APPENDIX A

Opinion for the United States Court of Appeals for the Eighth Circuit (September 4, 2008)

UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

LEVEL 3 COMMUNICATIONS, L.L.C., Plaintiff-Appellant,

v.

CITY OF ST. LOUIS, MISSOURI, Defendant-Appellee,

City of St. Louis, Missouri, Plaintiff,

v.

Level 3 Communications, LLC, Defendant.

No. 07-3509.

Submitted: May 15, 2008.

Filed: Sept. 4, 2008.

Before LOKEN, Chief Judge, BEAM, and BYE, Circuit Judges.

BEAM, Circuit Judge.

In this licensing dispute with the City of Saint Louis, Level 3 appeals, challenging, among other

things, the district court's[1] denial of Level 3's motion to reopen discovery and the court's grant of summary judgment in the City's favor on the City's claim that neither the license agreement between the parties nor St. Louis City Revised Code Chapter 23.64 (the city ordinance) prohibits or effectively prohibits Level 3's ability to provide telecommunication services under 47 U.S.C. § 253(a). We affirm.

I. BACKGROUND

A. First Appeal

In 2004, Level 3 sued the City claiming that certain obligations in an agreement between the two parties violated state law; 42 U.S.C. § 1983; and the Federal Telecommunications Act of 1996, specifically 47 U.S.C. § 253.[2] Upon opposing motions for summary judgment, and accepting a mere possibility

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[1] The Honorable Charles A. Shaw, United States District Judge for Eastern District of Missouri.

[2] 47 U.S.C. § 253 reads, in pertinent part:

§ 253. Removal of barriers to entry

(a) In general

No State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

...

(c) State and local government authority

Nothing in this section affects the authority of a State or local government to manage the public rights-of-way or to require fair and reasonable compensation from telecommunications providers, on a competitively neutral and nondiscriminatory basis, for use of public rights-of-way on a nondiscriminatory basis, if the compensation required is publicly disclosed by such government.

of prohibition standard of proof under section 253(a), the district court granted summary judgment in favor of Level 3. On appeal, this court determined that a plaintiff suing a municipality under the statute must show actual or effective prohibition under section 253(a), rather than the mere possibility of prohibition. *Level 3 Commc'ns L.L.C. v. City of St. Louis, Mo.,* 477 F.3d 528, 533 (8th Cir.2007)(*Level 3 I*). Based on the record developed by Level 3, we held that Level 3 failed to meet its burden under that standard. *Id.* at 534. In fact, Level 3 admitted in its response to interrogatories that it "[could not] state with specificity what additional services it might have provided had it been able to freely use the money that it was forced to pay to the City for access to the public rights-of-way."*Id.* at 533. Accordingly, we reversed the district court's grant of summary judgment in favor of Level 3 and remanded. *Id.* at 534-35.

B. Remand

After the remand, Level 3 asked the district court to reopen discovery so that it could gather further evidence of "actual or effective prohibition"-the "new standard set by the Eighth Circuit's mandate." The district court initially granted the request and the City filed an immediate motion for reconsideration and sought summary judgment in the City's favor on Level 3's section 253(a) claims. The City claimed that Level 3 had already conducted its discovery on the issue and could not bolster its position, in hindsight, through benefit of our remand. Level 3, on the other hand, claimed that our interpretation of section 253 was "new" and that it,

and the district court, had operated under a "misunderstanding" of what the section 253 requirements were, thus supporting Level 3's request to supplement its discovery responses.

The district court agreed with the City, holding that "[t]he Eighth Circuit spoke for the first time on an issue that has divided other courts, but it did not create a new standard." Thus, said the district court, Level 3's suggestion that it was completely caught off guard by the standard adopted by the circuit panel was not supported by the record. In fact, the court noted, during the prior discovery, the City requested that Level 3 provide evidence, by way of an interrogatory response, that it "had actually been" or "effectively [had been] prohibited from" providing services. Level 3 chose not to address that question.

In the initial action, as earlier stated, the parties argued two different controlling standards under section 253(a). The district court originally adopted Level 3's position, and we reversed, concluding that the position advocated by the City was correct. Upon remand, the district court ultimately agreed with the City, vacated its order granting Level 3's motion to reopen, and granted the City's motion for entry of summary judgment, noting that

> [i]t necessarily follows that the City was and is entitled to a grant of summary judgment on its claim for a declaration that, on the existing record, [which the district court ruled would not be expanded], neither Chapter 23.64 [of the City code] nor the license

agreement prohibits or effectively prohibits Level 3's ability to provide telecommunications services under § 253(a).

