

CHARGES APPLICABLE UNDER SPECIAL CONDITIONS

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-----FOR COMMISSION STAMP-----

By: Leonard Thorne  
Title: President

PUBLIC UTILITY COMMISSION OF TEXAS APPROVED	
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**CHARGES APPLICABLE UNDER SPECIAL CONDITIONS**

**I. SPECIAL CHARGES**

**A. Applications**

Special charges in the form of installation and/or construction charges, monthly charges, or both, may be applied in addition to the usual service connection charges and monthly rates, because of the sporadic or occasional nature of the service or because an unusual investment or expense arises, as in the following examples:

1. Conditions require or the customer request the provision of special equipment or unusual or nonstandard methods of plant construction, installation or maintenance or a move of Company facilities.

2. The customer's location requires the use of costly private right-of-way.

3. The proposed service is of a temporary nature, and the plant to be placed would not be useful to the Company in the general conduct of its business after that service was discontinued.

**B. Customer Requirements**

1. Temporary Construction - The customer shall be charged the estimated cost of construction and removal of the plant which would not be of value to the Company, less the estimated net recovery value of the material used. The Company may require the customer to pay the cost of construction plus the cost of removal, less salvage, for temporary construction performed in advance of permanent construction or to provide temporary service.

2. The Company shall retain title to all plant constructed, as specified within this tariff, provided wholly or partially at a customer's expense.

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**CHARGES APPLICABLE UNDER SPECIAL CONDITIONS**

**I. SPECIAL CHARGES (Continued)**

**B. Customer Requirements (Continued)**

3. When attachments are made to poles of other companies, instead of providing construction for which the customer would be charged under the provisions of this section, the customer shall pay the Company's cost for such attachments.

4. The customer is required to pay the construction charges made by another telephone company providing facilities to connect with the facilities of the Company.

**II. LINE EXTENSIONS**

The Company will furnish adequate telephone service to the largest practicable number of customers in its certificated service area on the basis of the following conditions:

**A. Conditions for Line Extension Charges**

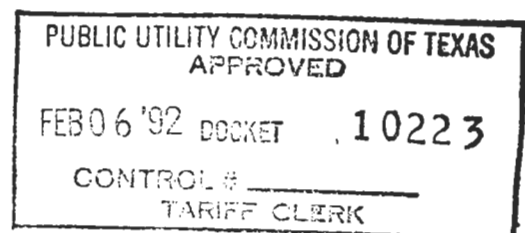
1. Until the Company has extended service to the number of customers specified in its most current loan agreement with the Rural Electrification Administration (REA), under normal conditions the Company's policy is to extend its distribution plant to furnish service to any applicant within its service area without requiring a construction charge.

2. Once the Company has extended service to the number of customers specified in its most current loan agreement with the REA, an applicant for service may be required to pay a contribution to the cost of construction.

The applicant is required to pay the cost of construction in excess of seven (7) times the applicant's estimated annual local service revenues; however, the applicant shall only pay the cost of construction in excess of \$1,000. Local service revenues are defined as local exchange access line charges.

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II. LINE EXTENSIONS (Continued)

A. Conditions for Line Extension Charges (Continued)

3. If an applicant for service was not included in the latest area coverage survey specified by REA, then the applicant is required to pay the cost of construction in excess of seven (7) times the applicant's estimated annual local service revenues or \$1,000.

B. Rules for Line Extension Charges

1. All costs will be computed on a current basis, and material cost will be computed on the basis of the extension of the minimum sized cable used by the Company to the applicant.

2. The Company will determine the type of cable plant extension required on the basis of current and projected conditions and estimate the cost accordingly.

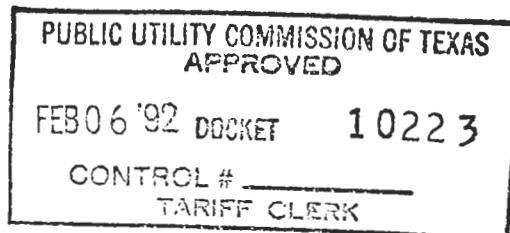
3. The construction charge for line extensions is apportioned equally among all applicants of a group.

