

Contract No. 1384ICB New ___ Renewal ___ Amendment X

480-80-142

7(b) (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.

The attached confidential cost documentation demonstrates the contract charges cover the company's cost of providing the CentraNet analog station lines with Feature Pack 2000 and the NARs.

Contract No. 1384ICB New ___ Renewal ___ Amendment X

480-80-142

7 (b) (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.

The underlying costs of the individual component elements are identified in the confidential cost documentation filed with this contract. See Exhibit A to the contract for the list of services and rates subscribed to under the agreement.

Contract No. 1384ICB New ____ Renewal ____ Amendment X

480-80-142

7 (v) Indicate the basis for using a contract rather than a filed tariff for the specific service involved.

The services are offered on a contract basis due to competitive market conditions and because the quantities and negotiated prices are not available under tariff.

Contract No. 1384ICB New ___ Renewal ___ Amendment X

480-80-142

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

The contract term is thirty-six (36) months.

