

RECEIVED
FILED



2004 JAN 26 PM 3: 27

DAVID I. UELIC
UTILITIES COMMISSION



17933 N.W. Evergreen Pkwy
P.O. Box 1100
Beaverton, OR 97076

January 23, 2004

Ms. Jean Jewell
Idaho Public Utilities Commission
472 W. Washington
Boise, ID

VZ N-7-03-06

RE: Amendment 2 To MCI WorldCom Communications Inc. agreement with Verizon
Northwest Inc.

Dear Ms. Jewell,

Enclosed for Commission approval is the original and three copies of Amendment 2 to
the Interconnection Agreement between MCI WorldCom Communications Inc. and
Verizon Northwest Inc. Please call me at (503) 645-7909 if you have any questions.

Sincerely,

Renee Willer
Verizon Northwest Inc.
Enclosures

RECEIVED
FILED



AMENDMENT

2004 JAN 26 PM 3:27

To

IDAHO PUBLIC
UTILITIES COMMISSION

INTERCONNECTION AGREEMENTS

THIS AMENDMENT (this "Amendment"), effective as of December 1, 2003 (the "Effective Date"), amends each of the Interconnection Agreements listed in Exhibit A hereto (the "Interconnection Agreements"), and is made by and between each of the Verizon incumbent local exchange carriers (individually and collectively "Verizon" or the "Verizon Parties") and each of the MCI competitive local exchange carriers ("CLECs") that is a party to an Interconnection Agreement with Verizon (individually and collectively "MCI" or the "MCI Parties"), all as shown in Exhibit A. Verizon and MCI are referred to herein individually as a "Party" and collectively as the "Parties". Defined terms are addressed in Section 4 hereof.

WITNESSETH:

WHEREAS, MCI, pursuant to its plan of reorganization recently confirmed and approved by the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") in the cases jointly administered under Case No. 02-13533 (AJG), is in the process of consolidating its various competitive local exchange carrier entities in each state; and

WHEREAS, the Parties collectively have engaged in negotiations, pursuant to a settlement agreement between the Parties that was approved by the Bankruptcy Court on July 29, 2003, to resolve their outstanding disputes pertaining to intercarrier compensation and wish to establish uniform terms governing intercarrier compensation arrangements for certain traffic exchanged between the Parties on and after the Effective Date, and to address certain closely related matters, including related interconnection obligations; and

WHEREAS, the Parties have agreed to establish a new unitary intercarrier compensation rate that is derived from a blending of existing Reciprocal Compensation rates and the FCC's interim rate structure for ISP-Bound Traffic as set forth in the *Order on Remand*, assuming a reasonable time period for implementation of the *Order on Remand*, and the Parties' current volumes of robust exchange of both Reciprocal Compensation Traffic and ISP-Bound Traffic; and

WHEREAS, the Parties wish to amend all of the Interconnection Agreements to effectuate the foregoing, and for the ease of administration, have elected to do so through this single Amendment.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Unitary Inter-carrier Compensation Rates.

The Parties' agreement to the terms of this Section 1 was expressly conditioned upon their agreement to the terms of Sections 2 and 3 hereof (and, similarly, the availability of the terms of this Section 1 to any carrier adopting this Amendment would also be expressly conditioned upon such adopting carrier's agreement to those other terms of this Amendment as well). Notwithstanding any other provision in the Interconnection Agreements, in any tariff or Statement of Generally Available Terms ("SGAT"), or under Applicable Law (including, without limitation, any change to Applicable Law effected after the Effective Date):

(a) Commencing upon the Effective Date, and continuing prospectively for the applicable time periods described below, when Applicable Traffic is originated by the Customer of a Party on that Party's network (the "Originating Party") and delivered to the other Party (the "Receiving Party") for delivery to a Customer of the Receiving Party, within thirty (30) days following receipt of an appropriate invoice from the Receiving Party, the Originating Party shall pay inter-carrier compensation to the Receiving Party on an equal and symmetrical basis at the applicable inter-carrier compensation rate set forth below (the "Unitary Rate") for each Minute of Use ("MOU") of Applicable Traffic delivered by the Originating Party to the Receiving Party:

