



Verizon Northwest Inc.

**1800 – 41st Street,
WA0105RA
P. O. Box 1003
Everett, WA 98206-1003
Fax: 425-261-5262**

August 11, 2006

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
P. O. Box 47250
Olympia, Washington 98504

Dear Ms. Washburn:

Subject: CONTRACT NO. 1324ICB

Verizon Northwest Inc. submits for filing Contract No. 1324ICB, a new customer specific agreement that provides OC48 Enhanced Dedicated SONET Ring (EDSR) Service for a term of thirty-six (36) months. EDSR provides a dedicated high capacity customized network in a ring architecture that assures survivability.

The company provides this service under contract because the service is not available under tariff.

Verizon submits the documentation required in Section 7 of WAC 480-80-142 as an attachment filing. Verizon considers the contract and all the associated cost documentation confidential, protected under the provisions of WAC 480-07-160. A redacted copy of the contract is attached. The cost support is marked "Confidential per WAC 480-07-160". The company, for commercial reasons, may be harmed if this information is not considered confidential.

The company requests an effective date of September 10, 2006 for this contract filing. Please direct any questions to Lin Fogg at 425-261-6380.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. Valdez".

David S. Valdez
Sr. Vice President – West, Public Affairs, Policy and Communications

DSV:LF

Attachments
(WA6372880)

ESSENTIAL TERMS AND CONDITIONS
PER WAC 480-80-142

Contract No. 1324ICB New X Renewal _____ Amendment _____

Effective Date: September 10, 2006

Expiration Date: September 9, 2009 dependent on the customer's in-service date. Verizon and Customer agree that the EDSR rings may be provisioned on different dates and that the Term Period shall commence on the in-service date of the second ring to be provisioned. Provisioning of the second ring must be complete no later than two (2) months from the in service date of the first ring. Verizon and Customer further agree that pricing shown is contingent on the provisioning of both rings and that the Service term for both rings will expire at the same time (coterminous).

Duration of Contract: Thirty-six (36) months

Renewal Options: If the Customer indicates to Verizon in writing that it desires to negotiate a new contract to continue or replace the Service provided under the Agreement, the Agreement shall automatically be extended for a period not to exceed 60 days from the end of the initial term to allow the parties to finalize a new agreement. Written notice must be provided by Customer at least 30 days prior to the end of the original termination date.

Description of Service: EDSR (SONET) Service provides a dedicated high capacity customized network in a ring architecture that assures survivability.

Termination Charges: Termination charges will apply to each rate element for which Service is terminated except for month-to-month ports for which the one-month minimum service charge applies. If the termination occurs within the first two (2) years of a term plan, a termination charge equal to one hundred percent (100%) of the applicable monthly rate for the terminated Service multiplied by the number of months remaining in the first two years plus twenty-five percent (25%) of the monthly charges in the remainder of the plan. If the termination occurs after the first two years of a service term plan, then termination liability is equal to twenty five percent (25%) of the monthly charges for the remaining life of the term. Any such termination liability charge shall be due and payable in one lump sum within thirty (30) days of billing. If Customer

ESSENTIAL TERMS AND CONDITIONS

PER WAC 480-80-142

Contract No. 1324ICB New X Renewal _____ Amendment _____

Termination Charges (Con't):

terminates this Agreement subsequent to the execution of this Agreement by the Parties but prior to the in service date, Customer shall pay to Verizon all costs incurred by Verizon for contract and service preparation. Termination charges will not apply if Customer, by new agreement or formal amendment to this Agreement, changes the term period to one longer than the three year term period specified in this Agreement.

Termination liability will not apply should Customer upgrade to another EDSR service (change to a higher capacity EDSR service) if all of the following conditions are met: a) A new term commitment period commences with the upgrade which will be reflected in a formal amendment to this Agreement or a new agreement; b) The expiration date of the new service/commitment period from (a) above must extend beyond the three year expiration date of the term period for this Agreement; and c) the new EDSR service is provided at the same Customer locations(s) and/or Verizon CO locations(s) as the discontinued service; and d) Additional nodes and ports added at the time of the upgrade incur all applicable rates.

Termination liability will not apply should Customer upgrade a term port to a higher capacity term port if the value of the higher capacity port for its term is equal to or greater than the remaining value of the replaced port.

Number of Units North Ring:

4 Enhanced OC48 Nodes
10 Miles of Transport Ring Mileage

Number of Units South Ring:

2 Enhanced OC48 Nodes
2 Port Nodes - OC48
9 Miles of Transport Ring Mileage

Monthly Recurring Charge(s) per unit
North Ring:

\$4,800.00 per Enhanced OC48 Node
\$ 45.00 Transport Ring Mileage, per airline mile

Monthly Recurring Charge(s) per unit
South Ring:

\$4,800 per Enhanced OC48 Node
\$1,800.00 per Port Node OC48 Node
\$ 50.00 Transport Ring Mileage, per airline mile

**ESSENTIAL TERMS AND CONDITIONS
PER WAC 480-80-142**

Contract No. 1324ICB New X Renewal Amendment

Monthly Recurring Charge(s) per unit
for ports added on a term or month-
to-month basis:

