SPECIAL CONSTRUCTION

2. Regulations

2.1 Filing of Charges

All special construction cases will be filed subject to the regulations specified in this section. The rates, charges, and liabilities for special construction to provide facilities for use for one month or more are filed in the following sections, as appropriate. (C)

Rates, charges, and liabilities for the construction of facilities for use for less than one month are filed in supplements to this tariff.

2.2 Ownership of Facilities

The Telephone Company providing specially constructed facilities under the provisions of this tariff retains ownership of all such facilities.

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. If the scheduled completion date cannot be met due to circumstances beyond the control of the Telephone Company, a new completion date will be established and the customer will be notified.

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 interstate service shall be in accordance with this tariff. Charges for the portion of the construction used to provide intrastate service shall be in accordance with the appropriate intrastate tariff.

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SPECIAL CONSTRUCTION

(D)(x)
(S)(y)

2. Regulations

2.5 Payments for Special Construction

2.5.1 Payments of Charges

All bills associated with special construction charges are due in accordance with the appropriate regulations in the service tariff under which service is being provided.

2.5.2 Start/End of Billing

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 the service tariff under which service is being provided.

2.5.3 Credit Allowance for Service Interruptions

In the event of a service interruption involving a specially constructed facility, the customer shall receive a recurring monthly charge credit in accordance with the credit allowance provisions in the appropriate service tariff associated with the affected service.

When an interruption continues due to the failure of the customer to authorize the replacement of facilities subject to a Replacement Charge, as specified in 2.6.4(A)(4) following, the credit allowance will be terminated on the seventh calendar day after the Telephone Company has provided the customer with written notification of the need for replacement. The credit allowance will resume on the day after the Telephone Company receives written authorization for the replacement from the customer.

2.6 Liabilities and Charges for Special Construction

2.6.1 General

This section describes the various charges and liabilities that may apply when the Telephone Company provides special construction of facilities in accordance with an order for service. Written approval of all liabilities and charges must be provided to the Telephone Company prior to the start of construction.

(S)(y)

(D)(x)

(x) Filed under authority of Special Permission No. 02-053 of the Federal Communications Commission.
(y) Reissued material filed under TR 169, to become effective on April 13, 2002.

SPECIAL CONSTRUCTION

2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.2 Conditions Requiring Special Construction

Special construction is required when 1) 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.

- The Telephone Company determines that alternative facilities must be used because the safety of customers or Telephone Company employees would be in jeopardy if standard facilities were placed, or if potential damage to both Telephone Company and customer-provided equipment could occur. If a high voltage or electrical hazard exists, standard conductive facilities will not be used, and special non-conductive facilities must be placed. For example, dangerous conditions would exist when providing standard copper facilities to high voltage transmission power towers where potential "Ground Potential Rise" hazard exists, or where voltage could be conducted away from the tower.

Material previously shown on this page now appears on Original Page 2-3.1.

SPECIAL CONSTRUCTION

2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.3 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.

In order to meet a scheduled service date when actual costs are requested, an initial special construction filing may be made based on estimated costs. Such a filing will be revised when actual costs are available.

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SPECIAL CONSTRUCTION

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2. Regulations (S)(y)

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.4 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:

(A) Nonrecurring Charge

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

(1) 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 and the associated tariff filing.

(2) 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.

(3) 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. (S)(y)

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(S)(y)

2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.4 Types of Liabilities and Charges (Cont'd)

(A) Nonrecurring Charge (Cont'd)

(4) 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.

(5) Rearrangement Charge

If the Telephone Company is requested to rearrange existing specially constructed facilities, a nonrecurring charge equal to the cost of any additional special construction will apply.

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SPECIAL CONSTRUCTION

(D)(x)
(S)(y)

2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.4 Types of Liabilities and Charges (Cont'd)

(A) Nonrecurring Charge (Cont'd)

(6) 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.

(B) 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.

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SPECIAL CONSTRUCTION

(D)(x)
(S)(y)

2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.4 Types of Liabilities and Charges (Cont'd)

(B) Maximum Termination Liability and Termination Charge (Cont'd)

The Maximum Termination Liability is filed with the initial tariff filing 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

Maximum Termination Liability	Effective Date	Expiration Date
$10,000	6/1/84	6/1/94
7,000	6/1/94	6/1/04
3,000	6/1/04	6/1/11

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.

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 the filed Maximum Termination Liability amount.

(S)(y)

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SPECIAL CONSTRUCTION

(D)(x)
(S)(y)

2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.4 Types of Liabilities and Charges (Cont'd)

(B) Maximum Termination Liability and Termination Charge (Cont'd)

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.

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 the customer will remain liable for.

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.

(S)(y)

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SPECIAL CONSTRUCTION

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(S)(y)

2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.4 Types of Liabilities and Charges (Cont'd)

(C) 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 is listed in the tariff with an effective and expiration date.

Underutilization occurs only if, at the expiration date of the ILP and annually thereafter, less than 70 percent 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 supporting documentation provided at the time the special construction case is filed.

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.

(S)(y)

(D)(x)

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SPECIAL CONSTRUCTION

(D)(x)
(S)(y)

2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.4 Types of Liabilities and Charges (Cont'd)

(C) Annual Underutilization Liability and Underutilization Charge (Cont'd)

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.

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 20 pairs, i.e., 420 (70% of 600) - 400 = 20. The total underutilization charge for the first 5 years would be $200.00, or $2.00 per pair x 20 pairs x 5 years.

