

## ACCESS SERVICE

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22. Managed Value Plan (MVP)22.1 General Description

Managed Value Plan (MVP) is a qualified access discount plan that provides customers with billing discounts for a commitment to maintain a predetermined annual recurring billing amount for five years. MVP is available to any customer with at least ten (10) million dollars in annual billing for the qualified access services listed in 22.2, following. Additional MVP discounts are also available if the Telephone Company fails to meet MVP Service Level Assurance levels stated in 22.3(G), following.

When MVP is ordered, the customer must provide all of the Access Customer Name Abbreviations (ACNA) and Other Company Name (OCN) codes included under the MVP Agreement.

22.2 Services Available Under MVP

MVP billing discounts apply to the recurring revenues for the qualified access services contained in the tariff sections listed below:

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(N)

| Service                                              | General/Basic Description | Rates and Charges | Price Flex Rates and Charges |
|------------------------------------------------------|---------------------------|-------------------|------------------------------|
| Entrance Facilities                                  | 6.7.1(D)(1)               | 6.8.2(A)          | 31.5.1(A)                    |
| Direct Trunked-Transport                             | 6.7.1(D)(2)               | 6.8.2(B)          | 31.5.1(B)                    |
| Voice Grade Service                                  | 7.2.3                     | 7.5.3             | 31.5.2.3                     |
| Generic Digital Transport Service                    | 7.2.8                     | 7.5.8             | 31.5.2.6                     |
| High Capacity Service                                | 7.2.9                     | 7.5.9             | 31.5.2.7                     |
| Digital Data Over Voice Service                      | 7.2.10                    | 7.5.10            | 31.5.2.8                     |
| SONET Ring and Access Service (SRAS)                 | 7.2.11                    | 7.5.9             | 31.5.2.7                     |
| Fiber Advantage Service                              | 7.2.9                     | 7.5.9             | 31.5.2.7                     |
| Broadband Circuit Service (BCS)*                     | 20.1                      | 20.3              | 31.5.2.11                    |
| OC-192 Dedicated SONET Ring Service                  | 30.1                      | 30.4              | 31.5.2.12                    |
| Optical Carrier Network (OCN) Point-to-Point Service | 32.1                      | 32.3              | 31.5.2.13                    |

(N)

\*This option is obsolete and limited to existing customers at existing locations, as of January 11, 2002.

(C)  
(C)

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22. Managed Value Plan (MVP)22.2 Service Available Under MVP (Cont'd)

With the exception of the provisions contained in 22.3(E)(5), following, all terms and conditions for the qualified services listed above are governed by its respective tariff sections. MVP discounts are in addition to, and do not alter, any of the existing service discount plans available in its respective tariffs.

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When additional qualified access services are added to the Services Available Under MVP in Section 22.2, all recurring revenues associated with the new qualified access services will automatically be added to the customer's Monthly Access Revenue, as defined in Section 22.3(D), following. The Monthly Access Revenue is used in the calculation of the Access Service Ratio, as described in 22.3 (D), following, and is also used as the customer's Monthly MARC achievement, as described in Examples 1 and 2 in Section 22.3(E)(3), following. The customer's Annual MARC will not automatically be increased when new qualified access services are added to Section 22.2. However, customers will have the ability to increase their Annual Marc by using the Re-establishing the MARC Policy as outlined in 22.3(C)(2), following.

(N)

(N)

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22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions(A) MVP Term Period

The term for a MVP Agreement is five (5) years and will commence on the billing date immediately following receipt of a properly signed MVP Agreement form. The initial billing period establishes the start of the five (5) year period where MVP discounts are in effect with the Telephone Company. MVP discount credits will accrue beginning with the first full month after the effective date of the MVP Agreement. The discount credits will be applied to the customer's Access Service bill on a monthly basis, subject to the conditions of this tariff, beginning within sixty (60) days following the effective date of the agreement. (x)

(B) Customer Obligations

To participate under MVP, a customer must agree to:

- (1) Establish an initial Minimum Annual Revenue Commitment (MARC). The MARC may be re-established as described in 22.3(C)(2), following; and
- (2) Maintain recurring qualified access billed revenue equal to or greater than the MARC during the MVP Agreement period; and
- (3) Maintain an Access Service Ratio, for the customer and its affiliates, equal to or greater than 95% measured on each anniversary of the MVP agreement date. The Access Service Ratio is defined in 22.3(D) following; and (x)
- (4) Remit bill payment as described in Section 2.4.1, preceding, and establish electronic bill payment<sup>(1)</sup> within six (6) months of a properly signed MVP Agreement form; (x)
- (5) Utilize industry agreed upon standards for mechanized ordering of qualified access services as contained in: (x)

Ordering and Billing Forum  
ATIS/OBF-ASR-041  
Access Service Request, Mechanized Interface  
Specification; and

- (1) Customers participating under MVP prior to December 30, 2000 who have not previously established electronic bill payment are waived from this requirement.

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22. Managed Value Plan (MVP) (Cont'd)

(N)

22.3 MVP Terms and Conditions (Cont'd)(B) Customer Obligations (Cont'd)

- (6) Utilize industry agreed upon standards for maintenance and trouble reporting as contained in:

ANSI T1.227 - American National Standard for Telecommunications-Operations, Administration, Maintenance, and Provisioning (OAM&P)-Extension to Generic Network Information Model for Interfaces between Operations Systems across Jurisdictional Boundaries to Support Fault Management.

ANSI T1.228 - American National Standard for Telecommunications-Operations, Administration, Maintenance, and Provisioning (OAM&P)-Services For Interfaces between Operations Systems across Jurisdictional Boundaries to Support Fault Management (Trouble Administration).

(C) Minimum Annual Revenue Commitment (MARC)

MVP billing discounts are applied to a customer's qualified monthly committed MARC, in the manner described in Section 22.3(E)(2). To receive the discount on a monthly basis, the customer must meet or exceed the predetermined MARC prorated on a monthly basis, maintain an Access Service Ratio greater than or equal to 95%, and continue to fulfill the other requirements contained in 22.3(B), preceding. MVP billing discounts will be applied in the form of a monthly credit on the customer's access bill.

(N)

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22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(C) Minimum Annual Revenue Commitment (MARC) (Cont'd)(1) Determining the MARC

The customer's initial Minimum Annual Revenue Commitment (MARC) is calculated based on the total of the previous three (3) months recurring billing for qualified access services, multiplied by four (4).

The MARC is calculated as follows:

$$\begin{array}{l} \text{(Recurring Billing}^{(1)}\text{Amount} \\ \text{for Previous Three (3) Months)} \end{array} \quad \times \quad 4 \quad = \quad \text{MARC}^{(2)}$$

(2) Re-establishing the MARC

The MARC may be increased semi-annually, effective with the contract anniversary date. The MARC may be increased but never decreased. The minimum increase of the MARC is 5%. The revised MARC represents the customer's MVP revenue commitment for the remainder of the MVP five (5) year agreement upon which discounts will be calculated.

The following illustrates sample MARC re-establishment dates:

A customer MVP Agreement effective date and associated initial MARC are established on October 1, 2000. The customer cannot re-establish the MARC until October 1, 2001. If the customer does not re-establish the MARC on October 1, 2001, the next time the customer can re-establish the MARC is April 1, 2002. The following dates are the only other days upon which the MARC may be re-established:

|                 |                 |
|-----------------|-----------------|
| October 1, 2002 | April 1, 2004   |
| April 1, 2003   | October 1, 2004 |
| October 1, 2003 | April 1, 2005   |

The effective date of the revised MARC is the corresponding MARC re-establishment date.

