

ADDITIONAL SERVICES TARIFF SCHEDULE

SECTION 31 – CONTRACT TARIFFS

31.1 Contract Tariffs

31.1.1 This section contains terms, conditions, rates and charges for contract tariffs provided by the Company. Individual contract tariffs are contained in the following subsections of this section 31.

31.2 Contract Tariff Option 1

31.2.1 Services

A. An AGREEMENT under this Contract Tariff is made and entered into by and among PUERTO RICO TELEPHONE COMPANY, INC. (PRTC or Company) for itself and on behalf on any of its affiliates providing services and CUSTOMER, on behalf of itself and the Affiliates and/or Subsidiaries, which can be modified to include additional Affiliates/Subsidiaries when any are acquired, hereto "CUSTOMER". CUSTOMER hereby requests and agrees to purchase the services identified in this Contract Tariff, and as further described in any other applicable tariffs, subject to PRTC's receipt of any necessary regulatory and other governmental approvals, if applicable.

The following services (the "Services") are provided under this Contract Tariff. Rates and charges for these Services are set forth in the applicable tariff as it exists at the start of an Agreement, as set forth in Exhibit B.

- | | |
|----------------------------------|-------------------------|
| Wireline Access Lines Business | PBX Trunks |
| Digital Channels | Frame Relay |
| Ethernet | ATM |
| DS3 | |
| ISDN – PRI and BRI Back-Up Lines | VOIP Trunk Lines |
| MPLS - VPN | Legacy Private Circuits |
| Voice Bundle Traffic | |

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31.2.2 Charges

CUSTOMER will pay all applicable rates and charges set in this Contract Tariff and shall also pay all applicable taxes, fees and charges, including Subscriber Line Charges and charges pursuant to applicable law, regulations, or tariffs in connection with the Services.

31.2.3 General

- A. This Agreement is valid for a period of thirty-six (36) months ("Contract Term") beginning on the Term Start Date. The CUSTOMER may renew its contract under this Agreement for an additional three (3) year term. Except as stated in Section 31.2.7 (B), if the contract is not renewed, the CUSTOMER will cease to receive the discounts contained in this Agreement at the conclusion of month thirty-six (36).
- B. The Term Start Date is the first day of the CUSTOMER's first full billing month following the CUSTOMER's Initial Service Date. The CUSTOMER's Initial Service Date is the first day of the first full billing month following the effective date of this Agreement. The rates and discounts specified in this Agreement will apply commencing on the CUSTOMER's Initial Service Date.
- C. This Agreement is available only to CUSTOMERS who commit to the Minimum Annual Revenue Commitment (MARC) in Section 31.2.4; and satisfy each of the specific Qualifying Conditions in Section 31.2.5.
- D. The CUSTOMER is defined as a single legal entity, and may include any legal subsidiaries of this entity and/or Affiliates, within Puerto Rico, purchasing Services under this Agreement for their own use.
- E. CUSTOMER who subscribes to this Agreement may not subscribe to any other PRTC Agreements for the Services set forth in Section 31.2.1.
- F. Except as otherwise provided in this Agreement, the rates and regulations that apply to the Services are as set forth in the Company's tariffs, as of the Term Start Date.

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31.2.4 Minimum Annual Revenue Commitment

- A. The Minimum Annual Revenue Commitment (“MARC”) for the Services provided under this Agreement is as follows:

