

Southern Tier Network, Inc.
P.S.C. No. 1
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SECTION 3 - SPECIAL ARRANGEMENTS

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SECTION 3 - SPECIAL ARRANGEMENTS

3.1 SPECIAL CONSTRUCTION

3.1.1 Basis for Charges

Basis for Charges where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company (including return) and may include:

- a) nonrecurring charges;
- b) recurring charges;
- c) termination liabilities; or
- d) combinations of (a), (b), and (c).

3.1.2 Basis for Cost Computation

The costs referred to in 3.1.1 preceding may include one or more of the following items to the extent they are applicable:

- I. Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:
 - a) equipment and materials provided or used;
 - b) engineering, labor, and supervision;
 - c) transportation; and
 - d) rights of way and/or any required easements.
- II. Cost of maintenance.
- III. Depreciation on the estimated cost installed of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage.

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SECTION 4 - SPECIAL ARRANGEMENTS (cont'd)

3.1 SPECIAL CONSTRUCTION (cont'd)

3.1.2 Basis for Cost Computation (cont'd)

- IV. Administration, taxes, and uncollectible revenue on the basis of reasonable average cost for these items.
- V. License preparation, processing, and related fees.
- VI. Tariff preparation, processing and related fees.
- VII. Any other identifiable costs related to the facilities provided; or
- VIII. An amount for return and contingencies.

3.1.3 Termination Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of a customer.

- 3.1.3.1 The period on which the termination liability is based is the estimated service life of the facilities provided.
- 3.1.3.2 The amount of the maximum termination liability is equal to the estimated amounts (including return) for:

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3.1 SPECIAL CONSTRUCTION (cont'd)

3.1.3 Termination Liability (cont'd)

3.1.3.2 (cont'd)

1. Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:
 - a) equipment and materials provided or used;
 - b) engineering, labor, and supervision;
 - c) transportation; and
 - d) rights of way and/or any required easements;
2. license preparation, processing, and related fees;
3. tariff preparation, processing and related fees;
4. cost of removal and restoration, where appropriate; and
5. any other identifiable costs related to the specially constructed or rearranged facilities.

3.1.3.3 The termination liability method for calculating the unpaid balance of a term obligation is obtained by multiplying the sum of the amounts determined as set forth in Section 3.1.3.2 preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in Section 3.1.3.2 preceding shall be adjusted to reflect the redetermined estimated net salvage, including any reuse of the facilities provided. This amount shall be adjusted to reflect applicable taxes.

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SECTION 3 - SPECIAL ARRANGEMENTS (cont'd)

3.2 NON-ROUTINE INSTALLATION AND/OR MAINTENANCE

At the customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or (in the Company's sole discretion and subject to any conditions it may impose) in hazardous locations. In such cases, charges based on the cost of labor, material, and other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

3.3 INDIVIDUAL CASE BASIS (ICB) ARRANGEMENTS

Rates for ICB arrangements will be developed on a case-by-case basis in response to a bona fide request from a customer or prospective customer for service which vary from tariffed arrangements. Rates quoted in response to such requests may be different for tariffed service than those specified for such service in the Rate Attachment. ICB rates will be offered to customers in writing and will be made available to similarly situated customers. A summary of each ICB contract pricing arrangement offered pursuant to this paragraph will be filed as an addendum to this Tariff within 30 days after the contract is signed by both the Company and the customer.