

SPECIAL CONTRACT FOR SERVICE

Northern New England Telephone Operations LLC
d/b/a FairPoint Communications-NNE

WITH

**State of New Hampshire
Department of Administrative Services
Amendment # 3-Revision**

Northern New England Telephone Operations LLC
d/b/a FairPoint Communications-NNE

WITH

State of New Hampshire
Department of Administrative Services
Amendment # 3

SPECIAL CONTRACT
SUPPORTING MATERIAL

INDEX

1. CONTRACT OVERVIEW
2. COST STUDY DETAILS
3. CONTRACT

SECTION 1

CONTRACT OVERVIEW

OVERVIEW OF CONTRACT

State of New Hampshire Department of Administrative Services Amendment # 3

The purpose of this filing package is to 1) provide supporting documentation for an amendment to the Special Contract between FairPoint Communications-NNE and State of New Hampshire Department of Administrative Services for Centrex lines and 2) request full approval of this Agreement from the New Hampshire Public Utilities Commission.

The Contract provides changes to the number of Centrex lines and the rate for a thirty-six (36) month period. The Services will revert back to month-to-month tariff rates unless Customer negotiates a new agreement or terminates Services in writing.

SECTION 2

COST STUDY DETAILS

SECTION 3

CONTRACT



State of New Hampshire
DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
State House Annex - Room 120
Concord, New Hampshire 03301

October 3, 2007
Item # 102A

DONALD S. HILL
Commissioner
(603) 271-3201

September 17, 2007

His Excellency, Governor John H. Lynch
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Administrative Services to amend a current contract with Verizon New England d/b/a Verizon New Hampshire, of 185 Franklin Street, Boston Massachusetts (Vendor Code #107893). This is an amendment to a current contract for communications network services. The term of this amendment will begin upon Governor and Council approval and end no later than October 9, 2010. Funding shall be provided through individual agency expenditures, none of which shall be permitted unless there are sufficient funds in a specific PAU to cover the requested service.

EXPLANATION

The original contract was approved by the Governor and Council on September 4, 2002 (Item #33A) amended on November 10, 2004 (Item #14) and amended on August 3, 2005 #41.

The current contract allows services for approximately 12,000 voice lines and data circuits. The amendment will allow Administrative Services to extend the current contract for a period of up to thirty six months. This extension in time will allow Administrative Services to continue to provide services to state agencies while providing sufficient time to release a bid for services, and the awarded contractor(s) adequate time to install those services. This amendment will also decrease the per minute toll charge rates from \$.036 per minute to \$.032 per minute, and allow the expansion of Centrex based services at 50% of the cost of business lines, saving the State a perspective total of \$43,000 per month over the remaining months of the contract. All other terms and conditions shall remain in full force and effect.

Respectfully submitted,

Donald S. Hill
Commissioner

DSH/MC/dlr



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
State House Annex • Room 120
25 Capitol Street
Concord, New Hampshire 03301

DONALD S. HILL
Commissioner
(603) 271-3201

CONSENT TO ASSIGNMENT

The N.H. Department of Administrative Services ("State") hereby conditionally consents to Verizon New England Inc., d/b/a Verizon New Hampshire's assignment of the communication network services contract approved by Governor and Council on September 4, 2002 and amended on November 10, 2004, August 3, 2005 and October 3, 2007 (the "Agreement") to FairPoint Communications, Inc., ("FairPoint").

This consent to assignment is conditioned upon FairPoint's assuming full responsibility for performance of the entire aforementioned contract, including but not limited to, any and all obligations and liabilities under the contract for the full term of the contract.

Subject to the conditions contained herein, (1) this contract assignment shall be effective upon close of the transaction for the spin-off and merger of New Hampshire operations of Verizon New England Inc., between Verizon Communications Inc. and FairPoint Communications, Inc., presently planned for January 31, 2008; and (2) after the assignment becomes effective, FairPoint Communications, Inc., and not Verizon New Hampshire or its affiliates, will be solely responsible for performance of the Agreement, notwithstanding contrary terms in the Agreement, if any.

