



TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: UTILITIES

DATE: APRIL 14, 2003

CMR: 116:03

**SUBJECT: ADOPTION OF A RESOLUTION REVISING RATE SCHEDULE
EDF-1 FOR DARK FIBER LICENSING SERVICES**

RECOMMENDATION

Staff recommends that the City Council adopt a resolution revising Rate Schedule EDF-1 for dark fiber licensing services.

BACKGROUND

The City of Palo Alto established the dark fiber-optic system in Palo Alto in 1996 .The original purpose of the fiber system was to provide dark fiber services to telecommunication service providers.

The fee structure developed for dark fiber services provided by the City includes advance engineering fees (for construction studies), interconnection fees (for actual construction), annual backbone license fees (usage fees) and drop/custom cable management fees (usage fees). The fee structure was originally approved by Council in the City's first dark fiber license agreement in April 1997. On March 15, 2000 (CMR:164:00), the Council revised the dark fiber services fees to make dark fiber licensing more price competitive with alternative providers. On September 19, 2001 Council (CMR:326:01) adopted a resolution revising the dark fiber licensing fees to include annual consumer price index (CPI) adjustments and to incorporate some minor changes for clarification.

DISCUSSION

Staff has identified areas in the rate schedule that need modification to provide customers with clarification of items addressed in the rate schedule and the dark fiber license agreement. This proposed rate schedule does not raise existing fees. The purpose of this document is to provide customers with a concise schedule of all fees related to dark fiber service.

The proposed changes to the dark fiber services rate schedule EDF-1 are as follows:

Section:	Description of Change:	Comments/Explanations:
A:	<ul style="list-style-type: none">Removed redundant content	Simplify the rate schedule.
C-1	<ul style="list-style-type: none">Language added to clarify the application of \$500 Advance Engineering Fee	Clarify customer responsibilities related to Advance Engineering Fee.
C-5:	<ul style="list-style-type: none">Language added to clarify the application of \$320 Disconnection Fee	Clarify customer responsibilities related to Disconnection Fee.
C-6:	<ul style="list-style-type: none">Language added regarding the application of other connection and configuration fees	Relate provisions in the license agreement to current pricing.
C-7:	<ul style="list-style-type: none">Language added describing the applicability of early termination fees	Clarify customer responsibility related to early termination of fiber projects.
C-8:	<ul style="list-style-type: none">Language added describing applicability of minimum annual license fee	Clarify customer responsibilities related to minimum annual license fee.
D-1:	<ul style="list-style-type: none">Removed language for adjustments provisions for jobs done based on estimates.	Reflects current business practices.

RESOURCE IMPACT

Approval of the revised Rate Schedule EDF-1 will define business practices in the current rate schedule and provide customers with a clear and comprehensive explanation regarding dark fiber fees. This rate schedule provides clarification of existing fees and does not impact revenues.

POLICY IMPLICATIONS

This recommendation does not represent any change to existing City policies and is consistent with the Council approved Utilities Strategic Plan to deliver products and services for competitive markets.

ENVIRONMENTAL REVIEW

Adoption of the resolution to establish Rate Schedule EDF-1 does not constitute a project under the California Environmental Quality Act.

ATTACHMENTS

A: Resolution

B: Rate Schedule EDF-1

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