- (i) For the period beginning on the Effective Date and ending June 13, 2004, the Unitary Rate shall be the blended rate that results from the blending methodology described in Part 1 of Exhibit B; *provided, however*, that in no event shall the Unitary Rate during this period exceed a cap of \$.00165 per MOU; and
- (ii) For the period beginning three (3) years from the effective date of the *Order on Remand* (that is, on June 14, 2004) and ending June 13, 2005, the Unitary Rate shall be the blended rate that results from the blending methodology described in Part 2 of Exhibit B; *provided, however*, that in no event shall the Unitary Rate during this period exceed a cap of \$.00120 per MOU; and
- (iii) For the period beginning four (4) years from the effective date of the *Order on Remand* (that is, on June 14, 2005) and ending June 13, 2006, the Unitary Rate shall be the blended rate that results from the blending methodology described in Part 3 of Exhibit B; *provided, however*, that in no event shall the Unitary Rate during this period exceed a cap of \$.00070 per MOU;

provided, however, that the foregoing Unitary Rates shall apply as between any Verizon Party and any MCI Party only on the express (and nonexclusive) condition that all MCI Parties and all Verizon Parties are and remain bound by the terms of this Amendment with respect to the exchange of Applicable Traffic between any Verizon Party and any

MCI Party; and **provided further**, that if the ratio of MOUs of (A) all Applicable Traffic originated on the networks of all the Verizon Parties and delivered to all of the MCI Parties, on an aggregated basis across all state jurisdictions, to (B) all Applicable Traffic originated on the networks of all the MCI Parties and delivered to all of the Verizon Parties, on an aggregated basis across all state jurisdictions (the "Aggregated Traffic Ratio"), in any ninety (90) day period during the timeframe beginning on the Effective Date and ending on June 13, 2006 (or ending on any date after June 13, 2006 on which this Amendment remains in effect, if this Amendment remains in effect after June 13, 2006) is equal to or greater than nine (9) to one (1), the Unitary Rate in all jurisdictions for all Applicable Traffic above a six (6) to one (1) Aggregated Traffic Ratio shall be zero from the first day of that ninety (90) day period through the last day that this Amendment remains in effect (i.e., compensation for Applicable Traffic up to and including a six (6) to one (1) Aggregated Traffic Ratio shall be at the then applicable Unitary Rate during such period, and compensation for Applicable Traffic above a six (6) to one (1) Aggregated Traffic Ratio shall be subject to "bill and keep" during such period); and **provided further**, that the foregoing Unitary Rates shall apply only on the express (and nonexclusive) condition that the Aggregated Traffic Ratio for the quarter ending thirty (30) days prior to the Effective Date (or, in the case of a carrier adopting the terms of this Amendment, the quarter ending thirty (30) days prior to the effective date of any such adoption) shall not be equal to or greater than three (3) to one (1); and **provided further**, that in no case shall the Unitary Rate, for any monthly billing period, be greater than Verizon's nationwide, weighted averaged rate for the tariffed interstate access terminating local switching element in effect in each jurisdiction (i.e., in each state or the District of Columbia) for such month (such average to be weighted based on the number of MOUs, by jurisdiction, used for the calculations in Exhibit B hereto); and **provided further**, that the foregoing Unitary Rates shall apply only on the express condition that there are no outstanding billing disputes as of the Effective Date between the Parties for charges assessed by either Party with respect to Applicable Traffic or other traffic addressed in this Amendment (e.g., Type 2 VOIP Traffic) (or, in the case of a carrier adopting the terms of this Amendment, that there are no outstanding billing disputes between Verizon and such carrier or one of its CLEC affiliates, as of the effective date of any such adoption, for charges assessed by Verizon or that carrier or one of its CLEC affiliates with respect to Applicable Traffic or other traffic addressed in this Amendment); and **provided further**, should a Party not begin to exchange traffic with the other Party in a particular jurisdiction until after the Effective Date, the Parties shall apply the Unitary Rate in effect at the time they begin to exchange traffic, as shown in the table above. (By way of example, if a Verizon Party and an MCI Party (or any CLEC adopting this Amendment pursuant to 47 U.S.C. § 252(i)) do not begin to exchange traffic under this Amendment until August, 2005, the applicable Unitary Rate shall be the blended rate that results from the blending methodology described in Part 3 of Exhibit B, subject to the rate cap of \$.0007 per MOU and the other terms of this Amendment.)

