

**PUBLIC UTILITY DISTRICT 3
OF MASON COUNTY, WASHINGTON**

TELECOMMUNICATIONS SERVICE RULES AND REGULATIONS

These telecommunications service rules and regulations establish the expectations of the relationship between Mason County PUD No. 3 (PUD 3) and its telecommunications Retailers.

Mason County PUD No. 3 is a wholesale provider of telecommunications services to its Retailers. In the context of the rules and regulations, it is the responsibility of PUD 3 to provide reliable transport services to the Retailers. Retailers shall abide by and be bound by these rules and regulations upon receiving Wholesale Telecommunication Services from PUD 3. As a part of these rules and regulations, it is the Retailers' responsibility to meet the service needs of their Consumers.

The telecommunications service rules and regulations are organized by the following sections:

1. **GENERAL** - Information about adoption and authority of the service rules and regulations.
2. **DEFINITIONS** - Terms that will be consistently used when describing participants, performance requirements, facilities, time frames, and other important issues.
3. **APPLICATION FOR SERVICE** - The requirements of applying for status as a Retailer of Wholesale Telecommunications Services provided by Mason County PUD No. 3, and how Consumers make application via their Retailers.
4. **ESTABLISHMENT OF DEPOSITS** - Deposits required prior to the establishment of agreement, and length of time that deposits are held.
5. **SERVICE LIMITATIONS AND ACCEPTABLE USE** - Includes the limitations, terms and conditions necessary as a part of the service rules and regulations to ensure Retailers and Co-location Retailers experience reliable service.
6. **BILLING AND CONNECTION** - The conditions of billing and charges for connection. This section includes billing cycle information and various charges (including late charges, reconnection charges, etc.) related to accounts. This section also specifies the method of appeal and hearing regarding billing disputes. (Exhibit A, Rate Schedules.)
7. **POLICY VIOLATIONS** - Terms of the contract under which suspension of service may occur due to violations of the service rules and regulations.
8. **RETAILERS', CO-LOCATION RETAILERS' AND CONSUMERS' PREMISES AND EQUIPMENT** - Guidelines for the installation of the Retailer's wiring and equipment on premise. (See Exhibit B.)

9. **INTERRUPTION OF SERVICE AND SERVICE LEVEL AGREEMENTS** - States Mason County PUD No. 3's commitment to work towards continuous service, with the understanding that occasional repair and maintenance will be necessary. (See Exhibit C, Service Level Agreement for IP Transport Services and Exhibit D, Service Level Agreement for TDM Transport Services.)
10. **SHORT-TERM SERVICE** - This section refers to services that may be requested for temporary activities, e.g. circuses, fairs, etc.
11. **LINE EXTENSION POLICY** - Outlines the requirements for those wishing to extend fiber optic service to individual houses, properties or within a development.
12. **ALTERED SERVICE/ALTERED APPLICATION OF FIBER OPTIC SERVICE** - Required if Consumers make application to relocate the fiber optic gateway demarcation point.
13. **RETAILER RESPONSE PROBLEM** - This refers to Retailer's report of a service problem that is determined to be Retailer's problem after PUD personnel are dispatched.

For information regarding the telecommunications service rules and regulations, you may contact the PUD 3 telecommunications department at 360-426-8255, extension 5882, from Belfair at 360-275-6518, extension 5882, or from Elma at 360-482-4998, extension 5882.

1. GENERAL

The following telecommunications service rules and regulations have been adopted by Resolution No. 1254 dated January 28, 2003, and are the effective rules and regulations of Public Utility District No. 3 of Mason County, Washington.

No officer, inspector, solicitor or employee of the District has any authority to waive, alter or amend in any respect these rules and regulations or any part thereof, or make any agreement inconsistent therewith.

The rates, rules and regulations herein are subject to modification or abolition in the manner prescribed by law or by the Commissioners of the District or by any other legally authorized body having jurisdiction in the premises.

2. DEFINITIONS

- a) **BUILDING OWNER** is the legal owner of properties, houses, structures, apartments, or commercial establishments. Owners can be individuals, government organizations (school districts), partnerships, or large corporations.
- b) **CO-LOCATION** when similarly used refers to facilities owned by PUD 3 that will offer siting of equipment used in providing Internet-based or IP services.
- c) **CO-LOCATION RETAILER** when similarly used refers to the person, firm or

corporation using or desiring to use Co-location facilities with intent to provide Internet-based or IP services or as a Retailer of Wholesale Telecommunications Services. Further it also refers to the person, firm or corporation wishing to operate a router or telecommunications interface equipment for the purpose of interfacing with the PUD and/or NoaNet® wholesale network.

