

EXHIBIT 1

PROPOSED TERMS OF FOCAL COMMUNICATIONS CORP. OF WASHINGTON

2. **Commingling, Conversions and Combinations**

2.1 Commingling. Notwithstanding any other provision of the Agreement or any Verizon tariff or SGAT, and subject to the conditions set forth in the following Section 2.2, as of October 2, 2003, Verizon shall permit and shall perform the functions necessary for CLEC to Commingle. Verizon shall not impose any policy or practice related to Commingling that imposes an unreasonable or undue prejudice or disadvantage upon CLEC. In addition, Verizon shall cooperate fully with CLEC to ensure that operational policies and procedures implemented to effect Commingled arrangements shall be handled in such a manner as to not operationally or practically impair or impede CLEC's ability to implement new Commingled arrangements or Convert existing arrangements to Commingled arrangements in a timely and efficient manner and in a manner that does not affect service quality, availability, or performance from the end user's perspective. For the avoidance of doubt, Verizon acknowledges and agrees that the Commingling provisions of this Amendment do not conflict with any Verizon tariff. Verizon shall not change its tariffs in any fashion that impacts the availability or provision of Commingling under this Amendment or the Agreement, unless Verizon and CLEC have amended this Amendment and the Agreement in advance to address Verizon's proposed tariff changes.

2.1.1 Rates, Terms and Conditions for Commingled Facilities and Services. The rates, terms and conditions of the applicable tariff or contract will apply to services other than network elements, and the rates, terms and conditions of this Amended Agreement or the Verizon UNE tariff, as applicable, will apply to UNEs or Combinations of UNEs or to Section 271 Network Elements. Notwithstanding any other provision of the Agreement or any Verizon tariff or SGAT, Verizon shall not impose any charge to Commingle, and the rate applicable to each portion of a Commingled facility or service shall not exceed the rate for that portion if it were purchased separately.

2.2 Service Eligibility Criteria for Certain Combinations and Commingled Facilities and Services. CLEC must self-certify in writing or by electronic notification to Verizon that it is in compliance with the service eligibility criteria set forth in 47 C.F.R. § 51.318(b) when ordering new: (a) unbundled DS1 Loops in combination with unbundled DS1 or DS3 Dedicated Transport, or commingled with DS1 or DS3 access services; (b) unbundled DS3 Loops in combination with unbundled DS3 Dedicated Transport, or commingled with DS3 access services; (c) unbundled DS1 Dedicated Transport commingled with DS1 channel termination access service; (d) unbundled DS3 Dedicated Transport commingled with DS1 channel termination access service; or (e) unbundled DS3 Dedicated Transport commingled with DS3 channel termination service.

- 2.2.1 For facilities ordered after the date on which the [***State Commission TXT***] approves this Amendment, CLEC must remain in compliance with said service eligibility criteria for so long as CLEC continues to receive the aforementioned combined or commingled facilities and/or services from Verizon.
- 2.2.2 These criteria shall apply whether the circuits in question are being provisioned to establish a new circuit or to Convert an existing facility or service, or any part thereof, to unbundled network elements.
- 2.2.3 On an annual basis (*i.e.*, one time in any 12-month period), Verizon may, pursuant to the terms and conditions of this section, obtain and pay for an independent auditor to audit CLEC's compliance in all material respects with the service eligibility criteria applicable to EELs. Such annual audit will be initiated only to the extent reasonably necessary to determine CLEC's compliance with Applicable Law. Verizon shall give CLEC thirty (30) days' written notice of a scheduled audit. Any such audit shall be performed in accordance with the standards established by the American Institute for Certified Public Accountants and may include, at Verizon's discretion, the examination of a sample selected in accordance with the independent auditor's judgment. Verizon shall direct its auditor to provide a copy of its report to CLEC at the same time it provides the report to Verizon. To the extent the independent auditor's report concludes that CLEC failed to comply in all material respects with the service eligibility criteria, then CLEC will promptly take action to correct the noncompliance and true up any difference in payments and reimburse Verizon for the cost of the independent auditor within thirty (30) days after receiving a statement of such costs from Verizon. Should the independent auditor confirm CLEC's compliance in all material respects with the service eligibility criteria, then CLEC shall provide to the independent auditor a statement of CLEC's costs of complying with any requests of the independent auditor, and Verizon shall then reimburse CLEC for its costs associated with the audit within thirty (30) days after receiving CLEC's statement. CLEC shall maintain records adequate to support its compliance with the service eligibility criteria for each DS1 or DS1 equivalent circuit.
- 2.3 Conversions. Notwithstanding any other provision of the Agreement or any Verizon tariff or SGAT, as of October 2, 2003, Verizon shall permit and shall perform the functions necessary for CLEC to Convert any facility or service, provided that the CLEC would be entitled under the terms of the amended Agreement or applicable law or any tariff or contract to place a new order for the UNE, UNE Combination or other facility or service resulting from a Conversion. Verizon shall not impose any charges for or associated with Conversions. This includes, but is not limited to, termination charges, or any disconnect fees, re-connect fees, retag fees, or charges associated with establishing service for the first time.

