than discounts off of referenced tariffed rates) in effect as of the Merger Closing Date."

Merger Closing Date, for purposes of this Contract Offer, shall be December 29, 2006.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.14 Contract Offer No. 14 – Price Flex MARC and Discount Freeze Option (Cont'd)23.14.2 Eligibility Criteria

The Customer must meet the following eligibility criteria to subscribe to this Contract Offer:

- (A) As of December 29, 2006, the Customer must have subscribed to one or more pricing flexibility contract offers in NBTC Tariff No. 1, Section 23, and such contract offer(s) must include a MARC that varies over the Term Period(s) of the contract offer(s); and
- (B) Within 45 days after receiving notice from the Telephone Company regarding Special Access Commitment 11, the Customer must have elected to freeze the MARC and discount rate (or specified rate if the contract offer sets forth specific rates rather than discounts from referenced tariff rates) in effect as of December 29, 2006.

23.14.3 Terms and Conditions

- (A) Within thirty (30) days of the effective date of this Contract Offer, the Customer must submit a Letter of Subscription (LOS) to the Telephone Company, which must identify each pricing flexibility contract offer for which the Customer elects to freeze its MARC and discount rate (or specified rate).
- (B) Notwithstanding any provision of any contract offer that provides for a MARC which varies over the Term Period of such Contract Offer, the MARC and discount rate (or specified rate) shall remain fixed for the remainder of the Term Period of such Contract Offer at the levels in effect as of December 29, 2006.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.14 Contract Offer No. 14 – Price Flex MARC and Discount Freeze Option (Cont'd)23.14.3 Terms and Conditions (Cont'd)

- (C) The Telephone Company shall make such billing adjustments as may be necessary to implement Section 23.14.3(B) of this Contract Offer.
- (D) This Contract Offer shall not affect the interpretation or application of any provision of any contract offer that affects the MARC only incidentally or indirectly, such as Merger and Acquisition provisions that require recalculation or adjustment of the MARC to take into account the effects of a merger or acquisition of or by the Customer.
- (E) The Customer shall comply with all terms and conditions applicable to the service subject to this Contract Offer, including those of any underlying contract offer or any otherwise applicable tariff. Any violation of such a contract offer or tariff shall be deemed a violation of this Contract Offer.
- (F) The rates, terms and conditions applicable to the Customer's service shall not be affected by this Contract Offer except as expressly provided.

(N)

(This page filed under Transmittal No. 153 )

## ACCESS SERVICE

23. <sup>(1)</sup>

(D)

<sup>(1)</sup> Material previously contained in this section has been deleted. OC-N PTP and DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 15 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prodccb/etfs/>, effective December 31, 2007.

(This page filed under Transmittal No. 176 )

ACCESS SERVICE

23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-208.

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Four AT&T Plaza, Dallas, Texas 75202

ACCESS SERVICE

23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-208.

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-208.

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23. <sup>(1)</sup>

(D)

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23. <sup>(1)</sup>

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23. <sup>(1)</sup>

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Four AT&T Plaza, Dallas, Texas 75202

## ACCESS SERVICE

23. <sup>(1)</sup>

(D)

<sup>(1)</sup> Material previously contained in this section has been deleted. DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 16 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prodccb/etfs/>, effective December 31, 2007.

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ACCESS SERVICE

23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-215.

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675 W. Peachtree St. NW, Atlanta, GA 30308

ACCESS SERVICE

23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-215.

(This page filed under Transmittal No. 176 )

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675 W. Peachtree St. NW, Atlanta, GA 30308

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-215.

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-215.

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ACCESS SERVICE

23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-215.

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23. <sup>(1)</sup>

(D)

<sup>(1)</sup> See footnote (1) on page 23-215.

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23. <sup>(1)</sup>

(D)

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675 W. Peachtree St. NW, Atlanta, GA 30308

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings23.17 Contract Offer No. 17 - Special Access Bundle Service Offer23.17.1 General Description

Contract Offer No. 17 - Special Access SONET Service Offer (Contract Offer No. 17) is an access discount pricing plan for which concurrent subscription is required to the following Access Tariffs: Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Contract Offer No. 173; Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, Contract Offer No. 17; and Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 148. This Contract Offer No. 17 permits Customers who meet the Eligibility Criteria in Section 23.17.3, and the Terms and Conditions in Section 23.17.4, to purchase Subject Services in Section 23.17.2 at the discounted rates listed in Section 23.17.5. Subject Services under Contract Offer No. 17 are available in the Pricing Flexibility Metropolitan Statistical Areas (MSAs) described in Section 23.17.3 (B).

Contract Offer No. 17 is available for subscription from October 20, 2007 through November 20, 2007. This Contract Offer is not renewable.

23.17.2 Subject Services

(A) This Contract Offer applies to pricing flexibility qualified services (Subject Services) contained in the following tariff section(s):

(1) NBTC Tariff F.C.C. No. 1, Section 7 - Special Access Service - DS3; and

(2) NBTC Tariff F.C.C. No. 1, <sup>(1)</sup> - <sup>(1)</sup> (D)

(B) All Terms and Conditions for the Subject Services listed above are governed by their respective tariff sections, except as noted herein.

<sup>(1)</sup> Material previously contained in this section has been deleted. DSRS services formerly contained in this Contract Offer are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). Contract Offer No. 17 shall remain in effect according to its existing terms and conditions for the duration of the existing term. Customers may refer to the base documents containing the rates, terms and conditions associated with existing contract (i.e., those in place prior to de-tariffing) on the Commissions' website <http://svartifoss2.fcc.gov/prod/ccb/etfs/>, effective December 31, 2007.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.17 Contract Offer No. 17 - Special Access Bundle Service Offer (Cont'd)23.17.3 Eligibility Criteria

The Customer must meet the following Eligibility Criteria to receive Contract Offer No. 17 discounted rates:

- (A) Subject Services must be pricing flexibility qualified access services listed in Section 23.17.2 (A).
- (B) Subject Services must be located in the following MSA: Reno, NV.
- (C) Subject Services must originate or terminate on a wireless carrier's network.
- (D) Concurrent Subscription

The Customer must concurrently subscribe to the following Contract Offers:

- (1) Ameritech Tariff F.C.C. No. 2, Section 22, Contract Offer No. 173; and
- (2) SWBT Tariff F.C.C. No. 73, Section 41, Contract Offer No. 148.

23.17.4 Terms and Conditions(A) Term Period

The contract term (Term Period) shall be eighty-four (84) months, commencing on the date the Telephone Company receives the signed Letter of Subscription (LOS) from the Customer. This Contract Offer is not renewable.

At the expiration of the Term Period, the Customer may choose from the payment plan options described in NBTC Tariff F.C.C. No. 1, Sections 7 and 26. If, at the expiration of the Customer's Contract Term Period, the Customer does not choose to disconnect or to select one of those payment plan options, the Telephone Company shall convert the Subject Services to the prevailing monthly extension rates in NBTC Tariff F.C.C. No. 1, Section 22.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.17 Contract Offer No. 17 - Special Access Bundle Service Offer (Cont'd)23.17.4 Terms and Conditions (Cont'd)(B) General

- (1) Subject Services, as described in Section 23.17.2, are subject to certain rates, charges and general terms and conditions described in NBTC Tariff F.C.C. No. 1, Sections 2, 5, and 13, as applicable. Such terms and conditions may be modified through filing tariff changes at any time during the Term Period; however, such tariff modifications will not change the Terms and Conditions described in the Contract Offer.
- (2) Any Subject Service ordered pursuant to this Contract Offer must be new and/or upgraded from a currently subscribed service provided by the Telephone Company. For purposes of this Contract Offer: (i) "new" shall mean that the Telephone Company was not providing a similar service to the Customer prior to the commencement of the Term Period; and (ii) "upgraded" shall mean that the Telephone Company was previously providing the Customer with DSRS at a bandwidth less than that of the relevant Subject Service.
- (3) All Terms and Conditions for the Subject Services provided under this Contract Offer are governed by the otherwise applicable tariff sections, except as provided herein.
- (4) The Customer may not include Subject Services provided under this Contract Offer in any other contract offer, promotional offering, or other discount plan (e.g., MVP).
- (5) Commingling shall be defined as provided in Section 2.6. Commingling of Subject Services under this Contract Offer is prohibited.
- (6) If the customer discontinues service under Contract Offer No. 17 during the term period, or if the customer fails to comply with any of the terms or conditions of this contract offer or any other applicable tariff provision, termination liability charges shall apply in accordance with Section 23.17.10.

(N)

(This page filed under Transmittal No. 172 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.17 Contract Offer No. 17 - Special Access Bundle Service Offer (Cont'd)23.17.4 Terms and Conditions (Cont'd)(B) General (Cont'd)

- (7) To subscribe to this Contract Offer, the Customer must provide a signed Letter of Subscription (LOS) to the Telephone Company.
- (8) The Customer must purchase one (1) new <sup>(1)</sup> Subject Service within thirty (30) days after subscribing to this Contract Offer.
- (9) DS3 Central Office Multiplexing Subject Services ordered under Contract Offer No. 17 must subtend SONET Subject Services provided by the Telephone Company, and must be ordered in locations where such services are deployed as of the time of the Customer's order.

(C) Service Terms

- (1) Subject Services purchased under this Contract Offer shall be subject to a minimum term commitment (Service Term). For Subject Services purchased during the first twenty-four (24) months of the Term Period, the Service Term shall be co-terminus with this Contract Offer. For Subject Services purchased after the first twenty-four (24) months of this Contract Offer, the Service Term will be sixty (60) months, and upon expiration of the Term Period, such Subject Services will be provided subject to the prevailing sixty (60) month term payment plan rates in Section 22, as applicable to such Subject Services, for the remainder of the Service Term. Upon completion of the Service Term, the Customer may elect to continue the Subject Service at Month-to-Month prevailing tariff rates, subscribe to an otherwise available term payment plan as applicable in Section 22, or disconnect the Subject Service.
- (2) If the Customer disconnects a Subject Service before the completion of the Service Term during the Term Period, or if the Customer fails to comply with the Terms and Conditions of this Contract Offer or with any provision of any other applicable tariff, termination charges shall apply in accordance with Section 23.17.10.

<sup>(1)</sup> See footnote (1) on page 23-223.

(This page filed under Transmittal No. 176 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.17 Contract Offer No. 17 - Special Access Bundle Service Offer (Cont'd)23.17.5 Rates and Charges(A) (1) Rates and Charges

(D)

The Customer must pay the Monthly Recurring Charges (MRCs) listed in Table A, below, for <sup>(1)</sup> Subject Services ordered under this Contract Offer.

(D)

**Table A**

(1)	(1)	(1)
(1)	(1)	(1)
(1)	(1)	(1)
(1)	(1)	(1)
(1)	(1)	(1)
(1)	(1)	(1)
(1)	(1)	(1)
(1)	(1)	(1)
(1)	(1)	(1)

(D)

Any rate element not described herein will be subject to the applicable tariff rates provided in Section 22.

(B) DS3 Rates and Charges

The Customer must pay the Monthly Recurring Charge (MRC) listed in Table B, below, for DS3 Central Office Multiplexing Subject Service ordered under this Contract Offer.

**Table B**

DS3 Rate Element	USOC	MRC
Central Office Multiplexing - DS3 to DS1 - Per Arrangement	MKM/MQ3	\$320.00

Any rate element not described herein will be subject to the applicable tariff rates provided in Section 22.

<sup>(1)</sup> See footnote (1) on page 23-223.

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.17 Contract Offer No. 17 - Special Access Bundle Service Offer (Cont'd)23.17.6 Assignment/Transfer/Successors

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC Tariff F.C.C. No. 1, Section 2.1.2, the Telephone Company will acknowledge such transfer or assignment if the criteria in NBTC Tariff F.C.C. No. 1, Section 2.1.2, are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B) or (C), below, or 2) if the proposed assignee or transferee or its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty (50) percent of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission; or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(B) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g. Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

(1) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or  
(2) "high risk" in a Paydex score as published by Dun and Bradstreet.

(C) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (A) or (B) of this Section 23.17.6 is not available, the Telephone Company shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

(N)

(This page filed under Transmittal No. 172 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.17 Contract Offer No. 17 - Special Access Bundle Service Offer (Cont'd)23.17.7 Mergers and Acquisitions

All provisions of this Contract Offer shall continue in full force and effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all of its stock or assets to any other entity, or purchases all stock or substantially all stock or certain assets of another company (the foregoing generally referred to herein as a merger or acquisition). Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Telephone Company, the Subject Services, as provided for in this Contract Offer, will continue to be maintained at the same volume, rates, Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

23.17.8 Technology Upgrade

If the Telephone Company makes available one or more new special access service offerings capable of substituting for the Subject Services provided under this Contract Offer, and such new offering(s) employ new technology not available from the Telephone Company at the commencement of the Term Period, the Customer will be permitted to enter into a new contract offer or other contract or tariff arrangement to purchase the new service offering from the Telephone Company, in substitution for the Subject Services provided under this Contract Offer, without incurring termination liability under this Contract Offer, provided, however, that the contract offer, other contract or tariff governing the new service includes a term period and billing equal to, or greater than, that of this Contract Offer. The Customer may exercise the upgrade option provided the following additional conditions are met:

- (A) The Customer must meet all eligibility requirements outlined in Section 23.17.3, and Terms and Conditions outlined in Section 23.17.4;
- (B) The Customer must notify the Telephone Company ninety (90) days prior to exercising this option; and
- (C) The Customer will be responsible for all Non-Recurring Charges (NRCs) associated with the upgrade, as well as any Special Construction Charges incurred by the Telephone Company to provision the upgraded service.

(N)

(This page filed under Transmittal No. 172 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.17 Contract Offer No. 17 - Special Access Bundle Service Offer (Cont'd)23.17.9 Detariffing

If, during the Term Period of this Contract Offer, the Telephone Company withdraws, cancels or amends any tariff provisions related to any of the services subject to this Contract Offer as a result of an order of the Federal Communications Commission (FCC) granting approval, in whole or in part, of a petition for forbearance from Title II regulation of any services subject to this Contract Offer, the Telephone Company and the Customer shall cooperate in good faith to assure that the rights and obligations of both parties under this Contract Offer are preserved and continue in full force and effect to the greatest extent practicable and consistent with applicable law.

23.17.10 Termination Liability(A) Contract Term Period

Termination liability, as described below, applies in lieu of the termination liability language in NBTC Tariff F.C.C. No. 1, Sections 7 and <sup>(1)</sup>. If the Customer discontinues services provided under this Contract Offer before the completion of the Term Period for any reason, or if the Customer breaches the terms or conditions of this Contract Offer or of any other applicable tariff provision, the Customer must pay the Telephone Company termination liability charges as described below. These termination liability charges shall become due as of the effective date of the termination of service, and are payable as described below.

The Customer's termination liability charges shall be equal to the MRC, multiplied by the number of months remaining in the Term Period, multiplied by fifty (50) percent.

Example 1: A Customer with a \$100,000 MRC terminates service after thirty-six (36) months, and has forty-eight (48) months remaining on the seven (7) year Term Period. The termination liability would be calculated as:

$$(\$100,000 \times 48 \text{ months}) \times 50\% = \$2,400,000 \text{ termination liability charge}$$

<sup>(1)</sup> See footnote (1) on page 23-223.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.17 Contract Offer No. 17 - Special Access Bundle Service Offer (Cont'd)23.17.10 Termination Liability (Cont'd)(B) Service Term Period

Termination liability, as described below, applies in lieu of the termination liability language in NBTC Tariff F.C.C. No. 1, Sections 7 and <sup>(1)</sup>. If the Customer discontinues any Subject Service provided under this Contract Offer before the completion of the Service Term during the Term Period for any reason, or if the Customer breaches the Terms or Conditions of this Contract Offer or of any other applicable tariff provision, the Customer must pay the Telephone Company termination liability charges as described below. These termination liability charges shall become due as of the effective date of the termination of service, and are payable as described below.

The Customer's termination liability charges shall be equal to the Subject Service MRC, multiplied by the number of months remaining in the Term Period, multiplied by fifty (50) percent.

Example 1: A Customer with a \$10,000 MRC terminates service after thirty-six (36) months, and has forty-eight (48) months remaining on the seven (7) year Term Period. The termination liability would be calculated as:

$$(\$10,000 \times 48 \text{ months}) \times 50\% = \$24,000 \text{ termination liability charge}$$

<sup>(1)</sup> See footnote (1) on page 23-223.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings23.18 Contract Offer No. 18 - DS3 Extension Bundle Service Offer23.18.1 General Description

DS3 Extension Bundle Service Offer is an access discount pricing plan that provides Customers located in the Pricing Flexibility Metropolitan Statistical Areas (MSAs) listed in Section 23.18.2 with a discount on the Monthly Recurring Charges (MRCs) listed in Section 23.18.4. Qualified services listed in Section 23.18.2 must meet the Eligibility Criteria described in Section 23.18.2.

Contract Offer No. 18 is available for subscription from July 31, 2008 to October 31, 2008. This Contract Offer (C) is not renewable.

23.18.2 Eligibility Criteria

- (A) This Contract Offer applies to the following pricing flexibility qualified access services as described in Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1 (Subject Services):

DS3 High Capacity Services - Section 7

- (B) Contract Offer No. 18 is available for Subject Services located in any of the Pricing Flexibility MSAs listed below:

Reno, NV and Non-MSA, NV.

(This page filed under Transmittal No. 188 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.18 Contract Offer No. 18 - DS3 Extension Bundle Service Offer  
(Cont'd)23.18.2 Eligibility Criteria (Cont'd)

- (C) Subject Services must be new installations. Services that were being provided to the Customer by the Telephone Company prior to the Customer's subscription to this Contract Offer are not eligible for this Contract Offer.
- (D) This Contract Offer is available only where facilities exist.
- (E) DS3 Extension Bundles must terminate on a Dedicated SONET Ring Service (DSRS) Ring<sup>1</sup> provided by the Telephone Company.
- (F) This Contract Offer does not apply to DSRS<sup>1</sup> DS3 ports or DS3 services terminated to collocation.

(N)

<sup>1</sup>DSRS services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.18 Contract Offer No. 18 - DS3 Extension Bundle Service Offer  
(Cont'd)23.18.3 Terms and Conditions(A) Service Terms for Subject Services

Subject Services shall be subject to a minimum term commitment (Service Term) of twelve (12), thirty-six (36), or sixty (60) months, as applicable to the billing period selected by the Customer for the relevant Subject Service. The Service Term for each Subject Service shall begin on the billing date of that Subject Service.

Upon expiration of the Service Term, the Subject Service(s) shall be provided under the prevailing monthly extension rates described in Sections 7 and 22, unless the Customer:

- (1) Selects from the billing period options listed in Sections 7 and 22; or
- (2) Disconnects the Subject Service(s).

(B) General Terms and Conditions

- (1) Subject Services provided under this Contract Offer are subject to certain rates, charges, and general terms and conditions described in Sections 2, 5, and 13, as applicable.
- (2) To subscribe to this Contract Offer, Customers must submit a signed LOS to the Telephone Company.
- (3) Within sixty (60) days after submitting its signed LOS, the Customer must submit its access order(s) pursuant to this Contract Offer. The Customer may submit additional access orders to purchase new Subject Services thereafter, provided that all new Subject Services purchased must have an installation completion date on or before December 31, 2008 to be eligible for this Contract Offer. However, Subject Services that are ordered no later than November 30, 2008, but are assigned completion dates beyond December 31, 2008 as a result of Telephone Company reasons, shall be eligible for this Contract Offer. (C)

(This page filed under Transmittal No. 188 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.18 Contract Offer No. 18 - DS3 Extension Bundle Service Offer  
(Cont'd)23.18.3 Terms and Conditions (Cont'd)(B) General Terms and Conditions (Cont'd)

- (4) If the Customer discontinues service under Contract Offer No. 18 during the Service Term, or if the Customer breaches any term or condition of this Contract Offer or any other applicable tariff provision, termination liability charges will apply in accordance with Section 23.18.7.
- (5) This Contract Offer cannot be combined with any other discount, promotional offering or other pricing flexibility contract offer unless explicitly stated in such other discount plan, promotional offering or pricing flexibility contract offer.
- (6) Commingling shall be defined as provided in Section 2.6. Commingling of Subject Services provided under this Contract Offer is prohibited.
- (7) If the Customer requests additional service, features and functions not included in Section 23.18.4, the Customer will pay the tariff rates as contained in Sections 7 and 22, as applicable.

(N)

(This page filed under Transmittal No. 183 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.18 Contract Offer No. 18 - DS3 Extension Bundle Service Offer  
(Cont'd)23.18.4 Rates and Charges(A) Monthly Recurring Charge (MRCs)

The Customer must pay the MRCs, listed below, for new DS3 Extension Bundle Service ordered under this Contract Offer.

Any rate element not described herein will be subject to the applicable tariff rates provided in Sections 7 and 22.

DS3 Service Bundle	USOCs	1 Year Term	3 Year Term	5 Year Term
DS3 Channel Mileage Fixed	1L5XX			
DS3 Channel Mileage Per Mile (1 - 15 Miles only)	1L5XX	\$1100	\$900	\$800
DS3 to DS1 Multiplexer	MQ3			

Generally applicable Non-Recurring Charges (NRCs) shall apply.

(N)

(This page filed under Transmittal No. 183 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.18 Contract Offer No. 18 - DS3 Extension Bundle Service Offer  
(Cont'd)23.18.5 Assignment/Transfer/Successors

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC Tariff F.C.C. No. 1, Section 2.1.2, the Telephone Company will acknowledge such transfer or assignment if the criteria in NBTC Tariff F.C.C. No. 1, Section 2.1.2, are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B), or (C), below, or 2) if the proposed assignee or transferee or its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty (50) percent of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission; or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(B) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g. Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

- (1) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or
- (2) "high risk" in a Paydex score as published by Dun and Bradstreet.

(C) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (A) or (B) of this Section is not available, the Telephone Company shall exercise its reasonable discretion to determine the credit worthiness of the assignee or transferee based on any information available.

(N)

(This page filed under Transmittal No. 183 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.18 Contract Offer No. 18 - DS3 Extension Bundle Service Offer  
(Cont'd)23.18.6 Mergers/Acquisitions

All provisions of this Contract Offer shall continue in full force and effect notwithstanding any merger or acquisition affecting the Customer. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the Customer, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Telephone Company, the Subject Services as provided for in this Contract Offer will continue to be maintained at the same volume, rates, and Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

23.18.7 Termination Liability

Subject Services shall be subject to termination liability as provided in this Contract Offer, in lieu of the termination liability language contained in Section 7 for DS3 Service. If the Customer terminates services before the completion of the Term Period for any reason, or if the Customer breaches any of the Terms or Conditions of this Contract Offer or any other applicable tariff provision, the Customer must pay to the Telephone Company termination liability charges as described below. These charges shall become due as of the effective date of the cancellation or termination, and are payable as described in Section 7. The Customer's termination liability for cancellation of service shall be equal to one hundred (100) percent of all MRCs for the balance of the Service Term applicable to the relevant Subject Service(s).

Example: A Customer with a \$900 DS3 Service Bundle MRC terminates service after two (2) years, and has twelve (12) months remaining in a thirty-six (36) month term plan. The termination liability would be calculated as:

\$900 X 12 = \$10,800 termination liability charge.

(N)

(This page filed under Transmittal No. 183 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.19 Contract Offer No. 19 - Access Service Offer23.19.1 General Description

The Access Service Offer (Contract Offer No. 19) is an access discount plan for which concurrent subscription is required to the following Access Tariffs: Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, Contract Offer No. 19; Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 146; The Southern New England Telephone (SNET) Tariff F.C.C. No. 39, Contract Offer No. 41; and Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 160 (collectively, the "Concurrently Subscribed Contract Offers"). NBTC, PBTC, SNET and SWBT shall be identified herein as the "Qualified Companies."

(N)  
(Nx)

Contract Offer No. 19 requires eligible Customers to maintain a Minimum Annual Revenue Commitment (MARC), as defined in Section 23.19.5, for each Term Year of the Term Period. Contract Offer No. 19 is available to any Customer who commits to a MARC of \$385 million, in the aggregate, under this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers. The MARC consists of recurring revenues from, in the aggregate, all MARC-eligible Services purchased from Nevada Bell Telephone Company ("NBTC" or "Telephone Company") which are eligible for inclusion in the MARC under this Contract Offer No. 19, and the MARC-eligible services as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers described in Section 23.19.3(D).

(N)

MARC-eligible Services provided by the Telephone Company shall include Subject Services, as described in Section 23.19.2(A), and Non-Subject Services, as described in Section 23.19.2(B). Non-Subject Services are not eligible for the discounts and other incentives provided under this Contract Offer No. 19.

Contract Offer No. 19 will be available for subscription only from December 11, 2008 through January 11, 2009. This offer is not renewable.

(N)

(x) Issued under Authority of Special Permission No. 08-025 of F.C.C.

(This page filed under Transmittal No. 192 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.2 MARC-eligible Services

The MARC shall include recurring revenue from, in the aggregate, all MARC-eligible Services purchased from the Telephone Company under this Contract Offer No. 19, and the recurring revenue from MARC-eligible services as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers. MARC-eligible Services include both Subject Services, listed in Table A, below, and Non-Subject Services, listed in Table B, below.

(A) Subject Services

Subject Services are listed in Table A, below. Subject Services are eligible for discounts and other incentives provided under this Contract Offer No. 19.

Table A - Subject Services

<b>Subject Services</b>	
Interstate Special Access	VG, DS0, DS1, DS3, BCS
Interstate Switched Transport	Entrance Facility, Direct Transport
Includes Recurring Charges associated with the products listed, where applicable, for all services located in Pricing Flexibility Metropolitan Statistical Areas (MSAs).	

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.2 MARC-eligible Services (Cont'd)(B) Non-Subject Services

Non-Subject Services are listed in Table B, below. Non-Subject Services shall not be eligible for discounts or other incentives provided under this Contract Offer No. 19.

Table B - Non-Subject Services

<b>Non-Subject Services</b>	
Interstate Special Access	AVS-270 Video Service, OCN PTP, DSRS, MON, GigaMAN, DecaMAN <sup>®</sup> , WaveMAN <sup>SM</sup> , Opt-E-MAN <sup>1</sup>
Interstate Switched Transport	Entrance Facility, Direct Transport
Intrastate Special Access	Equivalent services as Interstate Special Access above if available
Intrastate Switched Access	Equivalent services as Interstate Switched Access above if available.
Includes all Recurring Charges associated with the products listed, where applicable, for all non-pricing flexibility qualified services.	

If additional services are made available under NBTC Tariff F.C.C. No. 1 which were not available as of the effective date of this Contract Offer No. 19, any billed, recurring revenues for such additional services will be included in this Contract Offer No. 19 for the purpose of performing calculations to determine the achievement of the MARC pursuant to this Contract Offer No. 19.

All terms and conditions for the MARC-eligible Services are governed by the respective tariff sections, except as noted in this Contract Offer No. 19.

(N)

<sup>1</sup>AVS-270 Video Service, OCN PTP, DSRS, MON, GigaMAN, DecaMAN<sup>®</sup>, WaveMAN<sup>SM</sup>, and Opt-E-MAN services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.3 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer No. 19:

(A) Contract Offer No. 19 is available for qualified access services located in the Pricing Flexibility MSAs where the Telephone Company has been granted pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22. During the Term Period of this Contract Offer No. 19, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 at the time of subscription, the Customer may, at its option, include Subject Services eligible for the discounts under this Contract Offer No. 19.

(B) The MARC-eligible Services must be located within the "Operating Territory" of the Telephone Company, as described in NBTC Tariff F.C.C. No. 1, Section 17 (Operating Territory).

(C) The Customer must have billed, recurring revenues sufficient to establish a MARC of \$385 million for, in the aggregate, MARC-eligible Services, as defined in Section 23.19.2, and MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers described in Section 23.19.3(D).

(D) Concurrently Subscribed Contract Offers - The Customer must concurrently subscribe to the following Contract Offers:

(N)

- NBTC Tariff F.C.C. No. 1, Contract Offer No. 19;
- PBTC Tariff F.C.C. No. 1, Contract Offer No. 146;
- SWBT Tariff F.C.C. No. 73, Contract Offer No. 160; and
- SNET Tariff F.C.C. No. 39, Contract Offer No. 41.

(Nx)

(Nx)

(x) Issued under Authority of Special Permission No. 08-025 of F.C.C.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.4 Terms and Conditions

The following Terms and Conditions apply to this Contract Offer No. 19:

(A) Subscription

To subscribe to Contract Offer No. 19, the Customer must submit a Letter of Subscription (LOS) to the Telephone Company. The Customer must provide, at the time of subscription, all of the Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in this Contract Offer No. 19 (Eligible ACNAs). Services ordered or purchased under other ACNAs may not be transferred or converted for inclusion under this Contract Offer No. 19, except as described in Section 23.19.4 (O), below.

(B) Term Period

The term of this Contract Offer No. 19 (Term Period) shall be twenty-four (24) months, beginning on the date the Letter of Subscription (LOS) is signed by the last of the Customer and the Telephone Company (Effective Date), subject to extensions as provided in this Section, below. Each twelve (12) month period, beginning on the Effective Date, shall be a Term Year.

The Term Period will automatically be extended by two (2) consecutive one-year extension periods unless the Customer elects to terminate this Contract Offer No. 19, by providing to the Telephone Company written notice of termination of this Contract Offer No. 19, in accordance with the Terms and Conditions of this Contract Offer No. 19, at least sixty (60) days prior to the expiration of the initial twenty-four (24) months of the Term Period, or with respect to the second extension, at least sixty (60) days prior to the expiration of the first extension period. If the Customer fails to provide such notice, the Term Period shall continue until the expiration of the first extension period or the expiration of the second extension period, as applicable.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.4 Terms and Conditions (Cont'd)

- (C) The Customer must establish a \$385 million MARC for, in the aggregate, MARC-eligible Services, as defined in Section 23.19.2, and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers as described in Section 23.19.3(D).
- (D) The Customer agrees to a MARC of \$385 million during each Term Year of this Contract Offer No. 19, subject to Section 23.19.4(L), below. Revenues eligible to be included in the MARC shall be billed recurring charges for, in the aggregate, all MARC-eligible Services, as listed in Section 23.19.2 of this Contract Offer No. 19, and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, as described in Section 23.19.3(D). The Customer's revenues, for purposes of determining the achievement of the MARC, shall specifically exclude non-recurring charges, usage based charges and temporary service charges.
- (E) The Telephone Company will review revenues for MARC-eligible Services and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, within sixty (60) days after the end of each quarter (each three consecutive months beginning with the first, fourth, seventh or tenth month of a Term Year) during the Term Period (Quarterly True-Up Process), as further provided in Section 23.19.6(F), below.
- (F) Credits earned by the Customer under this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers shall be applied as described in Section 23.19.6(A), below, and in the analogous section of the other Concurrently Subscribed Contract Offers.
- (G) Contract Offer No. 19 Credits are in addition to, and do not alter, any existing service discounts/term plans available in the Telephone Company's tariffs.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.4 Terms and Conditions (Cont'd)

(H) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of NBTC Tariff F.C.C. No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Term Period. However, such tariff modifications will not change the Terms and Conditions described in Contract Offer No. 19.

(I) Purchase of Long Distance Voice Services:

During the Term Period of this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers, the Customer must commit to purchase an average of \$90 million in recurring billed revenues for each completed Term Year in a single long distance voice service from an affiliate of the Telephone Company, including, but not limited to, ABN/OneNet<sup>2</sup> measured from the Effective Date of this Contract Offer No. 19 to the end of each Term Year.

If the Customer fails to commit to purchase at least the minimum required quantity of long distance voice services, or its commitment expires or is terminated for reasons other than an uncured material breach by the Telephone Company affiliate, then effective beginning on the first day on which there is no such long distance voice commitment and continuing through the end of the Term Period, including any extensions of the Term Period under Section 23.19.4(B), above, the Telephone Company shall terminate this Contract Offer No. 19 without charging termination liability pursuant to this Contract Offer No. 19.

(N)

<sup>2</sup>ABN/OneNet services are provided on a contractual basis outside of the tariff, including all terms and conditions. Rates, terms and conditions associated with ABN/OneNet services are available at [www.new.serviceguide.att.com](http://www.new.serviceguide.att.com).

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.4 Terms and Conditions (Cont'd)

- (J) This Contract Offer No. 19 is available December 11, 2008 through January 11, 2009.
- (K) Commingling (as defined in NBTC Tariff F.C.C. No. 1, Section 2.6) of Subject Services provided pursuant to this Contract Offer No. 19 is prohibited.
- (L) Additional ACNAs and Service Transfers
  - (1) Services provided to the Customer under ACNAs other than those designated by the Customer, as provided in Section 23.19.4(A) (Eligible ACNAs), may be included in this Contract Offer No. 19, and Customer may transfer any service from such additional ACNAs to Eligible ACNAs, upon 30-day written notice by the Customer, provided that any services so included or transferred qualify as MARC-eligible Services, as defined in Section 23.19.2 of this Contract Offer No. 19.

- (2) If services provided to the Customer under ACNAs other than Eligible ACNAs (Other ACNAs) are included in this Contract Offer No. 19, or if services are transferred from Other ACNAs to Eligible ACNAs, the MARC shall be increased to reflect such inclusion or transfer. The amount by which the MARC is increased shall be equal to the billed monthly recurring charges applicable to the services included in or transferred to this Contract Offer No. 19 (Revenue Transferred In) times: (a) the number of months remaining in the current Term Year, for purposes of determining the MARC for the current Term Year, and/or (b) twelve (12), for purposes of determining the MARC for each Term Year thereafter. Notwithstanding the foregoing, for purposes of determining Monthly MARC Credit and Above MARC Credit, the amount by which the MARC is increased shall be equal to the billed monthly recurring charges for the services included in or transferred to this Contract Offer No. 19 times twelve (12) for all Term Years.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.4 Terms and Conditions (Cont'd)(L) Additional ACNAs and Service Transfers (Cont'd)

- (3) If any services included in or transferred to this Contract Offer No. 19 under Sections 23.19.4(L)(1) and 23.19.4(L)(2) were, immediately prior to such inclusion or transfer, being purchased under a Term Payment Plan (TPP), as provided in the NBTC Tariff F.C.C. No. 1, such services may be converted to any applicable month-to-month rate, term pricing plan or other discount or credit plan in an NBTC Tariff F.C.C. No. 1, effective at the time of such inclusion or transfer. If, as a result of such conversion, termination liability charges apply to the included or transferred services according to the terms and conditions of the NBTC Tariff F.C.C. No. 1, the Telephone Company shall issue credits to the Customer in an amount equal to the applicable termination liability charges. Such credits shall be applied to the Customer's billing for Subject Services under this Contract Offer No. 19.
- (4) At the time any additional services are included in this Contract Offer No. 19 or transferred from Other ACNAs to Eligible ACNAs, the Customer shall be permitted to upgrade such services or to subscribe such services to any applicable term payment plan or other discount pricing or credit plan available in the NBTC Tariff F.C.C. No. 1, if such upgrade or subscription is permitted by the applicable tariff provisions.
- (5) Revenue Transferred In shall be determined according to the monthly recurring charges applicable to the included or transferred services after taking into account the implementation of any upgrade or subscription to any term payment plan or other discount pricing or credit plan under Section 23.19.4(L)(4), above.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.4 Terms and Conditions (Cont'd)(L) Additional ACNAs and Service Transfers (Cont'd)(6) Removal or Transfer Out

If services provided to the Customer under Eligible ACNAs are removed from this Contract Offer No. 19, or if services are transferred from Eligible ACNAs to Other ACNAs, the MARC shall be decreased to reflect such removal or transfer. The amount by which the MARC is decreased shall be equal to the billed monthly recurring charges for the services removed from or transferred out of this Contract Offer No. 19 (Revenue Transferred Out) times either (a) the number of months remaining in the current Term Year, for purposes of determining the MARC for the current Term Year, or (b) twelve (12), for purposes of determining the MARC for each Term Year thereafter. Notwithstanding the foregoing, for purposes of determining Monthly MARC Credit and Above MARC Credit, the amount by which the MARC is decreased shall be equal to the billed monthly recurring charges for the services included in or transferred to this Contract Offer No. 19 times twelve (12) for all Term Years. This Section 23.19.4(L)(6) applies only to Subject Services that were previously transferred to or included in this Contract Offer No. 19 under Sections 23.19.4(L)(1) and 23.19.4(L)(2).

(7) Revenue Transferred Out shall be determined according to the monthly recurring charges applicable to the removed or transferred services during the month prior to such removal or transfer.

(8) The Customer may not include, remove and/or transfer services pursuant to Sections 23.19.4(L)(1), 23.19.4(L)(2) and/or 23.19.4(L)(6) of this Contract Offer No. 19 more frequently than once every six (6) months.

(N)

(This page filed under Transmittal No. 192 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.5 Minimum Annual Revenue Commitment (MARC)(A) MARC Establishment

The Customer must establish a \$385 million MARC for, in the aggregate, (i) MARC-eligible Services purchased from the Telephone Company, as defined in Section 23.19.2, and (ii) MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, as described in Section 23.19.3(D). Except as otherwise provided in this Contract Offer No. 19, the Customer must comply with the \$385 million MARC during each Term Year of this Contract Offer No. 19.

(B) MARC Achievement Calculations

Achievement of the MARC shall be determined according to the recurring revenue attributable to (i) MARC-eligible Services (defined in Section 23.19.2), as billed by the Telephone Company, plus any applicable True-up Amounts, as provided in Section 23.19.6(F); and (ii) MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, plus any applicable True-up Amounts provided for therein. Recurring revenue from MARC-eligible Services shall include MARC-eligible Services purchased by the Customer, both as of the Effective Date and subsequently during the Term Period. To be included in the MARC Achievement Calculations, all recurring revenue must be billed under the MARC-eligible ACNAs, as defined in Sections 23.19.4(A) and 23.19.4(L).

(C) Failure to Achieve the MARC

If the Customer fails to achieve the MARC as determined in the Quarterly True-up Process, the Telephone Company shall apply a True-up Amount to the Customer's bills for Subject Services, as provided in Section 23.19.6(F).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits(A) Monthly Credits

For each month of the Term Period, the Customer may be eligible for the following types of credits under this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers (collectively "Monthly Credits"), as further provided below:

Monthly MARC Credit;  
Above MARC Credit; and  
Non-Recurring Charges (NRCs) Credit.

The aggregate amounts of Monthly MARC Credits and Above MARC Credits under this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers shall be as provided in Table C. The Monthly Credits shall be divided among this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers in proportion to the billing incurred for the MARC-eligible Services under this Contract Offer No. 19 and the MARC-eligible services in each of the other Concurrently Subscribed Contract Offers. The Telephone Company will post Monthly Credits, if applicable, so attributed to this Contract Offer No. 19 to the Customer's invoices for Subject Services, beginning with the first full month following the Effective Date. The Telephone Company shall post Credits sixty (60) days in arrears. Credits shall not be posted if the Customer is in material breach of this Contract Offer No. 19, or in material breach of the terms and conditions governing the Subject Services, including, without limitation, failure to pay any undisputed amount due for Subject Services, until such breach is cured or payment for undisputed amounts is made by Customer.

Table C:

Term Year	Monthly MARC Credit (shown as % of Monthly MARC)	Above MARC Credit
Year 1	10.0%	16.0%
Year 2	10.5%	16.0%
Extension Year 1	11.0%	16.0%
Extension Year 2	12.0%	16.0%

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(B) Monthly MARC Credit

The Telephone Company shall post the portion of a Monthly MARC Credit so attributed to this Contract Offer No. 19 to the Customer's monthly invoices for Subject Services, for each month in which the Customer's aggregate revenue for MARC-eligible Services under this Contract Offer No. 19 and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, meets or exceeds one-twelfth of the MARC (Monthly MARC). The Monthly MARC Credit, in the aggregate, shall be equal to the percentage set forth in Table C for the applicable Term Year times the Monthly MARC, and then proportionately applied among this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers, as described in Section 23.19.6(A).

(C) Above MARC Credit

The Telephone Company shall post the portion of an Above MARC Credit so attributed to this Contract Offer No. 19 to the Customer's monthly invoices for Subject Services, for each month in which the Customer's aggregate revenue for MARC-eligible Services under this Contract Offer No. 19 and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, exceeds the Monthly MARC. The Above MARC Credit, in the aggregate, shall be equal to the percentage set forth in Table C for the applicable Term Year times the amount, if any, by which the Customer's recurring aggregate revenues for MARC-eligible Services under this Contract Offer No. 19 and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, exceed the Monthly MARC, and then proportionately applied among this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers, as described in Section 23.19.6(A).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(D) Above MARC Credit Review

Upon completion of each Term Year, the Telephone Company shall review the Customer's total recurring revenues for MARC-eligible Services under this Contract Offer No. 19 and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, and total Above MARC Credits applied during that Term Year under this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers, and shall issue credits or debits as necessary for the purpose of adjusting the total Above MARC Credits issued for the Term Year to the amount that would have been issued had Above MARC Credits been issued in a lump sum for the entire Term Year. Such adjustments shall be performed as follows: (i) if the total Above MARC Credits issued during the Term Year are less than the product of the total recurring revenue for MARC-eligible Services under this Contract Offer No. 19 and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, during the Term Year (not including any applicable True-up Amount or True-up Refund, as provided in Section 23.19.6(F), below) times the applicable percentage listed in Table C (Earned MARC Credits), the Qualified Companies shall issue additional Above MARC Credits which, in the aggregate, equal to the difference between the Earned MARC Credits and the total Above MARC Credits previously issued for that Term Year; and (ii) if the total Above MARC Credits issued for that Term Year are greater than the Earned MARC Credits, the Qualified Companies shall issue a debit(s) to the Customer which, in the aggregate, equals the amount of the difference.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(E) (E) Non-Recurring Charges (NRCs) Waiver or Credit

The Telephone Company shall waive all non-recurring charges (NRCs) associated with the initial installation of Subject Services for which the Application Date (App Date) of the applicable Access Service Request (ASR) is during the Term Period. In addition, the Telephone Company shall issue credits to the Customer in the amount of all NRCs associated with the initial installation of Non-Subject Services for which the App Date of the applicable ASR is during the Term Period. Relevant NRCs for Non-Subject Services shall initially be billed as incurred. The Telephone Company will issue credits to the Customer in arrears, on a quarterly basis, in the amount equal to the total of such NRCs charged to the Customer during the relevant quarter. Waiver of, and credits for, NRCs are subject to the following conditions:

- (1) To be eligible for waiver or credits, each relevant ASR must relate to a service ordered subject to a Term Pricing Plan (TPP) of three (3) years or longer;
- (2) Any Subject Service for which NRCs are waived or credited must remain in service for the duration of the applicable TPP, and the Customer must comply with all terms and conditions of the applicable TPP. Previously waived or credited NRCs, if any, shall be retroactively billed to the Customer if Subject Services are terminated prior to completion of the applicable TPP during the Term Period, or if the Customer fails to comply with the terms and conditions of the applicable TPP during the Term Period; and
- (3) NRCs associated with expedited orders, special construction, additional labor charges, subsequent changes and moves shall not be eligible for waiver.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(F) Quarterly True-up Process

(1) The Qualified Companies shall perform true-up calculations following each quarter of each Term Year of this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers (Quarterly True-up Process). To perform such calculations, the Qualified Companies shall determine the Customer's total recurring revenue for MARC-eligible Services under this Contract Offer No. 19 and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, for the completed quarters of the Term Year (Year-to-Date Revenue), and shall compare that amount to the year-to-date pro-rated MARC, which shall be defined as the product of one-fourth of the MARC times the number of quarters included in each Quarterly True-up Process (the Year-to-Date MARC). The first quarter of the first Term Year of this Contract Offer No. 19 will begin on the first day of the first full month of the Term Period. Subsequent quarters will begin every three months thereafter, for the remainder of the Term Period.

(N)

(This page filed under Transmittal No. 192 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(F) Quarterly True-up Process (Cont'd)

(2) If, based on the Quarterly True-up Process, the Year-to-Date Revenue is greater than or equal to the Year-to-Date MARC, the Qualified Companies will issue, in the aggregate: (i) a Monthly MARC Credit(s) for any month during the most recent quarter for which a Monthly MARC Credit was not previously issued, and (ii) an Above MARC Credit(s) for any portion of the difference between the Year-to-Date Revenue and the Year-to-Date MARC for which no Above MARC Credit was previously issued. Credits to be issued as a result of the Quarterly True-up Process shall be subject to any applicable True-up Amount, as provided in Section 23.19.6(F)(4), below. If, based on the Quarterly True-up Process, the Year-to-Date Revenue is less than the Year-to-Date MARC, the Qualified Companies will issue a debit(s) to the Customer equal to the difference between Year-to-Date Revenue and the Year-to-Date MARC (True-up Amount). The True-up Amount shall be subtracted from the amount of any Credits for which the Customer qualifies as a result of the Monthly True-up Process. If the True-up Amount is less than the amount of such Credits, the Qualified Companies will issue a credit which will, in the aggregate, equal the amount of the difference to the Customer. If the True-up Amount is greater than the amount of such Credits, the Qualified Companies will issue a debit(s) which will, in the aggregate, equal the amount of the difference to the Customer. True-up Amounts will subsequently be included as recurring revenue for MARC-eligible Services under this Contract Offer No. 19 and the MARC-eligible services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, for purposes of performing MARC Achievement Calculations and the Quarterly True-up Process.

(N)

(This page filed under Transmittal No. 192 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(F) Quarterly True-up Process (Cont'd)

(3) If, upon the fourth Quarterly True-up Process of any Term Year, the Customer's Year-to-Date Revenue (including True-up Amounts) exceeds the MARC, and the Customer has been subject to True-up Amounts during that Term Year, the Qualified Companies will issue a credit(s) to the Customer which, in the aggregate, equals the amount by which Year-to-Date Revenue exceeds the MARC (True-up Refund), provided, however, that the True-up Refund may not exceed the total True-up Amounts to which the Customer was subject during that Term Year.

(4) The Qualified Companies will apply any credits or debits resulting from the Monthly True-up Process to the Customer's invoices for Subject Services under this Contract Offer No. 19 and the subject services, as defined and provided in, and purchased under, the other Concurrently Subscribed Contract Offers, beginning with the first quarter following the Effective Date. Such credits shall be applied sixty (60) days in arrears, following the end of each quarter. Credits shall not be issued if the Customer is in material breach of this Contract Offer No. 19, including, without limitation, failure to pay any undisputed amount due for Subject Services, until such breach is cured or payment for undisputed amounts is made by Customer.

(N)

(This page filed under Transmittal No. 192 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(F) Quarterly True-up Process (Cont'd)Example of First Quarter Term Year 1 True-up:

The MARC for Year 1 is \$385 million, and the Year-to-Date Revenue for the First Quarter is \$95 million. Assume the Customer received Monthly MARC Credits under this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers for two (2) months during the First Quarter of the Term Year. In this example, the Customer would be subject to a True-up Amount of \$1.25 million. The Qualified Companies would issue a net credit(s), in the aggregate, equal to \$1,958,333 to the Customer (one month's Monthly MARC Credit, less \$1.25 million), as shown in Table D, below.

Table D:

First Quarter Year-to-Date MARC (\$385,000,000 ÷ 4)	\$96,250,000
Recurring Revenue for MARC-eligible Services and MARC-eligible Services (combined) for the First Quarter of the Term Year	\$95,000,000
True-up Amount for the First Quarter	\$1,250,000
Monthly MARC Credits Issued During the First Quarter	\$6,416,667
Additional Monthly MARC Credit to be Issued as a Result of Quarterly True-up Process	\$3,208,333
Above MARC Credit	\$0
Net Credits to be Issued	\$1,958,333

(N)

(This page filed under Transmittal No. 192 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(F) Quarterly True-up Process (Cont'd)Example of the Second Quarter Term Year 1 True-up:

The MARC for Year 1 is \$385 million, and the Year-to-Date Revenue for the first two quarters is \$191 million. Assume that the Customer was subject to a True-up Amount of \$1.25 million for the First Quarter and received Monthly MARC Credits for four (4) months of the Term Year (either on a monthly basis or as a result of the Quarterly True-up Process). In this example, the Customer would be subject to a True-up Amount of \$250,000 for the Second Quarter. The Qualified Companies would issue a net credit(s), in the aggregate, equal to \$6,166,666 to the Customer (two months' Monthly MARC Credits, less \$250,000), as shown in Table E, below.