II. DISCUSSION

A. Discovery Motion

We review the district court's discovery ruling for "gross abuse of discretion" and the court's summary judgment ruling de novo. *Samuels v. Kansas City Missouri Sch. Dist.,* 437 F.3d 797, 801 (8th Cir.2006); *Sallis v. Univ. of Minn.,* 408 F.3d 470, 477 (8th Cir.2005). Review of district court discovery decisions is "very deferential" and "very narrow," making it a high hurdle for Level 3 to clear. *SDI Operating P'ship, L.P. v. Neuwirth,* 973 F.2d 652, 655 (8th Cir.1992). This is especially true where, as here, we agree with the district court's final legal position on the issue of summary judgment for the City.

Level 3 correctly points out that nothing in *Level 3 I* foreclosed the district court from reopening discovery. Indeed, our only instructions were "remand for further proceedings not inconsistent with this opinion." *Level 3 I,* 477 F.3d at 535. Even so, the district court did not grossly abuse its discretion by denying Level 3's request. In this regard, a major problem for Level 3 is that its legal obligations did not *change* as they did in many of the cases where remand occurred along with a mandate for further discovery to meet a new controlling standard that arose after the plaintiffs initiated their case. *See Playboy Enters., Inc. v. Netscape Commc'ns Corp.,* 354 F.3d 1020, 1033 (9th Cir.2004) (recognizing the new, higher standard for trademark

dilution claims adopted by the Supreme Court while the case was on appeal and remanding for further discovery directed at the new standard); *Blair v. Scott Specialty Gases,* 283 F.3d 595, 607-09 (3d Cir.2002) (applying, in the arbitration context, new Supreme Court precedent rendered while the matter was on appeal and remanding the case for limited discovery on newly adopted evidentiary burdens). All along, as Level 3 readily concedes, there were competing standards from which the court could choose regarding Level 3's burden on its section 253(a) claim. The fact that Level 3 made a strategic decision to litigate its case as if it were required to meet only the lower "may have the effect of prohibiting" test is not sufficient to warrant further discovery.[3]

Likewise inapposite is the line of cases cited by Level 3 for the proposition that when a trial court is reversed on grounds that it applied an incorrect legal standard, the general practice is to remand to the trial court for application of the correct legal standard to the evidence. *See Johnson v. California,* 543 U.S. 499, 515, 125 S.Ct. 1141, 160 L.Ed.2d 949

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[3] Level 3 methodically challenges each reason advanced by the district court for its decision not to reopen discovery. Level 3's arguments are unpersuasive. The district court correctly stated that the Eighth Circuit did not create a new standard, prudently denied Level 3 a second bite at the apple when Level 3 already had a chance to produce evidence satisfying the actual or effective prohibition standard (and was, in fact, directly asked to do so by the City in their interrogatories), and reasonably denied Level 3 the chance to introduce evidence on remand that arose after the close of initial discovery.

(2005); *Adarand Constructors, Inc. v. Pena,* 515 U.S. 200, 238-39, 115 S.Ct. 2097, 132 L.Ed.2d 158 (1995). We do not question the accuracy of this proposition but fail to see its applicability here. Such a course was taken in this case. Upon remand, the district court applied the correct legal standard to the evidence in the existing record, which evidence was adequate to decide the existing issue. This was not a gross abuse of its discretion.

B. Grant of Summary Judgment in Favor of the City

We review de novo a district court's grant of summary judgment, viewing the record in the light most favorable to the nonmoving party. *Med. Liab. Mut. Ins. Co. v. Alan Curtis LLC,* 519 F.3d 466, 471 (8th Cir.2008). "[S]ummary judgment is proper if there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law." *Id.*

Level 3 argues that the district court took a large leap in logic in deciding the case. We think not. The court simply held that "[i]t necessarily follow [ed]" from the reversal of summary judgment for Level 3 under the section 253(a) standard previously applied by the district court that the City was entitled to summary judgment "on its claim for a declaration that, on the existing record, neither [the city ordinance] nor the license agreement prohibits or effectively prohibits Level 3's ability to provide telecommunications services under § 253(a)."