(b) For the purpose of calculating the Aggregated Traffic Ratio, MOUs of Applicable Traffic exchanged between Verizon and MCI over UNE-P lines provided to MCI by Verizon shall be included in such calculation. Specifically: (i) MOUs originated by MCI over a UNE-P line shall be as measured by Verizon; (ii) MOUs originated by

Verizon Customers and delivered to MCI UNE-P lines are not being measured by Verizon as of the Effective Date; and (iii) until such time as Verizon, in its sole discretion, elects to provide actual measurement of MOUs originated by Verizon Customers and delivered to MCI UNE-P lines, the Parties shall assume that the ratio of MOUs originated on MCI UNE-P lines to MOUs received by MCI on such UNE-P lines is 1:1.

(c) For the avoidance of doubt, (i) traffic originated by MCI over Verizon-provided UNE-P lines and delivered by Verizon to third party carriers served by other Verizon-provided UNE-P lines, (ii) traffic originated by MCI over Verizon-provided UNE-P lines and delivered by Verizon to third party carriers utilizing their own switches (i.e., facilities-based carriers) and (iii) traffic originated by Customers of third party carriers and delivered via the network facilities of either Party to the other Party, shall not be subject to the Unitary Rates set forth in this Amendment; provided, however, the terms, if any, contained in the Interconnection Agreements with respect to the foregoing types of traffic shall not be superseded, amended or affected by this subsection (c).

(d) The Parties anticipate that the terms set forth in this Amendment will greatly reduce (if not eliminate) the incidence of billing disputes between them with respect to Applicable Traffic and other traffic addressed in this Amendment (e.g., Type 2 VOIP Traffic). If, nonetheless, a good faith dispute arises with respect to any amounts billed by a Party to the other Party for Applicable Traffic or other traffic addressed under the terms of this Amendment, the billed Party shall notify the billing Party in writing of such good faith dispute as soon as reasonably possible after the billed Party is aware of such dispute, and shall pay the disputed charges pending resolution of the dispute; **provided, however**, that the billed Party may withhold payment of any charges or category of charges billed in a given month that exceed one hundred, thirty-five percent (135%) of the three (3) prior months' average monthly non-disputed billings, provided it has a good faith basis for disputing such excess charges; and **provided further**, that where (i) the billed Party has disputed a particular charge or category of charges in good faith for at least three (3) prior months, (ii) has paid such disputed charge or category of charges in accordance with the foregoing provisions, and (iii) has initiated dispute resolution in accordance with the terms of the relevant Interconnection Agreement(s), the billed Party may withhold further payment of such disputed charge or category of charges pending such dispute resolution. Both Parties shall use their commercially reasonable best efforts to promptly resolve any and all such billing disputes, and the billing Party shall promptly credit (and/or pay, as applicable) any amounts due to the billed Party upon dispute resolution and, conversely, the billed Party shall promptly pay any amounts due to the billing Party upon dispute resolution. Notwithstanding any other provision of the Interconnection Agreements, the disputing Party may proceed directly to the dispute resolution mechanism set forth in the Interconnection Agreement (e.g., arbitration), and shall not be obligated to take any other preliminary steps that otherwise may be called for under the terms of the relevant Interconnection Agreement(s) (e.g., without the need to escalate or mediate the dispute, wait a set number of days before making a claim, etc.). Neither the withholding of payment nor the payment of disputed charges in accordance herewith shall constitute a waiver of either Party's right to dispute the matter or to pursue

other remedies at law, or be given any evidentiary weight as to the merits of the dispute.

(e) The Originating Party shall take steps to ensure that all calls (including VOIP Traffic) originated by its Customers (each a "Calling Customer") include any Charge Number, Calling Party Number ("CPN"), Automatic Number Identifier or similar signaling parameters intended to identify the Calling Customer ("Call Records") and that such Call Records are transmitted intact to the Receiving Party and to any intermediate service provider carrying these calls, as applicable. The Receiving Party shall use such Call Records to determine the proper jurisdictional nature of the call, in accordance with the terms of this Section 1. Except as may be required by Applicable Law or as may be agreed upon in writing by the Parties (any such agreement not to be unreasonably withheld), the Originating Party shall not (i) to the extent technically feasible, remove such Call Records, (ii) alter or replace such Call Records, or (iii) insert or add any Call Record information (such as Charge Number) that does not correspond to the local calling area of the Calling Customer. Neither Party shall knowingly and intentionally (a) strip or alter Call Records to disguise the jurisdiction of a call or (b) permit third parties to do so for a Party's originated traffic. Inserting a billing telephone number ("BTN") or other designation that accurately reflects the jurisdiction of the call from the Originating Party's Customer shall not constitute a violation of the foregoing.

