SPECIAL CONSTRUCTION

10.1 General

This section contains the regulations, rates and charges applicable for Special Construction of Telephone Company facilities which are used to provide FIA offered under this tariff.

When Special Construction of FIA is required, the provisions of this section apply in addition to regulations, rates and charges set forth in other sections of this tariff.

10.1.1 Conditions Requiring Special Construction

Special Construction is required when facilities are not available to meet a customer's order and one or more of the following conditions exist:

- The Telephone Company has no other requirement for the facilities constructed at the customer's request;
- The customer requests that FIA be furnished using a type of facility, or via a route, other than that which the Telephone Company would otherwise utilize in furnishing the requested FIA;
- The customer requests the construction of more facilities than is required to satisfy its order for FIA;
- The customer requests construction be expedited resulting in added cost to the Telephone Company;
- The customer requests that temporary facilities be constructed until permanent facilities are available.

10.1.2 Filing of Charges

Charges and liabilities for Special Construction will be filed in 10.4, 10.5 and 10.6 following.

When Special Construction is required under conditions that preclude the filing of charges in full accordance with the Pennsylvania PUC Rules and Regulations (e.g: unavailability of cost details, short notice service date):

(A) Notification will be made to the Pennsylvania PUC that Special Construction will be provided in accordance with Special Permission No. 83-867.

(B) After charges have been filed and have become effective they will apply from the date that the Special Construction was provided.

(C) Charges and/or Maximum Termination Liabilities for Special Construction of facilities provided by a Connecting Carrier are developed by the Connecting Carrier and are filed by the Telephone Company in this tariff on its behalf.

(D) Regulations and charges for Special Construction of facilities provided by Other Participating Carriers are filed in their tariffs.

SPECIAL CONSTRUCTION

10.1 General (Cont'd)

10.1.3 Ownership of Facilities

The Telephone Company retains ownership of all specially constructed facilities, except for those facilities constructed by connecting companies or carriers, even though the customer may be required to pay Special Construction charges.

10.1.4 Interval to Provide FIA

Based on available information and the type of FIA ordered, the Telephone Company will establish a scheduled date for the installation of necessary facilities. The date will be established on an Individual Case Basis and provided to the customer. The Telephone Company will make every reasonable effort to assure that the date is met. However, circumstances beyond the Telephone Company's control (e.g., backorder of components) may force a reschedule and a new completion date will be established with the customer when appropriate.

10.1.5 Special Construction Involving Intrastate FIA

When Special Construction involves facilities used to provide both interstate and intrastate FIA, charges for the portion of the construction used to provide intrastate FIA shall be in accordance with this tariff. Charges for the portion of the construction used to provide interstate FIA shall be in accordance with the GTE Telephone Operating Company FCC tariff No.1 1 providing Facilities for Interstate Access.

10.2 Liabilities, Charges and Payments

10.2.1 General

This section describes the various charges and liabilities that apply when the Telephone Company provides Special Construction of FIA, as outlined in 10.1.1, in accordance with a customer's specific request. Once the customer is notified of all charges and liabilities, the customer must provide the Telephone Company with written approval prior to the start of construction. If more than one condition requiring Special Construction is involved, charges for each condition apply (see Conditions Requiring Special Construction, 10.1.1 preceding).

10.2.2 Payment of Charges

Payment is due upon presentation of a bill for the specially constructed facilities.

10.2.3 Start/End of Billing

Billing of recurring charges for specially constructed FIA starts on the day after the FIA are provided. Billing accrues through and includes the day that the specially constructed FIA are discontinued. Monthly charges will be billed one month in advance.

10.2.4 Partial Payments

The Telephone Company will require a customer which has a proven history of late payments to the Telephone Company, or does not have established credit, to make a partial payment for the portion of the estimated cost of the Special Construction for which the customer is subject to a nonrecurring charge. Partial payments will be requested as costs are incurred and will be credited to the customer's account. Partial payments will not exceed the total nonrecurring charge to the customer for the Special Construction.

