

PSC NY No. 7--COMMUNICATIONS

Verizon New York Inc.

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Limited Service Offerings

4. Limited Service Offerings (LSOs)**4.1 General**

4.1.1	Description
A.	If a firm order is received from a second customer for an item not filed in this tariff, if the item is installed, it will be added to the tariff as an LSO.
1.	Prior to installation, the second customer will be advised in writing that the PSC may reject or modify the tariff, in which case, the item might be disconnected, or its LSO price changed.
B.	If a request is received for an item of a kind listed in this tariff and fewer than 25 customers are currently being furnished such items, the item will be provided in accordance with the rules and regulations of this tariff.
C.	When an item is in service for 25 customers, the Telephone Company will advise the PSC in writing that it is either proceeding to file a standard tariff for the item, or that the Telephone Company does not intend to standardize the offering and will, at the direction of the PSC, either continue to furnish the LSO to existing customers but not provide any more such items or discontinue furnishing the item to all existing customers.
1.	If the Telephone Company is proceeding to file a standard tariff, such standard tariff shall be filed by a date no later than nine months from the date of the advice letter to the PSC.
2.	If a request is received for an item of a kind listed in this tariff, and 25 customers are currently furnished such items, the Telephone Company will not honor the request until a standard tariff offering is effective.
3.	If a LSO item is filed in a standard tariff, it shall be deleted from this tariff. In no event will LSOs be furnished under this tariff on existing services and under a standard tariff on new services (i.e., grandfathered).

Issued: November 29, 2000

Effective: December 30, 2000

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Limited Service Offerings

4. Limited Service Offerings (LSOs)
4.2 Application of Rates and Charges

4.2.1 General	
A.	LSOs are furnished subject to different rates and charges for the same kind of item (i.e., customer specific). These differences in rates result from differences in local engineering, design and practices, differences in the extent to which the required components, new or reused, were available at the time of the request and the apparatus and labor costs at the time of the installation. The charges for LSOs are designed to cover their costs and provide an appropriate rate of return to the Telephone Company.
1.	The cost of LSOs will be developed in accordance with the methods outlined in Section 3 of the uniform billing practices and rates for special assemblies.
B.	If an item furnished as an LSO is later filed in a standard tariff, the standard tariff rate will apply and the LSO monthly charge will be increased or decreased to match the standard tariff monthly charge, as of the effective date of the standard tariff filing.

4.2.2 Computation of Rates	
A.	A primary consideration in establishing rates for a LSO is to reflect the specific individualized costs of providing the particular LSO. Thus, specific costs as opposed to statewide averages are used except where the initial installation involves various locations throughout the state. Therefore, specific rates for LSOs are not shown in this tariff; such rates are, however, determined in accordance with the following formula.
1.	Investment Costs (First Costs) — One-time capitalized costs incurred specifically when plant is installed and include the cost of all materials, supply expense, sales taxes, and labor plus engineering associated with the initial investigation. Costs identified as recoverable and non-recoverable are required.
2.	Recurring Costs (Annual Costs) — Recurring costs include capital costs, (depreciation, cost of money, and income taxes) plus operations costs including maintenance, administration, and ad valorem taxes determined in accordance with the accounting treatment as to credits to the plant accounts of certain NRCs.
3.	Installation Costs — Include capital and operations costs in accordance with the aforementioned accounting treatment of certain NRCs.

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Effective: December 30, 2000

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