By: Donald S. Hill

Name: Donald S. Hill

Title: Commissioner

Date: November 29, 2007

**THIRD AMENDMENT
TO
COMMUNICATIONS NETWORK SERVICES
Contract No.:14**

It is hereby agreed that the contract approved by N.H. Governor & Executive Council on September 4, 2002 and Amended on November 10, 2004 and August 3, 2005 collectively herein referred to as the "Agreement" between Verizon New England Inc. d/b/a/ Verizon New Hampshire as "Contractor" and the Department of Administrative Services as "State", seek to amend the Communications Network Services Contract No. 14 .

WHEREAS, Customer and Verizon desire to amend the Agreement to modify certain terms and conditions;

NOW THEREFORE, in consideration of the mutual promises set forth herein and for other good and valuable consideration, the Agreement is hereby further amended as follows:

1. Section 3.1 Contract Duration is hereby deleted in its entirety and replaced with the following:

"3.1 Contract Duration. Verizon will furnish and Customer will subscribe to, use, and pay for the Services at the rates listed within Exhibit A and as amended herein, under this Amendment for a period of up to thirty-six (36) months following expiration of the current Agreement on October 9, 2007, the execution of this Amendment by the Parties, and N.H. Governor and Executive Council approval. In no event shall the term of the Contract Duration be extended beyond October 9, 2010."

2. The Agreement is hereby amended to remove all references to Verizon's IntraLata NH Toll Calling ("Usage") in their entirety and to replace them with Exhibit B, which is attached to this Amendment and titled "Application for Service Corporate Rewards". Exhibit B shall govern the rates terms and conditions for Usage provided by Verizon pursuant to applicable tariff.

3. The Minimum Line Quantities for Verizon Analog Voice Centrex lines is hereby amended to seven thousand and two hundred lines (7,200). Customer shall have the obligation to maintain the Minimum Line Quantities. If Customer disconnects or terminates any Analog Voice Centrex lines below the Minimum Line Quantities, Customer will be required to pay termination charges as follows: \$00.11 for each disconnected or terminated line during the first year of the Service Period multiplied by the number months remaining in the Service Period. For lines disconnect or terminated after the first year of the Service Period Customer will be required to pay termination charges as follows: \$00.08 for each line disconnect or terminated multiplied by the number of months remaining in the Service Period.

4. Exhibit A, Monthly Cost ("MC") for Specific Type 1 Centrex Services, Centrex Basic Telephone Line, Other Than Concord, Portsmouth Gilford, Manchester, and Stratham is hereby amended to fifteen dollars and fifty-seven cents (\$15.57) per line.

5. Exhibit A, Monthly Cost ("MC") for Specific Type 5 High Speed Data Services is hereby amended by deleting the footnote paragraph addressing T1 Frame Relay Minimum Quantities in its entirety and is replaced with the following:

"**One time cost for the new 1.5 M Frame Relay Circuits only applies to new services installed after this amendment is approved by Governor and Council. Provided suitable facilities and/or equipment are available Customer may request additional Service ("Growth") at the rates, terms, and conditions herein. "

6.. Verizon reserves the right to increase the rates for these Services if this Agreement is not signed and dated by Customer on or before October 9, 2007.

Except as herein amended, all other provisions of the "Agreement", approved by N.H. Governor and Executive Council on September 4, 2002 and as Amended on November 10, 2004, and August 3, 2005, shall remain in full force and effect.

Signature Page to follow

Contract Manager:PEmmons 8-27-07,9-26-07
PreSales"SHouse
CBS/CNE: 2007-421200,398034,399122,399133
Rev. JS 090607

VERIZON BUSINESS NETWORK SERVICES INC.
On behalf of VERIZON NEW ENGLAND INC. d/b/a
VERIZON NEW HAMPSHIRE

By: [Signature]

Suleiman Hessami
VP Pricing/Contract Management

Title: _____

Date: 9/27/07

NOTARY PUBLIC/JUSTICE OF THE PEACE

On the 27 day of Sept., 2007,
There appeared before me, the state and county foresaid a
person who satisfactorily identified himself as

Suleiman Hessami

And acknowledge that he executed this document
indicated above.

In witness thereof, I hereunto set my hand and official seal.

[Signature]
(Notary Public/Justice of the Peace)

My commission expires:

4/24/10
(Date)



Notary Public State of Mississippi
At Large
My Commission Expires
April 24, 2010
BONDED THRU
HEIDEN, BROOKS & GARLAND, INC.

