

PSC NO 3
Focal Communications Corporation of New York
Initial Effective Date 06/05/03

Section: 13 Leaf: 1
Revision 0
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SECTION 13: SPECIAL ARRANGEMENTS

13.1 Special Construction

13.1.1 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 and may include:

- A) non-recurring type charges;
- B) recurring type charges;
- C) termination liabilities; or
- D) combinations thereof.

13.1.2 Basis for Cost Computation

The costs referred to in 13.1.1 preceding may include one or more of the following items to the extent they are applicable:

- A) cost installed of the facilities to be provided including estimated costs for the rearrangements of existing facilities. Cost installed includes the cost of:
 - 1) equipment and materials provided or used,
 - 2) engineering, labor and supervision,
 - 3) transportation, and
 - 4) rights of way;
- B) cost of maintenance;

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13.1 Special Construction (cont'd.)

13.1.2 Basis for Cost Computation (cont'd.)

- C) 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;
- D) administration, taxes and uncollectible revenue on the basis of reasonable average costs for these items;
- E) license preparation, processing and related fees;
- F) tariff preparation, processing and related fees;
- G) any other identifiable costs related to the facilities provided; or
- H) an amount for return and contingencies.

13.1.3 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 the customer.

- A) The termination liability period is the estimated service life of the facilities provided.

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13.1 Special Construction (cont'd.)

13.1.3 Termination Liability (cont'd.)

- B) The amount of the maximum termination liability is equal to the estimated amounts for:
- 1) Cost installed of the facilities provided including estimated costs for rearrangements of existing facilities and/or construction of new facilities as appropriate, less net salvage. Cost installed includes the cost of:
 - a) equipment and materials provided or used,
 - b) engineering, labor and supervision,
 - c) transportation, and
 - d) rights of way;
 - 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.
- C) The applicable termination liability method for calculating the unpaid balance of a term obligation. The amount of such charge is obtained by multiplying the sum of the amounts determined as set forth in Section 13.1.3(B) preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in section 13.1.3(B) preceding shall be adjusted to reflect the redetermined estimate net salvage, including any reuse of the facilities provided. This product is adjusted to reflect applicable taxes.

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13.2 Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service offered under this tariff. Rates quoted in response to such competitive requests may be different than those specified for such services in this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

13.3 Temporary Promotional Programs

The Company may establish temporary promotional programs wherein it may waive or reduce non-recurring or recurring charges, to introduce present or potential Customers to a service not previously received by the Customers.

13.4 Schools and Libraries Discount Program

13.4.1. General

The Schools and Libraries Discount Program permits eligible schools (public and private, grades Kindergarten through 12) and libraries to purchase the Company services offered in this tariff and any other applicable Company tariffs at a discounted rate, in accordance with the Rules adopted by the Federal Communications Commission (FCC) in its Universal Service Order 97-157, issued May 8, 1997 and the New York State Public Service Commission in its Opinion and Order 97-11 Adopting Discounts for Services for Schools and Libraries, issued June 25, 1997. The Rules are codified at 47 Code of Federal Regulation (((C.F.R.).)) 54.500 et. seq.

As indicated in the Rules, the discounts will be between 20 and 90 percent of the pre-discount price, which is the price of services to schools and libraries prior to application of a discount. The level of discount will be based on an eligible school or library's level of economic disadvantage and by its location in either an urban or rural area. A school's level of economic disadvantage will be determined by the percentage of its students eligible for participation in the national school lunch program, and a library's level of economic disadvantage will be calculated on the basis of school lunch eligibility in the public school district in which the library is located. A non-public school may use either eligibility for the national school lunch program or other federally approved alternative measures to determine its level of economic disadvantage. To be eligible for the discount, schools and libraries will be required to comply with the terms and conditions set forth in the Rules. Discounts are available only to the extent that they are funded by the federal universal service fund. Schools and libraries may aggregate demand with other eligible entities to create a consortium.

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13.4 Schools and Libraries Discount Program (cont'd)

13.4.2 Regulations

A. Obligation of eligible schools and libraries

I. Requests for service

1. Schools and libraries and consortia shall participate in a competitive bidding process for all services eligible for discounts, in accordance with any state and local procurement rules.
2. Schools and libraries and consortia shall submit requests for services to the Schools and Libraries Corporation, as designated by the FCC, and follow established procedures.
3. Services requested will be used for educational purposes.
4. Services will not be sold, resold or transferred in consideration for money or any other thing of value.

B. Obligations of the Company

1. The Company will offer discounts to eligible schools and libraries on commercially available telecommunications services contained in this tariff. Those services contained in this tariff which are excluded from the discount program, in accordance with the Rules are included as an attachment to this tariff.
2. The Company will offer services to eligible schools, libraries and consortia at prices no higher than the lowest price it charges to similarly situated non-residential customers for similar services (lowest corresponding price).
3. In competitive bidding situations, the Company may offer flexible pricing or rates other than in this tariff, where specific flexible pricing arrangements are allowed, subject to New York State Public Service Commission approval.

13.4.3. Discounted Rates for Schools and Libraries

1. Discounts for eligible schools and libraries and consortia shall be set as a percentage from the pre-discount price, which is the price of services to schools and libraries prior to application of a discount.
2. The discount rate will be applied to eligible intrastate services purchased by eligible schools, libraries or consortia.
3. The discount rate is based on each school or library's level of economic disadvantage as determined in accordance with the FCC Order or other federally approved alternative measures (as permitted by the Rules) and by its location in either an urban or rural area.

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13.4 Schools and Libraries Discount Program (cont'd)

13.4.3. Discounted Rates For Schools and Libraries (cont'd)

4. The discount matrix for eligible schools, libraries and consortia is included as an attachment to this tariff.

A. Services Ineligible For Schools and Libraries Discount

1. Voice Mail Services

B. Schools and Libraries Discount Matrix

<u>How Disadvantaged</u>	<u>% DISCOUNT LEVEL</u>	
	<u>Urban discount</u>	<u>Rural discount</u>
% of students eligible for national school lunch program		
<1	20	25
1-19	40	50
20-34	50	60
35-49	60	70
50-74	80	80
75-100	90	90

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13.4 Reserved for Future Use