(f) For billing purposes, each Party shall pass CPN information on each call delivered to the other Party. The Receiving Party shall bill the Originating Party the then-current Unitary Rate, intrastate switched exchange access service rates, or interstate switched exchange access services rates applicable to each relevant minute of traffic for which CPN is passed, as provided in this Amendment, the Interconnection Agreements or the Receiving Party's applicable tariffs.

(g) If, under the circumstances set forth in subsection (f) directly above, the Originating Party does not pass CPN on up to (but not more than) ten percent (10%) of calls, the Receiving Party shall bill the Originating Party the then-current Unitary Rate, intrastate switched exchange access services rates, or interstate switched exchange access services rates applicable to each relevant minute of traffic, as provided in this Amendment, the Interconnection Agreements or the Receiving Party's applicable tariffs, for which CPN is passed. For the remaining calls (i.e., the calls without CPN information), the Receiving Party shall bill the Originating Party for such traffic at the then-current Unitary Rate, intrastate switched exchange access services rates, or interstate switched exchange access services rates applicable to each relevant minute of traffic, as provided in this Amendment, the Interconnection Agreements and the Receiving Party's applicable tariffs, in direct proportion to the minutes of use of calls passed with CPN information.

(h) If the Originating Party fails to pass CPN on at least ninety percent (90%) of calls, the Receiving Party shall bill the Originating Party the then-current Unitary Rate, intrastate switched exchange access services rates, or interstate switched exchange access services rates applicable to each relevant minute of traffic, as provided in this Amendment, the Interconnection Agreements or the Receiving Party's applicable tariffs,

for which CPN is passed. For the remaining calls (i.e., the calls without CPN information), the Receiving Party shall bill the Originating Party for such traffic as follows: (i) for calls without CPN information comprising up to (but not exceeding) ten percent (10%) of all calls, the Receiving Party shall bill the Originating Party for such traffic at the then-current Unitary Rate, intrastate switched exchange access services rates, or interstate switched exchange access services rates applicable to each relevant minute of traffic, as provided in this Amendment, the Interconnection Agreements and the Receiving Party's applicable tariffs, in direct proportion to the minutes of use of calls passed with CPN information; and (ii) for the remaining calls without CPN information, the receiving Party shall bill the higher of its interstate switched exchange access services rates or its intrastate switched exchange access services rates for such traffic, unless the Parties agree that other rates should apply to such traffic.

(i) If the Receiving Party lacks the ability to use CPN information to classify on an automated basis traffic delivered by the other Party as either Applicable Traffic or toll traffic, the Originating Party will supply an auditable Percent Local Usage (PLU) report quarterly, based on the previous three (3) months' traffic, and applicable to the following three (3) months' traffic. If the Originating Party also desires to combine interstate and intrastate toll traffic on the same trunk group, it will supply an auditable Percent Interstate Usage (PIU) report quarterly, based on the previous three (3) months' terminating traffic, and applicable to the following three (3) months' traffic. In lieu of the foregoing PLU and/or PIU reports, the Parties may agree to provide and accept reasonable surrogate measures for an agreed-upon period.

(j) Measurement of billing minutes for purposes of determining terminating compensation shall be in conversation seconds. The Parties agree that, in addition to any applicable audit provisions in their Interconnection Agreements, each Party shall have the right to conduct, at its own cost, periodic (but in any case no more frequent than semi-annual) audits, on commercially reasonable terms and conditions, with respect to billings sent in connection with this Amendment; and the other Party agrees to reasonably cooperate with any such audits.

(k) Notwithstanding any provision in the Interconnection Agreements, this Amendment or a tariff, Verizon shall not charge MCI a UNE terminating local switching rate element for calls originated by a Verizon Customer that Verizon delivers to MCI for an MCI UNE-P Customer; nor shall MCI charge Verizon the Unitary Rate, Reciprocal Compensation charges or any other charges with respect to such calls.