10.2.5 Development of Liabilities and Charges

The customer has the option of accepting the liabilities and charges based on estimated or actual costs. Estimated costs will be used unless the customer notifies the Telephone Company of the selection of the actual cost option in writing prior to the start of Special Construction.

Under the estimated cost option, Special Construction liabilities and charges are developed based on estimated costs and will be filed in this tariff.

Under the actual cost option, if all actual costs are not available prior to the in-service date of the FIA, estimated Special Construction charges will be filed in this tariff. As soon as the actual costs, including costs of maintaining and filing these costs, are subsequently determined, the estimated charges will be adjusted to reflect the actual costs. The filed charges will then reflect actual costs existing at the time the FIA are provided.

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.6 Types of Contingent Liabilities

Two categories of contingent liabilities may be applicable for Special Construction. These liabilities are (A) Maximum Termination Liability (MTL) and (B) Underutilization Liability (UL). These categories are described below.

(A) Maximum Termination Liability

A MTL has two components, an amount and a specified period of time.

The amount is equal to all nonrecoverable costs, (e.g., depreciation, return, income tax associated with the specially constructed facilities).

The liability period is the account average life of the specially constructed facilities expressed in years.

The MTL and the liability period applicable to specific cases of Special Construction are as set forth in 10.4, 10.5 and 10.6 following.

(B) Underutilization Liability

Underutilization Liability is based on the per pair or derived pair cost of the specially constructed FIA. The Underutilization Liability is applicable when the initial liability period expires.

The initial liability period for Special Construction is equal to the minimum FIA period for the FIA order.

10.2.7 Types of Charges

Two categories of charges may be applicable for Special Construction. These charges are nonrecurring charges and recurring charges. These categories are described below.

(A) Nonrecurring Charges

One or more of the following nonrecurring charges may apply for each completed case of Special Construction or inquiry for Special Construction: case preparation, termination, cancellation, expediting the construction, or optional payment charges.

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.7 Types of Charges (Cont'd)

(A) Nonrecurring Charges (Cont'd)

(1) (Reserved for Future Use)

(2) Case Preparation Charge (GSEC) NASCCP, NAASCCP

The charge for case preparation includes the administrative expense associated with preparing and listing the charges in the tariff. This expense includes such items as: (a) tariff preparation and processing, and (b) gross receipts and surcharge taxes.

(3) Termination Charge (GSEC) NASCT, NAASCT

A Termination Charge applies when, at the customer's request, FIA provided on 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 cost at the time of termination of the specially constructed FIA adjusted for tax effects, for net salvage and for 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. Termination Charges will never exceed the MTL.

(4) Cancellation Charge (GSEC) NASCC, NAASCC

If the customer cancels an order with which Special Construction is associated prior to the in-service date of the FIA, a Cancellation Charge will apply. The charge will include all nonrecoverable costs less the net salvage value incurred by the Telephone Company up to and including the time of cancellation.

(5) Expediting Charge (GSEC) NASCE, NAASCE

An Expediting Charge applies when a customer requests that Special Construction be completed on an expedited basis. The charge is equal to the difference in the estimated cost of construction on an expedited basis and construction without expediting.

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.7 Types of Charges (Cont'd)

(A) Nonrecurring Charges (Cont'd)

(6) Optional Payment Charge (GSEC) NASCOP, NAASCOP

The customer may elect to pay an Optional Payment Charge when it requests Special Construction of facilities utilizing (1) a type of facilities or (2) a route other than that which the Telephone Company would otherwise utilize in furnishing the requested service. Payment of this charge will result in a lower recurring charge for the Special Construction. 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.

(a) Development of Optional Payment Charge

This charge is equal to the excess installed cost or the total nonrecoverable cost, whichever is less (based on estimated or actual costs as elected by the customer).

