

DARK FIBER LICENSING SERVICES

UTILITY RATE SCHEDULE EDF-1

A. APPLICABILITY:

This Rate Schedule applies to Customer Accounts established prior to September 18, 2006, unless the Customer elects to apply the EDF-3 rate to the entire Customer Account. This Rate Schedule applies to Fiber Optic Service from the City of Palo Alto Utilities (CPAU) pertaining to the City's Dark Fiber Infrastructure and Fiber Optic Backbone.

B. TERRITORY:

All territory within the incorporated limits of the City of Palo Alto and land owned or leased by the City.

C. FEES:

1. DARK FIBER BACKBONE LICENSE FEES:

The values or ranges for each of these price components are shown below:

(1) Fiber Price.....	\$ 490.75 /fiber mile/month
(2) Quantity discount	\$0 to \$59.84/fiber mile/month
(3) Buffer tube discount.....	\$0 to \$59.84/fiber mile/month
(4) Route length discount.....	\$0 to \$77.80/fiber mile/month
(5) Ring topology discount.....	\$0 to \$23.94/fiber mile/month
(6) Length of term discount.....	\$0 to \$46.80/fiber mile/month

Minimum Backbone License Fee..... \$ 742.24 /month

Project Minimum Backbone License Fees apply to any project proposal signed after September 18, 2006 in which the project connects with the Fiber Optic Backbone.

Description for Discounts:

Quantity discount: based on an array of discounts for quantities of fiber licensed on a specific path.

Buffer tube discount: discount for numbers of full buffer tubes licensed on a specific path.

Route length discount: based on the route length licensed on a specific project.

Ring topology discount: The ring topology discount for Customers contracting for complete rings.

Term discount: based on an array of discounts for Dark Optical Fiber Backbone License Agreement greater than one and less than ten years.

2. DARK FIBER LATERAL CONNECTION FEES:

Customer responsibilities and fees for drop and custom cable construction are described in the CPAU Rules and Regulations, Rate Schedule EDF-2, project proposals and other associated documents. In all cases, the Licensee shall pay an annual Drop/Custom Cable Management Fee based on the follow per foot fees:

(1) Drop Cable Management Fees (for the first 12-Fibers)	\$0.04-\$0.09/ft/month
(2) Custom Cable Management Fees (for the first 12-Fibers)	\$ 0.47 /ft/month
(3) Fees for additional Drop or Custom Cable fibers (each additional set of 12-Fibers) .	\$0.09/ft/month

Minimum Drop or Custom Cable Management Fees..... \$ 366.75
/month

Minimum Drop Cable Management Fees apply to any project proposal signed after September 18, 2006.

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3. EARLY TERMINATION FEES:

If the Licensee chooses to terminate for convenience the Dark Fiber Licensing Agreement (License Agreement) or the term of any project under the License Agreement, then the Licensee shall pay the applicable termination payment as specified in this schedule or in the License Agreement, as provided below.

Unless otherwise provided in the License Agreement, the Licensee shall pay a termination fee in one of the following amounts, whichever is less:

- Annual fee of the contract year that the Licensee chooses to terminate in full without term discounts, or
- Remaining fees of the project term as indicated in the License Agreement.

D. SPECIAL NOTES:

1. All fees must be paid to the City in accordance with the terms of the Dark Fiber Licensing Agreement, the Customer's project proposals and all applicable Utilities Rates, Rules, and Regulations.
2. All fees and minimum charges are subject to Consumer Price Index (CPI) adjustments, to be applied annually, except as defined by Section D.3 of this Rate Schedule. Discounts will not be modified by changes to CPI.
3. The CPI adjustment will be based on the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward MSA, published by the U.S. Department of Labor, Bureau of Labor Statistics. The adjustment is calculated by dividing the most recent calendar year's December CPI by the December CPI in the year rates last changed. In the event that the change between December CPIs indicates an adjustment of less than 1% is required, a rate change may not be made for the upcoming year.

{End}

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