2. VOIP Traffic.

Notwithstanding any other provision in the Interconnection Agreements, in any tariff or SGAT, or under Applicable Law (including, without limitation, except as set forth in the last sentence of this section, any change to Applicable Law effected after the Effective Date), the Parties agree that, for purposes of this Amendment only: (i) VOIP Traffic shall be considered to be Telecommunications Traffic, and not Information Services Traffic; (ii) VOIP Traffic that is delivered to the Receiving Party with a CPN (or other accurate Call Record information) that is associated with an exchange outside the Verizon local calling

area in which the Customer of the Receiving Party is physically located ("Type 2 VOIP Traffic") shall not be subject to the Unitary Rates set forth in Section 1 above, but shall instead be subject to the Receiving Party's applicable switched access rates; (iii) VOIP Traffic that is delivered to the Receiving Party with a CPN (or other accurate Call Record information) that is associated with the same local calling area (or the same LATA, in the case of the state of New York, so long as LATA-wide reciprocal compensation is required by the New York Public Service Commission) in which the Customer of the Receiving Party is physically located ("Type 1 VOIP Traffic") shall be subject to the Unitary Rates set forth in Section 1 above; and (iv) VOIP Traffic that is delivered to the Receiving Party without CPN (or other accurate Call Record information) shall be subject to the provisions of Sections 1(f)-1(j). Notwithstanding anything in this Section 2, if, after the Effective Date, the FCC or Congress promulgates an effective and unstayed law, rule or regulation, or a court of competent jurisdiction issues an effective and unstayed nationally-effective order, decision, ruling, or the like regarding VOIP Traffic, the Parties will adhere to the relevant portions (i.e., those relating to the regulatory classification of or, compensation for, VOIP Traffic generally or any category of VOIP Traffic) of such legally effective and unstayed rule, regulation, order, decision, ruling or the like as soon as it becomes legally effective.

3. Points of Interconnection.

Notwithstanding any other provision in the Interconnection Agreements, any applicable tariff or SGAT, or under Applicable Law, this Section 3 shall set forth the Parties' respective rights and obligations with respect to interconnection architecture; provided however, that if, (a) pursuant to the fourth proviso of Section 1(a) of this Amendment, the Unitary Rates are capped by a change in the tariffed interstate access terminating local switching element and (b) the FCC or Congress promulgates an effective and unstayed law, rule or regulation, or a court of competent jurisdiction issues an effective and unstayed, nationally-effective order, decision, ruling, or the like regarding network architecture in conjunction with reduced interstate access rates, (i) either Party may put on hold the construction of new interconnection facilities required by this Section 3 and (ii) the Parties shall promptly negotiate amendments reflecting and transitioning to the newly prescribed network architecture.

(a) Mutual points of interconnection ("POIs") in each LATA in which one (or both) of the Parties originates Applicable Traffic for delivery to the other Party shall be established as set forth in this Section 3.

(i) MCI shall establish at least one mutual POI (i.e., a technically feasible point at which each Party delivers its originating traffic to the other Party) on Verizon's network in each of the Verizon Tandem serving areas in which MCI assigns to its end user Customers its own or ported telephone numbers. In addition, in each LATA with two (2) or more Verizon Tandems, MCI shall promptly establish additional mutual POI(s) once the total volume of Applicable Traffic originated by the Parties in a Verizon Tandem serving area reaches or exceeds the level of two (2) DS1s during any

month, provided that until such time, MCI shall hand off direct non-switched trunk groups to Verizon at the nearest Verizon Tandem (in such LATA) where MCI has assigned telephone numbers (and Verizon shall provide transport between such Verizon Tandem and the terminating Verizon Tandem at no charge to MCI, provided that where MCI has as of the Effective Date existing (or adds thereafter) transport facilities to the terminating Verizon Tandem, MCI shall utilize those facilities until such time as MCI establishes the mutual POI at the relevant Verizon Tandem). If Verizon's deployment of a logical Tandem (i.e., a Tandem using voice over ATM technology) in a LATA results in an increase in the number of Tandems in that LATA, such deployment shall not result in a requirement for MCI to establish an additional mutual POI in such LATA; provided, however, in such case MCI shall nonetheless fulfill the direct routed trunk group obligations set forth above. Each POI shall be at a technically feasible point in the relevant Verizon Tandem Wire Center, unless otherwise agreed to in writing by the Parties.

(ii) In any Verizon Tandem serving area in which MCI does not assign its own or ported telephone numbers, MCI shall deliver Applicable Traffic for termination to Verizon at a technically feasible POI at the terminating Verizon Tandem or End Office Wire Center.

(iii) In any LATA in which there are fewer than two (2) Verizon Tandems, then in addition to the mutual POI at the Verizon Tandem Wire Center, additional mutual POIs shall be established at such Verizon End Office Wire Centers mutually agreed to in writing by the Parties. The LATAs in which, as of the Effective Date, Verizon has fewer than (2) Tandems, include, without limitation, the LATAs set forth in Exhibit C.