Example 1:

Total Installed Cost	$30,000
Nonrecoverable	20,000
Normal Installed Cost	17,000
Total Installed Cost	$30,000
Minus Normal Installed Cost	17,000
Equals Excess Installed Cost	13,000
Optional Payment Charge	13,000
Nonrecoverable Cost	$20,000
Minus Optional Payment Charge	13,000
Equals Investment for MTL Computation	7,000
Remaining Recoverable Excess Installed Cost	$ 0

Since the total installed cost is $30,000 and the normal installed cost would have been $17,000, the nonrecurring charge (optional payment) is limited to the difference (i.e., $13,000). A Maximum Termination Liability would then be established to protect the remaining nonrecoverable cost of $7,000 which is the difference between the total nonrecoverable cost ($20,000) and the nonrecurring charge ($13,000). The remaining excess installed cost in this example is zero. In addition, a recurring charge will be developed as set forth in 10.2.7(B) following.

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.7 Types of Charges (Cont'd)

(A) Nonrecurring Charges (Cont'd)

(6) Optional Payment Charge (Cont'd)

(a) Development of Optional Payment Charge (Cont'd)

Example 2:

Total Installed Cost	$30,000
Nonrecoverable Cost	10,000
Normal Installed Cost	17,000
Total Installed Cost	$30,000
Minus Normal Installed Cost	17,000
Equals Excess Installed Cost	13,000
Optional Payment Charge	10,000
Nonrecoverable Cost	$10,000
Minus Optional Payment Charge	10,000
Equals Investment for MTL Computation	0
Remaining Recoverable Excess Installed Cost Equals	$ 3,000

The Optional Payment Charge is limited to the nonrecoverable cost. In this example the Optional Payment Charge equals the nonrecoverable cost. Therefore, there is no Maximum Termination Liability. In addition, a recurring charge will be developed as set forth in 10.2.7(B) following.

(b) Replacement Charge (GSEC) NASCR, NAASCR

If any portion of the specially constructed FIA, for which an Optional Payment Charge has been paid, requires replacement involving capital investment, a charge for replacement will apply. This charge will be in the same ratio as the initial Optional Payment Charge was to the installed cost of the specially constructed FIA. The customer will be notified in writing that the replacement is required. Replacement will not be made without the customer's order. If any portion of the FIA subject to the replacement charge fails, the FIA will not be restored until the customer orders the replacement.

Example:

Original Total Installed Cost	$30,000
Original Optional Payment Charge	$15,000
Subsequent Cost of Replacement	$ 2,000

$$\text{Original Optional Payment Charge} \times \frac{\text{Replacement Cost}}{\text{Total Installed Cost}}$$

$$\frac{15{,}000 \times 2{,}000}{30{,}000} = 1{,}000$$

Replacement Charge $ 1,000

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.7 Types of Charges (Cont'd)

(B) Recurring Charges

These charges apply on a monthly or annual basis for specially constructed FIA. There are four conditions for which recurring charges apply:

- When a customer uses less FIA than originally requested. (Underutilization Charge)
- When a customer orders more FIA than necessary for provision of the FIA ordered (Excess Capacity Charge).
- When a customer requests a facility route or type other than that which the Telephone Company would utilize to provide a FIA.
- When a customer's request results in the Telephone Company leasing transmission or other equipment from private vendors to provide a FIA. (Lease Charge)

(1) Underutilization Charge

An Underutilization Charge applies when the number of FIA for which a monthly charge is being assessed, using specially constructed FIA which has a tariffed Underutilization Liability, is less than 75% of the original specially constructed amount. The charge is retroactive to the date the specially constructed FIA was installed. It is based on the number of FIA which are in use at the expiration of the initial liability period. Thereafter, it is reviewed and adjusted monthly.

Example:

A customer authorizes Special Construction of FIA to provide 50 voiceband Special Access circuits consisting of 5 miles of 75 pair cable.

