

ACCESS SERVICE

14. Special Construction14.1 General

This Section sets forth the regulations, rates, charges and liabilities applicable for the special construction of facilities which are used to provide intrastate services offered under this Tariff.

When special construction of facilities is required, the provisions of this Section apply in addition to all regulations, rates and charges set forth in other sections of this Tariff.

14.2 Regulations14.2.1 Rates, Charges and Liabilities

Rates, charges and liabilities for special construction to provide facilities will be determined on an individual case basis.

14.2.2 Ownership of Facilities

The Telephone Company retains ownership of all specially constructed facilities.

14.2.3 Interval to Provide Facilities

Based on available information and the type of service ordered, the Telephone Company will establish a completion date for the specially constructed facilities. Although the Telephone Company will make every reasonable effort to ensure that the date is met, shortage of material, personnel or other factors may lengthen the installation interval. The Telephone Company does not guarantee that the facilities will be available on the scheduled date and assumes no liability if that date is missed. If the scheduled completion date cannot be met, the party ordering the special construction will be notified and a new completion date will be established.

14.2.4 Special Construction Involving Both Interstate and Intrastate Facilities

When Special Construction involves facilities to be used to provide both interstate and intrastate services, charges for the portion of the construction used to provide intrastate service shall be in accordance with this Tariff. Charges for the portion of the construction used to provide interstate service shall be in accordance with Tariff F.C.C. No. 42.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.5 Payments for Special Construction

- (A) All bills associated with special construction charges are due in accordance with the appropriate regulations in 2. preceding.
- (B) Billing of recurring charges for specially constructed facilities starts on the day after the facilities are made available for use. Billing accrues through and includes the day that the specially constructed facilities are discontinued. Recurring charges will be billed in accordance with the appropriate regulations in 2. preceding.
- (C) To safeguard its interests during construction, the Telephone Company may require a partial payment(s) for the portion of the estimated cost of the special construction for which a nonrecurring charge will apply. Partial payments may be requested as costs are incurred and will be credited against the total bill. Partial payments may not exceed the total nonrecurring charge for the special construction. If any partial payment is not received by the Telephone Company by the end of the first working day of the next month, the Telephone Company will cease all work on the special construction case and cancellation charges will apply as set forth in 14.2.6(D) (7) following.

14.2.6 Liabilities and Charges for Special Construction

- (A) Written approval of all liabilities and charges must be provided to the Telephone Company prior to the start of construction.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(B) Conditions Requiring Special Construction

Special Construction is required when 1) suitable facilities are not available to meet an order for service, and 2) the Telephone Company constructs facilities, and 3) one or more of the following conditions exist:

- The Telephone Company has no other requirement for the facilities requested.
- It is requested that service be furnished using a type of facility, or via a route, other than that which the Telephone Company would normally utilize in furnishing the requested service.
- More facilities are requested than would normally be required to satisfy an order.
- It is requested that construction be expedited, resulting in added cost to the Telephone Company.

(C) Development of Liabilities and Charges

Special construction charges and liabilities will be developed based on estimated costs, except when actual costs are requested in writing prior to the start of special construction.

(D) Types of Liabilities and Charges

Depending on the specifics associated with each individual case, one or more of the following special construction charges and/or liabilities may be applicable:

(1) Quotation Charge

A nonrecurring charge for the preparation of a quotation may apply whenever an estimate for special construction charges and liabilities is requested. Regulations governing quotation charges are set forth in 2.1.13 preceding.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(D) Types of Liabilities and Charges (Cont'd)(1) Quotation Charge (Cont'd)

The payment of a quotation charge does not assign, confer, or transfer title or ownership rights of proposals or facilities designed or furnished by the Telephone Company. Title and ownership rights for any item remains with the Telephone Company, except as specifically provided by an agreement between all parties.

(2) Nonrecurring Charge

A nonrecurring charge always applies and includes one or more of the following components:

(a) Case Preparation Charge

A nonrecurring charge always includes a case preparation charge component to cover the administrative expenses associated with preparing a special construction case.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(D) Types of Liabilities and Charges (Cont'd)(2) Nonrecurring Charge (Cont'd)(b) Expediting Charge

A nonrecurring charge may include an expediting charge when it is requested that special construction be completed on an expedited basis. The charge equals the difference in estimated cost between expedited and nonexpedited construction.

