SPECIAL CONSTRUCTION

This Tariff applies to the special
construction of facilities in connection
with the provision of interstate services,
within the operating territory of

CONSOLIDATED COMMUNICATIONS COMPANIES

(D)
in the States of Texas, Pennsylvania, Illinois, California and Minnesota (C)

(D)

(D)

(D)

Vice President, Regulatory and Public Policy
CONSOLIDATED COMMUNICATIONS COMPANIES
121 South 17th Street
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SPECIAL CONSTRUCTION

Check Sheet

Pages 1 to 23 inclusive of this Tariff are effective as of the date shown. Original and revised pages as named below contain all changes from the original tariff that are in effect on the date hereof.

Page	Revised
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1	**First Rev ***
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Vice President, Regulatory and Public Policy
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SECTION 1. APPLICATION OF TARIFF

1.1 This Tariff contains regulations and liabilities applicable for the special construction of facilities provided by CONSOLIDATED COMMUNICATIONS COMPANIES, hereinafter referred to as the Telephone Company, which are used to provide interstate services offered under Tariff F.C.C. No. 1, (C)
Tariff F.C.C. No. 2, Tariff F.C.C. No. 3, Tariff F.C.C. No. 4, and Tariff F.C.C. No. 6. (C)

When special construction of facilities is required, the provisions of this Tariff apply. Rates and rate regulations will be added to this Tariff as warranted by customer demand.

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2. REGULATIONS (Cont'd)

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

2.5.4 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 making an associated tariff filing if required. (C)

SPECIAL CONSTRUCTION

2. REGULATIONS (Cont'd)

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

2.5.4 Types of Liabilities and Charges (Cont'd)

A. Nonrecurring Charge (Cont'd)

(4) 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.

(5) 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.

(6) Expediting Charge (N)

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 non-expedited construction. (N)

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2. REGULATIONS (Cont'd)

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

2.5.4 Types of Liabilities and Charges (Cont'd)

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.

The Maximum Termination Liability is established with the initial case 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. (N)

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 Maximum Termination Liability amount. (N)

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SPECIAL CONSTRUCTION

2. REGULATIONS (Cont'd)

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

2.5.4 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 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 Maximum Termination Liability. (C)

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. (N)

Example:

A customer with a 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. (N)

(M) Information previously located on this page is now located on Page 16. (M)
(M)
(M)

SPECIAL CONSTRUCTION

2. REGULATIONS (Cont'd)

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

2.5.4 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 has 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 the negotiated service rates.

An annual underutilization liability amount is calculated 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 initiated.

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.

SPECIAL CONSTRUCTION

2. REGULATIONS (Cont'd)

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

2.5.4 Types of Liabilities and Charges (Cont'd)

C. 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 5 years. The annual underutilization liability is $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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2. <u>REGULATIONS</u> (Cont'd)

2.5 <u>Liabilities and Charges for Special Construction</u> (Cont'd)

2.5.4 <u>Types of Liabilities and Charges</u> (Cont'd)

D. <u>Recurring Monthly Charges</u> (T)

(1) <u>Excess Capacity Charge</u>

A recurring monthly excess capacity charge applies when more facilities are (M)
requested and subsequently specially constructed than are required to satisfy an (M)
order for service. The charge is based on the estimated cost difference between (M)
the facilities constructed and the facilities which would normally be required to meet the order for service. Charges apply until there are sufficient service orders to warrant the facilities which were originally constructed.

(2) <u>Charge for Route or Type Other Than Normal</u>

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 2.5.4(A)(2) preceding has been elected, the recurring monthly charge will be reduced to include specially constructed facility operating expenses only.

(M) Information now located on this page was previously located on Page 15.

SPECIAL CONSTRUCTION

2. REGULATIONS (Cont'd)

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

2.5.4 Types of Liabilities and Charges (Cont'd)

D. Recurring Monthly Charges (Cont'd) (T)

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

(b) If the actual cost option as set forth in 2.5.3 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.

(3) Credit for Service Interruptions

No recurring charges for special construction will be applied for periods during which service has been interrupted for 24 hours or less. The credit for interruption in excess of 24 hours will be determined by multiplying the average daily recurring charge per half hour by the number of thirty (3) minute periods in the interruption period.

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SPECIAL CONSTRUCTION

2. REGULATIONS (Cont'd)

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

2.5.4 Types of Liabilities and Charges (Cont'd)

E. Lease Charge (T)

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 (T)

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.

2.6 Deferral of Start of Service

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

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2. REGULATIONS (Cont'd)

2.6 Deferral of Start of Service

2.6.3 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.

2.7 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 negotiated rates than were originally specially constructed. (N)

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.

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. (N)

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

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2. REGULATIONS (Cont'd)

2.7 Definitions (Cont'd)

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 for which a termination charge may apply if all services using specially constructed facilities are terminated. The Maximum Termination Liability period is (C)
equal to the average account life of the specially constructed facilities.

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 request for special construction.

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3. CHARGES TO PROVIDE PERMANENT FACILITIES (C)

Special Construction charges to provide permanent facilities are developed on an individual case basis. (C)

(D)

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