Assume that the recurring costs for a 75 pair cable with a capital investment of $1,500 equates to a recurring annual charge of $730. For this cable the Underutilization Charge would be $1.22 per month, per pair, for each pair under 37 (75% x 50) not in use. The charge is determined as follows:

$$\frac{\text{Recurring Annual Charge}}{\text{Cable Size}} = \text{Recurring Charge for Underutilization}$$

$$\frac{\$730}{50} = \$14.60 \text{ per year or } \$1.22 \text{ per month}$$

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.7 Types of Charges (Cont'd)

(B) Recurring Charges (Cont'd)

(1) Excess Capacity Charge

An Excess Capacity Charge applies when the customer requests more facilities be constructed than are required to satisfy the customer's order for FIA. The charge is based on the estimated cost difference between the facilities constructed at the customer's request and the facilities actually required to meet the customer's order for FIA.

Example:

A customer has an immediate FIA requirement which would require a 100 pair cable but requests the installation of a 300 pair cable to allow for growth.

Total Installed Cost (300 pair)	$2,500
Estimated Annual Cost	$ 920
Estimated Installed Cost (100 Pair)	$1,000
Estimated Annual Cost	$ 368
Excess Recurring Charge: Annually	$920-$368 = $552
Monthly	$552 / 12 = $46

This charge applies until such time as the customer orders sufficient FIA to necessitate use of a larger size cable (e.g., 200 pair cable). At that time the recurring charge is adjusted as indicated in the following example:

Total Installed Cost (300 pair)	$2,500
Estimated Annual Cost	$ 920
Estimated Installed Cost (200 Pair)	$1,900
Estimated Annual Cost	$ 683
Excess Recurring Charge: Annually	$920-$683 = $237
Monthly	$237 / 12 = $19.75

The charge is revised in this manner until the number of FIA being provided would require a 300 pair cable, at which time the Excess Capacity Charge is no longer applied. The charge would be reapplied if the number of FIA declined to a level which would not require a 300 pair cable.

Such charges will continue to apply to all facilities held in abeyance until the period of termination liability expires. If facilities are still held in abeyance after the termination liability expires, a new schedule of rates will be calculated and such rates will apply as long as facilities are held in abeyance for the customer.

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.7 Types of Charges (Cont'd)

(B) Recurring Charges (Cont'd)

(2) (Reserved for Future Use)

(3) Charge for Route or Type Other Than Normal

When the customer requests Special Construction using a route or type of FIA other than that which the Telephone Company would normally use, a recurring charge is applicable. The charge is the difference between the estimated recurring costs of the specially constructed FIA and the estimated recurring costs of the FIA the Telephone Company would normally use. The charge will be no greater than the recurring costs of the specially constructed FIA.

(a) If the customer elects to pay an Optional Payment Charge, the portion of the recurring charge for the excess investment covered by the optional payment excludes capital cost items (depreciation, return on investment and Federal income tax on that return). The remaining recurring expense cost items associated with the optional payment (maintenance, administration, and other taxes) are increased by a ten percent management fee and will be included in the recurring charge.

The portion of any recurring charge associated with any remaining Special Construction investment will include both capital and expense costs. The ten percent management fee is not applied to this portion of the recurring charge.

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.7 Types of Charges (Cont'd)

(B) Recurring Charges (Cont'd)

(3) Charge for Route or Type Other Than Normal (Cont'd)

(a) (Cont'd)

DEVELOPMENT OF RECURRING MONTHLY CHARGE FOR OPTIONAL PAYMENTS

For example 1 see 10.2.7(A)(6)(a)

	SPECIAL ROUTE OR TYPE FIA				NORMAL
	A	B	C	D	
	Optional Payment Nonrecurring Charge For Special Const. FIA	Specially Constructed FIA Less Nonrecurring Charges	Facilities	Existing Facilities	Normal Route/Type
	$13,000	$17,000			$17,000
1. Depreciation	-	$ 1122			$ 408
2. Federal Income Tax and Return	-	2142			2346
3. Maintenance	$ 1131	1479			799
4. Administration	455	595			595
5. Other Taxes	286	37			374
6. Sub Total	1872	-		-	-
7. 10% x Line 6	187	-		-	-
8. Totals	(A) $2059	(B) $5712	(C)	$	(D)$4522

