

1. TERM PAYMENT PLANS**A. DESCRIPTION**

The Term Payment Plan (TPP) is only available for specific services as described in this guidebook. Refer to specific product guidebooks to determine if a service is eligible.

Under this Plan, a customer has the option of selecting one of several variable terms during which the customer contracts to pay fixed monthly prices for service for the term of the service period selected. For any given item of service, different monthly prices will apply depending upon the variable term service period selected by the customer.

During the effective term of a customer payment period, the monthly price for payment periods longer than one month is not subject to Company-initiated changes.

A customer may select different service periods for different items associated with the same service.

Installation, service establishment, service ordering and any other nonrecurring charges applicable to items furnished under this Plan may be paid in full at the time of installation or may be deferred according to the terms and conditions specified in PRICES - Deferred Payment Option described later in this Section.

The contract period for items of service furnished under this Plan at a given location on continuous property is the service period for which the customer contracts to pay the monthly prices for such items. In the event items are relocated, either on the same property or to noncontinuous property locations, or are terminated prior to the expiration of the service period, termination charges will apply as covered in PRICES - Termination Charges following. Options available to customers upon expiration of their initial service periods are covered in Renewals following.

1. TERM PAYMENT PLANS (cont'd)**B. DEFINITIONS****Additions**

Additions are the provision of supplementary service elements to an existing system up to the capacity of the system.

Conversions

Removal of an installed system and replacement with a different system, under terms specified in the guidebook.

Downgrades

Downgrades are changes in an existing system generally resulting in a decrease of capacity, capability and/or lower monthly charges.

Upgrades

Upgrades are enhancements in an existing system by a major service element addition or substitution, generally resulting in higher monthly charges.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS****1. Additions, Upgrades and Downgrades**Additions

- Service elements may be added to a customer's system under the provisions of this paragraph, except when the service added is to accomplish an upgrade or downgrade.
- The prices applicable under the currently effective guidebook apply to service elements added to an existing system.
- Unless otherwise specified in the product guidebooks, additions may, at the customer's option, be paid for over the remainder of the existing system's payment period, and be added onto the existing agreement, providing at least 30 days remain in the customer's existing payment period. The addition and installed system payment periods will then have a common expiration date. The price for the addition will be the current guidebook price for the service element for the same payment period as the installed system's existing payment period. If the installed system's payment period is not in the current guidebook, the price charged for the addition will be that of the next shorter guidebook payment period.

If less than 30 days remain in the current payment period, additions may only be placed on the one-month payment period at the current prices in effect for the one-month period.

- The customer may also select, from those payment periods currently available in the guidebook, a different payment period of equal or shorter length than the time remaining in the period selected for the existing installed system at the current guidebook prices for the selected period. The additions may then have a different expiration date than the existing installed system.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS (cont'd)****1. Additions, Upgrades and Downgrades (cont'd)**Additions (cont'd)

- When the addition and the existing installed system's expiration dates differ, the customer must select a new payment period for the addition (at the time of its expiration) according to the terms and conditions stated above.
- Termination charges for premature disconnection of the added service elements will apply for payment periods longer than one month.
- Additions are exempt from Company-initiated price changes for all payment periods longer than one month.
- Installation, service order, service establishment and any other nonrecurring charges, as specified in the product guidebooks, will apply to the added service elements.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS (cont'd)**Upgrades

- Upgrades which are permitted for each system furnished under the TPP are described in the product guidebooks.
- Unless otherwise specified in the product guidebooks, a customer who elects to upgrade an existing system may choose one of the following two options:
 - The existing payment period may be extended by a period of time specified in the product guidebook, and the payment periods for the new installed service elements will be coterminous (or expire on the same date). The prices applicable for the new service elements are those currently in effect for the payment period which the customer had selected prior to the upgrade, while the prices for service elements previously installed and continuing in service are unaffected.

If the payment period selected by the customer prior to the upgrade has been discontinued in the guidebook, the new service elements will be billed at prices applicable for the next shorter payment period in the current guidebook.

- The new service elements may be billed over a currently available payment period of equal or shorter length than the time remaining in the existing payment period. Current prices apply for the selected payment period for the new service elements, and prices for service elements previously installed and continuing in service are unaffected. The expiration date of the new service element is then either the same as or earlier than that of the previously installed system.

When the expiration date of the new service element is earlier, at the time of expiration the customer must select another payment period for the new service elements according to the terms and conditions stated in this paragraph. The coterminous extension period option is not available under this condition.