(D)  
(N)

(N)

- (1) Based upon actual recurring billing, for qualified access services listed in Section 22.2, preceding.
- (2) Must equal \$10 million or greater in annual qualified access services billing for services as stated in Section 22.2, preceding.

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(D) Access Service Ratio

As referenced in Section 22.3(B)(3), preceding, the customer and its affiliates must maintain an Access Service Ratio of 95% or greater. The ratio, calculated monthly, is the total qualified access service billed revenue minus the adjusted revenue for the associated rate elements not included in the interstate tariff divided by the total qualified access service billed revenue. To remain in compliance with the MVP agreement, the ratio must be greater than or equal to 95% on the anniversary date of the MVP agreement.

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(T)

The 95% ratio is calculated as follows:

$$\frac{\text{Monthly Access Revenue} - (\text{Monthly Wholesale Revenue} - \text{Fixed Wholesale Revenue})}{\text{Monthly Access Revenue}}$$

Where:

- Monthly Access Revenue is the customer's and its affiliates' current monthly recurring billed revenue, for qualified access services as defined in 22.2, preceding.
- Monthly Wholesale Revenue is the customer's and its affiliates' current monthly recurring billed revenue for associated rate elements not included in the interstate tariff services as defined in 22.3(D), following.
- Fixed Wholesale Revenue is the customer's and its affiliates' monthly recurring billed revenue for associated rate elements not included in the interstate tariff as defined in 22.3(D), following, for the month of August 2000.

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22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(D) Access Service Ratio (Cont'd)

The customer's and its affiliates' Access Service Ratio must equal or exceed 95% for each month in order for the customer to receive the commitment discount that month. Months where the customer does not receive the commitment discount are subject to true-up as explained in 22.3(H).

The associated rate elements are listed in the table below.

| Service Level            | Associated Rate Elements Not Included in Interstate Tariff                                                                                                                                                                                                                                                                                                                                               |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DS1                      | 4-wire digital loop<br>DS1 Entrance Facilities<br>DS1 Interoffice Transport<br>DS1 Cross Connects<br>DS1 Multiplexing<br>All DS1 non-tariffed Committed Information Rate Broadband Services                                                                                                                                                                                                              |
| DS3                      | DS3 Loop<br>DS3 Entrance Facilities<br>DS3 Interoffice Transport<br>DS3 Cross Connects<br>DS1/DS3 Multiplexing<br>All DS3 non-tariffed Committed Information Rate Broadband Services                                                                                                                                                                                                                     |
| OC-3<br>OC-12<br>OC-48   | OC-3 Entrance Facilities<br>OC-3 Interoffice Transport<br>OC-3 Cross Connects<br>OC-3 Multiplexing<br>OC-12 Entrance Facilities<br>OC-12 Interoffice Transport<br>OC-12 Cross Connects<br>OC-12 Multiplexing<br>OC-48 Entrance Facilities<br>OC-48 Interoffice Transport<br>OC-48 Cross Connects<br>OC-48 Multiplexing<br>All OC-N equivalent non-tariffed Committed Information Rate Broadband Services |
| Other Transport Products | Dark Fiber - Interoffice<br>Dark Fiber - Loop<br>Dark Fiber - Subloop<br>Dark Fiber Cross Connects                                                                                                                                                                                                                                                                                                       |

As new associated rate elements are introduced and added to the table in Section 22.2(D) all recurring revenues associated with the new associated rate elements will automatically be added to the customer's Monthly Wholesale Revenue, as defined in Section 22.3(D) preceding for calculation of the Access Service Ratio.

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(E) MVP Billing Discounts(1) General

MVP discounts are applied to the customer's and its affiliates' qualified monthly MARC commitment. There are two types of MVP billing discounts available:

- MVP Commitment Discounts
- MVP Service Level Agreement (SLA) Discounts

In addition to the MVP billing discounts, Nonrecurring Installation Charges will be waived as described in 22.3(E)(5), following.

(2) Application

MVP Commitment Discounts will begin the first full month following the effective date of the MVP Agreement and are applied as a credit toward the customer's access service bill on a full month's basis. MVP Commitment Discounts will be issued on a monthly basis sixty (60) days in arrears. Monthly billing credits will be issued for every month the customer maintains MVP eligibility as stated in 22.3(B), preceding. All discounts will be subject to true-up as provided in 22.3(H), following.

MVP-SLA discounts will be applied to the total qualified annual MARC within 60 days following the MVP anniversary date, provided the customer has achieved its obligations contained in 22.3(B), preceding.

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(E) MVP Billing Discounts (Cont'd)(3) MVP Commitment Discounts

The MVP Commitment Discount follows:

|                         | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 |
|-------------------------|------|------|------|------|------|
| MVP Commitment Discount | 9%   | 11%  | 12%  | 13%  | 14%  |

The MVP commitment discount is applied monthly, for those months where the criteria is met. If the customer does not receive the monthly commitment discount, it may still receive the discount, if it is in compliance with Section 22.3 by the contract anniversary date, through the true-up process described in 22.3(H). (x)

Example 1:

A customer is in Year 1 of its MVP agreement. Its MARC is established at \$12 million, per the guidelines in 22.3(C)(1), preceding. The customer achieves a qualified monthly billing of \$1.07 million and has an Access Ratio of 97.53%.

The customer's MVP Commitment Discount is equal to \$90,000, calculated as follows:

Annual MARC = \$12M  
 Monthly MARC = \$12M / 12 months = \$1M  
 Monthly MARC achievement = \$1.07M  
 MVP Commitment Discount = 9%  
 MVP Monthly Credit = \$1.0M \* .09 = \$90,000

Example 2:

A customer is in Year 3 of its MVP agreement. Its MARC is established at \$12 million, per the guidelines in 22.3(C)(1), preceding. The customer achieves a qualified monthly billing amount of \$1.18 million and has an Access Ratio of 96.8%.

The customer's MVP Commitment Discount is equal to \$120,000, calculated as follows:

Annual MARC = \$12M  
 Monthly MARC = \$12M / 12 months = \$1M  
 Monthly MARC achievement = \$1.18M  
 MVP Commitment Discount = 12%  
 MVP Monthly Credit = \$1.0M \* .12 = \$120,000

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(E) MVP Billing Discounts (Cont'd)(3) MVP Commitment Discount (Cont'd)Example 3:

A customer is in Year 4 of its MVP agreement. Its MARC was re-established at \$15 million, per the guidelines in 22.3(C)(1), preceding. The customer achieves a qualified monthly billing amount of \$1.3 million and has an Access Ratio of 95%. The customer's MVP Commitment Discount is equal to \$162,500, calculated as follows:

Annual MARC = \$15M

Monthly MARC = \$15M / 12 months = \$1.25M

Monthly MARC achievement = \$1.3M

MVP Commitment Discount = 13%

MVP Monthly Credit = \$1.25M \* .13 = \$162,500

(T)

Example 4:

A customer is in year 3 of its MVP agreement. Its MARC is established at \$12 million, per the guidelines in 22.3(C)(1), preceding. The customer achieves a qualified monthly billing amount of \$1.18 million and has an Access Service Ratio of 94.3%.

The customer receives no discount for only the month the Access Service Ratio is below 95%. The missed discount is subject to the annual true-up process explained in 22.3(H), following.