If 420 pairs are in service at the end of the 6th year, there is no underutilization, i.e., 420 - 420 = 0.

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(y) Reissued material filed under TR 169, to become effective on April 13, 2002.

SPECIAL CONSTRUCTION

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2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.4 Types of Liabilities and Charges (Cont'd)

(D) Recurring Monthly Charges

(1) 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.

(a) When an Optional Payment Charge as set forth in 2.6.4(A)(3) preceding has been elected, the recurring monthly charge will be reduced to include specially constructed facility operating expenses only.

(b) If the actual cost option as set forth in 2.6.3 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.

(S)(y)

(D)(x)

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SPECIAL CONSTRUCTION

2. Regulations

2.6 Liabilities and Charges for Special Construction (Cont'd)

2.6.4 Types of Liabilities and Charges (Cont'd)

(E) 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.

(F) Cancellation Charge

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

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(x) Issued under authority of Special Permission No. 07-011 of the Federal Communications Commission in order to withdraw pending material originally issued under Transmittal No. 810 and to reinstate existing material.

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SPECIAL CONSTRUCTION

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2. Regulations

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 the service tariff under which service is being provided. Requests for special construction deferral must be in writing and are subject to the following regulations:

2.7.1 Construction Has Not Begun

If the Telephone Company has not incurred any installation costs before receiving a request for deferral, no charge applies.

2.7.2 Construction Has Begun

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

(A) 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 cost of any components of the nonrecurring charge which have been completed at the time of deferral will also apply.

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SPECIAL CONSTRUCTION

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(S)(y)

2. Regulations

2.7 Deferral of Start of Service (Cont'd)

2.7.2 Construction Has Begun (Cont'd)

(B) Some Services Are Deferred

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

2.7.3 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.

2.8 Definitions

Actual Cost - The term "Actual Cost" denotes all costs charged against a specific case of special construction, including any appropriate taxes.

Annual Underutilization Liability - The term "Annual Underutilization Liability" denotes a per unit amount which may be billed annually if fewer services are in use utilizing specially constructed facilities at filed tariff rates than were originally specially constructed.

Average Account Life - The term "Average Account Life" denotes the depreciation life prescribed by the Federal Communications Commission for each class of telephone plant.

Estimated Cost - The term "Estimated Cost" denotes all estimated costs that will be incurred in providing a specific case of special construction, including any appropriate taxes.

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SPECIAL CONSTRUCTION

(D)(x)

2. Regulations (S)(y)

2.8 Definitions (Cont'd)

Facilities - The term "Facilities" denotes any cable, poles, conduit, microwave or carrier equipment, wire center distribution frames, central office switching equipment, etc., utilized to provide interstate services offered under the tariffs referenced by this tariff.

Initial Liability Period - The term "Initial Liability Period" denotes the initial planning period during which the customer expects to place specially constructed facilities in service.

Installed Cost - The term "Installed Cost" denotes the total investment (estimated or actual) required by the Telephone Company to provide specially constructed facilities.

Maximum Termination Liability - The term "Maximum Termination Liability" denotes the maximum amount which may be billed if all services using specially constructed facilities are terminated prior to the expiration of the Maximum Termination Liability Period.

Maximum Termination Liability Period - The term "Maximum Termination Liability Period" denotes the length of time during which a termination charge may apply if all services using specially constructed facilities are terminated. The liability period is equal to the average account life of the specially constructed facilities. When the construction involves multiple classes of plant with differing lives, the liability period is equal to the weighted average of the account lives involved in the special construction case, using nonrecoverable investment as the basis for weighting.

Example

$20,000, $10,000 and $5,000 nonrecoverable investments with average account lives of 8, 18 and 25 years, respectively, are involved in the same special construction case. The maximum termination liability period would be 13.3 years.

$$\begin{array}{rcl} 20{,}000 \times 8 & = & 160{,}000 \\ 10{,}000 \times 18 & = & 180{,}000 \\ 5{,}000 \times 25 & = & 125{,}000 \\ \hline 35{,}000 & & 465{,}000 \end{array} \qquad \frac{465{,}000}{35{,}000} = 13.3$$

The duration of the maximum termination liability period will be specified in the tariff. (S)(y)

(D)(x)

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SPECIAL CONSTRUCTION

(D)(x)
(S)(y)

2. Regulations

2.8 Definitions (Cont'd)

Net salvage - The term "Net Salvage" denotes the estimated scrap, sale, or trade-in value, less the estimated cost of removal. Cost of removal includes the costs of demolishing, tearing down, or otherwise disposing of the material and any other applicable costs. Since the cost of removal may exceed salvage value, net salvage may be negative.

Nonrecoverable Cost - The term "Nonrecoverable Cost" denotes the cost of specially constructed facilities for which the Telephone Company has no foreseeable use should the service be terminated.

Normal Construction - The term "Normal Construction" denotes all facilities the Telephone Company would normally use to provide service in the absence of a requirement for special construction.

Normal Cost - The term "Normal Cost" denotes the estimated cost to provide services using normal construction.

Permanent Facilities - The term "Permanent Facilities" denotes facilities providing service for one month or more.

Recoverable Cost - The term "Recoverable Cost" denotes the cost of the specially constructed facilities for which the Telephone Company has a foreseeable reuse, either in place or elsewhere should the service be terminated.

Termination Charge - The term "Termination Charge" denotes the portion of the Maximum Termination Liability that is applied as a nonrecurring charge when all services are discontinued prior to the expiration of the specified liability period.

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