d) CONSUMER when similarly used refers to the person, firm or corporation using or desiring to use Wholesale Telecommunications Services purchased through a Retailer.

e) DOMAIN NAMING SYSTEM (DNS) is the mechanism used in the Internet and on private Intranets for translating names of host computers in addresses.

f) DEMARCATION POINT refers to the location where the District's wholesale telecommunications is transitioned from optical to electrical as installed per the state's Washington Administrative Code (WAC).

g) DISTRICT, when used in these rules and regulations, in applications for service or in rate schedules, refers to Public Utility District No. 3 of Mason County also referred to as Mason County PUD No. 3, PUD 3, or PUD.

h) GATEWAY BOX is the District's premise equipment used to convert an 802.3x optical signal. (See Transition Box definition – item s.)

i) LATENCY is the length of time it takes to send the packet across the given media. Transmission delay is determined by the speed of the media and the size of the packet.

j) METERING POINT OR METERED USAGE is the point or method where the District measures the actual usage of Consumer, Retailer or Co-location Retailer for the purpose of determining amount to bill for telecommunications services. Actual usage is billed based on rate schedule or contracts applicable thereto.

k) MONTHLY RECURRING CHARGE (MRC) is the fee charged by the District to recover the costs associated with the installation and maintenance of the PUD's telecommunication system.

l) MONTH (except where calendar month is stated) is the period intervening between monthly Metered Usage readings upon which the Retailers' consumption is computed and bills rendered.

m) NETWORK ACCESS PORT (NAP) is the initial wholesale access port (per subscriber) to the Mason County PUD No. 3 fiber optic network. The MRC varies by product. Refer to Rate Schedules in Exhibit A.

n) NETWORK OPERATIONS CENTER (NOC) is the dispatch service that tracks and logs all network events, and acts as the contact point for Retailers and Co-location Retailers to establish Trouble Tickets.

o) POINT OF PRESENCE (POP) is the point where the District's fiber, cable, wire, or apparatus are connected to those of the Consumer. Unless otherwise stipulated in the application for service contract, or rate schedules, such connection with overhead/underground fiber optic cable and/or low voltage lines will be the point where the District's services are attached to the building or other structure under the control of the Consumer.

POP is the point which ISPs (Internet Service Providers) exchange traffic and routes at Layer 2 (Link Layer) of the OSI model. Includes Co-location facility, Gateway Box at end user's location, and fiber huts as a distribution point.

p) RETAILER when similarly used refers to a Retail Service Provider (RSP) which is a person, firm or corporation using or desiring to use with intent to sell to Consumer voice, video or data (or combinations thereof) over the fiber optic connection to each Consumer. Retailers may provide additional services in the future. Within this document, Retailer may be interchanged with Retail Service Provider or RSP.

q) SERVICE LEVEL AGREEMENT (SLA) is an agreement between a Consumer and a Retailer, defining the nature of the service provided and establishing a set of metrics to be used to measure the level of service. Such service levels might include provisioning, average availability, restoration times for outages, availability, average and maximum periods of outage, average and maximum response times, Latency, and delivery rates.

r) TIME DIVISION MULTIPLEX (TDM) is a technique for translating a number of separate data, voice, and/or video signals simultaneously over one communications medium by quickly interleaving a piece of each signal one after another. Signaling over a Time Division Multiplex system in which all voice channels share a common signaling channel, with time division providing the separation between signaling channels.

s) TRANSITION BOX, as referenced by the Department of Labor and Industries, is the District's premise equipment used to convert an 802.3x optical signal. (See Gateway Box definition – item h).

t) TROUBLE TICKET is a written or electronic document used to report problems or service disruptions to the District's network operation center. Documents provide reference numbers, circuit details, contact information, and resolutions of the service issues.

u) WHOLESALE TELECOMMUNICATION SERVICES is the furnishing or readiness to furnish Ethernet based services in the form of 802.3x or other transport methods agreed upon at the option of the District and for the purpose specified in the application for service rates applicable therein.

3. APPLICATION FOR SERVICE

All prospective Retailers must complete a Pre-Qualification Application form and provide the following information:

- a) Completed technical questionnaire and a network logical diagram.
- b) Proof of liability insurance.
- c) UBI (business license) number.
- d) Signed personal guaranty of payment. A deposit (in addition to the deposit required in the rates schedules) equal to two highest months of Retailer expense may substitute for a personal guaranty of payment. See Section 4. Establishment of Deposits.
- e) Proof of continuous 24 hours per day, 365 days per year, technical support ability including access number.
- f) Proof of ability to install and provision Consumer services.
- g) Proof of "Connect and Collect" (i.e. billing) functions to Consumers.
- h) A one-time refundable deposit per the District's rate schedules.
- i) A one-time connection fee per the District's rate schedules.
- j) A layer three capable router for provisioning of retail services to Consumers.