A + B = $7771
A + B + C = 7771
(A + B + C) - D = 3249

Excess Recurring Charge:* Annually $3249.00
Monthly $ 270.75

*The lower of (A+B+C)-D, or (A+B)

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.7 Types of Charges (Cont'd)

(B) Recurring Charges (Cont'd)

(3) Charge for Route or Type Other Than Normal (Cont'd)

(a) (Cont'd)

For example 2 see 10.2.7(A)(6)(a)

	SPECIAL ROUTE OR TYPE FIA		NORMAL	
	A	B	C	D
	Optional Payment Nonrecurring Charge For Special Const. FIA	Specially Constructed FIA Less Nonrecurring Charges	Existing Facilities	Normal Route/Type Facilities
	$10,000	$20,000		$17,000
1. Depreciation	-	1320		$ 408
2. Federal Income Tax and Return	-	2520		2346
3. Maintenance	$ 870	1740		799
4. Administration	350	700		595
5. Other Taxes	220	440		374
6. Sub Total	1440	-	-	-
7. 10% x Line 6	144	-	-	-
8. Totals	(A) $1584	(B) $6720	(C) $	(D) $4522

A + B = $8304
A + B + C = 8304
(A + B + C) - D = 3782

Excess Recurring Charge:* Annually $3782.00
Monthly $ 315.17

*The lower of (A+B+C)-D, or (A+B)

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.7 Types of Charges (Cont'd)

(B) Recurring Charges (Cont'd)

(3) Charge for Route or Type Other Than Normal (Cont'd)

(b) If the customer has elected the actual cost option, the recurring charge will be adjusted to reflect the actual cost of the new construction when the cost is determined. This adjusted recurring charge is applicable from the start of FIA.

(4) Lease Charge GSEC ASCL, AASCL

A Lease Charge applies when the Telephone Company leases equipment (e.g., portable microwave equipment) in order to provide FIA to meet the customer's requirements. The amount of the charge is the net added cost to the Telephone Company caused by the lease.

10.2.8 Application of Charges

The charges for Special Construction are those charges which are in effect for the period that the Special Construction is furnished. If the charges for a period covered by a bill change after the bill has been rendered, the bill will be adjusted to reflect the new charges. Charges are based on Special Construction of (A) permanent FIA or (B) temporary FIA.

(A) Special Construction of Permanent FIA

(1) Special Construction When Not Available and There is No Other Requirement for Them

When permanent FIA are not available and the Telephone Company constructs them and there is no other Telephone Company need for the specially constructed FIA, a nonrecurring charge, and a Maximum Termination Liability may be applicable.

SPECIAL CONSTRUCTION

10.2 Liabilities, Charges and Payments (Cont'd)

10.2.8 Application of Charges (Cont'd)

(A) Special Construction of Permanent FIA (Cont'd)

(2) Special Construction Using a Route or Type of FIA Other Than Normal

When the specially constructed FIA involve a route or type of FIA other than that which the Telephone Company would ordinarily use, charges are based on the difference between the estimated costs of the specially constructed FIA and those the Telephone Company would ordinarily use. A nonrecurring charge, a recurring charge, and a Maximum Termination Liability may be applicable.

(3) Special Construction of a Greater Quantity of FIA Than Necessary to Satisfy the Customer's Order for Service

When the Telephone Company constructs more FIA than is required to satisfy the customer's order, additional charges will apply. These charges may include a nonrecurring charge, a recurring charge, and a Maximum Termination Liability.

(4) Special Construction Expedited at Greater Cost Than Would Otherwise be Incurred

When construction is expedited resulting in added costs, a nonrecurring Expediting Charge applies.