Table E:

Second Quarter Year-to-Date MARC (( $\$385M \div 4$ ) $\times 2$ )	\$192,500,000
Year-to-Date Revenue for the First and Second Quarters of the Term Year (Not Including Previous First Quarter True-up Amount)	\$191,000,000
True-up Amount Applied for First Quarter	\$1,250,000
Additional True-up Amount for Second Quarter	\$250,000
Additional Monthly MARC Credits to be Applied as a Result of Quarterly True-Up Process	\$6,416,666
Above MARC Discount	\$0
Net Credits to be Issued	\$6,166,666

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(F) Quarterly True-up Process (Cont'd)Example of the Third Quarter Term Year 1 True-up:

The MARC for Year 1 is \$385 million, and the Year-to-Date Revenue during the first three (3) quarters is \$290 million. Assume that the Customer was subject to True-up Amounts totaling \$1.5 million for the First and Second Quarters, and received Monthly MARC Credits for eight (8) months of the Term Year (either on a monthly basis or as a result of the Quarterly True-up Process). In this example, the Customer is not subject to any True-up Amount. The Qualified Companies would issue a credit(s), in the aggregate, equal to \$3,408,333 to the Customer (\$3,208,333 in Monthly MARC Credits, plus \$200,000 in Above MARC Credit), as shown in Table F, below:

Table F:

Third Quarter Year-to-Date MARC (( $\$385M \div 4$ ) $\times 3$ )	\$288,750,000
Year-to-Date Revenue for the First, Second and Third Quarters of the Term Year	\$290,000,000
Additional Monthly MARC Credits to be Applied as a Result of Quarterly True-Up Process	\$3,208,333
Above MARC Discount	\$200,000
Net Credits to be Issued	\$3,408,333

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.6 Discounts and Other Credits (Cont'd)(F) Quarterly True-up Process (Cont'd)Example of the Fourth Quarter Term Year 1 True-up:

The MARC for Year 1 is \$385 million, and the Year-to-Date Revenue during the first four (4) quarters is \$375 million. Assume that the Customer was subject to True-up Amounts totaling \$1.5 million for the First and Second Quarters, and received Monthly MARC Credits for ten (10) months of the Term Year (either on a monthly basis or as a result of the Quarterly True-up Process). In this example, the Customer would be subject to a True-up Amount of \$8.7 million (includes the Above the MARC Discount applied in the Third Quarter.) The Customer would owe the Qualified Companies \$2,283,334 (two month's Monthly MARC Credit, less \$8.7 million), as shown in Table G, below:

Table G:

Fourth Quarter Year-to-Date MARC (( $\$385M \div 4$ ) $\times 4$ )	\$385,000,000
Year-to-Date Revenue for the First, Second, Third and Fourth Quarters of the Term Year (Not Including Previous First and Second Quarters True-up Amount)	\$375,000,000
True-up Amount Applied for First and Second Quarters	\$1,500,000
Additional True-up Amount for Fourth Quarter	\$8,700,000
Above the MARC Discount Applied for Third Quarter	\$200,000
Additional Monthly MARC Credits to be Applied as a Result of Quarterly True-Up Process	\$6,416,666
Above MARC Discount	\$0
Net True-up Amount	\$2,283,334

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.7 Assignment/Transfer/Successors

Neither party shall assign or otherwise transfer this Contract Offer No. 19 or its rights or obligations hereunder to any person or entity without the prior written consent of the other party, which shall not be unreasonably withheld or delayed, provided, however, that either party shall have the right, without the consent of but with notice to the other party, to assign or otherwise transfer this Contract Offer No. 19 to any person or entity that controls, is under the control of, or is under common control with the assigning party. Further, the Telephone Company may also, without Customer's consent, assign its rights and obligations under this Contract Offer No. 19 to an affiliate, or subcontract to an affiliate or a third party, work to be performed under this Contract Offer No. 19. Any such assignment or other transfer shall be subject to the other party's rights under this Contract Offer No. 19, and any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer No. 19, and the assignor or transferor will remain financially responsible for the performance of this Contract Offer No. 19 and/or its obligations hereunder. Any assignment or other transfer of this Contract Offer No. 19 or the rights or obligations hereunder, or any attempt to do either, in violation of this provision shall be void.

23.19.8 Mergers/Acquisitions

All provisions of this Contract Offer No. 19 shall continue in full force and in effect notwithstanding any merger or acquisition affecting a party. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the party, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of a merger or acquisition, if another entity involved in the merger or acquisition purchases any service from any Telephone Company entity, such service shall not be included in this Contract Offer No. 19 for any purpose. The "Transaction Close Date" shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.9 Termination(A) Rate Reduction

If, during the Term Period, the Tariff and/or Guidebook MRCs applicable to Subject and Non-Subject Services, as listed in this Section, below, and to the subject and non-subject services as listed in the analogous section of the other Concurrently Subscribed Contract Offers, are reduced by a cumulative total of thirty (30) percent, as compared to the rates applicable to Subject and Non-Subject Services and those subject and non-subject services on the Effective Date, as defined in Section 23.19.4(B) (Initial Rates), either party may terminate this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers without incurring any termination liability charge that would otherwise be due under this Contract Offer No. 19, upon 60-day advance written notice to the other party. Such option to terminate shall be exercisable to this Contract Offer No. 19 and the other Concurrently Subscribed Contract Offers as a package; neither party can terminate less than all of them. To determine whether such a rate reduction has occurred, the Qualified Companies will take the following steps.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.9 Termination (Cont'd)(A) Rate Reduction (Cont'd)

Within sixty (60) days after the Effective Date of this Contract Offer No. 19, the Qualified Companies will perform an analysis of the Initial Rates (Initial Rate Analysis). The Initial Rate Analysis will be based on the actual quantities of the rate elements, below, and the actual quantities of those rate elements listed in the analogous section of the other Concurrently Subscribed Contract Offers, in each case being purchased by the Customer as of the Effective Date:

1. DS-1: Channel Terminations ("CT"), Channel Mileage ("CM") fixed and CM per mile;
2. DS-3: CT, CM fixed, CM per mile and Multiplexing (MUX);
3. SONET Dedicated Ring Service: Central Office and Customer Premises Nodes, Add/Drop Capability, Ports, Mileage, Optical to Electrical DS1 Add/Drop Capability and Regenerators; and
4. Optical Carrier Network Point-to-Point (OCN PTP) Services: Local Distribution Channel, Interoffice Transport, Collocation Transport, Add/Drop Function, Add/Drop Multiplexing, Protection and Regenerators.

Example: DS-1 Initial Rate Analysis

Product Category/ Description	State	Zone	Term	Rate	Units	Total
DS1 - Channel Termination (CT)	NV		36	\$25.00	4,000	\$100,000
DS1 - Channel Mileage (CM-Fixed)				\$21.00	1,600	\$33,600
DS1 - Channel Mileage CM-Per Mile)				\$16.40	1,000	\$16,400
DS1 Total					6,600	\$150,000

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.19 Contract Offer No. 19 - Access Service Offer (Cont'd)23.19.9 Termination (Cont'd)(A) Rate Reduction (Cont'd)

During the Term Period, the Customer may request an analysis of the rates applicable to rate elements listed in Section 23.19.9(A) and those rate elements listed in the analogous section of the other Concurrently Subscribed Contract Offers, as of the end of any Term Year. To request such an analysis, the Customer must provide the Qualified Companies with written notice within sixty (60) days after the end of the Term Year to which the request applies. Following such a request, the Qualified Companies shall perform an analysis of the rates applicable to the rate elements listed in Section 23.19.9(A) and to those rate elements listed in the analogous section of the other Concurrently Subscribed Contract Offers, using the same rate elements and quantities as were evaluated in the analysis of the Initial Rates (EOY Rate Analysis). The Initial Rate Analysis will be compared with the EOY Rate Analysis to determine the change, if any, in the rates applicable to Subject and Non-Subject Services.

Example: Comparison of Initial Rate Analysis and EOY Rate Analysis

Product Category	Units	Initial Tariff Rates	EOY Tariff Rates	% Rate Change
DS1	6600	\$150,000	\$122,000	
DS3	2000	\$ 90,000	\$ 70,000	
SONET	1000	\$300,000	\$200,000	
Total	9600	\$540,000	\$392,000	27%

27% = (1- (\$392,000/\$540,000))

(N)

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## ACCESS SERVICE

## 23. Pricing Flexibility Contract Offerings (N)

## 23.20 Contract Offer No. 20 - DS3 IOF Transport Bundle Service Offer

## 23.20.1 General Description

DS3 Inter-Office Facility (IOF) Transport Bundle Service Offer is an access discount pricing plan that provides discounts on Monthly Recurring Charges (MRCs) for certain services located in the Pricing Flexibility Metropolitan Statistical Areas (MSAs) listed in Section 23.20.2. Qualified services are listed in Section 23.20.2 and must meet the Eligibility Criteria described in Section 23.20.2. Contract Offer No. 20 is available for subscription from March 3, 2009 to May 31, 2009. This Contract Offer is not renewable.

## 23.20.2 Eligibility Criteria

- (A) This Contract Offer applies to DS3 High Capacity Services, as described in Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, Section 7 (Subject Services).
- (B) Contract Offer No. 20 applies to Subject Services located in any of the Pricing Flexibility MSAs:  
Reno, NV and Non-MSA, NV.
- (C) Subject Services must be new installations. Services that were being provided to the Customer by the Telephone Company prior to the Customer's subscription to this Contract Offer are not eligible for this Contract Offer.
- (D) This Contract Offer is available only where facilities exist.
- (E) Subject Services must originate from a Dedicated SONET Ring Service (DSRS) Ring, or OCN Point-to-Point Service, provided by the Telephone Company, and terminate at either a 3:1 multiplexer in an AT&T Central Office or a DS3 LDC Service Channel at an End User location.

(N)

(This page filed under Transmittal No. 196 )

## ACCESS SERVICE

## 23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.20 Contract Offer No. 20 - DS3 IOF Transport Bundle Service Offer  
(Cont'd)

## 23.20.2 Eligibility Criteria (Cont'd)

(F) This Contract Offer does not apply to DSRS DS3 ports or DS3 services terminated to collocation.<sup>1</sup>

## 23.20.3 Terms and Conditions

(A) The Customer shall purchase each Subject Service under a Term Pricing Plan (TPP) (as provided in NBTC Tariff F.C.C. No. 1, Sections 7 and 22) with a term commitment of twelve (12), thirty-six (36), or sixty (60) months (Service Term), to be selected by the Customer. The Service Term for each Subject Service shall begin on the date billing begins for that Subject Service. Upon expiration of the Service Term, the Subject Service(s) shall be provided under the applicable month-to-month rates described in Sections 7 and 22, unless the Customer:

- (1) Selects from the TPP options listed in Sections 7 and 22; or
- (2) Disconnects the Subject Service(s).

## (B) General Terms and Conditions

- (1) Subject Services provided under this Contract Offer are subject to certain rates, charges, and general terms and conditions described in Sections 2, 5, and 13, as applicable.
- (2) To subscribe to this Contract Offer, Customers must submit a signed Letter of Subscription (LOS) to the Telephone Company.

<sup>1</sup> DSRS services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

23.20 Contract Offer No. 20 - DS3 IOF Transport Bundle Service Offer (Cont'd)

## 23.20.3 Terms and Conditions (Cont'd)

## (A) General Terms and Conditions (Cont'd)

- (3) Within sixty (60) days after submitting its signed LOS, the Customer must submit access order(s) pursuant to this Contract Offer and may submit additional access orders to purchase additional Subject Services thereafter, provided, however, that all Subject Services must have an installation completion date on or before Augst 31, 2009. Notwithstanding the foregoing, Subject Services that are ordered no later than July 31, 2009, but are assigned completion dates beyond August 31, 2009, as a result of Telephone Company reasons, shall be eligible for this Contract Offer.
- (4) If the Customer discontinues service under Contract Offer No. 20 during the Service Term, or if the Customer breaches any of the Terms and Conditions of this Contract Offer or any other applicable tariff provision, termination liability charges will apply in accordance with Section 23.20.7.
- (5) This Contract Offer cannot be combined with any other discount, promotional offering or other pricing flexibility contract offer unless explicitly stated in such other discount plan, promotional offering or pricing flexibility contract offer.
- (6) Commingling shall be defined as provided in Section 2.6. Commingling of Subject Services provided under this Contract Offer is prohibited.
- (7) If the Customer requests additional service, features and functions not included in Section 23.20.4, the Customer will pay the tariff rates as contained in Sections 7 and 22, as applicable.

(N)

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## 23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.20 Contract Offer No. 20 - DS3 IOF Transport Bundle Service Offer (Cont'd)

## 23.20.4 Rates and Charges

## (A) Monthly Recurring Charges (MRCs)

The Customer must pay the MRCs, listed below, for new DS3 IOF Transport Bundle Service ordered under this Contract Offer. Any rate element not described herein will be subject to the applicable tariff rates provided in Sections 7 and 22.

Generally applicable Non-Recurring Charges (NRCs) shall apply.

## DS3 IOF Transport Bundle USOCs

Elements	USOCs	1 Year Term	3 Year Term	5 Year Term
DS3 IOF Channel Mileage (Fixed and Per Mile) with 1 - 15 IOF miles	1L5XX	\$650	\$450	\$350
DS3 IOF Channel Mileage (Fixed and Per Mile) with 16 - 25 IOF miles	1L5XX	\$800	\$600	\$500

## 23.20.5 Assignment/Transfer/Successors

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC Tariff F.C.C. No. 1, Section 2.1.2, the Telephone Company will acknowledge such transfer or assignment if the criteria in NBTC Tariff F.C.C. No. 1, Section 2.1.2, are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B), or (C), below, or 2) if the proposed assignee or transferee or its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(N)

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## ACCESS SERVICE

## 23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.20 Contract Offer No. 20 - DS3 IOF Transport Bundle Service Offer  
(Cont'd)

## 23.20.5 Assignment/Transfer/Successors (Cont'd)

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty (50) percent of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission; or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(B) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g. Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

- (1) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or
- (2) "high risk" in a Paydex score as published by Dun and Bradstreet.

(C) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (A) or (B) of this Section is not available, the Telephone Company shall exercise its reasonable discretion to determine the credit worthiness of the assignee or transferee based on any information available.

(N)

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## 23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.20 Contract Offer No. 20 - DS3 IOF Transport Bundle Service Offer  
(Cont'd)

## 23.20.6 Mergers/Acquisitions

All provisions of this Contract Offer shall continue in full force and effect notwithstanding any merger or acquisition affecting the Customer. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the Customer, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Telephone Company, the Subject Services, as provided for in this Contract Offer, will continue to be maintained at the same volume, rates, and Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

(N)

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(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

23.20 Contract Offer No. 20 - DS3 IOF Transport Bundle Service Offer  
(Cont'd)

## 23.20.7 Termination Liability

Subject Services shall be subject to termination liability, as provided in this Contract Offer, in lieu of the termination liability language contained in Section 7 for DS3 Service. If the Customer terminates services before the completion of the Term Period for any reason, or if the Customer breaches any of the Terms and Conditions of this Contract Offer or any other applicable tariff provision, the Customer must pay to the Telephone Company termination liability charges as described below. These charges shall become due as of the effective date of the cancellation or termination, and are payable as described in Section 7. The Customer's termination liability for cancellation of service shall be equal to fifty (50) percent of all MRCs for the balance of the Service Term applicable to the relevant Subject Service(s).

Example: A Customer with a \$600 DS3 IOF Transport Bundle MRC terminates service after two (2) years, and has twelve (12) months remaining in a thirty-six (36) month term plan. The termination liability would be calculated as:

\$600 X 12 X 50% = \$3,600 termination liability charge.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.21 Contract Offer No. 21 - Access Service Offer

(N)

(Nx)

23.21.1 General Description

The Special Access Service Offer (Contract Offer No. 21) is a plan for which concurrent subscription is required to this Contract Offer and the following additional contract offers: The Southern New England Telephone Company (SNET) Tariff F.C.C. No. 39, Contract Offer No. 43; Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 149; Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Contract Offer No. 185; Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 162; and BellSouth Telecommunications, Inc. (BellSouth) Tariff F.C.C. No. 1, Contract Offer No. 62 (the "Concurrently Subscribed Contract Offers"). NBTC, PBTC, SNET, SWBT, Ameritech, and BellSouth are identified herein as the "Qualified Companies."

(Nx)

(N)

Contract Offer No. 21 requires eligible customers to satisfy a Minimum Annual Revenue Commitment (MARC), applicable collectively to all of the Concurrently Subscribed Contract Offers, during each Term Year of the Contract Term. Revenue included in the MARC consists of recurring revenue from all MARC-Eligible Services (as defined in Section 23.21.2 of this Contract Offer) and from MARC-eligible services provided under the other Concurrently Subscribed Contract Offers.

Contract Offer No. 21 will be available for subscription only from March 25, 2009 through April 25, 2009. This Contract Offer is not renewable.

(N)

(x) Issued under the authority of Special Permission No. 09-004 of the F.C.C.

(This page filed under Transmittal No. 198 )

(N)

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.21 Contract Offer No. 21 - Access Service Offer (Cont'd)23.21.2 MARC-Eligible Services

Revenue included in the MARC under this Contract Offer includes all recurring revenue from all MARC-Eligible Services purchased from the Telephone Company under this Contract Offer. MARC-Eligible Services include both Subject Services, listed in Table A, below, and Non-Subject Services, listed in Table B, below. Revenue included in the MARC also includes MARC-eligible services provided pursuant to the other Concurrently Subscribed Contract Offers.

(A) Subject Services

Subject Services are listed in Table A, below. Subject Services are eligible for discounts and other incentives provided under this Contract Offer.

All rates, terms and conditions for Subject Services are governed by the applicable tariff sections, except as noted in this Contract Offer.

Table A - Subject Services

Service Type	Service
Interstate Special Access	Voice Grade
	DS0
	DS1
	DS3
	Switched Access Transport (excluding such service provided by BellSouth Telecommunications, Inc.)
	SONET Xpress
	Shared Transport Network (STN)
	Relianet
	Broadband Circuit Service (BCS)
	SNET SONET Network Service (SSNS)
	Lightgate Services (DS3)
	SMARTGate
	SMARTPath DS1 and DS3
Intrastate Special Access	Equivalent services provided as Interstate Special Access above, subject to the terms and conditions of this Contract Offer

(N)

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(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.21 Contract Offer No. 21 - Access Service Offer (Cont'd)23.21.2 MARC-Eligible Services (Cont'd)(B) Non-Subject Services

Non-Subject Services are listed in Table B, below. Recurring revenue attributable to Non-Subject Services will be included in the Customer's revenue for purposes of determining and satisfying the Customer's MARC under this Contract Offer, but are not otherwise subject to the rates, Terms and Conditions of this Contract Offer. In particular, but without limitation, Non-Subject Services are not eligible for credits or other incentives provided under this Contract Offer.

Table B - Non-Subject Services

Service Type	Service
Interstate Special Access	OCN (Optical Carrier Network) Point-to-Point
	Dedicated SONET Ring Service (DSRS)
	SONET Ring and Access Service (SRAS)
	GigaMAN (Gigabit Ethernet Metropolitan Area Network)
	Multi-service Optical Network (MON) Ring Service
	OPT-E-MAN (Optical Ethernet Metropolitan Area Network)
	DecaMAN (10 Gigabit Ethernet Metropolitan Area Network)
	WaveMAN (Wavelength Metropolitan Area Network)
	Serial Component Video Service (SCVS)
	AVS 270 Video Service
	SMARTRing Services
	Lightgate Services - OCN
Intrastate Special Access	Metro Ethernet Services
	Wavelength Services
Equivalent services provided as Interstate Special Access above, subject to the terms and conditions of this Agreement.	

(N)

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(N)

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.21 Contract Offer No. 21 - Access Service Offer (Cont'd)23.21.3 Eligibility Criteria

The Customer must satisfy the following Eligibility Criteria to qualify for this Contract Offer:

(A) Contract Offer No. 21 is available for special access services for which the Telephone Company has been granted pricing flexibility, and which are located in MSAs for which the Telephone Company has been granted pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22. During the Term Period (as defined in Section 23.21.4(B)), if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 at the time of subscription, the Customer may, at its option, include Subject Services eligible for the calculation of credits under this Contract Offer.

(B) The MARC-Eligible Services must be located within the "Operating Territory" of the Telephone Company, as described in NBTC Tariff F.C.C. No. 1, Section 17 (Operating Territory);

(C) The Customer must concurrently subscribe to this Contract Offer and the following additional contract offers:

- SNET Tariff F.C.C. No. 39, Contract Offer No. 43;
- PBTC Tariff F.C.C. No. 1, Contract Offer No. 149;
- Ameritech Tariff F.C.C. No. 2, Contract Offer No. 185;
- SWBT Tariff F.C.C. No. 73, Contract Offer No. 162; and
- BellSouth Tariff F.C.C. No. 1, Contract Offer No. 62.

(N)  
(Nx)23.21.4 Terms and Conditions

The following Terms and Conditions apply to this Contract Offer No. 21:

(A) Subscription

To subscribe to Contract Offer No. 21, the Customer must submit a Letter of Subscription (LOS) to the Telephone Company. The LOS must list all Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in this Contract Offer ("Eligible ACNAs"). Services ordered or purchased under ACNAs that are not Eligible ACNAs may not be transferred to, or converted to, or otherwise included in this Contract Offer.

(Nx)  
(N)

(x) Issued under the authority of Special Permission No. 09-004 of the F.C.C.

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.21 Contract Offer No. 21 - Access Service Offer (Cont'd)23.21.4 Terms and Conditions (Cont'd)(B) Term Period

The term of this Contract Offer ("Term Period") shall begin on the date the Letter of Subscription (LOS) is received from the Customer ("Effective Date"), and shall end on December 31, 2012. Upon expiration or termination of this Contract Offer, the Telephone Company will issue to the Customer all credits earned under this Contract Offer prior to the effective date of such termination or expiration, provided that the Customer has complied with all relevant Terms and Conditions of this Contract Offer through the effective date of the termination or expiration, except as provided to the contrary in Section 23.21.9. Following termination or expiration of this Contract Offer, all credits provided under this Contract Offer will cease, and will no longer apply to any services provided by Telephone Company during or after the Term Period of this Contract Offer regardless of any applicable Service Term.

- (C) The Customer agrees to a Minimum Annual Revenue Commitment (MARC) of \$145,000,000. Revenue contributing to the satisfaction of the MARC will include, in the aggregate, recurring revenue for MARC-Eligible Services, as defined in Section 23.21.2 of this Contract Offer, and MARC-eligible services, as defined in the other Concurrently Subscribed Contract Offers listed in Section 23.21.3(D). The MARC shall apply during each Term Year of this Contract Offer.
- (D) Credits earned by the Customer under this Contract Offer No. 21 and the other Concurrently Subscribed Contract Offers shall be applied as described in Section 23.21.6(A), below, and in the analogous sections of the other Concurrently Subscribed Contract Offers.
- (E) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of NBTC Tariff F.C.C. Tariff No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Contract Term. However, such tariff modifications will not change the Terms and Conditions described in Contract Offer No. 21.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.21 Contract Offer No. 21 - Access Service Offer (Cont'd)23.21.4 Terms and Conditions (Cont'd)

(F) This Contract Offer No. 21 is available March 25, 2009 through April 25, 2009.

(G) Subject Services may not be purchased pursuant to: (i) any discount or credit plans or offerings based on revenue or purchase volume commitments; (ii) any pricing flexibility contract offers; or (iii) any of the following: Managed Value Plan (MVP) Ameritech Tariff FCC 2 Section 19, SWBT Tariff FCC 73 Section 38, and PBTC Tariff FCC 1 Section 23; Area Commitment Plan (ACP) BellSouth Tariff FCC 1 Section 2.4.8 (B); Transport Advantage Plan (TAP) BellSouth Tariff FCC 1 Section 2.4.8 (H); and Fast Packet Savings Plan (FSP) BellSouth Tariff FCC 1 Section 2.4.8 (F), unless such other offering expressly (i) refers to this Contract Offer, and (ii) permits the application of such incentives, credit or discount, provided, however, that the Customer may purchase Subject Services pursuant to generally available tariffed term pricing plans, excluding those listed above.

(H) The Customer must pay all billed charges in full when they become due, excluding amounts properly disputed. The Telephone Company will provide the Customer written notice of any non-compliance. The Customer will have ten (10) business days from receipt of the written notice to comply. If the Customer fails to comply, such failure shall be deemed to be a material breach of this Contract Offer and the Contract Offer will be terminated. Termination liabilities as described in Section 23.21.9, below, will apply. Credits to be provided under this Contract Offer will not be issued unless and until the Customer has paid all billed charges, excluding amounts properly disputed, and unless the Customer is otherwise in material compliance with this Contract Offer.

(N)

(N)

(Nx)

(Nx)

(N)

(N)

(x) Issued under the authority of Special Permission No. 09-004 of the F.C.C.

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.21 Contract Offer No. 21 - Access Service Offer (Cont'd)23.21.5 Minimum Annual Revenue Commitment (MARC)(A) Satisfaction of the MARC

Satisfaction of the MARC shall be determined according to the recurring revenue attributable to: (i) MARC-Eligible Services (defined in Section 23.21.2), as billed by the Telephone Company, plus any Shortfall Amounts paid by the Customer and applicable to the year to which the Shortfall Amount applies, as provided in Section 23.21.6(F), and (ii) MARC-eligible services, as defined in the other Concurrently Subscribed Contract Offers, plus any applicable true-up amounts provided for therein. To be included, recurring revenue must be billed under the Eligible ACNAs. For clarification, but not by way of limitation, the MARC shall exclude non-recurring charges, usage-based charges, temporary service charges, Unbundled Network Element ("UNE") charges and charges for Switched Access Dedicated Transport purchased from BellSouth. Services included in the MARC shall include both services ordered prior to the date upon which the Customer subscribes to this Contract Offer, and services ordered during the Term Period.

(B) Monthly and Annual Review of MARC Revenue

AT&T will review revenues for MARC-Eligible Services within thirty (30) days after the end of each month during the Term Period (a "Monthly Review"), and within thirty (30) days after the end of each Term Year ("Annual Review").

23.21.6 Billing and Credits(A) Monthly Credits

For each month of the Contract Term, the Customer may be eligible for a Monthly MARC Credit under this Contract Offer and the other Concurrently Subscribed Contract Offers ("Monthly MARC Credits" or "MMC").

The Telephone Company will issue MMC to the Customer for any month during the Contract Term for which MARC-Eligible Revenue is at least one-twelfth of the MARC (the "Monthly MARC"), to be determined according to the Monthly Review. The Telephone Company will apply the MMC to the Customer's bill no later than sixty (60) days from the last bill period, or from the end of month in which it was achieved.

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.21 Contract Offer No. 21 - Access Service Offer (Cont'd)23.21.6 Billing and Credits (Cont'd)(A) Monthly Credits (Cont'd)

The aggregate amounts of Monthly MARC Credits under this Contract Offer and the other Concurrently Subscribed Contract Offers shall be as provided in Table C. The Monthly Credits shall be divided among this Contract Offer and the other Concurrently Subscribed Contract Offers in proportion to the billing incurred for the MARC-Eligible Services under this Contract Offer and the MARC-eligible services in each of the other Concurrently Subscribed Contract Offers. Credits shall not be posted if the Customer is in material breach of this Contract Offer, or in material breach of the terms and conditions governing the Subject Services including without limitation failure to pay any undisputed amount due for Subject Services, until such breach is cured or payment for undisputed amounts is made by Customer.

Table C:

Term Year	Monthly MARC Credit (MMC)
Year 1	\$666,667
Year 2	\$666,667
Year 3	\$666,667
Year 4	\$666,667

(B) Annual True-Up

(i) If, based on the Annual Review, the Customer's MARC Eligible Revenue for a Term Year is equal to or greater than the MARC, the Telephone Company will issue to the Customer any MMC not previously issued as a result of Customer's failure to meet the Monthly MARC during any month of that Term Year.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.21 Contract Offer No. 21 - Access Service Offer (Cont'd)23.21.6 Billing and Credits (Cont'd)(B) Annual True-Up (Cont'd)

(ii) If, based on the Annual Review, the Customer's MARC-Eligible Revenue for a Term Year is less than the MARC, the Telephone Company shall bill, and the Customer shall pay, the difference between the Customer's MARC-Eligible Revenue and the MARC for that Term Year (a "Shortfall Amount"). The Telephone Company will bill the Shortfall Amount, which will be applied to the Customer's billings for Subject Services, within sixty (60) days after the end of the applicable Term Year. Payment of the Shortfall Amount will satisfy the Customer's MARC obligation for the year to which the Shortfall Amount applies. Upon payment of any applicable Shortfall Amount, the Telephone Company shall issue to the Customer any credits for that year, provided the Customer is otherwise in compliance with the Terms and Conditions of this Contract Offer.

23.21.7 Assignment/Transfer/Successors

Neither party shall assign or otherwise transfer this Contract Offer, or its rights or obligations hereunder, to any person or entity without the prior written consent of the other party, which shall not be unreasonably withheld or delayed, provided, however, that either party shall have the right, without the consent of but with notice to the other party, to assign or otherwise transfer this Contract Offer to any person or entity that controls, is under the control of, or is under common control with the assigning party. Further, the Telephone Company may also, without Customer's consent, assign its rights and obligations under this Contract Offer to an affiliate, or subcontract to an affiliate or a third party work to be performed under this Contract Offer. Any such assignment or other transfer shall be subject to the other party's rights under this Contract Offer, and any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer, and the assignor or transferor will remain financially responsible for the performance of this Contract Offer and/or its obligations hereunder. Any assignment or other transfer of this Contract Offer, or the rights or obligations hereunder, or any attempt to do either, in violation of this provision, shall be void.

(N)

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(N)

23. Pricing Flexibility Contract Offerings (Cont'd)23.21 Contract Offer No. 21 - Access Service Offer (Cont'd)23.21.8 Mergers/Acquisitions

All provisions of this Contract Offer shall continue in full force and in effect notwithstanding any merger or acquisition affecting a party. A merger or acquisition shall include, without limitation, any transaction in which the party, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of a merger or acquisition, if another entity involved in the merger or acquisition purchases any service from any Telephone Company entity, such service shall not be included in this Contract Offer for any purpose. The "Transaction Close Date" shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

23.21.9 TerminationTermination Liability Charge

If, prior to the completion of the Contract Term, the Customer terminates this Contract Offer for any reason other than material breach by the Telephone Company, or if the Telephone Company terminates this Contract Offer as a result of a material breach by the Customer, the Customer must pay a termination liability charge in the amount of:

One-twelfth (1/12) of the MARC in effect at the time of termination (rounded up to the nearest hundred dollars) multiplied by the number of months remaining in the Contract Term, multiplied by six percent (6%); and

Fifty percent (50%) of all MMC issued during the twelve (12) months prior to termination of this Contract Offer.

Any credits earned, but not paid, at the time of termination will not be paid to the Customer.

Upon termination of this Contract Offer, Subject Services shall be provided at the rates provided in Section 4, above, unless they are disconnected.

(N)

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## ACCESS SERVICE

(N)

## 23. Pricing Flexibility Contract Offerings

## 23.22 Contract Offering No. 22 - Access Advantage Plus Transport Service Extension

## 23.22.1 General Description

Contract Offer No. 22 - Access Advantage Plus Transport Service Extension is an access discount offer that provides the Customer, located in the Metropolitan Statistical Areas listed Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, Section 22, with rates listed in Section 23.22.5 for Access Advantage Plus Transport Service. The Customer must meet the Eligibility Criteria and all Terms and Conditions listed in Section 23.22.3 and 23.22.4.

## 23.22.2 Service Qualifications

Access Advantage Plus (AA+) Transport Service is a dedicated transport service arrangement that integrates an end user's network access connections for multiple voice, data and other special access services onto a single interstate DS1 Service. AA+ Transport Service provides the Customer with a DS1 Service between an end user's designated premises and an AA+ Transport Service Node, DS1-to-DS0 multiplexing and Multiplexer Cross Connections (MCC), as described below.

- (A) An AA+ Transport Service Node is a Telephone Company hubbing office in which digital DS1-to-DS0 multiplexing is provided through a Digital Cross Connect System (DCS) to derive twenty-four (24) DS0 level channels (64 Kbps per channel). AA+ Transport Service DS0 channels are digitally cross connected at the AA+ Transport Service Node to the DS0 channels derived from other multiplexed high capacity service arrangements via Multiplexer Cross Connections, which are described in Section 7.11.4(B) (8).
- (B) The DS0 channels derived from an AA+ Transport Service may be cross connected on an individual channel basis, as well as by Bonded Channel Group. Any combination of the Bonded Channel Groups listed below and individual DS0 channels may be cross connected, but the total number of DS0 channel cross connects per AA+ Transport Service cannot exceed twenty-four (24). A Bonded Channel Group consists of consecutively assigned DS0 channels configured to provide the following capacity arrangements:

(N)

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(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

## 23.22 Contract Offering No. 22 - Access Advantage Plus Transport Service Extension (Cont'd)

## 23.22.2 Service Qualifications (Cont'd)

## (B) (Cont'd)

- (1) Bonded Channel Group 2 - Two (2) consecutively assigned DS0 channels configured to provide 128 Kbps of capacity.
- (2) Bonded Channel Group 4 - Four (4) consecutively assigned DS0 channels configured to provide 326 Kbps of capacity.
- (3) Bonded Channel Group 6 - Six (6) consecutively assigned DS0 channels configured to provide 384 Kbps of capacity.
- (4) Bonded Channel Group 8 - Eight (8) consecutively assigned DS0 channels configured to provide 512 Kbps of capacity.
- (5) Bonded Channel Group 12 - Twelve (12) consecutively assigned DS0 channels configured to provide 768 Kbps of capacity.

## 23.22.1 Eligibility Criteria

The Customer must meet the following eligibility criteria to subscribe to this Contract Offer:

- (A) Services must be in the pricing flexibility Metropolitan Statistical Areas (MSAs) as listed in PBTC Tariff F.C.C. No. 1, Section 22. If, during the Term Period, the Telephone Company receives pricing flexibility relief in additional MSAs, as listed in Section 22, the Customer may be able to include services provided under this Contract Offer, if available, in those additional MSAs pursuant to this Contract Offer.
- (B) Customer must have an existing Access Advantage Plus Transport Service.

## 23.22.4 Contract Terms

- (A) Contract Offering No. 22 is available for subscription from December 15, 2009 to March 15, 2009
- (B) In order to subscribe to this Contract Offer, the Customer must provide a signed Letter of Subscription (LOS) to the Telephone Company.

(N)

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(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

## 23.22 Contract Offering No. 22 - Access Advantage Plus Transport Service Extension (Cont'd)

## 23.22.4 Contract Terms (Cont'd)

(C) NBTC Tariff F.C.C. No. 1, Sections 2, 4, 5, and 13 apply, except as noted herein. Any changes made to the aforementioned sections during the Customer's Contract Term, other than to provisions noted below, apply to Contract Offering No. 22.

- (1) Waiver of Non-Recurring Charges - The Telephone Company shall waive any otherwise applicable Non-Recurring Charge (NRC) for services provided under this Contract Offer.
- (2) End User Common Line (EUCL) charges set forth in Section 4 apply to any intrastate Access Advantage Plus services that are cross connected to AA+ Transport Service, including Integrated Voice Access Lines and Integrated Voice Access Trunks associated with DTS-E Module 4, as well as other DTS-E switched services associated with Modules 1, 2, and 3.
- (3) The Telephone Company shall waive termination liability charges that would otherwise apply to customers currently subscribed to the Access Advantage Plus Transport Service Contract Offers in the NBTC Tariff F.C.C. No. 1, Section 23, as a result of the migration of existing Services from the currently subscribed Contract Offer to this Contract Offer.

(N)

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(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

## 23.22 Contract Offering No. 22 - Access Advantage Plus Transport Service Extension (Cont'd)

## 23.22.4 Contract Terms (Cont'd)

(D) The Contract Term shall be twelve (12) months commencing on the date Telephone Company received the signed (LOS) from the Customer. This Contract Term is not renewable.

(E) Rates described in Section 23.22.5 shall apply during the Contract Term.

(F) No other discount pricing plans apply.

(G) A minimum of four (4) existing DS0 channels in an AA+ Transport Service will be connected to any of the Telephone Company's Intrastate Access Advantage Plus services, and will be maintained during the Contract Term. These services may include Integrated Voice Access Lines and Integrated Voice Access Trunks associated with Digital Transport Service Enhanced (DTS-E) Module 4 (Access Advantage Plus), as well as other DTS-E switched services associated with Modules 1, 2, and 3. If the Customer has fewer than four (4) DS0 channels cross connected to the above-mentioned intrastate Access Advantage Plus services at any time during the Contract Term, the Customer will have thirty (30) days from notification by the Telephone Company to connect the additional intrastate Access Advantage Plus services needed to meet the four (4) DS0 channel minimum. If the Customer fails to connect the additional services during the thirty (30) day period following notification, the Telephone Company considers Contract Offering No. 22 terminated.

(H) Service will utilize the pre-existing configuration which includes the same AA+ Transport Service Node.

(I) The AA+ Transport Service Customer will utilize the same channel assignments, which include:

- (1) The DS0 channel assignments which connect AA+ Transport Service via Multiplexer Cross Connections to the DS0 channels derived from other multiplexed high capacity service arrangements.
- (2) The consecutive DS0 channel assignments for the Bonded Channel Group configurations reflected in Section 23.22.2 (B).

(N)

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(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

23.22 Contract Offering No. 22 - Access Advantage Plus Transport Service Extension (Cont'd)

## 23.22.5 Rate Regulations

## (A) Rates and Charges

The Monthly Recurring Charge for Services provided under this Contract Offer are described below in Table A.

Table A

MRC	CRIS USOC	CABS USOC
\$200.00	DZS1P	1ZZPZ

## 23.22.6 Termination Liability

If the Customer discontinues AA+ Transport Service purchased under Contract Offering No. 22 prior to the expiration of the Contract Term, the Customer shall incur a termination charge. The termination charge for Contract Offering No. 22 is fifty (50) percent of the remaining monthly rate payments due for the balance of the Contract Term. The termination charge is calculated as follows:

(Monthly rate) x (Months remaining in initial contract term) x (50%)

The Customer may elect to discontinue Contract Offering No. 22 at any time prior to the expiration of the initial Contract Term, without incurring the termination charges, provided that it meet the following criteria. Customer must provide the Telephone Company with written notice of its intent to terminate service no later than thirty (30) days before termination to become effective.

- (A) The Customer establishes a new interstate special access service of equal or greater capacity,
- (B) The new service is provided to the same end user's premises to which Contract Offering No. 22 was provided,
- (C) The new service has a contract term that exceeds the time remaining in the Customer's initial contract term for Contract Offering No. 22, and
- (D) The revenue value of the new service over the life of its contract term exceeds the revenue value associated with the time period remaining in the Customer's initial contract term for Contract Offering No. 22.

(N)

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Effective: December 15, 2009

## ACCESS SERVICE

(N)

## 23. Pricing Flexibility Contract Offerings

## 23.23 Contract Offering No. 23 - Access Advantage Plus Transport Service Extension

## 23.23.1 General Description

Contract Offer No. 23 - Access Advantage Plus Transport Service Extension is an access discount offer that provides the Customer, located in the Metropolitan Statistical Areas listed Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, Section 22, with rates listed in Section 23.23.5 for Access Advantage Plus Transport Service. The Customer must meet the Eligibility Criteria and all Terms and Conditions listed in Section 23.23.3 and 23.23.4.

## 23.23.2 Service Qualifications

Access Advantage Plus (AA+) Transport Service is a dedicated transport service arrangement that integrates an end user's network access connections for multiple voice, data and other special access services onto a single interstate DS1 Service. AA+ Transport Service provides the Customer with a DS1 Service between an end user's designated premises and an AA+ Transport Service Node, DS1-to-DS0 multiplexing and Multiplexer Cross Connections (MCC), as described below.

- (A) An AA+ Transport Service Node is a Telephone Company hubbing office in which digital DS1-to-DS0 multiplexing is provided through a Digital Cross Connect System (DCS) to derive twenty-four (24) DS0 level channels (64 Kbps per channel). AA+ Transport Service DS0 channels are digitally cross connected at the AA+ Transport Service Node to the DS0 channels derived from other multiplexed high capacity service arrangements via Multiplexer Cross Connections, which are described in Section 7.11.4(B) (8).
- (B) The DS0 channels derived from an AA+ Transport Service may be cross connected on an individual channel basis, as well as by Bonded Channel Group. Any combination of the Bonded Channel Groups listed below and individual DS0 channels may be cross connected, but the total number of DS0 channel cross connects per AA+ Transport Service cannot exceed twenty-four (24). A Bonded Channel Group consists of consecutively assigned DS0 channels configured to provide the following capacity arrangements:

(N)

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## ACCESS SERVICE

(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

## 23.23 Contract Offering No. 23 - Access Advantage Plus Transport Service Extension (Cont'd)

## 23.23.2 Service Qualifications (Cont'd)

## (B) (Cont'd)

- (1) Bonded Channel Group 2 - Two (2) consecutively assigned DS0 channels configured to provide 128 Kbps of capacity.
- (2) Bonded Channel Group 4 - Four (4) consecutively assigned DS0 channels configured to provide 326 Kbps of capacity.
- (3) Bonded Channel Group 6 - Six (6) consecutively assigned DS0 channels configured to provide 384 Kbps of capacity.
- (4) Bonded Channel Group 8 - Eight (8) consecutively assigned DS0 channels configured to provide 512 Kbps of capacity.
- (5) Bonded Channel Group 12 - Twelve (12) consecutively assigned DS0 channels configured to provide 768 Kbps of capacity.

## 23.23.3 Eligibility Criteria

The Customer must meet the following eligibility criteria to subscribe to this Contract Offer:

- (A) Services must be in the pricing flexibility Metropolitan Statistical Areas (MSAs) as listed in PBTC Tariff F.C.C. No. 1, Section 22. If, during the Term Period, the Telephone Company receives pricing flexibility relief in additional MSAs, as listed in Section 22, the Customer may be able to include services provided under this Contract Offer, if available, in those additional MSAs pursuant to this Contract Offer.
- (B) Customer must have an existing Access Advantage Plus Transport Service.

## 23.23.4 Contract Terms

- (A) Contract Offering No. 23 is available for subscription from March 16, 2010 to June 15, 2010.
- (B) In order to subscribe to this Contract Offer, the Customer must provide a signed Letter of Subscription (LOS) to the Telephone Company.

(N)

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(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

## 23.23 Contract Offering No. 23 - Access Advantage Plus Transport Service Extension (Cont'd)

## 23.23.4 Contract Terms (Cont'd)

(C) NBTC Tariff F.C.C. No. 1, Sections 2, 4, 5, and 13 apply, except as noted herein. Any changes made to the aforementioned sections during the Customer's Contract Term, other than to provisions noted below, apply to Contract Offering No. 23.

- (1) Waiver of Non-Recurring Charges - The Telephone Company shall waive any otherwise applicable Non-Recurring Charge (NRC) for services provided under this Contract Offer.
- (2) End User Common Line (EUCL) charges set forth in Section 4 apply to any intrastate Access Advantage Plus services that are cross connected to AA+ Transport Service, including Integrated Voice Access Lines and Integrated Voice Access Trunks associated with DTS-E Module 4, as well as other DTS-E switched services associated with Modules 1, 2, and 3.
- (3) The Telephone Company shall waive termination liability charges that would otherwise apply to customers currently subscribed to the Access Advantage Plus Transport Service Contract Offers in the NBTC Tariff F.C.C. No. 1, Section 23, as a result of the migration of existing Services from the currently subscribed Contract Offer to this Contract Offer.

(N)

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(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

## 23.23 Contract Offering No. 23 - Access Advantage Plus Transport Service Extension (Cont'd)

## 23.23.4 Contract Terms (Cont'd)

(D) The Contract Term shall be twelve (12) months commencing on the date Telephone Company received the signed (LOS) from the Customer. This Contract Term is not renewable.

(E) Rates described in Section 23.23.5 shall apply during the Contract Term.

(F) No other discount pricing plans apply.

(G) A minimum of four (4) existing DS0 channels in an AA+ Transport Service will be connected to any of the Telephone Company's Intrastate Access Advantage Plus services, and will be maintained during the Contract Term. These services may include Integrated Voice Access Lines and Integrated Voice Access Trunks associated with Digital Transport Service Enhanced (DTS-E) Module 4 (Access Advantage Plus), as well as other DTS-E switched services associated with Modules 1, 2, and 3. If the Customer has fewer than four (4) DS0 channels cross connected to the above-mentioned intrastate Access Advantage Plus services at any time during the Contract Term, the Customer will have thirty (30) days from notification by the Telephone Company to connect the additional intrastate Access Advantage Plus services needed to meet the four (4) DS0 channel minimum. If the Customer fails to connect the additional services during the thirty (30) day period following notification, the Telephone Company considers Contract Offering No. 23 terminated.

(H) Service will utilize the pre-existing configuration which includes the same AA+ Transport Service Node.

(I) The AA+ Transport Service Customer will utilize the same channel assignments, which include:

- (1) The DS0 channel assignments which connect AA+ Transport Service via Multiplexer Cross Connections to the DS0 channels derived from other multiplexed high capacity service arrangements.
- (2) The consecutive DS0 channel assignments for the Bonded Channel Group configurations reflected in Section 23.23.2 (B).

(N)

(This page filed under Transmittal No. 207 )

Effective: March 16, 2010

Four AT&amp;T Plaza, Dallas, Texas 75202

## ACCESS SERVICE

(N)

## 23. Pricing Flexibility Contract Offerings (Cont'd)

23.23 Contract Offering No. 23 - Access Advantage Plus Transport Service Extension (Cont'd)

## 23.23.5 Rate Regulations

## (A) Rates and Charges

The Monthly Recurring Charge for Services provided under this Contract Offer are described below in Table A.

Table A

MRC	CRIS USOC	CABS USOC
\$200.00	DZS1P	1ZZPZ

## 23.23.6 Termination Liability

If the Customer discontinues AA+ Transport Service purchased under Contract Offering No. 23 prior to the expiration of the Contract Term, the Customer shall incur a termination charge. The termination charge for Contract Offering No. 23 is fifty (50) percent of the remaining monthly rate payments due for the balance of the Contract Term. The termination charge is calculated as follows:

(Monthly rate) x (Months remaining in initial contract term) x (50%)

The Customer may elect to discontinue Contract Offering No. 23 at any time prior to the expiration of the initial Contract Term, without incurring the termination charges, provided that it meet the following criteria. Customer must provide the Telephone Company with written notice of its intent to terminate service no later than thirty (30) days before termination to become effective.

- (A) The Customer establishes a new interstate special access service of equal or greater capacity,
- (B) The new service is provided to the same end user's premises to which Contract Offering No. 23 was provided,
- (C) The new service has a contract term that exceeds the time remaining in the Customer's initial contract term for Contract Offering No. 23, and
- (D) The revenue value of the new service over the life of its contract term exceeds the revenue value associated with the time period remaining in the Customer's initial contract term for Contract Offering No. 23.

(N)

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Effective: March 16, 2010

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23. Pricing Flexibility Contract Offerings

(N)

23.24 Contract Offer No. 24 - Access Service Offer23.24.1 General Description

The Special Access Service Offer (Contract Offer No. 24) is a Minimum Annual Revenue Commitment plan for which concurrent subscription is required to this Contract Offer and the following Access Tariffs: The Southern New England Telephone (SNET) Tariff F.C.C. No. 39, Contract Offer No. 49; Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73 Contract Offer No. 170; Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 155; BellSouth Telecommunications, Inc. (BellSouth) Tariff F.C.C. No. 1, Contract Offer No. 72, and Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Contract Offer No. 194 (collectively, with this Contract Offer No. 24, Concurrently Subscribed Contract Offers). SWBT, SNET, PBTC, BellSouth and Ameritech, with the Telephone Company, shall be identified herein as the "Qualified Companies."

(N)  
(Nx)

Subject to the Terms and Conditions set forth elsewhere in this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers, Contract Offer No. 24 requires eligible Customers to make and satisfy a Minimum Annual Revenue Commitment (MARC), as defined in Section 23.24.5. The MARC consists of certain recurring revenues from, in the aggregate, all MARC-eligible services purchased from Nevada Bell Telephone Company ("NBTC" or "Telephone Company"), as defined and provided in this Contract Offer No. 24, and the MARC-eligible services as defined and provided in the other Concurrently Subscribed Contract Offers described in Section 23.24.3(C).

(N)

MARC-eligible services provided by the Telephone Company are described in Section 23.24.2, with the Subject Services set forth in Section 23.24.2(A), and Non-Subject Services set forth in Section 23.24.2(B).

Contract Offer No. 24 will be available for subscription only from November 11, 2010 through December 11, 2010. This offer is not renewable.

(x) Issued under Authority of Special Permission No. 10-025 of F.C.C.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.2 Subject and Non-Subject Services

MARC-eligible services under this Contract Offer No. 24 consist of both Subject Services, listed in Table A, below, and Non-Subject Services, listed in Table B, below, provided by the Telephone Company and located within the "Operating Territory" of the Telephone Company, as described in NBTC Tariff F.C.C. No. 1, Section 17 (Operating Territory) except that in no event shall any services connecting to the Customer's or any of its Affiliate's cell sites, mobile telecommunications switching offices (MTSOs), or mobile switching centers (MSCs) be considered MARC-eligible services.

(A) Subject Services

Subject Services are pricing flexibility qualified access services or rate elements listed in Table A, below.

Table A - Subject Services

Category	Services Included
Interstate Special Access located in Pricing Flexibility Metropolitan Statistical Areas (MSAs)	DS1, DS3, Broadband Circuit Service (BCS), except for any rate elements not subject to pricing flexibility

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.2 Subject and Non-Subject Services (Cont'd)(B) Non-Subject Services

Non-Subject Services are listed in Table B, below.

Table B - Non-Subject Services

Category	Services Included
Interstate Special Access Services provided by the Telephone Company but not located in Pricing Flexibility Metropolitan Statistical Areas (MSAs) and any rate elements located in Pricing Flexibility MSAs but not subject to pricing flexibility relief.	DS1, DS3, Synchronous Broadband Circuit Service (BCS) and rate elements not listed in Table A
Broadband Interstate Special Access	<sup>1</sup> Optical Carrier Network (OCN) Point to Point, Dedicated SONET Ring Service (DSRS), Multi-Service Optical Network (MON) Ring Service, GigaMAN, DecaMAN <sup>®</sup> and Opt-E-MAN <sup>1</sup> Services, Serial Component Video Service (SCVS), AVS 270 Video Service, HDTV
Intrastate Special Access	Intrastate services equivalent to the interstate services listed above as either Subject Services or Non-Subject Services

(C) All terms and conditions for those MARC-eligible services that are tariffed are governed by their respective tariff sections, except as noted in this Contract Offer No. 24. All terms and conditions for those MARC-eligible services that are not tariffed are governed by the applicable guidebooks, service guides or contracts. No service purchased by or on behalf of any Affiliate of Customer that is not a "Permitted Affiliate," as defined herein, and no service purchased by Customer, or any of its Permitted Affiliates, for its provision of wireless telecommunications services, shall constitute a Subject Service or Non-Subject Service under this Contract Offer. A "Permitted Affiliate," as that phrase is used in this Contract Offer, is an Affiliate of Customer that is identified by Customer on its LOS under this Contract Offer. "Affiliate" is defined herein as set forth in the Communications Act of 1934, as amended. "Wireless telecommunications services" is defined as set forth in 47 CFR § 1.907.

<sup>1</sup> Interstate OCN PTP, DSRS, MON, GigaMAN, DecaMAN, and Opt-E-MAN<sup>®</sup> services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.2 Subject and Non-Subject Services (Cont'd)

(D) Subject Services and Non-Subject Services shall also include any additional similar or successor services which are provided by the Qualified Companies and were not available as of the effective date of this Contract Offer No. 24.