(c) Optional Payment

An optional payment charge may be included in the nonrecurring charge in association with a type of facility or route other than that which the Telephone Company would normally use in furnishing the requested service if lower recurring monthly charges are desired for the specially constructed facilities. This charge is equal to the excess installed cost or the total nonrecoverable cost, whichever is less. This election must be made in writing before special construction starts. If this election is coupled with the actual cost option, the optional payment charge will reflect the actual cost of the specially constructed facilities.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(D) Types of Liabilities and Charges (Cont'd)(2) Nonrecurring Charge (Cont'd)(d) Replacement Charge

If any portion of specially constructed facilities for which an optional payment charge has been paid requires replacement involving capital investment, a replacement charge will apply. This charge will be in the same ratio to the total replacement cost as the initial optional payment charge was to the installed cost of the original specially constructed facilities. If any portion of the facilities subject to the replacement charge fails, service will not be restored until notification is provided in writing that replacement is required and such replacement is ordered.

(e) Rearrangement Charge

If the Telephone Company is requested to rearrange existing specially constructed facilities, a nonrecurring charge component equal to the cost of rearrangement will apply.

(f) Special Construction of Facilities for Use for less than One Month

When the Telephone Company is requested to construct facilities to provide service for less than one month, a nonrecurring charge only applies. In addition to the case preparation charge component, this nonrecurring charge recovers all elements of cost, including engineering, shipping of equipment, equipment installation, line-up, equipment leasing, space rental, equipment removal, and any other costs associated with the construction of the facilities.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(D) Types of Liabilities and Charges (Cont'd)(3) Maximum Termination Liability and Termination Charge

A Maximum Termination Liability is equal to the nonrecoverable costs associated with specially constructed facilities and is the maximum amount which could be applied as a Termination Charge if all specially constructed facilities were discontinued before the Maximum Termination Liability expires.

The liability period is equal to the average life of the account associated with the specially constructed facilities. The liability period is generally expressed in terms of an effective and expiration date.

The Maximum Termination Liability applies in decreasing amounts at ten-year intervals over the average account life of the facilities. In the event that the average account life of the facilities is not an even multiple of ten, the last increment will reflect the appropriate number of years remaining.

Example Illustrating a 27 Year Average Account Life

<u>Maximum Termination Liability</u>	<u>Effective Date</u>	<u>Expiration Date</u>
\$10,000	6/1/86	6/1/96
7,000	6/1/96	6/1/06
3,000	6/1/06	6/1/13

Prior to the expiration of each liability period, the customer has the option to (A) terminate the special construction case and pay the appropriate charges, or (B) extend the use of the specially constructed facilities for the new liability period.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(D) Types of Liabilities and Charges (Cont'd)(3) Maximum Termination Liability and Termination Charge
(Cont'd)

The Telephone Company will notify the customer six months in advance of the expiration date of each ten-year liability period. The customer must provide the Telephone Company with written notification at least 30 days prior to the expiration of the liability period if termination is elected. Failure to do so will result in an automatic extension of the special construction case to the next liability period at its associated Maximum Termination Liability amount.

A Termination Charge may apply when all services using specially constructed facilities which have a tariffed Maximum Termination Liability are discontinued prior to the expiration of the liability period. The charge reflects the unamortized portion of the nonrecoverable costs at the time of termination, adjusted for net salvage and possible reuse. Administrative costs associated with the specific case of special construction and any cost for restoring a location to its original condition are also included. A Termination Charge may never exceed the filed Maximum Termination Liability.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(D) Types of Liabilities and Charges (Cont'd)(3) Maximum Termination Liability and Termination Charge
(Cont'd)

A partial termination of specially constructed facilities will be provided, at the election of the customer. The amount of the Termination Charge associated with such partial termination is determined by multiplying the termination charge which would result if all services using the specially constructed facilities were discontinued, at the time partial termination is elected, by the percentage of specially constructed facilities to be partially terminated. A Tariff filing will be made following a partial termination to list remaining Maximum Termination Liability amounts and the number of specially constructed facilities for which the customer will remain liable.

Example

A customer with a filed Maximum Termination Liability of \$100,000 for 3600 specially constructed facilities requests a partial termination of 900 facilities. The Termination Charge for all facilities, at the time of election, is \$60,000. The partial termination charge, in this example, is \$60,000 x 900/3600, or \$15,000.

(4) Annual Underutilization Liability and Underutilization Charge

Prior to the start of special construction, the Telephone Company and the customer will agree on (1) the quantity of facilities to be provided, and (2) the length of the planning period during which the customer expects to place the facilities in service. The planning period is hereinafter referred to as the Initial Liability Period (ILP). The ILP has an effective and expiration date.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(D) Types of Liabilities and Charges (Cont'd)(4) Annual Underutilization Liability and Underutilization Charge (Cont'd)

Underutilization occurs only if, at the expiration date of the ILP and annually thereafter, less than the number of the specially constructed facilities are in service at filed Tariff service rates.