This router must meet the following minimum requirements:

- (1) SNMP (Simple Network Management Protocol) "read only" traps sent to District network operation center
- (2) 802.1q compliant (The District does not support ISL.)
- (3) Minimum of 2 - 100mb Ethernet ports
- (4) 115v AC or -48v DC voltage
- (5) Four rack units or less in size

All prospective Co-location Retailers will be required to complete a qualification application form and provide the following information:

- a) Completed technical questionnaire.
- b) Proof of liability insurance.
- c) UBI (business license) number.
- d) A personal guaranty of payment. A deposit (in addition to the deposit required in the rate schedules) equal to two highest months of Retailer expense may

substitute for a personal guaranty of payment. See Section 4. Establishment of Deposits.

- e) Proof of continuous 24 hours per day, 365 days per year, technical support.
- f) A one-time refundable deposit per the District's rate schedule applicable thereto.
- g) A one-time connection fee per the District's rate schedule applicable thereto.

All prospective Consumers will be required to complete a Fiber Optic Application as an application for service. The District requires that all Fiber Optic Application forms be signed by the Consumer and submitted first to the District's office for processing and distribution to the Consumer's chosen Retailer. This will initiate the engineering and site review process to insure fiber availability, in addition to improving installation time frames. The Retailer will return the Fiber Optic Application form signed by an authorized agent or employee of the selected Retailer. Consumers will be serviced and billed through their chosen Retailer and as such all charges and rates are determined by their Retailer in accordance with the District's rate schedule applicable thereto.

The Fiber Optic Application shall set forth all information that the District may reasonably require. The Fiber Optic Application is merely a written request for service and does not in itself bind the District to serve, nor does it bind the Consumer to take service.

4. ESTABLISHMENT OF DEPOSITS

Retailer and Co-location Retailers will be required to deposit with the District a deposit as per the current rate schedule. The District will refund all deposits without interest at such time the Retailer or Co-location Retailer permanently cease to use Wholesale Telecommunications Services and their respective account has been paid in full. The deposit may be applied to the final billing.

In addition to the deposit required per the current rate schedule (above paragraph), all Retailers or Co-location Retailers, who chose to substitute a deposit in lieu of a personal guaranty of payment, will be required to submit a deposit equal to the two highest months of Retailer or Co-location Retailer expense.

Because Retailer or Co-location Retailer monthly expenses may increase over time, the District may require an additional deposit to equal the two highest months' expenses. Failure to pay the increased deposit amount will result in the same disconnection procedures as noted in Section 6. Billing and Connection.

After a minimum of two (2) years' establishment of excellent payment history, the deposit made in lieu of a personal guaranty of payment may be refunded without interest. If the deposit is held until such time as the Retailer or Co-location Retailer permanently ceases to use Wholesale Telecommunication Services, the deposit may be applied to the final billing.

No deposit shall be retained longer than three (3) years without approval of the District's manager.

If the Retailer or Co-location Retailer has a history of two (2) or more past due payments, the District may request a deposit in lieu of the signed personal guaranty of payment. The amount of the required deposit shall be calculated to equal the two highest billable months during the past twelve months. If the Retailer or Co-location Retailer has been disconnected for non-payment or default on a payment arrangement, the deposit will be required prior to re-activation.

5. SERVICE LIMITATIONS AND ACCEPTABLE USE

The District's acceptable use policy for its products and services is designed to help protect the District, its Retailers and their Consumers, and Co-location Retailers and the Internet community in general from irresponsible or in some cases illegal activities. The list below is a non-exclusive list of the action prohibited by the District.

To ensure reliable service, the District requires Retailers and their Consumers and Co-location Retailers to adhere to the limitations, terms and conditions shown below. Consumers may also be required to adhere to further requirements from the chosen Retailer.

- a) Service shall be used exclusively for the purpose or purposes stated in the application for service and rate schedule or contracts, under which it is supplied.
- b) Should it be ascertained that a Retailer or its Consumer, or a Co-location Retailer is using service under any rate schedule contrary to the purposes stipulated in the contract and these policies, including but not limited to violation of the rules and regulations and policies of the District, the District shall notify the Retailer or Co-location Retailer that such use is contrary to the purpose and intent of the rate schedule and must be discontinued.
- c) Should the Retailer or Co-location Retailer fail to discontinue the contrary use of such service, the District may discontinue service to the Retailer or Co-location Retailer under the rate schedule involved.
- d) Only District authorized Retailers may re-sell telecommunications services on the District's network.
- e) Transmission, distribution or storage of any material in violation of any applicable law or regulation is prohibited. This includes, without limitation, material protected by copyright, trademark, trade secret or other intellectual property right used without proper authorization, and material that is obscene, defamatory, constitutes an illegal threat, or violates export control laws.