STATE OF NEW HAMPSHIRE

By: [Signature]

Donald S. Hill Commissioner
(Print Name)

Title: Commissioner
Department of Administrative Services

Date: 9/27/07

OFFICE OF THE ATTORNEY GENERAL

By: [Signature]

Jill Desrochers
(Print Name)

Title: Attorney

Date: 9/27/07

The foregoing contract was approved by the Governor and
Council of New Hampshire on

Oct. 3, 2007.

Signed: [Signature]

(Print Name)

Title: Dep. Sec. of State



EXHIBIT B

APPLICATION FOR SERVICE
Corporate Rewards (NH)

Customer Name:	State of New Hampshire	Main Billing Tel. No:	603 271-1110
Address:	25 Capitol Street Concord NH 03301		

Customer agrees to subscribe to Verizon's Corporate Rewards plan (the "Plan") in accordance with all of the provisions of Verizon's applicable tariffs, as such tariffs may be amended from time to time ("Tariff"). Such Tariff is incorporated herein by reference. In the event of any conflict between the Tariff and this Application, the Tariff and any changes therein shall apply. All capitalized terms used but not expressly defined herein shall have the respective meanings given to such terms in the Tariff.

Term. Customer's subscription to the Plan will be scheduled to begin on or about 60 days after execution of this Application and will continue for an initial period of 12 months 24 months 36 months thereafter ("Initial Term"), and shall automatically renew for successive 12-month terms ("Renewal Term(s)"), unless Customer provides notification to Verizon in accordance with the Tariff. If Customer terminates its subscription to the Plan at any time other than at the expiration of the Initial or Renewal Term, a termination charge of \$500 will apply. In addition, if Customer terminates its subscription during the Initial Term of the 24 or 36 month Plan, Customer will be required to return all access line discounts received during the Initial Term. The foregoing termination charges will not apply if termination is for the purpose of migrating to another Verizon product or plan of equal or greater value. Termination notice shall be in writing and mailed to Verizon Product Manager-Corporate Rewards, 125 High St., Room 419, Boston, MA, 02110. Any termination charges due will be applied to a main BTN within the jurisdiction covered by the Plan.

Plan. Participation in the plan is subject to a monthly minimum of \$300.00 in Qualifying Usage. If Customer's Qualifying Usage from all BTNs on the Plan is below the monthly minimum during any month of the Plan, Customer will be billed for the difference between the monthly minimum and Customer's actual Qualifying Usage. Customer will receive the rates and discounts shown in Tables 1, 2 and 3 below, based on the Initial Term selected and Customer's Qualifying Usage Tier, in accordance with the Tariff. Customer's Qualifying Usage Tier will be determined by rating the Qualifying Usage at the applicable Corporate Rewards base rate(s) set forth in the Tariff. Customer's initial Qualifying Usage Tier will be based on historic data. After the second full month of billing, the Qualifying Usage Tier for the remaining months of the Plan will be based on actual data from the previous month. In accordance with the Tariff, Customer, if eligible, may also receive a Loyalty Discount as shown in Table 2, off of the discounted rates in Table 1 below.

Billed Telephone Numbers . Customer agrees that Exhibit B-1 is a complete list of all the billed telephone numbers ("BTNs") included in the Plan. Customer may add, remove or change the BTNs listed in Exhibit A only by submitting to Verizon such additions, removals, or changes in writing, which must then be accepted by Verizon. The above discounts and rates will not apply to BTNs not made a part of the Plan in accordance with this Paragraph.

AGREED AND ACCEPTED:

State Of New Hampshire

VERIZON BUSINESS NETWORK SERVICES INC. on behalf of Verizon New England Inc. d/b/a Verizon New Hampshire

By Donald S. Hill

By Suleiman Hessami

Name/title Donald S. Hill/Commissioner

Name/title Suleiman Hessami
VP Pricing/Contract Management

Date 9/27/07

Date 9/27/07

NH-CorpRewards (061603)

ESC # 0289



VZ Generated By: [Contract Mgr PEmmons 8-27-07
PreSales:SHouse]
VZ Approved To Form: [Contract Mgr's Legal's Initials - Date]