Term	Year 1	Year 2	Year 3
MARC	\$5,300,000.00	\$5,150,000.00	\$5,000,000.00

- B. The MARC shall be measured based on CUSTOMER’s gross expenditures for all Services purchased from the Company, which includes the Services listed in Section 31.2.1 above and other wireline services subject to any separate agreement between the Company and the CUSTOMER. The applicable Expenditures for non-recurring charges, Directory Assistance, Directory Listings, Toll Assistance, 911 surcharges, Subscriber Line Charges, Federal and Local Universal Service pass-through charges, and other similar charges do not count toward satisfying the MARC,
- C. If, on any anniversary of the CUSTOMER’s Initial Service Date the CUSTOMER has failed to satisfy the MARC for the preceding year, the CUSTOMER will be billed a shortfall in an amount equal to the difference between the MARC and the total gross expenditures incurred and paid for that year, excluding those expenditures listed in 31.2.4 (B) that do not count toward satisfying the MARC. The CUSTOMER, however, may elect by providing a 30 days prior written notice to carry forward up to, but not to exceed, 5% of the MARC from the first year to the second year or from the second year to the third year, which will be added to the MARC for the subsequent year. If the CUSTOMER fails to satisfy the third year MARC and any carryover by the end of the three (3) year Contract Term, then the CUSTOMER will be billed an amount equal to the difference between the third year MARC plus any carryover from the second year and the total gross Expenditures incurred and paid for the third year, excluding those items listed in 31.2.4 (B) that do not count toward satisfying the MARC.
- D. Revision of MARC – At the end of each year, the MARC will be adjusted at the end of the then current year, if any of the following situations applies:
- (i) If any Affiliate of CUSTOMER is sold or transferred to a third party, which produces a reduction of 2% or more of the revenues counted towards the MARC, then the MARC will be reduced by the same percentage.
 - (ii) Services have been migrated, as described in Section 31.2.8 C
- E. Notwithstanding 31.2.4.D, in the event that an adjustment to the MARC exceeds 40%, then the applicable tariff rates would be those paid by the CUSTOMER immediately prior to the execution of this Agreement, effectively eliminating all discounts related to this contract tariff. Such adjustment in the tariff and Contract Term, and termination of the obligation to comply with the MARC and Qualifying Conditions will become effective on the first day of the next full billing month following the date of the event that causes the reduction.

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31.2.5 Qualifying Conditions

To subscribe and maintain eligibility for Service under this Agreement, the CUSTOMER must meet all the following Qualifying Conditions:

- A. CUSTOMER shall purchase a minimum of 60% of the Services at one (1) location. Accordingly, PRT shall not accept any purchase of Services originated from an Affiliate, unless the Services purchased does not impact CUSTOMER's Network.
- B. Subject to section 31.2.8 (C), CUSTOMER shall maintain a minimum of one thousand (1,000) wireline access lines and/or VOIP Trunk Lines, of which at least 2% will be composed of ISDN PRIs arrangements or digital access lines
- C. Subject to section 31.2.8 (C), CUSTOMER shall use at least 9,000,000 (nine million) annual minutes of voice service usage, of which a minimum of 80% must be intrastate Puerto Rico usage.
- D. CUSTOMER shall maintain a minimum of four hundred forty (440) data circuits.
- E. CUSTOMER shall pay the non-disputed portion of all invoices within thirty (30) days of receipt of invoice but not to exceed 45 days from date of invoice, subject to the electronic invoice being delivered to CUSTOMER within fifteen (15) days of the invoice date. The CUSTOMER will promptly notify PRT of any billing dispute but will still be responsible to pay for the undisputed billed services within the aforementioned timeframe. Any invoice not paid by the required date shall bear a 1.5% late charge fee per month or the highest interest rate allowed by law, whichever is lower.
- F. If the CUSTOMER fails to meet any of the Qualifying Conditions for three consecutive months except for 31.2.5(C), then the discounts contained in 31.2.6 will be eliminated effective with the first billing month following the three consecutive months period that the Qualifying Conditions are not met and the then applicable tariff would be those paid by CUSTOMER prior to the execution of this Agreement. If the discounts were eliminated, then upon the compliance by CUSTOMER of the Qualifying Conditions, the discounts in section 31.2.6 will be reinstated effective on the first full billing month following such compliance. For 31.2.5(C), if CUSTOMER does not achieve the yearly minimum voice service usage, as adjusted by 31.2.5(G) if applicable, PRT will bill the CUSTOMER the difference between the minimum and the actual consumption at the applicable discounted rate.

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31.2.5 Qualifying Conditions (Cont.)

- G. The Qualifying Conditions will be adjusted at the end of the monthly billing cycle if the following situations occur in the previous billing cycle:
- a. If any Affiliate of CUSTOMER is sold or transferred to a third party, which produces a reduction of 2% or more of any Qualifying Conditions, then such Qualifying Condition will be reduced by the same percentage.
 - b. As set forth in section 31.2.8.(C).
- H Notwithstanding 31.2.5.G. in the event of an adjustment to the Qualifying Conditions in excess of 40%, then the applicable tariff rates would be those paid by the CUSTOMER immediately prior to the execution of this Agreement, effectively eliminating all discounts related to this contract tariff. Such adjustment in the tariff and Contract Term, and termination of the obligation to comply with the MARC and Qualifying Conditions will become effective on the first day of the next full billing month following the date of the event that causes the reduction.