Level 3 contends that the district court failed to discuss the factual bases of the City's summary judgment motion and further did not address how the

City's summary judgment motion fared under the "new" section 253(a) standard. Both claims miss the mark. The district court did, in fact, reference the substance of the City's summary judgment motion in the order. Further, it does "necessarily follow" that if Level 3 was unable to prove actual or effective prohibition under section 253(a), then the city ordinance and the parties' license agreement did not violate section 253(a). And this was the basis for the City's initial argument. Both determinations logically flow from our earlier remand reversing the district court's grant of summary judgment for Level 3.

Level 3 also fails in its argument that the district court's holding in this case creates some sort of general rule in a motion/cross-motion paradigm. The holding does not defy basic rules governing summary judgment proceedings. It is just uniquely true here that the denial of one summary judgment motion leads to the granting of the other because the parties' motions negate each other under the legal principles at work. We determined that Level 3, on the established record, failed to prove actual or effective prohibition-the crux of the determination for each motion before the district court. "After a thorough review of the entire record, we find insufficient evidence from Level 3 of any actual or effective prohibition, let alone one that materially inhibits its operations. Indeed, Level 3 claims it need not, and admits it has not, made such a showing." *Level 3 I,* 477 F.3d at 534. We have the same record before us today and Level 3 points to no material fact that could alter that legal determination.

III. CONCLUSION

For the reasons stated, we affirm.

APPENDIX B

Memorandum and Order of the United States District Court for the Eastern District of Missouri (September 25, 2007)

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MISSOURI, EASTERN DIVISION

LEVEL 3 COMMUNICATIONS, LLC, Plaintiff,

v.

CITY OF ST. LOUIS, MISSOURI, Defendant.

City of St. Louis, Missouri, Plaintiff,

v.

Level 3 Communications, LLC, Defendant.

Nos. 4:04-CV-871 CAS, 4:04-CV-1046 CAS.

Sept. 25, 2007.

MEMORANDUM AND ORDER

CHARLES A. SHAW, United States District Judge.

This matter is before the Court on the City of St. Louis, Missouri's (the "City") motion for reconsideration and to enter summary judgment in favor of the City. Level 3 Communications, LLC

("Level 3") opposes the motion. For the following reasons, the Court will grant the City's motion for reconsideration and will enter judgment in favor of the City.

BACKGROUND

This case concerns a dispute between the City and Level 3 over the terms, obligations, restrictions and fees set forth in a license agreement the City required Level 3 to execute before giving Level 3 access to streets and rights-of-way to install or maintain telecommunications facilities. The Court issued rulings on the parties' cross-motions for summary judgment on December 19, 2005, granting in part and denying in part both parties' motions. *Level 3 Commc'ns, LLC v. City of St. Louis, Mo.,* 405 F.Supp.2d 1047 (E.D.Mo.2005). To the extent relevant here, the Court granted Level 3's motion for summary judgment on its claims that the fee provisions of the license agreement and Chapter 23.64 of the City of St. Louis Revised Code violated § 253(a) of the Federal Telecommunications Act of 1996, 47 U.S.C. § 253(a). Correspondingly, the Court denied the City's motion for summary judgment on its claim for declaratory judgment that the license agreement and Chapter 23.64 did not prohibit or have the effect of prohibiting Level 3's ability to provide telecommunications services in the City under § 253(a).

On appeal, the Eighth Circuit Court of Appeals reversed the grant of summary judgment to Level 3 under 47 U.S.C. § 253(a).*Level 3 Commc'ns, L.L.C. v. City of St. Louis, Mo.,* 477 F.3d 528, 530 (8th

Cir.2007). The Eighth Circuit held that "a plaintiff suing a municipality under section 253(a) must show actual or effective prohibition [of its ability to provide any interstate or intrastate telecommunications service], rather than the mere possibility of prohibition."*Id.* at 532.The Eighth Circuit concluded that Level 3 had failed to meet its burden of proof under § 253(a), *id.* at 533-34, and remanded the case "for further proceedings not inconsistent" with its opinion.*Id.* at 535.

Shortly after the Eighth Circuit's mandate was filed in this case, Level 3 filed a motion to reopen discovery and set a scheduling order. The Court granted this motion without giving the City an opportunity to respond. *See* Order of May 18, 2007 [Doc. 91]. The Court directed the parties to submit a joint written statement with respect to discovery and other issues remaining in the case. *Id.* On May 24, 2007, the City filed its motion for reconsideration of the Order of May 18, 2007, and for the entry of summary judgment in its favor on Level 3's § 253(a) claims.