- 2.3.1 CLEC may request Conversions by submitting a written or electronic request.
- 2.3.2 When a facility or service is Converted at the request of CLEC, Verizon shall not physically disconnect, separate, alter or change in any other fashion equipment and facilities utilized to provide the facility or service, except at the request of CLEC.
- 2.3.3 Verizon shall process expeditiously all Conversions requested by CLEC in a seamless manner without adversely affecting the service quality perceived by CLEC or CLEC's end user customer.
- 2.3.4 Effective Date of Conversion Requests and Timing of Billing Changes.
- 2.3.4.1 Except where CLEC specifically requests that Verizon physically disconnect, separate, alter or change the equipment and facilities employed to provide the facility or service being replaced, the Conversion order shall be deemed to have been completed effective upon receipt by Verizon of the written or electronic request from CLEC, and recurring charges for the replacement facility or service shall apply as of such date.
- 2.3.4.2 Where CLEC specifically requests that Verizon physically disconnect, separate, alter or change the equipment and facilities employed to provide the facility or service being replaced, the Conversion order shall be deemed to have been completed and recurring charges for the replacement facility or service shall apply upon the earlier of (a) the date on which Verizon completes the requested work or (b) the standard interval for completing such work (in no event to exceed 30 days), regardless of whether Verizon has in fact completed such work.
- 2.3.4.3 Verizon shall bill CLEC pro rata for the facility or service being replaced through the date prior to the date on which billing at rates applicable to the replacement facility or service commences pursuant to this Section, and the applicable rate for the replacement facility or service thereafter. These billing adjustments should appear on the bill for the first complete month after the date on which the Conversion is deemed effective in accordance with the provisions of this Amendment. If any bill does not reflect the appropriate charge adjustment, CLEC may withhold payment in an amount that reflects the amount of the adjustment that should have been made on the bill for the applicable Conversions.
- 2.3.4.4 Effective Date of Past Requests to Convert to UNEs: Notwithstanding any other provision of this Amendment or the Agreement, and for the avoidance of any doubt, requests by CLEC to Convert any non-UNE to a UNE or Combination of UNEs made on or after the effective date

of the TRO (October 2, 2003), but before the date on which the [***State Commission TXT***] approves this Amendment (“Past Requests”), shall be deemed to have been completed on the date Verizon received the Past Request and retroactive adjustments between the applicable UNE charges and the previously applicable charges shall be calculated back to the date that Verizon received the Past Request. The UNE charges for all Conversion requests (including any retroactive adjustments) shall be reflected in the first billing cycle following the Effective Date of this Amendment. If that bill does not reflect the appropriate UNE charges, CLEC is nevertheless obligated to pay no more than the applicable UNE rate.

5. Definitions

- 5.2 Commingling means the connecting, attaching, or otherwise linking of an unbundled network element, or a combination of unbundled network elements, or Section 271 Network Elements purchased from Verizon to any one or more facilities or services (other than unbundled network elements) that CLEC has obtained from Verizon, or the combining of an unbundled network element, or a combination of unbundled network elements, or Section 271 Network Elements with one or more such facilities or services. Commingle means the act of Commingling.
- 5.3 Conversion means all procedures, processes and functions that Verizon and CLEC must follow to Convert any Verizon facility or service other than an unbundled network element (e.g., special access services) or group of Verizon facilities or services to the equivalent UNEs or UNE Combinations or Section 271 Network Elements, or the reverse. Convert means the act of Conversion.