

## **TARIFF DISTRIBUTION**

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Issuing Officer: Patrick Doherty, Director - Access Regulatory

ACCESS SERVICE  
CHECK SHEET

The Title Page and Pages 1 to 29-48 inclusive of this tariff are effective as of the date shown. Original and revised pages as named below and Supplement Nos. 1 and 2 contain all changes from the original tariff that are in effect on the date hereof.

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BELLSOUTH TELECOMMUNICATIONS  
Four AT&T Plaza, Dallas, Texas 75202

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## ACCESS SERVICE

### 25. Pricing Flexibility Contract Offerings

(N)

#### 25.89 Contract Offer No. 86 – Access Service Offer

##### 25.89.1 General Description

This Special Access Service Offer (Contract Offer No. 86) is a Spend Plan with BellSouth Telecommunications LLC ("BellSouth" or the "Telephone Company").

Subject to the Terms and Conditions set forth elsewhere in this Contract Offer No. 86, Contract Offer No. 86 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. 86.

Contract Offer No. 86 will be available for subscription only from November 26, 2015 through December 26, 2015. This offer is not renewable.

##### 25.89.2 Subject and Non-Subject Services

"Spend-Eligible Services" under this Contract Offer No. 86 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 BellSouth Tariff F.C.C. No. 1, Section 15 (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 25.89.4(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

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd) (N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.2 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, DSO, 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. 86. 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. 86.

(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. 86. (N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.3 Definitions

As used in this Contract Offer No. 86,

- (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, 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).
- Standalone multiplexers are expressly excluded from this definition.
- (C) "Commingling" as defined in BellSouth 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 de-tariffed services are available at the Interstate Access link at [www.att.com/guidebook](http://www.att.com/guidebook)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.3 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; 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> LightGate OCN Point-to-Point, SMARTRing, BellSouth Metro Ethernet Service, WaveLength Channel Service, AT&T Switched Ethernet Service and other interstate broadband 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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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.4 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer No. 86:

(A) Contract Offer No. 86 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 BellSouth Tariff F.C.C. No. 1, Section 23 and those additional MSAs listed below. During the Term Period of this Contract Offer No. 86, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 23 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. 86.

Phase I – All Rate Elements (Including Channel Terminations):

Birmingham, AL	Huntsville, AL	Mobile, AL	Panama City, FL
Augusta, GA	Columbus, GA	Lexington-Fayette, KY	Alexandria, LA
New Orleans, LA	Asheville, NC	Charlotte-Gastonia, NC	Greenville-Spartanburg, SC
Clarksville-Hopkinsville, TN			

Phase I – Rate Elements other than Channel Terminations

Macon-Warner Robins, GA	Non-MSA, KY	Non-MSA, MS	Pascagoula, MS
Non-MSA, NC			

(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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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.4 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. 86.
- (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.
- (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.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.4 Eligibility Criteria (Cont'd)

(H) The number of special access services channel termination components and local channel components purchased by the Customer and its Qualifying Affiliates from the Telephone Company and its ILEC Affiliates must have increased from the period from November 2014 through April 2015, inclusive (Period 1), to the period from May 2015, through October 2015 (Period 2), inclusive. The foregoing will be determined by aggregating the number of in-service components at the end of each calendar month for Period 1 and comparing that number to the aggregate number of in-service components at the end of each calendar month for Period 2.

25.89.5 Terms and Conditions

The following Terms and Conditions apply to this Contract Offer No. 86:

(A) Subscription.

To subscribe to Contract Offer No. 86, 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. 86.

(B) Term Period

The term of this Contract Offer No. 86 ("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 25.89.5(B).

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. 86 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.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.5 Terms and Conditions (Cont'd)

(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.

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.

<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 the Interstate Access link at [www.att.com/guidebook](http://www.att.com/guidebook)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.5 Terms and Conditions (Cont'd)

(C) (Cont'd)

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. 86 (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 25.89.6(E) attributable to such Quarter that were or are issued to Customer under this Contract Offer No. 86.

(D) Credits earned under this Contract Offer No. 86 shall be applied as described in Section 25.89.6, below.

(E) Except as provided in Section 25.89.5(F), credits earned under this Contract Offer No. 86 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. 86 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. 86 and expressly permits the Customer to purchase such services subject to this Contract Offer No. 86 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. 86 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. 86.

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.5 Terms and Conditions (Cont'd)

- (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 an ACP or Covered TPP, as defined in Section 25.89.6(E), below. Failure to do so would be a material breach of this Contract Offer No. 86, which would allow the Telephone Company to terminate this Contract Offer No. 86; if, however, Customer inadvertently fails to do so, Customer shall be permitted to cure such failure.
- (I) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of BellSouth 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. 86.
- (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)

ISSUED: NOVEMBER 25, 2015

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ACCESS SERVICE

25. Pricing Flexibility Contract Offerings (Cont'd) (N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.6 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. 86), 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. 86, but only with respect to those charges incurred after Customer ceases to be responsible for such ACNAs; and
- (12) charges invoiced outside of Carrier Access Billing System (CABS). (N)

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ACCESS SERVICE

25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.6 Credits and Waivers (Cont'd)

(A) Spend Credits (Cont'd)

For each Term Month, subject to Section 25.89.5, 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. 86 ("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. 86, 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

To be eligible to earn any of the credits under Section 25.89.6(C) or DS1 Plan Credits under Section 25.89.6(D) with respect to any Term Month during the Term Period, Customer and its Qualifying Affiliates must subscribe to the Area Commitment Plan ("ACP"), except to the extent that the Telephone Company eliminates the ACP or and the Customer is not allowed to re-subscribe. The Customer's commitment level (as that term is used in connection with the ACP) will be set at the level of Customer's purchase of each ACP rate element (Local Channel, Multiplexer and Channel Mileage) as of the date the Customer subscribes to this Contract Offer; provided however, that if the Customer is subscribing to the ACP 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 ACP is described in Section 2.4.8 and 7.4.15 of BellSouth FCC Tariff No. 1.