(iv) For those Verizon End Offices that subtend a third party Tandem, Verizon may elect to designate the third party Tandem as the relevant mutual POI and, if Verizon does not do so, MCI shall designate a technically feasible point on the Verizon network in the relevant Tandem serving area, as the relevant mutual POI, and shall hand off direct non-switched trunks to relevant Verizon End Offices at that mutual POI.

(b) From and after the Effective Date, in any LATA where the Parties have not yet established mutual POIs as described in Section 3(a), MCI shall not bill (and Verizon shall not have an obligation to pay) any fees, charges or the like (including, without limitation, any transport charges) with respect to such arrangements.

(c) Subject to subsections (e) and (f) directly below, neither Party may charge (and neither Party shall have an obligation to pay) any fees, charges or the like (including, without limitation, any transport charges), with respect to Applicable Traffic that either Party delivers at a mutual POI, other than the Unitary Rates for Applicable Traffic.

(d) If the Applicable Traffic destined for an End Office exceeds the CCS

busy hour equivalent of two (2) DS1s, Verizon may request, and MCI shall order, Direct End Office Trunks ("DEOTs") to that End Office. Verizon shall provide the DEOT facilities between the mutual POI and the Verizon End Office at no additional charge to MCI. MCI shall be responsible for ordering and providing such DEOTs between the mutual POI and the MCI switch at no additional charge to Verizon. After initially establishing DEOTs pursuant to this subsection, traffic routed to this End Office will be allowed to overflow to the Tandem not to exceed the CCS busy hour equivalent of one (1) DS1.

(e) In those LATAs in which the Parties have previously established interconnection at POIs and/or are using interconnection transport and trunking architectures other than as set forth pursuant to the terms of Section 3(a), either Party may require the other Party, via written notice to the other Party, to bring such pre-existing interconnection arrangements into compliance with the terms of Section 3(a) through either of the following methods:

(i) Within a commercially reasonable time following the foregoing notice (not to exceed six (6) months after the date of such notice unless otherwise agreed in writing by the Parties), the Parties shall negotiate in good faith and implement a physical migration of the pre-existing arrangements to the terms prescribed herein; or

(ii) In lieu of requiring physical rearrangements of pre-existing facilities, or where the physical rearrangement has not been completed, within six (6) months following such notice, the Parties shall implement a billing arrangement pursuant to which MCI shall pay Verizon for the transport (and entrance facilities if provided by Verizon) between each Verizon Tandem (or other designated POIs at Verizon End Offices in LATAs with less than two (2) Verizon Tandems) and the hand off to or from MCI at the MCI switch or other location, at the applicable Verizon intrastate access rates and charges; provided, however, that so long as Verizon may be required by Applicable Law to provide interconnection transport facilities between any specific Verizon Central Offices at TELRIC-based rates and charges, Verizon shall do so (and, if not so required under Applicable Law, Verizon shall provide the transport facilities between such Central Offices at the applicable Verizon intrastate access rates and charges).

With respect to subsection (i) directly above, each Party shall bear its own costs with respect to any such migration; the Parties will coordinate any such migration, trunk group prioritization, and implementation schedule; and Verizon agrees to develop a cutover plan and to project manage the cutovers with MCI participation and agreement.

(f) MCI may apportion spare capacity on existing access entrance facilities (and/or transport where applicable) purchased by MCI between the relevant mutual POIs and/or the MCI switch as described in this section 3; however, any such apportionment shall not affect the rates or charges applied to the relevant facilities.

(g) Subject to written agreement of the Parties, MCI may designate an MCI

collocation space(s) (at a Verizon Wire Center) as an additional mutual POI(s) within a given Tandem serving area.

4. Defined Terms.

Notwithstanding anything to the contrary in the Interconnection Agreements, in any applicable tariff or SGAT, or under Applicable Law (including, without limitation, a change to Applicable Law effected after the Effective Date), the terms defined in this Section (or elsewhere in this Amendment) shall have the respective meanings set forth in this Amendment. A defined term intended to convey the meaning stated in this Amendment is capitalized when used. Other terms that are capitalized, and not defined in this Amendment, shall have the meaning set forth in the Act. Unless the context clearly indicates otherwise, any term defined in this Amendment that is defined or used in the singular shall include the plural, and any term defined in this Amendment that is defined or used in the plural shall include the singular. The words "shall" and "will" are used interchangeably, and the use of either indicates a mandatory requirement. The use of one or the other shall not confer a different degree of right or obligation for either Party. The terms defined in this Amendment have the meanings stated herein for the purpose of this Amendment only, and not for any other purpose. By agreeing to use the definitions of terms used in this Amendment, neither Party is conceding the definition of a term for any other purpose.