(B) Special Construction of Temporary FIA Order

When permanent FIA are not available and temporary FIA are constructed pending the construction of permanent FIA, a nonrecurring charge, a Maximum Termination Liability and an Underutilization Liability may be applicable.

SPECIAL CONSTRUCTION

10.3 Deferral of the In-Service of FIA

10.3.1 General

The customer may request the Telephone Company to defer the in-service of FIA on specially constructed FIA subject to the provisions as set forth in 3.2.2(B) preceding. If the deferral is not in compliance with the provisions as set forth in 3.2.2(B) the Special Construction case is considered to be cancelled and cancellation charges apply. Requests for deferral must be in writing and are subject to the following regulations.

10.3.2 Construction Has Not Started

If the Telephone Company has not incurred any costs (e.g., engineering and/or installation) before receiving the customer's request for deferral, no charge applies other than the Case Preparation Charge. However, the original quotation is subject to Telephone Company review at the time of reinstatement to determine if the original charges are still valid. Any change in liabilities and charges requires the concurrence of the customer in writing. Additional Case Preparation Charges will also apply.

10.3.3 Construction Has Started But Is Not Complete

If the construction of FIA has started, but has not been completed, before the Telephone Company receives the customer's request for deferral, charges apply. The charges vary depending on whether all or some of the FIA ordered are deferred.

(A) All FIA Are Deferred

When all FIA involving Special Construction are deferred, a charge equal to the costs incurred during each month of the deferral applies. Those costs include the recurring costs for that portion of the FIA already completed and any other costs associated with the deferral. The Case Preparation Charge also applies.

(B) Some But Not All FIA are Deferred

When some, but not all, FIA utilizing the specially constructed FIA are deferred, the Special Construction case will be completed. Maximum Termination Liability will apply in addition to Case Preparation Charges and any recurring charges associated with the Special Construction.

10.3.4 Construction Complete

If the construction of FIA has been completed before the Telephone Company receives the customer's request for deferral, the Case Preparation Charge as originally determined, will apply and any recurring charges associated with the Special Construction. The maximum termination liability period will begin when the customer accepts the service.

SPECIAL CONSTRUCTION

10.4 Charges for Customers Choosing the Optional Liability Period to Provide Permanent FIA

(Reserved for Future Use)

SPECIAL CONSTRUCTION

10.4 Charges for Customers Choosing the Optional Liability Period to Provide Permanent FIA (Cont'd)

10.4.2 Charges

(A) Telephone Company Charges (Joint Telephone Company and Other Than Telephone Company)

(Reserved for future use)

(B) Telephone Company Charges

(Reserved for future use)

SPECIAL CONSTRUCTION

10.5 Charges for Customers Choosing the Standard Liability Period to Provide Permanent FIA

This section contains the Special Construction charges to provide permanent FIA to individual customers. Charges are developed on an Individual Case Basis for a specific customer and filed in this section.

10.5.1 Telephone Company Charges (Joint Telephone Company and Other Than Telephone Company)

(Reserved for future use)

10.5.2 Telephone Company Charges

(Reserved for future use)

SPECIAL CONSTRUCTION

(Reserved for future use)

SPECIAL CONSTRUCTION

(Reserved for future use)

SPECIAL CONSTRUCTION

(Reserved for future use)

SPECIAL CONSTRUCTION

10. SPECIAL CONSTRUCTION (Cont'd)

10.6 Charges to Provide Temporary FIA

This section contains the Special Construction charges to provide temporary facilities to individual customers. Charges are developed on an Individual Case Basis for a specific customer and filed in this section.

10.6.1 Telephone Company Charges (Joint Telephone Company and Other Than Telephone Company)

Customer	Description and Location	Obligation	Effective Date

(Reserved for future use)

10.6.2 GTOC Charges

Customer	Description and Location	Obligation	Effective Date

(Reserved for future use)