23.24.3 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer No. 24:

(A) Contract Offer No. 24 is available for qualified special access services located in the Pricing Flexibility MSAs where the Telephone Company has been granted Phase II pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22 and those additional MSA's listed below. During the Term Period of this Contract Offer No. 24, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 at the time of subscription, the Customer may, at its option, include Subject Services in those additional MSAs as eligible for the discounts under this Contract Offer No. 24.

Reno, NV

(B) During the twelve (12) months prior to the Subscription Date, the Customer must have purchased services equivalent to those included among the Subject Services and Non-Subject Services under this Contract Offer, which services must have resulted in charges equivalent to those included in MARC-Eligible Charges under this Contract Offer (as defined in Section 23.24.4(C), below) during those twelve (12) months equal to no less than \$800 million.

(C) Concurrently Subscribed Contract Offers. The Customer must concurrently subscribe to the following Contract Offers:

- NBTC Tariff F.C.C. No. 1, Contract Offer No. 24;
- PBTC Tariff F.C.C. No. 1, Contract Offer No. 155;
- SWBT Tariff F.C.C. No. 73, Contract Offer No. 170;
- Ameritech Tariff F.C.C. No. 2, Contract Offer No. 194;
- BellSouth Tariff F.C.C. No. 1, Contract Offer No. 72; and
- SNET Tariff F.C.C. No. 39, Contract Offer No. 49.

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.3 Eligibility Criteria (Cont'd)

(D) As of the time of the Customer's subscription to this Contract Offer, the Customer may not be purchasing interstate or intrastate special access services from the Telephone Company pursuant to any pricing flexibility contract offer, broadband services agreement, intrastate "ICB" contract or other individually negotiated tariff or agreement that includes any minimum volume or revenue commitment, other than the Concurrently Subscribed Contract Offers or any contract offer that will be terminated upon the Customer's subscription to Concurrently Subscribed Contract Offers.

23.24.4 Terms and Conditions

The following Terms and Conditions apply to this Contract Offer No. 24:

(A) Subscription.

To subscribe to Contract Offer No. 24, the Customer must submit a Letter of Subscription (LOS) to the Telephone Company. The Customer must provide, at the time of subscription, all applicable and qualifying Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in this Contract Offer No. 24 for itself and its Permitted Affiliates (hereafter referred to as "Eligible ACNAs"). Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, this Contract Offer No. 24.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.4 Terms and Conditions (Cont'd)(B) Term Period

The term of this Contract Offer No. 24 (Term Period) shall begin on the date the Letter of Subscription (LOS) is signed by the last of the Customer and the Telephone Company (Subscription Date) and shall end on June 30, 2014, subject to extensions as provided in this Section 23.24.4(B). Term Year 1 shall begin on the Subscription Date and end on June 30, 2011, and shall consist of three quarters (from the Subscription Date to December 31, 2010; from January 1, 2011 to March 31, 2011; and from April 1, 2011 to June 30, 2011). Each subsequent Term Year shall consist of a period of twelve (12) consecutive months, beginning July 1st after the end of the previous Term Year.

The Term Period will be extended at the Customer's option by up to two (2) consecutive one-year extension periods if the Customer provides to the Telephone Company written notice of intent to extend this Contract Offer No. 24 for such an extension period, at least ninety (90) days prior to June 30, 2014, or with respect to the second extension, at least ninety (90) days prior to June 30, 2015. If the Customer fails to provide such notice, the Term Period ends on June 30, 2014, or after the first extension period on June 30, 2015, as applicable. The extension, if any, must apply to all of the Concurrently Subscribed Contract Offers.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.4 Terms and Conditions (Cont'd)

(C) The Customer must satisfy a MARC, as described in 23.24.5(A), for each Term Year of this Contract Offer No. 24. The MARC shall be satisfied by gross billed recurring revenue, after application of any discounts or credits applicable to those recurring revenues (except Area Commitment Plan credits under the BellSouth Tariff F.C.C. No. 1, and those issued under this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers), as well as adjustments for overbilling, underbilling and billing dispute settlements addressed during the Annual True-up Process only for, in the aggregate, the MARC-eligible services, as set forth in Section 23.24.2 of this Contract Offer No. 24, and the MARC-eligible services, as similarly set forth in the other Concurrently Subscribed Contract Offers, which are purchased by and billed to Customer and its Permitted Affiliates (as each exists as of July 1, 2010) (or their permitted successors) under the Eligible ACNAs (collectively, "MARC-Eligible Charges"). The MARC-eligible services, as set forth in Section 23.24.2 of this Contract Offer No. 24, and the MARC-eligible services as similarly set forth in the other Concurrently Subscribed Contract Offers, are collectively referred as the "MARC-Eligible Services." The Customer's MARC-Eligible Charges shall specifically exclude non-recurring charges, usage-based charges and temporary service charges. A "permitted successor" is a successor-in-interest to the Customer or a Permitted Affiliate that is itself an Affiliate of Customer, provided, however, that charges for MARC-eligible services, as set forth in Section 23.24.2 of this Contract Offer No. 24, and charges for MARC-eligible services, as similarly set forth in the other Concurrently Subscribed Contract Offers, shall only be considered MARC-Eligible Charges to the extent that they would have prior to the transaction that resulted in such permitted successor.

(N)  
(Nx)  
(Nx)  
(N)

(D) Credits earned by the Customer under this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers shall be applied as described in Section 23.24.6, below, and in the analogous sections of the other Concurrently Subscribed Contract Offers.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.4 Terms and Conditions (Cont'd)

(E) Except as provided in Section 23.24.4(F), with respect to Contract Offer No. 19, credits earned under this Contract Offer No. 24 are in addition to, and do not alter, any existing service discounts/term plans available in the Telephone Company's generally applicable tariffs or other Contract Tariffs.

(F) MARC-Eligible Services under this Contract Offer No. 24 may not be purchased pursuant to any pricing flexibility contract offer, broadband services agreement, intrastate "ICB" contract or other individually negotiated tariff or agreement that includes any minimum volume or revenue commitment, other than the Concurrently Subscribed Contract Offers (any such precluded tariffs or agreements hereafter referred to as an "Other Commitment Agreement"), unless the Other Commitment Agreement expressly refers to this Contract Offer and expressly permits the Customer to purchase such services subject to both this Contract Offer and the Other Commitment Agreement. The word "purchase," as used in the foregoing sentence refers to the Customer obtaining or using any service in exchange for compensation, regardless of when the service was ordered or installed. If, as of the Effective Date of this Contract Offer, the Customer purchases services subject to NBTC Tariff F.C.C. No. 1, Contract Offer No. 19 (Prior Contract Offer), the Prior Contract Offer shall be terminated, without termination liability, simultaneously with the Customer's subscription to this Contract Offer and the Customer will therefore be permitted to subscribe to this Contract Offer.

## (G) Purchase of Long Distance Voice Services:

The Customer must commit to purchasing, between August 1, 2010 and July 31, 2012, a single TDM-based long distance voice service and/or a single IP-based long distance voice service from an affiliate of the Telephone Company, including, but not limited to, ABN/OneNet,<sup>1</sup> representing aggregate recurring billed revenues of no less than \$85 million over such two-year period, after applicable discounts, credits, and adjustments.

<sup>1</sup>ABN/OneNet services are provided on a contractual basis outside of the tariff, including all terms and conditions. Rates, terms and conditions associated with ABN/OneNet services are available at <http://new.serviceguide.att.com/>

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.4 Terms and Conditions (Cont'd)

- (H) Credits to be provided under this Contract Offer No. 24 will not be issued unless and until the Customer has paid all billed charges for MARC-Eligible Services due and owing as of the date the credits are issued (excluding amounts properly disputed), and is otherwise in material compliance with this Contract Offer.
- (I) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of NBTC Tariff F.C.C. No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13- Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Contract Term. However, such tariff modifications will not change the Terms and Conditions described in this Contract Offer No. 24.
- (J) Commingling (as defined in NBTC Tariff F.C.C. No. 1, Section 2.6) of Subject Services provided pursuant to this Contract Offer No. 24 is prohibited.

23.24.5 Minimum Annual Revenue Commitment (MARC)(A) MARC Establishment

The Customer must satisfy a MARC for each Term Year, as set forth in Table C, below, to be satisfied by MARC-Eligible Charges.

Table C

TERM YEAR	MINIMUM ANNUAL REVENUE COMMITMENT
Year 1	\$491,166,666
Year 2	\$846,000,000
Year 3	\$848,000,000
Year 4	\$848,000,000
Year 5 - First Optional Extension	\$848,000,000
Year 6 - Second Optional Extension	\$848,000,000

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.5 Minimum Annual Revenue Commitment (MARC)(B) MARC Calculations

Satisfaction of the MARC shall be determined according to MARC-Eligible Charges (defined in Section 23.24.4(C)). MARC-Eligible Charges include charges for MARC-Eligible Services that were in service as of the Subscription Date, as well as those placed in service during the Term Period.

(C) Failure to Satisfy the MARC

If the Customer fails to satisfy the MARC or a year-to-date pro-rated quarterly MARC, as the case may be, as determined in the Quarterly True-Up Process or the Annual True-Up Process, the Qualified Companies shall bill and the Customer shall pay the amount of the Quarterly Shortfall or Annual Shortfall (collectively "Shortfalls"), as applicable, as provided in Sections 23.24.6(B) and (C), below. Any Shortfalls shall be divided among this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers in proportion to the billing incurred for MARC-Eligible Charges under those contract offers. Customer and the Qualified Companies shall attempt in good faith to complete the processes contemplated in the Quarterly True-Up and Annual True-Up, including making any payments or applying any credits resulting there from within ninety (90) days from the end of the respective quarterly period or Term Year.

(D) If Qualified Companies sell or dispose of more than one percent (1%) of their assets, or if the Customer sells or disposes of more than one percent (1%) of its assets used in purchasing services required to achieve any MARC, and any such sale or disposal materially impairs the Customer's ability to satisfy any MARC, the parties shall negotiate in good faith one or more replacement contract offers to reflect the impairment of such sale or disposal on Customer's ability to satisfy the affected MARC(s) and implement corresponding proportional reductions of the MARC(s) and Monthly MARC Credits (MMC).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.6 Discounts and Other Credits(A) Monthly Credits

For each month of a Term Year, the Customer is eligible for a single Monthly MARC credit under, collectively, this Contract Offer and the other Concurrently Subscribed Contract Offers (Monthly MARC Credits or MMCs).

The Qualified Companies will issue an MMC to the Customer for any month during a Term Year in which the Customer satisfies one-twelfth (1/12) of the MARC for that Term Year (Monthly MARC). If the Customer has not met the Monthly MARC, no credit will be given at that time, but Customer remains eligible to receive such MMCs at a later date in conjunction with the Quarterly and Annual True-Up processes as noted below.

The aggregate amount of Monthly MARC Credits for a Term Year under this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers shall be as provided in Table D, below. The Monthly Credits shall be divided among this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers in proportion to the billing incurred for the MARC-Eligible Charges. The Telephone Company will apply the portion of the MMC associated with this Contract Offer No. 24 to the Customer's bill no later than sixty (60) days from the end of the month in which the Monthly MARC was achieved. MMCs will be allocated among the Qualified Companies according to the amounts of revenue attributable to Subject Services and billed by the Qualified Companies during the relevant month.

MMCs shall not be posted if the Customer is in material breach of this Contract Offer No. 24 or another Concurrently Subscribed Contract Offer, or in material breach of any other terms and conditions governing the Subject Services, including, without limitation, failure to pay any undisputed amount due for Subject Services, until such breach is cured or payment for undisputed amounts is made by Customer.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.6 Discounts and Other Credits (Cont'd)(A) Monthly Credits (Cont'd)

Table D -

TERM YEAR	MONTHLY MARC CREDIT (MMC)
Year 1	\$6,000,000
Year 2	\$6,000,000
Year 3	\$6,000,000
Year 4	\$6,000,000
Year 5 - First Optional Extension	\$6,000,000
Year 6 - Second Optional Extension	\$6,000,000

B) Quarterly True-up Process

(1) The Qualified Companies shall perform a MARC true-up calculation following each of the first three quarters of each Term Year of this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers (Quarterly True-up Process), provided that the Term Year 1 shall have such quarterly true-ups only for the first two of its three quarters. To perform such calculations, the Qualified Companies shall determine the Customer's aggregate MARC-Eligible Charges for the completed quarters of the Term Year, plus any Quarterly Shortfall(s) (defined in Section 23.24.6(B) (2) and analogous provisions of the other Concurrently Subscribed Contract Offers) previously paid by the Customer under this Contract Offer No. 24 and any of the other Concurrently Subscribed Contract Offers for the completed quarters of that Term Year (collectively, Year-to-Date Revenue), and shall compare that amount to the year-to-date pro-rated MARC, which shall be defined as the product of one-fourth of the MARC times the number of quarters included in each Quarterly True-up Process (Year-to-Date MARC), provided, however, that the pro-rated MARC attributable to each of the quarters of Term Year 1 shall be the product of one-third of the Term Year 1 MARC times the number of quarters included in the Term Year 1 Quarterly True-Up Process. Subsequent quarters will begin every three months thereafter, for the remainder of the Term Period.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.6 Discounts and Other Credits (Cont'd)B) Quarterly True-up Process (Cont'd)

(2) If, based on the Quarterly True-up Process, the Year-to-Date Revenue is less than the Year-to-Date MARC, the Qualified Companies will bill and the Customer will pay the amount equal to the difference between the Year-to-Date MARC and the Year-to-Date Revenue (Quarterly Shortfall). Any Quarterly Shortfall will be allocated among the Qualified Companies according to the amounts of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant quarter. Upon payment of the Quarterly Shortfall, the Telephone Company shall issue (i) any MMC not previously issued for any month included in that Quarterly Review, and (ii) the MMC for the last month of that quarter. In lieu of making payment of the Quarterly Shortfall and subsequently receiving any MMCs due under this Section for that same quarter, Customer shall be entitled to have such amounts be netted such that if the Quarterly Shortfall exceeds the amount of any such MMCs, Customer pays a net Quarterly Shortfall equal to the net amount of such difference, or if the Quarterly Shortfall is less than the amount of any such MMCs, Customer makes no Quarterly Shortfall payment but rather receives net MMCs that reflect the net amount of such difference.

(3) If, based on the Quarterly True-up Process, the Customer's Year-to-Date Revenue is equal to or greater than the Year-to-Date MARC, the Telephone Company shall issue to the Customer any MMC(s) not previously issued for any month included in that Quarterly True-up Process due to Customer's failure to meet the Monthly MARC.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.6 Discounts and Other Credits (Cont'd)(C) Annual True-up Process

- (1) If, at the end of a Term Year, the Customer's MARC-Eligible Charges (ignoring any Quarterly Shortfall(s) previously paid by the Customer for that Term Year) are equal to, or greater than, the MARC for that Term Year, the Telephone Company will issue a credit for any Quarterly Shortfall(s) previously paid by the Customer for that Term Year (Reversing Credit), and shall issue to the Customer (i) any MMC(s) not previously issued for any month included in that Term Year, and (ii) the MMC for the last month of that Term Year. The Customer's MARC-Eligible Charges shall be adjusted by the net amount of only those billing adjustments for overbilling, underbilling, and billing dispute settlements during that Term Year that both: (i) are not already reflected in the MARC-Eligible Charge calculation via monthly recurring charge billing, and (ii) exceed, either individually or in the aggregate for a group of related adjustments, one million dollars (\$1,000,000).
- (2) If, at the end of a Term Year, the amount of the Customer's MARC-Eligible Charges plus any Quarterly Shortfall(s) previously paid for that Term Year is less than the MARC for that Term Year, the Qualified Companies shall bill, and the Customer shall pay, an amount equal to the difference between (a) the MARC, and (b) the Customer's MARC-Eligible Charges plus any shortfall(s) paid for that Term Year (Annual Shortfall). Any Annual Shortfall will be allocated among the Qualified Companies according to the amounts of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant Term Year. Upon payment of the Annual Shortfall, the Telephone Company shall issue to the Customer (i) any MMC not previously issued for any month included in that Term Year, and (ii) the MMC for the last month of that Term Year. In lieu of making payment of the Annual Shortfall and subsequently receiving any MMCs due under this Section for that Term Year, Customer shall be entitled to have such amounts be netted such that if the Annual Shortfall exceeds the amount of any such MMCs, Customer pays a net Annual Shortfall equal to the net amount of such difference, or if the Annual Shortfall is less than the amount of any such MMCs, Customer makes no Annual Shortfall payment but rather receives net MMCs that reflect the net amount of such difference.

(N)

(This page filed under Transmittal No. 212 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.6 Discounts and Other Credits (Cont'd)(C) Annual True-up Process (Cont'd)

(3) If at the end of a Term Year, (a) the Customer's MARC-Eligible Charges are less than the MARC for that Term Year, but (b) the Customer's MARC-Eligible Charges plus any Quarterly Shortfall(s) previously paid by the Customer under this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers for that Term Year are greater than the MARC for that Term Year, then the Qualified Companies will issue a credit for the difference between (c) the Customer's MARC-Eligible Charges plus any Quarterly Shortfall(s) for that Term Year, less (d) the MARC for that Term Year (Partially Reversing Credit). Any such credits will be allocated among the Qualified Companies according to the amount of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant month. The Telephone Company shall issue (i) any MMC not previously issued for any month included in that Term Year, and (ii) the MMC for the last month of that Term Year.

(4) If, at the end of any Term Year except Term Year 1, the Customer's MARC-Eligible Charges (ignoring any Quarterly Shortfall(s) previously paid by the Customer for that Term Year) for that Term Year are greater than the MARC for that Term Year, the Telephone Company will issue a credit equal to ten percent (10%) of such excess (Contract Tariff Above-the-MARC Credit Amount). The Contract Tariff Above-the-MARC Credit Amount will be allocated among the Qualified Companies according to the amount of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant Term Year.

(N)

(This page filed under Transmittal No. 212 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.7 Service Level Agreements (SLA)

The terms and conditions of this Service Level Agreement (SLA) shall apply to Subject Services provided under this Contract Offer, in addition to any Credit Allowance for Service Interruptions available under NBTC Tariff F.C.C. No. 1, Section 2.4.4 or any credits pursuant to the Installation Interval Guarantee under NBTC Tariff F.C.C. No. 1, Section 7.4.15. SLA data will be gathered, tabulated and reported according to the Telephone Company's generally applicable network installation and maintenance operational rules, methods and procedures.

(A) Special Construction Reimbursement Fund (SCRF).

The Telephone Company shall establish on behalf of the Customer a Special Construction Reimbursement Fund (SCRF). Any credits issued to the Customer pursuant to the SLA will be applied to the SCRF. SCRF credits will be available to the Customer only to defray any Special Construction charges that apply to Subject Services. Any credits allocated to the SCRF must be used by the Customer within twelve (12) months after the end of the Term Year for which such credits were issued.

(B) Installation Interval.

(1) The Telephone Company must provide service by the confirmed due date for at least ninety percent (90%) of DS1 Subject Services and at least ninety-two percent (92%) of DS3 Subject Services (each to be referred to as an "Installation Credit Level"). If (i) installation of Subject Services falls below the applicable Installation Credit Level for six (6) consecutive calendar months (an "Installation Interval Failure") and (ii) the "Average Monthly Orders Amount" as defined in Section 23.24.7(B) (3), below, meets or exceeds the Monthly Benchmark, as defined in Table A in Section 23.24.7 (B) (3), then the Telephone Company will apply a credit to the SCRF in the amount listed in Table A, below, for each Subject Service for which the confirmed due date was not met during those six (6) calendar months.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.7 Service Level Agreements (SLA) (Cont'd)(B) Installation Interval. (Cont'd)

(2) If (i) installation of Subject Services falls below the applicable Installation Credit Level for one or more additional consecutive months immediately following an Installation Interval Failure, and (ii) the "Average Monthly Orders Amount" as defined in Section 23.24.7 (B) (3), below, meets or exceeds the Monthly Benchmark, as defined in Table A in Section 23.24.7B) (3), then an additional credit will be applied to the SCRF for each such additional month(s). Such additional credits will be in the amount listed in Table A, below, for each Subject Service for which the confirmed due date was not met during any such additional calendar month(s). Multiple Installation Interval credits will not apply to any calendar month.

(3) The "Average Monthly Orders Amount," is the average number of Subject Service circuits, by circuit type, with confirmed due dates during any period of six (6) consecutive calendar months or, in the case of any additional calendar month subject to Section 23.24.7 (B) (2), above, the average number of Subject Service circuits, by circuit type, with confirmed due dates during such additional calendar month and the preceding five (5) calendar months. The Monthly Benchmark, by circuit type, is listed in Table A, below.

Table A

Circuit Type	Monthly Benchmark	Credit
DS1	4,900	\$250
DS3	300	\$350

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.7 Service Level Agreements (SLA) (Cont'd)

## (B) Installation Interval. (Cont'd)

Example 1.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
<b>DS3</b>	97.2%	89.7%	89.8%	89.1%	90.9%	89.3%	89.3%	91.6%	94.0%
SUBJECT SERVICES WITH DUE DATES IN EACH MONTH	322	339	315	320	299	308	356	297	336
Average Monthly Orders Amount	NA	NA	NA	NA	NA	NA	322.8 (average of months 2-7)	315.8 (average of months 3-8)	NA
DD MISSES	9	35	32	35	27	33	38	25	20

In Example 1, the Telephone Company's installation of DS3 Subject Services fell below Credit Level (92%) during six consecutive months (Months 2 through 7). In each of those months, the Average Monthly Orders Amount (i.e., the six-month average number of DS3 Subject Services with confirmed due dates) exceeded the applicable Monthly Benchmark (300). The applicable credit would be calculated by adding the total number of Subject Services that were not installed by the applicable confirmed due dates (DD Misses) and multiplying that number by the applicable credit amount (\$350).

(Month 2 DD Misses + Month 3 DD Misses + Month 4 DD Misses + Month 5 DD Misses + Month 6 DD Misses + Month 7 DD Misses) x Credit Amount = Total Credit, or

$$(35 + 32 + 35 + 27 + 33 + 38) \times 350 = \$70,000 \text{ Total Credit}$$

In Month 8, the Telephone Company again failed to install service at or above the Credit Level, and the Average Monthly Orders Amount (i.e., the six-month rolling average number of monthly orders with confirmed due dates (for Months 3 through 8)) exceeded the Monthly Benchmark (300). An additional credit would be issued for Month 8 only. No additional credits would be issued for the preceding six months, since a credit was already issued for those months.

$$\text{Month 8 DD Misses} \times \text{Credit Amount} = \text{Total Credit}$$

$$25 \times \$350 = \$8,750$$

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.7 Service Level Agreements (SLA) (Cont'd)

## (A) Service Interruptions.

(1) Service Restoration Interval.

(a) The Telephone Company will restore service within four (4) hours after the Telephone Company receives the applicable trouble report for at least forty eight percent (48%) of all service interruptions for DS1 Subject Services and for at least sixty five percent (65%) of all service interruptions for DS3 Subject Services (each to be referred to as a "Service Restoration Credit Level"). If (i) service restoration falls below the applicable Service Restoration Credit Level for six (6) consecutive months (a "Service Restoration Failure"), and (ii) the number of trouble reports in each such month meets or exceeds the "Monthly Trouble Report Minimum," as defined in Section 23.24.7 (C) (1) (a), below, then the Telephone Company will apply a credit to the SCRF in the amount listed in Table B, below, for each trouble report for which service was not restored within the Restoration Interval during those six (6) calendar months.

(b) If (i) service restoration falls below the Service Restoration Credit Level for one or more additional consecutive months immediately following a Service Restoration Failure, and (ii) the number of trouble reports for each such month(s) meets or exceeds the "Monthly Trouble Report Minimum," as defined in Section 23.24.7 (C) (1) (a), below, then the Telephone Company will apply an additional credit to the SCRF in the amount listed in Table B, below, for each trouble report for which service was not restored within the applicable Restoration Interval during each such additional calendar month(s). Multiple Service Restoration credits will not apply to any calendar month.

(c) The "Monthly Trouble Report Minimum", by circuit type, is set forth in Table B, below.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.7 Service Level Agreements (SLA) (Cont'd)

## (C) Service Interruptions. (Cont'd)

(1) Service Restoration Interval. (Cont'd)

Table B

Circuit Type	Monthly Trouble Report Minimum	Credit
DS1	4,000	\$100
DS3	125	\$350

## Example 2:

DS1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
FF TRBL REPORTS	3937	4000	4184	4553	4032	4532	4601	4035	4005
TTR > 4.0	1302	2149	1506	2396	2168	2709	2417	2139	2099
% ≤ 4.0	66.93%	46.28%	64.01%	47.38%	46.23%	40.23%	47.47%	46.99%	47.59%

In Example 2, the Telephone Company restored service in four hours or less for fewer than 48% of DS1 Subject Services during six consecutive months (Months 4 through 9). During each of those months, the number of trouble reports for DS1 Subject Services met or exceeded the Trouble Report Minimum. The applicable credit would be calculated by adding the total number of Subject Services that were not repaired within the 4 hour timeframe (TTR $\geq$  4.0) and multiplying that number by the applicable credit amount (\$100).

(Jul TTR $\leq$ 4 + Aug TTR $\leq$ 4 + Sept TTR $\leq$ 4 + Oct TTR $\leq$ 4 + Nov TTR $\leq$ 4 + Dec TTR $\leq$ 4) x Credit Amount = Total Credit

Or

(2396 + 2168 + 2709 + 2417 + 2139 + 2099) x \$100 = \$1,392,800

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.7 Service Level Agreements (SLA) (Cont'd)(C) Service Interruptions. (Cont'd)(1) Repeat Trouble.

- (a) No more than twenty-three percent (23%) of all DS1 trouble tickets and eleven percent (11%) of all DS3 trouble tickets closed by the Telephone Company (each to be referred to as a "Repeat Trouble Credit Level") during any calendar month shall be for circuits that have had one or more trouble tickets in the previous thirty (30) calendar days. If (i) the percentage of repeat trouble exceeds the Repeat Trouble Rate for six (6) consecutive months (a "Repeat Trouble Failure"), and (ii) the number of trouble reports in each such month meets or exceeds the "Monthly Trouble Report Minimum," as defined below, then the Telephone Company will apply a credit to the SCRF in the amount listed in Table C, below, for each repeat trouble report during those six (6) calendar months.
- (b) If (i) repeat troubles exceed the Repeat Trouble Credit Level for one or more additional months immediately following a Repeat Trouble Failure, and (ii) the number of trouble reports in each such month meets or exceeds the "Monthly Trouble Report Minimum," as defined below, then the Telephone Company will apply an additional credit to the SCRF in the amount listed in Table C, below, for each repeat trouble report during each such additional calendar month. Multiple Repeat Trouble credits will not apply to any calendar month.
- (c) The "Monthly Trouble Report Minimum", by circuit type, is set forth in Table C, below.

Table C

Circuit Type	Monthly Trouble Report Minimum	Credit
DS1	4,000	\$100
DS3	125	\$350

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.7 Service Level Agreements (SLA) (Cont'd)(C) Service Interruptions. (Cont'd)(2) Repeat Trouble. (Cont'd)

Example 3.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
DS1	16.5%	17.1%	25.0%	25.2%	25.5%	25.1%	25.0%	25.4%	19.3%
REPEATS	494	584	999	1101	1098	1028	1005	1016	643
TRBL RPTS	2996	3416	4002	4361	4310	4101	4023	4000	3333

In Example 3, more than 23% measure of all troubles were classified as repeat troubles for six consecutive months (Months 3 through 8), and Customer trouble reports in each such month exceeded the Monthly Trouble Report Minimum. A credit of \$624,700 would be applied to the SCRF.

$$(999+1101+1098+1028+1005+1016) \times 100 = \$624,700$$

23.24.8 Assignment/Transfer/Successors

(A) Neither party shall assign or otherwise transfer this Contract Offer No. 24 or its rights or obligations hereunder to any person or entity without the prior written consent of the other party, which shall not be unreasonably withheld or delayed, provided, however, that Customer shall have the right, without the consent of but with notice to the Telephone Company, to assign or otherwise transfer the entirety of this Contract Offer No. 24 to any Permitted Affiliate, so long as: (i) the other Concurrently Subscribed Contract Offers are likewise assigned or otherwise transferred in their entirety to that same Affiliate; and (ii) that Affiliate otherwise qualifies under this Contract Offer No. 24 and the other Currently Subscribed Contract Offers. Any assignment or other transfer shall be subject to the other party's rights under this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers; any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers; any assignment or transfer by the Customer shall be subject to the provisions of Section 23.24.7(B), below, and the assignor or transferor will remain financially responsible for the performance of this Contract Offer No. 24 and/or its obligations hereunder. Any assignment or other transfer of this Contract Offer No. 24 or the rights or obligations hereunder, or any attempt to do either, in violation of this provision shall be void.

(N)

(This page filed under Transmittal No. 212 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.8 Assignment/Transfer/Successors (Cont'd)

(B) Subject to the provisions of Section 23.24.7(A), above, the Customer may assign or transfer this Contract Offer if (i) the proposed assignee or transferee demonstrates credit worthiness under both (1) and (2), below (and if (1) and (2) are not applicable to Customer, then (3) shall apply); and (ii) neither the proposed assignee or transferee nor its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it) at any time during the Term Period.

- (1) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.
- (2) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g., Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:
  - (a) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or
  - (b) "high risk" in a Paydex score as published by Dun and Bradstreet.
- (3) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (1) or (2) of this Section 23.24.7(B) is not available, the Telephone Company shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.9 Mergers/Acquisitions and Sales/Divestitures

All provisions of this Contract Offer No. 24 shall continue in full force and in effect notwithstanding any merger or acquisition affecting a party. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the party, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of a merger or acquisition, if another entity involved in the merger or acquisition purchases any service from any Telephone Company entity, such service shall not be included in this Contract Offer No. 24 for any purpose. The "Transaction Close Date" shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased. Purchases by the other entity shall not be part of any calculation hereunder, including, without limitation, as a MARC-Eligible Service, as generating MARC-Eligible Charges, to determine achievement of the MARC, in fulfilling the commitment set forth in this Contract Tariff 23.24.5(A), or be eligible for any credits under this Agreement.

23.24.10 Termination(A) Termination Liability Charge

If, prior to the completion of the Term Period, the Customer terminates this Contract Offer No. 24 or any of the other Concurrently Subscribed Contract Offers for any reason other than material breach by the Telephone Company or one of the other Qualified Companies, or if the Telephone Company terminates this Contract Offer No. 24 or if one of the other Qualified Companies terminates its other Concurrently Subscribed Contract Offer as a result of a material breach by the Customer, then this Contract Offer No. 24 shall be terminated (if not already terminated) and the Customer shall pay a termination liability charge in the aggregate amount of (i) the Pro-rated True-Up Amount (as defined below), if any, (ii) either (a) 20.57% of the unsatisfied MARC for Term Year 1, if termination occurs in Term Year 1, or (b) twelve percent (12%) of the unsatisfied MARC for the remainder of any Term Year after Term Year 1, in which termination occurs, in either case beginning immediately after the period covered by the Pro-rated True-Up Amount, (iii) twelve percent (12%) for each Term Year remaining after the Term Year in which termination occurs, and (iv) the last two (2) MMCs earned by the Customer. (If such earned MMCs have not yet been issued by the Telephone Company, the Customer shall not repay such MMCs. Instead, such MMCs will not be issued.)

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.10 Termination (Cont'd)(A) Termination Liability Charge (Cont'd)

The "Pro-rated True-Up Amount" will be equal to the difference, if any, between the pro-rated MARC for that Term Year under this Contract Offer, as of the termination effective date, minus the aggregate of (a) the MARC-Eligible Charges, and (b) any Quarterly Shortfall charges paid for the Term Year in which the termination occurs.

For avoidance of doubt, if the Pro-rated True-Up Amount is a negative number (i.e., Customer has, on a year-to-date basis, paid MARC-Eligible Charges and Quarterly Shortfall charges in excess of the pro-rated MARC for that Term Year as of the termination effective date), the Pro-rated True-Up Amount shall be zero, and the amount of termination liability owed by Customer under this section shall be reduced as follows:

- (1) by either 20.57% if termination occurs during Term Year 1, or twelve percent (12%) if termination occurs during any other Term Year, of the excess, if any, of
  - (A) the MARC-Eligible Charges for that Term Year, over
  - (B) the pro-rated MARC for the period covered by the Pro-rated True-Up Amount;
- (2) if there is a reduction under Section 23.24.9(A)(1), by the amount of any Quarterly Shortfall charges paid for that Term Year; or
- (3) if there is no reduction under Section 23.24.9(A)(1), then by the excess of
  - (A) the MARC-Eligible Charges and Quarterly Shortfall charges paid for that Term Year, over
  - (B) the pro-rated MARC for the period covered by the Pro-rated True-Up Amount

If the aggregate reduction under Section 23.24.9(A)(1) and (2), or the reduction under Section 23.24.9(A)(3), exceeds the amount of the termination liability owed by Customer under this Section, then the Telephone Company shall issue a credit in the amount of such excess.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.10 Termination (Cont'd)

The Customer will pay in full the termination liability thirty (30) days after notice by the Telephone Company. This termination liability charge shall apply in addition to, and shall not affect, any termination liability charges that may otherwise apply according to the terms of any applicable NBTC Tariff F.C.C. No. 1.

(B) If, during the Term Period, the Tariff and/or Guidebook monthly recurring charges (MRCs) applicable to Subject and Non-Subject Services, as listed in this Section, below, under this Contract Offer and the other Concurrently Subscribed Contract Offers, are reduced by a cumulative total of thirty percent (30%), as compared to the rates applicable to Subject and Non-Subject Services on the Subscription Date, either party may terminate this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers without incurring any termination liability charge that would otherwise be due under this Contract Offer No. 24, upon sixty (60) day advance written notice to the other party. Such option to terminate shall be exercisable to this Contract Offer No. 24 and the other Concurrently Subscribed Contract Offers as a package; neither party can terminate less than all of them. To determine whether such a rate reduction has occurred, the Qualified Companies will take the following steps.

Within sixty (60) days after the Subscription Date of this Contract Offer No. 24, the Qualified Companies will perform an analysis of the Initial Rates (Initial Rate Analysis). The Initial Rate Analysis will be based on the actual quantities of the rate elements, below, and the actual quantities of those rate elements listed in the analogous section of the other Concurrently Subscribed Contract Offers, in each case being purchased by the Customer and its Permitted Affiliates as of the Subscription Date.

1. DS-1: Channel Terminations (CT), Channel Mileage (CM) fixed and CM per mile;
2. DS-3: CT, CM fixed, CM per mile and Multiplexing (MUX);

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.24 Contract Offer No. 24 - Access Service Offer (Cont'd)23.24.10 Termination (Cont'd)

(B) (Cont'd)

3. SONET Dedicated Ring Service<sup>1</sup>: Central Office and Customer Premises Nodes, Add/Drop Capability, Ports, Mileage, Optical to Electrical DS1 Add/Drop Capability and Regenerators; and
4. Optical Carrier Network Point-to-Point (OCN PTP) Services<sup>1</sup>: Local Distribution Channel, Interoffice Transport, Collocation Transport, Add/Drop Function, Add/Drop Multiplexing, Protection and Regenerators.

During the Term Period, the Customer may request an analysis of the rates applicable to rate elements listed in Section 23.24.9(B) and those rate elements listed in the analogous section of the other Concurrently Subscribed Contract Offers, as of the end of any Term Year. To request such an analysis, the Customer must provide the Qualified Companies with written notice within sixty (60) days after the end of the Term Year to which the request applies. Following such a request, the Qualified Companies shall perform an analysis of the rates applicable to the rate elements listed in Section 23.24.9(B) and to those rate elements listed in the analogous sections of the other Concurrently Subscribed Contract Offers, using the same rate elements and quantities as were evaluated in the analysis of the Initial Rates (EOY Rate Analysis). The Initial Rate Analysis will be compared with the EOY Rate Analysis to determine the change, if any, in the rates applicable to Subject and Non-Subject Services.

<sup>1</sup> Interstate OCN PTP and DSRS services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23.25 Contract Offer No. 25 - Special Access Wireless DS1 and DS3 Service Offer

(N)

23.25.1 General Description

Contract Offer No. 25, Special Access DS1 and DS3 Service Offer (Contract Offer No. 25), is a Minimum Volume Commitment plan for special access for which concurrent subscription is required to this Contract Offer and the following Access Tariffs: Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Contract Offer No. 203, Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73 Contract Offer No. 175, BellSouth Telecommunications LLC (BellSouth) Tariff F.C.C. No. 1, Contract Offer No. 73 and Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 156 (collectively, with this Contract Offer No. 25, Concurrently Subscribed Contract Offers). Ameritech, SWBT, BellSouth, PBTC and Nevada Bell Telephone Company (NBTC) shall be identified herein as the "Qualified Companies."

(N)  
(Nx)

Subject to the Terms and Conditions set forth elsewhere in this Contract Offer No. 25 and the other Concurrently Subscribed Contract Offers, Contract Offer No. 25 requires eligible Customers to make and satisfy Minimum Volumes, as defined in Section 23.25.5. The Minimum Volumes consist of certain Subject Services purchased from NBTC Tariff F.C.C. No. 1 and the other Qualified Companies as provided in this Contract Offer.

(Nx)

This Contract Offer is available for subscription from August 25, 2011 through September 25, 2011. This Contract Offer is not renewable.

(N)

23.25.2 Subject Services

(A) This Contract Offer applies to pricing Subject Services contained in the following tariff sections: NBTC Tariff F.C.C. No. 1, Sections 6, 7 and 22 - DS1 and DS3 High Capacity Service.

(B) Subject Services must be located in the Pricing Flexibility MSAs for which the Telephone Company has been granted pricing flexibility relief, as listed in NBTC Tariff F.C.C. No. 1, Section 22, and those listed in Table A. During the Term Period of this Contract Offer, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 at the time of subscription, the Customer may, at its option, include Subject Services eligible for the discounts under this Contract Offer No. 25.

Table A-

MSA	
Reno	NV

(N)

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Effective: August 25, 2011

Four AT&T Plaza, Dallas, Texas 75202

## ACCESS SERVICE

23.25 Contract Offer No. 25 - Special Access Wireless DS1 and DS3 Service Offer (Cont'd) (N)

23.25.3 Eligibility Criteria

The Customer must meet the following Eligibility Criteria as of the date this Contract Offer becomes effective (Effective Date):

- (A) All Subject Services must terminate on Customer's Wireless Network.
- (B) All Subject Services must subtend a SONET<sup>1</sup> ring service purchased by the Customer from the Telephone Company.
- (C) During the month prior to the Customer's subscription to this Contract Offer, the Customer must have in service no fewer than sixteen thousand (16,000) and no more than seventeen thousand (17,000) DS1s, and no fewer than one thousand two hundred (1,200) and no more than one thousand three hundred (1,300) DS3 access circuits from the Qualified Companies, each of which terminates at a Qualified Cell Site. (N)
- (D) Concurrently Subscribed Contract Offers. The Customer must concurrently subscribe to the following Contract Offers:
  - SWBT Tariff F.C.C. No. 73, Contract Offer No. 175;
  - BellSouth Tariff F.C.C. No. 1, Contract Offer No. 73;
  - Ameritech Tariff F.C.C. No. 2, Contract Offer No. 203; and
  - PBTC Tariff F.C.C. No. 1, Contract Offer No. 156. (Nx)

23.25.4 Terms and Conditions (N)

(A) Term Period

The term of this Contract Offer (Term Period) shall be sixty (60) months, commencing on the date the Telephone Company receives the signed Letter of Subscription (LOS) from the Customer. Upon expiration of the Term Period, the rates, terms and conditions of this Contract Offer shall no longer apply, and Subject Services shall be provided at the prevailing month-to-month rates in NBTC Tariff F.C.C. No. 1, Section 7.

<sup>1</sup>Dedicated SONET Ring Service (DSRS) services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, these services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook). (N)

(x) Filed under the authority of Special Permission No. 11-013 of the F.C.C.

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## ACCESS SERVICE

23.25 Contract Offer No. 25 - Special Access Wireless DS1 and DS3 Service Offer (Cont'd) (N)

23.25.4 Terms and Conditions (Cont'd)

(B) General Terms and Conditions

- (1) Subject Services are subject to certain rates, charges and general terms and conditions described in NBTC Tariff F.C.C. No. 1, Sections 2, 5 and 13, as applicable. Such terms and conditions may be modified through filing tariff changes at any time during the Term Period; however, such tariff modifications will not change the terms and conditions of this Contract Offer. If any provision of this Contract Offer conflicts with any otherwise applicable provisions of NBTC Tariff F.C.C. No. 1, Sections 2, 5 or 13, this Contract Offer shall govern over the conflicting provision.
- (2) All traffic transmitted over Subject Services must originate or terminate at a Mobile Switching Center (MSC) operated by the Customer.
- (3) All terms and conditions for the Subject Services provided under this Contract Offer are governed by the otherwise applicable tariff sections, except as provided herein.
- (4) Subject Services eligible for credits under this Contract Offer shall not be included in any other pricing flexibility contract offer, unless expressly permitted by such other pricing flexibility contract offer or other arrangement.
- (5) Jointly provided access services may be included as Subject Services under this Contract Offer, provided such services meet the terms and conditions herein. Such Subject Services shall be eligible for the credits provided in this Contract Offer, but such credits will be applicable only to the portion of such services provided by the Telephone Company. Jointly Provided Access Services will be counted for purposes of determining the Customer's compliance with the DS1 and DS3 Volume Commitments set forth in Section 23.25.5 of this Contract Offer.

(N)

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## ACCESS SERVICE

23.25 Contract Offer No. 25 - Special Access Wireless DS1 and DS3 Service Offer (Cont'd) (N)

23.25.4 Terms and Conditions (Cont'd)

(B) General Terms and Conditions (Cont'd)

(6) To subscribe to this Contract Offer, the Customer must provide a signed Letter of Subscription (LOS) to the Telephone Company, which must include a list of eligible Access Customer Name Abbreviations (ACNAs) under which the Subject Services pursuant to this Contract Offer may be purchased. Subject Services ordered or purchased under other ACNAs may not be transferred or converted to this Contract Offer.

(7) Commingling shall be as defined in NBTC Tariff F.C.C. No. 1, Section 2.6. Commingling of Subject Services provided under this Contract Offer is prohibited.

(8) Credits earned under this Contract Offer No. 25 are in addition to, and do not alter, any discounts, term plans or other rates available in the Telephone Company's tariffs, except for those pricing flexibility contract tariffs superseded by the Concurrently Subscribed Tariffs.

(9) With the exception of the Concurrently Subscribed Contract Offers, the Customer shall not purchase special access services pursuant to any pricing flexibility contract offer, broadband services agreement, intrastate "ICB" contract or other individually negotiated tariff or agreement that includes any minimum volume or revenue commitment (any such precluded tariffs or agreements hereafter referred to as an "Other Commitment Agreement"), unless the Other Commitment Agreement expressly refers to this Contract Offer and expressly permits the Customer to purchase such services subject to both this Contract Offer and the Other Commitment Agreement. The word "purchase," as used in the foregoing sentence, refers to the Customer obtaining or using any service in exchange for compensation, regardless of when the service was ordered or installed. (N)

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## ACCESS SERVICE

23.25 Contract Offer No. 25 - Special Access Wireless DS1 and DS3 Service Offer (Cont'd) (N)

23.25.5 Minimum Volume Credits

(A) The Telephone Company will issue credits to the Customer as provided in this Section 23.25.5(B), conditioned on the Customer's purchase of the minimum volumes of Subject Services from the Qualified Companies, as set forth below ("Minimum Volumes").

(1) During each month of the Term Period, the Customer must be purchasing from the Qualified Companies, in total, a minimum of sixteen thousand seven hundred and nineteen (16,719) DS1 Subject Services.

(2) During each month of the Term Period, the Customer must be purchasing from the Qualified Companies, in total, a minimum of one thousand two hundred and nine (1209) DS3 Subject Services.

(B) If the Customer satisfies the minimum volume conditions, the Telephone Company will issue credits to the Customer in the amount of thirty dollars (\$30) for each DS1 in excess of the Minimum Volumes identified in Section 23.25.5.A.1, and one hundred dollars (\$100) for each DS3 in excess of the Minimum Volumes identified in Section 23.25.5.A.2, which shall be distributed among the Qualified Companies as provided herein. Credits shall be applied to "Subject Services" provided pursuant to the Concurrently Subscribed Contract Offers according to installation date, with credits being applied to the most recently installed Subject Services first.

23.25.6 Replacement of Subject Services with Ethernet-Based Services<sup>1</sup>

(A) The Customer may terminate DS1 Subject Services without termination liability charges, provided that the following conditions have been met.

(1) The Subject Service must have been in service for at least six (6) months prior to termination.

(2) The Subject Service must have been replaced by Ethernet-based service<sup>1</sup> provided to the Customer by the Telephone Company at the same Qualified Cell Site, with Ethernet<sup>1</sup> bandwidth of no less than 5 Mbps per Customer cell site (Replacement Service).

<sup>1</sup>Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, such services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with specifically de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook)

(N)

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## ACCESS SERVICE

23.25 Contract Offer No. 25 - Special Access Wireless DS1 and DS3 Service Offer (Cont'd) (N)

23.25.6 Replacement of Subject Services with Ethernet-Based Services<sup>1</sup> (Cont'd)

(A) (Cont'd)

(3) No lapse in billing may have occurred between the termination of the Subject Service and the installation of the Replacement Service.

(B) The Customer may qualify for credits to be applied against termination liability charges billed for terminated DS3 Subjects Services ("DS3 Credits"), provided that the following conditions have been met.

(1) The Subject Service must have been continuously in service since the Effective Date of this Contract Offer.

(2) The Subject Service must have been in service for at least twenty-four (24) months prior to termination.

(3) No lapse in billing may have occurred between the termination of the Subject Service and the installation of the Replacement Service.

The Telephone Company will calculate and issue (when applicable) DS3 Credits for each three (3) month period during the Term Period, beginning from the Subscription Date (each such period to be referred to as a "Quarter"). DS3 Credits will be based on the equivalent of one terminated DS3 Subject Service for every twenty-eight (28) DS1 Subject Services that have been terminated without termination liability pursuant to Section 23.25.6(A), above, during the relevant Quarter ("Eligible DS1s"). The Telephone Company will determine the number of Eligible DS1s for the Quarter, divide the number of Eligible DS1s by twenty-eight (28), and round the quotient down to the nearest whole number. The result of this calculation will be referred to as the "DS3 Termination Allowance." The amount of the DS3 Credit will be calculated by multiplying the DS3 Termination Allowance times the average amount of all termination liability charges billed to the Customer per terminated DS3 Subject Service during the Quarter ("Average DS3 TLC"). (N)

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## ACCESS SERVICE

23.25 Contract Offer No. 25 - Special Access Wireless DS1 and DS3 Service Offer (Cont'd) (N)

23.25.6 Replacement of Subject Services with Ethernet-Based Services<sup>1</sup> (Cont'd)

(B) (Cont'd)

Formula: DS3 Termination Allowance x Average DS3 Termination Liability Charge = DS3 Credit

Example: During Quarter X of the Term Period, the Customer terminates 165 DS1 Subject Services without termination liability, as provided in Section 23.25.6(A). During Quarter X, the Customer also terminates 6 DS3 Subject Services. Total termination liability charges for the terminated DS3 Subject Services are \$24,000. The DS3 Termination Allowance is 5 ( $165/28 = 5.89$ ). The Average DS3 TLC is \$4,000 ( $\$24,000/6 = \$4,000$ ). The DS3 Credit is \$20,000 ( $\$4,000 \times 5 = \$20,000$ ).

23.25.7 Assignment and Transfer

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC Tariff F.C.C. No. 1, Section 2.1.2, the Telephone Company will acknowledge such transfer or assignment if the criteria in NBTC Tariff F.C.C. No. 1, Section 2.1.2 are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B) or (C), below, or 2) if the proposed assignee or transferee or its parent, has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly, or indirectly, more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade. (N)

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## ACCESS SERVICE

23.25 Contract Offer No. 25 - Special Access Wireless DS1 and DS3 Service Offer (Cont'd) (N)

23.25.7 Assignment and Transfer (Cont'd)

(B) The proposed assignee or transferee does not have any outstanding securities rated by credit rating agencies, e.g. Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

- (i) "fair" or below in a composite credit appraisal published by Dun and Bradstreet, or;
- (ii) "high risk" in a Paydex score as published by Dun and Bradstreet.

(C) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (A) or (B) of this Section is not available, the Telephone Company shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

23.25.8 Mergers/Acquisitions

All provisions of this Contract Offer shall continue in full force and effect notwithstanding any merger or acquisition affecting the Customer. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the Customer, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Telephone Company, the Subject Services, as provided for in this Contract Offer, will continue to be maintained at the same volume, rates, and Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.26 Contract Offer No. 26 - Access Service Offer

(N)

23.26.1 General Description

(Nx)

This Special Access Service Offer (Contract Offer No. 26) is a Minimum Annual Revenue Commitment (MARC) plan for which concurrent subscription is required to this Contract Offer and the following Access Tariffs: Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 159 and Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 178; (collectively, with this Contract Offer No. 26, referred to as "Concurrently Subscribed Contract Offers"). PBTC, SWBT, together with the Telephone Company, shall be identified herein as the "Qualified Companies." (Nx)

Subject to the Terms and Conditions set forth in this Contract Offer No. 26 and the other Concurrently Subscribed Contract Offers, Contract Offer No. 26 requires eligible Customers to establish and maintain a MARC, as described in Sections 23.26.4(C) and 23.26.5. (N)

Contract Offer No. 26 will be available for subscription only from December 20, 2011 through January 20, 2012. This offer is not renewable.

23.26.2 Subject and Non-Subject Services

Services whose charges will be included in the MARC calculations under this Contract Offer No. 26 consist of both Subject Services, listed in Table A, below, and Non-Subject Services, listed in Table B, below, provided by the Telephone Company and located within the "Operating Territory" of the Telephone Company, as described in NBTC Tariff F.C.C. No. 1, Section 17 (Operating Territory).