(a) "Act" means the Communications Act of 1934 (47 U.S.C. §151 et seq.), as amended and in effect from time to time (including, but not limited to, by the Telecommunications Act of 1996).

(b) "Applicable Law" means all effective laws and government regulations, rules, decisions and orders applicable to each Party's rights, and performance of its obligations, under this Amendment and the Interconnection Agreements.

(c) "Applicable Traffic" consists of Reciprocal Compensation Traffic (including, without limitation, for purposes of this Amendment and no other purpose, Reciprocal Compensation Traffic originated by MCI UNE-P Customers and terminated to Verizon Customers, ISP-Bound Traffic (including, for purposes of this Amendment and for no other purpose, V/FX Traffic that is ISP-Bound Traffic), and Type 1 VOIP Traffic. Applicable Traffic does not include Reciprocal Compensation Traffic originated by Verizon Customers and terminated to MCI UNE-P Customers. Applicable Traffic also does not include Type 2 VOIP Traffic or V/FX Traffic that is not ISP-bound Traffic, each of which types of traffic is subject to applicable switched exchange access tariff charges; the Parties hereby agree that, as of the Effective Date, they are exchanging only a de minimis amount of V/FX Traffic that is not ISP-bound Traffic; the Parties further agree that, from time to time, upon written request from either Party, the Parties will review whether the amount of such V/FX Traffic that is not ISP-bound Traffic exchanged between them remains de minimis. For the purpose of calculating traffic ratios only, and not for the purpose of calculating intercarrier compensation, "Applicable Traffic" also includes Reciprocal Compensation Traffic originated by Verizon Customers and

terminated to MCI UNE-P Customers.

(d) "Central Office Switch" means a switch used to provide Telecommunications Services, including, but not limited to, an End Office Switch or a Tandem Switch. A Central Office Switch may also be employed as a combination End Office/Tandem Office Switch.

(e) "Customer" means a third party residence or business end-user subscriber to Telephone Exchange Services provided by one of the Parties.

(f) "End Office" or "End Office Switch" means a switching entity that is used to terminate Customer station loops for the purpose of interconnection to each other and to trunks.

(g) "Extended Local Calling Scope Arrangement" means an arrangement that provides a Customer a local calling scope (Extended Area Service, "EAS"), outside of the Customer's basic exchange serving area. Extended Local Calling Scope Arrangements may be either optional or non-optional. "Optional Extended Local Calling Scope Arrangement Traffic" is traffic that under an optional Extended Local Calling Scope Arrangement chosen by the Customer terminates outside of the Customer's basic exchange serving area.

(h) "Information Access" means the provision of specialized exchange Telecommunications Services in connection with the origination, termination, transmission, switching, forwarding or routing of Telecommunications traffic to or from the facilities of a provider of information services, including an Internet service provider.

(i) "ISP-Bound Traffic" has the meaning set forth in the *Order on Remand*.

(j) "LERG" or "Local Exchange Routing Guide" means a Telcordia Technologies reference containing NPA/NXX routing and homing information.

(k) "NXX" or "NXX Code" means the three-digit switch entity indicator (i.e. the first three digits of a seven-digit telephone number).

(l) "*Order on Remand*" is the Federal Communications Commission's Order on Remand and Report and Order in *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP Bound Traffic*, FCC 01-131, CC Docket Nos. 96-98 and 99-68 (rel. Apr. 27, 2001).

(m) "Reciprocal Compensation" means the arrangement for recovering, in accordance with Section 251(b)(5) of the Act, the *Order on Remand*, and other applicable FCC orders and FCC regulations, costs incurred for the transport and termination of Reciprocal Compensation Traffic.

(n) "Reciprocal Compensation Traffic" consists of Telecommunications traffic for which compensation is required by both Section 251(b)(5) of the Act and 47

C.F.R. Part 51; and, for the avoidance of any doubt, the following types of traffic, among others, do not constitute Reciprocal Compensation Traffic: Telecommunications traffic that is interstate or intrastate Exchange Access, Information Access, or exchange services for Exchange Access or Information Access; toll traffic, including, but not limited to, calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXX) basis; Optional Extended Local Calling Scope Arrangement Traffic; special access, private line, frame relay, ATM, or any other traffic that is not switched by the Receiving Party; tandem transit traffic; or voice Information Service traffic.

