ATTACHMENT G - SPECIAL CONSTRUCTION COST ALLOCATION SCENARIOS

E-rate Special Construction

Excess Strands - Cost Allocation Scenarios

Prepared by the [State E-rate Coordinators’ Alliance](http://www.seca-erate.net/)

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# LEASED LIT FIBER AND LEASED DARK FIBER

## Excess Strands for Applicant’s Future Use

If the service provider installs additional strands for the applicant’s exclusive future use in a leased dark fiber or leased lit fiber special construction project, and if the applicant can show documentation that buying a cable containing the number of strands placed in the fiber system for the applicant’s future use is more cost effective then buying a fiber cable with the number of strands the applicant plans to place into service the first year, no cost allocation of the excess strands is required and no other special construction charges would need to be cost allocated.

If the service provider installs excess strands for the applicant’s exclusive future use in a leased dark fiber or leased lit fiber special construction project where the excess strands will remain dormant until they are lit for the applicant in the future, and if the applicant cannot show that it is not more cost effective than buying the exact number of fiber strands being lit in the first year, the applicant must cost allocate the costs associated with the excess strands only. No other special construction charges would need to be cost allocated.

## Excess Strands for Service Provider’s Future Use

For lit services special construction and leased dark fiber special construction, if the service provider wishes to place extra strands in the build for its own use, the E-rate applicant must cost allocate the cost of the service provider-owned extra strands, as well as all incremental costs of those extra strands from the special construction E-rate funding request. It is not a pro-rata share, but an incremental cost calculation that must be backed by detailed documentation.

# EXAMPLE 1

Example 1 from Funding Year 2018 USAC Fiber Training Slides applies:

COST-ALLOCATION: FIBER EXAMPLES

Example 1: Leased lit fiber or leased dark fiber provider installed 12-stands in fiber run to a large school district hub and wants to add 36 additional strands for its own ineligible use, resulting in additional labor costs (e.g., splicing) and plant costs (e.g., larger termination boards, additional handholes).

Result: Cost of 36 additional fiber strands and all associated incremental increases in costs (e.g., the additional labor/outside plant costs) above what would be incurred if only the 12-strands of fiber were installed must be allocated out of the applicant's special construction funding request.

Applicants should seek documentation from the provider which outlines the added incremental costs attributable to designing, managing, and constructing a fiber system with a 48-strand cable instead of a 12-strand cable. Such costs should include (but are not limited to):

* Splice Labor. If any fibers over the applicant’s fibers are spliced, the labor for these additional splices must be cost allocated.
* Splice Enclosures are placed to protect splices. If any fibers over the applicant’s fibers are spliced and require an enclosure, the enclosures for these additional splices must be cost allocated.
* Fiber Installation Labor. This represents the incremental cost of pulling a larger cable through the buried conduit.
* Structured materials installation. This represents the additional cost of burying a larger conduit to support the additional fibers.

Note that the costs associated with installing a larger cable strand than what is required by the applicant are ineligible and the service provider should not include such costs in their special construction billing to the applicant but should be prepared to show evidence during PIA review that it did not charge the applicant for these incremental costs.

# FIGURE 1

Here is a table outlining some possible incremental costs:

|  |  |  |  |
| --- | --- | --- | --- |
| Item | 12 Strand Cable Construction | 48 Strand Cable Construction | Cost Allocation Amount that Service Provider Should Remove from the Special Construction Request |
| Fiber Cable | 38 cents per foot | $1.04 per foot | 66 cents per foot  |
| Event | Date | Time | Time |
| Event | Date | Time | Time |
| Design and Engineering | $2.12 per foot | $2.42 per foot | 30 cents per foot to depict additional splices at A and Z locations |
| Project Management | $1.18 per foot | $1.18 per foot | 0 |
| Splice Labor\* | $11.00 per splice | $11.00 per splice | $11 per splice over 12 splices at any splice site |
| Splice Enclosures\*\* | $205 per enclosure | $205 per enclosure | $205 per enclosure for every enclosure over 12 |
| Fiber Patch Panel | $71.43 per panel | $218.60 per panel | $147.17 per panel |
| Conduit and Other Structured Materials | 1.25” conduit required$1.95 per footHandhole (40,000 lb rated) $2695 per unitFiber Marker $30 per unit | 1.5” conduit required$2.35 per footHandhole (40,000 lb rated) $2695 per unitFiber Marker $30 per unit | 40 cents per footNo cost difference for handholeNo cost difference per marker |
| Fiber Installation Labor\*\*\* | 25 cents per foot | 28 cents per foot | 3 cents per foot |
| Structured Materials Installation (conduit, markers, handholes)\*\*\*\* | $2.85 per foot | $3.10 per foot | 25 cents per foot |
| Markers | Place every 500’ | Place every 500’ | No cost difference |
| Handholes | Place every 1000’ | Place every 1000’ | No cost difference |