(A) Subject Services

(1) Subject Services are pricing flexibility qualified access services and associated rate elements, as identified in Table A, below.

Table A - Subject Services

Category	Services Included
Interstate Special Access located in Pricing Flexibility Metropolitan Statistical Areas (MSAs)	Voice Grade ("VG"), DS0, DS1, DS3, except for any rate elements not subject to pricing flexibility

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.2 Subject and Non-Subject Services (Cont'd)(A) Subject Services (Cont'd)

(1) Subject Services must be located in the Pricing Flexibility MSAs where the Telephone Company has been granted Phase II pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22 and those additional MSA's listed below. During the Term Period of this Contract Offer No. 26, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 at the time of subscription, the Customer may, at its option, include Subject Services in those additional MSAs as eligible for the discounts under this Contract Offer No. 26.

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(B) Non-Subject Services are listed in Table B, below.

Table B - Non-Subject Services

Category	Services Included
Interstate Special Access Services provided by the Telephone Company but not located in Pricing Flexibility Metropolitan Statistical Areas (MSAs) and any rate elements located in Pricing Flexibility MSAs but not subject to pricing flexibility relief.	Voice Grade ("VG"), DS0, DS1, DS3, and any rate elements not eligible for pricing flexibility.
Broadband Interstate Special Access	<sup>1</sup> Optical Carrier Network ("OCN") Point- to- Point Service, Dedicated SONET Ring Service ("DSRS"), Gigabit Ethernet Metropolitan Access Network ("GigaMAN <sup>®</sup> ") Service, Multi- service Optical Network ("MON") Ring Service, Optical Ethernet Metropolitan Area Network ("OPT-E-MAN <sup>®</sup> "), DecaMAN <sup>®</sup> , and Wavelength Metropolitan Area Network (WaveMAN <sup>SM</sup> ). AT&T Switched Ethernet . Serial Component Video Service (SCVS), and High Definition Video Transport (HDVT)
Long Distance Voice Service	Long Distance Voice Service as described in Section 23.26.5(C), below

<sup>1</sup> OCN PTP, DSRS, MON, GigaMAN,<sup>®</sup> DecaMAN,<sup>®</sup> Opt-E-MAN<sup>®</sup>, WaveMAN<sup>SM</sup>, and AT&T Switched Ethernet, Serial Component Video (SCVS) and High Definition Video Transport (HDVT) services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.2 Subject and Non-Subject Services (Cont'd)

(C) All terms and conditions for those Subject Services and Non-Subject Services that are tariffed are governed by their respective tariff sections, except as noted in this Contract Offer No. 26 with respect to Subject Services. All terms and conditions for those Non-Subject Services that are not tariffed are governed by the applicable guidebooks, service guides or contracts.

(D) Subject Services and Non-Subject Services shall also include any similar or successor services which are provided by the Qualified Companies and which were not available as of the effective date of this Contract Offer No. 26.

23.26.3 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer No. 26:

(A) During the twelve (12) months prior to the Subscription Date, the Customer must have purchased services equivalent to those included among the Subject Services and Non-Subject Services under this Contract Offer, which services must have resulted in charges equivalent to those included in MARC-Eligible Charges under this Contract Offer (as defined in Section 23.26.4(C), below) during those twelve (12) months equal to no less than sixty-five million dollars (\$65,000,000). (N)

(B) Concurrently Subscribed Contract Offers. The Customer must concurrently subscribe to the following Contract Offers:

- NBTC Tariff F.C.C. No. 1, Contract Offer No. 26;
- PBTC Tariff F.C.C. No. 1, Contract Offer No. 159; and
- SWBT Tariff F.C.C. No. 73, Contract Offer No. 178. (Nx)

(C) At the time of subscription to this Contract Offer, the Customer must be purchasing a single TDM-based long distance voice service, and/or a single Internet Protocol-based long distance voice service from an affiliate of the Telephone Company, including, but not limited to, ABN/OneNet<sup>1</sup>, which service must generate minimum of four million five hundred thousand dollars (\$4,500,000) in recurring charges annually. (N)

<sup>1</sup> ABN/OneNet services are provided on a contractual basis outside of the tariff, including all terms and conditions. Rates, terms and conditions associated with ABN/OneNet services are available at <http://new.serviceguide.att.com/> (N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.4 Terms and Conditions

The following Terms and Conditions apply to this Contract Offer No. 26:

(A) Subscription.

To subscribe to Contract Offer No. 26, the Customer must submit a Letter of Subscription (LOS) to the Telephone Company. The Customer must provide, at the time of subscription, all qualifying Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in this Contract Offer No. 26 (hereafter referred to as "Eligible ACNAs"). Subject Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, this Contract Offer No. 26.

(B) Term Period

The term of this Contract Offer No. 26 (Term Period) shall begin on the date the Telephone Company receives a signed Letter of Subscription (LOS) from the Customer, referred to as the "Subscription Date". The Term Period shall end twenty-nine (29) months after the Subscription Date, subject to extension, as provided in this Section 23.26.4(M) (1), below.

Each period of twelve (12) consecutive months during the Term Period, beginning with the Subscription Date, shall be referred to as a "Term Year," except that Term Year 3 shall consist of five (5) months, i.e., the twenty-fifth (25th) through twenty-ninth (29th) months after the Subscription Date, and the extension year, if any, shall consist of twelve (12) months, i.e., the thirtieth (30th) through forty-first (41st) months after the Subscription Date.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.4 Terms and Conditions (Cont'd)

(C) The Customer must satisfy a MARC, as further described in Section 23.26.5(A), for each Term Year of this Contract Offer No. 26. The MARC shall be based on billed recurring revenue, net of any applicable discounts or credits and any other applicable credits or adjustments issued as of the time of the applicable Annual True-up Process for, in the aggregate, the Subject Services and Non-Subject Services set forth in Section 23.26.2 of this Contract Offer No. 26, and the "Subject Services" and "Non-Subject Services" set forth in the other Concurrently Subscribed Contract Offers (such charges collectively referred to as "MARC-Eligible Charges"), provided, however, that any credits issued pursuant to the Concurrently Subscribed Contract Offers shall not be included in determining MARC-Eligible Charges. The MARC-eligible services, as set forth in Section 23.26.2 of this Contract Offer No. 26, and the MARC-eligible services as similarly set forth in the other Concurrently Subscribed Contract Offers, are collectively referred to as the "MARC-Eligible Services." MARC-Eligible Charges shall specifically exclude non-recurring charges, usage-based charges and temporary service charges. Notwithstanding the foregoing, if any MARC-Eligible Charges are subject to disputes that have not been resolved at the time of the applicable Annual True-Up Process, such charges will be included in MARC-Eligible Charges for purposes of that Annual True-Up, but charges or credits affected by the dispute shall be adjusted upon resolution of the dispute, in a manner consistent with such resolution.

(D) Credits earned by the Customer under this Contract Offer No. 26 and the other Concurrently Subscribed Contract Offers shall be applied as described in Section 23.26.6, below, and in the analogous sections of the other Concurrently Subscribed Contract Offers.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.4 Terms and Conditions (Cont'd)

- (E) MARC-eligible services under this Contract Offer No. 26 may not be purchased pursuant to any pricing flexibility contract offer, broadband services agreement, or other individually negotiated tariff or agreement (referred to as "Other Commitment Agreement") that includes any minimum volume or revenue commitment, unless any Other Commitment Agreement expressly refers to this Contract Offer and expressly permits the Customer to purchase such services subject to both this Contract Offer and the Other Commitment Agreement. The word "purchase," as used in the foregoing sentence, refers to the Customer obtaining or using any service in exchange for compensation, regardless of when the service was ordered or installed.
- (F) Credits provided under this Contract Offer No. 26 will not be issued unless and until the Customer has paid all billed charges for MARC-Eligible Services due and owing(excluding amounts properly disputed), and is otherwise in material compliance with this Contract Offer.
- (G) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of NBTC Tariff F.C.C. No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Contract Term. However, such tariff modifications will not change the Terms and Conditions described in this Contract Offer No. 26.
- (H) Commingling is defined in NBTC Tariff F.C.C. No. 1, Section 2.6. Commingling of Subject Services provided pursuant to this Contract Offer No. 26 is prohibited.
- (J) Subject Services shall be subject to the otherwise applicable rates, terms and conditions of NBTC Tariff F.C.C. No. 1, as modified from time to time, except as provided in this Contract Offer.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.4 Terms and Conditions (Cont'd)(K) Extension of Term Period or Negotiation of Replacement.

The Term Period may be extended by one year, or the rates, terms and conditions for a replacement to this Contract Offer may be negotiated, as provided herein. If the Customer wishes to extend the Term Period or negotiate a replacement to this Contract Offer, the Customer must notify the Telephone Company, in writing, no later than twenty-three (23) months after the Subscription Date and must state whether it wishes to: (a) extend the Term Period, or (b) negotiate a replacement.

(1) If the Customer requests an extension of the Term Period, the Customer's request will be subject to the approval of the Telephone Company. The Telephone Company shall either accept or reject the Customer's request, in writing, no more than sixty (60) days after receipt of the Customer's request. If the Telephone Company fails to respond within sixty (60) days after receiving the request, the request shall be deemed to have been accepted. The extension, if any, must apply to all of the Concurrently Subscribed Contract Offers.

(2) If the Customer requests to negotiate a replacement to this Contract Offer, the parties will negotiate in good faith to enter into such a replacement.

(L) Replacement of DS1 with Ethernet<sup>1</sup>-Based Services:

The Customer may terminate DS1 Subject Services without termination liability charges, provided that the following conditions have been met.

(1) The Subject Service must have been in service for at least twelve (12) months prior to termination.

(2) The Subject Service must have been replaced by Ethernet<sup>1</sup>-based service provided to the Customer by the Telephone Company at the same end user location with Ethernet<sup>1</sup> bandwidth of no less than 5 Mbps per Customer cell site (Replacement Service).

<sup>1</sup> Ethernet-based services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.4 Terms and Conditions (Cont'd)(L) Replacement of DS1 with Ethernet<sup>1</sup>-Based Services:  
(Cont'd)

(3) No lapse in billing may have occurred between the termination of the Subject Service and the installation of the Replacement Service.

(M) This Section 23.26.4(M) shall apply to Subject Services purchased under the DS1 High Capacity Service Portability Commitment, as described in Section 7.11.5.2 (E) of NBTC Tariff F.C.C. No. 1. The Customer will be eligible for a reduction to its Commitment Level (CL), as defined in this Section 7.11.5.2 (E) without such Termination Liability as would otherwise apply to a decrease in the Customer's CL, as provided below:

(1) A CL reduction shall be available only if and when the Customer's total number of in-service DS1 Channel Terminations falls below eighty percent (80%) of the Customer's then-current CL.

(2) Only DS1 Channel Terminations that are disconnected and replaced by Ethernet<sup>1</sup>-based services purchased from the Telephone Company, as provided in Section 23.26.4(L) may be taken into account in any reduction of the Customer's CL.

(3) Any reduction to the Customer's CL will apply only during the three (3) year term of the Customer's Portability Commitment, as was in effect as of the date of the Customer's subscription to this Contract Offer. As clarification, but not to modify the foregoing, any new Portability Commitment or renewal of a previously existing Portability Commitment shall not be eligible for a CL reduction under this Contract Offer.

<sup>1</sup> Ethernet-based services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.5 Minimum Annual Revenue Commitment (MARC)

(A) Establishment and Calculation of the MARC. The MARC for each Term Year of this Contract Offer shall be as follows:

- (1) For Term Year 1, the greater of: (a) eighty-two million dollars (\$82,000,000), or (b) the lesser of the amount of recurring revenue billed to the Customer by the Qualified Companies, net of any applicable discounts or credits or billing adjustments for those services identified as Subject Services or Non-Subject Services in Section 23.26.2 of this Contract Offer and those services identified as "Subject Services" and "Non-Subject Services" in the Concurrently Subscribed Contract Offers, during the three (3) months immediately prior to the Subscription Date, times four (4) or during the previous month immediately prior to the Subscription Date, time twelve (12).
- (2) For Term Year 2, the greater of: (a) seventy-four million seven hundred thousand dollars (\$74,700,000), or (b) eight and one-half percent (8.5%) less than the Term Year 1 MARC;
- (3) For Term Year 3, the greater of: (a) twenty-eight million two hundred thousand dollars (\$28,200,000), or (b) thirty-seven percent (37%) of the Year 2 MARC.
- (4) For the extension year, if any, two and four tenths (2.4) times the Year 3 MARC.

(B) MARC Calculations

Satisfaction of the MARC shall be determined according to MARC-Eligible Charges (defined in Section 23.26.4(C)). MARC-Eligible Charges include charges for MARC-Eligible Services that were in service as of the Subscription Date, as well as those placed in service during the Term Period.

(C) The Customer may include in MARC-Eligible Charges recurring revenue attributable to a single TDM-based long distance voice service, and/or a single IP-based long distance voice service from an affiliate of the Telephone Company, including, but not limited to, ABN/OneNet<sup>1</sup>, provided that recurring revenues attributable to such service may represent no more than the percentage of the MARC applicable during the relevant Term Year identified in Table C, below.

<sup>1</sup> ABN/OneNet services are provided on a contractual basis outside of the tariff, including all terms and conditions. Rates, terms and conditions associated with ABN/OneNet services are available at <http://new.serviceguide.att.com/>

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.5 Minimum Annual Revenue Commitment (MARC) (Cont'd)

(C) (Cont'd)

Table C

PERIOD	The long distance voice service described in Section 23.26.5 (C) above, cannot contribute more than the following amount to the MARC
Term Month 1 - Month 12	6.00%
Term Month 13 - Month 24	6.02%
Term Month 25 - Month 29	6.74%
Extension Year, Month 30 - Month 41 if applicable	6.74%

(D) Failure to Satisfy the MARC

If the Customer fails to satisfy the MARC, as determined in the Annual True-Up Process, the Qualified Companies shall bill and the Customer shall pay the amount of the Annual Shortfall, as applicable, as provided in Sections 23.26.6(B) and (C), below. Any Shortfalls shall be divided among this Contract Offer No. 26 and the other Concurrently Subscribed Contract Offers in proportion to the billing incurred for MARC-Eligible Charges under those contract offers.

Customer and the Qualified Companies shall attempt in good faith to complete the Annual True-Up, including making any payments or applying any credits resulting therefrom within ninety (90) days after the end of each Term Year.

23.26.6 Credits(A) Monthly MARC Credits

During Term Year 1 and Term Year 2 of the Term Period (only) for each month of a Term Year, the Customer may be eligible for a single Monthly MARC Credit under, collectively, this Contract Offer and the other Concurrently Subscribed Contract Offers ("Monthly MARC Credits" or "MMCs").

(N)

(This page filed under Transmittal No. 226 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.6 Credits (Cont'd)(A) Monthly MARC Credits (Cont'd)

The Qualified Companies will issue an MMC to the Customer for any month during Term Year 1 or Term Year 2 (only) in which the Customer's MARC Eligible Charges are sufficient to satisfy one-twelfth (1/12) of the MARC for that Term Year (Monthly MARC). Any MMC will be issued in arrears, within sixty (60) days after the end of the month in which the Customer qualified for the MMC. If the Customer has not met the Monthly MARC during a month, no MMC will be issued for that month, but the Customer may be eligible to receive such MMC in conjunction with the Annual True-Up process, as provided below. The amount of the MMC, by Term Year, is provided in Table D, below.

Offer No. 26 and the other Concurrently Subscribed Contract Offers in proportion to billing for MARC-Eligible Charges during the relevant month. The MMC will be applied to the Customer's bill no later than sixty (60) days after the end of each month in which the Monthly MARC was satisfied.

MMCs shall not be issued if the Customer is in material breach of this Contract Offer No. 26 or the other Concurrently Subscribed Contract Offers, or in material breach of any other terms and conditions governing the Subject Services, including, without limitation, failure to pay any undisputed amount due for Subject Services, until such breach is cured or payment for undisputed amounts is made by Customer.

Table D

TERM YEAR	MAXIMUM ANNUAL MMC
Term Month 1 - Month 12	11.1% of the MARC
Term Month 13 - Month 24	\$6.1M
Term Month 25 - Month 29	\$0
Extension Year, Month 30 - Month 41 if applicable	\$0

(This page filed under Transmittal No. 226 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.6 Credits (Cont'd)(B) Monthly Incentive Credits

For each month during the Term Period, the Customer may be eligible for a single monthly incentive credit under, collectively, this Contract Offer and the other Concurrently Subscribed Contract Offers ("Monthly Incentive Credit" or "MIC").

(1) If, for Term Year 2 or the extension Term Year, if any, of the Customer's MARC-Eligible Charges during any month are sufficient to satisfy the Monthly MARC applicable during a prior Term Year, the Telephone Company will issue to the Customer a MIC in an amount equal to: (a) one-twelfth (1/12) of the Maximum Annual MMC, as shown in Table D, for which the Customer was eligible during the Term Year that corresponds to the greatest prior-year MARC for which the Customer satisfied the corresponding Monthly MARC, less (b) any MMC earned by the Customer for that month.

Example: During Term Year 2, the Customer's MARC is \$82 million, and the Customer's MARC-Eligible Charges for a given month are \$6.9 million. The Customer's MARC-Eligible Charges are sufficient to satisfy the Term Year 1 Monthly MARC. (\$6.9 million x 12 = \$82.8 million.) Because the Customer's MARC-Eligible Charges are also sufficient to satisfy the Term Year 2 Monthly MARC, the Customer will have earned an MMC of \$508,000 for that month. (\$6.1 million ÷ 12 = \$508,000.) The Customer will be paid an MIC equal to one-twelfth of the Maximum Annual MMC for Term Year 1, less the MMC actually credited for the relevant month in Term Year 2. The MIC will be \$250,000. (Step 1: \$82 million x 11.1% = \$9.1 million. Step 2: \$9.1 million ÷ 12 = \$758,000. Step 3: \$758,000 - \$508,000 = \$250,000.)

(N)

(This page filed under Transmittal No. 226 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.6 Credits (Cont'd)(B) Monthly Incentive Credits (Cont'd)

- (1) If, for Term Year 3, the Customer's MARC-Eligible Charges are equal to, or greater than, the Monthly MARC for Term Year 1, the Telephone Company will issue to the Customer a MIC equal to one twelfth (1/12) of the Maximum Annual MMC applicable to Term Year 1

Example: During Term Year 3, the Customer's MARC-Eligible Charges for a given month are \$6.9 million. The Term Year 1 MARC was \$82 million. The Customer's MARC-Eligible Charges are sufficient to satisfy the Term Year 1 Monthly MARC. (\$82 million ÷ 12 = \$6.83 million.) No MMC applies in Term Year 3. The Customer will be paid an MIC equal to one-twelfth of the Maximum Annual MMC for Term Year 1. The MIC will be \$758,000. (Step 1: \$82 million x 11.1% = \$9.1 million. Step 2: \$9.1 million ÷ 12 = \$758,000.)

- (2) If, for Term Year 3, the Customer's MARC-Eligible Charges are equal to, or greater than, the Monthly MARC for Term Year 2, but are not equal to, or greater than, the Monthly MARC for Term Year 1, the Telephone Company will issue to the Customer a MIC equal to one twelfth (1/12) of the Maximum Annual MMC applicable to Term Year 2.

Example: During Term Year 3, the Customer's MARC-Eligible Charges for a given month are \$6.25 million. The Term Year 2 MARC was \$74.7 million. The Customer's MARC-Eligible Charges are sufficient to satisfy the Term Year 2 Monthly MARC, but not the Term Year 1 Monthly MARC. (\$74.7 million ÷ 12 = \$6.23 million. \$82 million ÷ 12 = \$6.83 million.) No MMC applies in Term Year 3. The Customer will be paid an MIC equal to one-twelfth of the Maximum Annual MMC for Term Year 2. The MIC will be \$690,000. (Step 1: \$74.7 million x 11.1% = \$8.29 million. Step 2: \$8.29 million ÷ 12 = \$690,000.)

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.6 Credits (Cont'd)(C) Above the MARC Credits

If the Customer exceeds the Year 1 MARC in any Term Year, including the extension year, if any, the Telephone Company will issue to the Customer an "Above the MARC Credit" equal to fifteen percent (15%) of the Customer's MARC-Eligible Charges in excess of the Year 1 MARC.

Example: In Year 1, if MARC-Eligible Charges were \$85,000,000, then the Telephone Company will issue to the Customer a credit of 15% X (\$85,000,000 - \$82,000,000) = \$450,000.

(C) One-Time Credit. The Customer will earn a one-time credit equal to X% of the Year 1 MARC upon subscription to this Contract Tariff and the Concurrently Subscribed Contract Tariffs.

(D) One-Time Credit. The Customer will earn a one-time credit equal to 2.7% of the Year 1 MARC upon subscription to this Contract Tariff and the Concurrently Subscribed Contract Tariffs.

(F) Annual True-up Process

(1) Annual Shortfall. If, at the end of a Term Year, the amount of the Customer's MARC-Eligible Charges is less than the MARC, for that Term Year, the Qualified Companies shall bill, and the Customer shall pay, an amount equal to the difference between (a) the MARC, and (b) the Customer's MARC-Eligible Charges paid for that Term Year ("Annual Shortfall"). Any Annual Shortfall will be allocated among the Qualified Companies according to the amounts of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant Term Year. Upon payment of the Annual Shortfall, the Telephone Company shall issue to the Customer a credit in the amount of the difference between the Maximum Annual MMC identified in Table D, above, and the total MMCs issued to the Customer for that Term Year, provided however, that the Telephone Company may, subject to the agreement of the Customer, offset all or part of such credit against all or part of such Annual Shortfall in lieu payment of the full amount of the Annual Shortfall.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.6 Credits (Cont'd)(F) Annual True-up Process (Cont'd)

(2) Annual True-Up of MMC. If, at the end of a Term Year, the amount of the Customer's MARC-Eligible Charges is equal to, or greater than, the MARC for that Term Year, the Telephone Company will issue a credit in the amount of the difference, if any, between the Maximum Annual MMC identified in Table D, above, and the total MMCs issued to the Customer for that Term Year.

Example: During Term Year 1, the Customer's MARC is \$82 million. The Customer has earned \$7.58 million in MMC Credits during Term Year 1. At the end of Term Year 1, the Customer's MARC-Eligible Charges are sufficient to satisfy the Term Year 1 MARC. The Telephone Company will issue to the Customer an additional credit of \$1.52 million. (Step 1: \$82 million x 11.1% = \$9.1 million. Step 2: \$9.1 million - \$7.58 million = \$1.52 million.)

(3) Annual True-Up of MIC.

(a) If, for Term Year 2 or the extension Term Year, if any, the Telephone Company has issued any MIC to the Customer, then at the end of the Term Year, the Telephone Company will issue to the Customer an additional credit or a debit, as applicable, equal to the difference between: (i) the total amount of all MMC and MIC issued during the Term Year subject to the Annual True-Up (such MMC and MIC to be referred to collectively as "Issued Monthly Credits"), and (ii) the Maximum Annual MMC identified in Table D, above, for the Term Year corresponding with the greatest MARC met or exceeded by the Customer's MARC-Eligible Charges for the year subject to the Annual True-Up (such Maximum Annual MMC to be referred to as "Achieved MARC Credit").

Example 1: During Term Year 2, the Customer has earned \$6.1M in MMC and \$2.1M in MIC during the Term Year. The MARC for Term Year 1 was \$82M, and the MARC for Term Year 2 is \$74.7M. At the end of Term Year 2, the amount of the Customer's MARC-Eligible Charges is \$79.7M. That amount is sufficient to satisfy the Term Year 2 MARC, but not the higher Term Year 1 MARC. The Customer will be billed for the difference between the

(N)

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Issued Monthly Credits and the Achieved MARC  
Credit (for Term Year 2), which is \$2.1M.

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Four AT&T Plaza, Dallas, Texas 75202

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.6 Credits (Cont'd)(F) Annual True-up Process (Cont'd)(3) Annual True-Up of MIC (Cont'd)

## (a) (Cont'd)

Example 2: During Term Year 2, the Customer has earned \$6.1M in MMC and \$2.25M in MIC during the Term Year. The MARC for Term Year 1 was \$74.7M, and the MARC for Term Year 2 is \$82M. At the end of Term Year 2, the amount of the Customer's MARC-Eligible Charges is \$82.5M. That amount is sufficient to satisfy the Term Year 1 MARC. The Telephone Company will issue to the Customer additional a credit equal to the difference between the Issued Monthly Credits and the Achieved MARC Credit (for Term Year 1), which is \$0.75M.

(b) If, for Term Year 3, the Telephone Company has issued any MIC to the Customer, then at the end of the Term Year, the Telephone Company will issue to the Customer an additional credit or a debit, as applicable, equal to the difference between: (i) the Issued Monthly Credits for Term Year 3, and (ii) five-twelfths (5/12) of the Maximum Annual MMC identified in Table D, above, for the Term Year corresponding with the greatest MARC for which five twelfths (5/12) of such MARC is met or exceeded by the amount of the Customer's MARC-Eligible Charges for Term Year 3.

Example 1: During Term Year 3, the Customer has earned \$0 in MMC and \$1.5M in MIC during the Term Year. The MARC for Term Year 1 was \$82M, the MARC for Term Year 2 was \$74.7M, and the MARC for Term Year 3 is \$28.2M. At the end of Term Year 3, the amount of the Customer's MARC-Eligible Charges is \$29.2M. That amount is sufficient to satisfy the Term Year 3 MARC but not five-twelfths (5/12) of the Term Year 2 MARC. The Customer will be billed for the difference between the Issued Monthly Credits during Term Year 3 and the Maximum Annual MMC for Term Year 3, which is \$1.5M.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.6 Credits (Cont'd)(F) Annual True-up Process (Cont'd)(3) Annual True-Up of MIC (Cont'd)

## (b) (Cont'd)

Example 2: During Term Year 3, the Customer has earned \$0 in MMC and \$1.5M in MIC during the Term Year. The MARC for Term Year 1 was \$82M, the MARC for Term Year 2 was \$74.7M, and the MARC for Term Year 3 is \$28.2M. At the end of Term Year 3, the amount of the Customer's MARC-Eligible Charges is \$31.2M. That amount is sufficient to satisfy the Term Year 3 MARC and five-twelfths (5/12) of the Term Year 2 MARC, but not five-twelfths (5/12) of the Term Year 1 MARC. The Telephone Company will issue to the Customer an additional credit equal to the difference between the Issued Monthly Credits and five twelfths (5/12) of the Maximum Annual MMC for Term Year 2, which is \$1.0M.

23.26.7 Service Level Assurance

(A) Service Level Assurance (SLA). The Customer will be eligible for additional credits if certain Service Level Assurance (SLA) benchmarks are not achieved by the Telephone Company, as provided below. SLA benchmark measurements will be calculated in the aggregate, for all DS1 and DS3 Interstate Special Access Services provided to the Customer by the Qualified Companies, for each Term Year. SLA benchmark measurements will be calculated according to the Telephone Company's generally applicable business rules and criteria associated with each of the SLA benchmark measurements. The SLA benchmarks will apply to both DS1 and DS3 services on a combined basis. SLAs will apply to the following service performance measurements:

(1) Mean Time to Repair (MTTR). "Mean Time to Repair" means the sum of the "Receipt to Restore Durations" of "Total Trouble Reports" divided by the number of Total Trouble Reports. "Total Trouble Reports" means all closed Customer trouble reports. "Receipt to Restore Duration" means the number of minutes (converted to hours) from the date and time each such trouble report is received by the Telephone Company to the date and time each such trouble report is closed.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.7 Service Level Assurance (Cont'd)(A) Service Level Assurance (SLA). (Cont'd)

(2) On Time Delivery. "On Time Delivery" means the percentage of total Customer orders that are completed on or before their due dates.

(3) New Circuit Failure Rate. "New Circuit Failure Rate" means the percentage of total for new circuits that are subject to trouble reports within thirty (30) calendar days after the date of installation.

(4) Repeat Reports within 30 Days. "Repeat Reports within 30 Days" means the percentage of closed trouble reports for any circuit that are received within thirty (30) calendar days after the restoral date of a prior closed trouble report for the same circuit.

(B) SLA Measurements and Benchmarks. If the Telephone Company fails to achieve the benchmarks set forth in Table E, below, SLA Credits shall apply as provided in Section 23.26.7(C), below.

Table E-SLA Measurements and Benchmarks

Measurement	Benchmark
MTTR	5.5 hours
On Time Delivery	93%
New Circuit Failure Rate	4%
Repeat Reports within 30 Days	16%

(C) SLA Credits. Within ninety (90) days after the end of each Term Year, the Telephone Company will provide the Customer with a report of performance for the SLA measurements set forth in this Contract Offer. If the Telephone Company fails to achieve the benchmarks in this Contract Offer, the Qualified Companies will issue SLA Credits to the Customer as set forth in Table F, below (SLA Credits). A single SLA Credit will apply per SLA benchmark, per Term Year, for the Qualified Companies in the aggregate. Any SLA Credits will be issued to the Customer within ninety (90) days after the end of each Term Year.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.7 Service Level Assurance (Cont'd)(C) SLA Credits. (Cont'd)

Table F-SLA Performance Credits

<u>Measurement</u>	<u>Credit if Benchmark Not Achieved Met</u>
MTTR	\$75,000
On Time Delivery	\$75,000
New Circuit Failure Rate	\$75,000
Repeat Reports within 30 Days	\$75,000

23.26.8 Assignment/Transfer/Successors

(A) Neither party shall assign or otherwise transfer this Contract Offer No. 26 or its rights or obligations hereunder to any person or entity without the prior written consent of the other party, which shall not be unreasonably withheld or delayed, provided, however, that Customer shall have the right, without the consent of but with notice to the Telephone Company, to assign or otherwise transfer the entirety of this Contract Offer No. 26 to any Permitted Affiliate, so long as: (i) the other Concurrently Subscribed Contract Offers are likewise assigned or otherwise transferred in their entirety to that same Affiliate, and (ii) that Affiliate otherwise qualifies under this Contract Offer No. 26 and the other Currently Subscribed Contract Offers. Any assignment or other transfer shall be subject to the other party's rights under this Contract Offer No. 26 and the other Concurrently Subscribed Contract Offers; any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer No. 26 and the other Concurrently Subscribed Contract Offers; any assignment or transfer by the Customer shall be subject to the provisions of Section 23.26.7(B), below, and the assignor or transferor will remain financially responsible for the performance of this Contract Offer No. 26 and/or its obligations hereunder. Any assignment or other transfer of this Contract Offer No. 26 or the rights or obligations hereunder, or any attempt to do either, in violation of this provision shall be void.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.8 Assignment/Transfer/Successors (Cont'd)

(B) Subject to the provisions of Section 23.26.7(A), above, the Customer may assign or transfer this Contract Offer if (i) the proposed assignee or transferee demonstrates credit worthiness under both (1) and (2), below (and if (1) and (2) are not applicable to Customer, then (3) shall apply); and (ii) neither the proposed assignee or transferee nor its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it) at any time during the Term Period.

- (1) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.
- (2) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g., Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:
  - (a) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or
  - (b) "high risk" in a Paydex score as published by Dun and Bradstreet.
- (3) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (1) or (2) of this Section 23.26.7(B) is not available, the Telephone Company shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.9 Mergers/Acquisitions and Sales/Divestitures

All provisions of this Contract Offer No. 26 shall continue in full force and in effect notwithstanding any merger or acquisition affecting a party. A merger or acquisition, within the meaning of this provision, shall include, without limitation, any transaction in which the party, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of a merger or acquisition, if another entity involved in the merger or acquisition purchases any service from any Telephone Company entity, such service shall not be included in this Contract Offer No. 26 for any purpose unless Customer chooses to include such services based on invocation of a Counting Request below. The "Transaction Close Date" shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased. Purchases by the other entity shall not be eligible for any credits provided under this Contract Offer or be included in any calculations performed for purposes of this Contract Offer, including, without limitation, calculations regarding MARC-Eligible Services, MARC-Eligible Charges or satisfaction of the MARC, except as provided below:

Revenue from the acquired or acquiring company may be included in this Contract Offer, upon request from the Customer, subject to the following Terms and Conditions:

- (A) Revenue attributable to the acquired or acquiring company would be included in calculations for the purpose of satisfaction of the MARC and determination of any shortfall, as provided in Section 23.26.5 of this Contract Offer, but will not be included in calculations regarding any credits provided under this Contract Offer, as provided in Section 23.26.6; and
- (B) The Customer must maintain an Access Service Ratio of ninety-five percent (95%) or greater, calculated as described below, for services purchased by the Customer in the MSAs identified in Section 23.26.2(A)(2) of this Contract Offer.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.9 Mergers/Acquisitions and Sales/Divestitures

(B) (Cont'd)

The Access Service Ratio is calculated as follows:

$$\frac{\text{Access Revenue}}{\text{Access Revenue} + \text{Wholesale Revenue}}$$

(1) Access Revenue is the Customer and its affiliates' interstate recurring billed revenue associated with the rate elements defined in Table G, below:

**TABLE G:**

Service	NBTC Tariff FCC No.1,
DS1 and DS3 Services	Section 7 and 22
OCN PTP <sup>1</sup>	See footnote below
SONET <sup>1</sup> Services	See footnote below

(2) Wholesale Revenue is the Customer and its affiliates' recurring billed revenue for associated rate elements, as defined in Table H below, not included in the interstate tariff(s) and/or the Interstate Access Guidebook.

<sup>1</sup> OCN PTP, and SONET services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.9 Mergers/Acquisitions and Sales/Divestitures

(B) (Cont'd)

Table H

Service Level	Associated Rate Elements Not Included in Interstate Tariff
DS1	4-wire digital loop DS1 Entrance Facilities DS1 Interoffice Transport DS1 Cross Connects DS1 Multiplexing All DS1 non-tariffed Committed Information Rate Broadband Services
DS3	DS3 Loop DS3 Entrance Facilities DS3 Interoffice Transport DS3 Cross Connects DS1/DS3 Multiplexing All DS3 non-tariffed Committed Information Rate Broadband Services
<sup>1</sup> OC-3 OC-12 OC-48	<sup>1</sup> OC-3 Entrance Facilities OC-3 Interoffice Transport OC-3 Cross Connects OC-3 Multiplexing OC-12 Entrance Facility OC-12 Interoffice Transport OC-12 Cross Connects OC-12 Multiplexing OC-48 Entrance Facilities OC-48 Interoffice Transport OC-48 Cross Connects OC-48 Multiplexing All OCN equivalent non- tariffed Committed Information Rate Broadband Service
Other Transport Products	Dark Fiber - Interoffice Dark Fiber - Loop Dark Fiber - Subloop Dark Fiber Cross Connects Unbundled Dedicated Transport

<sup>1</sup> OC-3, OC-12, and OC-48 services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone

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(N)

Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.26 Contract Offer No. 26 - Access Service Offer (Cont'd)23.26.9 Mergers/Acquisitions and Sales/Divestitures

## (B) (Cont'd)

(3) The terms of the Access Service Ratio applicable to this Contract Offer shall not alter the terms of any Access Service Ratio provision(s) of any other tariff(s) under which the Customer obtains service.

23.26.10 Termination Liability Charge

If, prior to the completion of the Term Period, the Customer terminates this Contract Offer No. 26 or the other Concurrently Subscribed Contract Offers for any reason other than material breach by the Telephone Company or one of the other Qualified Companies, or if the Telephone Company terminates this Contract Offer No. 26 or one of the other Qualified Companies terminates its other Concurrently Subscribed Contract Offers as a result of a material breach by the Customer, then this Contract Offer No. 26 shall be terminated (if not already terminated) and the Customer shall pay a termination liability charge in the aggregate amount as follows:

(A) If termination occurs during the first eighteen (18) months after the Subscription Date, the termination liability charge will be equal to (i) one hundred percent (100%) of all credits issued under the Concurrently Subscribed Contract Offers for the last six (6) months prior to the date of termination (if any credits have been earned but not issued, they would not be issued), any MIC earned for the previous Term Year, and any Above the MARC -Credits earned for the previous Term Year, plus (ii) twenty-five percent (25%) of the MARCs applicable for the remainder of the Term Period, pro-rated according to the amount of time remaining in each Term Year.

(B) If termination occurs during the nineteenth (19th) month of the Term Period or later, the termination liability charge will be equal to one hundred percent (100%) of all credits issued under the Concurrently Subscribed Contract Offers for the last six (6) months prior to the date of termination (if any credits have been earned but not issued, they would not be issued), any MIC earned for the previous Term Year, and any Above the MARC Credits earned for the previous Term Year.

The Customer shall pay any termination liability charges no later than thirty (30) days after notice by the Telephone Company. Any termination liability charge due under the Concurrently Subscribed Contract Offers shall apply in addition to, and shall not affect, any termination liability charges that may otherwise apply according to the terms of any applicable NBTC Tariff F.C.C. No. 1.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.27 Contract Offer No. 27 - Access Service Offer23.27.1 General Description

This DS1 Service Offer (Contract Offer No. 27) is an access services plan that permits Customers who meet the Eligibility Criteria in Section 23.27.3, and the Terms and Conditions in Section 23.27.4, to disconnect Subject Services, as defined in Section 23.27.2, without incurring termination liability charges. This Contract Offer is available for subscription from July 26, 2012 through August 26, 2012. This Contract Offer is not renewable.

23.27.2 Subject Services

(A) Contract Offer No. 27 applies to the following pricing flexibility qualified access services (contained in the following tariff sections (Subject Services:

(1) Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, Sections 7 and 22 - DS1 High Capacity Service.

(B) Subject Services must be located in the Pricing Flexibility MSAs for which the Telephone Company has been granted pricing flexibility relief, as listed in NBTC Tariff F.C.C. No. 1, Section 22, and those listed in Table A, below. During the Term Period of this Contract Offer, if the Telephone Company is granted pricing flexibility relief in additional MSAs, the Customer may, at its option, include Subject Services in those MSAs in this Contract Offer.

Table A

MSA	
Non-MSA	NV

(C) All terms and conditions for Subject Services are governed by their respective tariff sections, except as provided in this Contract Offer.

23.27.3 Eligibility Criteria

The following eligibility criteria must be met to subscribe to this Contract Offer No. 27:

(A) The Customer must be purchasing, as of the Subscription Date, no fewer than fourteen (14) and no more than twenty (20) DS1 special access circuits from the Telephone Company that terminate at Qualified Cell Sites.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.27 Contract Offer No. 27 - Access Service Offer (Cont'd)23.27.4 Terms and Conditions

- (A) Term Period. The term of this Contract Offer (Term Period) shall be eighty-four (84) months, beginning on the date a signed Letter of Subscription (LOS) is received from the Customer by the Telephone Company (the Subscription Date).
- (B) To subscribe to this Contract Offer, the Customer must submit a signed Letter of Subscription (LOS) to the Telephone Company. The Customer must provide, at the time of subscription, all Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in this Contract Offer (Eligible ACNAs). Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, this Contract Offer.
- (C) Subject Services eligible for termination liability waivers under this Contract Tariff shall not be eligible for similar termination liability waivers under any other pricing flexibility contract offer, promotional offering, discount plan or other arrangement.
- (D) Commingling (as defined in NBTC Tariff F.C.C. No. 1, Section 2.6) of Subject Services provided pursuant to this Contract Offer No. 27 is prohibited.
- (E) All traffic carried over Subject Services must originate or terminate at Mobile Switching Centers (MSCs) operated by, or on behalf of, the Customer.
- (F) The Customer may disconnect any Subject Service without termination liability charges, provided that the conditions set forth below are met. If such termination liability charges are billed, the Telephone Company will issue credits to offset those charges.
  - (1) The Subject Service must have been in service for at least twelve (12) months prior to termination.
  - (2) The Subject Service must have been replaced by Ethernet-based service<sup>1</sup> provided to the Customer by the Telephone Company at the same Qualified Cell Site (Replacement Service).

<sup>1</sup> Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, such services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with specifically de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.27 Contract Offer No. 27 - Access Service Offer (Cont'd)23.27.4 Terms and Conditions (Cont'd)

## (F) (Cont'd)

- (3) No lapse in billing may have occurred between the termination of the Subject Service and the installation of the Replacement Service.
- (4) Replacement Services must have a minimum Committed Information Rate ("CIR") of 10 Mbps at each affected Qualified Cell Site.
- (5) The Customer must include the Customer Number associated with this Contract Offer on all disconnect orders for replaced Subject Services.

23.27.5 Assignment/Transfer

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC Tariff F.C.C. No. 1, Section 2.1.2, the Telephone Company will acknowledge such transfer or assignment if the criteria in NBTC Tariff F.C.C. No. 1, Section 2.1.2, are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B) or (C), below, or 2) if the proposed assignee or transferee or its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

- (A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission; or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

- (B) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g., Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

- (1) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or
- (2) "high risk" in a Paydex score as published by Dun and Bradstreet.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.27 Contract Offer No. 27 - Access Service Offer (Cont'd)23.27.5 Assignment/Transfer (Cont'd)

(C) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (A) or (B) of this Section 23.27.5 is not available, the Telephone Company shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

23.27.6 Mergers and Acquisitions

All provisions of this Contract Offer shall continue in full force and effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all of its stock or assets to any other entity, or purchases all stock or substantially all stock or certain assets of another company (the foregoing generally referred to herein as a merger or acquisition). Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Telephone Company, the Subject Services, as provided for in this Contract Offer, will continue to be maintained at the same volume, rates, and Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

(N)

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ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

23.28 Reserved for Future Use

(T)

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23. Pricing Flexibility Contract Offerings (Cont'd)

23.28 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

23.28 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

23.28 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.28 Reserved for Future Use (Cont'd)

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ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

23.29 Reserved for Future Use

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23. Pricing Flexibility Contract Offerings (Cont'd)23.29 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.29 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

23.29 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

23.29 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.29 Contract Offer No. 29 - Access Service (Cont'd)23.29.4 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

23.29 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

23.29 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.29 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

23.29 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23.29 Reserved for Future Use (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.29 Reserved for Future Use (Cont'd)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.30 Contract Offer No. 30 - Special Access Wireless DS1 Service Offer23.30.1 General Description

This Special Access Service Offer (Contract Offer No. 30) is an access discount pricing plan. This Contract Offer permits Customers who meet the Eligibility Criteria in Section 23.30.3, and the Terms and Conditions in Section 23.30.4, to purchase the Subject Services listed in Section 23.30.2 and to receive rates and charges as provided in Section 23.30.5. Subject Services are available under this Contract Offer in the Metropolitan Statistical Areas (MSAs) listed in Section 23.30.2(B).

This Contract Offer is available for subscription from June 1, 2013 through July 1, 2013. This Contract Offer is not renewable.

23.30.2 Subject Services

- (A) This Contract Offer applies to pricing flexibility qualified services (Subject Services) contained in the following tariff section: Nevada Bell Telephone Company ("NBTC") Tariff F.C.C. No. 1, Sections 7 and 22 - DS1 High Capacity Service.
- (B) Subject Services must be located in the MSAs for which the Telephone Company has been granted pricing flexibility relief, as listed in NBTC F.C.C. No. 1, Section 22, and those listed in Table A, below. During the Term Period of this Contract Offer, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 or Table A, the Customer may, at its option, include Subject Services in those additional MSAs under this Contract Offer No. 30.

Table A

MSA	
Non-MSA	NV

- (C) Subject Services must originate or terminate on a wireless carrier's network.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer (Cont'd)23.30.2 Subject Services (Cont'd)

(D) Subject Services must terminate at a cell site which satisfies all of the following criteria:  
(i) is a site at which the Customer is purchasing Ethernet-based<sup>1</sup> service from the Telephone Company, having a Committed Information Rate of at least twenty (20) megabits per second (Mbps), and a term commitment of at least eighty-four (84) months,  
(ii) is in operation as of the Effective Date, and  
(iii) is not subject to any other contract offer dependent upon the purchase of Ethernet-based<sup>1</sup> services from the Telephone Company. Cell sites that meet these criteria are referred to in this Contract Offer as "Qualified Cell Sites."

(E) Subject Services may not be subject to any other contract offer as of the Effective Date of this Contract Offer. The Customer may not purchase Subject Services under this Contract Offer at any cell sites to which subject services (as defined under another Contract Offer) are provided under such other Contract Offer.

23.30.3 Eligibility Criteria

The Customer must meet the following Eligibility Criteria as of the date that this Contract Offer becomes effective (Effective Date):

(A) The Customer must have purchased interstate special access DS1 and DS3 services with total billed monthly recurring charges, net of discounts and credits, during the twelve (12) months prior to the Effective Date of this Contract Offer, of at least one hundred fifty million dollars (\$150,000,000) from, collectively, the Telephone Company, Ameritech Operating Companies, Pacific Bell Telephone Company, Southwestern Bell Telephone Company, BellSouth Telecommunications, LLC and The Southern New England Telephone Company.

<sup>1</sup> Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, such services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with specifically de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook)

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer  
(Cont'd)23.30.3 Eligibility Criteria (Cont'd)

(B) The Customer must be operating, as of the Effective Date of this Contract Offer, no fewer than the minimum number and no more than the maximum number of Qualified Cell Sites within the Telephone Company's incumbent local exchange area in each of the MSAs listed in Table B, below.

Table B

MSA	Minimum Number of Cell Sites in MSA	Maximum Number of Cell Sites in MSA
Reno, NV	20	40

(C) The Customer must be purchasing, as of the Effective Date of this Contract Offer, no fewer than the minimum number and no more than the maximum number of DS1 special access circuits from the Telephone Company within each of the MSAs listed in Table C, below, each of which terminate at Qualified Cell Sites.

Table C

MSA	Minimum Number of DS1 special access circuits in MSA	Maximum Number of DS1 special access circuits in MSA
Reno, NV	20	120

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer  
(Cont'd)23.30.3 Eligibility Criteria (Cont'd)

(D) The Customer must be purchasing, as of the Effective Date, Ethernet<sup>1</sup> Services at no fewer than ten thousand (10,000) Qualified Cell Sites from, collectively, the Telephone Company, Ameritech Operating Companies, Pacific Bell Telephone Company, Southwestern Bell Telephone Company, BellSouth Telecommunications, LLC and The Southern New England Telephone Company.

(E) During the twelve (12) months prior to the Subscription Date, the Customer must have purchased long distance voice services from an affiliate of the Telephone Company, including, but not limited to, ABN/OneNet,<sup>2</sup> representing aggregate recurring billed revenues of no less than one hundred fourteen million dollars (\$114,000,000) during those twelve (12) months, after applicable discounts, credits and adjustments.

23.30.4 Terms and Conditions

(A) Term Period  
The term of this Contract Offer (Term Period) commences on the date the Telephone Company receives the signed Letter of Subscription (LOS) from the Customer (Subscription Date), and ends on December 1, 2020. Upon expiration or termination of the Term Period, all Subject Services shall be provided according to the prevailing monthly extension rates in NBTC Tariff F.C.C. No. 1, Sections 22.5.2.6.1 and 7.11.5.3, unless:

(i) The Customer selects an applicable Term Pricing Plan/Optional Payment Plan; or  
(ii) Either Party disconnects the Subject Services in a manner consistent with NBTC Tariff F.C.C. No. 1, Section 22.5.2.6.1.

<sup>1</sup> Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, such services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with specifically de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook)

<sup>2</sup> ABN/OneNet services are provided on a contractual basis outside of the tariff, including all terms and conditions. Rates, terms and conditions associated with ABN/OneNet services are available at <http://new.serviceguide.att.com/>

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer (Cont'd)23.30.4 Terms and Conditions (Cont'd)(B) Grandfathering or Sunsetting of Subject Services

Notwithstanding anything to the contrary in this Contract Offer, this Contract Offer shall not prevent the Telephone Company from limiting or precluding new purchases or reconfigurations of Subject Services, or from terminating the provision of Subject Services entirely, prior to the end of the Term Period to the extent permitted by applicable law. Any such changes will be implemented by amending the applicable tariff sections.

(C) General Terms and Conditions

- (1) Subject Services are subject to certain rates, charges and general terms and conditions described in NBTC Tariff F.C.C. No. 1, Sections 2, 5, 7, 13 and 22, as applicable. Such terms and conditions may be modified through filing tariff changes at any time during the Term Period; however, such tariff modifications will not change the terms and conditions of this Contract Offer. If any provision of this Contract Offer conflicts with any otherwise applicable provisions of NBTC Tariff F.C.C. No. 1, Sections 2, 5, 7, 13 or 22, this Contract Offer shall govern over the conflicting provision.
- (2) All terms and conditions for the Subject Services provided under this Contract Offer are governed by the otherwise applicable tariff sections, except as provided herein.
- (3) During the Term Period, the Customer (including any of its affiliates) may not order or purchase any Subject Service (including the continuing purchase of any service previously ordered) which is subject to any other: (i) contract offer, (ii) pricing flexibility contract offer containing a revenue commitment or revenue objective (e.g., Minimum Annual Revenue Commitment (MARC), Quarterly Revenue Objective (QRO)), or volume commitment in which Subject Service revenue from this Contract Offer is eligible to be included, unless such other contract offer specifically refers to this Contract Offer, (iii) promotional offering, or (iv) any other discount plan or agreement, except as expressly provided in the above.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer  
(Cont'd)23.30.4 Terms and Conditions (Cont'd)(B) General Terms and Conditions (Cont'd)

- (4) To subscribe to this Contract Offer, the Customer must provide a signed Letter of Subscription (LOS) to the Telephone Company, which must include a list of eligible Access Customer Name Abbreviations (ACNAs) under which the Customer may purchase Subject Services pursuant to this Contract Offer. The LOS will also include a list of all Qualified Cell Sites at which the Customer may purchase Subject Services. The Contract Offer will not apply to services purchased under, or transferred from, other ACNAs, or services purchased for other cell sites.
- (5) All Subject Services must be ordered under a Term Payment Plan ("TPP"), as described in Section 22 of NBTC Tariff F.C.C. No. 1, under the longest term commitment available at the time of the Customer's order, or at month-to-month rates if no TPP rate is available at the time of the Customer's order. This ordering requirement is for administrative purposes only, to assure the proper provisioning and billing of Subject Services. Subject Services will not be subject to any term commitment or termination liability charges as provided in Section 22, or to any other ordering obligations inconsistent with this Contract Offer. Rates and charges for Subject Services shall include credits provided under Section 23.30.5 of this Contract Offer.
- (6) Termination Liability charges shall not apply to the conversion to this Contract Offer of any Subject Service previously provided pursuant to NBTC Tariff F.C.C. No. 1.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer  
(Cont'd)23.30.4 Terms and Conditions (Cont'd)(B) General Terms and Conditions (Cont'd)

(7) The Customer may disconnect any Subject Service without termination liability charges unless Customer has an uncured material breach of this Contract Offer or of any other applicable tariff provision with respect to such Subject Services. The Telephone Company will initially bill such termination liability charges. Following receipt of any invoice containing termination liability charges subject to this Contract Offer, the Customer will identify those termination liability charges associated with Subject Services under this Contract Offer. The Telephone Company will then review the termination liability charges identified by the Customer and will issue credits to offset those termination liability charges eligible subject to this provision. If the Telephone Company terminates any Subject Service as a result of the Customer's uncured material breach of this Contract Offer or of any other applicable tariff provision, termination liability charges shall apply in the amount of (i) fifty percent (50%) of the discounted Monthly Recurring Charges ("MRCs") applicable to the terminated Subject Services, net of all credits provided for in this Contract Offer, multiplied by (ii) the number of calendar months, or fractions thereof, remaining in the Term Period following the effective date of the termination.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer  
(Cont'd)23.30.5 Rates and Charges

(A) The Customer may purchase Subject Services at those Qualified Cell Sites at which Customer has purchased Ethernet-based<sup>1</sup> services from the Telephone Company at a fixed MRC of one hundred eight (\$108) dollars per month for each Subject Service that is multiplexed and connects to a Telephone Company special access interoffice transport service purchased by the Customer. The Telephone Company will initially bill the Customer according to the otherwise applicable TPP or month-to-month MRCs. The Customer will then be credited in an amount equal to the difference between the TPP or month-to-month MRCs and the rates in Table D, below. Credits will be applied monthly in arrears. Taxes, if applicable, will be charged on the TPP or month-to-month MRCs, but will not be included in the credits applied to the Customer's bill.