DISCUSSION

A. Motion to Reconsider

1. The Parties' Positions

The City urges the Court to reconsider its order directing the parties to establish a proposed discovery schedule. The City states that Level 3 had a full opportunity under the Case Management Orders issued in this matter to conduct discovery and develop its case with respect to all issues, including the core issue of whether the City's ordinance

materially inhibits Level 3's ability to provide telecommunications services in the City. The City asserts that the mere fact Level 3 has been unable to establish it was materially inhibited from providing services in St. Louis does not mean it should have another opportunity to develop its case on remand. The City contends that to allow discovery at this juncture would be inefficient, unfair and would render meaningless the court-imposed discovery deadlines.

The City asserts that cases are not ordinarily remanded from appellate courts for the purpose of giving a party the opportunity to supply additional evidence to correct a deficiency in the evidence, citing *Moses Lake Homes, Inc. v. Grant County,* 276 F.2d 836, 853 (9th Cir.1960), *rev'd on other grounds,*356 U.S. 744 (1961), and *Rochez Bros., Inc. v. Rhoades,* 527 F.2d 891, 894-95 (3d Cir.1975). The City states that Level 3 made a tactical decision in its motion for summary judgment to focus its § 253(a) argument as a question to be decided purely as a matter of law, although the parties had over eight months of discovery to explore the issue and the existing record adequately addresses the question.

Specifically, the City states that Level 3 alleged in its complaint that the challenged City Ordinance and license agreement prohibited or had the effect of prohibiting Level 3 from providing service in the City of St. Louis, Amended Complaint ¶¶ 50-51, 53-54, and the City directed interrogatories and requests for admission to Level 3 on the issue of whether there was any impact on Level 3's ability to provide service. The City thus contends that both parties were aware a key issue in the case was

whether Level 3 was actually or effectively being prohibited from providing telecommunications services in St. Louis. The City asserts that while it focused its discovery on this issue, Level 3 chose not to, and should not be permitted to revisit it now. The City states that allowing additional discovery would only unnecessarily prolong this litigation, citing *E.I. DuPont de Nemours & Co. v. Phillips Petroleum Co.,* 711 F.Supp. 1205, 1212 n. 24 (D.Del.1989) ("While Phillips naturally would like to bolster its position now with its hindsight benefited by this Court's earlier opinion and that of the Federal Circuit, free permission of this practice would result in endless litigation.").

Level 3 responds that further proceedings and supplemental discovery would be entirely consistent with the Eighth Circuit's opinion. Level 3 asserts that it "prosecuted its case according to a standard that was universally recognized to establish that the City prohibited [it] from providing telecommunications services under § 253," but "the Eighth Circuit set forth a new interpretation of the statute" in its opinion. Opp. at 2. Level 3 states that based on its "past misunderstanding" of the Eighth Circuit's treatment of § 253 claims, and because it has acquired new evidence in the nearly two years since discovery closed, the Court should provide it with an opportunity to supplement its discovery responses in order to meet the "new, heightened standard" to establish § 253(a) liability. Opp. at 2, 3.

Level 3 argues that the cases cited by the City actually support Level 3's position, because these cases acknowledge that discovery may be reopened where the prior litigation and the court's decision

have been based on a misunderstanding. Level 3 states that in *Moses Lake Homes,* for example, the Ninth Circuit decided that on remand the parties should be able to supplement the record because "the deficiency result[ed] from a misunderstanding, apparently shared by the trial court, as to the meaning of [the statute]."276 F.3d at 853.Level 3 states that in *Rochez Bros,* the Third Circuit stated, "An appellate court may remand to permit more evidence to be introduced when the deficiency of proof results from a misunderstanding among the parties and the trial court."527 F.2d at 894-95.Level 3 contends that it should be entitled to a reasonable opportunity to supplement the record on remand because it and this Court "misunderstood that the Eighth Circuit would apply a new standard to find liability under § 253."Opp. at 6.

Finally, Level 3 contends that the City's request for the entry of summary judgment is procedurally and substantively inappropriate because the Eighth Circuit neither reversed nor addressed this Court's denial of the City's motion for summary judgment. Level 3 asserts that the City's motion for summary judgment is premature because no motions are currently pending, as the City has yet to file a new motion for summary judgment or renew its prior one.