This also includes but is not limited to:

- (1) Unauthorized use, or forging, of mail header information (e.g., “spoofing”).
- (2) Unauthorized attempts by a user to gain access to any account or computer resource not belonging to that user (e.g., “cracking”).
- (3) Obtaining or attempting to obtain service by any means or device with the intent to avoid payment.
- (4) Unauthorized access, alteration, destruction, or any attempt thereof, of any information of any District Retailers, Co-location Retailers or Consumers by any means or device.
- (5) Knowingly engage in any activities that will cause a denial-of-service (e.g., synchronized number sequence attacks) to any District Retailers, Co-location Retailers or Consumers whether on the District network or another provider’s network.
- (6) Using District products and services to interfere with the use of the District network by other Retailers, Co-location Retailers, Consumers or authorized users.

f) Retailers and Co-location Retailers are responsible for Consumers complying with the District’s Acceptable Use Policy terms. Complaints directed at a Retailer’s Consumer will be forwarded to the District representative for action. If violations of the District’s Acceptable Use Policy occur, the District reserves the right to terminate services with or take action to stop the offending Retailer, Co-location Retailer or Consumer from violating District’s policies as the District deems appropriate, without prior notice.

Only authorized PUD 3 Retailers or Co-location Retailers may resell bandwidth services. Bandwidth use will be monitored at the PUD border router.

Web hosting services, such as a marketing firm hosting pages for their Consumers, are permissible uses. Other services not yet implemented may be allowed by written consent of the District’s management.

To ensure that all District network users experience reliable service, the District requires Retailers, Co-location Retailers and Consumers to adhere to these terms and conditions. In addition, Retailers, Co-location Retailers and Consumers must conform to the Federal Communication Commission (FCC) rules and laws. In the event the District determines that any Retailer, Co-location Retailer or Consumer are acting in violation of this or other District policy, FCC regulations or state and local law, Wholesale Telecommunication Services will be terminated.

Retailers or Co-location Retailers with questions or concerns may call the District’s telecommunications department at 360-426-8255 extension 5882. Consumers must contact their respective Retailer or Co-location Retailer.

6. BILLING AND CONNECTION

- a) Refer to applicable current rate schedule that is subject to change at any time by the District. (See Exhibit A.)

b) The District will pro-rate the Monthly Recurring Charges (MRC) for network access ports, internet, video, local VLAN/T-1 ports, and all collocation products.

Method

| TURN UP | | TURN DOWN | |
|---------------------|----------|---------------------|----------|
| 1st - 10th | Full MRC | 1st - 10th | 1/3 MRC |
| 11th – 20th | 2/3 MRC | 11th – 20th | 2/3 MRC |
| 21st - End of Month | 1/3 MRC | 21st - End of Month | Full MRC |

c) The District will require a connection fee for all new service connections. Connection fees are due with the submittal of the Fiber Optic Construction Application. (See Exhibit A for current rate schedule.)

d) The District renders bills to its Retailers on the 10th of each month. All bills for Wholesale Telecommunications Services are due and payable when rendered and become delinquent thirty (30) days from the billing date.

e) Occupation of the District's Co-location facilities will be billed at rates for Co-location Products. The District shall pro-rate Co-location rates for the Monthly Recurring Charge (MRC) if the occupation of the Co-location Retailer occurs within the calendar month as detailed in (b) above.

f) Past Due Accounts - In the event the Retailer or Co-location Retailer has not paid its bill; made a satisfactory payment arrangement with the District within thirty (30) days after billing; and meets the terms of the payment arrangement, the District will send the Retailer or Co-location Retailer a disconnection notice.