\$28.00 per DS1 Port
\$115.00 per DS3 or STS-1 Port
\$343.00 per OC3 Port
\$274.00 per OC3c Port
\$642.00 per OC-12 Port
\$514.00 per OC-12c Port
\$230.00 per GigE1 Port
\$345.00 per GigE-3 Port
\$455.00 per GigE-6 Port
\$535.00 per GigE-9 Port
\$645.00 per GigE-12 Port
\$880.00 per GigE-24 Port

The initial installation includes EDSR nodes and transport for a 3-year commitment period. Initial installation of ports, which are required for EDSR functionality, may be either on a term or month-to-month basis. At the time of initial installation, Customer will designate the initial type/quantity of ports. Initial ports on a term basis will be co-terminous with the term of the Agreement. Customer may add additional EDSR ports during the term of this Agreement. Additional EDSR ports are available in any combination, up to system capacity, on either a term rate or month-to-month basis. Ports may be added on a term rate basis within the first twenty (20) months of the three-year term of the Agreement. Ports added on a term rate will be coterminous with the three year term of the Agreement and must be maintained in-service from the date ordered until the end of the three year term of the Agreement. Early termination charges as specific under Termination Charges will apply for early termination. Ports may be added on a month to month basis at any time but the termination date for any port not sooner terminated will be the termination date of this Agreement.

When ordering multiple month-to-month EDSR ports for concurrent installation at the same specific location, the NRC for the first port included in the order is charged an "initial" NRC and each additional port on that same order is charged an "additional" NRC noted as follows.

Non-Recurring Charge(s): Not applicable to initial Service configuration for either ring.

ESSENTIAL TERMS AND CONDITIONS
PER WAC 480-80-142

Contract No. 1324ICB New X Renewal _____ Amendment _

Non-Recurring Charge(s) for EDSR shall apply as noted below only on a first and additional basis for subsequent installation of ports on a month-to-month basis.

	<u>Initial</u>	<u>Additional</u>
DS1 Port	\$525.00	\$210.00
DS3, STS-1, OC3, OC3c Port	\$805.00	\$343.00
OC-12, OC-12c, GigE-1, GigE-3, GigE-6, GigE-9, GigE-12, GigE-24	\$767.00	\$327.00

Addition of Customer locations or the addition or upgrade of Nodes will require a formal amendment to the Agreement.

New construction of Verizon fiber network facilities ("New Construction") is required to provide EDSR Service to the Customer locations and at the charges set forth below. Such charges are subject to change in the event Verizon encounters unforeseen conditions or circumstances that increase the cost of performing the New Construction. Customer shall also pay all applicable charges and taxes charged pursuant to applicable law and regulations. Charges will be due and payable thirty (30) days after the applicable bill date. Customer must provide at its cost any conduit, pathways, and building entrance facilities required on private property, and suitable and secure space, power and access for any equipment or facilities that Verizon may place at Customer's premises. The New Construction will be performed within Verizon's standard working intervals, during normal working hours.

Lump Sum Up-Front Payment

North Ring Primary Entrance	\$20,902.00
North Ring Optional Diverse Entrance	\$ 7,850.00
North Ring Diverse Entrance	\$23,164.00
South Ring Primary Entrance:	\$ 8,513.00
South Ring Optional Diverse Entrance:	\$13,810.00
South Ring Optional Diverse Entrance:	\$ 9,826.00

Locations: Bellevue, Redmond

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WAC 480-80-142:

- 7(iii) Demonstrate, at a minimum, that the contract charges cover the company's cost of providing the service. Costs will be determined under a long-run incremental cost analysis, including as part of the incremental cost, the price charged by the offering company to other telecommunications companies for any essential function used to provide the service, or any other commission-approved cost method. (iv) Summarize the basis of the charge(s) proposed in the contract and explain the derivation of the proposed charge(s) including all cost computations involved.

Verizon Northwest includes as an attachment to this contract filing the documentation and explanations required by WAC 480-80-142. The cost support has been labeled confidential and is protected pursuant to the provisions of WAC 480-07-160 for commercial reasons.

Contract No. 1324CB New Renewal Amendment

WAC 480-80-142:

- 7 (v) Indicate the basis for using a contract rather than a filed tariff for the specific service involved. If the basis for using a contract is the availability of an alternative service provider, identify that provider.

Service is provided under a contract because it is not available under a tariff.

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WAC 480-80-142:

(2) Duration of contract. All contracts shall be for a stated time period.

The term shall expire on September 9, 2009 or thirty-six (36) months from the Customer's in-service date for services ordered under the Agreement.

Verizon and Customer agree that the EDSR rings may be provisioned on different dates and that the Term Period shall commence on the in-service date of the second ring to be provisioned. Provisioning of the second ring must be complete no later than two (2) months from the in service date of the first ring. Verizon and Customer further agree that pricing shown is contingent on the provisioning of both rings and that the Service term for both rings will expire at the same time (coterminous).