TABLE 1

<u>Discounted Rates:</u>	Rate/Min-Local	Rate/Min-Toll
Tier 1: total Qualifying Usage below \$1,500 per month.	\$0.050	\$0.080
Tier 2: total Qualifying Usage between \$1,500 and \$9,999 per month	\$0.025	\$0.040
Tier 3: total Qualifying Usage between \$10,000 and \$49,999 per month	\$0.023	\$0.036
Tier 4: total Qualifying Usage between \$50,000 and \$299,999 per mo.	\$0.020	\$0.032
Tier 5: total Qualifying Usage above \$299,999 per month	\$0.050	\$0.080

TABLE 2

<u>Loyalty Discount:</u>	<i>Applicable only Customers qualifying for Tier 1, Tier 2, Tier 3 and Tier 4</i>
Year 2 of Plan participation	2%
Year 3 of Plan participation	3%
Year 4 of Plan participation	4%
Year 5 of Plan participation and beyond	5%

TABLE 3

<u>Access Line Discount:</u>		<i>Applicable only for Customers qualifying for Tier 2, Tier 3 and Tier 4 purchasing the following services at month-to-month rates (or other shortest term where month-to-month is not available. The Discounts below for the 12 month Plan will apply during any Renewal Term.</i>			
	Tier	Eligible lines	Monthly Discount for 12 mo Plan	Monthly Discount for 24 month Plan	Monthly Discount for 36 month Plan
	4	Business Line/Trunk	\$0.50	\$1.00	\$2.00
		PRI Port	\$48.00	\$267.20	\$281.20
		PRI Port and Loop	\$48.00	\$332.00	\$370.00
		BRI	\$2.00	\$2.00	\$2.00
		Centrex	\$2.00	\$2.00	\$2.00
		Flexpath Port	\$48.00	\$205.20	\$281.20
		Flexpath Port and LDC	\$48.00	\$270.00	\$370.00
		FlexGrow	\$5.00	\$30.00	\$55.00
	3	Business Line/Trunk	\$0.50	\$0.75	\$1.50
		PRI Port	\$48.00	\$248.80	\$259.80
		PRI Port and Loop	\$48.00	\$304.00	\$339.00
		BRI	\$2.00	\$2.00	\$2.00
		Centrex	\$2.00	\$2.00	\$2.00
		Flexpath Port	\$48.00	\$174.80	\$250.80
		Flexpath Port and LDC	\$48.00	\$230.00	\$330.00
		FlexGrow	\$5.00	\$27.00	\$52.00
	2	Business Line/Trunk	\$0.50	\$0.50	\$1.00
		PRI Port	\$48.00	\$206.20	\$220.20
		PRI Port and Loop	\$48.00	\$247.00	\$285.00
		BRI	\$2.00	\$2.00	\$2.00
		Centrex	\$2.00	\$2.00	\$2.00
		Flexpath Port	\$48.00	\$129.20	\$205.20
		Flexpath Port and LDC	\$48.00	\$170.00	\$270.00
		FlexGrow	\$5.00	\$25.00	\$50.00

NH-CorpRewards (061603)

ESC # 0289



VZ Generated By: [Contract Mgr PEmons 8-27-07
PreSales:SHouse]
VZ Approved To Form: [Contract Mgr's/Legal's Initials - Date]

LIST OF QUALIFYING BILLED TELEPHONE NUMBERS (BTNs)

All of the BTNs of Customer that are included under this Corporate Rewards plan are listed below, or attached hereto as Addendum A.

Main BTN (within a jurisdiction covered by the Plan): 603 271-1110

NH-CorpRewards (061603)

ESC # 0289



VZ Generated By: [Contract Mgr PEmmons 8-27-07
PreSales:SHouse]

VZ Approved To Form: [Contract Mgr's/Leval's Initials - Date]

VERIZON NEW ENGLAND INC.

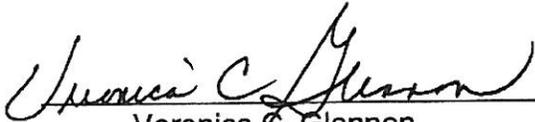
ASSISTANT SECRETARY'S CERTIFICATE

I, VERONICA C. GLENNON, a duly elected and qualified Assistant Secretary of Verizon New England Inc., a New York corporation (the "Corporation"), do hereby certify that:

1. I maintain and have custody and am familiar with the minute books of the Corporation;
2. I am duly authorized to issue certificates with respect to the contents of such books;
3. Verizon Business Network Services, Inc. acting by and through Suleiman Hessami, Vice President of Pricing and Contract Management, is authorized, pursuant to a Schedule of Authorizations adopted by the Board of Directors on March 12, 2007, to make, enter into, sign and deliver a contract on behalf of Verizon New England Inc. dba Verizon New Hampshire with the Department of Administrative Services of the State of New Hampshire for the Third Amendment to the Communications Network Services Contract No. 14.
4. The foregoing Schedule of Authorizations have not been revoked, annulled, or amended in any manner whatsoever and remain in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the Corporation this 7th day of September, 2007.