The disconnection notice will allow the Retailer or Co-location Retailer forty-eight (48) hours from the date on the notice to make full payment of the past due amount.

g) Informal Conference - the procedures for the informal conference allow the Retailer or Co-location Retailer to confer by telephone or appear in person in the District's offices. The Retailer or Co-location Retailer is entitled, at the informal conference, to present his/her position to the District's telecommunications manager or his/her designee for handling of telecommunications bill disputes. All disputes must be made in writing to the telecommunications manager within thirty (30) days from the date of the monthly invoice in question. In the case of disputed bills the telecommunications manager or his/her designee has the authority to review and recommend adjustments concerning the amount of the bill. Decisions concerning final adjustments of the disputed bill are made by the manager or designee.

h) Hearing Officer - If the Retailer or Co-location Retailer is not satisfied with the decision of the informal conference, he/she shall be informed that he/she has the

right of appeal with the District's hearing officer, said hearing officer as designated by the manager and approved by the Board of Commissioners.

i) Notice of appeal may be made in writing, in person at the District's office, or by telephone. At the appeal hearing, the Retailer or Co-location Retailer shall have the right to present the nature of his/her appeal and whatever evidence is considered relevant.

j) After the Retailer or Co-location Retailer presents his/her appeal, the appropriate District personnel shall present the District's position. A decision will be issued by the hearing officer (if so requested, the decision will be written setting forth the reasons for the decision). If the Retailer or Co-location Retailer owes the District and fails to comply with the terms and conditions of the hearing officer's decision within two (2) days, or if he/she fails to respond in any way to the District's request for payment, the District may disconnect the Wholesale Telecommunications Services. The Retailer or Co-location Retailer has the right to ask the District's Board of Commissioners to review the hearing officer's decision. The Board, in its discretion, may affirm, modify or reverse the hearing officer's decision.

k) Returned Checks - If a check tendered to the District for payment of a bill is not honored by the Retailer's or Co-location Retailer's bank, the District will charge the Retailer or Co-location Retailer an accounting charge of \$40.00. Such action may result in a special security deposit action.

l) Other Charges - These charges are in addition to any and all other charges required by any other contracts and are for the purpose of defraying the actual costs involved and thereby relieving the general ratepayer from these special costs.

m) Only Retailers and Co-location Retailers have the right to request termination of service to a Consumer. The Retailer or Co-location Retailer will be required to provide a written notice to the District to initiate termination of service to the Consumer.

n) Reconnection of Service – A charge shall be paid by the Retailer or Co-location Retailer for re-establishing service at the same location. Refer to Rate Schedule Exhibit A.

o) After Hours Connection – A fee will be charged to the Retailer or Co-location Retailer if the PUD is required to activate/re-activate the account during off-hours. This fee will apply to business, commercial, and residential Consumers. Refer to Rate Schedule Exhibit A.

p) Monthly Recurring Charges will be pro-rated to the affected Retailers if a Consumer changes Retailers during the month.

q) Retailer will be charged the Monthly Recurring Charge on a pro-rated basis in the event the Consumer cancels service at any time during the billing month.

r) If a Consumer changes his/her Retailer at any time for any wholesale telecommunication services, each Retailer will be responsible for any non-recurring charges.

7. POLICY VIOLATIONS

The District, in addition to all other legal remedies, may suspend the delivery of service for any default or breach of the policy, or any violation of these rules and regulations by the Retailer or Co-location Retailer, and may terminate the policy therefore, but no such suspension will be made by the District without forty-eight (48) hours written notice, stating in what particular way the policy has been violated, except in cases of theft or unauthorized use of services by the Retailer or Co-location Retailer, or in cases of utilization by the Retailer or Co-location Retailer of service in such a manner as to cause danger to persons or property. Failure of the District at any time to suspend service, or to terminate the service, or to resort to any other legal remedy, shall not affect the District's rights to resort to any such remedies for the same or any future default, breach or violation by the Retailer or Co-location Retailer.

8. RETAILERS', CO-LOCATION AND/OR CONSUMERS' PREMISES AND EQUIPMENT

The Retailers', Co-location Retailers' and/or Consumers' electrical installation must be made in accordance with the Electrical Code issued by the Department of Labor and Industries of Washington or any other public authority having jurisdiction.

The Consumer shall provide suitable space at convenient locations approved by the District for the District's apparatus and other equipment that is kept on the Consumer's premises.

The Retailer, Co-location Retailer and/or Consumer shall be responsible for the property of the District on his/her premises and shall permit no unauthorized person to tamper with it.

The District's fiber, cables, wires, or apparatus are property of the District and access to District property is strictly limited to District representatives. All prospective retail providers, as part of the application process, are required to provide proof of ability to install and provision Consumer services. Therefore, only a Retailer has the authorization and the responsibility to connect Consumer services to the District's network at the District's Point of Presence.

The Retailer and Co-location Retailer shall also permit access, at all reasonable hours, to an authorized representative of the District for the purpose of reading, inspecting, testing or repairing the apparatus or other property of the District installed on the Consumer's premises, or for the purpose of ascertaining the use which the Consumer is making of the service.