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(E) MVP Billing Discounts (Cont'd)(4) MVP Service Level Assurance (MVP-SLA) Discounts

MVP customers will be eligible for additional credits if certain quality of service parameters are not met by the Telephone Company during the term of the MVP Agreement. Two separate MVP-SLA discounts may apply.

MVP-SLA Level 1 - A discount credit of 1% of the customer's annual MARC may be applied in the event the Telephone Company does not achieve its pre-determined targets for quality of service throughout the term of the MVP Agreement as described in Section 22.3(G)(2)(a), following.

MVP-SLA Level 2 - An additional discount credit of 1% of the customer's annual MARC may be applied if the Telephone Company fails to perform at the standards as described in Section 22.3(G)(3)(a), following.

(5) Nonrecurring Installation Charge Waivers

For all Access Service Requests (ASR) that have an Application Date (APP Date) on or after the effective date of the MVP agreement, all nonrecurring initial installation charges associated with Term Pricing Plans of three(3) years or longer, with the exception of expedited and special construction charges(as set forth in Sections 5.2.2 and 5.1.3 preceding), for the qualified access services described in 22.2, preceding, will be waived for the duration of a customer's MVP Agreement, as long as the circuit remains in service for at least three years or as long as the terms and conditions of the underlying term plans are met. The nonrecurring initial installation charges do not include subsequent changes and/or moves. Nonrecurring charges for optional features and functions associated with the initial installation of a circuit will be waived. Nonrecurring charges for the subsequent addition of optional features and functions (after the initial installation) will not be waived. If the underlying service is terminated before its term agreement expires, the customer will be billed the nonrecurring charges associated with the underlying tariff when the circuit is disconnected or the service is terminated. In the event that MVP is terminated before the terms and conditions of the underlying term plan are met, the nonrecurring charges previously waived under MVP will be billed to the customer. The Nonrecurring Channel Termination Charges associated with the failure to meet the DS1 Term Payment Plan Portability Agreement commitment and for exceeding the DS1 Term Payment Plan Portability Agreement commitment, as described in section 7.4.18(E)(3) previously, will not be waived under this Nonrecurring Installation Charge Waiver.

(N)

(N)

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(F) Renewals

Prior to expiration of an MVP Agreement, an MVP customer may renew its agreement for an additional five (5) year term without incurring a termination liability, as contained in 22.3(J), following. All renewals must occur no later than three (3) months before the expiration date of the original MVP agreement. The MVP Commitment Discount for the MVP Agreement Renewal will be 14% for the five (5) years of the renewal agreement. The MARC for the new MVP Agreement Renewal will be the existing Annual MARC of the final year of the previous MVP Agreement. Only one renewal is permitted per MVP Agreement. Upon expiration of an MVP Agreement or an MVP renewal, and if an MVP tariff remains in effect and is not grandfathered, a new MVP Agreement may be established with a new MARC developed per the provisions contained in 22.3(C)(1), preceding.

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(M)

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22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(G) MVP Service Level Assurance (MVP-SLA) Parameters(1) General

MVP customers may be eligible for additional credits based upon the quality of service delivered during the term of the MVP Agreement. MVP-SLA credits will be applied in the event that the Telephone Company's MVP-SLA service performance level objectives are not met.

MVP-SLA parameters are established for a twelve month interval commencing with the MVP Agreement date.

The service performance level parameters for each of these three (3) services shall address:

- (a) On-Time Provisioning (OTP) - Calculated by dividing the number of customer requests for new service and rearrangements of existing service that were missed or Telephone Company reasons by the total number of new service requests and rearrangements of existing service completed during the reporting period. The date used to determine whether or not the service request was missed is the Service Conformation Date provided on the Firm Order Confirmation (FOC).

(x)  
(x)  
(x)  
(x)

- (b) Failure Frequency (FF) - Represented as an annualized percent of the MVP customer's total access circuit failures. Calculated by dividing the total number of Telephone Company circuit failures during the reporting period by the cumulative number of embedded circuits for the same period and multiplying the result by 12. Only "found trouble" reporting codes are considered to be failures. "Found trouble" reporting codes are report codes CC, CO, FAC, STN and SVB.

(x)

- (b) Time to Restore (TTR)- Measure of outage duration calculated by dividing the total number of measured troubles that are less than or equal to 3 hours in the reporting period by total number of troubles in the same reporting period. All measured troubles codes are included in this calculation. These are CC, CO, FAC, NTF, STN, SVB and TOK.

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22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)(2) MVP-SLA Level 1(a) Description

In the event that the Telephone Company fails to perform at or above the established service thresholds for any given MVP Agreement year, the MVP customer will be entitled to a 1% Level 1 Service Quality Assurance credit. (T)

MVP-SLA Level 1 Discounts are applicable to the following qualified services:

- Voice Grade Service - Section 7.2.3
- Generic Digital Transport Service - Section 7.2.8
- High Capacity Service - Section 7.2.9

A minimum number of circuits per service, a minimum number of new installations per service, and a minimum number of trouble-ticket activities per service will be required in order to qualify that service for possible discounts under the MVP-SLA Level 1 service performance terms.<sup>(1)</sup> These minimum requirements are listed in Table A below: (N)

| MVP-SLA Qualified Service         | Minimum In-Service Requirement | Minimum Installations Per Quarter | Minimum Trouble Tickets Per Quarter |
|-----------------------------------|--------------------------------|-----------------------------------|-------------------------------------|
| Voice Grade Service               | 50                             | 20                                | 20                                  |
| Generic Digital Transport Service | 50                             | 20                                | 20                                  |
| High Capacity Service             | 50                             | 20                                | 20                                  |

Table A

(N)

(1) Customers participating in MVP prior to June 8, 2002 are not required to meet the Minimum In-Service Requirement, the Minimum Installation Requirement, or the Minimum Trouble Ticket Requirement.

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22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)(2) MVP-SLA Level 1 (Cont'd)(a) Description (Cont'd)

At the end of a quarter, the customer's circuits in service, circuit installations, and circuit trouble tickets will be calculated for the quarter. If an MVP customer does not meet the minimum requirements to qualify for a particular service under the MVP-SLA service performance terms, the calculation of the total points earned will be as shown in 22.3(G)(2)(b).<sup>(1)</sup>

A service performance target has been established for each of the nine MVP Level 1 Service Assurance performance measures for each year of the MVP term, specified in Table 1.0.

|     | TTR<3 Hours |       |       | FF     |       |       | OTP    |       |       |
|-----|-------------|-------|-------|--------|-------|-------|--------|-------|-------|
|     | DS1         | DDS   | VG    | DS1    | DDS   | VG    | DS1    | DDS   | VG    |
| YR1 | 78.50%      | 71.0% | 62.5% | 13.50% | 18.0% | 15.0% | 90.00% | 96.5% | 96.5% |
| YR2 | 82.50%      | 76.0% | 65.0% | 12.70% | 16.0% | 14.0% | 95.00% | 96.9% | 96.9% |
| YR3 | 85.00%      | 80.0% | 68.0% | 12.00% | 14.5% | 13.0% | 95.60% | 97.2% | 97.2% |
| YR4 | 87.00%      | 82.0% | 69.0% | 11.30% | 13.5% | 12.5% | 96.20% | 97.5% | 97.5% |
| YR5 | 89.00%      | 83.0% | 70.0% | 10.60% | 13.0% | 12.0% | 96.70% | 97.7% | 97.7% |

Table 1.0

- (1) Customers participating in MVP Prior to June 8, 2002 are not required to meet the Minimum In-Service Requirement, the Minimum Installation Requirement, or the Minimum Trouble Ticket Requirements.