Table D

Rate Element	USOC	MRC
Channel Termination	TMECS	\$108
Fixed Mileage	1L5XX	(Net Bundled Rate)
Variable Mileage	1L5XX	

(B) For any billing period in which a Subject Service is not so multiplexed and connected as required by Section 23.30.5 (A), the Telephone Company will debit the Customer's invoice for an additional seventeen dollars (\$17) for each such Subject Service.

<sup>1</sup> Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, such services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with specifically de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook)

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer  
(Cont'd)23.30.5 Rates and Charges (Cont'd)

(A) The fixed monthly charge includes average Variable Mileage, per Subject Service, for all Subject Services purchased under this Contract Offer, not to exceed four (4) miles. The Telephone Company will review the Variable Mileage associated with Subject Services no more frequently than twice during each period of twelve (12) consecutive months of the Term Period, beginning with the Subscription Date. If, upon such review, the Telephone Company determines that Variable Mileage for Subject Services exceeds an average of four (4) miles per Subject Service, the Telephone Company will bill for all Variable Mileage in excess of four (4) miles per Subject Service by applying the charges in Tariff Section 22, as applicable under a sixty (60) month term commitment plan.

(D) If the Telephone Company is unable to bill for Subject Services at the discounted rate as described in Section 23.30.5.(A), the Telephone Company will bill the Customer on a monthly basis the otherwise applicable tariff rates applicable to the TPP or month-to-month MRCs. Each calendar quarter, beginning with the first full calendar month (including and pro-rated credits from the Effective date to the first full calendar month) after the Effective Date, the Telephone Company will calculate and issue to the Customer a credit equal to the difference between the rates set forth in Section 23.30.5 and the rates initially billed.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer  
(Cont'd)23.30.5 Rates and Charges (Cont'd)

(E) All non-recurring charges (excluding Expedite charges listed below) will be waived for Subject Services added to this Contract Offer. The waiver is not applicable to Special Construction charges, or to the Expedite Charges that may be applicable.

Charge Type	Description	USOC	Rate	Rate Regulation
Expedite	DS1 Expedited Service Interval (6 days)	EODXV	\$525.00	5.2.2(D)
Expedite	DS1 Expedited Service Interval (5 days)	EODXT	\$575.00	
Expedite	DS1 Expedited Service Interval (4 days)	EODXR	\$625.00	
Expedite	DS1 Expedited Service Interval (3 days)	EODXP	\$675.00	
Expedite	DS1 Expedited Service Interval (2 days)	EODWO	\$1,500.00	
Expedite	DS1 Expedited Service Interval (1 days)	EODWN	\$2,000.00	
Expedite	DS1 Expedited Service Interval (0 days)	EODWM	\$2,500.00	

(F) Taxes and Surcharges. Rates and charges set forth in this Contract Offer are exclusive of, and the Customer will pay, all current and future taxes and fees (but excluding taxes or fees imposed on gross receipts of general commercial businesses, net income, corporate franchise, property/ad valorem, payroll/employment, capital stock or net worth tax and the right to do business, i.e., license taxes or fees) relating to the sale, transfer of ownership, installation, license, use or provision of the Subject Services, and other applicable governmentally-established surcharges and similar charges, which the Telephone Company is permitted by applicable law to pass through to the Customer, including, without limitation, Universal Service Fund surcharges (and any associated interest and penalties resulting from the Customer's failure to timely pay such taxes or similar charges), except to the extent the Customer submits and maintains a reasonably acceptable to the Telephone Company exemption certificate covering all of the Subject Services and/or provides satisfactory proof of a valid tax exemption for the Subject Services.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer  
(Cont'd)23.30.6 Assignment/Transfer

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC Tariff F.C.C. No. 1, Section 2.1.2, the Telephone Company will acknowledge such transfer or assignment if the criteria in NBTC Tariff F.C.C. No. 1, Section 2.1.2, are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B) or (C), below, or 2) if the proposed assignee or transferee or its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission; or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(B) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g. Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

(1) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or  
(2) "high risk" in a Paydex score as published by Dun and Bradstreet.

(C) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (A) or (B) of this Section 23.30.6 is not available, the Telephone Company shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.30 Contract Offer No. 30-Special Access Wireless DS1 Service Offer  
(Cont'd)23.30.7 Mergers and Acquisitions

All provisions of this Contract Offer shall continue in full force and effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all of its stock or assets to any other entity, or purchases all stock or substantially all stock or certain assets of another company (the foregoing generally referred to herein as a merger or acquisition). Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Telephone Company, the Subject Services, as provided for in this Contract Offer, will continue to be maintained at the same volume, rates, and Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

23.30.8 De-Tariffing of Subject Services

If, at any time during the Term Period, the Subject Services available under this Contract Offer are voluntarily or involuntarily de-tariffed by the Telephone Company, in whole or in part, pursuant to a statutory change, order or requirement of a governmental or judicial authority of competent jurisdiction, the rates, and Terms and Conditions for Subject Services provided under this Contract Offer will remain in full force and effect for the remainder of the unexpired Term Period.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.31 Contract Offer No. 31 - Access Service Offer23.31.1 General Description

(N)

The Special Access Service Offer (Contract Offer No. 31) is a Minimum Annual Spend attainment plan for which concurrent subscription is required to this Contract Offer and the following Access Tariffs: Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 167, and Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 187 (collectively, with this Contract Offer No. 31, referred to as the "Concurrently Subscribed Contract Offers"). PBTC and SWBT, together with the Telephone Company, shall be identified herein as the "Qualified Companies." (Nx)

The Concurrently Subscribed Contract Offers allow the Customer to qualify for certain credits based on its attainment of a "Minimum Annual Spend" or "MAS," as described in Section 23.31.5, below. The MAS consists of certain recurring revenue from "Contributory Services," as defined in Section 23.31.2, below, that the Customer purchases from the Qualified Companies. Contract Offer No. 31 will be available for subscription only from May 17, 2014 through June 17, 2014. This Contract Offer is not renewable. (N)

23.31.2 Subject and Non-Subject Services

Subject Services and Non-Subject Services will together be referred to in this Contract Offer as "Contributory Services." "Contributory Revenue" (as defined in Section 23.31.5, below) for all Contributory Services will be included for the purposes of determining the amount of the MAS and the Customer's attainment of the MAS. (N)

(x) Issued under Authority of Special Permission No. 14-005 of the F.C.C. (N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.2 Subject and Non-Subject Services (Cont'd)(A) Subject Services

(1) Subject Services are pricing flexibility qualified access services and associated rate elements, as identified in Table A, below.

Table A - Subject Services

Category	Services Included
Interstate Special Access Located in Pricing Flexibility Metropolitan Statistical Areas (MSAs)	Voice Grade (VG), DS0, DS1 and DS3, except for any rate elements not subject to pricing flexibility

(2) Subject Services must be located in the Pricing Flexibility MSAs where the Telephone Company has been granted Phase II pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22, and those additional MSAs listed below. During the Term Period of this Contract Offer, if the Telephone Company is granted pricing flexibility relief in additional MSAs, the Customer may, at its option, include Subject Services in those additional MSAs as eligible for the discounts under this Contract Offer.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.2 Subject and Non-Subject Services (Cont'd)(B) Non-Subject Services

Non-Subject Services are listed in Table B, below.

TABLE B- **Non-Subject Services** will be included in calculations related to the "Minimum Annual Spend," as defined in Section 23.31.1, but are not otherwise subject to this Contract Offer.

Category	Service <sup>1</sup>
Interstate Special Access Services	Optical Carrier Network (OCN) Point to Point Service, Dedicated SONET Ring Service (DSRS), Gigabit Ethernet Metropolitan Access Network (GigaMAN®) Service, Multi-service Optical Network (MON) Ring Service, Optical Ethernet Metropolitan Area Network (OPT-E-MAN®), DecaMAN®, and Wavelength Metropolitan Area Network (WaveMAN <sup>SM</sup> ), AT&T Switched Ethernet <sup>SM</sup> (ASE), and Video Services (SCVS, AVS270, High Def, MMC)
Intrastate Special Access and/or Equivalent Non-Switched Exchange Services (Excluding Private Line Services)	Voice Grade (VG), DS0, DS1, DS3, Optical Carrier Network (OCN) Point to Point Service, Dedicated SONET Ring Service (DSRS), Gigabit Ethernet Metropolitan Access Network (GigaMAN®) Service, Multi-service Optical Network (MON) Ring Service, Optical Ethernet Metropolitan Area Network (OPT-E-MAN®), DecaMAN®, and Wavelength Metropolitan Area Network (WaveMAN <sup>SM</sup> ), AT&T Switched Ethernet (ASE) <sup>SM</sup>
Interstate Switched Access	Dedicated Switched Transport (excluding such service provided by BellSouth Telecommunications, LLC)
AT&T Mobility	Corporate Responsibility Users (CRU)
AT&T Corp.	AT&T Network Connection Service (ANC) and AT&T Voice Over IP Connect Service (AVOICS)*  Domestic Long Distance Private Line (DS1, DS3, OCN, EPLS WAN)  Local Private Line Service Data Center Collocation

<sup>1</sup> Interstate OCN PTP, DSRS, MON, GigaMAN,® DecaMAN,® Opt-E-MAN® AT&T Switched Ethernet, Serial Component Video (SCVS) and High Definition Video Transport (HDVT) services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.2 Subject and Non-Subject Services (Cont'd)

(C) All terms and conditions for those Subject Services and Non-Subject Services that are tariffed are governed by their respective tariff sections, except as noted in this Contract Offer with respect to Subject Services. All terms and conditions for those Non-Subject Services that are not tariffed are governed by the applicable guidebooks, service guides or contracts.

(D) Subject Services and Non-Subject Services shall also include any similar or successor services which are provided by the Qualified Companies and which were not available as of the effective date of this Contract Offer.

23.31.3 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer:

(A) The Customer must have a minimum of 30,000 interstate special access DS1 circuits in service with the Qualified Companies, as of the effective date of this Contract Offer.

(B) The Customer must have purchased interstate special access services from the Qualified Companies for which aggregate monthly recurring charges were not less than \$90,000,000 (net of any applicable discounts and credits) for the twelve (12) month period immediately prior to the effective date of this Contract Offer.

(C) The Customer may not be a party to any other broadband agreement or pricing flexibility contract tariff that contains any revenue or volume commitment or attainment level, as of the effective date of the Contract Offer (Commitment Agreement), unless the Commitment Agreement expressly allows the Customer to participate in both the Commitment Agreement and the Concurrently Subscribed Contract Offers.

(D) As of the Subscription Date of this Contract Offer, the Customer must have an Access Service Ratio, as defined in Section 23.31.7, below, of ninety-two percent (92%) or greater.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.3 Eligibility Criteria (Cont'd) (N)

(A) The Customer must concurrently subscribe to the following Contract Offers: (Nx)

- (1) PBTC Tariff F.C.C. No. 1, Contract Offer No. 167;
- (2) NBTC Tariff F.C.C. No. 1, Contract Offer No. 31; and
- (3) SWBT Tariff F.C.C. No. 73, Contract Offer No. 187.

23.31.4 General Terms and Conditions (Nx)

The following General Terms and Conditions apply to this Contract Offer No. 31: (N)

(A) Subscription To subscribe to Contract Offer, the Customer must submit Letters of Subscription (LOS) to the Qualified Companies. The Customer must provide, at the time of subscription, all Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in the Concurrently Subscribed Contract Offers for itself and any of its "Affiliates" that may purchase service pursuant to the Concurrently Subscribed Contract Offers (hereafter referred to as "Eligible ACNAs"). Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, the Concurrently Subscribed Contract Offers, unless otherwise agreed in writing by the parties.

(B) Term Period The term of this Contract Offer (Term Period) will begin on the first day of the first calendar month following the date the Qualified Companies receive signed Letters of Subscription (LOS) from the Customer (that date to be referred to as the "Subscription Date"), and will continue for thirty-six (36) months, subject to two (2) one (1) year extensions, which may be initiated at the Customer's option. If the Customer wishes to initiate an extension, the Customer must inform the Qualified Companies to that effect, in writing, no later than ninety (90) days prior to the expiration of the then-effective Term Period. Each twelve (12) month period of the Term Period, beginning from the Subscription Date, shall be referred to as a Term Year. Upon expiration of the Term Period or any extensions, Subject Services will be provided at the prevailing month-to-month rates as provided in Nevada Bell Tariff F.C.C. No. 1, Section 7 or 22, or if there are no month-to-month rates, then at the rates applicable to the shortest available term, unless the Customer disconnects the services or chooses another applicable rate. Notwithstanding anything to the contrary in this Section 23.31.4(B), all Service Terms are subject to termination pursuant to Section 23.31.4(E), below.

(x) Issued under Authority of Special Permission No. 14-005 of the F.C.C. (N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.4 General Terms and Conditions (Cont'd)(C) Grandfathering or Sunsetting of Subject Services

Nothing in this Contract Offer shall prevent the Qualified Companies from limiting or precluding new purchases or reconfigurations of Subject Services, or from terminating the provision of Subject Services entirely, prior to the end of the Term Period, to the extent permitted by applicable law.

(D) Any termination liability charges that would otherwise apply to any DS3 Subject Service as a result of their conversion to AT&T Switched Ethernet Service<sup>1</sup> will be waived, or credits will be issued to offset one hundred percent (100%) of such termination liability charges, if and to the extent all of the following conditions are met for the relevant DS3 Subject Service(s):

- (1) Any disconnected DS3 Subject Service(s) must be replaced by AT&T Switched Ethernet Service<sup>1</sup> with a Customer Port Connection at the same Customer location or Customer-designated location as the disconnected DS3 Subject Service(s), which may include Customer collocation (such AT&T Switched Ethernet Service<sup>1</sup> to be referred to as a "Replacement Service");
- (2) The Replacement Service must be ordered no later than thirty (30) days after any associated DS3 Subject Services are disconnected, and the order(s) for the Replacement Service must have a Customer Desired Due Date of no more than one hundred and twenty (120) days after the disconnect order for any DS3 Subject Service(s) have been issued;
- (3) The total Committed Information Rate of the Customer Port Connection(s) of the Replacement Service must be no less than the total bandwidth of all DS3 Subject Services disconnected at the same Customer location or Customer-designated location;

<sup>1</sup> Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. FCC 07-180, released October 12, 2007, such services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with specifically de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook)

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.4 General Terms and Conditions (Cont'd)

(E) (Cont'd)

- (1) Any DS3 Subject Service ordered after the Subscription Date must be in service for a minimum of twelve (12) months prior to their disconnection; and
- (2) The Customer must be in material compliance with all terms and conditions of this Contract Offer and any other applicable tariff provisions, including without limitation timely payment of all billed amounts other than those properly disputed.

23.31.5 Minimum Annual Spend

Credits under this Contract Offer are conditioned on the Customer's satisfaction of the MAS in each Term Year. Satisfaction of the MAS shall be determined according to "Contributory Revenue," which is defined as annual recurring revenue billed for service provided during the relevant Term Year, net of any applicable discounts, credits or adjustments issued as of the time of the applicable Annual True-up Process for, in the aggregate, Contributory Services as set forth in Section 23.31.2 of this Contract Offer, and the "Contributory Services" as set forth in the other Concurrently Subscribed Contract Offers provided, however, that any credits issued pursuant to the Concurrently Subscribed Contract Offers shall not be included in determining Contributory Revenue. For clarification, but not by way of limitation, Contributory Revenue shall exclude non-recurring charges, usage-based charges, taxes, surcharges, fees, temporary service charges, Unbundled Network Element (UNE) charges, charges for Switched Access Dedicated Transport, special construction, and cost recovery fees. Services included in the MAS will include both services ordered prior to the date upon which the Customer subscribes to the Contract Offer and services ordered during the Term Period.

The MAS will be equal to the greater of (i) eighty-five percent (85%) of the Customer's Contributory Revenue for the three (3) months prior to the Subscription Date, times four (4), or (ii) ninety million dollars (\$90,000,000). (N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.6 Billing & Credits

(A) **Monthly Credits:** Subject to Sections 23.31.6(B) and (C), below, the Qualified Companies, in the aggregate, will issue a Monthly Credit (MC) to the Customer in the amounts provided for each Term Year in Table C, below. The Qualified Companies will apply the MC to the Customer's bill(s) for Subject Services, no later than sixty (60) days after the end of the month to which the MC is applicable.

**Table C**

Term Year	Monthly Credit (MC)
1	\$750,000
2	\$500,000
3	\$300,000
Each Optional Year	\$200,000

(B) **Quarterly Review.** The Qualified Companies will review the Customer's Contributory Revenue for each "Quarter" (as defined herein) and will provide the results of each review to the Customer within sixty (60) days after the end of each Quarter of each Term Year ("Quarterly Review"). "Quarter" means a consecutive, non-overlapping 3-month period, with the first such period beginning with the start of the first Term Year. If the Customer's Contributory Revenue for any Quarter is not equal to or greater than (i) the Quarterly Credit Percentage (as defined below) times (ii) one quarter of the MAS, the Qualified Companies will bill the Customer for, and the Customer shall pay, an amount equal to all MCs issued for that Quarter ("Credit Recapture Amount"), and the Qualified Companies will not issue additional MC until the Customer pays any Credit Recapture Amount. The Quarterly Credit Percentage will be twenty-five percent (25%) for the first Quarter of any Term Year, fifty percent (50%) for the second Quarter of any Term Year and seventy-five (75%) percent for the third Quarter of any Term Year.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.6 Billing & Credits (Cont'd)

(C) **Annual Review.** The Qualified Companies will review the Customer's Contributory Revenue for each Term Year and will provide the results of each review to the Customer within sixty (60) days after the end of each Term Year ("Annual Review"). If the Customer's Contributory Revenue for any Term Year is not equal to or greater than the MAS, the Qualified Companies will bill the Customer for, and the Customer shall pay, an amount equal to all MCs issued for that Term Year, less any Credit Recapture Amount previously paid to the Qualified Companies for that Term Year. If the Customer's Contributory Revenue for any Term Year is equal to or greater than the MAS, the Qualified Companies will issue a "Final Credit" to the Customer equal to (i) twelve (12) times the MC applicable during that Term Year, (ii) minus any MCs previously issued for that Term Year, and (iii) plus any Credit Recapture Amounts paid by the Customer for that Term Year. The Qualified Companies will apply the Final Credit to the Customer's bill, if a Final Credit is applicable, no later than ninety (90) days after the end of the Term Year.

(D) **DS1 Plan Credits.** The Qualified Companies will issue credits, as described below, equal to any charges billed to the Customer by the Qualified Companies for failing to maintain the minimum "Commitment Level," as defined in the DS1 Term Payment Plan (DS1 TPP) with DS1 High Capacity Service Portability Commitment, Section 7.11.5.2(E), and equivalent portability plans offered by the other Qualified Companies (Portability Plans). Such charges will be referred to as "Plan Shortfall Charges". The Qualified Companies will bill the Plan Shortfall Charges as provided under the applicable tariff provisions. Thereafter, the Qualified Companies will issue credits in the amount of such charges billed to the Customer ("DS1 Plan Credits"). The Qualified Companies will calculate the amounts of any DS1 Plan Credits for each Quarter and will issue any DS1 Plan Credits within sixty (60) days after the end of the Quarter; provided however, that the Customer must satisfy the following conditions: (i) the Customer's Contributory Revenue for the Quarter must be equal to or greater than one quarter of the MAS; and (ii) the amount of the Customer's Contributory Revenue attributable to AT&T Switched Ethernet Service<sup>1</sup> for the Quarter must be equal to or greater than the reduction in Contributory Revenue attributable to interstate special access DS1 service during the Quarter. The amount of any DS1 Plan Credit(s) issued for any Quarter shall not exceed the amount of any Plan Shortfall Charges billed to the Customer for that Quarter.

<sup>1</sup> Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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Four AT&amp;T Plaza, Dallas, Texas 75202

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.6 Billing & Credits (Cont'd)

- (E) Notwithstanding anything to the contrary in this Contract Offer, any credits otherwise available under this Contract Offer will not be issued to the extent they duplicate any credits issued under any other tariff or agreement between the Customer and any or all of the Qualified Companies.
- (F) Any credits issued under the Concurrently Subscribed Contract Offers shall be allocated between the Concurrently Subscribed Contract Offers in proportion to billing for Contributory Revenue during the relevant month. The credits will be applied to the Customer's bill no later than sixty (60) days after the period to which the credits apply.
- (G) Credits shall not be issued if the Customer is in material breach of any of the Concurrently Subscribed Contract Offers, or in material breach of any other terms and conditions governing the Subject Services, including, without limitation, failure to pay any undisputed amount due for Subject Services, until such breach is cured or payment for undisputed amounts is made by the Customer.

23.31.7 Access Service Ratio

The Customer (including any of its Affiliates included in this Contract Offer) must maintain an Access Service Ratio of ninety-two percent (92%) or greater. The Access Service Ratio shall be calculated quarterly, based on data for the most recent month for which information is available at the time of the calculation. The Qualified Companies will calculate the Customer's Access Service Ratio as of the Subscription Date and for each Quarter thereafter, as follows:

Access Service Ratio = Access Revenue / (Access Revenue + Wholesale Revenue)

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.7 Access Service Ratio (Cont'd)

The Access Service Ratio must be greater than or equal to 92% as of the Subscription Date and as of this Agreement and throughout the Term of the Agreement. If during the Term Period, any of the Qualified Companies offers additional ILEC access services or UNEs, such additional ILEC access services or UNEs shall also be included in the calculation of the Access Service Ratio. Recurring revenue, for purposes of calculating the Access Service Ratio, will be measured according to gross billed recurring revenue, after application of any discounts or credits applicable to that recurring revenue, plus any adjustments for overbilling, under-billing and billing dispute settlements. The calculation of recurring revenue will not include any DS1 Plan Credits issued pursuant to this Contract Offer.

If, upon the initial review or any quarterly review of the Customer's compliance with the Access Service Ratio, the Qualified Companies determines that the Customer has not complied with the Access Service Ratio, the Qualified Companies will so notify the Customer in writing. The Customer will have sixty (60) days after such notice to cure its noncompliance with the Access Service Ratio.

"Access Revenue" means the Qualified Companies' interstate recurring revenue from the Customer and its "Affiliates" associated with the services defined in Table D, below. An "Affiliate" of a party to this Contract Offer means any entity that controls, is controlled by, or is under common control with, such party.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.7 Access Service Ratio (Cont'd)

Table D:

Service Type	Service <sup>1</sup>
Interstate Special Access	OCN (Optical Carrier Network) PTP
	Dedicated SONET Ring Service (DSRS)
	SONET Ring and Access Service (SRAS)
	GigaMAN (Gigabit Ethernet Metropolitan Area Network)
	Multi-Service Optical Network (MON) Ring Service
	OpteMAN (Optical Ethernet Metropolitan Area Network)
	DecaMAN (10 Gigabit Ethernet Metropolitan Area Network)
	AT&T Switched Ethernet Service (ASE)
	WaveMAN (Wavelength Metropolitan Area Network)
	Serial Component Video Service (SCVS)
	High Definition Video Transport (HDVT)
	AVS 270 Video Service
	Voice Grade
	DS0
	DS1
	DS3
	Switched Access Transport

<sup>1</sup> Interstate OCN PTP, DSRS, MON, GigaMAN, <sup>®</sup> DecaMAN, <sup>®</sup> Opt-E-MAN<sup>®</sup>, AT&T Switched Ethernet, Serial Component Video (SCVS) and High Definition Video Transport (HDVT) services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.7 Access Service Ratio (Cont'd)

"Wholesale Revenue" means the Qualified Companies' recurring revenue from the Customer and its Affiliates for unbundled network elements and associated rate elements, as defined in Table E, below.

Table E

Service Type-- Unbundled Network Elements and Associated Services or Rate Elements	Service or Network Element <sup>1</sup>
DS1	4-wire digital loop DS1 Entrance Facilities DS1 Interoffice Transport DS1 Cross Connects DS1 Multiplexing All DS1 non-tariffed Committed Information Rate Broadband Services
DS3	DS3 Loop DS3 Entrance Facilities DS3 Interoffice Transport DS3 Cross Connects DS1/DS3 Multiplexing All DS3 non-tariffed Committed Information Rate Broadband Services
OCN	OC-3 Entrance Facilities OC-3 Interoffice Transport OC-3 Cross Connects OC-3 Multiplexing OC-12 Entrance Facility OC-12 Interoffice Transport OC-12 Cross Connects OC-12 Multiplexing OC-48 Entrance Facilities OC-48 Interoffice Transport OC-48 Cross Connects OC-48 Multiplexing All OCN equivalent non-tariffed Committed Information Rate Broadband Service
Other	Dark Fiber - Interoffice Dark Fiber - Loop Dark Fiber - Subloop Dark Fiber Cross Connects Unbundled Dedicated Transport

<sup>1</sup> Interstate OCN PTP, and Ethernet-based services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.8 Assignment/Transfer/Successors

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC, F.C.C. Tariff No. 1, Section 2.1.2, the Qualified Companies will acknowledge such transfer or assignment if the criteria in NBTC, F.C.C. Tariff No. 1, Section 2.1.2, are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B) or (C) below, or 2) if the proposed assignee or transferee or its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty (50) percent of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission; or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade,

(B) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g. Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

(1) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or  
(2) "high risk" in a Paydex score as published by Dun and Bradstreet.

(C) If the information required to review the assignee's or transferee's credit worthiness pursuant to either Subsection (A) or (B) of this Section 23.31.8 is not available, the Qualified Companies shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

(D) Notwithstanding anything to the contrary in this Section 23.31.8, the Customer may, upon written notice to the Qualified Companies, assign in whole or relevant part its rights and obligations under this Agreement to an Affiliate of the Customer, but the Customer will remain financially responsible for the performance of such obligations.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.31 Contract Offer No. 31 - Access Service Offer (Cont'd)23.31.9 Mergers/Acquisitions and Sales/Divestitures

All provisions of this Contract Offer shall continue in full force and effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all of its stock or assets to any other entity, or purchases all stock or substantially all stock or certain assets of another company (the foregoing generally referred to herein as a merger or acquisition). Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Qualified Companies, the Subject Services, as provided for in this Contract Offer, will continue to be provided at the same volume, rates, Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.32 Contract Offer No. 32 - DS1 and DS3 Service Offer

(N)

23.32.1 General Description

(N)

The Special Access Service Offer (Contract Offer No. 32, or Contract Offer) is a Service Level Agreement offer for which concurrent subscription is required to this Contract Offer and the following Access Tariffs: Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 188; BellSouth Telecommunications, LLC (BellSouth) Tariff F.C.C. No. 1, Contract Offer No. 83; Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 168; and Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Contract Offer No. 218; (collectively, with this Contract Offer No. 32, the "Concurrently Subscribed Contract Offers"). Ameritech, BellSouth, PBTC, SWBT and the Telephone Company may be identified as the "Qualified Companies."

(Nx)

(Nx)

This Contract Offer permits Customers that meet the Eligibility Criteria in Section 23.32.3, and otherwise comply with the terms and conditions of this Contract Offer, to receive credits as provided in Section 23.32.5, below. Subject Services are available under this Contract Offer in the Metropolitan Statistical Areas (MSA) listed in Section 23.32.2(B).

(N)

This Contract Offer is available for subscription from October 18, 2014 through November 18, 2014. This Contract Offer is not renewable.

23.32.2 Subject Services

- (A) This Contract Offer applies to pricing flexibility qualified services contained in the following tariff section: Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, Sections 7 and 22 - DS1 High Capacity Service and DS3 High Capacity Service (Subject Services).
- (B) Subject services must be located in the pricing flexibility MSAs for which the Telephone Company has been granted pricing flexibility relief, as listed in NBTC Tariff F.C.C. No. 1, Section 22, and in the pricing flexibility Phase I MSAs listed in Table A, below. During the Term Period of this Contract Offer, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 at the time of subscription, the Customer may, at its option, include subject services eligible for the discounts under this Contract Offer No. 32. Pricing flexibility Phase I MSAs are listed below:

x - Issued under the Authority of the Special Permission No. 14-013 of the F.C.C.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.32 Contract Offer No. 32 - DS1 and DS3 Service Offer (Cont'd)23.32.2 Subject Services (Cont'd)

(B) (Cont'd)

Table A

State	City
NV	Non-MSA

23.32.3 Eligibility Criteria

To subscribe to Contract Offer No. 32, the Customer must meet the following eligibility criteria:

- (A) During the twelve (12) months prior to the Customer's subscription to this Contract Offer, the Customer must have purchased Subject Services and other services from the Qualified Companies and any of their affiliates, in the aggregate, for which recurring charges exceeded \$400,000,000.
- (B) During the month prior to the Customer's subscription to this Contract Offer, the Customer must have the following Subject Services in service:
  - (1) No fewer than twenty eight hundred (2,800) and no more than thirty two hundred (3,200) DS3 interstate special access circuits from the Qualified Companies.
  - (2) No fewer than forty four thousand hundred (44,000) and no more than forty eight thousand (48,000) DS1 special access circuits from the Qualified Companies.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.32 Contract Offer No. 32 - DS1 and DS3 Service Offer (Cont'd)23.32.4 Terms and Conditions(A) Term Period

The term of this Contract Offer (Term Period) shall begin on the date the Customer submits a signed Letter of Subscription (LOS) to the Telephone Company (Subscription Date) and expire on June 20, 2016. Each period of twelve (12) months, beginning from the Subscription Date, is referred to as a "Term Year." As clarification, but not to modify the foregoing sentence, the period from the second anniversary of the Subscription Date through June 20, 2016, shall not be considered a Term Year.

(B) General Terms and Conditions

- (1) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of NBTC Tariff F.C.C. No. 1, Sections 2, 5, 7, 13 and 22, as applicable, (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Term Period. However, such tariff modifications will not change the Terms and Conditions described in Contract Offer No.32.
- (2) All terms and conditions for the Subject Services provided under this Contract Offer are governed by the otherwise applicable tariff sections, except as provided herein.
- (3) To subscribe to this Contract Offer, the Customer must provide a signed Letter of Subscription (LOS) to the Telephone Company, which must include a list of eligible Access Customer Name Abbreviations (ACNAs). All Subject Services under this Contract Offer must be purchased under such ACNAs. Subject Services ordered or purchased under other ACNAs may not be transferred to or converted for inclusion under this Contract Offer.
- (4) Commingling (as defined in NBTC Tariff F.C.C. No. 1, Sections 2.6) of Subject Services provided pursuant to this Contract Offer No. 32 is prohibited.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.32 Contract Offer No. 32 - DS1 and DS3 Service Offer (Cont'd)23.32.5 Service Level Assurance

(A) Service Level Assurance (SLA). The Customer may be eligible for credits if certain Service Level Assurance (SLA) benchmarks are not achieved by the Qualified Companies, as provided below. SLA benchmark measurements will be calculated in the aggregate, for all DS1, DS3 and SONET<sup>1</sup> interstate special access services provided by the Qualified Companies during each Term Year (SLA Included Services). SLA benchmark measurements will be calculated according to the Qualified Companies generally applicable business rules and criteria associated with each of the SLA benchmark measurements. The SLA benchmarks will apply to SLA Included Services on a combined basis. SLAs will apply to the following service performance measurements:

- (1) Mean Time to Repair (MTTR). "Mean Time to Repair" means the sum of the "Receipt to Restore Durations" of "Total Trouble Reports" divided by the number of Total Trouble Reports. "Total Trouble Reports" means all closed Customer trouble reports. "Receipt to Restore Duration" means the number of minutes (converted to hours) from the date and time each such trouble report is received by the Qualified Companies to the date and time each such trouble report is closed.
- (2) On Time Delivery. "On Time Delivery" means the percentage of "A" (add) orders for which the Firm Order Confirmation (FOC) Committed Due Date (CDD) was met. This measurement excludes any orders for which a due date was not met due to Customer Not Ready (CNR) or other delays not caused by the Telephone Company.
- (3) New Circuit Failure Rate. "New Circuit Failure Rate" means the percentage of total new circuits that are subject to trouble reports within thirty (30) calendar days after the date of installation.

<sup>1</sup> AT&T Interstate Access Guidebook Part 6 - Special Access Services Midwest Section 21.3. Optical Carrier Network (OCN) Point-to-Point, Dedicated SONET Ring Service (DSRS), GigaMAN®, DecaMAN®, Waveman<sup>SM</sup>, OPT-E-MAN Service and AT&T Switched Ethernet Services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.32 Contract Offer No. 32 - DS1 and DS3 Service Offer (Cont'd)23.32.5 Service Level Assurance (Cont'd)

## (A) (Cont'd)

(4) Repeat Reports within 30 Days. "Repeat Reports within 30 Days" means the percentage of closed trouble reports for any circuit that are received within thirty (30) calendar days after the restoral date of a prior closed trouble report for the same circuit.

(A) SLA Measurements and Benchmarks. If the Qualified Companies fail to achieve the benchmarks set forth in Table B, below, the Customer will be eligible for SLA Credits as provided in Section 23.32.5(C), below. These SLA Credits are subject to the same limitations and exclusions that apply to credit allowances for service interruptions, as provided in Section 2.4.4(C) of NBTC Tariff F.C.C. No. 1.

Table B SLA Measurements and Benchmarks

Measurement	Benchmark
MTTR	≤ 4.5 hours
On Time Delivery	95%
New Circuit Failure Rate	4.5%
Repeat Reports within 30 Days	14.5%

(C) SLA Credits. Within ninety (90) days after the end of each Term Year, the Qualified Companies will provide the Customer with a report of performance for the SLA benchmarks set forth in this Contract Offer. If the Qualified Companies fail to achieve the benchmarks, the Qualified Companies will issue SLA Credits to the Customer as set forth in Table C, below (SLA Credits). A single SLA Credit will apply per SLA benchmark, per Term Year, for the Qualified Companies in the aggregate. Any SLA Credits will be issued to the Customer within ninety (90) days after the end of each Term Year.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.32 Contract Offer No. 32 - DS1 and DS3 Service Offer (Cont'd)23.32.5 Service Level Assurance (Cont'd)

(C) (Cont'd)

Table C-SLA Performance Credits

<u>Measurement</u>	<u>Credit if Benchmark Not Achieved Met</u>
MTTR	\$50,000
On Time Delivery	\$50,000
New Circuit Failure Rate	\$50,000
Repeat Reports within 30 Days	\$50,000

For each SLA benchmark the Qualified Companies fail to achieve, the Qualified Companies will issue an SLA Credit of \$50,000. A maximum of \$200,000 in SLA Credits may apply for any term year.

23.32.6 Assignment/Transfer

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC Tariff F.C.C. No. 1, Section 2.1.2, the Qualified Companies will acknowledge such transfer or assignment if the criteria in NBTC Tariff F.C.C. No. 1, Section 2.1.2, are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B) or (C), below, or 2) if the proposed assignee or transferee or its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty (50) percent of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission; or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade,

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.32 Contract Offer No. 32 - DS1 and DS3 Service Offer (Cont'd)23.32.6 Assignment/Transfer (Cont'd)

(B) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g. Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

- (1) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or
- (2) "high risk" in a Paydex score as published by Dun and Bradstreet.

23.32.7 Mergers and Acquisitions

All provisions of this Contract Offer shall continue in full force and effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all of its stock or assets to any other entity, or purchases all stock or substantially all stock or certain assets of another company (the foregoing generally referred to herein as a merger or acquisition). Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Qualified Companies, the Subject Services, as provided for in this Contract Offer, will continue to be maintained at the same volume, rates, Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

23.32.8 Divestiture of a Qualified Company

If all or substantially all of the stock or assets of any Qualified Company are transferred, directly or indirectly, to any entity that does not control, is not controlled by, or is not under common control with AT&T Inc. (any of which may be generally referred to as a sale), then effective upon the "Divestiture Date" of the transaction (as defined in this paragraph), Section 5 of each of the Concurrently Subscribed Contract Offers shall no longer apply to any Qualified Company subject to such a sale, and services provided by any Qualified Company subject to such a sale shall no longer be included in the determination of SLA measurements and benchmarks. Section 5 of each of the Concurrently Subscribed Contract Offers shall otherwise continue to apply according to its terms and conditions. "Divestiture Date" means the date that the relevant transaction is complete.

(N)

(This page filed under Transmittal No. 270 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (N)23.33 Contract Offer No. 33 - Access Service Offer (N)23.33.1 General Description (N)

The Special Access Service Offer (Contract Offer No. 33) (Nx) is a Minimum Annual Revenue Commitment attainment plan for which concurrent subscription is required to this Contract Offer and the following Access Tariffs:

Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 169, Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 189; BellSouth Telecommunications LLC (BellSouth) Tariff F.C.C. No. 1, Contract Offer No. 84; and Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Contract Offer No. 219 (collectively, with this Contract Offer No. 33, referred to as the "Concurrently Subscribed Contract Offers". Ameritech, BellSouth, PBTC, and SWBT, together with the Telephone Company, shall be identified herein as the "Qualified Companies." (Nx)

The Concurrently Subscribed Contract Offers allow the Customer to qualify for certain credits based on its attainment of a "Minimum Annual Revenue Commitment" or "MARC," as described in Section 23.33.5, below. The MARC consists of certain recurring revenue from "Contributory Services," as defined in Section 23.33.2, below, that the Customer purchases from the Qualified Companies. (N)

Contract Offer No. 33 will be available for subscription only from October 29, 2014 through November 29, 2014. This Contract Offer is not renewable.

23.33.2 Subject and Non-Subject Services

"MARC-Eligible Services" under the Concurrently Subscribed Contract Offers are Subject Services, listed in Table A, below, and Non-Subject Services, listed in Table B, below, provided by the Telephone Company and located within the operating territories of the Qualified Companies, as well as "Subject Services" and "Non-Subject Services" as defined in the other Concurrently Subscribed Contract Offers.

x - Issued under the Authority of Special Permission No. 14-021 of the F.C.C. (N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.2 Subject and Non-Subject Services (Cont'd)(A) Subject Services

(1) Subject Services are pricing flexibility-qualified access services and associated rate elements, as identified in Table A, below.

Table A - Subject Services

Category	Services Included
Interstate Special Access Located in Pricing Flexibility Metropolitan Statistical Areas (MSAs)	DS1 and DS3, except for any rate elements not subject to pricing flexibility

(2) Subject Services must be located in the Pricing Flexibility MSAs where the Telephone Company has been granted Phase II pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22, and those additional MSAs listed below. During the Term Period of this Contract Offer, if the Telephone Company is granted pricing flexibility relief in additional MSAs, the Customer may, at its option, include Subject Services in those additional MSAs as eligible for the discounts under this Contract Offer.

Additional MSAs: Reno, NV.

(3) Subject Services ordered and purchased by the Customer prior to its subscription to this Contract Offer will be referred to as "Existing Subject Services."

Subject Services that were not being purchased from the Telephone Company prior to its subscription to this Contract Offer will be referred to as "New Subject Services."

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.2 Subject and Non-Subject Services (Cont'd)(B) Non-Subject Services

Non-Subject Services are listed in Table B, below.

TABLE B- Non-Subject Services will be included in calculations related to the "Minimum Annual Revenue Commitment," as defined in Section 23.33.1, but are not otherwise subject to this Contract Offer.

Category	Service <sup>1</sup>
Interstate Special Access Services	Optical Ethernet Metropolitan Area Network (OPT-E-MAN <sup>®</sup> ), AT&T Switched Ethernet <sup>SM</sup> Service
Intrastate Special Access and/or Equivalent Non-Switched Exchange Services (Excluding Private Line Services)	DS1, DS3, Optical Ethernet Metropolitan Area Network (OPT-E-MAN <sup>®</sup> ), AT&T Switched Ethernet Service
AT&T Corp.	AT&T OPT-E-WAN <sup>®</sup> Virtual Private LAN Service (VPLS)

(C) All terms and conditions for those Subject Services and Non-Subject Services that are tariffed are governed by their respective tariff sections, except as noted in this Contract Offer with respect to Subject Services. All terms and conditions for those Non-Subject Services that are not tariffed are governed by the applicable guidebooks, service guides or contracts.

<sup>1</sup> Interstate Opt-E-MAN<sup>®</sup> and AT&T Switched Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.2 Subject and Non-Subject Services (Cont'd)

(D) Subject Services and Non-Subject Services shall also include any similar or successor services which are provided by the Qualified Companies and which were not available as of the effective date of this Contract Offer.

23.33.3 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer:

- (A) The Customer must have a minimum of 6,773 interstate special access DS1 circuit and 914 interstate special access DS3 circuits in service with the Qualified Companies, as of the effective date of this Contract Offer.
- (B) The Customer must have purchased interstate special access DS1 and DS3 services from the Qualified Companies for which aggregate monthly recurring charges were not less than \$1,748,890 (net of any applicable discounts and credits) for the month immediately prior to the effective date of this Contract Offer.
- (C) The Customer must have been purchasing a minimum of seventy-five percent (75%) of its DS1 and DS3 interstate special access circuits under either 5-year or 7-year term commitments, in aggregate, including purchases from all of the Qualified Companies, during the last six months prior to the Subscription Date of this Contract Offer (as defined in Section 23.33.4.B, below). DS1 and DS3 interstate special access circuits will be considered separately.

Example: If the Customer purchased more than seventy-five percent (75%) of its DS1 interstate special access circuits subject to 5-year term commitments, in the aggregate from all of the Qualified Companies, the Customer would be eligible to order and purchase DS1 Subject Services under this Contract Offer at five-year rates.

Example: If the Customer purchased more than seventy-five percent (75%) of its DS1 interstate special access circuits subject to 7-year term commitments, in the aggregate from all of the Qualified Companies, the Customer would be eligible to order and purchase DS1 Subject Services under this Contract Offer at seven-year rates.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd) (N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd) (N)

23.33.3 Eligibility Criteria (Cont'd) (N)

(A) The Customer must concurrently subscribe to the following Contract Offers: (Nx)

(1) Ameritech Tariff F.C.C No. 2, Contract Offer No. 219;

(2) BellSouth Tariff F.C.C. No. 1, Contract Offer No. 84;

(3) NBTC Tariff F.C.C. No. 1, Contract Offer No. 33;

(4) PBTC Tariff F.C.C. No. 1, Contract Offer No. 169; and

(5) SWBT Tariff F.C.C. No. 73, Contract Offer No. 189; (Nx)

23.33.4 General Terms and Conditions (N)

The following General Terms and Conditions apply to this Contract Offer No. 33:

(A) Subscription

To subscribe to this Contract Offer, the Customer must submit Letters of Subscription (LOS) to the Qualified Companies. The Customer must provide, at the time of subscription, all Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in the Concurrently Subscribed Contract Offers for itself and any of its "Affiliates" that may purchase service pursuant to the Concurrently Subscribed Contract Offers (hereafter referred to as "Eligible ACNAs").

Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, the Concurrently Subscribed Contract Offers, unless otherwise agreed in writing by the parties.

x - Issued under the Authority of Special Permission No. 14-021 of the F.C.C. (N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.4 General Terms and Conditions (Cont'd)(B) Term Period

The term of this Contract Offer (Term Period) will begin on the first day of the first calendar month following the date the Qualified Companies receive signed Letters of Subscription (LOS) from the Customer (that date to be referred to as the "Subscription Date"), and will continue for sixty (60) months. Each period of twelve (12) consecutive months during the Term Period, beginning from the Subscription Date, shall be referred to as a Term Year. Each period of three (3) consecutive months during the Term Period, beginning from the Subscription Date, shall be referred to as a Quarter. Upon expiration of the Term Period, Subject Services will be provided at the prevailing month-to-month rates as provided in NBTC Tariff F.C.C. No. 1, Sections 7 or 22, or if there are no month-to-month rates, then at the rates applicable to the shortest available term, unless the Customer disconnects the services or chooses another applicable rate. Notwithstanding anything to the contrary in this Section 23.33.4(B), all Service Terms are subject to termination pursuant to Sections 23.33.4(F) and 23.33.4(G), below.

(C) Service Term

Subject Services must be ordered and purchased subject to the Term Period applicable to either DS1 or DS3 service, respectively, under this Contract Offer, as provided in Section 23.33.3(C) (in either case, referred to as the Service Term). Customer shall order any New Subject Services under this Contract Offer by submitting an ASR, including the PNUM of this Contract Offer, to the Telephone Company. Customer may convert any Existing Subject Services to this Contract Offer either: (1) by submitting one or more ASRs, including the PNUM of this Contract Offer, to the Telephone Company, or (2) by requesting a bulk conversion project, to be coordinated by the Telephone Company. In either case, Existing Subject Services must begin a new service term upon conversion to this Contract Offer. Termination liability charges will not apply as a result of such conversion.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.4 General Terms and Conditions (Cont'd)

## (C) (Cont'd)

Upon expiration of the Service Term or upon termination of the Term Period, as described in Section 23.33.4(G), below, Subject Services will be provided at the prevailing month-to-month rates as provided in NBTC Tariff F.C.C. No. 1, Sections 7 or 22, or if there are no month-to-month rates, then at the rates applicable to the shortest available term, unless the Customer disconnects the services or chooses another applicable rate. Notwithstanding anything to the contrary in this Section 23.33.4(C), all Service Terms are subject to termination pursuant to Section 23.33.4(G), below.

- (D) Commingling of Subject Services is defined in NBTC Tariff F.C.C. No. 1, Section 2.6. During the Term Period, the Customer may not at any time be obtaining from the Qualified Companies a greater number of Subject Services that are commingled with one or more unbundled network elements than the number of such Subject Services in place as of the Subscription Date.
- (E) The Customer may not be a party to any agreement for de-tariffed interstate access services provided by any of the Qualified Companies ("Broadband Agreement") or any other pricing flexibility contract tariff, if the Broadband Agreement or pricing flexibility contract tariff contains any revenue or volume commitment or attainment level, as of the effective date of the Contract Offer (Commitment Agreement), unless the Commitment Agreement expressly allows the Customer to participate in both the Commitment Agreement and the Concurrently Subscribed Contract Offers.
- (F) Grandfathering or Sunsetting of Subject Services

Nothing in this Contract Offer shall prevent the Qualified Companies from terminating the provision of Subject Services entirely, prior to the end of the Term Period, to the extent permitted by applicable law.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.4 General Terms and Conditions (Cont'd)

(G) Subject to paragraphs G(1) or G(2), if either becomes applicable, during the Term Period, upon no less than three (3) months' notice to the Customer, the Telephone Company may stop accepting orders for, or otherwise placing Subject Services under, five (5) year and seven (7) year service terms, including new, renewed, converted, or other Subject Services. The date on which the Telephone Company may stop accepting orders for, or otherwise placing service under, five (5) year and seven (7) year service terms will not be sooner than January 1, 2018, and may be implemented on a geographically or otherwise limited basis (e.g., by wire center). For any in-service circuit subject to a service term that extends beyond January 1, 2018, the Customer may keep the circuit in place subject to that service term; provided, however, that such service terms will be subject to termination by the Telephone Company until the earlier of: (i) the time at which the Telephone Company or any of its affiliates can provide a replacement service to the location served by such circuit, or (ii) January 1, 2019.

(1) If a Telephone Company tariff filing to withdraw or limit the availability of five (5) or seven (7) year service terms (a Grandfathering Tariff) has not become effective as of January 1, 2018, then upon written notice from the Customer to the Telephone Company, the Customer may continue to purchase or retain Subject Services under five (5) and seven (7) year service terms to the extent such service terms remain available under the terms and conditions of the applicable tariff provisions, subject to any subsequent changes in such terms and conditions, but all other terms and conditions of this Contract Offer will continue to apply.

(2) If a Grandfathering Tariff becomes effective by January 1, 2018, then upon written notice from the Customer to the Telephone Company, the Customer may purchase or retain Subject Services under five (5) and seven (7) year service terms, according to the same rates, terms and conditions as provided under the Grandfathering Tariff, including, without limitation, any terms and conditions governing termination liability charges and completion of service terms, but all other terms and conditions of this Contract Offer will continue to apply.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.4 General Terms and Conditions (Cont'd)

(H) If, during the Term Period, any of the Qualified Companies or any portion of any such Qualified Company is no longer under the ownership and control of AT&T Inc. (a "Divested Entity"), then as of the closing date(s) of the relevant transaction(s), any Concurrently Subscribed Contract Offer applicable to a Divested Entity shall be administered and enforced, and any rights or obligations of either party to such Contract Offer shall apply, separately to: (i) the Qualified Companies (and any portions of Qualified Companies) remaining under the ownership and control of AT&T Inc. and (ii) the Divested Entity or Entities. In particular, but without limitation, the MARC (as provided in Section 23.33.5) and the amount of MARC-Eligible Charges required to qualify for Plan Shortfall Charges (as provided in Section 23.33.6(C)) shall be pro-rated between the Qualified Companies (and any portions of Qualified Companies) remaining under the ownership and control of AT&T Inc. and the Divested Entity or Entities in proportion to the amount of MARC-Eligible Charges billed by the Qualified Companies (and any portions of Qualified Companies) remaining under the ownership and control of AT&T Inc. and the Divested Entity or Entities, for the three months immediately prior to the closing date(s) of the relevant transaction(s).