1. TERM PAYMENT PLANS (cont'd)

C. TERMS AND CONDITIONS (cont'd)

1. Additions, Upgrades and Downgrades (cont'd)

Upgrades (cont'd)

- A customer on the one-month payment period may elect to upgrade; however, the payment period will not be extended.
- Termination charges will apply to service elements disconnected prior to expiration for all payment periods longer than one month.
- Installation, service order, service establishment and other nonrecurring charges, as specified in the product tariffs, will apply to any new service elements.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS (cont'd)****1. Additions, Upgrades and Downgrades (cont'd)**Downgrades

- Downgrades which are permitted for each system furnished under the TPP are described in the product guidebooks.
- Unless otherwise specified in the product guidebooks, any new service elements furnished in connection with a system downgrade may have a payment period which expires (or is coterminous with) the same date as the payment period in effect for the system. Prices for the new service elements are those currently in effect for the original payment period (or, if the period is no longer available, for the next shorter one). The prices for service elements remaining on the customer's premises after the downgrade will not be affected.
- When a coterminous payment period is not chosen, the customer must select a payment period of equal or shorter length than the time remaining in the current payment period. Current prices apply for the equal or shorter payment period. Service elements remaining on the customer's premises will continue being billed at the prices in effect prior to the downgrade. The new service elements may then have a different expiration date from the service elements which remained after downgrading.
- When the expiration dates differ, the customer must select a new payment period for the service elements (at the time of expiration) added at the time when the system was downgraded according to the terms and conditions above.
- Termination charges do not apply for service elements which become part of the downgraded system. Termination charges do apply for service elements disconnected prior to expiration for all payment periods longer than one month.
- Installation, service ordering, service establishment, and other nonrecurring charges, as specified in the product guidebooks, will apply to any new service elements added to a system being downgraded.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS (cont'd)****2. Conversions**

- The agreement for an existing system terminates when conversion occurs.
- The customer must select a currently available payment period for the new system. The current prices for the chosen period would apply to any new service elements as well as to any remaining service elements from the previously installed system.
- Termination charges will apply to all service elements removed prior to expiration of the selected payment period. Termination charges will not apply to any service elements remaining on the customer's premises for use in the new system provided the customer selects a new payment period equal to or longer than the time remaining under the former payment period.
- Installation, service establishment, service ordering, and other nonrecurring charges, as specified in product guidebooks, will apply for the newly installed service elements. Nonrecurring charges will not apply to service elements remaining on the customer's premises and continuing in service in the new system.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS****3. Relocation of Service Elements**

- Except as otherwise provided below, relocation of service elements on continuous property or to noncontinuous property locations will constitute termination of existing service for which termination charges will apply, and will further constitute the installation of new service at the new location for which new service periods as well as new installation charges and all other applicable one-time charges will apply.
- Upon the relocation of service elements within territory served by the Company, in lieu of paying all applicable installation and termination charges, a customer may elect to pay the expense incurred for such relocation, subject to the following conditions:
 - The existing service elements involved will be moved from the existing location to the new location with the understanding that the customer will not have continuous service during such move.
 - Additions to the customer's service will be made according to then existing prices, charges and regulations set forth in the guidebook for such items.
 - Any service element not required at the new location, which is discontinued at the existing location, is subject to all applicable termination charges.
 - The service elements to be relocated must have been subscribed to by the customer requesting the relocation for a minimum of four months at the existing location.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS (cont'd)****3. Relocation of Service Elements (cont'd)**

- Lapse-in-service moves between exchanges of two Ameritech Operating Companies in the same or different states will be provided to customers, on request, under the same conditions as described above (relocation of service elements within territory), except as follows:
 - Billing for the original location will apply through the date service is disconnected. Billing for the new location will be effective on the next day. The prices in the new location will be those in effect for new customers. Price stability against Company-initiated changes shall be provided at the new prices for the remainder of the customer's payment period. The first bill rendered after service is reestablished will contain advance billing and, if applicable, retroactive billing to the day after disconnect. Progression of the payment periods will be unaffected.
 - Guidebooks for the same service and payment periods must exist in both companies at the time of the move. If guidebooks exist for the same service, but the lengths of the periods available are different, the customer must select a payment period available in the new Company. The new period must be of an equal or longer length than the time remaining in the current selected period, subject to the conditions covered in Requests for Changes in Length of Term Payment Plan following.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS (cont'd)****4. Change in Service Arrangement**

If a modification of use causes a service to be re-designated from an Exchange to an Access status, such a change is allowed without incurring Termination Charges, given the following conditions are met:

- There must be no change in service locations
- The new Term Payment Plan (TPP) must be equal to or longer than the remaining time in the existing TPP

Upgrades are permitted subject to underlying product tariffs.

Nonrecurring charges associated with the service under the new jurisdiction may apply.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS (cont'd)****5. Requests for Changes in Length of Term Payment Period**

Subsequent to the establishment of service for an item or system furnished under a TPP period and prior to the completion of that period, the existing payment period may be replaced by a currently offered payment period at the current prices, subject to the following conditions:

- No credit will be given for payments made during the formerly selected period. However, nonrecurring charges will not be reapplied.
- The new payment period begins with the date requested.
- When a total system is involved, no termination charge applies for the former payment period provided the customer selects a new payment period equal to or longer than the time remaining under the system's former payment period. Otherwise, a termination charge applies for former payment period.
- A service ordering charge will not apply.

6. Assignment or Transfer of Service

Service, including service elements being furnished under the TPP, may be assigned or transferred under the provisions of Part 2, Section 2.

