CONSTRUCTION CHARGES

4.1 SPECIAL CONSTRUCTION

4.1.1 APPLICATION

Special construction is involved where the Company, at the request of the customer, constructs facilities:

- Where facilities are not presently available, and there is no other requirement for the facilities so constructed,
- of a type other than that which the Company would normally utilize,
- involving a route other than that which the Company would normally utilize,
- in a greater quantity than that required to serve the customer's immediate facility needs,
- on an expedited basis,
- on a temporary basis until permanent facilities are available,
- involving abnormal costs, or
- in advance of normal construction.

4.1.2 RATE TREATMENT

A. GENERAL

Rates and charges for special construction will reflect the costs incurred by the Company and may include, but are not limited to, monthly rates, nonrecurring charges, basic termination liabilities, or combinations thereof.

B. BASIS FOR COST COMPUTATION

The cost of providing facilities through special construction shall be determined by considering the following items to the extent they are applicable to a given situation:

- Cost of maintenance.
- Cost of operation.
- Depreciation on the estimated cost installed on any facilities provided based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage.
- Administration, taxes and uncollectable revenue on the basis of reasonable average costs for these items.
- Any other specific items of expense associated with special construction in a particular situation.
- A reasonable dollar amount for return and contingencies computed on the estimated cost installed of any facilities provided.

CONSTRUCTION CHARGES

4.1 SPECIAL CONSTRUCTION (Cont'd)

4.1.2 RATE TREATMENT (Cont'd)

B. BASIS FOR COST COMPUTATION (Cont'd)

Estimated cost installed, referred to preceding, includes cost of equipment and materials specifically provided or used during the special construction together with the estimated cost of installation, including the cost of engineering, labor, supervision, transportation, rights-of-way and other items which are chargeable to the Company's capital accounts.

C. TERMINATION LIABILITY

1. To the extent the Company has no immediate requirement for the use of specially constructed facilities, the customer, upon termination of service, will incur termination charges for that portion of the termination liability period not yet expired.

2. The termination liability period, unless specified otherwise in this Product Guide, is ten (10) years.

3. The amount of the termination liability is equal to the total of the estimated amounts for:

a. Cost installed of the facilities provided including estimated costs for rearrangements of existing facilities and/or construction of new facilities less net salvage. Cost installed includes the cost of:

- Equipment and materials provided or used.
- Engineering, labor and supervision.
- Transportation.
- Rights-of-way.
- Other items chargeable to the Company's capital accounts.

b. License preparation, processing and related fees.

c. Preparation, processing and related fees.

d. Any other identifiable costs related to the specially constructed or rearranged facilities.

4. The maximum termination liability is reduced by 1/120th for each month of the ten year period that the facilities are utilized after they are placed in service, or by a likewise proportionate portion if the period is other than ten years.

4.1.3 OWNERSHIP OF FACILITIES

Title to all specially constructed facilities provided in accordance with the preceding terms of service remains with the Company.