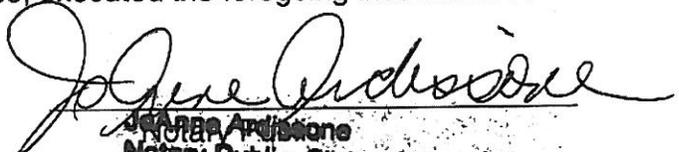
[SEAL]


Veronica C. Glennon
Assistant Secretary

STATE OF NEW JERSEY

COUNTY OF SOMERSET

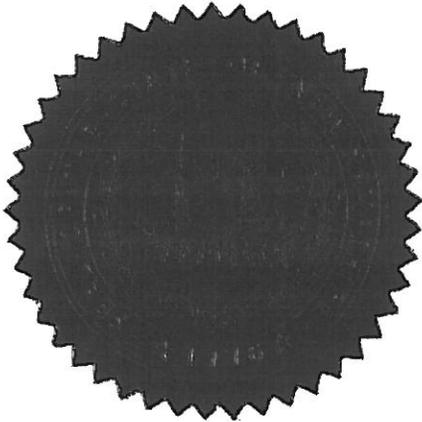
On this 7th day of September, 2007, before me, the undersigned notary public, personally appeared VERONICA C. GLENNON, ASSISTANT SECRETARY of VERIZON NEW ENGLAND INC., proved to me through satisfactory evidence of identification, which was a corporate photographic identification card, that she, as such Assistant Secretary being authorized to do so, executed the foregoing instrument for the purposes therein contained.


Notary Public, State of New Jersey
My Commission Expires
July 13, 2011

State of New Hampshire
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Verizon Business Network Services Inc., a(n) Delaware corporation, is authorized to transact business in New Hampshire and qualified on July 23, 1973. I further certify that all fees and annual reports required by the Secretary of State's office have been received.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 10th day of September, A.D. 2007

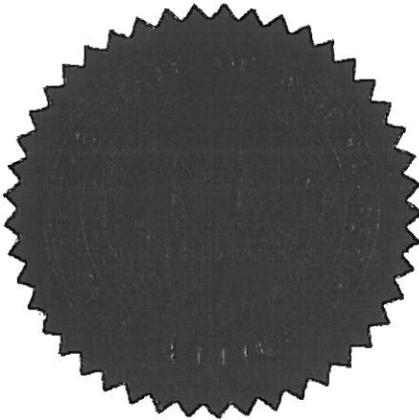
A handwritten signature in cursive script, appearing to read "William M. Gardner", is written in black ink above the printed name.

William M. Gardner
Secretary of State

State of New Hampshire
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that VERIZON NEW ENGLAND INC., a(n) New York corporation, is authorized to transact business in New Hampshire and qualified on July 19, 1913. I further certify that all fees and annual reports required by the Secretary of State's office have been received.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 10th day of September, A.D. 2007

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

Attachment to ACORD Certificate for MCI, LLC and Subsidiaries

The terms, conditions and provisions noted below are hereby attached to the captioned certificate as additional description of the coverage afforded by the insurer(s). This attachment does not contain all terms, conditions, coverages or exclusions contained in the policy.

INSURED

MCI, LLC and Subsidiaries
 dba Verizon Business
 140 West Street
 New York NY 10007-2109 USA

INSURER

ADDITIONAL POLICIES

If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER POLICY DESCRIPTION	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS	
		WORKERS COMPENSATION					
C			1608128 OR	06/30/07	06/30/08		
C			1608129 AR, MA, TN, VA	06/30/07	06/30/08		
E			1608130 MI, NY, WI	06/30/07	06/30/08		

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Certificate No :

570023276829