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22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)2) MVP-SLA Level 1 (Cont'd)(a) Description (Cont'd)

Service performance in each of the service categories will be averaged for each MVP customer by quarter and by year throughout the life of the MVP agreement. These service averages will then be used in the following Level 1 Service Assurance calculation to determine whether or not the 1% Level 1 Service Quality Assurance credit is applicable to the MVP subscriber for a given year.

(T)  
(T)(b) Calculation

At the conclusion of each MVP Agreement year, the 12-month averages for each measured service component will be compared to its corresponding target in Table 1.0. For those service components that meet or exceed this target, a point value will be assigned for each quarter and for the end of year. DS1 services will be valued at three points, DDS services at 2 points and VG services at one point. For service performance below the benchmark, no points will be awarded. If, during a quarter, an MVP-SLA qualified service is not eligible due to the failure to meet one of the minimum requirements as identified in 22.3(G)(2)(a), the corresponding point value for that particular qualified service will be assigned for that quarter.<sup>(1)</sup> As illustrated in Table 2.0, the maximum possible annual score (quarterly and annual totals combined) is 144 points.

(N)  
(N)  
(N)  
(N)  
(N)  
(N)

|              | Q1        |    |     |     | Q2        |    |     |     | Q3        |    |     |     | Q4        |    |     |     | TOTAL<br>YEAR | TOTAL<br>POINTS |
|--------------|-----------|----|-----|-----|-----------|----|-----|-----|-----------|----|-----|-----|-----------|----|-----|-----|---------------|-----------------|
|              | TTR       | FF | OTP | TOT | TTR       | FF | OTP | TOT | TTR       | FF | OTP | TOT | TTR       | FF | OTP | TOT |               |                 |
| DS1          | 3         | 3  | 3   | 9   | 3         | 3  | 3   | 9   | 3         | 3  | 3   | 9   | 3         | 3  | 3   | 9   | 36            | 72              |
| DDS          | 2         | 2  | 2   | 6   | 2         | 2  | 2   | 6   | 2         | 2  | 2   | 6   | 2         | 2  | 2   | 6   | 24            | 48              |
| VG           | 1         | 1  | 1   | 3   | 1         | 1  | 1   | 3   | 1         | 1  | 1   | 3   | 1         | 1  | 1   | 3   | 12            | 24              |
| <b>TOTAL</b> | <b>18</b> |    |     |     | <b>18</b> |    |     |     | <b>18</b> |    |     |     | <b>18</b> |    |     |     | <b>72</b>     | <b>144</b>      |

Table 2.0

<sup>(1)</sup> Customers participating in MVP prior to June 8, 2002 are not required to meet the Minimum In-Service Requirement, the Minimum Installation Requirement, or the Minimum Trouble Ticket Requirement.

(N)  
(N)  
(N)

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)2) MVP-SLA Level 1 (Cont'd)(b) Calculation (Cont'd)

Any combined total quarterly and annual score greater than or equal to 104 points will be considered as reflective of a high overall service quality for any given year and no Level 1 Quality Assurance credit will be applicable. Combined scores of less than 104 points will result in the application of the additional 1% Level 1 Service Quality Assurance credit as set forth in Section 22.3 (E) (4), preceding. (T)

The following example illustrates how quarterly and end-of-year results will be used to determine whether or not a Level 1 credit is applicable. (T)

|               |            | HYPOTHETICAL 1ST YEAR MVP SERVICE PERFORMANCE |     |        |     |        |     |        |     |      |         |     |       |
|---------------|------------|-----------------------------------------------|-----|--------|-----|--------|-----|--------|-----|------|---------|-----|-------|
| DMOQ          | MVP TARGET | 1Q                                            | PTS | 2Q     | PTS | 3Q     | PTS | 4Q     | PTS |      | EOY AVG | PTS |       |
| DS1-OTP       | 90.00%     | 99.03%                                        | 3   | 98.08% | 3   | 97.98% | 3   | 97.98% | 3   |      | 98.27%  | 12  |       |
| DS0 DIG-OTP   | 96.50%     | 98.04%                                        | 2   | 97.86% | 2   | 97.99% | 2   | 98.00% | 2   |      | 97.97%  | 8   |       |
| DS0 VG-OTP    | 96.50%     | 99.53%                                        | 1   | 98.25% | 1   | 97.97% | 1   | 98.11% | 1   |      | 98.47%  | 4   |       |
| DS1-FF        | 13.50%     | 15.60%                                        | 0   | 14.20% | 0   | 13.48% | 3   | 12.02% | 3   |      | 13.83%  | 0   |       |
| DS0 DIG-FF    | 18.00%     | 20.44%                                        | 0   | 22.17% | 0   | 21.89% | 0   | 20.21% | 0   |      | 21.18%  | 0   |       |
| DS0 VG-FF     | 15.00%     | 13.18%                                        | 1   | 14.46% | 1   | 18.87% | 0   | 16.34% | 0   |      | 15.71%  | 0   |       |
| DS1-TTR<3     | 78.50%     | 82.12%                                        | 3   | 80.88% | 3   | 82.00% | 3   | 85.04% | 3   |      | 82.51%  | 12  |       |
| DS0 DIG-TTR<3 | 71.00%     | 69.54%                                        | 0   | 71.50% | 2   | 71.04% | 2   | 73.30% | 2   |      | 71.35%  | 8   |       |
| DS0 VG-TTR<3  | 62.50%     | 64.33%                                        | 1   | 63.80% | 1   | 64.42% | 1   | 66.45% | 1   |      | 64.75%  | 4   |       |
| TOTAL POINTS  |            | 11                                            |     | + 13   |     | + 15   |     | + 15   |     | = 54 | +       | 48  | = 102 |

In the above example, the customer would receive a 1% Level 1 Quality Assurance credit. (T)

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(G) MVP Service Level Assurance (MVP-SLA) Parameters (Cont'd)(3) MVP-SLA Level 2(a) Description

The Level 2 Service Quality Assurance offers an additional 1% credit in addition to the 1% Level 1 Service Quality credit, previously described. (T)

MVP-SLA Level 2 Discounts are applicable to the following qualified services:

- High Capacity Service - Section 7.2.9

The minimum requirements identified in Section 22.3(G) (2) (a), preceding, are also required for qualification for potential MVP-SLA Level 2 discounts. <sup>(1)</sup> (N)

Level 2 targets are shown in Table 3.0 following:

|     | TTR<3 | FF    | OTP   |
|-----|-------|-------|-------|
| YR1 | NA    | NA    | NA    |
| YR2 | NA    | NA    | NA    |
| YR3 | 55.3% | 18.6% | 62.1% |
| YR4 | 55.3% | 18.6% | 62.1% |
| YR5 | 55.3% | 18.6% | 62.1% |

Table 3.0

(1) Customers participating in MVP prior to June 8, 2002 are not required to meet the Minimum In-Service Requirement, the Minimum Installation Requirement, or the Minimum Trouble Ticket Requirement. (N)

(This page filed under Transmittal No. 71)

## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(G) MVP Service Level Assurance (MVP-SLA) (Cont'd)(3) MVP-SLA Level 2 (Cont'd)(b) Calculation

Level 2 Service Quality Assurance is applicable (T)  
beginning with results from the third MVP Agreement (T)  
year and only comes into play in the event the  
Telephone Company fails to perform at the previously  
described Level 1 standard (i.e., total combined (T)  
quarterly and end-of-year average results less than  
104 out of 144 possible points for any given year). In  
such an event, the MVP Agreement year-end average  
service measures for DS1 will also be compared to the  
targets set out in Table 3.0. Should any of these  
measures be worse than their corresponding Level 2 (T)  
targets, the additional 1% Level 2 Service Quality (T)  
Assurance credit will be applied for the year preceding.