Notwithstanding the foregoing paragraph, nothing in this Section 23.33.4(H) shall prevent the lawful modification or termination of any of the Concurrently Subscribed Contract Offers, as applicable to any Qualified Company or Divested Entity.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.5 Minimum Annual Revenue Commitment

The Customer must satisfy a Minimum Annual Revenue Commitment (MARC) for each Term Year of this Contract Offer. The MARC shall be satisfied by gross billed recurring revenue, after application of any discounts or credits applicable to those recurring revenues (except those issued under the Concurrently Subscribed Contract Offers), as well as adjustments for overbilling, under-billing and billing dispute settlements issued during that Term Year for Subject Services and Non-Subject Services purchased by and billed to Customer under the Eligible ACNAs (collectively, "MARC-Eligible Charges"). The Customer's MARC-Eligible Charges shall specifically exclude non-recurring charges, usage-based charges and temporary service charges. Credits under this Contract Offer are conditioned on the Customer's satisfaction of the MARC in each Term Year. Satisfaction of the MARC shall be determined according to MARC-Eligible Revenue.

The MARC for the first Term Year of the Term Period will be equal to ninety-five percent (95%) of the Customer's MARC-Eligible Revenue for the three (3) months prior to the Subscription Date, times four (4). The MARC for each subsequent Term Year of the Term Period will be equal to ninety-five percent (95%) of the Customer's MARC-Eligible Revenue for the last three (3) months of the prior Term Year, times four (4).

23.33.6 Billing & Credits(A) Subject Service Non-Recurring Charges

- (1) Tables C and D, below, contain the effective rates for Subject Services under this Contract Offer No. 33. Any rate elements not listed in Tables C and D will be provided at the applicable rates in NBTC Tariff F.C.C No 1, Section 7. Each circuit element (Channel Termination and Mileage) must be located entirely in the MSAs listed in Section 23.33.2(A) to be eligible for these rates.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.6 Billing & Credits (Cont'd)(A) Subject Service Non-Recurring Charges (Cont'd)

(2) The Telephone Company will initially bill the Customer according to the otherwise applicable twelve (12) month Optional Payment Plan Monthly Recurring Charges ("OPP MRCs"). The Customer will then be credited in an amount equal to the difference between the otherwise applicable OPP MRCs and the MRCs for the rate elements listed in Tables C and D, below. Credits will be applied monthly in arrears. Taxes, if applicable, will be charged on the OPP MRC rates, but will not be included in the credits applied to the Customer's bill.

Table C:

<b>DS1 Special Access Services Rate Element</b>	<b>USOC</b>	<b>5 Year MRC</b>
Channel termination - Per Point of Termination	TMECS	\$105.00
Channel Mileage Termination - Per Termination	1L5XX	\$35.00
Channel Mileage - Per Mile	1L5XX	\$8.50
Central Office Multiplexing DS1 to DS0	MQ1, MQ1++, QMU1, QMU, QMU++	\$160.00

Table D:

<b>DS3 Rate Elements</b>	<b>USOC</b>	<b>5 YR MRC</b>
Channel Termination - Per Point of Termination	Z3MAC/Z3MAP/Z31A+	\$900.00
Channel Mileage - Per Termination	1L5XX/CMF	\$332.50
Channel Mileage - Per Mile	1L5XX/CMF	\$35.00
Multiplexing, Per Arrangement (DS3 to DS1)	MQ3	\$400.00

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.6 Billing & Credits (Cont'd)(B) Service Portability Credits

The Qualified Companies will issue credits in the amount of any termination liability charges that would otherwise apply as a result of the disconnection of Subject Services during the Term Period, provided that the conditions set forth below have been met. Such charges initially will be billed, and must be paid, as provided in the relevant sections of NBTC Tariff F.C.C. No. 1, not including this Contract Offer. The Telephone Company will calculate and issue credits for each Quarter, which will be issued no later than sixty (60) days after the end of each Quarter.

- (1) Any disconnected Subject Service(s) must have been in service for a minimum of twelve (12) months.
- (2) The Customer must continue to purchase no less than the number of DS1 and DS3 Subject Services (to be determined separately) that were in service as of the Subscription Date of this Contract Offer.

(C) Credits for Plan Shortfall Charges

The Qualified Companies will issue credits in the amount of any termination liability charges or any charges for failure to satisfy a minimum Commitment Level pursuant to a High Capacity Service Portability Commitment, when such charges would otherwise apply as a result of the disconnection of Subject Services during the Term Period, provided that the conditions set forth below have been met. Such charges initially will be billed, and must be paid, as provided in the relevant sections of NBTC Tariff F.C.C. No. 1, not including this Contract Offer. The Telephone Company will calculate and issue credits for each Term Year, which will be issued no later than sixty (60) days after the end of each Term Year.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.6 Billing & Credits (Cont'd)(C) Credits for Plan Shortfall Charges (Cont'd)

- (1) "Access Revenue" means the Qualified Companies' interstate recurring revenue from the Customer and its Any disconnected Subject Service(s) must have been in service for a minimum of twelve (12) months.
- (2) MARC-Eligible Charges for the Term Year must have been no less than forty-three million one hundred sixty-seven thousand one hundred eighty-eight dollars (\$43,167,188).

23.33.7 Access Service Ratio

The Customer (including any of its Affiliates included in this Contract Offer) must maintain an Access Service Ratio as further provided in this Section 23.33.7. The Access Service Ratio shall be calculated quarterly, based on data for the most recent single month for which information is available at the time of the calculation. The Qualified Companies will calculate the Customer's Access Service Ratio as of the Subscription Date and for each Quarter thereafter, as follows:

Access Service Ratio = Access Revenue /  
(Access Revenue + Wholesale Revenue)

During the Term Period, the Access Service Ratio may not decline by more than 3%, as compared to the Access Service Ratio on the Subscription Date, as determined by each quarterly calculation of the Access Service Ratio.

Example: Assume that the Customer's Access Service Ratio, as calculated for the Subscription Date, is 95%. For each subsequent quarterly calculation of the Access Service Ratio, the Customer would be required to achieve an Access Service Ratio of at least 92%.

If during the Term Period, any of the Qualified Companies offers additional ILEC access services or UNEs, such additional ILEC access services or UNEs shall also be included in the calculation of the Access Service Ratio. Recurring revenue, for purposes of calculating the Access Service Ratio, will be measured according to gross billed recurring revenue, after application of any discounts or credits applicable to that recurring revenue, plus any adjustments for overbilling, under-billing and billing dispute settlements. The calculation of recurring revenue will not include any DS1 Plan Credits issued pursuant to this Contract Offer.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 – Access Service Offer (Cont'd)23.33.7 Access Service Ratio (Cont'd)

If, upon the initial review or any quarterly review of the Customer's compliance with the Access Service Ratio, the Qualified Companies determines that the Customer has not complied with the Access Service Ratio, the Qualified Companies will so notify the Customer in writing. The "Affiliates" associated with the services defined in Tables E and F, below. An "Affiliate" of a party to this Contract Offer means any entity that controls, is controlled by, or is under common control with, such party.

Table E:

Service Type	Service <sup>1</sup>
Interstate Special Access	OCN (Optical Carrier Network) PTP
	Dedicated SONET Ring Service (DSRS)
	SONET Ring and Access Service (SRAS)
	GigaMAN (Gigabit Ethernet Metropolitan Area Network)
	Multi-Service Optical Network (MON) Ring Service
	OpteMAN (Optical Ethernet Metropolitan Area Network)
	DecaMAN (10 Gigabit Ethernet Metropolitan Area Network)
	AT&T Switched Ethernet Service (ASE)
	WaveMAN (Wavelength Metropolitan Area Network)
	Serial Component Video Service (SCVS)
	High Definition Video Transport (HDVT)
	AVS 270 Video Service
	Voice Grade
	DS0
	DS1
	DS3
	Switched Access Transport

<sup>1</sup> Ethernet-based services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.7 Access Service Ratio (Cont'd)

"Wholesale Revenue" means the Qualified Companies' recurring revenue from the Customer and its Affiliates for unbundled network elements and associated rate elements, as defined in Table F, below.

Table F

<b>Service Type</b> -- Unbundled Network Elements and Associated Services or Rate Elements	<b>Service or Network Element</b> <sup>1</sup>
DS1	4-wire digital loop DS1 Entrance Facilities DS1 Interoffice Transport DS1 Cross Connects DS1 Multiplexing All DS1 non-tariffed Committed Information Rate Broadband Services
DS3	DS3 Loop DS3 Entrance Facilities DS3 Interoffice Transport DS3 Cross Connects DS1/DS3 Multiplexing All DS3 non-tariffed Committed Information Rate Broadband Services
OCn	OC-3 Entrance Facilities OC-3 Interoffice Transport OC-3 Cross Connects OC-3 Multiplexing OC-12 Entrance Facility OC-12 Interoffice Transport OC-12 Cross Connects OC-12 Multiplexing OC-48 Entrance Facilities OC-48 Interoffice Transport OC-48 Cross Connects OC-48 Multiplexing All OCn equivalent non-tariffed Committed Information Rate Broadband Service
Other	Dark Fiber - Interoffice Dark Fiber - Loop Dark Fiber - Subloop Dark Fiber Cross Connects Unbundled Dedicated Transport

<sup>1</sup> Ethernet-based services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.8 Assignment/Transfer/Successors

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC F.C.C. Tariff No. 1, Section 2.1.2, the Qualified Companies will acknowledge such transfer or assignment if the criteria in NBTC F.C.C. Tariff No. 1, Section 2.1.2, are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B) or (C), below, or 2) if the proposed assignee or transferee or its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission; or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade,

(B) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g. Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

(1) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or

(2) "high risk" in a Paydex score as published by Dun and Bradstreet.

(C) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsections (A) or (B) of this Section 23.33.8 is not available, the Qualified Companies shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

(D) Notwithstanding anything to the contrary in this Section 23.33.8, the Customer may, upon written notice to the Qualified Companies, assign in whole or relevant part its rights and obligations under this Agreement to an Affiliate of the Customer, but the Customer will remain financially responsible for the performance of such obligations.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.33 Contract Offer No. 33 - Access Service Offer (Cont'd)23.33.9 Mergers, Acquisitions, Sales or Divestitures  
Involving Customer

All provisions of this Contract Offer shall continue in full force and effect if the Customer, in whole, or in part, merges with, acquires, is acquired by, sells all or substantially all of its stock or assets to any other entity, or purchases all stock or substantially all stock or certain a of another company (the foregoing generally referred to herein as a merger or acquisition). Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Qualified Companies, the Subject Services, as provided for in this Contract Offer, will continue to be provided at the same volume, rates, Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

(N)

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23. Pricing Flexibility Contract Offerings

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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23. Pricing Flexibility Contract Offerings (Cont'd)

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Four AT&T Plaza, Dallas, Texas 75202

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.35 Contract Offer No. 35 – Access Service Offer23.35.1 General Description

This Special Access Service Offer (Contract Offer No. 35) is a Spend Plan with Nevada Bell Telephone Company ("NBTC" or the "Telephone Company"). Subject to the Terms and Conditions set forth elsewhere in this Contract Offer No. 35, Contract Offer No. 35 allows eligible Customers to earn credits based upon its level of Spend-Eligible Charges ("Spend"), as defined in this Contract Offer. The Spend calculation reflects certain recurring revenue from, in the aggregate, all Spend-Eligible Services purchased from the Telephone Company, as defined and provided in this Contract Offer No. 35.

Contract Offer No. 35 will be available for subscription only from November 26, 2015 through December 26 2015. This offer is not renewable.

23.35.2 Subject and Non-Subject Services

"Spend-Eligible Services" under this Contract Offer No. 35 consist of both Subject Services, listed in Table A, below, and Non-Subject Services, listed in Table B, below, provided by the Telephone Company and located within the operating territory of the Telephone Company, as described in NBTC Tariff F.C.C. No. 1, Section 17 (Operating Territory), except that in no event shall any services connecting to cell sites, mobile telecommunications switching offices (MTSOs), or mobile switching centers (MSCs) be considered Spend-Eligible Services. Spend-Eligible Charges include charges for Spend-Eligible Services that were in service as of the Subscription Date, as well as those placed in service during the Term Period.

(A) Subject Services

Subject Services are pricing flexibility qualified access services or rate elements listed in Table A, below. Subject Services are subject to all rates, terms and conditions of this Contract Offer.

Table A-Subject Services, as referenced in 23.35.4(A).

Category	Services Included
Interstate Special Access located in Pricing Flexibility Metropolitan Statistical Areas (MSAs)	All Voice Grade (VG), DS0, DS1 and DS3 special access services or rate elements that are eligible for pricing flexibility

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.2 Subject and Non-Subject Services (Cont'd)(B) Non-Subject Services

Non-Subject Services are listed in Table B, below. Non-Subject Services are included in Spend calculations, but are not otherwise subject to the rates, terms or conditions of this Contract Offer.

Table B - Non-Subject Services

Category	Services Included
Interstate Special Access Services provided by the Telephone Company but not located in Pricing Flexibility Metropolitan Statistical Areas (MSAs) and any rate elements located in Pricing Flexibility MSAs but not subject to pricing flexibility relief.	Any VG, DS0, DS1, and DS3 special access services and rate elements not listed in Table A
Intrastate Special Access	Intrastate services equivalent to the interstate services listed above as either Subject Services or Non-Subject Services

- (C) All terms and conditions for those Spend-Eligible Services that are tariffed are governed by their respective tariff sections, except as otherwise provided in this Contract Offer No. 35. All terms and conditions for those Spend-Eligible Services that are not tariffed are governed by the applicable guidebooks, service guides or contracts.
- (D) No service purchased by Customer, or any of its Qualifying Affiliates, for the provision of Wireless Telecommunications Services, shall constitute a Subject Service or Non-Subject Service under this Contract Offer No. 35.
- (E) Subject Services and Non-Subject Services shall also include any additional similar or successor services which are subsequently provided by the Telephone Company and were not available as of the effective date of this Contract Offer No. 35.

(N)

(This page filed under Transmittal No. 285 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 – Access Service Offer (Cont'd)23.35.3 Definitions

As used in this Contract Offer No. 35,

- (A) "Affiliate" means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or the equivalent thereof) of more than 10 percent.
- (B) A "Circuit" means special access circuit that meets all of the following criteria:
  - (1) has at least one of the following, as applicable:
    - (a) for DS1 special access services, or DS3 special access services, Ethernet special access services,<sup>1</sup> has a channel termination component, a local channel component, or a mileage component; or
    - (b) for AT&T Switched Ethernet Services,<sup>1</sup> has a port connection; and
  - (2) has a circuit identification number (ID).
- (C) "Commingling" as defined in NBTC Tariff F.C.C. No. 1, Section 2.6.
- (D) An "ILEC Affiliate" means an Affiliate of the Telephone Company that is an incumbent local exchange carrier.
- (E) A "Permitted Successor" is a successor-in-interest to the Customer or a Qualifying Affiliate that is itself an Affiliate of Customer.

<sup>1</sup> Ethernet Services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with detariffed services are available at the Interstate Access link at [www.att.com/guidebook](http://www.att.com/guidebook)

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 – Access Service Offer (Cont'd)23.35.3 Definitions (Cont'd)

(F) A "Qualifying Affiliate" means any Customer Affiliate (as Customer Affiliates exist on the Subscription Date) that meets any of the following:

- (1) is a telecommunications carrier under applicable federal or state law; or
- (2) has an assigned ACNA; or
- (3) is purchasing for resale or using an input into another service being offered or otherwise provided to non-Affiliates (a) any of the services in Table A or Table B, above, or (b) any interstate broadband services provided by the Telephone Company or any of its ILEC Affiliates;<sup>1</sup> or
- (4) is a customer of record with the Telephone Company or any of its ILEC Affiliates for (a) any of the services in Table A or Table B, above, or (b) any interstate broadband services provided by the Telephone Company or any of its ILEC Affiliates.

(G) "Quarter" means a calendar quarter, with the first Quarter beginning on January 1, 2016.

(H) A "Selling Affiliate" means any Customer Affiliate (as Customer Affiliates exist on the Subscription Date) from which the Telephone Company or any of its Affiliates is purchasing, directly or indirectly, on the Subscription Date, services substantially similar to those comprising the Subject Services and Non-Subject Services under this Contract Offer.

(I) "Term Month" means a full calendar month during the Term Period.

(J) "Wireless Telecommunications Services" means wireless radio services, whether fixed or mobile, and are subject to regulation on a common carrier basis under federal law.

<sup>1</sup> Interstate OCN PTP, DSRS, MON, GigaMAN,® DecaMAN,® Opt-E-MAN®, AT&T Switched Ethernet, Serial Component Video (SCVS) and High Definition Video Transport (HDVT) services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with detariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.4 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer No. 35:

(A) Contract Offer No. 35 is available for qualified special access services located in the Pricing Flexibility MSAs where the Telephone Company has been granted Phase II pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22 and those additional MSA's listed below. During the Term Period of this Contract Offer No. 35, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 at the time of subscription, the Customer may, at its option, include Subject Services in those additional MSAs as eligible for the discounts under this Contract Offer No. 35.

## Phase I - All Rate Elements (Including Channel Terminations):

Reno, NV		
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## Phase I - Rate Elements other than Channel Terminations

Non-MSA, NV		
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(B) During the last full calendar month prior to the Subscription Date, the monthly recurring charges, after application of any discounts or credits applicable to those recurring charges, as well as adjustments for overbilling, underbilling and billing dispute settlements, billed by the Telephone Company and its ILEC Affiliates to Customer and its Qualifying Affiliates for Spend-Eligible Services, the Spend Eligible Charges must have been in an aggregate amount of not less than \$16 million and not greater than \$20 million.

(C) At the end of the last full calendar month prior to the Subscription Date, the Customer and its Qualifying Affiliates must have had in-service with the Telephone Company and its ILEC Affiliates all of the following:

(1) no fewer than 66,000 interstate DS1 Circuits but no more than 70,000 interstate DS1 Circuits that would qualify as Spend-Eligible Services, and

(2) no fewer than 4,700 interstate DS3 Circuits but no more than 5,700 interstate DS3 Circuits, that would qualify as Spend-Eligible Services.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.4 Eligibility Criteria (Cont'd)

- (D) Neither Customer nor its Qualifying Affiliates can be a provider of Wireless Telecommunication Services.
- (E) As of the Subscription Date, neither the Customer nor its Qualifying Affiliates may be purchasing from the Telephone Company interstate or intrastate special access services from the Telephone Company pursuant to any pricing flexibility contract offer, intrastate "ICB" contract or other individually negotiated arrangement that includes any minimum volume or revenue commitment, other than any contract offer that will be terminated upon the Customer's subscription to this Contract Offer No. 35.
- (F) During the last full calendar month prior to the Subscription Date, the aggregate monthly recurring charges, after application of any discounts or credits applicable to those recurring charges, as well as adjustments for overbilling, underbilling and billing dispute settlements, billed by Customer and its Selling Affiliates to the Telephone Company and its Affiliates for DS1 and DS3 special access services substantially similar to those comprising the Subject Services and Non-Subject Services under this Contract Offer, and Ethernet services<sup>1</sup> substantially similar to those offered by the Telephone Company ("Customer Subject Services"), shall be, in the aggregate, not less than \$75 million and not more than \$85 million.

<sup>1</sup> Ethernet Services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with detariffed services are available at the Interstate Access link at [www.att.com/guidebook](http://www.att.com/guidebook)

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.4 Eligibility Criteria (Cont'd)

(G) At the end of the last full calendar month prior to the Subscription Date, the Telephone Company and its Affiliates must have had in-service with the Customer and its Selling Affiliates both:

- (1) no fewer than 110,000 interstate DS1 special access services but no more than 120,000 interstate DS1 special access services, that qualify as Customer Subject Services, and
- (2) no fewer than 10,000 interstate DS3 special access services but no more than 15,000 interstate DS3 special access services, that qualify as Customer Subject Services.

23.35.5 Terms and Conditions

The following Terms and Conditions apply to this Contract Offer No. 35:

(A) Subscription.

To subscribe to Contract Offer No. 35, the Customer must submit a Letter of Subscription (LOS) to the Telephone Company. The LOS must encompass Customer and all of its Qualifying Affiliates, and Customer must include, in the LOS, all Access Customer Name Abbreviations (ACNAs) used by Customer and its Qualifying Affiliates (hereafter referred to as "Eligible ACNAs"). Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, this Contract Offer No. 35.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.5 Terms and Conditions (Cont'd)(B) Term Period

The term of this Contract Offer No. 35 ("Term Period") shall begin on the date that Customer submits a valid and executed Letter of Subscription (LOS) to the Telephone Company ("Subscription Date"), and shall end on March 31, 2018, subject to extensions as provided in this Section.

The Term Period will be automatically extended by up to four (4) consecutive one-year extension periods unless the Telephone Company receives Customer's written notice of intent not to extend this Contract Offer No. 35 for such an extension period, by no later than the March 1st immediately prior to the then-applicable expiration date of Term Period (as may have been previously extended pursuant to this Section). If the Telephone Company receives such notice by such March 1st, the Term Period will end on the following March 31st.

(C) The Customer and its Qualifying Affiliates (as each exists on the Subscription Date), in the aggregate, must meet each of the following criteria for each Quarter.

- (1) the monthly recurring charges, after application of any discounts or credits applicable to those charges (including the credits issued under the Contract Tariffs), as well as adjustments for overbilling, underbilling and billing dispute settlements, for interstate DS1 and DS3 special access provided and billed by AT&T to Customer and its Qualifying Affiliates, are not more than \$25,000,000 times the number of Term Months in such Quarter; and
- (2) the Circuit Volume for such Quarter that is equal to or greater than the Required Volume times the number of Term Months in such Quarter. The "Circuit Volume" means the aggregate number of the following AT&T services in-service at the end of each such Term Month: (i) interstate DS1 Circuits, (ii) interstate DS3 Circuits, and (iii) all AT&T switched Ethernet Circuits.<sup>1</sup> For avoidance of doubt, such a number of such in-service Circuits will be determined at the end of such Term Month, and added together to determine the Circuit Volume.

<sup>1</sup> Ethernet Services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with detariffed services are available at the Interstate Access link at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer(Cont'd)23.35.5 Terms and Conditions (Cont'd)

(C) (2) (Cont'd)

a) The Required Volume is as follows:

Application Period	Required Volume
January 1, 2016 until March 31, 2018	53,500 Circuits
Each extension period (Years 4, 5, 6 or 7)	53,500 Circuits or 2/3 of the average monthly Circuit Volume during January, February and March 2018 (or last Quarter of the prior extension period, as applicable), whichever is less.

For any Quarter in which Customer and its Qualifying Affiliates do not fulfill both criteria, the Customer shall repay to the Telephone Company the total amount of the credits and waivers attributable to such Quarter that were or are issued to Customer under this Contract Offer No. 35 (and the Telephone Company shall have no obligation to issue any such credits or waivers that have not been issued), and the Telephone Company shall reverse any debit issued under Section 23.35.6(E) attributable to such Quarter that were or are issued to Customer under this Contract Offer No. 35.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer(Cont'd)23.35.5 Terms and Conditions (Cont'd)

- (D) Credits earned under this Contract Offer No. 35 shall be applied as described in Section 23.35.6, below.
- (E) Except as provided in Section 23.35.5(F), credits earned under this Contract Offer No. 35 are in addition to, and do not alter, any existing service discounts/term plans available in the Telephone Company's generally applicable tariffs or other Telephone Company contract offers.
- (F) Spend-Eligible Services under this Contract Offer No. 35 may not be purchased pursuant to any pricing flexibility contract offer, intrastate "ICB" contract or other individually negotiated tariff or agreement that includes any minimum volume or revenue commitment, (any such precluded tariffs or agreements hereafter referred to as an "Other Commitment Agreement"), unless the Other Commitment Agreement expressly refers to this Contract Offer No. 35 and expressly permits the Customer to purchase such services subject to this Contract Offer No. 35 and such Other Commitment Agreement. The word "purchase," as used in the foregoing sentence, refers to the Customer or any of its Affiliates obtaining or using any service in exchange for compensation, regardless of when the service was ordered or installed.
- (G) Credits to be provided under this Contract Offer No. 35 will not be issued unless and until the Customer has paid all billed charges for Spend-Eligible Services due and owing as of the date the credits are issued (excluding amounts disputed and withheld in accordance with the Telephone Company's dispute process), and is otherwise in material compliance with this Contract Offer No. 35.
- (H) During the Term Period, any interstate DS1 special access services and any interstate DS3 special access services purchased from the Telephone Company by Customer and/or any of its Affiliates shall be purchased subject to a Covered TPP, as defined in Section 23.35.6(E), below. Failure to do so would be a material breach of this Contract Offer No. 35, which would allow the Telephone Company to terminate this Contract Offer No. 35; if, however, Customer inadvertently fails to do so, Customer shall be permitted to cure such failure.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer(Cont'd)23.35.5 Terms and Conditions (Cont'd)

(I) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of NBTC Tariff F.C.C. No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Contract Term. However, such tariff modifications will not change the Terms and Conditions described in this Contract Offer No. 35.

(J) During the Term Period, the Customer may not at any time be obtaining from the Telephone Company a greater number of Subject Services and Non-Subject Services that are commingled with one or more unbundled network elements than the number of such Subject Services and Non-Subject Services in place as of the Subscription Date that are commingled.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.6 Credits and Waivers(A) Spend Credits

"Spend-Eligible Charges" means the billed recurring revenue, after application of any discounts or credits applicable to those recurring revenues (except those issued under this Contract Offer No. 35), as well as adjustments for overbilling, underbilling and billing dispute settlements for, in the aggregate, the Spend-Eligible Services, which are purchased by and billed to Customer and its Qualifying Affiliates (as each exists as of the Subscription Date) (or their Permitted Successors) under the Eligible ACNAs. The Customer's Spend-Eligible Charges shall specifically exclude the following:

- (1) non-recurring charges;
- (2) usage-based charges;
- (3) temporary service charges;
- (4) special construction charges;
- (5) fractional and partial recurring charges;
- (6) customer premise equipment charges;
- (7) charges for services provided by a non-Affiliate third party service provider;
- (8) taxes, surcharges, or government-related charges;
- (9) Expanded Interconnection Terminations, Interconnection Tie Pairs or Cross-Connect charges under any Affiliate's Interconnection Agreement;
- (10) shortfall and termination charges;
- (11) charges for ACNAs for which Customer ceases to become responsible during the term of this Contract Offer No. 35, but only with respect to those charges incurred after Customer ceases to be responsible for such ACNAs; and
- (12) charges invoiced outside of the Carrier Access Billing System (CABS).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.6 Credits and Waivers (Cont'd)(A) Spend Credits (Cont'd)

For each Term Month, subject to Section 23.35.5, the Customer is eligible for a single Spend credit under this Contract Offer. The single Spend credit would be in an amount equal to four percent (4%) times the Customer's actual Spend for such Term Month under this Contract Offer No. 35 ("Spend Credit").

The Spend Credit would be issued during the second calendar month after the Term Month to which it is attributable.

The Spend Credit shall not be posted if the Customer is in material breach of this Contract Offer No. 35, or Customer or any of its Qualifying Affiliates is in material breach of any other terms and conditions governing the Subject Services, including, without limitation, failure to pay any undisputed amount due for Subject Services, until such breach is cured or payment for undisputed amounts is made by Customer or such Qualifying Affiliate.

(B) Conditions to Certain Other Credits

In order to be eligible to earn any of the credits under Section 23.35.6(C) or DS1 Plan Credits under Section 23.35.6(D) with respect to a Term Month during the Term Period, Customer and its Qualifying Affiliates must be subscribed to DS1 High Capacity Service Portability Commitment (the "Portability Commitment") associated with the DS1 Term Payment Plan for the entirety of such Term Month, except to the extent that the Telephone Company eliminates the DS1 Term Payment Plan or the DS1 High Capacity Service Portability Commitment and Customer is not allowed to re-subscribe. The Customer's Commitment Level (as that term is used in connection with the DS1 High Capacity Service Portability Commitment) under the Portability Commitment will be set at the aggregate level of Customer's and its Qualifying Affiliates' purchases of DS1 Channel Terminations as of the date the Customer subscribes to this Contract Offer No.35; provided however, that if the Customer is subscribing to the Portability Commitment as of the effective date of this Contract Offer, then the Customer's commitment level will remain the same as it was on that date. The DS1 High Capacity Service Portability Commitment is described in Section 7.11.5.2 (E) of NBTC FCC Tariff No. 1.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer(Cont'd)23.35.6 Credits and Waivers (Cont'd)(C) Termination Liability Credit

The Telephone Company will bill, and the Customer and its Qualifying Affiliates shall pay, termination liability charges in accordance with the Telephone Company's Tariff F.C.C. No. 1. The Telephone Company will issue a credit in the amount equal to such termination liability charges due from the Customer and its Qualifying Affiliates for moves and/or disconnections of interstate DS1 and/or DS3 Subject Services located in pricing flexibility MSAs that are billed in a Term Month if, in addition to Customer and its Qualifying Affiliates meeting the conditions in Section 23.35.6(B) for such Term Month, such DS1 or DS3 Subject Service meets all of the following conditions:

- (1) Such Subject Service was not disconnected by the Telephone Company as a result of a breach of the applicable Tariffs.
- (2) Any such DS1 or DS3 Subject Service must not have received a termination liability credit under another revenue-based or volume-based offer, or otherwise received a waiver of such termination liability charge or other credit in an amount equal to such termination liability charge.

Any credit due under this Section will be issued during the second calendar month after the Term Month in which such related termination liability charge was billed.

This Section shall not result in any credit for a termination liability charge such that Customer and/or its Qualifying Affiliate receives more than the amount paid to satisfy the termination liability charge.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer(Cont'd)23.35.6 Credits and Waivers (Cont'd)(D) DS1 Plan Credits

The Telephone Company will provide credits in an amount equal to any charges that apply as a result of Customer failing to maintain a number of Channel Terminations equal to at least 80% of the Commitment Level (except for any such charges attributable to circuits disconnected by the Telephone Company as a result of a breach of the applicable Tariffs) or any adjustment factor (as that term is used in connection with the DS1 High Capacity Service Portability Commitment) that applies as a result of Customer exceeding 124% of the Commitment Level. Any such credit shall be applied to invoices for Subject Services.

(E) Rate Change Stability Adjustments

The Telephone Company will provide adjustments, as described in this Section, only with respect to any interstate DS1 Subject Services and any interstate DS3 Subject Services located in pricing flexibility MSAs purchased by Customer and its Qualifying Affiliates from the Telephone Company to which Customer or a Qualifying Affiliate either:

- (1) subscribed to a 60-month term payment plan, or
- (2) only if the Telephone Company does not offer a 60-month term payment plan (TPP), subscribed to the term payment plan with the greatest duration offered by the Telephone Company.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.6 Credits and Waivers (Cont'd)

(E) (Con't)

((1) and (2) are referred to as, collectively, the "Covered TPPs," and individually, a "Covered TPP"). During the Term Period, the Telephone Company shall invoice Customer and its Qualifying Affiliates adjustments in the event that the monthly recurring charges ("MRCs") for Channel Terminations and Transport (interoffice) Channels for interstate DS1 and/or DS3 Subject Services located in pricing flexibility MSAs ("Covered Rate Elements") subscribed to a Covered TPP differ from the MRCs applicable under 60-month term payment plans as set forth in the generally available and applicable Telephone Company tariffs as of the Subscription Date. Except as provided in this Section 23.35.6(E), to the extent the MRCs applicable for the Covered Rate Elements that are subscribed to a Covered TPP by Customer and its Qualifying Affiliates are subject to any MRC increases or decreases for the Covered TPPs during the Term Period, based upon the MRCs applicable to the Covered Rate Elements under the 60-month term payment plan as applicable on the Subscription Date, such increases or decreases will be offset by credits or debits issued against Subject Services.

If such MRCs for the Covered Rate Elements increase or decrease during the Term Period, the Telephone Company and Customer shall, within sixty (60) days after any such rate change, determine the average monthly effect of such rate change ("Average MRC Effect"), which shall be the (i) estimated aggregate incremental monthly effect of that MRC rate change on Customer's bills of monthly recurring charges for the Covered Rate Elements using actual data of Customer's in-service units of the Covered Rate Elements at the end of the last calendar month prior to the effective date of that MRC rate increase, and assuming all units are in-service for a full month (no pro-rating), divided by (ii) that number of in-service units of the Covered Rate Elements. Beginning after the sixth full calendar month after the MRC rate change, and for each full six-calendar-month period during the Term Period, the Telephone Company shall bill an "MRC Change Adjustment" in an amount equal to (A) the Average MRC Effect, multiplied by (B) the number of units in-service at the end of each of the months included in such six-month period, multiplied by (C) 1.509. The number used in Section 23.35.6(E)(C) may be changed by mutual agreement of the Telephone Company and the Customer no more than once for any consecutive 12-month period.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.6 Credits and Waivers (Cont'd)

## (E) (Con't)

Notwithstanding any other provision in this Contract Offer No. 35,

- (a) no MRC Change Adjustment shall be made with respect to, or attributable to, any period after the expiration or termination of this Contract Offer No. 35, and
- (b) this Section does not apply to any increases arising from any government requirement or other obligation, whether existing as of the Subscription Date or subsequently, including, without limitation those imposed by any federal, state or local legislation, any order, rule, or regulation of the Federal Communications Commission, state regulatory commission, or other governmental agency, or any order or judgment of any court of competent jurisdiction. This Section 23.35.6(E) (b) does not apply to any MRC increases that apply only to the Telephone Company and any of its Affiliates that were initiated or requested by the Telephone Company and/or any of its Affiliates.

This Section 23.35.6(E) does not apply to MRCs in other price flex contract offers, Tariff promotional offerings being made on the Subscription Date, or any Tariff offering that has a stated expiration, limited time availability or withdrawal date.

The Telephone Company shall issue any MRC Change Adjustment(s) against Customer's charges for Subject Services. Taxes, surcharges, recovery fees, duties, levies, and other similar charges will not be included in any calculations under this Section.

- (F) Customer shall be issued a one-time credit in the amount of \$40,108.00, which will be issued within two (2) months of the Subscription Date.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.7 Assignment/Transfer/Successors

(A) Neither party shall assign or otherwise transfer this Contract Offer No. 35, or its rights or obligations hereunder, to any person or entity without the prior written consent of the other party, which shall not be unreasonably withheld or delayed, provided, however, that Customer shall have the right, without the consent of but with notice to the Telephone Company, to assign or otherwise transfer the entirety of this Contract Offer No. 35 to any Qualifying Affiliate, so long as such Qualifying Affiliate otherwise qualifies under this Contract Offer No. 35.

Any assignment or other transfer shall be subject to the other party's rights under this Contract Offer No. 35, any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer No. 35, and any assignment or transfer by the Customer shall be subject to the provisions of Section 23.35.7(B), below. Any assignment or other transfer of this Contract Offer No. 35, or the rights or obligations hereunder, or any attempt to do either, in violation of this provision shall be void.

(B) Any proposed assignee or transferee must satisfy the following conditions: (i) the proposed assignee or transferee must demonstrate credit worthiness under both (1) and (2), below (and if (1) and (2) are not applicable to Customer, then (3) shall apply); (ii) neither the proposed assignee or transferee nor its parent may have commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it) at any time during the Term Period, and (iii) the proposed assignee or transferee meets the Eligibility Criteria set forth in Section 23.35.4, above.

(1) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.7 Assignment/Transfer/Successors (Cont'd)

(B) (2) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g., Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

(a) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or

(b) "high risk" in a Paydex score as published by Dun and Bradstreet.

(3) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (1) or (2) of this Section is not available, the Telephone Company shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

23.35.8 Mergers/Acquisitions and Sales/Divestitures

(A) Except as provided in Section 23.35.8(B), all provisions of this Contract Offer No. 35 shall continue in full force and in effect notwithstanding any merger or acquisition affecting a party. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the party, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of a merger or acquisition, if the entity other than the Customer involved in the merger or acquisition purchases any service from any Telephone Company entity, such service shall not be included in this Contract Offer No. 35 for any purpose. The "Transaction Close Date" shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased. Purchases by the other entity shall not be part of any calculation hereunder, including, without limitation, as a Spend-Eligible Service, as generating Spend-Eligible Charges, in determining achievement of the requirements of Section 23.35.5(C), or be eligible for any credits under this Contract Offer No. 35.

(N)

(This page filed under Transmittal No. 285 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer (Cont'd)23.35.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(B) If, during the Term Period, the Telephone Company and/or its ILEC Affiliates (or any portion of any of them) is no longer under the control of AT&T Inc. (a "Divested Entity"), then as of the closing date(s) of the relevant transaction(s), this Contract Offer No. 35 shall be administered and enforced, and any rights or obligations of either party to this Contract Offer No. 35 shall apply separately to: (i) the Telephone Company (or any portion of Telephone Company (if any)) remaining under the control of AT&T Inc., and (ii) the Divested Entity or Entities, after taking into account such relevant transaction(s). In particular, but without limitation, the conditions (as provided in Section 23.35.5(C)) required to qualify for credits under this Contract Offer No. 35 will be pro-rated between any portion of the Telephone Company and/or its ILEC Affiliates (or any portion of any of them) remaining under the control of AT&T Inc. (the "Remaining AT&T ILECs"), and the Divested Entity or Entities in proportion to (1) for Section 23.35.5(C)(1), the amount of the monthly recurring charges, after application of any discounts or credits applicable to those charges (including the credits issued under this Contract Offer No. 35), as well as adjustments for overbilling, underbilling and billing dispute settlements for interstate DS1 and DS3 special access services provided and billed by the Remaining AT&T ILECs and by the Divested Entity or Entities, for the three full calendar months immediately prior to the Transaction Close Date of the relevant transaction(s), and (2) for Section 23.35.5(C)(2), based upon the Circuit Volumes billed by the Remaining AT&T ILECs and by the Divested Entity or Entities at the end of the three full calendar months immediately prior to the Transaction Close Date of the relevant transaction(s).

Notwithstanding the foregoing paragraph, nothing in this Section shall prevent the lawful modification or termination of this Contract Offer No. 35, as applicable to the Telephone Company, any portion of Telephone Company (if any) remaining under the control of AT&T Inc., or any Divested Entity or Entities.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer(Cont'd)23.35.9 Effect of Contract Offer No. 35 on Any Grandfathering or Sunsetting of Subject Services or Non-Subject Services

Nothing in this Contract Offer No. 35 shall prevent the Telephone Company or any of its ILEC Affiliates from terminating the provision of Subject Services or Non-Subject Services, in part, or in their entirely, prior to the end of the Term Period, to the extent permitted by applicable law.

23.35.10 Termination(A) Termination Liability Charge

If, prior to the completion of the Term Period, the Customer terminates this Contract Offer No. 35 for any reason other than material breach by the Telephone Company, or if the Telephone Company terminates this Contract Offer No. 35 as a result of a material breach by the Customer or any of its Qualifying Affiliates, then this Contract Offer No. 35 shall be terminated (if not already terminated) and the Customer shall forego (or repay, if applicable), as a termination liability charge, one hundred percent (100%) of the credits and waivers issued or due under this Contract Offer No. 35 attributable to:

- (1) the month in which the breaching party receives the pertinent breach notice and any subsequent month(s) through the effective date of termination, or
- (2) if termination is not due to an uncured breach, the month in which the effective date of termination occurs.

Customer will pay any termination liability charge due to the Telephone Company within 30 days of the Telephone Company invoice date for such charge, provided, however, that the Customer shall not repay any amount attributable to any such credits or waivers that have not been, or are not, issued by the Telephone Company (and the Telephone Company will not be obligated to issue any such credits which were due but not issued prior to such termination).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.35 Contract Offer No. 35 - Access Service Offer(Cont'd)23.35.10 Termination (Cont'd)

(B) If any portion of this Contract Offer No. 35 is found to be invalid, unenforceable, or otherwise contrary to applicable law, the Telephone Company or the Customer may, in its respective sole discretion, terminate this Contract Offer No. 35 upon (10) days' written notice to the other.

(C) The Telephone Company may terminate this Contract Offer No. 35, upon not less than fifteen (15) business days written notice, if Customer is obligated under Section 23.35.5(C) to repay the credits and waivers under this Contract Offer No. 35 for two (2) consecutive Quarters. In the event of a termination under this Section, the Customer shall forego (repay if applicable) to the Telephone Company the total amount of any such credits and waivers attributed to any Term Month after the second of the consecutive Quarters that were or are issued to Customer (and the Telephone Company shall have no obligation to issue any such credits or waivers that have not been issued).

(D) After a transaction to which Section 23.35.8(B) applies, (i) the termination of this Contract Offer No. 35 solely applicable to any portion of the Telephone Company remaining under the control of AT&T Inc. will not terminate this Contract Offer No. 35 as it applies to any Divested Entity or Entities, and (ii) the termination of this Contract Offer No. 35 solely applicable to any Divested Entity or Entities will not terminate this Contract Offer No. 35 as it applies to any portion of the Telephone Company remaining under the control of AT&T Inc.

(N)

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23. Pricing Flexibility Contract Offerings

(N)

23.36 Contract Offer No. 36 - Access Service Offer

(N)

23.36.1 General Description

(N)

The Special Access Service Offer (Contract Offer No. 36) consists of TDM credit and waiver plans and a Minimum Annual Revenue Commitment plan, for which concurrent subscription is required to this Contract Offer and the following Access Tariffs: Pacific Bell Company (PBTC) Tariff No. 1, Contract Offer No. 172; Ameritech Operating Companies, Tariff F.C.C. No. 2, Contract Offer No. 222; BellSouth Telecommunications, LLC (BellSouth) Tariff F.C.C. No. 1, Section No. 25, Contract Offer No. 87; and Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 192 (collectively, with this Contract Offer No. 36, "Concurrently Subscribed Contract Offers"). PBTC, Ameritech, BellSouth, SWBT with Nevada Bell ("NBTC" or the "Telephone Company") shall be identified herein as the "Qualified Companies."

(Nx)

Subject to the Terms and Conditions set forth elsewhere in this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers, Contract Offer No. 36 provides eligible customers with quarterly credits, and also requires eligible customers to make and satisfy a Minimum Annual Revenue Commitment (MARC), as defined in Section 23.36.5. The MARC is fulfilled by certain recurring revenues from, in the aggregate, certain services purchased from the Telephone Company, as set forth in this Contract Offer No. 36, and certain services purchased from the other Qualified Companies, as set forth in the other Concurrently Subscribed Contract Offers.

(N)

The certain services provided by the Telephone Company are described in Section 23.36.2, with the Subject Services set forth in Section 23.36.2(A), and Non-Subject Services set forth in Section 23.36.2(B) and (C).

Contract Offer No. 36 will be available for subscription only from December 30, 2015 through January 29, 2016. This offer is not renewable.

(N)

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23. Pricing Flexibility Contract Offerings

(N)

23.36 Contract Offer No. 36 - Access Service Offer23.36.2 Subject and Non-Subject Services

The Subject Services, listed in Table A, below, the Legacy Non-Subject Services, listed in Table B, below, and the Ethernet Non-Subject Services, listed in Table C, below, are limited to those provided by the Telephone Company and located within the "Operating Territory" of the Telephone Company, as described in NBTC Tariff F.C.C. No. 1, Section 17 (Operating Territory) except that in no event shall any services connecting to the Customer's or any of its Affiliate's cell sites, mobile telecommunications switching offices (MTSOs), or mobile switching centers (MSCs) be considered MARC-Eligible Services, as defined in Section 23.36.4(C), below.

(A) Subject Services

Subject Services are pricing flexibility qualified access services or rate elements listed in Table A, below.

Table A - Subject Services

<b>Category</b>	<b>Services Included</b>
Interstate Special Access located in Pricing Flexibility Metropolitan Statistical Areas (MSAs)	DS1 and DS3, except for any rate elements not subject to pricing flexibility

(B) Non-Subject Services

Legacy Non-Subject Services and Ethernet Non-Subject Services are listed in Tables B and C, respectively, below (collectively, the "Non-Subject Services"). Non-Subject Services are included in determinations made under this Contract Offer No. 36 (including with respect to the Eligibility, MARC achievement, and Quarterly Credit calculations and issuances), but are not otherwise subject to the rates, terms or conditions of this Contract Offer No. 36.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.2 Subject and Non-Subject Services (Cont'd)

Table B - Legacy Non-Subject Services

Category	Services Included <sup>1</sup>
Interstate Special Access Services provided by the Telephone Company but not located in Pricing Flexibility Metropolitan Statistical Areas (MSAs) and any rate elements located in Pricing Flexibility MSAs but not subject to pricing flexibility relief.	DS1 and DS3
Broadband Interstate Special Access <sup>1</sup>	SMARTRing® Services Lightgate® Services - OCN Optical Carrier Network (OCN) Point to Point Dedicated SONET Ring Service (DSRS)
Intrastate Special Access	Intrastate services equivalent to the interstate services listed above as either Subject Services or other Legacy Non-Subject Services

<sup>1</sup> Interstate OCN PTP, DSRS, GigaMAN,<sup>®</sup> DecaMAN,<sup>®</sup> OPT-E-MAN<sup>®</sup>, BellSouth Metro Ethernet Service, AT&T Switched Ethernet, WaveMAN, BellSouth Wavelength Service, BellSouth Wavelength Dedicated Ring Service, BellSouth Wavelength Channel Service, and AT&T Dedicated Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook) and <http://cpr.att.com/pdf/commonEthServGuide.html>.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.2 Subject and Non-Subject Services (Cont'd)

Table C - Ethernet Non-Subject Services

Category	Services Included <sup>1</sup>
Broadband Interstate Special Access <sup>1</sup>	GigaMAN® (Gigabit Ethernet Metropolitan Area Network) OPT-E-MAN® (Optical Ethernet Metropolitan Area Network) DecaMAN® (10 Gigabit Ethernet Metropolitan Area Network) BellSouth Metro Ethernet Service AT&T Switched Ethernet Services (ASE) Wavelength Metropolitan Area Network (WaveMAN) BellSouth Wavelength Service BellSouth Wavelength Dedicated Ring Service BellSouth Wavelength Channel Service AT&T Dedicated Ethernet (ADE)
Intrastate Special Access	Intrastate services equivalent to the interstate services listed above as Ethernet Non-Subject Services

<sup>1</sup> Interstate OCN PTP, DSRS, GigaMAN,<sup>®</sup> DecaMAN,<sup>®</sup> OPT-E-MAN<sup>®</sup>, BellSouth Metro Ethernet Service, AT&T Switched Ethernet, WaveMAN, BellSouth Wavelength Service, BellSouth Wavelength Dedicated Ring Service, BellSouth Wavelength Channel Service, and AT&T Dedicated Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook) and <http://cpr.att.com/pdf/commonEthServGuide.html>.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.2 Subject and Non-Subject Services (Cont'd)

(C) All terms and conditions for those MARC-Eligible Services that are tariffed are governed by their respective tariff sections, except as noted in this Contract Offer No. 36. All terms and conditions for those MARC-Eligible Services that are not tariffed are governed by the applicable guidebooks, service guides or contracts. No service purchased by or on behalf of any Affiliate of the Customer that is not a "Permitted Affiliate," as defined herein, and no service purchased by Customer, or any of its Permitted Affiliates, for its provision of Wireless Telecommunications Services or for connecting to the Customer's or any of its Affiliate's cell sites, MTSOs, or MSCs, shall constitute a Subject Service or Non-Subject Service under this Contract Offer No. 36. A "Permitted Affiliate," as that phrase is used in this Contract Offer No. 36, is an Affiliate of the Customer that (directly or indirectly) controls, is controlled by, or is under common control with, Customer and that, as of July 1, 2015, is purchasing any Subject Service from the Telephone Company using an Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in this Contract Offer No. 36 with its written notice of subscription to this Contract Offer No. 36. "Affiliate" is defined herein as set forth in the Communications Act of 1934, as amended. "Wireless Telecommunications Services" is defined as set forth in 47 CFR § 1.907.

(N)

(Nx)

(Nx)

(D) Subject Services and Non-Subject Services shall also include any additional similar or successor services which are provided by the Qualified Companies and were not available as of the effective date of this Contract Offer No. 36.

(N)

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.3 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer No. 36:

(A) Contract Offer No. 36 is available for qualified special access services located in the Pricing Flexibility MSAs where the Telephone Company has been granted Phase II pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22 and those additional MSAs listed below. During the Term Period of this Contract Offer No. 36, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 at the time of subscription, the Customer may, at its option, include Subject Services in those additional MSAs under this Contract Offer No. 36.

Phase I - All Rate Elements (Including Channel Terminations)

Reno, NV

Phase I - Rate Elements other than Channel Terminations

Non-MSA, NV

(B) During the twelve (12) months prior to the Subscription Date (as defined in Section 23.36.4(B), the Customer and its Permitted Affiliates must have purchased from the Qualified Companies services included among the Subject Services and Non-Subject Services under this Contract Offer No. 36 and the Concurrently Subscribed Contract Offers, which services must have resulted in charges equivalent to those included in MARC-Eligible Charges (as defined in Section 23.36.4(C), below) during those twelve (12) months equal to no less than \$730 million.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.36 Contract Offer No. 36 - Access Service Offer (Cont'd) (N)23.36.3 Eligibility Criteria (Cont'd) (N)C) Concurrently Subscribed Contract Offers (Nx)

The Customer must concurrently subscribe to the following Contract Offers:

- PBTC Tariff F.C.C. No. 1, Contract Offer No. 172;
- SWBT Tariff F.C.C. No. 73, Contract Offer No. 192;
- BellSouth Tariff F.C.C. No. 1, Section No. 25, Contract Offer No. 87; and
- Ameritech Tariff F.C.C. No. 2, Contract Offer No. 222.