4. Applicants may be required to make advance payments to cover all or a portion of the excess construction charges for exchange service or special service arrangements when in the Company's judgement there is evidence of credit risk. A cash deposit may also be required as specified in Section 7, General Rules and Regulations, Part III, paragraph F on Deposits.

5. Payments for line construction are not refundable, and no credit will be allowed for future installations on line extensions constructed under the above regulations.

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**CHARGES APPLICABLE UNDER SPECIAL CONDITIONS**

**II. LINE EXTENSIONS (Continued)**

**C. Poles on Private Property**

The Company will provide the poles on private property which are used in serving an individual customer at no cost to the customer except in cases where the customer is required to pay for constructing the line extension. Poles requested by the customer, in excess of those deemed necessary by the Company, will be charged to the customer at the installed cost. Ownership and maintenance of such poles is vested in the Company.

**D. Provisions of Private Right-of-Way**

The Company's obligation to provide service through line extension depends entirely on its ability to secure, retain and maintain suitable rights-of-ways without incurring unreasonable expense. When conditions require, applicants shall provide, without expense to the Company, private rights-of-way as needed. Any and all private rights-of-way permit requirements and any and all associated costs will be the responsibility of the applicant and must be furnished before a plant extension project begins.

**III. SPECIAL CONSTRUCTION**

**A. Construction on Private Property**

1. The Company will furnish an average amount of entrance and distribution facilities, provided the facilities are of the standard type normally furnished for the particular location or kind of service.

2. If additional entrance or distribution facilities are required, or if conditions require special equipment, maintenance or methods of construction, if the installation is for a temporary purpose, or if for any other reason, the construction costs are excessive as compared with the revenue to be derived from the project, the applicant may be required to pay the costs over and above the costs applicable for a normal installation.

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**III. SPECIAL CONSTRUCTION (Continued)**

**A. Construction on Private Property (Continued)**

3. The customer will provide the Company upon request and without charge written permission for the placement of the Company's facilities on his property.

4. The customer is responsible for providing satisfactory entrance to the building and space for mounting any necessary network protection equipment.

**B. Temporary Service**

Where plant construction is required to provide any temporary service or facility, or where it is necessary to place temporary construction in advance of permanent construction in order to meet the customer's requirements, the Company may require the applicant to pay the nonrecoverable costs of the temporary construction or to contract for service beyond the initial period, or both.

**C. Service Provided to Movable Premises**

1. When telephone service is provided to movable premises by means of aerial plant, the customer shall provide a clearance pole if the Company considers it necessary. The clearance pole must comply with the Company's specifications. The customer shall place, own and maintain the pole. However, if the customer elects and the Company agrees, the Company will place, own and maintain the pole and bill the customer the cost of placing the pole.

2. Where plant construction is required to provide any service or facility to a movable premises, and it is necessary to place temporary construction in advance of permanent construction in order to meet the customer's requirements, the Company may require the applicant to pay the nonrecoverable costs of the temporary construction or to contract for service beyond the initial period, or both.

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**III. SPECIAL CONSTRUCTION (Continued)**

**D. Service to Residential and Commercial Developments**

The construction charges, allowances and provisions previously specified in this section contemplate the extension of facilities into areas of normal growth and development. Where facilities are to be extended into new areas of residential and commercial real estate development which in the Company's opinion are of a promotional or speculative nature, the Company will require an advance deposit equal to all or a portion of the costs of such construction, depending on the circumstances in each case, to be made prior to the start of construction.