(H) MVP Annual True-up Amount (MATA)

An annual true-up calculation will be performed after each anniversary of the MVP Agreement. The MVP Annual True-up Amount (MATA) provides an opportunity to receive monthly discounts that were not received because the monthly MARC was not met and/or the Access Service Ratio was not greater than or equal to 95%. The customer receives the MATA only if at the time of the annual true-up process the customer is in compliance with all of the terms of the MVP Agreement as stated in 22.3(B), preceding.

The MATA is calculated as follows:

$$\text{MATA} = \frac{\text{Total Annual MVP Commitment Discount Amount}}{\text{Total of Monthly Discount Credits Received for the Year}}$$

The customer will receive a true-up credit from the Company in the amount of the MATA, if the customer qualifies as stated above.

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(H) MVP Annual True-up Amount (MATA) (Cont'd)Example 1:

A customer is at the end of year 1 of its MVP Agreement. Its MARC is established at \$12 million per the guidelines in 22.3(C)(1), preceding and the customer has an Access Service Ratio of 95.7%, then:

The Total Annual MVP Commitment Discount Amount =

$$\$12 \text{ million} * 9\% = \$1.08 \text{ million.}$$

The customer exceeded the annual MARC of \$12 million, but because it did not meet the monthly MARC in one month of the previous year, the total credits received for year 1 of the MVP Agreement = 11 months \* the monthly credit of \$.09M = \$.99M.

Then the customer will receive a MATA credit equal to

$$\$1.08\text{M} - \$.99\text{M} = \$.09\text{M}$$

Example 2:

A customer is at the end of year 2 of its MVP Agreement. Its MARC is established at \$12 million per the guidelines in 22.3(C)(1), preceding and the customer has an Access Service Ratio of 95.7%, then:

The Total Annual MVP Commitment Discount Amount =

$$\$12 \text{ million} * 11\% = \$1.32 \text{ million.}$$

The customer exceeded the annual MARC of \$12 million, but because it did not meet the monthly MARC in one month of the previous year and did not have an Access Service Ratio of greater than or equal to 95% in another month, the total credits received for year 2 of the MVP Agreement = 10 months \* the monthly credit of \$.11M = \$1.10M.

Then the customer will receive a MATA credit equal to

$$\$1.32\text{M} - \$1.1\text{M} = \$.22\text{M}$$

Any annual true-up credits or adjustments will be applied to the customer's bill within sixty (60) days following the anniversary of the MVP Agreement.

If the customer fails to achieve MARC or has an Access Service Ratio less than 95% on the anniversary date of the MVP Agreement, (T) the customer must choose one of the options contained in 22.3(I), following.

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(I) Failure to Meet Customer Obligations

If the customer fails to achieve the Annual MARC or to maintain (T)  
an Access Service Ratio equal to or greater than 95%, the  
customer must choose from the following options, specific to  
its failure:

(1) Failure to Achieve the MARC

If the customer fails to achieve the Annual MARC for any  
MVP plan year, it must comply with either (a) or (b)  
following:

- (a) The customer pays the difference between the Annual MARC  
and the actual Annual Billing; or
- (b) The customer terminates its MVP Agreement and pays  
Termination Liabilities set forth in 22.3(J), following.

(2) Failure to Meet the Access Service Ratio

If the customer and its affiliates fail to have an Access  
Service Ratio greater than or equal to 95% on the  
anniversary date of the MVP Agreement, the customer must  
immediately indicate in writing to the Telephone Company  
that it will meet or exceed the 95% Access Ratio within two  
months from the anniversary date. Failure to do so will  
cause the MVP Agreement to be terminated and the customer  
and its affiliates will pay the Termination Liability  
Charges set forth in 22.3(J), following.

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(J) Termination of an MVP Agreement

If a customer elects to terminate MVP Agreement prior to its expiration date, written notification must be provided to the Telephone Company indicating the customer's intention to terminate the agreement. This notification must include the date upon which the customer wishes to terminate the agreement.

(1) Termination Liability

Upon termination of the MVP Agreement, the customer will be billed a Termination Liability charge, with the exception of MVP Renewals contained in 22.3(F), preceding, and Termination of MVP Due to Rate Reductions contained in 22.3(J)(2), following, equal to:

(a) 100% of all MVP Discounts received during the six (6) months immediately prior to the date of termination; plus the following schedule:

(1) If terminated in Year 1, 10% of the MARC for the remaining portion of Year 1, plus 10% of the MARCs for the remaining years of the agreement.

(2) If terminated in Year 2, 12.5% of the MARC for the remaining portion of Year 2, plus 12.5% of the MARCs for the remaining years of the agreement.

(3) If terminated in Year 3, 12.5% of the MARC for the remaining portion of Year 3, plus 12.5% of the MARCs the remaining years of the agreement.

(4) If terminated in Year 4, 12.5% of the MARC for the remaining portion of Year 4, plus 12.5% of the MARC for Year 5.

(5) If terminated in Year 5, 10% of the MARC for the remaining portion of Year 5.

(b) The customer will also be billed for nonrecurring charges associated with term agreements of 3 or more years that were waived under the terms of MVP.

(x)

(x)

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(J) Termination of an MVP Agreement (Cont'd)(1) Termination Liability (Cont'd)Example:

A customer requests termination of an MVP Agreement 3.5 years into the agreement. The customer met the MARC four of the preceding six months. This customer's Year 3 MARC is \$10.6M and the Year 3 monthly MARC is \$883,333.33. The termination liability is:

Credits paid the preceding 6 months =  
 $(\$883,333.33 * 13\%)*4 = \$459,333.33$

Plus

Remaining MARC for

Year 3  $\$5.3M * 12.5\% = \$662,500$

Year 4 MARC  $\$10.6M * 12.5\% = \$1,325,000$

Year 5 MARC  $\$10.6M * 12.5\% = \$1,325,000$

The customer will pay a Termination Liability of  
\$3,771,833.33

(2) Termination of MVP Agreement Due to Rate Reductions

If qualified MVP access tariff rates are reduced a cumulative total of 30% from the contract effective date rates, either party may discontinue MVP, upon sixty (60) days written notice without incurring MVP termination liability.

(x)  
(x)

In order to determine if the 30% reduction threshold has been met or exceeded, the rate reduction percentage change for each qualified MVP access rate element is calculated, then the weighted average of those percentages (based on product volumes) is used as the threshold percentage.