(Nx)

(D) As of the time of the Customer's subscription to this Contract Offer No. 36, neither the Customer nor any Permitted Affiliate may be purchasing interstate or intrastate special access services from the Telephone Company or any other Qualified Company pursuant to

(1) any pricing flexibility contract offer, other than the Concurrently Subscribed Contract Offers, or

(2) any broadband services agreement or intrastate "ICB" contract or other individually negotiated tariff or agreement that includes any minimum volume or revenue commitment, other than the Concurrently Subscribed Contract Offers.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.3 Eligibility Criteria (Cont'd)

## (D) (Cont'd)

Upon filing this Contract Offer No. 36, Telephone Company will be deemed to have irrevocably waived any claim that the Customer with which Telephone Company negotiated this Contract Offer No. 36, and its Permitted Affiliates, did not meet the requirements set forth in this Section 23.36.3(D).

23.36.4 Terms and Conditions

The following Terms and Conditions apply to this Contract Offer No. 36:

(A) Subscription

To subscribe to Contract Offer No. 36, the Customer must provide written notice to the Telephone Company that Customer is subscribing, which may be done by submission of a Letter of Subscription ("LOS") to the Telephone Company. The Customer must provide, at the time of subscription, all applicable and qualifying Access Customer Name Abbreviations ("ACNAs") that the Customer designates for inclusion in this Contract Offer No. 36 for itself and its Permitted Affiliates ("Eligible ACNAs"). For the Customer's subscription to this Contract Offer No. 36 to be valid, the Eligible ACNAs must be identical to the ACNAs submitted in each written notice of such subscription submitted in each of the other Concurrently Subscribed Contract Offers. Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, this Contract Offer No. 36.

(B) Term Period

The term of this Contract Offer No. 36 ("Term Period") shall begin on the date the Telephone Company receives Customer's subscription (which for an LOS would be the date that a valid LOS signed by the Customer is received by the Telephone Company) ("Subscription Date") and shall end on December 31, 2019. Term Year 1 shall begin on January 1, 2016 and end on December 31, 2016. Each subsequent Term Year shall consist of a period of twelve (12) consecutive calendar months, beginning January 1st

(N)

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after the end of the previous Term Year. A "Quarter" means a calendar quarter within a Term Year.

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Issued: December 15, 2015

Effective: December 30, 2015

Four AT&T Plaza, Dallas, Texas 75202

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.4 Terms and Conditions (Cont'd)(B) Term Period (Cont'd)

This Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers may be extended for up to two additional one-year periods with the written consent of Customer and the Qualified Companies. During each one-year extension, the MARC, the Quarterly Maximum Credits and Quarterly Credits will be administered at the same level as it was during Term Year 4. For clarity, agreement to the first additional one-year extension does not obligate Customer and the Qualified Companies to agree to the second additional one-year extension.

(C) The Customer must satisfy a MARC, as described in 23.36.5(A), for each Term Year of this Contract Offer No. 36. The MARC shall be satisfied by gross billed monthly recurring charges for, in the aggregate, the MARC-Eligible Services that are purchased by and billed to the Customer and its Permitted Affiliates (as each exists as of July 1, 2015, or their permitted successors) under the Eligible ACNAs, after application of

(i) any discounts or credits applicable to those recurring charges (including DS1 High Capacity Service Portability Commitment Plan credits under the NBTC Tariff F.C.C. No. 1, Section 7.11.5.2) and

(ii) adjustments for overbilling, underbilling and billing dispute settlements applicable to those recurring charges, and

(iii) Quarterly Credit(s) attributable to the Quarter and/or Term Year for which MARC satisfaction is being calculated (collectively, "MARC-Eligible Charges").

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.4 Terms and Conditions (Cont'd)

## (C) (Cont'd)

By way of example only for Section 23.36.4(C)(iii), the Quarterly Credit due for the last Quarter within a Term Year will be included in the MARC calculation for such Term Year even though such Quarterly Credit is issued after the end of such Term Year, and will not be included in a MARC calculation for any following Term Year.

The MARC-Eligible Services are the Subject Services, the Legacy Non-Subject Services, and the Ethernet Non-Subject Services, as set forth in Section 23.36.2 of this Contract Offer No. 36, and the "Subject Services," the "Legacy Non-Subject Services," and the "Ethernet Non-Subject Services," as similarly set forth in the other Concurrently Subscribed Contract Offers (collectively referred as the "MARC-Eligible Services").

The MARC-Eligible Charges shall specifically exclude (among other possible items, the following list being illustrative only) the following:

- (1) Any non-recurring charges, usage-based charges, temporary service charges, surcharges, fractional debit/credit amounts, minimum period charges, termination liabilities, or any other billings other than billed amounts that are, in the normal course of business, applicable on a recurring monthly basis for the applicable Quarter or Term Year;
- (2) taxes or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);
- (3) service or administrative fees or charges imposed by any Qualified Company (e.g., interest charge, late payment charge);

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.4 Terms and Conditions (Cont'd)

## (C) (Cont'd)

- (4) for only the Annual True-Up Process for a Term Year, any MARC-Eligible Charges billed in such Term Year that are disputed by Customer or a Permitted Affiliate, for which payment is being withheld by Customer or a Permitted Affiliate at the end of the forty-fifth (45th) day after such Term Year;
- (5) shortfall or overage charges associated with term plan true-ups (e.g., for failure to satisfy commitment levels);
- (6) any amount billed for special construction and any other one-time charges for building or installing facilities or equipment; and
- (7) billed amounts associated with any service (or any portion of a service) that is not a MARC-Eligible Service.

Notwithstanding any other provisions of this Contract Offer No. 36, both credits and debits issued to effectuate the re-termining of MARC-Eligible Services after the expiration of their previous term commitments, whether as a result of a mechanized order generator or otherwise, and credits and debits issued for overbilling, underbilling and billing dispute settlements, shall be applicable to the Quarter based upon the invoice dates of the invoices in which such credits or debits appear.

A "permitted successor" is a successor-in-interest to the Customer or a Permitted Affiliate that is itself a Customer Affiliate that (directly or indirectly) controls, is controlled by, or is under common control with, Customer.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.4 Terms and Conditions (Cont'd)

(D) Credits earned by the Customer under this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers shall be applied as described in Section 23.36.6, below, and in the analogous sections of the other Concurrently Subscribed Contract Offers.

(E) Except as provided in Section 23.36.4(F), credits under this Contract Offer No. 36 are in addition to, and do not alter, any existing service discounts/term plans available in the Telephone Company's generally applicable tariffs.

(F) MARC-Eligible Services under this Contract Offer No. 36 may not be purchased pursuant to any pricing flexibility contract offer, broadband services agreement, intrastate "ICB" contract or other individually negotiated tariff or agreement that includes any minimum volume or revenue commitment, other than the Concurrently Subscribed Contract Offers (any such precluded tariffs or agreements hereafter referred to as an "Other Commitment Agreement"), unless the Other Commitment Agreement expressly refers to this Contract Offer No. 36 and expressly permits the Customer or a Permitted Affiliate to purchase such services subject to both this Contract Offer No. 36 and the Other Commitment Agreement. The word "purchase," as used in the foregoing sentence refers to the Customer or Permitted Affiliate obtaining or using any service in exchange for compensation, regardless of when the service was ordered or installed.

(G) Credits and waivers to be provided under this Contract Offer No. 36 will not be issued unless and until the Customer and the Permitted Affiliates have paid the billed charges for MARC-Eligible Services for the Subject Services and the Non-Subject Services due and owing as of the date the credits and waivers are issued (excluding amounts properly disputed), and is otherwise in material compliance with this Contract Offer No. 36; provided, however, a de minimis amount of past due billed charges, as compared to the total of such credits and waivers to be provided, shall not result in their non-issuance.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.4 Terms and Conditions (Cont'd)

(H) To be eligible to earn any of the credits or waivers under Sections 23.36.6(D) or 23.36.6(E) with respect to a Quarter, the Customer and its Permitted Affiliates must be subscribed to DS1 High Capacity Service Portability Commitment (the "Portability Commitment") associated with the DS1 Term Payment Plan for the entirety of such Quarter using only Eligible ACNAs, except to the extent that the Telephone Company eliminates a plan and the Customer and its Permitted Affiliates are not allowed to re-subscribe. The Customer and its Permitted Affiliates' initial Commitment Level (as that term is used in connection with the DS1 High Capacity Service Portability Commitment) for the Eligible ACNAs under the Portability Commitment will be set at the aggregate level of Customer's and its Permitted Affiliates' purchases of DS1 Channel Terminations under the Eligible ACNAs as of the date the Customer subscribes to this Contract Offer No. 36; provided however, that if the Customer and/or its Permitted Affiliates are subscribing to the DS1 High Capacity Service Portability Commitment as of the effective date of this Contract Offer No. 36 and all of their DS1 Channel Terminations are being purchased under Eligible ACNAs that are included under such Portability Commitment, then their initial Commitment Level(s) will remain the same as they were on that date. Eligible ACNAs not included under a Portability Commitment may be added to a Portability Commitment, and the Portability Commitment may be modified, as permitted by NBTC Tariff FCC No. 1. Upon the expiration of a Portability Commitment during the Term Period, the Customer and its Permitted Affiliates must re-subscribe as provided in the first two sentences of this Section using only Eligible ACNAs, except that the Commitment Level will be set as of the effective date of re-subscription. Customer and its Permitted Affiliates shall not use any Eligible ACNAs not included in such Portability Commitment in purchasing DS1 Channel Terminations from the Telephone Company.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.4 Terms and Conditions (Cont'd)

## (H) (Cont'd)

The DS1 High Capacity Service Portability Commitment is described in Section 7.11.5.2(E) of NBTC Tariff FCC No. 1.

Services purchased by or on behalf of any Customer affiliate that is not a Permitted Affiliate, or purchased under an ACNA that is not an Eligible ACNA, may not be included in the Portability Commitment for Customer and its Permitted Affiliates. This Section does not preclude Customer and/or its Permitted Affiliates from subscribing and/or placing other ACNAs under one or more other, separate DS1 High Capacity Service Portability Commitments.

(1) The Customer and its Permitted Affiliates may, in their sole discretion, terminate any DS1 High Capacity Service Portability Commitment required by this Section as of the last day of the Term Period, without any charges arising from such termination, by providing written notice to the Telephone Company no later than thirty (30) days before the end of the Term Period.

(I) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of NBTC Tariff F.C.C. Tariff No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Contract Term. However, such tariff modifications will not change the Terms and Conditions described in this Contract Offer No. 36.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.4 Terms and Conditions (Cont'd)

(J) To be eligible to earn any of the credits under Sections 23.36.6(D) with respect to Quarter, no more than 27% of the gross billed monthly recurring charges (without regard to credits, discounts, or other adjustments) for interstate DS3 special access services purchased by the Customer and its Permitted Affiliates can be subject to a Fiber Advantage DS3 Rate Stability Payment Plan (RSPP) of 60 months or longer ("Percentage Cap"). If the Telephone Company no longer offers a RSPP of at least 60 months, the longest RSPP Custom Service Term Plan or its equivalent will be used to calculate compliance with the Percentage Cap (e.g., if a 48-month payment plan is the longest then-offered, the Percentage Cap will be calculated for interstate DS3 special access services with payment plans of 48 months or longer). Compliance with this condition will be determined at the end of such Quarter.

(K) No credits or waivers shall be due if the Customer or any Permitted Affiliate has been notified in writing by any of the Qualifying Companies that it is in material breach of this Contract Offer No. 36 or another Concurrently Subscribed Contract Offer, or in material breach of any other terms and conditions governing the Subject Services or Non-Subject Services, including, without limitation, material breach of any amount due for Subject Services or Non-Subject Services, until such breach is cured or payment of past due amounts is made by the Customer or the Permitted Affiliates, as the case may be.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.5 Minimum Annual Revenue Commitment (MARC)(A) MARC Establishment

A MARC for each Term Year, as set forth in Table D, below, must be satisfied by MARC-Eligible Charges.

Table D

Term Year	Minimum Annual Revenue Commitment
Year 1	\$545,500,000
Year 2	\$545,500,000
Year 3	\$545,500,000
Year 4	\$545,500,000

(B) MARC Calculations

Satisfaction of the MARC shall be determined according to MARC-Eligible Charges (defined in Section 23.36.4(C)). MARC-Eligible Charges include charges for MARC-Eligible Services that were in service as of the Subscription Date, as well as those placed in service during the Term Period.

(C) Failure to Satisfy the MARC

If the Customer and its Permitted Affiliates fail to satisfy the MARC or a Year-to-Date MARC (as defined in Section 23.36.6(B)(1)), as the case may be, as determined in the Quarterly True-Up Process or the Annual True-Up Process, the Qualified Companies shall bill and the Customer shall pay the amount of the Quarterly Shortfall or Annual Shortfall (collectively, "Shortfalls"), as applicable, as provided in Sections 23.36.6(B) and (C), below. Any Shortfalls shall be divided among this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers in proportion to the MARC-Eligible Charges under the Concurrently Subscribed Contract Offers included in the applicable Shortfall calculation.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.5 Minimum Annual Revenue Commitment (MARC) (Cont'd)(C) Failure to Satisfy the MARC (Cont'd)

The Customer and the Qualified Companies shall complete the processes contemplated in the Quarterly True-Up and Annual True-Up, including making any payments or applying any credits resulting therefrom, within one hundred twenty (120) days from the end of the respective Quarter or Term Year .

23.36.6 Discounts and Other Credits(A) Quarterly Credits

For each Quarter of a Term Year, the Customer is eligible for a single Quarterly credit under, collectively, this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers (each, a "Quarterly Credit").

The Qualified Companies will issue a single Quarterly Credit to the Customer for each Quarter during a Term Year.

Each Quarterly Credit would be in an amount equal to ten percent (10%) times the actual MARC-Eligible Charges for Subject Services and Legacy Non-Subject Services for such Quarter in a Term Year under this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers, not to exceed the applicable Quarterly Maximum Credit set forth in Table E, below, applicable to such Term Year.

Each Quarterly Credit shall be divided among this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers in proportion to the MARC-Eligible Charges for Subject Services and Legacy Non-Subject Services during the relevant Quarter under the Concurrently Subscribed Contract Offers. The Telephone Company will apply the portion of the Quarterly Credit associated with this Contract Offer No. 36 to the Customer's bill no later than sixty (60) days from the end of the Quarter to which the Quarterly Credit relates.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.6 Discounts and Other Credits (Cont'd)(A) Quarterly Credits (Cont'd)Table E

TERM YEAR	QUARTERLY MAXIMUM CREDIT
Year 1	\$14,600,000
Year 2	\$13,100,000
Year 3	\$11,850,000
Year 4	\$8,350,000

(B) Quarterly True-Up Process

(1) The Qualified Companies shall perform a MARC true-up calculation following each of the first three Quarters of each Term Year of this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers ("Quarterly True-Up Process"). To perform such calculations, the Qualified Companies shall determine the aggregate MARC-Eligible Charges for the MARC-Eligible Services, for the completed Quarters of the Term Year, plus any Quarterly Shortfall(s) (defined in Section 23.36.6(B)(2) and analogous provisions of the other Concurrently Subscribed Contract Offers) previously paid by the Customer under this Contract Offer No. 36 and any of the other Concurrently Subscribed Contract Offers for the completed Quarters of that Term Year (collectively, "Year-to-Date Revenue"), and shall compare that amount to the Year-to-Date MARC. The Year-to-Date MARC shall be defined as the product of one-fourth of the MARC times the number of Quarters included in each Quarterly True-Up Process.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.6 Discounts and Other Credits (Cont'd)(B) Quarterly True-Up Process (Cont'd)

(2) If, based on the Quarterly True-Up Process, the Year-to-Date Revenue is less than the Year-to-Date MARC, the Qualified Companies will bill and the Customer will pay the amount equal to the difference between the Year-to-Date MARC and the Year-to-Date Revenue ("Quarterly Shortfall"). Any Quarterly Shortfall will be allocated among the Qualified Companies according to the amounts of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant Quarter.

(C) Annual True-Up Process

(1) In calculating the MARC-Eligible Charges for a Term Year ("Current Term Year"), any Eligible Charges excluded from the Annual True-Up Process for a prior Term Year due to Section 23.36.4(C)(4) ("Previously Withheld Charges") will be included to the extent that payment is received during the Current Term Year for any such Previously Withheld Charge which has been finally resolved between the parties during the Current Term Year (a "Dispute Resolution Adjustment"). Payment of a Previously Withheld Charge without such a final resolution between the parties shall not result in a Dispute Resolution Adjustment. Payment by Customer and/or any Permitted Affiliate of a previously disputed and withheld charge shall result in a waiver of any right to re-dispute such charge and/or withhold any amount with respect to such charge, and is an example of the type of final resolution contemplated in the previous sentence. In no event will the aggregate Dispute Resolution Adjustments for any Term Year exceed \$5,000,000 ("DR Cap"), provided, that any excess may be carried forward for use only in the next Term Year (which excess shall be counted against the DR Cap for such next Term Year). There shall be

(N)

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no carry-back of any excess Dispute Resolution  
Adjustments to any prior Term Year.

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Four AT&T Plaza, Dallas, Texas 75202

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.6 Discounts and Other Credits (Cont'd)(C) Annual True-Up Process (Cont'd)

- (2) If, at the end of a Term Year, the MARC-Eligible Charges (ignoring any Quarterly Shortfall(s) previously paid by the Customer for that Term Year) are equal to, or greater than, the MARC for that Term Year, the Telephone Company will issue a credit for any Quarterly Shortfall(s) previously paid by the Customer for that Term Year (Reversing Credit).
- (3) If, at the end of a Term Year, the amount of the MARC-Eligible Charges plus any Quarterly Shortfall(s) previously paid for that Term Year is less than the MARC for that Term Year, the Qualified Companies shall bill, and the Customer shall pay an amount equal to the difference between (a) the MARC, and (b) the MARC-Eligible Charges plus any Quarterly Shortfall(s) paid for that Term Year ("Annual Shortfall"). Any Annual Shortfall will be allocated among the Qualified Companies according to the amounts of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant Term Year.
- (4) If at the end of a Term Year, (a) the MARC-Eligible Charges are less than the MARC for that Term Year, but (b) the MARC-Eligible Charges plus any Quarterly Shortfall(s) previously paid by the Customer under this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers for that Term Year are greater than the MARC for that Term Year, then the Qualified Companies will issue a credit for the difference between (c) the MARC-Eligible Charges plus any Quarterly Shortfall(s) for that Term Year, less (d) the MARC for that Term Year. Any such credits will be allocated among the Qualified Companies according to the amount of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant Quarter.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.6 Discounts and Other Credits (Cont'd)

(D) Termination Liability Credit. The Telephone Company will bill, and the Customer and its Permitted Affiliates shall pay, termination liability charges in accordance with applicable tariffs. The Telephone Company will issue credits in an aggregate amount that is equal to such termination liability charges due from the Customer and its Permitted Affiliates for order activity relating to interstate DS1 and/or DS3 Subject Services under Eligible ACNAs that occurs during a Term Year if such DS1 or DS3 Subject Service meets all of the following conditions (each, a Qualifying Termination Charge):

- (1) Such Subject Service must not have been disconnected by the Telephone Company as a result of a breach of the applicable Tariffs; and
- (2) Any such DS1 Subject Service must have been in-service not less than thirty (30) days; and
- (3) Any such DS3 Subject Service must have been in-service not less than one (1) year; and
- (4) Any such DS1 or DS3 Subject Service must not have received a termination liability credit under another revenue-based or volume-based offer, or otherwise received a waiver of such termination liability charge or other credit in an amount equal to such termination liability charge.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.6 Discounts and Other Credits (Cont'd)(D) Termination Liability Credit (Cont'd)

By way of example only, if Customer submitted a disconnect order for an interstate DS1 Subject Service prior to the beginning of Term Year 1 and disconnection occurred during a Term Year, any termination liability charges could not constitute a Qualifying Termination Charge. By way of further example, if Customer submitted a disconnect order for an interstate DS3 Subject Service prior to the expiration of the Term Period and disconnection occurred after such expiration, any termination liability charges would constitute a Qualifying Termination Charge if the conditions in items (1) through (4) were all met.

Any credits due under this Section for Qualifying Termination Charges billed in a Quarter will be issued during the second calendar month after such Quarter.

This Section shall not result in any credit for a termination liability charge such that Customer and/or its Permitted Affiliate receives more than the amount paid to satisfy the termination liability charge.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.6 Discounts and Other Credits (Cont'd)

(E) DS1 Plan Credits. The Telephone Company will provide credits in an amount equal to any charges that apply as a result of Customer and its Permitted Affiliates failing to maintain a number of Channel Terminations under the Eligible ACNAs equal to at least 80% of the Commitment Level (except for any such charges attributable to circuits disconnected by the Telephone Company as a result of a breach of the applicable Tariffs) or any adjustment factor (as that term is used in connection with the DS1 High Capacity Service Portability Commitment) that applies as a result of Customer and its Permitted Affiliates exceeding under the Eligible ACNAs 124% of the Commitment Level. Any such credit shall be applied to invoices for Subject Services, and will be issued during the second calendar month after the end of the Quarter in which such charges are billed. With respect to the application of the prior sentence to the last Quarter in the Term Period, the credit due for charges billed in the last Quarter will be made after expiration of the Term Period. In addition, such charges incurred in the final month of the Term Period which are subsequently billed after expiration of the Term Period, will be credited in the second month after the billing of such charges, notwithstanding the fact that the Term Period has expired.

(F) Customer shall be issued a single, one-time credit by the Qualifying Companies in the amount of \$47,470,000, which will be divided among the Qualifying Companies and each portion issued during the second month of Term Year 1.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.7 Assignment/Transfer/Successors

- (A) This Contract Offer No. 36 may not be assigned or otherwise transferred, in whole or in part, by either party, except as provided in this Section or as a result of a divestiture described in Section 23.36.8 (in which case Section 23.36.8 will apply).
- (B) Subject to the other requirements in this Contract Offer No. 36, this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers may only be assigned or otherwise transferred:
  - (i) together and in their entirety, to any person or entity only with the prior written consent of the other party, which shall not be unreasonably withheld, or
  - (ii) in part, only as part of a transaction described in Section 23.36.8.
- (C) Notwithstanding Section 23.36.7(B), Customer shall have the right, without the consent of but with prior notice to the Qualifying Companies for determination of credit worthiness, to assign or otherwise transfer all of the Concurrently Subscribed Contract Offers in their entirety at the same time to a single Permitted Affiliate, so long as that Permitted Affiliate otherwise qualifies under the Concurrently Subscribed Contract Offers. Upon any such assignment or other transfer to such a Permitted Affiliate, Customer shall thereafter be considered a Permitted Affiliate.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.7 Assignment/Transfer/Successors (Cont'd)

(D) Subject to the provisions of Sections 23.36.7(B) and (C),

(i) any assignee or other transferee of the Concurrently Subscribed Contract Offers in its entirety (including any Permitted Affiliate) from Customer must demonstrate credit worthiness under both (1) and (2), below (and if (1) and (2) are not applicable, then (3), below shall apply); and

(ii) neither the proposed assignee or transferee nor its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it) at any time during the Term Period.

(1) Any debt securities of the proposed assignee or transferee or any parent (defined in this Contract Offer No. 36 as any entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(2) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g., Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

(a) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or

(b) "high risk" in a Paydex score as published by Dun and Bradstreet.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.7 Assignment/Transfer/Successors (Cont'd)

## D) (Cont'd)

(ii) (3) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (1) or (2) of this Section 23.36.7(D) is not available, the Qualifying Companies shall exercise their reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

(E) Any assignment or other transfer shall be subject to the other party's rights under this Contract Offer No. 36. Any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer No. 36. Further, notwithstanding Section 23.36.7(B), the Telephone Company may also, without the Customer's consent, assign its rights and obligations under this Contract Offer No. 36 to an Affiliate with notice to Customer, or subcontract to an Affiliate or a third party work to be performed under this Contract Offer No. 36. For avoidance of doubt, except as provided in Section 23.36.8, any and all credit and MARC calculations under the Concurrently Subscribed Contract Offers shall be performed in same manner and with the same data irrespective of the parties to the Concurrently Subscribed Contract Offers.

(F) The assignor or transferor will remain financially responsible for the performance of this Contract Offer No. 36 and/or its obligations hereunder.

(G) Any assignment or other transfer of this Contract Offer No. 36 or the rights or obligations hereunder, or any attempt to do either, in violation of this Section or Section 23.36.8 shall be void.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.8 Mergers/Acquisitions and Sales/Divestitures

(A) Subject to Sections 23.36.8(B), (C) and (D), all provisions of this Contract Offer No. 36 shall continue in full force and in effect notwithstanding any merger or acquisition affecting a party. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the party, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of a merger of another entity with Customer or any Customer Affiliate, or the acquisition by the Customer and/or any Customer Affiliate of another company or a portion of the business of another company (including, but not limited to, any ACNA that is not an Eligible ACNA) (the "Acquired Property"), if the Acquired Property purchases any service from the Telephone Company, such service shall not be included in the Concurrently Subscribed Contract Offers for any purpose (including without adding any services or charges attributable to expansion of Customer's and/or any Permitted Affiliate's purchase of any services from the Telephone Company through an Acquired Property), nor shall any credits or waivers be due or issued hereunder that are attributable or associated with such service or such Acquired Property. The "Transaction Close Date" shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased. Purchases by the Acquired Property shall not be part of any calculation hereunder, including, without limitation, as a MARC-Eligible Service, as generating MARC-Eligible Charges, to determine achievement of the MARC, in fulfilling the commitment set forth in this Contract Offer No. 36, or be eligible for any credits or waivers under this Contract Offer No. 36.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

## (A) (Cont'd)

If Customer violates the provisions of this Section 23.36.8(A), then (without limiting any right the Qualifying Companies might otherwise have to terminate this Contract Offer No. 36 and the other Concurrently Subscribed Contract Offers):

- (i) Customer shall notify the Telephone Company promptly upon the occurrence of such violation, or the Telephone Company, upon discovering the violation on its own, shall issue its own notice to Customer (either notice, a "Violation Notice"). Such a violation will be deemed to occur if (a) Customer or any Permitted Affiliate assigns any Eligible ACNAs to any existing MARC-Eligible Services purchased through an Acquired Property as of the closing of the acquisition of the Acquired Properties, or (b) Customer or any Permitted Affiliate disconnects any MARC-Eligible Services purchased under an ACNA of the Acquired Property and then re-purchases that same MARC-Eligible Service for the same end-user location under an Eligible ACNA; provided, however, that any such activity performed solely to reflect changes in services ordered by Customer's (or its Permitted Affiliate's) end user shall not be deemed a violation of this provision.
- (ii) Upon a Violation Notice provided by either party, Customer and/or its Permitted Affiliates must promptly, and no later than sixty (60) days after the date of the Violation Notice, complete such activities in cooperation with the Telephone Company to exclude the Acquired Properties from the Concurrently Subscribed Contract Offers and to ensure such exclusion continues prospectively.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

## (A) (Cont'd)

(iii) In the event of a Violation Notice provided by either party, the Telephone Company shall calculate the effect of the violation (such effect may include, but is not limited to, any difference in charges paid by Customer, any Permitted Affiliate, or the Acquired Property as a result of the violation, any avoidance of shortfall or overage charges under the Tariffs as a result of the violation, any credits or waivers of termination liability charges as a result of the violation, and any avoidance of Shortfalls that Customer would have been required to pay had the Acquired Properties been excluded) for the period during which the violation occurred and for such time as the violation continues prospectively until cured ("Unearned Economic Benefit"). Customer, upon being billed by the Telephone Company, shall pay the Telephone Company the amount of such Unearned Economic Benefit plus: (a) in a case where Customer provided the Telephone Company the Violation Notice, interest at one percent (1.0%) per month for any period during which the violation resulted in Customer receiving an Unearned Economic Benefit, and (b) in a case where the Telephone Company provided Customer the Violation Notice, interest at three percent (3.0%) per month for any period during which the violation resulted in Customer and/or any Permitted Affiliate receiving an Unearned Economic Benefit.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(B) If, during the Term Period, any entity included in the definition of Qualifying Companies is no longer an Affiliate of the other entities included within such definition (a "Divested Entity or Entities"), then as of the closing date(s) of the relevant transaction(s), the Concurrently Subscribed Contract Offers shall be administered and enforced, and any rights or obligations of any party shall apply, separately to: (i) the Qualifying Companies (if any) that continue to be Affiliates (the "Remaining AT&T ILECs"), and (ii) the Divested Entity or Entities, after taking into account such relevant transaction(s). In particular, but without limitation, the MARCs, the Quarterly Maximum Credits and the Quarterly Credits will be pro-rated between the Remaining AT&T ILECs, and the Divested Entity or Entities in proportion to the amount of the MARC-Eligible Charges (as defined in the Concurrently Subscribed Contract Offers) billed by the Remaining AT&T ILECs and by the Divested Entity or Entities, for the three full calendar months immediately prior to the Transaction Close Date of the relevant transaction(s).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(C) If, during the Term Period, any transaction results in a portion of any entity included in the definition of Qualifying Companies being sold or otherwise transferred to a Non-Affiliate of such entity ("Acquirer"), then subject to a partial assignment of the Concurrently Subscribed Contract Offer applicable to such entity, as of the closing date(s) of the relevant transaction(s), the Concurrently Subscribed Contract Offers shall be administered and enforced, and any rights or obligations of any party shall apply, separately to: (i) the Qualifying Companies (including their remaining portions) (if any) that continue to be Affiliates ("Remaining AT&T Properties"), and (ii) the Acquirer, after taking into account such relevant transaction(s). In particular, but without limitation, the MARCs, the Quarterly Maximum Credits and the Quarterly Credits will be pro-rated between the Remaining AT&T Properties and the Acquirer in proportion to the amount of the MARC-Eligible Charges billed for MARC-Eligible Services (1) remaining with the Remaining AT&T Properties, and (2) that would be provided by the Acquirer, for the three full calendar months immediately prior to the Transaction Close Date of the relevant transaction(s). However, if, despite commercially reasonable efforts, pursued in good faith, the Acquirer refuses to accept partial assignment of the Concurrently Subscribed Contract Offer, then the MARCs, the Quarterly Maximum Credits and the Quarterly Credits between the Remaining AT&T Properties and Customer under the other Concurrently Subscribed Contract Offers shall be reduced to reflect the proportional reduction in the amount of the MARC-Eligible Charges billed for MARC-Eligible Services that will be provided by the Remaining AT&T Properties immediately following the Transaction Close Date of the relevant transaction(s).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(D) If, during the Term, Customer and/or any of the Permitted Affiliates (collectively, "Customer Group") (or any portion of any of them, for example, in the event of an asset sale) no longer is an Affiliate of or Affiliated with, or (as in the case of an asset sale) otherwise part of, entities included within the Customer Group, then as of the closing date(s) of the relevant transaction(s), the Concurrently Subscribed Contract Offers shall be administered and enforced, and any rights or obligations of any party shall apply, only to the entities and portions thereof remaining in the Customer Group (the "Remaining Customer Entities"), after taking into account such relevant transaction(s). In particular, but without limitation, the MARCs, the Quarterly Maximum Credits and the Quarterly Credits, will be reduced to reflect the proportional reduction to the amount of the MARC-Eligible Charges billed for MARC-Eligible Services that will be provided by the Qualified Companies to the Remaining Customer Entities immediately following the Transaction Close Date of the relevant transaction(s).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(E) This Contract Offer No. 36 shall not apply to any ACNA listed in the Customer's written notice of subscription that is assigned or otherwise transferred. Sections 23.36.7(D) and (F) shall not apply to any partial assignment implemented in connection with a divestiture under this Section, and neither the partial assignor nor transferor shall have any remaining responsibility for the prospective performance of the Concurrently Subscribed Contract Offers and/or its obligations thereunder by the assignee or transferee, except to the extent otherwise expressly set forth in the documentation implementing said partial assignment. Any assignment or other transfer under Section 23.36.8(B), (C) or (D) shall only have prospective effect from the Transaction Close Date of the relevant transaction, including that such assignment or other transfer shall not relieve any of the parties from its obligations or liabilities attributable to the period prior to the Transaction Close Date. A party shall provide written notice to its planned partial assignment or other transfer under Section 23.36.8(B), (C) or (D) not less than thirty (30) days prior to the anticipated Transaction Close Date of the relevant transaction.

23.36.9 Termination

(A) Termination for Convenience. Customer may terminate all, but not less than all, of the Concurrently Subscribed Contract Offers at any time upon not less than ten (10) days' written notice to the Qualified Companies.

(B) If any of the Concurrently Subscribed Contract Offers is terminated for any reason other than due to the material breach by a Qualifying Company, all of the other Concurrently Subscribed Contract Offers will also automatically and simultaneously terminate.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.9 Termination (Cont'd)

(C) In the event of the termination of the Concurrently Subscribed Contract Offers as described in Section 23.36.9(A) or 23.36.9(B), the MARC for the Term Year, the Quarterly Maximum Credits and the Quarterly Credit for the Quarter, in which the effective date of termination occurs will be pro-rated to such effective date, and the Annual True-Up Process will be used to determine fulfillment of such pro-rated MARC, with all calculations made with reference to such termination effective date (including the amount of MARC-Eligible Charges, and any MARC Shortfalls). Any such termination shall not affect any credits or waivers due prior to the effective date of termination.

(D) If this Contract Offer No. 36 is terminated due to a material breach by the Telephone Company, any credits under Section 23.36.6(D) would be limited to order activity prior to the effective date of termination, and any credit under Section 23.36.6(E) for the month in which such termination occurs would be pro-rated to the effective date of such termination.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.9 Termination (Cont'd)

(E) If any of the Concurrently Subscribed Contract Offers is terminated due to a material breach by a Qualifying Company, the Quarterly Credit and Quarterly Maximum Credit for the Quarter, and the MARC for the Term Year, in which the effective date of termination occurs will each be reduced, based upon such termination effective date and the proportions of the amount of the MARC-Eligible Charges billed for the period of the three full calendar months immediately prior to such termination by the Qualifying Companies that have effective Concurrently Subscribed Contract Offers, and by such terminated Qualifying Company. The Quarterly Maximum Credits and Quarterly Credits applicable to subsequent Quarters, and the MARCs applicable to subsequent Term Years, will each be reduced, based on the proportions of the amount of the MARC-Eligible Charges billed for the period of the three full calendar months immediately prior to such termination by the Qualifying Companies that have effective Concurrently Subscribed Contract Offers, and by such terminated Qualifying Company.

(F) (1) If any portion of Section 23.36.3, Section 23.36.4, Section 23.36.5, or Section 23.36.6 of this Contract Offer No. 36 is found to be invalid, unenforceable, or otherwise contrary to applicable law, the Telephone Company or the Customer may, in its respective sole discretion, terminate this Contract Offer No. 36 upon (10) days' written notice to the other.

(2) If any portion of this Contract Offer No. 36 not addressed by Section 23.36.9(F)(1) is found to be invalid, unenforceable, or otherwise contrary to applicable law, the remaining provisions of this Contract Offer No. 36 will remain in effect.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.9 Termination (Cont'd)

(G) After a transaction to which Section 23.36.8(B) or (C) applies,

- (1) the termination of this Contract Offer No. 36 solely applicable to any portion of the Telephone Company remaining under the control of AT&T Inc. will not terminate this Contract Offer No. 36 as it applies to any Divested Entity or Entities, and
- (2) the termination of this Contract Offer No. 36 solely applicable to any Divested Entity or Entities will not terminate this Contract Offer No. 36 as it applies to any portion of the Telephone Company remaining under the control of AT&T Inc.

(H) Termination for Persistent MARC Shortfalls. If, pursuant to the Quarterly Review described in Section 23.36.5(C), above, the Qualified Companies determines that for two (2) consecutive Quarters the MARC-Eligible Charges are less than \$129,556,250, then the Qualified Companies in their sole discretion may, but shall not be required to, terminate the Concurrently Subscribed Contract Offers by providing written notice of termination to Customer within ninety (90) days after the end of the last of such two (2) consecutive Quarters. Such a termination shall not alter Customer's obligation to pay any Shortfall charges due hereunder (including any Quarterly Shortfall), or the Qualified Companies' obligation to issue any credits or waivers due under the Concurrently Subscribed Contract Offers for the period up until the date of termination. For avoidance of doubt, (a) the Quarterly Credit attributable to the last of such two (2) consecutive Quarters shall be due, and the Quarterly Shortfall owed for such Quarter shall be paid, and (b) termination under this Section shall not be considered to be a result of any material breach by Customer or any Permitted Affiliate.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.36 Contract Offer No. 36 - Access Service Offer (Cont'd)23.36.10 Effect of Contract Offer No. 36 on Any Grandfathering or Sunsetting of Subject Services or Non-Subject Service

Nothing in this Contract Offer No. 36 shall prevent the Telephone Company or any other Qualified Company from terminating the provision of Subject Services or Non-Subject Services, in part or in their entirely, prior to the end of the Term Period, to the extent permitted by applicable law provided that if any such action has the effect of materially reducing the Customer's and its Permitted Affiliates' MARC-Eligible Charges, the MARC, Quarterly Maximum Credits, and Quarterly Credits shall be reduced in proportion to such reduction in the Customer's and its Permitted Affiliates' MARC-Eligible Charges. The Telephone Company and the Customer will meet and confer as necessary to determine the amount of such reduction.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.37 Contract Offer No. 37 - Access Service Offer23.37.1 General Description

(N)

This Special Access Service Offer (Contract Offer No. 37) is a Spend Plan for which concurrent subscription is required to this Contract Offer and the following Contract Offers: Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Contract Offer No. 223; Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 173; BellSouth Telecommunications, LLC (BellSouth) Tariff F.C.C. No. 1, Contract Offer No. 88; and Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 41, Contract Offer No. 193 (collectively, with this Contract Offer No. 37, Concurrently Subscribed Contract Offers). Ameritech, PBTC, BellSouth and SWBT, with Nevada Bell Telephone Company ("Telephone Company") shall be identified herein as, collectively, the "Qualified Companies."

(Nx)

Subject to the Terms and Conditions set forth elsewhere in this Contract Offer No. 37 and the other Concurrently Subscribed Contract Offers, the Concurrently Subscribed Contract Offers allows eligible Customers to earn credits based upon its level of Spend-Eligible Charges ("Spend"), as defined in the Concurrently Subscribed Contract Offers. The Spend calculation reflects certain recurring revenue from, in the aggregate, all Spend-Eligible Services purchased from the Telephone Company, as set forth in this Contract Offer No. 37, and certain services purchased from the other Qualified Companies, as set forth in the other Concurrently Subscribed Contract Offers. Contract Offer No. 37 will be available for subscription only from January 29, 2016 through February 28, 2016. This offer is not renewable.

(Nx)

(N)

23.37.2 Subject and Non-Subject Services

"Spend-Eligible Services" consist of both Subject Services, listed in Table A, below, and Non-Subject Services, listed in Table B, below, provided by the Telephone Company and located within the operating territory of the Telephone Company, as described in NBTC Tariff F.C.C. No. 1, Section 17 (Operating Territory), except that in no event shall any services connecting to cell sites, mobile telecommunications switching offices (MTSOs), or mobile switching centers (MSCs) be considered Spend-Eligible Services. Spend-Eligible Charges include charges for Spend-Eligible Services that were in service as of the Subscription Date, as well as those placed in service during the Term Period.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.2 Subject and Non-Subject Services (Cont'd)(A) Subject Services

Subject Services are pricing flexibility qualified access services or rate elements listed in Table A, below. Subject Services are subject to all rates, terms and conditions of this Contract Offer.

Table A - Subject Services as referenced in 23.37.4 (A).

Category	Services Included
Interstate Special Access located in Pricing Flexibility Metropolitan Statistical Areas (MSAs)	All Voice Grade (VG), DS0, DS1 and DS3 special access services or rate elements that are eligible for pricing flexibility

(B) Non-Subject Services

Non-Subject Services are listed in Table B, below. Non-Subject Services are included in Spend calculations, but are not otherwise subject to the rates, terms or conditions of this Contract Offer No. 37.

Table B - Non-Subject Services

Category	Services Included
Interstate Special Access Services provided by the Telephone Company but not located in Pricing Flexibility Metropolitan Statistical Areas (MSAs) and any rate elements located in Pricing Flexibility MSAs but not subject to pricing flexibility relief.	Any VG, DS0, DS1, and DS3 special access services and rate elements not listed in Table A
Intrastate Special Access	Intrastate services equivalent to the interstate services listed above as either Subject Services or Non-Subject Services

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.2 Subject and Non-Subject Services (Cont'd)

- (C) All terms and conditions for those Spend-Eligible Services that are tariffed are governed by their respective tariff sections, except as otherwise provided in this Contract Offer No. 37. All terms and conditions for those Spend-Eligible Services that are not tariffed are governed by the applicable guidebooks, service guides or contracts.
- (D) No service purchased by Customer, or any of its Qualifying Affiliates, for the provision of Wireless Telecommunications Services, shall constitute a Subject Service or Non-Subject Service under this Contract Offer No. 37.
- (E) Subject Services and Non-Subject Services shall also include any additional similar or successor services which are subsequently provided by the Telephone Company and were not available as of the effective date of this Contract Offer No. 37.

23.37.3 Definitions

As used in this Contract Offer No. 37,

- (A) "Affiliate" means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or the equivalent thereof) of more than 10 percent.
- (B) A "Permitted Successor" is a successor-in-interest to the Customer or a Qualifying Affiliate that is itself an Affiliate of Customer.
- (C) A "Qualifying Affiliate" means any Customer Affiliate (as Customer Affiliates exist on the Subscription Date) that meets any of the following:
  - (1) is a telecommunications carrier under applicable federal or state law; or
  - (2) has an assigned ACNA; or

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.3 Definitions (Cont'd)

## (C) (Cont'd)

(3) is purchasing for resale or using an input into another service being offered or otherwise provided to non-Affiliates (a) any of the services in Table A or Table B, above, or (b) any interstate broadband services provided by any of the Qualified Companies;<sup>1</sup> or

(4) is a customer of record with any of the Qualified Companies for (a) any of the services in Table A or Table B, above, or (b) any interstate broadband services provided by any of the Qualified Companies.

(D) "Term Month" means a full calendar month during the Term Period. However, except the partial month from the Subscription Date until the end of the calendar month in which the Subscription Date occurs, the partial month at the start of a Measuring Period and the partial month at the end of the Measuring Period will each be a Term Month.

(E) "Wireless Telecommunications Services" means wireless radio services, whether fixed or mobile, and are subject to regulation on a common carrier basis under federal law.

<sup>1</sup> Interstate OCN PTP, DSRS, GigaMAN,<sup>®</sup> DecaMAN,<sup>®</sup> OPT-E-MAN<sup>®</sup>, BellSouth Metro Ethernet Service, AT&T Switched Ethernet, WaveMAN, BellSouth Wavelength Service, BellSouth Wavelength Dedicated Ring Service, BellSouth Wavelength Channel Service, and AT&T Dedicated Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook) and <http://cpr.att.com/pdf/commonEthServGuide.html>.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.4 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer No. 37:

(A) Contract Offer No. 37 is available for qualified special access services located in the Pricing Flexibility MSAs where the Telephone Company has been granted Phase II pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22 and Phase I pricing flexibility in those additional MSAs listed below. During the Term Period of this Contract Offer No. 37, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 22 at the time of subscription, the Customer may, at its option, include Subject Services in those additional MSAs as eligible for the discounts under this Contract Offer No. 37.

## Phase I - All Rate Elements (Including Channel Terminations):

Reno, NV			
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## Phase I - Rate Elements other than Channel Terminations

Non-MSA, NV			
-------------	--	--	--

(B) During November 2015, the Customer and its Permitted Affiliates must have purchased from the Qualified Companies services included among the Subject Services and Non-Subject Services under this Contract Offer No. 37 and under the other Concurrently Subscribed Contract Offers, which services must have resulted in charges equivalent to those included in the Spend-Eligible Charges (as defined in the Concurrently Subscribed Contract Offers) in an aggregate amount of not less than \$13,750,000 and not greater than \$15,250,000.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.4 Eligibility Criteria (Cont'd)

(C) At the end of November, 2015, the Customer and its Qualifying Affiliates must have had in-service with the Qualified Companies all of the following:

(1) no fewer than 47,000 interstate DS1 special access services with a local channel but no more than 52,000 interstate DS1 special access services with a local channel, that would qualify as Spend-Eligible Services, and

(2) no fewer than 2,200 interstate DS3 special access services with a local channel or multiplexers used with Interstate DS1 special access services but no more than 2,500 interstate DS3 special access services with a local channel or multiplexers used with Interstate DS1 special access services, that would qualify as Spend-Eligible Services.

(D) Neither Customer nor its Qualifying Affiliates can be a provider of Wireless Telecommunication Services.

(E) As of the Subscription Date, neither the Customer nor its Qualifying Affiliates may be purchasing from the Telephone Company interstate or intrastate special access services from the Telephone Company pursuant to any pricing flexibility contract offer intrastate "ICB" contract or other individually negotiated arrangement that includes any minimum volume or revenue commitment, other than any contract offer that will be terminated upon the Customer's subscription to this Contract Offer No. 37.

(F) The number of special access services channel termination components and local channel components purchased by the Customer and its Qualifying Affiliates from the Qualified Companies must not have decreased from the period from November 2014 through April 2015, inclusive (Period A), to the period from May 2015, through October 2015 (Period B), inclusive, by more than 1.3%. The foregoing will be determined by aggregating the number of in-service components at the end of each calendar month for Period A and comparing that number to the aggregate number of in-service components at the end of each calendar month for Period B.

(N)

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23. <u>Pricing Flexibility Contract Offerings</u> (Cont'd)	(N)
23.37 <u>Contract Offer No. 37 - Access Service Offer</u> (Cont'd)	
23.37.4 <u>Eligibility Criteria</u> (Cont'd)	(N)
(G) <u>Concurrently Subscribed Contract Offers</u> . The Customer must concurrently subscribe to the following Contract Offers ("Concurrently Subscribed Contract Offers"):	(Nx)
<ul style="list-style-type: none"><li>• NBTC Tariff F.C.C. No. 1, Contract Offer No. 37;</li><li>• PBTC Tariff F.C.C. No. 1, Contract Offer No. 173;</li><li>• SWBT Tariff F.C.C. No. 73, Contract Offer No. 193;</li><li>• Ameritech Tariff F.C.C. No. 2, Contract Offer No. 223; and</li><li>• BellSouth Tariff F.C.C. No. 1, Contract Offer No. 88.</li></ul>	
23.37.5 <u>Terms and Conditions</u>	(N)
The following Terms and Conditions apply to this Contract Offer No. 37:	
(A) <u>Subscription</u> .	
To subscribe to Contract Offer No. 37, the Customer must submit a Letter of Subscription (LOS) to the Telephone Company. The LOS must encompass Customer and all of its Qualifying Affiliates, and Customer must include, in the LOS, all Access Customer Name Abbreviations (ACNAs) used by Customer and its Qualifying Affiliates ("Eligible ACNAs"). The Eligible ACNAs must be identical to the ACNAs submitted in each written notice of such subscription submitted for each of the other Concurrently Subscribed Contract Offers. Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, this Contract Offer No. 37.	(Nx)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.5 Terms and Conditions (Cont'd)(B) Term Period

The term of this Contract Offer No. 37 ("Term Period") shall begin on the date that Customer submits a valid and executed Letter of Subscription (LOS) to the Telephone Company ("Subscription Date"), and shall end on June 20, 2017, subject to an extension as provided in this Section.

This Contract Offer No. 37 and the other Concurrently Subscribed Contract Offers may be extended by Customer for up to one (1) consecutive one-year extension periods by providing the Telephone Company and the other Qualified Companies with written notice of such exercise at least ninety (90) days prior to the then-applicable expiration date of the Term Period. If such notice is not received by such date, the Term Period will end on the following June 20th.

(C) During the Term Period, the Customer and its Qualifying Affiliates (as each exists on the Subscription Date), in the aggregate, must meet each of the following criteria on the last day of each Measuring Period for purchases of Subject and Non-Subject Services from the Qualified Companies. The Term Period of this Contract Offer No. 37 may not be extended unless the term periods of all of the other Concurrently Subscribed Contract Offers are identically extended.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.5 Terms and Conditions (Cont'd)

(C) (Cont'd)

Measuring Period	DS1 Volume Commitment	DS3 Volume Commitment
Period 1 Subscription Date - February 29, 2016	No less than 44,563 in-service interstate and intrastate DS1 channel termination rate elements for local channels being purchased from the Qualified Companies on February 29, 2016.	No less than 2,337 in-service interstate and intrastate DS3 channel termination rate elements for local channels and multiplexers being purchased from the Qualified Companies on February 29, 2016.
Period 2 March 1, 2016-June 20, 2016	No less than ninety percent (90%) of the aggregate number of in-service interstate and intrastate DS1 channel termination rate elements for local channels being purchased from the Qualified Companies on February 29, 2016,	No less than ninety percent (90%) of the aggregate number of the in-service interstate and intrastate DS3 channel termination rate elements for local channels and multiplexers being purchased from the Qualified Companies on February 29, 2016.
Period 3 June 21, 2016-June 20, 2017	No less than ninety percent (90%) of the aggregate number of in-service interstate and intrastate DS1 channel termination rate elements for local channels being purchased from the Qualified Companies on June 20, 2016.	No less than ninety percent (90%) of the aggregate number of the in-service interstate and intrastate DS3 channel termination rate elements for local channels and multiplexers being purchased from the Qualified Companies on June 20, 2016.
Period 4 Optional 1 June 21, 2017-June 20, 2018	No less than ninety percent (90%) of the aggregate number of in-service interstate and intrastate DS1 channel termination rate elements for local channels being purchased from the Qualified Companies on June 20, 2017.	No less than ninety percent (90%) of the aggregate number of the in-service interstate and intrastate DS3 channel termination rate elements for local channels and multiplexers being purchased from the Qualified Companies on June 20, 2017

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.5 Terms and Conditions (Cont'd)

## (C) (Cont'd)

- (i) If the DS1 Volume Commitment is not met for any Measuring Period, the Telephone Company will bill, and the other Qualified Companies will bill under the Concurrently Subscribed Contract Tariff Offers, and Customer shall pay, a volume shortfall charge equal to (i) the difference between that Measuring Period's DS1 Volume Commitment less the actual in-service interstate and intrastate DS1 special access circuits ("DS1 Shortfall"), times the number of months in the Measuring Period times \$175.00 (the "DS1 Shortfall Charge"). The DS1 Shortfall Charge billed by each Qualified Company will be in proportion to the number of in-service interstate and intrastate DS1 channel termination rate elements for local channels being purchased from the Qualified Company on the last day of the Measuring Period to the aggregate number of such services being purchase from all Qualified Companies in that date.
- (ii) If the DS3 Volume Commitment is not met for any Measuring Period, the Telephone Company will bill, and the other Qualified Companies will bill under the Concurrently Subscribed Contract Tariff Offers, and Customer shall pay, a volume shortfall charge equal to (i) the difference between that Measuring Period's DS3 Volume Commitment less the actual in-service interstate and intrastate DS3 special access circuits, times the number of months in the Measuring Period times \$650.00 (the "DS3 Shortfall Charge"). The DS3 Shortfall Charge billed by each Qualified Company will be in proportion to the number of in-service interstate and intrastate DS3 channel termination rate elements for local channels and multiplexers being purchased from the Qualified Company on the last day of the Measuring Period to the aggregate number of such services being purchase from all Qualified Companies in that date. (The DS1 Shortfall Charge and the DS3 Shortfall Charge are collectively, the "Volume Shortfalls" and each a "Volume Shortfall".)