31.2.6 Discount

- A. The discounts, which are applied to the Company's applicable tariff for these Services, are the only discounts for the Services provided under this Agreement.
- B. Subject to Exhibit B, the existing tariff, rates and discounts provided, at the time of contract signature, will be fixed for the Term of the Agreement as set forth in Exhibit B.
- C. Service discounts follow:

(N)

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31.2.6 Discount (Cont.)

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Service	Discount
Voice Access Service:	
Voice Bundled Traffic – PR	47.5% - Intra-island and Local PR
Voice Bundled Traffic – Domestic US	65 % - USA calls
BMS, BML PBX Trunks, Digital Channels	23.80%
\$22.25	23.80%
\$25.30	33.04%
\$27.25	37.79%
800 Service:	
Toll service Rent	30.23%
Usage USA and Local	47.50%
ISDN PRI	58.50%
Data Service:	
MPLS Ethernet: 10MB, 100MB, 1GB MPLS – VPN portion: DS-1 and above	24.0%, 26.65%, 30.39%
MPLS – VPN portion:	
DS-1	60%
MPLS – VPN portion: Fractional	25%
Legacy Pt-Pt Circuits	15%
SIP Trunks	21.50%

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31.2.7 Termination

- A. CUSTOMER may cancel this Agreement upon thirty (30) days prior written notice, provided that if CUSTOMER cancels this Agreement prior to the expiration of the Contract Tariff Term other than for cause, CUSTOMER shall pay a termination charge equal to 30% of the sum of the remaining MARCs, pro-rated for any partial year.
- B. If a new agreement is not reached with PRTC by the time of the expiration date, and the CUSTOMER has not submitted a written notice for discontinuation of Services thirty (30) days prior to such date, Services will auto-renew on a month to month basis at the prevailing rates, 1/12 of the MARC and the full Qualifying Conditions and existing discounts, during good faith negotiations, until a new agreement is reached or CUSTOMER provides the aforementioned written notice for discontinuation of Services.
- C. Notwithstanding the foregoing, during the term of the Agreement, no termination charge will apply if CUSTOMER replaces this Agreement with a new reasonably comparable Service agreement with the Company.
- D. Failure of any Critical Condition in three (3) consecutive months, at CUSTOMER's option, this Agreement may be cancelled without penalty. Critical Conditions are defined as:
 - (i) An event that results in an individual CUSTOMER site access down for 72 consecutive hours.
 - (ii) Any event that results in more than fifty percent (50%) of CUSTOMER Locations to be down or without VoIP Service.
 - (iii) Any Network metric (Network Availability, Network Transit Delay, Data Delivery Rate, Packet Loss) not complying with the corresponding Service Level Commitment for 3 consecutive months, or for 6 of the last 12 months.

31.2.8 Other Terms of Service

- A. The parties acknowledge that the discounts and other terms of this Agreement are premised on CUSTOMER's commitments, unique network design requirements, and CUSTOMER's service mix, usage patterns and concentration, and other characteristics.

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31.2.8 Other Terms of Service (Cont.)

- B. Additional charges may be required if suitable CUSTOMER facilities are not available to provide Services at any additional locations, or any additional work, services, or quantities of services are provided. In the event installation of additional network facilities is required to provide Services, PRTC will inform CUSTOMER of such applicable charges, and PRTC will install such facilities only upon mutual written agreement of the parties to such additional charges. If CUSTOMER does not agree to pay additional charges, such services will not be provided.

- C. Technology Upgrade:
 - a. If, in the event new technology services become available by PRT during the Contract Term of this Agreement, the CUSTOMER may migrate to the new PRTC's services without penalty. If the CUSTOMER fails to meet the agreed MARC, during year one of this Agreement, due to migration to a new technology service offered by PRTC, then the Qualifying Conditions and MARC will be reduced by the same percentage as the percent impact of the new technology services.

 - b. If CUSTOMER substitutes 2% or more of their present wireline access lines and VOIP Trunk Lines with existing PRT technology, then PRTC will reduce the Qualifying Conditions and the MARC by the same percentage as the percentage impact of the lines substituted.

 - (iii) If minutes of consumption is reduced by (i) technology upgrade or internal business control (calling restriction or so) in excess of 2%, both Qualifying Condition and MARC will be reduced by the same quantity percentage.