9. INTERRUPTION OF SERVICE AND SERVICE LEVEL AGREEMENTS

The District will endeavor to provide adequate and uninterrupted service but cannot, and will not, ensure that Wholesale Telecommunications Services will be continuous. In order to repair and maintain the District's facilities, the Wholesale Telecommunication Services will be suspended when the District in its discretion deems appropriate. The District will endeavor to provide reasonable advance written and/or verbal communication to the Retailer and Co-location Retailers as it deems necessary when conducting scheduled repairs or maintenance. The Retailer and Co-location Retailers will be required to make a reasonable effort in contacting their Consumers of any scheduled outages for upgrades in service, repair and/or maintenance as well as any emergency outages.

The District may offer a Service Level Agreement (SLA) if the Retailer or Co-location Retailer feels it is in the best interest to obtain assurances for guaranteed uptime and performance. The District offers SLA for IP transport services and TDM services (see Exhibits C & D). Charges for a SLA shall be negotiated. No guarantees of service or reliability will be offered unless the Retailer or Co-location Retailer has negotiated a paid agreement with the District for such services.

The District provides a Network Operations Center (NOC) for the purpose of reporting and tracking interruptions of service. Only Retailers or Co-location Retailers are authorized to contact the NOC. All requests for service will be reported through the NOC for proper response and escalation. If a Retailer or Co-location Retailer calls in a Trouble Ticket to the District's NOC, and it is determined at that time or at a later time that the problem was caused by equipment or processes that are the responsibility of the Retailer or Co-location Retailer, the District may bill the Retailer or Co-location Retailer for the costs of responding to the Trouble Ticket.

The District will issue service credits for disruption of voice service associated with the District's network/equipment facilities. The Retailer must submit a written request for credit within three (3) business days of the date of the service disruption.

10. SHORT-TERM SERVICE

Short-term service as herein considered refers to service to circuses, bazaars, fairs, temporary restaurants, construction works, and other uses of impermanent nature. The District will, if in its opinion the furnishing of such service will not work an undue hardship upon it or its then existing Retailers or Co-location Retailers, furnish short-term service under the following conditions:

a) Each applicant for short-term service shall be required to pay the District in advance or otherwise, as the District may elect the net cost of installing and removing any facilities necessary in connection with furnishings of such service by the District.

(1) Each applicant for short-term service may be required to deposit with the District a sum of money equal to the estimated amount of the District's bill

for such service per the District's rate schedule, or to guarantee otherwise in a manner satisfactory to the District, the payment of any bills which may accrue by reason of such service so furnished or supplied.

- (2) Nothing in these rules and regulations shall be construed as limiting or in any way affecting the right of the District to collect from the Retailer or Co-location Retailer any other or additional sum of money which may become due and payable to the District from the Retailer by reason of the short-term service furnished or to be furnished hereunder.

11. LINE EXTENSION POLICY

It is the mission of the PUD 3 telecommunications department to provide owner/rate payers community and economic development opportunities through telecommunications services.

This includes providing reliable service; extending deployment of services for internal and external users on an open access, nondiscriminatory basis, as authorized under Washington State Law; and supporting initiatives that promote community involvement and cooperation in the deployment of broadband services.

It is further recognized that each service is unique. Accordingly, each extension may be subject to District review with consideration to District budget restrictions and neighborhood advocacy program criteria.

a) DEFINITIONS:

- (1) ALLOWABLE EXPENDITURE shall be defined as the maximum amount that the District will invest in a line extension project (specific amounts defined in Section C.)
- (2) APPLICATION FEE shall be defined as the basic fee all applicants for a line extension must pay prior to the District preparing an estimate and installing facilities. The Application Fee will be applied to the cost of the extension project that is carried forward to completion. If the extension project does not go forward, the Application Fee will cover the cost for filing the application for service and preparing the estimate for installation of facilities. The Application Fee cannot be off-set by credits that could, in some instances, be issued to applicants in other sections of this policy. Application Fees are \$100.00 for a single residence, \$250.00 for a neighborhood or development. The Application Fee is not refundable in any amount.
- (3) CONTRIBUTION IN AID OF CONSTRUCTION ("Contribution") shall be defined as those excess costs that the customer shall be required to pay in the event the cost to provide fiber optic service exceeds the District's Allowable Expenditure in the line extension project.
- (4) DIRECT BENEFIT CAPACITY shall be defined as broadband capacity of the fiber optic service or facility that only provides benefit to the end user or the property owner/developer requesting service.
- (5) DEDICATED EASEMENTS shall be defined as feasible corridors that

have been legally dedicated to utility and telecommunications services along a private road or other defined route.

