

SPECIALCONSTRUCTION

2. Regulations2.1 FilingofCharges

Allspecialconstructioncaseswillbefiledsubjecttotheregulationsspecifiedinthissection. Therates,charges,andliabilitiesforspecialconstructiontoprovidefacilitiesforuseforone monthormorearefiledinthefollowingsections, asappropriate.

Rates,charges,andliabilitiesfortheconstructionoffacilitiesforuseforlessthanonemonth arefiledinsupplementstothistariff.

2.2 OwnershipofFacilities

TheTelephoneCompanyprovidingspeciallyconstructedfacilitiesundertheprovisionsofthis tariffretainsownershipofallsuchfacilities.

2.3 IntervaltoProvideFacilities

Basedonavailableinformationandthetypeofserviceordered,theTelephoneCompanywill establishacompletiondateforthespeciallyconstructedfacilities.Ifthescheduled completiondatecannotbemetduetocircumstances beyondthecontroloftheTelephone Company,anewcompletiondatewillbeestablished andthecustomerwillbenotified.

2.4 SpecialConstructionInvolvingBothInterstate andIntrastateFacilities

Whenspecialconstructioninvolvesfacilitiestobe usedtoprovidebothinterstateand intrastateservices,chargesfortheportionofthe constructionusedtoprovideinterstate serviceshallbeinaccordancewiththistariff.Chargesfortheportionoftheconstruction usedtoprovideintrastateserviceshallbeinaccordancewiththeappropriateintrastatetariff.

SPECIALCONSTRUCTION

2. Regulations (Cont'd)2.5 PaymentsforSpecialConstruction2.5.1 PaymentsofCharges

Allbillsassociatedwithspecialconstructionchargesaredueinaccordancewiththe appropriateregulationsintheservicetariffunder whichserviceisbeingprovided.

2.5.2 Start/EndofBilling

Billingofrecurringchargesforspeciallyconstructedfacilitiesstartsonthedayafter thefacilitiesaremadeavailableforuse.Billing accrues throughandincludesthe daythatthespeciallyconstructedfacilitiesared iscontinued.Recurringchargeswill be billed in accordance with the appropriate regulations in the servicetariff under which service is being provided.

2.5.3 CreditAllowanceforServiceInterruptions

Intheeventofaserviceinterruptioninvolvinga speciallyconstructedfacility,the customershallreceivearecurringmonthlychargec reditinaccordancewiththe creditallowanceprovisionsintheappropriateserv icetariffassociatedwiththe affectedservice.

Whenaninterruptioncontinuesduetothe failureo fthecustomertoauthorize the replacementoffacilitiessubjecttoaReplacement Charge,asspecifiedin2.6.4(A)(4) following,the creditallowancewillbeterminated ontheseventhcalendar dayafter theTelephoneCompanyhasprovidedthecustomerwit hwrittennotificationofthe needforreplacement.The creditallowancewillre sumeonthedayafterthe TelephoneCompanyreceiveswrittenauthorizationfo rthereplacementfromthe customer.

2.6 LiabilitiesandChargesforSpecialConstructio n2.6.1 General

Thissectiondescribesthevariouschargesandliab ilities that may apply when the TelephoneCompanyprovidesspecialconstructionof facilitiesinaccordancewithan orderforservice.Writtenapprovalofalliabili tiesandchargesmustbeprovidedto theTelephoneCompanypriortothestartofconstru ction.

SPECIAL CONSTRUCTION

2. Regulations (Cont'd)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 replaced, 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.

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.

SPECIAL CONSTRUCTION

2. Regulations (Cont'd)2.6 Liabilities and Charges for Special Construction (Cont'd)2.6.3 Development of Liabilities and Charges (Cont'd)

Where suitable fiber optical facilities are not available for the installation of a Fiber Connect Service under an Optional Payment Plan (OPP) arrangement as set forth in Section 5.6.1 (F) of the Telephone Company's Tariff F.C.C. No. 5, customers may request the Telephone Company to specially construct such facilities in accordance with this tariff. However, where special construction is necessary for Fiber Connect Service OPP arrangement, special construction charges will not apply for the first \$15,000.00 in special construction costs incurred by the Telephone Company on a per customer, per specific location basis. Notwithstanding the immediately preceding sentence, if a service order with which special construction is associated is cancelled prior to the start of service, cancellation charges shall apply in accordance with Section 2.6.4 (F) following.

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.

SPECIAL CONSTRUCTION

2. Regulations (Cont'd)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)(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 selection must be made in writing before special construction starts. If this selection is coupled with the actual cost option, the optional payment charge will reflect the actual cost of the specially constructed facilities.

(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 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.

(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, spacer rental, equipment removal, and any other costs associated with the construction of the facilities.