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.5 Terms and Conditions (Cont'd)

## (C) (Cont'd)

(iii) Failure to pay any Volume Shortfall shall be deemed a material breach of this Contract Offer No. 37.

(iv) If at the end of any Measuring Period, the DS1 Volume Commitment and/or DS3 Volume Commitment have not been met, the Telephone Company shall take into account any valid pending orders for the installation and/or disconnection of interstate and intrastate DS1 or DS3 special access circuits that were submitted and not installed during that Measuring Period in determining any Volume Shortfall.

(v) If any orders taken into account pursuant to Section 23.37.5.C(iv) are cancelled and, as a result, the DS1 Volume Commitment or DS3 Volume Commitment has then not been met for the Measuring Period, Customer will be charged the applicable Volume Shortfall for that Measuring Period.

(D) Credits earned under this Contract Offer No. 37 and the other Concurrently Subscribed Contract Offers shall be applied as described in Section 23.37.6, below, and in the analogous sections of the other Concurrently Subscribed Contract Offers.

(E) Except as provided in Section 23.37.5(F), credits earned under this Contract Offer No. 37 are in addition to, and do not alter, any existing service discounts/term plans available in the Telephone Company's generally applicable tariffs or other Telephone Company contract offers.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.5 Terms and Conditions (Cont'd)

(F) Spend-Eligible Services under this Contract Offer No. 37 may not be purchased pursuant to any pricing flexibility contract offer, intrastate "ICB" contract or other individually negotiated tariff or agreement that includes any minimum volume or revenue commitment, other than the Concurrently Subscribed Contract Offers (any such precluded tariffs or agreements hereafter referred to as an "Other Commitment Agreement"), unless the Other Commitment Agreement expressly refers to this Contract Offer No. 37 and expressly permits the Customer to purchase such services subject to this Contract Offer No. 37 and such Other Commitment Agreement. The word "purchase," as used in the foregoing sentence, refers to the Customer or any of its Affiliates obtaining or using any service in exchange for compensation, regardless of when the service was ordered or installed.

(G) Credits to be provided under this Contract Offer No. 37 will not be issued unless and until the Customer and/or its Qualifying Affiliates have paid all billed charges for Spend-Eligible Services due and owing to the Qualified Companies as of the date the credits are issued (excluding amounts disputed and withheld in accordance with the applicable Qualified Company's dispute process), and are otherwise in material compliance with the Concurrently Subscribed Contract Offers.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.5 Terms and Conditions (Cont'd)

(H) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of NBTC Tariff F.C.C. No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Contract Term. However, such tariff modifications will not change the Terms and Conditions described in this Contract Offer No. 37.

23.37.6 Credits and Waivers(A) Spend Credits

"Spend-Eligible Charges" means the billed recurring and non-recurring charges, after application of any discounts or credits applicable to those recurring and non-recurring revenues (except those issued under this Contract Offer No. 37), as well as adjustments for overbilling, underbilling and billing dispute settlements for, in the aggregate, the Spend-Eligible Services, which are purchased by and billed to Customer and its Qualifying Affiliates (as each exists as of the Subscription Date) (or their Permitted Successors under the Eligible ACNAs. Spend-Eligible Charges shall specifically exclude the following:

- (1) usage-based charges;
- (2) temporary service charges;
- (3) special construction charges;
- (4) fractional and partial recurring charges;
- (5) customer premise equipment charges;
- (6) charges for services provided by a non-Affiliate third party service provider;
- (7) taxes, surcharges or government-related charges;
- (8) Expanded Interconnection Terminations, Interconnection Tie Pairs or Cross-Connect charges under any Affiliate's Interconnection Agreement;

(N)  
(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.6 Credits and Waivers (Cont'd)(A) Spend Credits (Cont'd)

(9) shortfall and termination charges;

(10) charges for ACNAs for which Customer or a Qualifying Affiliate ceases to become responsible during the term of this Contract Offer No. 37, but only with respect to those charges incurred after Customer or a Qualifying Affiliate ceases to be responsible for such ACNAs; and

(11) charges invoiced outside of the Carrier Access Billing System (CABS).

For each Term Month, subject to Section 23.37.5, the Customer is eligible for a single Spend credit under this Contract Offer No. 37 and the other Concurrently Subscribed Contract Offers. The single Spend credit would be in an amount equal to four percent (4%) times the Spend for such Term Month under this Contract Offer No. 37 and the other Concurrently Subscribed Contract Offers ("Spend Credit").

The Spend Credit will be issued during the third calendar month after the Term Month to which it is attributable and will be divided among the Qualified Companies in proportion to the Spend-Eligible Charges under the Concurrently Subscribed Contract Offers (unless otherwise agreed).

The Spend Credit shall not be posted if the Customer is in material breach of any Concurrently Subscribed Contract Offers No. 37, or Customer or any of its Qualifying Affiliates is in material breach of any other terms and conditions governing the Subject Services, including, without limitation, failure to pay any undisputed amount due for Subject Services, until such breach is cured or payment for undisputed amounts is made by Customer or such Qualifying Affiliate.

(N)

(This page filed under Transmittal No. 288 )

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.6 Credits and Waivers (Cont'd)(B) Termination Liability, Special Construction and NRC Credits

Starting with Measuring Period 2, the Telephone Company will bill, and the Customer and its Qualifying Affiliates shall pay, the termination liability charges, special constructions and non-recurring charges for DS1, DS3 Subject Services in accordance with the Telephone Company's Tariff F.C.C. No. 1 ("Credit Eligible Charges"). The Telephone Company will issue a credit in the amount equal to such Credit Eligible Charges due from the Customer and its Qualifying Affiliates that are billed in a Measuring Period if, in addition to Customer and its Qualifying Affiliates meeting the other requirements of the Concurrently Subscribed Contract Offers, such DS1 or DS3 Subject Service meets all of the following conditions:

- (1) Such DS1 or DS3 Subject Service was not disconnected by the Telephone Company as a result of a breach of the applicable Tariffs;
- (2) Any such DS1 or DS3 Subject Service must not have received a termination liability credit under another revenue-based or volume-based offer, or otherwise received a waiver of such termination liability charge or other credit in an amount equal to such termination liability charge;
- (3) Customer must be in compliance with all material provisions of this Contract Tariff Offer No. 37, including, but not limited to, the payment of all non-disputed charges by the due date;
- (4) Customer must have met both the DS1 Volume Commitment and DS3 Volume Commitment for the Measuring Period or, alternatively, must have paid any Volume Shortfalls due;
- (5) Such DS1 Subject Service must have been in service for a minimum of thirty (30) days for its early termination charges/liabilities to be eligible for a credit; and

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.6 Credits and Waivers (Cont'd)(B) Termination Liability, Special Construction and NRC Credits (Cont'd)

(6) Such DS3 Subject Service must have been in service for a minimum of twelve (12) months for its early termination charges/liabilities to be eligible for a credit;

Credit will not be provided under this Section until any Volume Shortfalls as describe in Section 23.37.6.(4) have been paid, provided that such Volume Shortfalls charges are paid within thirty (30) days after AT&T's notice that the credit is being withheld.

The aggregate amount of the credit for Credit Eligible Charges paid by the Qualified Companies during a Measuring Period will not exceed the following amounts.

Measuring Period	Credit
Period 2	\$668,500
Period 3	\$2,000,000
Period 4 Optional 1	\$2,000,000

Any credit due under this Section 23.37.6(B) will be issued during the third calendar month after the Measuring Period in which such Credit Eligible Charges were billed. The Telephone Company will calculate the credit amount and notify Customer of the BANs on which these credits will be issued.

Any unused amount of such credit shall not be carried forward to any subsequent Measuring Period, or carried backward to any prior Measuring Period.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.7 Assignment/Transfer/Successors

(A) Neither party shall assign or otherwise transfer this Contract Offer No. 37, or its rights or obligations hereunder, to any person or entity without the prior written consent of the other party, which shall not be unreasonably withheld or delayed, provided, however, that Customer shall have the right, without the consent of but with notice to the Telephone Company, to assign or otherwise transfer the entirety of this Contract Offer No. 37 to any Qualifying Affiliate, so long as:

- (i) the other Concurrently Subscribed Contract Offers are likewise assigned or otherwise transferred in their entirety to that same Affiliate; and
- (ii) that Affiliate otherwise qualifies under this Contract Offer No. 37 and the other Currently Subscribed Contract Offers.

Any assignment or other transfer shall be subject to the other party's rights under this Contract Offer No. 37 and the other Concurrently Subscribed Contract Offers, any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer No. 37, and any assignment or transfer by the Customer shall be subject to the provisions of Section 23.37.7(B), below. Any assignment or other transfer of this Contract Offer No. 37, or the rights or obligations hereunder, or any attempt to do either, in violation of this provision shall be void.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.7 Assignment/Transfer/Successors (Cont'd)

(B) Any proposed assignee or transferee must satisfy the following conditions: (i) the proposed assignee or transferee must demonstrate credit worthiness under both (1) and (2), below (and if (1) and (2) are not applicable to Customer, then (3) shall apply); (ii) neither the proposed assignee or transferee nor its parent may have commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it) at any time during the Term Period, and (iii) the proposed assignee or transferee meets the Eligibility Criteria set forth in Section 23.37.4, above.

- (1) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.
- (2) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g., Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:
  - (a) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or
  - (b) "high risk" in a Paydex score as published by Dun and Bradstreet.
- (3) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (1) or (2) of this Section 23.37.7(B) is not available, the Telephone Company shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.8 Mergers/Acquisitions and Sales/Divestitures

(A) Except as provided in Section 23.37.8(B), all provisions of this Contract Offer No. 37 shall continue in full force and in effect notwithstanding any merger or acquisition affecting a party. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the party, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of a merger or acquisition, if the entity other than the Customer involved in the merger or acquisition purchases any service from any Telephone Company entity, such service shall not be included in this Contract Offer No. 37 for any purpose. The "Transaction Close Date" shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased. Purchases by the other entity shall not be part of any calculation hereunder, including, without limitation, as a Spend-Eligible Service, as generating Spend-Eligible Charges, in determining achievement of the requirements of Section 23.37.5(C), or be eligible for any credits under this Contract Offer No. 37.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.8 Mergers/Acquisitions and Sales/Divestitures

(B) If, during the Term Period, any of the Qualified Companies (or any portion of any of them) is no longer under the control of AT&T Inc. (a "Divested Entity"), then as of the closing date(s) of the relevant transaction(s), any Concurrently Subscribed Contract Offer applicable to a Divested Entity shall be administered and enforced, and any rights or obligations of either party to this Contract Offer No. 37 shall apply separately to: (i) the Telephone Company (or any portion of Telephone Company (if any)) remaining under the control of AT&T Inc., and (ii) the Divested Entity or Entities, after taking into account such relevant transaction(s). In particular, but without limitation, the conditions (as provided in Section 23.37.5(C)) required to qualify for credits under this Contract Offer No. 37 will be pro-rated between any portion of Qualified Companies (or any portion of any of them) remaining under the control of AT&T Inc. (the "Remaining AT&T ILECs"), and the Divested Entity or Entities in proportion to the Circuit Volumes billed by the Remaining AT&T ILECs and by the Divested Entity or Entities at the end of the full calendar month immediately prior to the Transaction Close Date of the relevant transaction(s).

Notwithstanding the foregoing paragraph, nothing in this Section 23.37.8(B) shall prevent the lawful modification or termination of this Contract Offer No. 37 as applicable to the Telephone Company, any portion of Telephone Company (if any) remaining under the control of AT&T Inc., or any Divested Entity or Entities, in accordance with this Contract Offer No. 37 and applicable law and regulation.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.9 Effect of Contract Offer No. 37 on Any Grandfathering or Sunsetting of Subject Services or Non-Subject Services

Nothing in this Contract Offer No. 37 shall prevent the Qualified Companies from terminating the provision of Subject Services or Non-Subject Services, in part, or in their entirety, prior to the end of the Term Period, to the extent permitted by applicable law. To the extent that such termination occurs, however, Customer may terminate this Contract without any termination liability charge as described in Section 23.37.10.

23.37.10 Termination(A) Termination Liability Charge

If, prior to the completion of the Term Period, the Customer terminates this Contract Offer No. 37 or any of the other Concurrently Subscribed Contract Offers for any reason other than material breach by the Telephone Company, or if the Telephone Company terminates this Contract Offer No. 37 as a result of a material breach by Customer or any of its Qualifying Affiliates, then this Contract Offer No. 37 shall be terminated (if not already terminated) and the Customer shall forego (or repay, if applicable), as a termination liability charge, fifty (50%) of the credits and waivers issued or due under this Contract Offer No. 37 during the Measuring Period in which the effective date of termination occurs, up to the effective date of termination.

Customer will pay any termination liability charge due to the Telephone Company within 30 days of the Telephone Company invoice date for such charge, provided, however, that the Customer shall not repay any amount attributable to any such credits or waivers that have not been, or are not, issued by the Telephone Company (and the Telephone Company will not be obligated to issue any such credits which were due but not issued prior to such termination).

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.37 Contract Offer No. 37 - Access Service Offer (Cont'd)23.37.10 Termination

(B) If any portion of this Contract Offer No. 37 is found to be invalid, unenforceable, or otherwise contrary to applicable law, the Telephone Company or the Customer may, in its respective sole discretion, terminate this Contract Offer No. 37 upon ten (10) days' written notice to the other.

(C) After a transaction to which Section 23.37.8(B) applies, (i) the termination of this Contract Offer No. 37 solely applicable to any portion of the Telephone Company remaining under the control of AT&T Inc. will not terminate this Contract Offer No. 37 as it applies to any Divested Entity or Entities, and (ii) the termination of this Contract Offer No. 37 solely applicable to any Divested Entity or Entities will not terminate this Contract Offer No. 37 as it applies to any portion of the Telephone Company remaining under the control of AT&T Inc.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings

(N)

23.38 Contract Offer No. 38 - Access Service Offer

|

23.38.1 General Description

(N)

The Special Access Service Offer (Contract Offer No. 38) is a Minimum Annual Revenue Commitment attainment plan for which concurrent subscription is required to this Contract Offer and the following Access Tariffs:

(Nx)

Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 174; Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 194; BellSouth Telecommunications LLC (BellSouth) Tariff F.C.C. No. 1, Contract Offer No. 89; and Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Contract Offer No. 224 (collectively, with this Contract Offer No. 38, referred to as the "Concurrently Subscribed Contract Offers". Ameritech, BellSouth, PBTC, and SWBT, together with the Telephone Company, shall be identified herein as the "Qualified Companies."

(Nx)

The Concurrently Subscribed Contract Offers allow the Customer to qualify for certain credits based on its attainment of a "Minimum Annual Revenue Commitment" or "MARC," as described in Section 23.38.5, below. The MARC consists of certain recurring revenue from "Contributory Services," as defined in Section 23.38.2, below, that the Customer purchases from the Qualified Companies.

(N)

Contract Offer No. 38 will be available for subscription only from May 17, 2016 through June 16, 2016. This Contract Offer is not renewable.

23.38.2 Subject and Non-Subject Services

"MARC-Eligible Services" under the Concurrently Subscribed Contract Offers are Subject Services, listed in Table A, below, and Non-Subject Services, listed in Table B, below, provided by the Telephone Company and located within the operating territories of the Qualified Companies, as well as "Subject Services" and "Non-Subject Services" as defined in the other Concurrently Subscribed Contract Offers.

x - Issued under the Authority of Special Permission No. 16-006 of the F.C.C.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.2 Subject and Non-Subject Services (Cont'd)(A) Subject Services

(1) Subject Services are pricing flexibility-qualified access services and associated rate elements, as identified in Table A, below.

Table A - Subject Services

Category	Services Included
Interstate Special Access Located in Pricing Flexibility Metropolitan Statistical Areas (MSAs)	DS1 and DS3, except for any rate elements not subject to pricing flexibility

(2) Subject Services must be located in the Pricing Flexibility MSAs where the Telephone Company has been granted Phase II pricing flexibility, as listed in NBTC Tariff F.C.C. No. 1, Section 22, and those additional MSAs listed below. During the Term Period of this Contract Offer, if the Telephone Company is granted pricing flexibility relief in additional MSAs, the Customer may, at its option, include Subject Services in those additional MSAs as eligible for the discounts under this Contract Offer.

Phase I - All Rate Elements (Including Channel Terminations)

Reno, NV

Phase I - Rate Elements other than Channel Terminations

Non-MSA, NV

(3) Subject Services ordered and purchased by the Customer prior to its subscription to this Contract Offer will be referred to as "Existing Subject Services."

Subject Services that were not being purchased from the Telephone Company prior to its subscription to this Contract Offer will be referred to as "New Subject Services."

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.2 Subject and Non-Subject Services (Cont'd)(B) Non-Subject Services

Non-Subject Services are listed in Table B, below.

TABLE B- Non-Subject Services will be included in calculations related to the "Minimum Annual Revenue Commitment," as defined in Section 23.38.1, but are not otherwise subject to this Contract Offer.

Category	Service <sup>1</sup>
Interstate Special Access Services	Optical Ethernet Metropolitan Area Network (OPT-E-MAN <sup>®</sup> ), AT&T Switched Ethernet <sup>SM</sup> Service
Intrastate Special Access and/or Equivalent Non-Switched Exchange Services (Excluding Private Line Services)	DS1, DS3, Optical Ethernet Metropolitan Area Network (OPT-E-MAN <sup>®</sup> ), AT&T Switched Ethernet Service
AT&T Corp.	AT&T OPT-E-WAN <sup>®</sup> Virtual Private LAN Service (VPLS)

(C) All terms and conditions for those Subject Services and Non-Subject Services that are tariffed are governed by their respective tariff sections, except as noted in this Contract Offer with respect to Subject Services. All terms and conditions for those Non-Subject Services that are not tariffed are governed by the applicable guidebooks, service guides or contracts.

<sup>1</sup> Interstate Opt-E-MAN<sup>®</sup> and AT&T Switched Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.2 Subject and Non-Subject Services (Cont'd)

(D) Subject Services and Non-Subject Services shall also include any similar or successor services which are provided by the Qualified Companies and which were not available as of the effective date of this Contract Offer.

23.38.3 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer:

- (A) The Customer must have a minimum of 6,000 interstate special access DS1 circuit and 650 interstate special access DS3 circuits in service with the Qualified Companies, as of the effective date of this Contract Offer.
- (B) The Customer must have purchased interstate special access DS1 and DS3 \$1,543,000.00 (net of any applicable discounts and credits) for the month immediately prior to the effective date of this Contract Offer.
- (C) The Customer must have been purchasing a minimum of seventy-five percent (75%) of its DS1 and DS3 interstate special access circuits under either 5-year or 7-year term commitments, in aggregate, including purchases from all of the Qualified Companies, during the last six months prior to the Subscription Date of this Contract Offer (as defined in Section 23.38.4.B, below). DS1 and DS3 interstate special access circuits will be considered separately.

Example: If the Customer purchased more than seventy-five percent (75%) of its DS1 interstate special access circuits subject to 5-year term commitments, in the aggregate from all of the Qualified Companies, the Customer would be eligible to order and purchase DS1 Subject Services under this Contract Offer at five-year rates.

Example: If the Customer purchased more than seventy-five percent (75%) of its DS1 interstate special access circuits subject to 7-year term commitments, in the aggregate from all of the Qualified Companies, the Customer would be eligible

(N)

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to order and purchase DS1 Subject Services under  
this Contract Offer at seven-year rates.

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Effective: May 17, 2016

675 W. Peachtree St. NW, Atlanta, GA 30308

## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd) (N)23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.3 Eligibility Criteria (Cont'd) (N)

(A) The Customer must concurrently subscribe to the following Contract Offers: (Nx)

- (1) Ameritech Tariff FCC No. 2, Contract Offer No. 224;
- (2) BellSouth Tariff FCC No. 1, Contract Offer No. 89;
- (3) NBTC Tariff FCC No. 1, Contract Offer No. 38;
- (4) PBTC Tariff FCC No. 1, Contract Offer No. 174; and
- (5) SWBT Tariff FCC No. 73, Contract Offer No. 194.

23.38.4 General Terms and Conditions (Nx)  
(N)

The following General Terms and Conditions apply to this Contract Offer No. 38:

(A) Subscription

To subscribe to this Contract Offer, the Customer must submit Letters of Subscription (LOS) to the Qualified Companies. The Customer must provide, at the time of subscription, all Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in the Concurrently Subscribed Contract Offers for itself and any of its "Affiliates" that may purchase service pursuant to the Concurrently Subscribed Contract Offers (hereafter referred to as "Eligible ACNAs").

Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, the Concurrently Subscribed Contract Offers, unless otherwise agreed in writing by the parties. (N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.4 General Terms and Conditions (Cont'd)(B) Term Period

The term of this Contract Offer (Term Period) will begin on the first day of the first calendar month following the date the Qualified Companies receive signed Letters of Subscription (LOS) from the Customer (that date to be referred to as the "Subscription Date"), and will continue October 31, 2019. Each period of twelve (12) consecutive months during the Term Period; provided however, that the final Term Year will begin on the third anniversary of the Subscription Date and end on October 31, 2019, beginning from the Subscription Date, shall be referred to as a Term Year. Each period of three (3) consecutive months during the Term Period, beginning from the Subscription Date, shall be referred to as a Quarter; provided however, that the final Quarter of the Term Period will begin thirty-nine (39) months after the Subscription Date and end on October 31, 2019. Upon expiration of the Term Period, Subject Services will be provided at the prevailing month-to-month rates as provided in NBTC Tariff F.C.C. No. 1, Sections 7 or 22, or if there are no month-to-month rates, then at the rates applicable to the shortest available term, unless the Customer disconnects the services or chooses another applicable rate.

(C) Service Term

Subject Services must be ordered and purchased subject to the Term Period applicable to either DS1 or DS3 service, respectively, under this Contract Offer, as provided in Section 23.38.3(C) (in either case, referred to as the Service Term). Customer shall order any New Subject Services under this Contract Offer by submitting an ASR, including the PNUM of this Contract Offer, to the Telephone Company. Customer may convert any Existing Subject Services to this Contract Offer either: (1) by submitting one or more ASRs, including the PNUM of this Contract Offer, to the Telephone Company, or (2) by requesting a bulk conversion project, to be coordinated by the Telephone Company. In either case, Existing Subject Services must begin a new service term upon conversion to this Contract Offer. Termination liability charges will not apply as a result of such conversion.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.4 General Terms and Conditions (Cont'd)

## (C) (Cont'd)

Upon expiration of the Service Term, below, Subject Services will be provided at the prevailing month-to-month rates as provided in NBTC Tariff F.C.C. No. 1, Sections 7 or 22, or if there are no month-to-month rates, then at the rates applicable to the shortest available term, unless the Customer disconnects the services or chooses another applicable rate.

- (D) Commingling of Subject Services is defined in NBTC Tariff F.C.C. No. 1, Section 2.6. During the Term Period, the Customer may not at any time be obtaining from the Qualified Companies a greater number of Subject Services that are commingled with one or more unbundled network elements than the number of such Subject Services in place as of the Subscription Date.
- (E) The Customer may not be a party to any agreement for de-tariffed interstate access services provided by any of the Qualified Companies ("Broadband Agreement") or any other pricing flexibility contract tariff, if the Broadband Agreement or pricing flexibility contract tariff contains any revenue or volume commitment or attainment level, as of the effective date of the Contract Offer (Commitment Agreement), unless the Commitment Agreement expressly allows the Customer to participate in both the Commitment Agreement and the Concurrently Subscribed Contract Offers.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.4 General Terms and Conditions (Cont'd)

(F) If, during the Term Period, any of the Qualified Companies or any portion of any such Qualified Company is no longer under the ownership and control of AT&T Inc. (a "Divested Entity"), then as of the closing date(s) of the relevant transaction(s), any Concurrently Subscribed Contract Offer applicable to a Divested Entity shall be administered and enforced, and any rights or obligations of either party to such Contract Offer shall apply, separately to: (i) the Qualified Companies (and any portions of Qualified Companies) remaining under the ownership and control of AT&T Inc. and (ii) the Divested Entity or Entities. In particular, but without limitation, the MARC (as provided in Section 23.38.5) and the amount of MARC-Eligible Charges required to qualify for Plan Shortfall Charges (as provided in Section 23.38.6(C)) shall be pro-rated between the Qualified Companies (and any portions of Qualified Companies) remaining under the ownership and control of AT&T Inc. and the Divested Entity or Entities in proportion to the amount of MARC-Eligible Charges billed by the Qualified Companies (and any portions of Qualified Companies) remaining under the ownership and control of AT&T Inc. and the Divested Entity or Entities, for the three months immediately prior to the closing date(s) of the relevant transaction(s).

Notwithstanding the foregoing paragraph, nothing in this Section 23.38.4(H) shall prevent the lawful modification or termination of any of the Concurrently Subscribed Contract Offers, as applicable to any Qualified Company or Divested Entity.

(G) If, prior to the Customer's Subscription to this Contract Offer, the Customer subscribed to Contract Offer 33, this Contract Offer will supersede Contract Offer 33.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.5 Minimum Annual Revenue Commitment

The Customer must satisfy a Minimum Annual Revenue Commitment (MARC) for each Term Year of this Contract Offer. The MARC shall be satisfied by gross billed recurring revenue, after application of any discounts or credits applicable to those recurring revenues (except those issued under the Concurrently Subscribed Contract Offers), as well as adjustments for overbilling, under-billing and billing dispute settlements issued during that Term Year for Subject Services and Non-Subject Services purchased by and billed to Customer under the Eligible ACNAs (collectively, "MARC-Eligible Charges"). The Customer's MARC-Eligible Charges shall specifically exclude non-recurring charges, usage-based charges and temporary service charges. Credits under this Contract Offer are conditioned on the Customer's satisfaction of the MARC in each Term Year. Satisfaction of the MARC shall be determined according to MARC-Eligible Revenue.

The MARC for the first Term Year will be equal to ninety-five percent (95%) of the Customer's MARC-Eligible Revenue for the three (3) months prior to the Subscription Date, times four (4). The MARC for the second and third Term Years will be equal to ninety-five percent (95%) of the Customer's MARC-Eligible Revenue for the last three (3) months of the prior Term Year, times four (4). The MARC for the fourth Term Year will be equal to ninety-five percent (95%) of the Customer's MARC-Eligible Revenue for the last three (3) months of the prior Term Year, times four (4), times the number of days in the final Term Year, divided by three hundred sixty-five (365).

23.38.6 Billing & Credits(A) Subject Service Monthly Recurring Charges

- (1) Tables C and D, below, contain the effective rates for Subject Services under this Contract Offer No. 38. Any rate elements not listed in Tables C and D will be provided at the applicable rates in NBTC Tariff F.C.C No 1, Section 7. Each circuit element (Channel Termination and Mileage) must be located entirely in the MSAs listed in Section 23.38.2(A) to be eligible for these rates.

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.6 Billing & Credits (Cont'd)(A) Subject Service Monthly Recurring Charges (Cont'd)

(2) The Telephone Company will initially bill the Customer according to the otherwise applicable twelve (12) month Optional Payment Plan Monthly Recurring Charges ("OPP MRCs"). The Customer will then be credited in an amount equal to the difference between the otherwise applicable OPP MRCs and the MRCs for the rate elements listed in Tables C and D, below. Credits will be applied monthly in arrears. Taxes, if applicable, will be charged on the OPP MRC rates, but will not be included in the credits applied to the Customer's bill.

Table C:

<b>DS1 Special Access Services Rate Element</b>	<b>USOC</b>	<b>5 Year MRC</b>
Channel termination - Per Point of Termination	TMECS	\$105.00
Channel Mileage Termination - Per Termination	1L5XX	\$35.00
Channel Mileage - Per Mile	1L5XX	\$8.50
Central Office Multiplexing DS1 to DS0	MQ1, MQ1++, QMU1, QMU, QMU++	\$160.00

Table D:

<b>DS3 Rate Elements</b>	<b>USOC</b>	<b>5 YR MRC</b>
Channel Termination - Per Point of Termination	Z3MAC/Z3MAP/Z31A+	\$900.00
Channel Mileage - Per Termination	1L5XX/CMF	\$332.50
Channel Mileage - Per Mile	1L5XX/CMF	\$35.00
Multiplexing, Per Arrangement (DS3 to DS1)	MQ3	\$400.00

(N)

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## ACCESS SERVICE

23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.6 Billing & Credits (Cont'd)(B) Service Portability Credits

The Qualified Companies will issue credits in the amount of any termination liability charges that would otherwise apply as a result of the disconnection of Subject Services during the Term Period, provided that the conditions set forth below have been met. Such charges initially will be billed, and must be paid, as provided in the relevant sections of NBTC Tariff F.C.C. No. 1, not including this Contract Offer. The Telephone Company will calculate and issue credits for each Quarter, which will be issued no later than sixty (60) days after the end of each Quarter.

- (1) Any disconnected Subject Service(s) must have been in service for a minimum of twelve (12) months.
- (2) The Customer must continue to purchase no less than the number of DS1 and DS3 Subject Services (which is defined in Section 23.38.3) that were in service as of the Subscription Date of this Contract Offer.

(C) Credits for Termination Liability or Plan Shortfall Charges

The Qualified Companies will issue credits in the amount of any termination liability charges or any charges for failure to satisfy a minimum Commitment Level pursuant to a High Capacity Service Portability Commitment, when such charges would otherwise apply as a result of the disconnection of Subject Services during the Term Period, provided that the conditions set forth below have been met. Such charges initially will be billed, and must be paid, as provided in the relevant sections of NBTC Tariff F.C.C. No. 1, not including this Contract Offer. The Telephone Company will calculate and issue credits for each Term Year, which will be issued no later than sixty (60) days after the end of each Term Year. As clarification, but not to modify this paragraph, the BellSouth Area Commitment Plan (ACP) is not a High Capacity Service Portability Commitment within the meaning of this Section 23.38.6(C) and is not eligible for termination liability or plan shortfall credits.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.6 Billing & Credits (Cont'd)(C) Credits for Plan Shortfall Charges (Cont'd)

(1) "Access Revenue" means the Qualified Companies' interstate recurring revenue from the Customer and its Affiliates. Any disconnected Subject Service(s) must have been in service for a minimum of twelve (12) months.

(2) MARC-Eligible Charges for the Term Year must have been equal to or greater than the MARC.

23.38.7 Access Service Ratio

The Customer (including any of its Affiliates included in this Contract Offer) must maintain an Access Service Ratio as further provided in this Section 23.38.7. The Access Service Ratio shall be calculated quarterly, based on data for the most recent single month for which information is available at the time of the calculation. The Qualified Companies will calculate the Customer's Access Service Ratio as of the Subscription Date and for each Quarter thereafter, as follows:

$$\text{Access Service Ratio} = \text{Access Revenue} / (\text{Access Revenue} + \text{Wholesale Revenue})$$

During the Term Period, the Access Service Ratio may not decline by more than 3%, as compared to the Access Service Ratio on the Subscription Date, as determined by each quarterly calculation of the Access Service Ratio.

Example: Assume that the Customer's Access Service Ratio, as calculated for the Subscription Date, is 95%. For each subsequent quarterly calculation of the Access Service Ratio, the Customer would be required to achieve an Access Service Ratio of at least 92%.

If during the Term Period, any of the Qualified Companies offers additional ILEC access services or UNEs, such additional ILEC access services or UNEs shall also be included in the calculation of the Access Service Ratio. Recurring revenue, for purposes of calculating the Access Service Ratio, will be measured according to gross billed recurring revenue, after application of any discounts or credits applicable to that recurring revenue, plus any adjustments for overbilling, under-billing and billing dispute settlements. The calculation of recurring revenue will not include any DS1 Plan Credits issued pursuant to this Contract Offer.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.7 Access Service Ratio (Cont'd)

If, upon the initial review or any quarterly review of the Customer's compliance with the Access Service Ratio, the Qualified Companies determines that the Customer has not complied with the Access Service Ratio, the Qualified Companies will so notify the Customer in writing. The "Affiliates" associated with the services defined in Tables E and F, below. An "Affiliate" of a party to this Contract Offer means any entity that controls, is controlled by, or is under common control with, such party.

Table E:

Service Type	Service <sup>1</sup>
Interstate Special Access	OCN (Optical Carrier Network) PTP
	Dedicated SONET Ring Service (DSRS)
	SONET Ring and Access Service (SRAS)
	GigaMAN (Gigabit Ethernet Metropolitan Area Network)
	Multi-Service Optical Network (MON)Ring Service
	OpteMAN (Optical Ethernet Metropolitan Area Network)
	DecaMAN (10 Gigabit Ethernet Metropolitan Area Network)
	AT&T Switched Ethernet Service (ASE)
	WaveMAN (Wavelength Metropolitan Area Network)
	Serial Component Video Service (SCVS)
	High Definition Video Transport (HDVT)
	AVS 270 Video Service
	Voice Grade
	DS0
	DS1
	DS3
	Switched Access Transport

<sup>1</sup>Ethernet-based services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.7 Access Service Ratio (Cont'd)

"Wholesale Revenue" means the Qualified Companies' recurring revenue from the Customer and its Affiliates for unbundled network elements and associated rate elements, as defined in Table F, below.

Table F

<b>Service Type</b> -- Unbundled Network Elements and Associated Services or Rate Elements	<b>Service or Network Element</b> <sup>1</sup>
DS1	4-wire digital loop DS1 Entrance Facilities DS1 Interoffice Transport DS1 Cross Connects DS1 Multiplexing All DS1 non-tariffed Committed Information Rate Broadband Services
DS3	DS3 Loop DS3 Entrance Facilities DS3 Interoffice Transport DS3 Cross Connects DS1/DS3 Multiplexing All DS3 non-tariffed Committed Information Rate Broadband Services
OCn	OC-3 Entrance Facilities OC-3 Interoffice Transport OC-3 Cross Connects OC-3 Multiplexing OC-12 Entrance Facility OC-12 Interoffice Transport OC-12 Cross Connects OC-12 Multiplexing OC-48 Entrance Facilities OC-48 Interoffice Transport OC-48 Cross Connects OC-48 Multiplexing All OCN equivalent non-tariffed Committed Information Rate Broadband Service
Other	Dark Fiber - Interoffice Dark Fiber - Loop Dark Fiber - Subloop Dark Fiber Cross Connects Unbundled Dedicated Transport

<sup>1</sup> Ethernet-based services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.8 Assignment/Transfer/Successors

If the Customer wishes to assign or transfer its use of services under this Contract Offer pursuant to NBTC Tariff F.C.C. No. 1, Section 2.1.2, the Qualified Companies will acknowledge such transfer or assignment if the criteria in NBTC Tariff F.C.C. No. 1, Section 2.1.2, are fulfilled, unless 1) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (A), (B) or (C), below, or 2) if the proposed assignee or transferee or its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(A) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission; or

If any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade,

(B) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g. Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

(1) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or  
(2) "high risk" in a Paydex score as published by Dun and Bradstreet.

(C) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsections (A) or (B) of this Section 23.38.8 is not available, the Qualified Companies shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

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23. Pricing Flexibility Contract Offerings (Cont'd)

(N)

23.38 Contract Offer No. 38 - Access Service Offer (Cont'd)23.38.8 Assignment/Transfer/Successors (Cont'd)

(D) Notwithstanding anything to the contrary in this Section 23.38.8, the Customer may, upon written notice to the Qualified Companies, assign in whole or relevant part its rights and obligations under this Agreement to an Affiliate of the Customer, but the Customer will remain financially responsible for the performance of such obligations.

23.38.9 Mergers, Acquisitions, Sales or Divestitures Involving Customer

All provisions of this Contract Offer shall continue in full force and effect if the Customer, in whole, or in part, merges with, acquires, is acquired by, sells all or substantially all of its stock or assets to any other entity, or purchases all stock or substantially all stock or certain a of another company (the foregoing generally referred to herein as a merger or acquisition). Upon the Transaction Close Date of the merger or acquisition, if the other company involved in the merger or acquisition also purchases Subject Services from the Qualified Companies, the Subject Services, as provided for in this Contract Offer, will continue to be provided at the same volume, rates, Terms and Conditions as outlined herein. The Transaction Close Date shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.39 Contract Offer No. 39 - Access Service Offer23.39.1 General Description

This Special Access Service Offer (Contract Offer No. 39) requires concurrent subscription to this Contract Offer and the following Contract Offers: BellSouth Tariff F.C.C. No. 1, Contract Offer No. 90; Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 175; Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Contract Offer No. 225; and Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 195 (collectively, with this Contract Offer No. 39, "Concurrently Subscribed Contract Offers"). PBTC, BellSouth, Ameritech and SWBT, with Nevada Bell Telephone Company (the "Telephone Company") shall be identified herein as, collectively, the "Qualified Companies" and singularly, a "Qualified Company."

Subject to the Terms and Conditions set forth elsewhere in this Contract Offer No. 39 and the other Concurrently Subscribed Contract Offers, the Concurrently Subscribed Contract Offers allow eligible Customers to order, renew, extend or convert Subject Services under certain term commitments greater than thirty-six (36) months in length, notwithstanding any provisions to the contrary in the generally applicable tariff provisions, as provided in this Contract Offer No. 39.

Contract Offer No. 39 will be available for subscription only from December 6, 2018, through January 5, 2019. This offer is not renewable.

23.39.2 Subject Services

- (A) Subject Services are interstate DS1 special access services provided under this Tariff F.C.C. No. 1.
- (B) No service purchased by Customer, or any of its Qualifying Affiliates, for the provision of Wireless Telecommunications Services, shall constitute a Subject Service under this Contract Offer No. 39.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.39 Contract Offer No. 39 - Access Service Offer (Cont'd)23.39.3 Definitions

As used in this Contract Offer No. 39:

- (A) "Affiliate" means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or the equivalent thereof) of more than 10 percent.
- (B) "Qualifying Affiliate" means any Customer Affiliate (as Customer Affiliates exist on the Subscription Date) that meets any of the following:
  - (1) is a telecommunications carrier under applicable federal or state law; or
  - (2) has an assigned ACNA; or
  - (3) is purchasing for resale or using an input into another service being offered or otherwise provided to non-Affiliates (a) Subject Services, (b) interstate DS1 special access services provided by any of the Qualified Companies on a detariffed basis,<sup>(1)</sup> or (c) any interstate broadband services provided by any of the Qualified Companies;<sup>(2)</sup> or
  - (4) is a customer of record with any of the Qualified Companies for (a) Subject Services, (b) interstate DS1 special access services provided by any of the Qualified Companies on a detariffed basis, or (c) any interstate broadband services provided by any of the Qualified Companies.
- (C) "Wireless Telecommunications Services" means wireless radio services, whether fixed or mobile, and are subject to regulation on a common carrier basis under federal law.

<sup>(1)</sup> Certain interstate DS1 special access services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Report and Order in Docket No. 16-143, released April 28, 2017, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook).

<sup>(2)</sup> Interstate OCN PTP, DSRS, GigaMAN®, DecaMAN®, OPT-E-MAN®, BellSouth Metro Ethernet Service, AT&T Switched Ethernet, WaveMAN, BellSouth Wavelength Service, BellSouth Wavelength Dedicated Ring Service, BellSouth Wavelength Channel Service, and AT&T Dedicated Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at [www.att.com/guidebook](http://www.att.com/guidebook) and <http://cpr.att.com/pdf/commonEthServGuide.html>.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.39 Contract Offer No. 39 - Access Service Offer (Cont'd)23.39.4 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer No. 39:

(A) At the end of August 2018, Customer and its Qualifying Affiliates must have had in-service with the Qualified Companies all of the following:

- (1) no fewer than 25,000 interstate DS1 special access services with a local channel but no more than 29,000 interstate DS1 special access services with a local channel; and
- (2) interstate DS1 special access services for which "Eligible Charges" were between \$7,100,000 and \$7,400,000 for the calendar month of August 2018.

For purposes of applying these Eligibility Criteria, "Eligible Charges" means billed recurring charges for interstate DS1 special access services after application of any discounts or credits and any adjustments for overbilling, underbilling and billing dispute settlements; provided however, that the amount of Eligible Charges shall not reflect the application of any billing dispute settlement that became effective after August 31, 2018. Notwithstanding the prior sentence, Eligible Charges exclude temporary service charges; special construction charges; fractional or partial monthly recurring charges; charges for customer premises equipment; charges for services provided by any third-party service provider (i.e., any entity that is not affiliated with the Telephone Company); and taxes, surcharges or government-related charges.

(B) Neither Customer nor any of its Qualifying Affiliates can be a provider of Wireless Telecommunications Services.

(C) As of November 15, 2018, Customer must have subscribed to the DS1 Term Payment Plan ("TPP"), as set forth in Nevada Bell Telephone Company Tariff F.C.C. No. 1, Section 7.11.5.2.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.39 Contract Offer No. 39 - Access Service Offer (Cont'd)23.39.4 Eligibility Criteria (Cont'd)

(D) Concurrently Subscribed Contract Offers. Customer must concurrently subscribe to the following Contract Offers:

- NBTC Tariff F.C.C. No. 1, Contract Offer No. 39;
- PBTC Tariff F.C.C. No. 1, Contract Offer No. 175;
- SGBT Tariff F.C.C. No. 73, Contract Offer No. 195;
- Ameritech Tariff F.C.C. No. 2, Contract Offer No. 225; and
- BellSouth Tariff F.C.C. No. 1, Contract Offer No. 90.

23.39.5 Terms and Conditions

The following Terms and Conditions apply to this Contract Offer No. 39:

(A) Subscription

To subscribe to this Contract Offer No. 39, Customer must submit a Letter of Subscription ("LOS") to the Telephone Company on behalf of itself and all of its Qualifying Affiliates. The LOS must include all of the Access Customer Name Abbreviations ("ACNAs") used by Customer and all of its Qualifying Affiliates ("Eligible ACNAs"). The Eligible ACNAs must be identical to the ACNAs submitted in each written notice of such subscription submitted for each of the other Concurrently Subscribed Contract Offers. Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, this Contract Offer No. 39.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.38 Contract Offer No. 39 - Access Service Offer (Cont'd)23.39.5 Terms and Conditions (Cont'd)(B) Term Period

The term of this Contract Offer No. 39 ("Term Period") shall begin on the date that Customer submits a valid and executed LOS to the Telephone Company ("Subscription Date"), and shall end on July 1, 2021, subject to two one-year extensions. Each extension will occur automatically, unless either party provides the other with written notice that it does not wish to extend the Term Period, such notice to be given no later than ninety (90) days prior to the expiration of the then-effective Term Period.

(C) Customer and/or any of its Qualifying Affiliates must order Subject Services from the Telephone Company subject to an TPP, as described in Section 23.39.5(E), below. If Customer inadvertently fails to order Special Access Services subject to a TPP, Customer may cure such failure by submitting any orders necessary to correct the error.

(D) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of Nevada Bell Telephone Company Tariff F.C.C. No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Term Period. However, such tariff modifications will not change the Terms and Conditions described in this Contract Offer No. 39.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.39 Contract Offer No. 39 - Access Service Offer (Cont'd)23.39.5 Terms and Conditions (Cont'd)

(E) Customer shall subscribe to the ("TPP"), and the Telephone Company shall accept and implement Customer's subscription(s), as set forth in Section 7.11.5.2 of this Tariff F.C.C. No. 1, subject to the following.

- (1) Notwithstanding the grandfathering of TPP terms greater than thirty-six (36) months in length (which grandfathering became effective on September 13, 2017), Customer shall subscribe to the TPP under seven-year term commitments, and the Telephone Company shall accept and implement such subscription(s).
- (2) Upon expiration of the Term Period, Customer's TPP commitments will be terminated without any termination liability or similar charges that would otherwise apply to the termination of a TPP commitment.
- (3) If, prior to the expiration of the Term Period, Customer terminates this Contract Offer No. 39 for any reason other than material breach by the Telephone Company, or if the Telephone Company terminates any of the Concurrently Subscribed Contract Offers as a result of a material breach by Customer (including any of its Affiliates), then this Contract Offer No. 39 shall be terminated (if not already terminated) and all Subject Services shall continue to be governed by the applicable TPP commitment, as the rates, terms and conditions of such TPP commitment are described this Tariff F.C.C. No. 1 as of the effective date of termination, except that Subject Services shall remain subject to TPP with seven-year commitment terms, including the rates associated with those TPP commitment terms.

(F) During the Term Period, Customer shall not convert any Subject Services to unbundled network elements ("UNEs"), purchase any new DS1-equivalent UNEs, or establish any new commingled arrangements.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.39 Contract Offer No. 39 - Access Service Offer (Cont'd)23.39.6 Assignment/Transfer/Successors

(A) Neither party shall assign or otherwise transfer this Contract Offer No. 39, or its rights or obligations hereunder, to any person or entity without the prior written consent of the other party, which shall not be unreasonably withheld or delayed, provided, however, that Customer shall have the right, without the consent of but with notice to the Telephone Company, to assign or otherwise transfer the entirety of this Contract Offer No. 39 to any Qualifying Affiliate, so long as:

- (1) the other Concurrently Subscribed Contract Offers are likewise assigned or otherwise transferred in their entirety to that same Qualifying Affiliate; and
- (2) that Qualifying Affiliate otherwise qualifies under this Contract Offer No. 39 and the other Currently Subscribed Contract Offers.

Any assignment or other transfer shall be subject to the other party's rights under this Contract Offer No. 39 and the other Concurrently Subscribed Contract Offers, any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer No. 39, and any assignment or transfer by Customer shall be subject to the provisions of Section 23.39.6(B), below. Any assignment or other transfer of this Contract Offer No. 39, or the rights or obligations hereunder, or any attempt to do either, in violation of this provision shall be void.

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23. Pricing Flexibility Contract Offerings (Cont'd)23.39 Contract Offer No. 39 - Access Service Offer (Cont'd)23.39.6 Assignment/Transfer/Successors (Cont'd)

(B) Any proposed assignee or transferee must satisfy the following conditions: (i) the proposed assignee or transferee must demonstrate credit worthiness under both (1) and (2), below (and if (1) and (2) are not applicable to Customer, then (3) shall apply); (ii) neither the proposed assignee or transferee nor its parent may have commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it) at any time during the Term Period, and (iii) the proposed assignee or transferee meets the Eligibility Criteria set forth in Section 23.39.4, above.

(1) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(2) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g., Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:

(a) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or

(b) "high risk" in a Paydex score as published by Dun and Bradstreet.

(3) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (1) or (2) of this Section 23.39.6(B) is not available, the Telephone Company shall exercise its reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.39 Contract Offer No. 39 - Access Service Offer (Cont'd)

## 23.39.7 Mergers/Acquisitions and Sales/Divestitures

(A) Except as provided in Section 23.39.7(B), all provisions of this Contract Offer No. 39 shall continue in full force and in effect notwithstanding any merger or acquisition affecting a party. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the party, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of a merger or acquisition, if the entity other than Customer involved in the merger or acquisition purchases any service from the Telephone Company entity, such service shall not be included in this Contract Offer No. 39 for any purpose. The "Transaction Close Date" shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased. Purchases by the other entity shall not be subject to this Contract Offer No. 39.

(B) If, during the Term Period, any of the Qualified Companies (or any portion of any of them) is no longer under the control of AT&T Inc. (a "Divested Entity"), then as of the closing date(s) of the relevant transaction(s), any Concurrently Subscribed Contract Offer applicable to a Divested Entity shall be administered and enforced, and any rights or obligations of either party to this Contract Offer No. 39 shall apply separately to: (i) the Telephone Company (or any portion of Telephone Company (if any)) remaining under the control of AT&T Inc., and (ii) the Divested Entity or Entities, after taking into account such relevant transaction(s).

Notwithstanding the foregoing paragraph, nothing in this Section 23.39.7(B) shall prevent the lawful modification or termination of this Contract Offer No. 39 as applicable to the Telephone Company, any portion of Telephone Company (if any) remaining under the control of AT&T Inc., or any Divested Entity or Entities, in accordance with this Contract Offer No. 39 and applicable law and regulation.

(N)

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23. Pricing Flexibility Contract Offerings (Cont'd)23.39 Contract Offer No. 39 - Access Service Offer (Cont'd)23.39.8 Effect of Contract Offer No. 39 on Any Grandfathering or Sunsetting of Subject Services

Nothing in this Contract Offer No. 39 shall prevent the Qualified Companies from terminating the provision of Subject Services or detariffing Subject Services, in part, or in their entirely, prior to the end of the Term Period, to the extent permitted by applicable law. To the extent that such termination occurs, however, Customer may terminate this Contract Offer No. 39 without any termination liability charge.

(N)

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