An annual underutilization liability amount is filed on a per unit basis (e.g., per cable pair) for each case of special construction. This amount is equal to the annual per unit cost and includes depreciation, maintenance, administration, return, taxes and any other costs identified in the special construction case.

Upon the expiration of the ILP, the number of underutilized facilities, if any, are multiplied by the annual underutilization liability amount. This product is then multiplied by the number of years (including any fraction thereof) in the ILP to determine the underutilization charge.

Annually thereafter, the number of underutilized facilities, if any, existing on the anniversary of the ILP expiration date will be multiplied by the annual underutilization liability amount to determine the underutilization charge for the preceding 12 month period.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(D) Types of Liabilities and Charges (Cont'd)(4) Annual Underutilization Liability and Underutilization Charge (Cont'd)Example

A customer orders 100 services and the special construction of a 600 pair building riser cable is agreed to, based on the customer's 5 year facility requirements. The ILP, in this example, would be filed at 5 years. The annual underutilization liability is filed at \$2.00 per pair. If 400 pairs were in service at the end of the ILP, there would be an underutilization of 200 pairs, i.e., $600 - 400 = 200$. The total underutilization charge for the first 5 years would be \$2000.00, or \$2.00 per pair x 200 pairs x 5 years.

If 600 pairs are in service at the end of the 6th year, there is no underutilization, i.e., $600 - 600 = 0$.

(5) Recurring Monthly Charges(a) Charge for Route or Type other than Normal

When special construction is requested using a route or type of facility other than that which the Telephone Company would normally use, a recurring monthly charge, in addition to the monthly rates for service, is applicable. The charge is equal to the difference between the recurring costs of the specially constructed facilities and the recurring costs of the facilities the Telephone Company would have normally used.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.6 Liabilities and Charges for Special Construction (Cont'd)(D) Types of Liabilities and Charges (Cont'd)(5) Recurring Monthly Charges (Cont'd)(a) Charge for Route or Type other than Normal
(Cont'd)

(1) When an Optional Payment Charge as set forth in 14.2.6(D) (2) preceding has been elected, the recurring monthly charge will be reduced to include specially constructed facility operating expenses only.

(2) If the actual cost option as set forth in 14.2.6(C) preceding has been elected, the recurring charge will be adjusted to reflect the actual cost of the new construction when the costs have been determined. This adjusted recurring charge is applicable from the start of service.

(6) Lease Charge

This charge applies when the Telephone Company leases equipment in order to meet service requirements. The amount of the charge is equal to the net added cost to the Telephone Company caused by the lease.

(7) Cancellation Charge

If a service order with which special construction is associated is canceled prior to the start of service, a cancellation charge will apply. The charge will include all nonrecoverable costs incurred by the Telephone Company up to and including the time of cancellation.

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14. Special Construction (Cont'd)14.2 Regulations (Cont'd)14.2.7 Deferral of Start of Service

The Telephone Company may be requested to defer the start of service which will use specially constructed facilities subject to the provisions set forth in this Tariff. Requests for special construction deferral must be in writing and are subject to the following regulations:

(A) Construction Has Not Begun

If the Telephone Company has not incurred any installation costs before receiving a request for deferral, the quotation charge applies. The original quotation is subject to Telephone Company review at the time of reinstatement to determine if the original charge estimates are still valid. An additional quotation charge will, therefore, apply. Any change in liabilities and charges requires concurrence in writing.

(B) Construction Has Begun

If the construction of facilities has begun before the Telephone Company receives a request for deferral, charges will vary as follows:

(1) All Services Are Deferred

When all services which will use specially constructed facilities are deferred, a charge based on the costs incurred by the Telephone Company during each month of the deferral will apply. Those costs include the recurring costs for that portion of the facilities already completed and any other costs associated with the deferral. The quotation charge and cost of any components of the nonrecurring charge which have been completed at the time of deferral will also apply.

(2) Some Services Are Deferred

When some services which will use the specially constructed facilities are deferred, the construction case will be completed and all special construction charges will apply.

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14. Special Construction (Cont'd)

14.2 Regulations (Cont'd)

14.2.7 Deferral of Start of Service (Cont'd)

(C) Construction Complete

If the construction of facilities has been completed before the Telephone Company receives a request for deferral, all special construction charges will apply.