(o) "Switched Exchange Access Service" means the offering of transmission and switching services for the purpose of the origination or termination of toll traffic. Switched Exchange Access Services include but may not be limited to: Feature Group A, Feature Group B, Feature Group D, 700 access, 800 access, 888 access and 900 access.

(p) "Tandem" or "Tandem Switch" means a physical or logical switching entity that has billing and recording capabilities and is used to connect and switch trunk circuits between and among End Office Switches and between and among End Office Switches and carriers' aggregation points, points of termination, or points of presence, and to provide Switched Exchange Access Services.

(q) "UNE-P" means a combination of a UNE switch port and UNE loop provided by Verizon pursuant to the requirements of 47 U.S.C. Section 251(c)(3) and 47 C.F.R. Part 51.

(r) "Virtual Foreign Exchange Traffic" or "V/FX Traffic" means calls placed over the public switched telephone network or VOIP Traffic, in either case in which a Customer is assigned a telephone number with an NXX Code (as set forth in the LERG) associated with an exchange that is different than the exchange (as set forth in the LERG) associated with the actual physical location of such Customer's station.

(s) "VOIP Traffic" means voice communications, or data communications other than ISP-Bound Traffic, that are transmitted in whole or in part over packet switching facilities using Internet Protocol or any similar packet protocol. For purposes of this Amendment only (and without affecting any other matter), VOIP Traffic shall be treated as having been generated through provision of a Telecommunications Service, and not an Information Service.

(t) "Wire Center" means a building or portion thereof which serves as the premises for one or more Central Office Switches and related facilities.

5. Waiver of Rights; Successor Terms.

(a) Each Party irrevocably waives, with respect to the other Party, any and all rights that it may have or that it may obtain, from the beginning of time through and including June 13, 2006, under the Act (including, but not limited to, under Section 252(i) thereof), under any other Applicable Law, under the Interconnection Agreements, or otherwise (i) to adopt the terms of any other interconnection agreement, law, regulation,

order, arbitration award or the like relating to the subject matter of this Amendment; or (ii) to seek through negotiation, arbitration, or otherwise terms or provisions that would modify, replace, alter or otherwise change the terms and provisions of this Amendment prior to June 14, 2006. Further, the Parties agree that, if they establish new or replacement interconnection agreements beyond those set forth in Exhibit A to this Amendment, they shall implement the terms of this Amendment into such new or replacement interconnection agreements until such time as this Amendment is superceded in accordance with subsection (b) directly below. Neither Party hereby waives any other rights accorded to it under Applicable Law, except to the extent expressly stated in this Amendment. Nothing in this Amendment should be construed or interpreted as limiting in any way either Party's rights to pursue in any forum regulatory or legislative reform and/or changes to Applicable Law.

(b) If, by June 14, 2006, the Parties have not entered into successor terms and conditions with respect to the subject matter of this Amendment, then on and as of such date, the terms of this Amendment shall continue to be in effect until replaced by terms to which the Parties agree in writing (pursuant to a voluntary agreement or arbitration). On or after (but no earlier than) February 1, 2006, either Party may initiate, by written notice to the other Party, renegotiation of successor terms and provisions with respect to the subject matter of this Amendment. If the Parties are not able to negotiate such successor terms and provisions by June 14, 2006, either Party may initiate an arbitration under Section 252 of the Act, or another appropriate action (if applicable), in any and/or all jurisdictions, upon thirty (30) days written notice, which notice may be given at any time on or after (but not before) June 14, 2006.

6. Representations and Warranties.

(a) Each of the Verizon Parties represents and warrants that:

(i) it is a corporation validly existing and in good standing under the laws of its state of incorporation, it has all requisite corporate power and authority to execute and deliver this Amendment, and it has all requisite corporate power and authority to perform its respective obligations hereunder;

(ii) the execution, delivery and performance of this Amendment by the Verizon Party will not result in any violation or be in conflict with its charter or by-laws, or any agreement, order, judgment, decree, statute, rule or regulation applicable to the subject Verizon Party; and

(iii) this Amendment is a valid and binding agreement of the Verizon Party.

(b) Each MCI Party represents and warrants that:

(i) it is a corporation or company validly existing and in good standing under the laws of its state of incorporation, it has all requisite corporate power and authority