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(J) Termination of any MVP Agreement (Cont'd)(2) Termination of MVP Agreement Due to Rate Reductions (Cont'd)

The following examples show the calculation of the reduction threshold:

Example 1:

| <u>Product</u> | <u>Volume</u> | <u>Volume % of Total</u> | <u>Current Price</u> | <u>Initial Price</u> | <u>% Change</u> | <u>Weighted Average</u> |
|----------------|---------------|--------------------------|----------------------|----------------------|-----------------|-------------------------|
| Product 1      | 100           | 17%                      | \$ 100               | \$ 140               | 29%             | 5%                      |
| Product 2      | 200           | 33%                      | \$ 135               | \$ 150               | 10%             | 3%                      |
| Product 3      | 300           | 50%                      | \$ 85                | \$ 155               | 45%             | 23%                     |
| Total          | 600           | 100%                     | \$ 320               | \$ 445               | 28%             | 31%                     |

Example 2:

| <u>Product</u> | <u>Volume</u> | <u>Volume % of Total</u> | <u>Current Price</u> | <u>Initial Price</u> | <u>% Change</u> | <u>Weighted Average</u> |
|----------------|---------------|--------------------------|----------------------|----------------------|-----------------|-------------------------|
| Product 1      | 100           | 17%                      | \$ 100               | \$ 140               | 29%             | 5%                      |
| Product 2      | 200           | 33%                      | \$ 135               | \$ 150               | 10%             | 3%                      |
| Product 3      | 100           | 17%                      | \$ 85                | \$ 155               | 45%             | 8%                      |
| Total          | 400           | 67%                      | \$ 320               | \$ 445               | 28%             | 16%                     |

(N)

(N)

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(K) Failure to Maintain Eligibility

If at any time during the term of the MVP Agreement, the customer fails to maintain any of the MVP eligibility conditions specified in 22.3(B), preceding, the Telephone Company reserves the right to terminate the MVP Agreement upon thirty (30) days written notice. In such cases, the Telephone Company will consider this Failure to Maintain Eligibility as an Early Termination of the MVP Agreement and thus subject to the applicability of the Termination Liability specified in 22.3(J), preceding.

(L) Right of Successor of an MVP Agreement

If a current MVP customer, at any time during the term of an MVP Agreement, assigns or transfers part or all of the qualified access services identified in Section 22.2 to a unaffiliated customer, one of the following will apply:

- (1) If the current MVP customer (assignor or transferor) continues to qualify for MVP with the remaining qualified access services, but cannot meet its existing MARC, a one-time adjustment to the MARC will be made pursuant to either (a), (b), or (c).

- (a) If the new customer (assignee or transferee) is not a current MVP customer and either cannot qualify for MVP with the new qualified access services assigned or transferred or chooses not to subscribe to MVP, the current MVP customer (assignor or transferor) must pay termination liability charges as set forth in Section 22.3(J), preceding, for the amount of the MARC attributable to the qualified access services assigned or transferred. If, however, within sixty (60) days of the assignment or transfer, the new customer (assignee or transferee), who must qualify for MVP,

- (1) includes all of the assigned or transferred services in a new five (5) year term MVP Agreement pursuant to Section 22.3(C), as long as MVP is still available and has not been grandfathered, or

- (2) assumes the remaining months of the current MVP customer's (assignor or transferor) Agreement for the assigned or transferred services as described in Section 22.3.1(A) following,

the Telephone Company will waive termination liability for the current MVP customer (assignor or transferor) on the portion of the existing MARC attributable to the assigned or transferred qualified access services.

- (b) If the new customer (assignee or transferee) is a current MVP customer whose existing MVP Agreement expires after the expiration date of the current MVP customer (assignor or transferor) agreement and the new customer (assignee or transferee) chooses not to include the assigned or transferred qualified access services in its MVP MARC, or chooses not to assume the remaining MVP months of the assigned or transferred services, as described in Section 22.3.1(A) following, the current MVP customer (assignor or transferor) must pay termination liability charges as set forth in Section 22.3(J), preceding, for the amount of the MARC attributable to the qualified access services assigned or transferred. If, however, within sixty (60) days of the assignment or transfer, the new customer (assignee or transferee), who must qualify for MVP,

Material previously appearing on this page now appears on Original Page 22-22.2 and Original Page 22-22.3.

(This page filed under Transmittal No. 190)

## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)

(N

22.3 MVP Terms and Conditions (Cont'd)(L) Right of Successor of an MVP Agreement (Cont'd)

## (1)(Cont'd)

## (b) (Cont'd)

- (1) includes all of the assigned or transferred qualified access services in its current MVP MARC by increasing its current MARC by the amount of services assigned or transferred, or
- (2) assumes the remaining term period of the current MVP customer (assignor or transferor) agreement for the assigned or transferred services as described in Section 22.3.1(A) following,

the Telephone Company will waive termination liability for the current MVP customer (assignor or transferor) on the portion of the existing MARC attributable to the assigned or transferred services.

Examples A: Services included in existing MARC:

New customer current MARC + Amount of  
services assigned or transferred  
= New customers re-established MARC

Current MARC \$10M + Services assigned  
or transferred \$2M = Re-established  
MARC \$12M

Example B: Services retained as separate agreement for  
remaining length of term

Current customer MARC \$20M expires in August,  
2007  
Transferred Services MARC \$10M expires in  
September, 2006

Customer chooses to retain two separate term  
agreements for the duration of both term  
agreements.

If the transferred qualified access services remain under a separate term agreement and do not meet the minimum \$10M threshold, termination liability will apply to the current MVP Customer (assignor or transferor) for the portion of the existing MARC attributable to the amount of qualified access services transferred or assigned.

- (c) If the new customer (assignee or transferee) is a current MVP customer whose existing MVP agreement expires prior to the expiration date of the current customer's MVP (assignor or transferor) term Agreement and the new customer (assignee or transferee) chooses not to assume the remaining MVP term of the assigned or transferred qualified access services as described in Section 22.3.1(A) following, the current MVP customer (assignor or transferor) must pay termination liability charges as set forth in

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(L) Right of Successor of an MVP Agreement

## (1) (Cont'd)

## (c) (Cont'd)

Section 22.3(J), preceding, for the amount of the MARC attributable to the qualified access services assigned or transferred.

If, however, within sixty (60) days of the assignment or transfer, the new customer (assignee or transferee), who must qualify for MVP, assumes the remaining term period of the current MVP customer (assignor or transferor) term agreement for the assigned or transferred qualified access services as described in Section 22.3(L) following, the Telephone Company will waive termination liability for the current MVP customer (assignor or transferor) on the portion of the existing MARC attributable to the assigned or transferred qualified access services.

Example C: Qualified Access Services retained as separate agreement for remaining length of term:

Current MARC \$20M expires in August, 2006  
Transferred Services MARC \$10M expires in  
September, 2007.

Customer retains two separate term agreements  
for the duration of both term agreements.

If the transferred qualified access services do not meet the minimum \$10M threshold, termination liability will apply to the current MVP Customer (assignor or transferor) for the portion of the existing MARC attributable to the amount of services transferred or assigned.

- (2) Pursuant to existing MVP Terms and Conditions, if the current MVP customer (assignor or transferor) cannot qualify for MVP with the remaining qualified access revenues, the customer (assignor or transferor) must pay termination liability charges as set forth in Section 22.3(J), preceding, for the most current MARC that includes the qualified access services assigned or transferred.

If, however, within sixty (60) days of the assignment or transfer, the new customer (assignee or transferee), who must qualify for MVP, includes or assumes the assigned or transferred services as described in the 60 day provision in 22.3(L)(a), (b), or (c) preceding, the Telephone Company will waive termination liability for the current MVP customer (assignor or transferor) on the portion of the existing MARC attributable to the assigned or transferred services.

