

Contract No. 1416 ICB New X Renewal Amendment

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.

This is a 36 month customer specific agreement that provides Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI) Service and Direct Inward Dialing (DID) Numbers. This service is offered under contract because the negotiated rate is not available under the tariff. The attached confidential cost documentation demonstrates the contract charges cover the company's cost of providing the service.

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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 competitive nature of the service offered under this contract justifies a discount beyond the term discounts offered in the tariff. The underlying costs of the individual component elements are identified in the confidential cost documentation filed with this contract.

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

The service is offered on a contract basis because the rate is customer specific and not available under the tariff.

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

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