- (6) EXTENSION PAYMENT shall be defined as the total costs of the project that the applicant(s) shall be required to pay less any identified expenses for System Benefit Capacity. The payment shall be the total cost of the project. See Allowable Expenditures.
- (7) PUBLIC RIGHT-OF-WAY shall be defined as franchised county, city or state roadways, highways or streets with the right of way and with established adjacent utility corridors which are maintained by public agencies.
- (8) PERMANENT LOAD shall be defined as service to a Permanent Resident that will occupy the service location for at least 180 days per year and expected to utilize the wholesale telecommunications service for a minimum of 5 years.
- (9) PERMANENT RESIDENCE shall be defined as any structure designed for human habitation containing a minimum of 600 square feet of living area provided, however, that a mobile home is not considered a permanent residence unless it is on a permanent foundation, i.e., concrete, concrete blocks, or other supports independent of the running gear, and comply with all mobile home code requirements.
- (10) SEASONAL RESIDENCE shall be defined as any residence determined to be occupied for less than 180 days of each year. Also, included in this definition are cabins, trailers, campers (RVs), houseboats, etc., all designed for human habitation yet not meeting the requirements of a "permanent residence."
- (11) SERVICE LINE EXTENSION shall be defined as a fiber optic service cable that will terminate at a residence or business and for direct benefit to the property owner or business.
- (12) SYSTEM BENEFIT CAPACITY shall be defined as broadband capacity or facilities that exceeds the capacity to directly serve the requested line extension project for a subdivision or end user.

b) GENERAL SERVICE POLICIES

(1) SYSTEM DISTRIBUTION LINE EXTENSIONS: System Distribution Line extension requests are to facilitate requests from developers or land owners or extending the District's fiber optic service from a designated service point closest to the development. The District will qualify the location of the line extension request to determine if system capacity exists along the District's backbone to allow for future capacity to handle the amount of service drops requested by the developer or landowner.

All permits, franchises, state, federal and local requirement must be obtained and/or satisfied prior to construction of any extension.

Distribution line extensions will be constructed along existing public roads, streets, alleys, and designated utility corridors.

The District shall make all fiber optic distribution line extensions in accordance

with terms and conditions established by approval of the commissioners.

Underground or overhead construction shall be established in the most cost effective manner and within the terms and conditions established by Telecommunications Line Extension Policy and Procedures.

(2) SEASONAL, TEMPORARY LINE EXTENSIONS: Where line extensions are likely to be temporary or seasonal or where it is provided on an emergency basis, the District may require a Contribution In Aid Of Construction equal to the total cost of installing and removing the service, less the cost of reusable materials. The District may request a snow-bird fee for line extensions that do not meet the definition of Permanent Resident with Permanent Load.

Applications fees will be assessed to any landowner/developer requesting an extension to his/her property for the purpose of providing wholesale broadband access to the lot owners or residents of such property. The Application Fee will be \$100.00 for a single family residence and \$250.00 for a development or neighborhood.

(3) DISTRIBUTION LINE EXTENSION FOR LAND DEVELOPERS, LAND DEVELOPMENTS, SPECULATIVE DEVELOPMENTS AND SUBDIVISIONS: This service extension policy applies to all developments governed by ordinances regarding plats, short plats, long plats, short subdivisions, mobile and trailer parks, and all other development where two or more contiguous lots, tracts, plots, or parcels of land have been sold or are offered for sale by a corporation, partnership, or group.

Line extensions to newly plotted and approved subdivisions of two or more lots may require an aid in construction by the owner or developer. The amount of aid may be established by approval of the commissioners and shall be based on actual costs.

The developer or owner shall pay to the District, prior to construction, the entire estimated costs of extending fiber optic distribution facilities that are necessary to make broadband services available to all the lots, tracts, plots, or parcels of land within the development. The developer will not be responsible for costs associated with System Benefit Capacity.

The District shall engineer the line extension project for the complete service of all lots within the entire development, and install the required facilities or conduit necessary to serve the immediate needs of the land owner/development.

The individual lot owners shall apply through the District's service providers for the installation of the fiber optic service extension across their particular lot/parcel. Underground service extensions that are defined as direct benefit extensions shall be the responsibility of individual lot owners. The District's Allowable Expenditure in the installation of fiber optic facilities for service to individual lot owners shall be determined by the Telecommunications

department.

(4) **SERVICE LINE EXTENSIONS FOR RESIDENTS, BUSINESS OWNERS, LOT OWNERS, AND NEIGHBORHOODS:** Service Line Extensions will constitute Direct Benefit Capacity and facilities only to the designated residence, neighborhood, business, and/or developer.