1. TERM PAYMENT PLANS (cont'd)**C. TERMS AND CONDITIONS (cont'd)****7. Renewal Options**

The customer has the following renewal options:

- Prior to completion of the current payment period, any period available under the TPP may be selected at the prices in effect for new customers at the time of the renewal. The customer will be charged commencing the day following completion of the prior payment period the current price for the renewal period selected.
- Service may be continued on a month-to-month basis at the current price for the one-month payment period, unless otherwise specified in product guidebooks. The customer has no additional service commitment and, consequently, when service is terminated will not be subject to any termination charge. The one-month service will be subject to Company-initiated price adjustments.
- If the customer does not elect an additional payment period and does not request discontinuance of service, service will be continued at the monthly price currently in effect for the one-month payment period under the terms described above.
- If the expiration date for any service element differs from the installed system's existing expiration date, the customer must choose a new payment period for the item (at the time of expiration) according to the terms and conditions as specified in the preceding paragraphs Downgrades and Requests for Changes in Length of Term Payment Period.
- A service ordering charge will not apply.

1. TERM PAYMENT PLANS (cont'd)**D. PRICES****1. Payment Plans**

• Single Payment Option (SPO)

For payment periods longer than one month, the customer may prepay the total outstanding recurring charges for service elements under a TPP contract. The prepayment of charges in no way constitutes a purchase and the Company retains full ownership of all service elements covered by the prepayment. The following conditions apply:

- Customers who prepay will have an allowance applied. The prepayment allowance will be calculated using the loan amortization method at an annual percentage rate based on the Company's current cost of capital. The allowance will be based upon the number of months of the prepayment period. The prepayment amount (principal) is the total outstanding recurring charges less the prepayment allowance.
- Customers who change the length of a payment period will be credited any unused portion of the prepayment.
- Customers who prematurely disconnect will have termination charges deducted from the prepaid amount and any balance credited to their bill.

1. TERM PAYMENT PLANS (cont'd)***D. PRICES******1. Payment Plans*****• Deferred Payment Option (DPO)**

Payment of nonrecurring charges (excluding Construction Charges as specified in Part 2, Section 5 of this Guidebook) for service elements under the TPP may be deferred over the length of the customer's payment period or a shorter period (in annual increments), subject to the following conditions.

- The charges to be deferred must be among the following types:
 - Installation Charges
 - Nonrecurring Charges (excluding Construction Charges)
 - Service Establishment Charges
- The payment period must be greater than one month. The deferral period selected cannot be greater than the payment period.
- The minimum amount deferrable per customer location (per written agreement with customer) is \$250.00.
- The deferred amount will be adjusted using the time value of money set forth in the agreement with the customer.

1. TERM PAYMENT PLANS (cont'd)**D. PRICES (cont'd)****1. Payment Plans (cont'd)****• Deferred Payment Option (DPO) (cont'd)**

- Deferred charges (principal plus interest) will be payable each month during the deferral period. The uniform monthly payment will be calculated using the loan amortization method.
- All deferred amounts must be paid in full when the customer:
 - Changes a payment period with an expiration date prior to the expiration date of the deferral period; or
 - Disconnects service, for the system, prior to expiration of the selected deferral period.
- The customer may prepay the total outstanding deferred amounts at any time during the selected deferral period. The customer may not prepay less than the total of the outstanding deferred amounts.

1. TERM PAYMENT PLANS (cont'd)**D. PRICES (cont'd)****2. Termination Charges**

Termination of all or a portion of service prior to term expiration will result in charges as described below:

- Removal of service elements from a system for which the current payment period is longer than one month will not affect the expiration date of the remaining service elements.
- Removal of service elements that are unique will be subject to the termination charge for that specific unit.
- Removal of service elements that are not unique (e.g. removal of one of two or more units of the same type of service element) will be subject to the following provisions:
 - The specific service elements no longer desired by the customer will be removed.
 - The lowest termination charge for the service elements removed will apply.

1. TERM PAYMENT PLANS (cont'd)**F. PRICES****2. Termination Charges (cont'd)**

The termination liability applicable to service furnished under a TPP is dependent upon the payment period available and selected by the customer. Except as otherwise provided in this guidebook, termination charges are as follows:

For service term agreements which become effective on or after May 3, 2004, customer termination liability for cancellation of service shall be equal to:

- Any unpaid Special Construction or nonrecurring charges (excluding any waived charges); plus
- Fifty percent (50%) of all recurring charges for the remaining months of the customer's term

For service term agreements in effect prior to May 3, 2004, termination charges are as follows:

- For one month, no termination charge applies.
- For 12 to 24 months, the termination charge is equal to 6 months of payments or 50% of the remaining amount due, whichever is less.
- For 36 to 120 months, the termination charge is equal to one half of the variable term option selected or 60% of the remaining amount due, whichever is less.

1. TERM PAYMENT PLANS (cont'd)**D. PRICES (cont'd)****2. Termination Charges (cont'd)**

Where major rearrangements of the service elements left in service are required as a result of a partial discontinuance, the expense incurred by the Company for such rearrangements will be billed to the customer in addition to the termination charges specified or, at the option of the customer, termination charges on the entire installation will be billed to the customer and a new contract period for the service elements as rearranged will commence.