1. The Company and the developer may enter into a contractual agreement to provide for the periodic refund of a portion of the deposit as customers in the development receive telephone service, and other terms of the contract are met. The contract will specify the estimated number of telephone customers expected to receive service within the area and the time required to complete the project, not to exceed five years. The contract will provide that the construction charge be recomputed to reflect regular tariff allowances, design changes made by the developer, damage to telephone facilities by persons other than Company employees or agents or unusual construction requirements. Periodic refunds to the developer will be adjusted accordingly.

2. The applicant for telephone service to a development is required to provide the Company at his own expense the necessary easements for installation and maintenance of telephone facilities, clear the ground where facilities are to be installed according to Company specifications and request installation of telephone facilities at an appropriate time during construction of the project to avoid unnecessary costs to the Company.

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**CHARGES APPLICABLE UNDER SPECIAL CONDITIONS**

**III. SPECIAL CONSTRUCTION (Continued)**

**E. Underground Service Connections**

When a customer requests that underground service connections be installed initially instead of aerial facilities which would ordinarily be used, or when aerial facilities are used to provide service, and the customer subsequently requests that facilities be placed underground, the following regulations apply:

1. The customer shall pay the cost on constructing and maintaining underground conduits which will be built according to Company specifications. The cost of construction of underground conduits shall be less the estimated cost to the Company of installing aerial facilities required to furnish the same service.

2. Any ducts required in the underground conduit by the Cooperative to furnish service shall be reserved for its exclusive use.

3. If a customer requests that cable be installed in a trench, the trench shall be constructed and back filled under the Company's supervision at the customer's expense.

4. The Company will maintain and replace cable installed in conduit where the Company has inspected and approved the conduit, but will repair or replace cable in conduit or trench necessitated by damage caused by the customer or his representatives, only at the customer's expense.

5. The Company may replace existing aerial facilities with underground facilities in connection with planned projects or during its normal operations. If a customer requests the removal and replacement of existing aerial facilities with underground facilities prior to the time for normal replacement, the Company will make such replacement at the expense of the customer. The cost of construction of underground conduits shall be less the estimated cost to the Company of installing aerial facilities required to furnish the same service.

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CHARGES APPLICABLE UNDER SPECIAL CONDITIONS

IV. SPECIAL SERVICE ARRANGEMENTS

A. General

If a customer's requirements cannot be met with the regularly offered service arrangements, the Company will provide where practical special service arrangements at charges equal to the estimated cost of furnishing such facilities on the condition that the provision of such arrangements are not detrimental to any other services furnished under the Company's tariffs.

B. Rates and Charges

1. Rates for special service arrangements are equivalent to the estimated costs of furnishing the special service arrangement.

2. Estimated cost, which consists of an estimate of the total cost to the Company of providing the special service arrangement, may include the following:

- a. Cost of maintenance
- b. Cost of operation
- c. Depreciation on the estimated installed cost of any facilities used to provide the special service arrangement based on anticipated useful service life less estimated net salvage value.
- d. General administration expenses, including taxes on the basis of average charges for these items.
- e. Any other item of expense associated with the particular special service arrangement.
- f. An amount, computed on the estimated installed cost of the facilities used to provide the special service arrangement, for return on investment.

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IV. SPECIAL SERVICE ARRANGEMENTS (Continued)

B. Rates and Charges (Continued)

3. The estimated installed cost described above includes the cost of equipment and materials provided or, used plus estimated labor costs, including the cost of installation, engineering, supervision, transportation, rights-of-way, in addition to other items chargeable to the capital accounts.

4. Special service arrangement rates are subject to review depending on changing costs.

5. If and when a special service arrangement becomes a tariffed offering, the tariffed rate or rates will apply.

6. The following rate treatments may be used in connection with charges for special service arrangements.

a. Monthly rental and termination agreement with or without an installation charge.

b. Monthly rental with or without an installation charge.

c. Installation charge only.

V. OTHER REGULATIONS

Line extensions and special service arrangements are further subject to the regulations specified in the tariffs of this Company, as they now exist, and any revisions, additions or supplements which may be made in the future.

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