

ACCESS SERVICE

14. Special Construction

14.1 Conditions Requiring Special Construction

Special construction is required when (a) suitable facilities are not available to meet an order for service, and (b) the Company constructs facilities, and (c) one or more of the following conditions exist:

The Company has no other requirement for the facilities constructed. It is requested that service be furnished using a type of facility, or via a route, other than that which the 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 Company.

14.2 Interval to Provide Facilities

Based on available information and the type of service ordered, the Company will establish a completion date for the specially constructed facilities. The Company will make every reasonable effort to assure that the date is met. However, shortage of material, personnel or other factors may lengthen the installation interval. The Company does not guarantee that the facilities will be available on the scheduled date and assumes no liability if that date is missed. If the scheduled completion date cannot be met, the customer will be notified and a new completion date will be established.

14.3 Payments For Special Construction

14.3.1 Payment of Charges

Rules and regulations pertaining to payments for Special Construction are found in the Rules and Regulations Applying To All Customers' Contracts section of the General Exchange Guidebook.

14.3.2 Start/End of Billing

Billing of recurring charges for specially constructed facilities starts on the day after the facilities are available for use. Billing accrues through and includes the day that the specially constructed facilities are discontinued.

14.3.3 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 guidebook or tariff associated with the affected services.

ACCESS SERVICE

14. Special Construction (Continued)

14.3 Payments for Special Construction (Continued)

14.3.3 Credit Allowance for Service Interruptions (Continued)

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 14.4.2.A.4, following, the credit allowance will be terminated on the seventh calendar day after the Company has provided the customer with written notification of the need for replacement. The credit allowance will resume on the day after the Company receives written authorization for the replacement from the customer.

14.4 Liabilities and Charges for Special Construction

14.4.1 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. To meet a scheduled service date when actual costs are requested, an initial special construction case will be made based on estimated costs. Such cases will be revised when actual costs are available.

14.4.2 Types of Liabilities and Charges

One or more of the following special construction charges or liabilities may be applicable:

A. Nonrecurring Charge

A nonrecurring charge always applies and includes the following components:

1. Case Preparation Charge

The case preparation charge covers the administrative expenses of preparing a special construction case.

2. Expediting Charge

When special construction is to be completed on an expedited basis, a charge equal the difference in estimated cost between expedited and nonexpedited construction applies.

3. Optional Payment

When a lower monthly charge is desired, the customer may be given the option of increasing the nonrecurring charge and decreasing the monthly payment. This equals 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 will reflect the actual cost of the specially constructed facilities.

ACCESS SERVICE

14. Special Construction (Continued)

14.4 Liabilities and Charges for Special Construction (Continued)

14.4.2 Types of Liabilities and Charges (Continued)

A. Nonrecurring Charge (Continued)

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 Company is requested to rearrange existing specially constructed facilities, a nonrecurring charge equal to the cost of rearrangement will apply.

6. Use for Less Than One Month

Where facilities are constructed to provide service for less than one month, a nonrecurring charge only applies. In addition to the quotation preparation charge this nonrecurring charge shall recover 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 termination charge applies 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 cost for restoring a location to its original condition are included.

The Company will notify the customer six months in advance of the expiration date of each ten-year liability period. The customer must provide the 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.

A partial termination of specially constructed facilities may be elected by the customer. The partial termination amount is determined by multiplying the total termination charge by the percentage of specially constructed facilities to be partially terminated.

ACCESS SERVICE

14. Special Construction (Continued)

14.4 Liabilities and Charges for Special Construction (Continued)

14.4.2 Types of Liabilities and Charges (Continued)

C. Annual Underutilization Liability and Underutilization Charge

Prior to the start of special construction, the 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 guidebook with an effective and expiration date.

Underutilization occurs 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 guidebook 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 numbers 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 will be multiplied by the annual underutilization liability amount to determine the underutilization charge for the preceding 12 month period.

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 Company would normally use, a recurring monthly charge applies. This rate is in addition to the guidebook's monthly rates for service. The charge is equal to the difference between the recurring costs of the specially constructed facilities and the recurring costs of the facilities the Company would have normally used.

- a. When the optional payment plan under 14.4.2 has been elected, the recurring monthly charge will include only the specially constructed facility operating expenses.
- b. If the actual cost option in 14.4.1, 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.

ACCESS SERVICE

14. Special Construction (Continued)

14.4 Liabilities and Charges for Special Construction (Continued)

14.4.2 Types of Liabilities and Charges (Continued)

E. Lease Charge

This charge applies when the Company leases equipment to meet service requirements. The charge is equal to the cost of the lease.

F. Cancellation Charge

If special construction is cancelled prior to the start of service, a cancellation charge will apply. The charge will include all nonrecoverable costs incurred by the Company up to the time of cancellation.

14.5 Deferral of Start of Service

14.5.1 Construction Has Not Begun

If the Company has not incurred installation costs before receiving a request for deferral, the quotation charge applies. An additional quotation charge will apply at the time of reinstatement for work necessary to determine if the original estimates are still valid. If the estimates are no longer valid a new contract will be initiated to reflect current costs. Any change in liabilities and charges requires concurrence in writing.

14.5.2 Construction Has Begun

When all services using specially constructed facilities are deferred, a charge based on the costs incurred by the Company during each month of the deferral apply. Those costs include the recurring costs for that portion of the facilities already completed and any other costs associated with the deferral. The quotation charge and the nonrecurring charges apply.

14.5.3 Construction Complete

If the construction of facilities has been completed before the Company receives a request for deferral, all special construction charges will apply.