(N)

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ACCESS SERVICE

25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.6 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 25.89.6(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 25.89.6(C) 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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ACCESS SERVICE

25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.6 Credits and Waivers (Cont'd)

(D) DS1 Plan Credit

The Telephone Company will provide credits in an amount equal to any shortfall charges that apply as a result of Customer failing to meet its 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). Any such credits shall be applied to invoices for Subject Services.

(E) Rate Change Adjustments

(1) DS1

The Telephone Company will provide adjustments as described in this Section only with respect to the rates applicable to the Plan A or Plan B Area Commitment Plan ("ACP"), for purposes of determining ACP credits but not for purposes of determining the ACP Shortfall Charges.

(2) DS3.

The Telephone Company will provide adjustments, as described in this 25.89.6(E), only with respect to any any interstate DS3 special access 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:

- (a) subscribed to a 60-month term or greater payment plan, or
- (b) only if the Telephone Company does not offer a 60-month or greater term payment plan (TPP), subscribed to the term payment plan with the greatest duration offered by the Telephone Company.

((a) and (b) are referred to as, collectively, the "Covered TPPs," and individually, a "Covered TPP").

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.6 Credits and Waivers (Cont'd)

(E) (Con't)

(2) DS3. (Cont'd)

During the Term Period, the Telephone Company shall invoice Customer and its Qualifying Affiliates adjustments in the event 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 or greater 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, 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 or greater payment plan as applicable on the Subscription Date, such increases or decreases will be offset by credits or debits issued against Subject Services.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.6 Credits and Waivers (Cont'd)

(E) (Con't)

(1) If the 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 of the Covered Rate Elements 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 or decrease, 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 25.89.6(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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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.6 Credits and Waivers (Cont'd)

(E) (Con't)

(4) Notwithstanding any other provision in this Contract Offer No. 86,

(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. 86, 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 25.89.6(E)(4)(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.

(5) This Section 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.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.6 Credits and Waivers (Cont'd)

(F) Customer shall be issued a one-time credit in the amount of \$792,140.00 which will be issued within two (2) months of the Subscription Date.

25.89.7 Assignment/Transfer/Successors

(A) Neither party shall assign or otherwise transfer this Contract Offer No. 86, 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. 86 to any Qualifying Affiliate, so long as such Qualifying Affiliate otherwise qualifies under this Contract Offer No. 86.

Any assignment or other transfer shall be subject to the other party's rights under this Contract Offer No. 86, any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer No. 86, and any assignment or transfer by the Customer shall be subject to the provisions of Section 25.89.7(B), below. Any assignment or other transfer of this Contract Offer No. 86, 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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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.7 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 25.89.4, 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 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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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.8 Mergers/Acquisitions and Sales/Divestitures

(A) Except as provided in Section 25.89.8(B), all provisions of this Contract Offer No. 86 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. 86 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 25.89.5(C), or be eligible for any credits under this Contract Offer No. 86.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.8 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. 86 shall be administered and enforced, and any rights or obligations of either party to this Contract Offer No. 86 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 25.89.5(C)) required to qualify for credits under this Contract Offer No. 86 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 25.89.5(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. 86), 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 25.89.5(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. 86, 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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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.9 Effect of Contract Offer No. 86 on Any Grandfathering or Sunsetting of Subject Services or Non-Subject Services

Nothing in this Contract Offer No. 86 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.

25.89.10 Termination

(A) Termination Liability Charge

If, prior to the completion of the Term Period, the Customer terminates this Contract Offer No. 86 for any reason other than material breach by the Telephone Company, or if the Telephone Company terminates this Contract Offer No. 86 as a result of a material breach by the Customer or any of its Qualifying Affiliates, then this Contract Offer No. 86 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. 86 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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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.89 Contract Offer No. 86 – Access Service Offer(Cont'd)

25.89.10 Termination (Cont'd)

- (B) If any portion of this Contract Offer No. 86 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. 86 upon (10) days' written notice to the other.
- (C) The Telephone Company may terminate this Contract Offer No. 86, upon not less than fifteen (15) business days written notice, if Customer is obligated under Section 25.89.5(C) to repay the credits and waivers under this Contract Offer No. 86 for two (2) consecutive Quarters. In the event of a termination under this Section 25.89.10(C), 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 25.89.8(B) applies, (i) the termination of this Contract Offer No. 86 solely applicable to any portion of the Telephone Company remaining under the control of AT&T Inc. will not terminate this Contract Offer No. 86 as it applies to any Divested Entity or Entities, and (ii) the termination of this Contract Offer No. 86 solely applicable to any Divested Entity or Entities will not terminate this Contract Offer No. 86 as it applies to any portion of the Telephone Company remaining under the control of AT&T Inc.

(N)