Service extension applicants shall be responsible to furnish to the District easements for right of way for construction, operation, and maintenance of the fiber optic service extension facility, including tree trimming rights if applicable or where necessary.

The route of all Service Line Extensions and the location of the fiber to the home gateway will be determined by the District, working with the property owner. The Service Line Extension will take the most cost effective route from the nearest service point along the resident or business property line.

Service Line Extensions will utilize the Public Right-of-Way where ever possible.

Service Line Extensions are to provide the ratepayers access to broadband services available through the District's wholesale telecommunications network facilities.

(5) **UNDERGROUND SERVICE:** The District shall request construction fees or aid when a request is received to underground a Service Line Extension when services are currently served overhead.

In providing such service to residential or non-residential end users the District shall construct, own, and maintain all facilities up to the meter base and fiber gateway for telecommunications service. The end user shall be responsible for the costs of converting the service from overhead service to underground service on his/her facilities. The District will treat this request as an "Altered Service." The District shall cover said services as time and resources permit.

c) **ALLOWABLE EXPENDITURES** - The District may furnish and install System Benefit Distribution fiber optics along public rights-of-way at no cost to applications under the following conditions:

- (1) Where finances of the District will not be unduly jeopardized by the extension of service; and
- (2) The line extension will have the capacity for future System Benefit Capacity for other community needs or developments; and
- (3) The District may allow up to 150 feet of overhead service distribution per household/house-lot for direct benefit service. The 150 feet will be calculated from the placement of the fiber gateway at the meter base to the nearest point along the property line where the District's facilities are available for a Service Line Extension; and
- (4) The District receives applications for service of 40 percent or more from

individual lots within the development that will provide Permanent Residents, and when the density of homes meets or exceeds ten homes per 1,500 linear fiber cable strand feet.

12. ALTERED SERVICE/ALTERED APPLICATION OF FIBER OPTIC SERVICE

Consumers will be required to complete an Altered Application for Fiber Optic Service when Consumer wishes to relocate the fiber optic gateway demarcation point. The District requires that all Altered Applications for Fiber Optic Service forms be signed by the Consumer and submitted to the District's Office for processing and distribution. All charges and rates are determined in accordance with the District's rate schedule applicable thereto.

- a) The District will assess the actual charges for labor and materials required to accommodate the relocation of existing facilities or the removal of existing facilities when performed with the relocation of the gateway (demarcation point.) The Consumer/Building Owner may provide trenching, conduit or other raceways necessary to assist in the relocation. The District will provide a written estimate to the Consumer/Building Owner prior to acceptance of work.
- b) The Consumer/Building Owner will be assessed all costs of labor and materials to be paid before the altered service construction begins.
- c) The District will be responsible for obtaining permits involving the public right-of-ways. Costs for such permits will be included in the assessment of actual charges for the project.
- d) If a Consumer/Building Owner requests a second fiber optic demarcation service to a building or residential address when an existing fiber optic demarcation point currently exists, the Consumer/Building Owner will be charged for the actual costs of the additional installation and service.

Service interruptions that occur during periods of altered service activities to relocate the fiber gateway shall not be subject to service credits by the District.

13. RETAILER RESPONSE PROBLEM

A fee will be charged to the Retailer if the PUD is required to activate/re-activate or respond to service requests that are a Retailer's own problem and not derived from the performance of the District's network. Refer to Rate Schedules Exhibit A.

ATTACHMENTS: EXHIBIT A - Rate Schedules; EXHIBIT B - Guidelines for installation of Retailer's wiring and equipment on premise; EXHIBIT C - Service Level Agreement for IP Transport Services; EXHIBIT D - Service Level Agreement for TDM Transport Services.

Telecommunications Service Rules & Regulations:

Established 01/28/03, Resolution No. 1254
Amended 04/01/03, Resolution No. 1256
Amended 07/29/03, Resolution No. 1271 Effective 08/1/03
Amended 04/27/04, Resolution No. 1309
Amended 08/31/04, Resolution No. 1320
Amended 09/28/04, Resolution No. 1322 Effective 10/1/04
Amended 09/05/06, Resolution No. 1381 Effective 9/1/06
Amended 02/20/07, Resolution No. 1400 Effective 3/1/07

Exhibits:

Amended 12/16/03, Resolution No. 1292, Exhibit A
Amended 10/1/04, Resolution No. 1322, Exhibit A (DRC)
Amended 01/03/06, Resolution No. 1365, Exhibit A
Amended 03/14/06, Resolution No. 1373, Exhibit A
Amended 3/11/08, Resolution No. 1429, Exh. A Whsle Inter.