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31.3 Contract Tariff Option 2

31.3.1 Agreement

- A. An AGREEMENT under this Contract Tariff is made and entered into by and among PUERTO RICO TELEPHONE COMPANY, INC. (“PRTC” or “Company”) on behalf of itself and any of its affiliates and or subsidiaries providing services and the Office of the Chief Information Officer of the Commonwealth of Puerto Rico (Customer) on behalf of itself and any Commonwealth and/or Local Governmental Agencies, Instrumentalities or Public Corporations (“Qualifying Agencies”). Customer hereby requests and agrees to purchase the services identified in this Contract Tariff, and as further described in any other applicable tariffs, subject to PRTC's receipt of any necessary regulatory and other governmental approvals, if applicable.
- B. The minimum service period is twelve (12) months unless by regulation, administrative rule or internal policy are not permitted to contract for the above established terms, the contract term as established by the referred Agency's regulation, administrative rule or internal policy will apply.

31.3.2 Minimum Monthly Revenue and Usage Commitment and Qualifying Conditions

- A. The minimum monthly revenue and usage commitment (MRUC) to qualify for the prices shown in Section 31.3.3 below are as follows:
 - 1. Monthly Revenue Commitment: \$500,000 for services listed in Section 3 below.
 - 2. Monthly Usage Commitment: 4,000,000 local, intrastate or interstate minutes of use per month.
- B. The MRUC shall be measured based on Customer gross expenditures for all retail services purchased by Qualifying Agencies from the Company, which includes the Services listed in Section 31.3.3 and other wireline services subject to any separate agreement between the Company and the Customer. The applicable expenditures for non-recurring charges, Directory Assistance, Directory Listings, Toll Assistance, 911 surcharges, Subscriber Line (End User Common Line) Charges, Federal and Local Universal Service pass-through charges, and other similar charges do not count toward satisfying the MRUC.

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31.3 Contract Tariff Option 2 (Cont.)

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31.3.2 Minimum Monthly Revenue and Usage Commitment and Qualifying Conditions (Cont.)

- C. Customer shall pay the non-disputed portion of all invoices within thirty (30) days of receipt of invoice but not to exceed 45 days from date of invoice, subject to the electronic invoice being delivered to Customer within fifteen (15) days of the invoice date. The Customer will promptly notify PRT of any billing dispute but will still be responsible to pay for the undisputed billed services within the aforementioned timeframe. Any invoice not paid by the required date shall bear a 1.5% late charge fee per month or the highest interest rate allowed by law, whichever is lower

- D. If the Customer fails to meet any of the MRUC or Qualifying Conditions for three consecutive months except for 31.3.4(A), then the pricing contained in 31.3.3 will be eliminated, effective the first billing month following the three consecutive month period that the Qualifying Conditions are not met and the then applicable tariff rates would be the actual applicable tariff. Thereafter, upon the compliance by the Customer of the Qualifying Conditions, the rates in section 31.3.3 will be reinstated effective the first full billing month following such compliance. According to 31.3.4(A), if the Customer does not achieve the monthly minimum voice service usage, PRT will bill the Customer the difference between the minimum and the actual consumption at a rate of \$0.025 per intrastate and local minute of use and \$0.04 per interstate minute of use.

- E. This contract tariff is only available to instrumentalities, agencies and public corporations of the Commonwealth and Local/Municipal governments of Puerto Rico.

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31.3 Contract Tariff Option 2 (Cont.)

31.3.3 Services and Charges

- A. The following services (the "Services") are provided under this Contract Tariff. Rates and charges for these Services are also set forth below. Line Rates shown below include the \$2.25 Extended Area Charge. Miscellaneous and additional features are not be included in the rates shown and will be subject to the terms, conditions and rates found in the applicable tariff. Additional services may be purchased from PRTC's existing tariffs under the terms, conditions and rates found in the applicable tariff.

Monthly Recurring Services	Monthly Recurring Charge	Non-recurring Charges (NRC) and/or Installation Charges
Access Line (BMS, BML, Analog Trunk)	\$15.60	\$65.00
Access and Basic Group of Features: PRI	\$224.84	\$305.00
T1 for Voice Services	\$315.74	\$299.00
DID Block of Numbers:		
10	\$8.99	N/A
20	\$17.40	N/A
40	\$34.80	N/A

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Usage Services	Per Minute Charges	Non-recurring Charges (NRC) and/or Installation Charges
Local And Intra-Island Long Distance Calls	\$0.0125 per MOU	N/A
Interstate Long Distance Calls	\$0.03 per MOU	N/A
Calls within or between agency numbers	\$0.0125 per MOU	N/A
Calls to 411	\$1.25 per call	N/A

TR-234

Issued: June 27, 2013

Effective: July 1, 2013