SPECIALCONSTRUCTION

2. Regulations (Cont'd)2.6 LiabilitiesandChargesforSpecialConstructio n(Cont'd)2.6.4 TypesofLiabilitiesandCharges (Cont'd)(B) MaximumTerminationLiabilityandTerminationC harge

A Maximum Termination Liability is equal to the non recoverable costs associated with specially constructed facilities and the maximum amount which could be applied as a Termination Charge if a llspecially 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 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 selected. 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.

SPECIALCONSTRUCTION

2. Regulations (Cont'd)2.6 LiabilitiesandChargesforSpecialConstructio n(Cont'd)2.6.4 TypesofLiabilitiesandCharges (Cont'd)(B) MaximumTerminationLiabilityandTerminationC harge(Cont'd)

ATerminationChargemayapplywhenallservicesus ingsspeciallyconstructed facilitieswhichhaveatariffedMaximumTerminatio nLiabilityarediscontinued priortotheexpirationoftheliabilityperiod.T hechargereflectsthe unamortizedportionofthenonrecoverablecostsat thetimeoftermination, adjustedfornetsalvageandpossiblereuse.Admin istrativecostsassociated withthespecificcaseofspecialconstructionand anycostforrestoringa locationtoitsoriginalconditionarealsoinclude d.ATerminationChargemay neverexceedthefiledMaximumTerminationLiabilit y.

Apartialterminationofspecialyconstructedfaci litieswillbeprovided,atthe electionofthecustomer.TheamountoftheTermin ationChargeassociated withsuchpartialterminationisdeterminedbymult iplyingthetermination chargewhichwouldresultifallservicesusingthe speciallyconstructed facilitieswerediscontinued,atthetimepartialt erminationisselected,bythe percentageofspecialyconstructedfacilitiestob eapartiallyterminated.Atariff filingwillbemadefollowingapartialtermination tolistremainingMaximum TerminationLiabilityamountsandthenumberofspe ciallyconstructed facilitiesthecustomerwillremainliablefor.

Example

AcustomerwithafiledMaximumTerminationLiabili tyof\$100,000for 3600speciallyconstructedfacilitiesrequestsapa rtialterminationof 900facilities.TheTerminationChargeforallfac ilities,atthetimeof election,is\$60,000.Thepartialterminationchar ge,inthisexample, is\$60,000X900/3600,or\$15,000.

SPECIALCONSTRUCTION

2. Regulations (Cont'd)2.6 LiabilitiesandChargesforSpecialConstructio n(Cont'd)2.6.4 TypesofLiabilitiesandCharges (Cont'd)(C) AnnualUnderutilizationLiabilityandUnderutil izationCharge

Priortothestartofspecialconstruction,theTel ephoneCompanyandthe customerwillagreeon(1)thequantityoffaciliti estobeprovided,and(2)the lengthoftheplanningperiodduringwhichthecust omerexpectstoplacethe facilitiesinservice.Theplanningperiodishere inafterreferredtoastheInitial LiabilityPeriod(ILP).TheILPislistedinthe t ariffwithaneffectiveand expirationdate.

Underutilizationoccursonlyif,attheexpiration dateoftheILPandannually thereafter,lessthan70percentofthespeciall y c onstructedfacilitiesarein serviceatfiledtariffservicerates.

Anannualunderutilizationliabilityamountisfile donaperunitbasis(e.g.,per cablepair)foreachcaseofspecialconstruction. Thisamountisequaltothe annualperunitcostandincludesdepreciation,mai ntenance,administration,mai returntaxes,andanyothercostsidentifiedinthe supportingdocumentation providedatthetimethespecialconstructioncase isfiled.

UpontheexpirationoftheILP,thenumberofunder utilizedfacilities,ifany,are multipliedbytheannualunderutilizationliability amount.Thisproductisthen multipliedbythenumberofyears(includinganyfr actionthereof)intheILPto determinetheunderutilizationcharge.

Annuallythereafter,thenumberofunderutilizedfa cilities,ifany,existingon theanniversaryoftheILPexpirationdatewillbe multipliedbytheannual underutilizationliabilityamounttodeterminethe underutilizationchargeforthe preceding12monthperiod.

Example

Acustomerorders100servicesandthespecialcons tructionofa600 pairbuildingrisercableisagreedto,basedonth ecustomer's5year facilityrequirements.TheILP,inthisexample,w ouldbefiledat5 years.Theannualunderutilizationliabilityisfi ledat\$2.00perpair.If 400pairsareinserviceattheendoftheILP,th erewouldbean underutilizationof20pairs,i.e.,420(70%of600)-400=20.The totalunderutilizationchargeforthefirst5years wouldbe\$200.00,or \$2.00perpairx20pairsx5years.

If420pairsareinserviceattheendofthe6thy ear,thereisno underutilization,i.e.,420-420=0.