Material appearing on the page previously appeared on 3rd Revised Page 22-22.

(This page filed under Transmittal No. 190)

## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)22.3 MVP Terms and Conditions (Cont'd)(L) Right of Successor of an MVP Agreement (Cont'd)

## (2)(Cont'd)

Example:

Current customer (assignor or transferor) has MARC of \$20M, Transfers \$12M to new customer (assignee or transferee) in keeping with the 60 day provision in 22.3(L)(a),(b),or (c) preceding. Current customer remaining revenue does not qualify for MVP. Current customer (assignor or transferor) pays termination liability as follows:

(Current MARC \$20M) - (\$12M included or assumed by new customer) = \$8M. Termination liability will apply on \$8M as described in Section 22.3(J).

- (3) In keeping with existing terms and conditions, if the current MVP customer (assignor or transferor) can qualify for MVP and can achieve its existing MARC with the remaining qualified access revenues, no adjustment to the MARC will be made.

If (1),(2), or (3) are not applicable, termination liability charges, as described in Section 22.3(J), will apply.

22.3.1 Assumption of Remaining Term of Agreement for Transferred or Assigned Services(A) General Description(1) Description

When a new customer (assignee or transferee) chooses to assume the remaining term of a transferred MVP customer's MARC under a separate term agreement as described in Section 22.3(L), the new customer must follow the terms and conditions as described in Section 22.3.1.

The MARC will be calculated as follows:

## (a) MARC calculation:

Amount of transferred MARC commitment, divided by twelve (12) months, equals monthly MARC commitment for the remaining term of the term agreement.

Example:

\$12M MARC transfer / 12 months = \$1M monthly  
MARC commitment

Revised material appearing on the page previously appeared on 3rd Revised Page 22-22.

(This page filed under Transmittal No. 190)

## ACCESS SERVICE

(N)

22. Managed Value Plan (MVP) (Cont'd)22.3.1 Assumption of Remaining Term of Agreement for Transferred or Assigned Services (Cont'd)(B) Application of Discounts

Discounts will apply to assigned or transferred qualified access services listed in Section 22.2. MVP Commitment discounts will begin the first full month following the effective date of the assignment or transfer.

Discounts will apply to the monthly MARC based on the year in which the MVP MARC commitment is transferred or assigned as long as the customer meets all the obligations, terms and conditions addressed in 22.3.1(D) and (E) following:

| Year          | Yr 1<br>Transfer | Yr 2<br>Transfer | Yr. 3<br>Transfer | Yr. 4<br>Transfer | Yr. 5<br>Transfer |
|---------------|------------------|------------------|-------------------|-------------------|-------------------|
| %<br>discount | 9%               | 11%              | 12%               | 13%               | 14%               |

Example:

Customer assumes a transferred MVP MARC commitment in Year 3 of an existing term agreement. A discount of 12% will be applied monthly during Term Year 3 as long as all terms and conditions are met. The subsequent years applicable discount schedule will be based on the anniversary dates associated with the original (transferred) MVP Term Agreement through the end of the transferred MVP Term Agreement period.

(C) Term Period

The term period on a transferred MARC as described herein will be the length of time remaining on the transferred MARC commitment.

Example:

Customer assumes MVP MARC at the beginning of MVP Year 3. The assignee or transferee will have MVP Year 3, Year 4 and Year 5 of the term agreement remaining.

(D) Customer Obligations under Transferred MARC Agreement

- (1) New customer (assignee or transferee) must maintain the transferred MARC for the term period of the transferred MVP term agreement.
- (2) New customer (assignee or transferee) must establish unique Billing Account Numbers (BANs) for the transferred qualified access services covered by the transferred MARC commitment completely separate from current BANs for their existing qualified access services.

(N)

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)

(N)

22.3.1 Assumption of Remaining Term of Agreement for Transferred or Assigned Services (Cont'd)(D) Customer Obligations under Transferred MARC Agreement(Cont'd)

- (3) New customer (assignee or transferee) must maintain the Access Service Ratio of 95% as described in Section 22.3(D), for all ACNA's and OCN's associated with the new customer and its affiliates.
- (4) New customer must comply with additional customer obligations as defined in Section 22.3(B)(4), (5), (6).

(E) Terms and Conditions:

- (1) New customer (assignee or transferee) cannot use existing qualified access services in place at the time of the transfer to satisfy the transferred MARC commitment for the duration of the term agreement including any applicable renewal period.
- (2) New customer (assignee or transferee) cannot move existing qualified access services to the unique BANs associated with the transferred qualified access services for the duration of the term agreement including any applicable renewal period.
- (3) New customer (assignee or transferee) may not increase their MARC commitment to include qualified access services existing at time of transfer throughout the duration of the term agreement including any applicable renewal period.
- (4) New customer (assignee or transferee) may continue to order new qualified access services under the unique BANs associated with the transferred qualified access services as long as the new qualified access services are not qualified access services transferred from another of the assignees or transferees SBC accounts with the Telephone Company.
- (5) The Service Level Assurance Discounts as described in Section 22.3(E), will only apply to the qualified access services included in the transferred MARC commitment or any new qualified access services purchased under the unique BANs that contain the assigned or transferred qualified access services.
- (6) New customer (assignee or transferee) may re-establish the MARC, as described in Section 22.3(C), on the re-establishment dates contained in the transferred MVP Term Agreement for the duration of the term as long as the customer does not use existing qualified access services as described in 22.3.1(E)(1), (2), and (3) above.
- (7) This term agreement is renewable under the terms and conditions described in Section 22.3(F). The renewal period begins once the remaining term of the transferred term agreement term expires. The renewal option is only available for the qualified access services billed under the unique BANs associated with the assigned or transferred qualified access services.

(N)

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22. Managed Value Plan (MVP) (Cont'd)22.3.1 Assumption of Remaining Term of Agreement for Transferred or Assigned Services (Cont'd)(F) MVP Annual True-up Amount (MATA)

The MATA terms and conditions as described in Section 22.3(H) will apply to the qualified access services billed under the unique BANS associated with the assigned or transferred qualified access services established per Section 22.3.1(D)(2).

(G) Failure to Meet Customer Obligations

If the customer fails to meet the obligations and terms as set forth above, the terms and conditions as described in Section 23.3.1(A), (B), (C), (D), and (E) above, the terms and conditions described in Section 22.3(I), will apply.

(H) Termination Liability on Transferred MARC Commitment

Termination of the transferred MVP Term Agreement prior to the expiration date will result in applicable termination liabilities as described in Section 22.3(J).

The applicable termination liability will be determined based on the current year of the term agreement at the time of termination and will apply to the transferred or assigned MVP MARC commitment.

Example:

Customer assumes transferred MVP MARC agreement in Year 3. In Year 4 the term agreement is terminated. The Year 4 termination liability as described in Section 22.3(J) will apply.