SPECIALCONSTRUCTION

2. Regulations (Cont'd)2.6 LiabilitiesandChargesforSpecialConstructio n(Cont'd)2.6.4 TypesofLiabilitiesandCharges (Cont'd)(D) RecurringMonthlyCharges(1) ChargeforRouteorTypeotherthanNormal

Whenspecialconstructionisrequestedusingarout eortypeoffacility otherthanthatwhichtheTelephoneCompanywouldn ormallyuse,a recurringmonthlycharge,inadditiontothemonthl yratesforservice, isapplicable.Thechargeisequaltothedifferen cebetweenthe recurringcostsofthespeciallyconstructedfacili tiesandtherecurring costsofthefacilitiestheTelephoneCompanywould havenormally used.

(a) WhenanOptionalPaymentChargeassetforthin 2.6.4(A)(3) precedinghasbeenelected,therecurringmonthlyc hargewill bereducedtoincludespeciallyconstructedfacilit yoperating expensesonly.

(b) Iftheactualcostoptionassetforthin2.6.3 precedinghasbeen elected,therecurringchargewillbeadjustedtor eflectthe actualcostofthenewconstructionwhenthecosts havebeen determined.Thisadjustedrecurringchargeisappl icablefrom thestartofservice.

(E) LeaseCharge

ThischargeapplieswhentheTelephoneCompanyleas esequipmentinorder tomeetservicerequirements.Theamountofthech argeisequaltothenet addedcosttotheTelephoneCompanycausedbythel ease.

(F) CancellationCharge

Ifaserviceorderwithwhichspecialconstruction isassociatediscancelled priortothestartofservice,acancellationcharg ewillapply.Thechargewill includeallnonrecoverablecostsincurredbytheTe lephoneCompanyin associationwiththespecialconstructionuptoand includingthetimeof cancellation.

SPECIALCONSTRUCTION

2. Regulations (Cont'd)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 component soft line nonrecurring charge which have been completed at the time of deferral will also apply.

(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.

SPECIALCONSTRUCTION

2. Regulations (Cont'd)2.8 Definitions

ActualCost -Theterm"ActualCost"denotesallcostscharged againstaspecificcaseof specialconstruction,includinganyappropriatetaxes.

AnnualUnderutilizationLiability -Theterm"AnnualUnderutilizationLiability"denotesaper unitamountwhichmaybebilledannuallyiffewers ervicesareinuseutilizingspecially constructedfacilitiesatfiled tariff ratesthannw ereoriginallyspeciallyconstructed.

AverageAccountLife -Theterm"AverageAccountLife"denotesthedepreciationlife prescribedbytheFederalCommunicationsCommission foreachclassoftelephoneplant.

EstimatedCost -Theterm"EstimatedCost"denotesallestimated coststhatwillbeincurred inprovidingaspecificcaseofspecialconstruction,includinganyappropriatetaxes.

Facilities -Theterm"Facilities"denotesanycable,poles, conduit,microwaveorcarrier equipment,wirecenterdistributionframes,central officeswitchingequipment,etc.,utilizedto provideinterstateservicesofferedunderthetariffsreferencedbythistariff.

InitialLiabilityPeriod -Theterm"InitialLiabilityPeriod"denotesthe initialplanningperiod duringwhichthecustomerexpectstoplacespeciall yconstructedfacilitiesinservice.

InstalledCost -Theterm"InstalledCost"denotesthetotalinvestment(estimatedoractual) requiredbytheTelephoneCompanytoprovidespeciall yconstructedfacilities.

MaximumTerminationLiability -Theterm"MaximumTerminationLiability"denotes the maximumamountwhichmaybebilledifallservices usingspeciallyconstructedfacilitiesare terminatedpriortotheexpirationoftheMaximumT erminationLiabilityPeriod.

SPECIALCONSTRUCTION

2. Regulations (Cont'd)2.8 Definitions (Cont'd)

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.

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

The duration of the maximum termination liability period will be specified in the tariff.

Netsalvage - 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, netsalvage may be negative.

Nonrecoverable Cost - The term "Nonrecoverable Cost" denotes the cost of specially constructed facilities for which the Telephone Company has no foreseeable uses 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.

SPECIALCONSTRUCTION

2. Regulations (Cont'd)2.8 Definitions (Cont'd)

PermanentFacilities -Theterm"PermanentFacilities"denotesfacilitiesprovidingservicefor onemonthormore.

RecoverableCost -Theterm"RecoverableCost"denotesthecostof thespecially constructedfacilitiesforwhichtheTelephoneCompanyhasaforeseeablereuse,eitherin placeorelsewhereshouldtheservicebeterminated .

TerminationCharge -Theterm"TerminationCharge"denotestheportionoftheMaximum TerminationLiabilitythat isappliedasanonrecurringchargewhenallservicesare discontinuedpriortotheexpirationofthespecifiedliabilityperiod.