(N)

(N)

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22. Managed Value Plan (MVP) (Cont'd)22.3.1 Assumption of Remaining Term of Agreement for Transferred or Assigned Services (Cont'd)(E) Terms and Conditions (Cont'd)

- (3) New customer (assignee or transferee) may not increase their MARC commitment to include qualified access services existing at time of transfer throughout the duration of the MVP term agreement including any applicable renewal period.
- (4) New customer (assignee or transferee) may not transfer services billed under the unique BANS associated with the assigned or transferred services to their pre-existing BANS to satisfy their pre-existing MARC commitment throughout the duration of the MVP term agreement including any applicable renewal period.<sup>(1)</sup> (C)
- (5) New customer (assignee or transferee) may continue to order new qualified access services under the unique BANS associated with the transferred qualified access services as long as the new qualified access services are not qualified access services transferred from another of the assignees or transferees SBC accounts with the Telephone Company.
- (6) The Service Level Assurance Discounts as described in Section 22.3(G), will only apply to the qualified access services included in the transferred MARC commitment or any new qualified access services purchased under the unique BANS that contain the assigned or transferred qualified access services.
- (7) New customer (assignee or transferee) may re-establish the MARC, as described in Section 22.3(C), on the re-establishment dates contained in the transferred MVP term agreement for the duration of the term as long as the customer does not use existing qualified access services as described in Section 22.3.1(E)(1),(2), and (3) above.
- (8) The transferred MARC must be retained for the duration of the MVP term agreement as described in Section 22.3(L)(1)(b) and preceding regardless of the expiration date of the new customer's MVP term agreement.
- (9) MVP term agreements for an MVP remaining under this subsection 22.3.1 are only renewable under the terms and conditions described in Section 22.3(F) and only if the transferred MARC exceeds \$10M. The renewal period begins once the MVP term agreement for the MVP remaining term expires. The renewal option is only available for the qualified access services billed under the unique BANS associated with the assigned or transferred qualified access services.
- (10) The new customer (assignee or transferee) must have a current separate qualified MVP term agreement pursuant to Section 22.3(C) in effect at the time of the transfer to qualify for and retain a transferred MARC of less than \$10M under this Section 22.3.1.

- (1) This condition is only applicable to customers who purchase service after May 31, 2005. (N)  
(N)

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)

(N)

22.4 VISTA Incentive Offer(A) General Description

The VISTA Incentive Offer is an MVP volume discount pricing plan for non-MARC revenues that provides a Billing Credit Incentive (BCI) discount in accordance with the terms and conditions set forth below.

(B) VISTA Incentive Offer Terms and Conditions

- (1) The VISTA Incentive Offer applies to non-MARC revenues, which are recurring revenues associated with the qualified access services listed in Section 22.2 that exceed the customer's monthly MARC commitment.
- (2) The VISTA Incentive Offer term period is April 5, 2003 through November 30, 2003.
- (3) Monthly non-MARC revenues generated during the VISTA Incentive Offer term period will be totaled and used to determine whether the MVP customer qualifies for a BCI discount.
- (4) A BCI discount applies when an MVP customer's total non-MARC revenues generated during the VISTA Incentive Offer term period meet the Non-MARC Revenue Volume requirements set forth in 22.4(C).
- (5) The BCI discount will be applied as a one-time credit to the December 2003 customer bill.
- (6) If a customer terminates its MVP plan prior to its term expiration and this occurs during the VISTA Incentive Offer term period, the VISTA Incentive Offer does not apply.
- (7) The VISTA Incentive Offer expires on November 30, 2003.

(C) Volume Tiers and BCI Discounts

| Volume Tiers | Total Non-MARC Revenue Volumes | BCI Discount |
|--------------|--------------------------------|--------------|
| Level 1      | \$12M                          | \$300K       |
| Level 2      | \$14M                          | \$900K       |
| Level 3      | \$16M                          | \$1.6M       |
| Level 4      | \$18M                          | \$2.3M       |
| Level 5      | \$20M                          | \$3.0M       |
| Level 6      | \$22M                          | \$3.7M       |

Example 1 - An MVP customer generates \$14M in total monthly non-MARC revenues during the VISTA Incentive Offer term period (April 5, 2003 - November 30, 2003). The customer will receive a BCI discount of \$900K as a credit to the December 2003 bill.

Example 2 - An MVP customer generates \$16M in total monthly non-MARC revenues during the months of April 2003 through September 2003. However, the customer elects to terminate the MVP plan on October 1, 2003, which is prior to the expiration of the MVP term period. The VISTA Incentive Offer does not apply to the customer's non-MARC revenues and a BCI discount will not be provided.

(N)

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22. Managed Value Plan (MVP) (Cont'd)

(N)

22.5 SUNRISE Incentive Offer(A) General Description

The SUNRISE Incentive Offer is an MVP volume discount pricing plan for non-MARC revenues that provides a Billing Credit Incentive (BCI) discount in accordance with the terms and conditions set forth below.

(B) SUNRISE Incentive Offer Terms and Conditions

- (1) The SUNRISE Incentive Offer applies to non-MARC revenues, which are recurring revenues associated with the qualified access services listed in Section 22.2 that exceed the customer's monthly MARC commitment.
- (2) The SUNRISE Incentive Offer term period is October 1, 2003 through September 30, 2004.
- (3) Monthly non-MARC revenues generated during the SUNRISE Incentive Offer term period will be totaled and used to determine whether the MVP customer qualifies for a BCI discount.
- (4) A BCI discount applies when a MVP customer's total non-MARC revenues generated during the SUNRISE Incentive Offer term period, meet the non-MARC Revenue Volume requirements set forth in 22.5(C).
- (5) The BCI discount will be applied as a one-time credit to the November 2004 customer bill. The SUNRISE BCI discount will be reduced by a pro rata share of any 2003 VISTA BCI discounts received, if applicable,, which represent the overlapping period in the term plans of October and November 2003. Specifically, 25% (two months of the eight month VISTA term period) of the VISTA BCI discounts will be subtracted from the SUNRISE BCI discount in arriving at the final credit.
- (6) If a customer terminates its MVP plan prior to its term expiration and this occurs during the SUNRISE Incentive Offer term period, the SUNRISE Incentive Offer does not apply.
- (7) The SUNRISE Incentive Offer expires on September 30, 2004.

(N)

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## ACCESS SERVICE

22. Managed Value Plan (MVP) (Cont'd)

(N)

22.5 SUNRISE Incentive Offer (Cont'd)(C) Volume Tiers and BCI Discounts

| Volume Tiers | Total Non-MARC<br>Revenue Volumes | BCI Discount |
|--------------|-----------------------------------|--------------|
| Level 1      | \$1M                              | \$150K       |
| Level 2      | \$3M                              | \$750K       |
| Level 3      | \$6M                              | \$1.80M      |
| Level 4      | \$9M                              | \$2.85M      |
| Level 5      | \$12M                             | \$3.90M      |
| Level 6      | \$15M                             | \$4.95M      |

Example 1 - An MVP customer generates \$9M in total monthly non-MARC revenues during the SUNRISE Incentive Offer term period (October 1, 2003 - September 30, 2004). The customer will receive a BCI discount of \$2.85M as a credit to the November 2004 bill.

Example 2 - An MVP customer generates \$6M in total monthly non-MARC revenues during the months of October 1, 2003 through September 30, 2004. However, the customer elects to terminate the MVP plan on May 1, 2004, which is prior to the expiration of the MVP term period. The SUNRISE Incentive Offer does not apply to the customer's non-MARC revenues and a BCI discount will not be provided.

Example 3 - An MVP customer generates \$6M total monthly non-MARC revenues during the months of October 1, 2003 through September 30, 2004. This customer was also a VISTA customer and received a VISTA BCI discount of \$300K in 2003. 25% of those VISTA discounts ( $25\% \times \$300K = \$75K$ ) or \$75K will be subtracted from the \$1.8M SUNRSISE discount to provide the resulting SUNRISE BCI discount of \$1.725M.

(N)

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