2. Analysis

The Eighth Circuit did not remand this case with directions that the Court take additional evidence concerning Level 3's § 253(a) claims. Rather, the Eighth Circuit remanded "for further proceedings

not inconsistent" with its opinion. *Level 3,* 477 F.3d at 535. As a result, this Court has the discretion to determine whether Level 3's motion to reopen discovery should be granted. See *Walling v. Jacksonville Paper Co.,* 317 U.S. 564, 572, 63 S.Ct. 332, 87 L.Ed. 460 (1943) (where the district court improperly interpreted and applied the controlling law in the case but did not restrict the introduction of evidence relevant to that point of law, whether additional evidence must be taken on remand is a question for the district court); *Rochez Bros.,* 527 F.2d at 894 (where appellate court did not instruct the district court to take further evidence, the question of opening the record for additional evidence was left to the discretion of the trial court); cf. *Hawkeye Commodity Promotions, Inc. v. Vilsack,* 486 F.3d 430, 443 (8th Cir.2007) (motion to reopen the evidence to submit additional proof rests in the trial court's discretion) (quoting *Zenith Radio Corp. v. Hazeltine Research, Inc.,* 401 U.S. 321, 331, 91 S.Ct. 795, 28 L.Ed.2d 77 (1971)).

It is well established that a party who fails to introduce at trial all evidence necessary to obtain judgment has generally made a fatal error. See, *e. g., Castaneda v. Partida,* 430 U.S. 482, 497-500, 97 S.Ct. 1272, 51 L.Ed.2d 498 (1977); *Dothard v. Rawlinson,* 433 U.S. 321, 331, 97 S.Ct. 2720, 53 L.Ed.2d 786 (1977); *Gathright v. St. Louis Teacher's Credit Union,* 97 F.3d 266, 268 (8th Cir.1996); *Natural Resources Defense Council, Inc. v. Texaco Refining & Mktg., Inc.,* 2 F.3d 493, 504 (3d Cir.1993); *Youngstown Sheet & Tube Co. v. Lucey Prods. Co.,* 403 F.2d 135, 139 (5th Cir.1968). This rule applies equally here, where the case was decided on the parties' cross-motions for

summary judgment, and the parties had fully developed the facts and issues and were expecting the Court's ruling on the motions to resolve the case. Cases are not ordinarily remanded to give a party the opportunity to supply missing evidence. *Rochez Bros.,* 527 F.2d at 894;*Moses Lake Homes,* 276 F.2d at 853. The Court in the exercise of its discretion finds that Level 3 has failed to establish that an exception to the general rule applies here.

The Court disagrees with Level 3's contention that the Eighth Circuit established a new standard of interpretation of § 253(a), replacing a "standard that was universally recognized." The Eighth Circuit spoke for the first time on an issue that has divided other courts, but it did not create a new standard. The standard adopted by the Eighth Circuit, requiring evidence of an actual or effective prohibition under § 253(a), is the standard promulgated by the Federal Communications Commission in *In re California Payphone Ass'n,* 12 F.C.C.R. 14,191, 14,206 ¶ 31 (1997). This standard has been adopted by other courts. See *TCG New York, Inc. v. City of White Plains,* 305 F.3d 67, 76 (2d Cir.2002) (adopting FCC test and preempting ordinance after finding that TCG was kept out of market for more than 18 months during franchise negotiations); *Tel Comm Techs. v. City of New Haven, Ct.,* 2006 WL 2349544, *8 (D.Conn.2006) (evidence did not show that ordinances "materially inhibited" plaintiff's ability to provide service).

Level 3's suggestion that it was completely caught off guard by the standard adopted by the Eighth Circuit is not supported by the record. The record shows that during discovery, the City

requested that Level 3 provide evidence that it had actually been or effectively prohibited from providing services, and Level 3 did attempt to show evidence of an actual or effective prohibition to this Court and the Eighth Circuit. *See*City's Mot. to Reconsider at 4-6. Finally, the standard adopted by the Eighth Circuit was argued by the City in its motion for summary judgment, along with citation to relevant authority. *See*City's Mot. Summ. J. at 8, 9 [Doc. 53]

The cases on which Level 3 relies are distinguishable. Unlike the instant case, the courts of appeal in *Rochez Bros.* and *Moses Lake Homes* remanded with directions for the district courts to take additional evidence. In *Rochez Bros.,* the plaintiff failed to introduce adequate evidence to permit an accurate determination of damages for certain restricted stock. The Third Circuit noted the rule that failure to introduce into evidence all the proof necessary to sustain a judgment is generally fatal, but concluded that a remand for additional evidence was necessary to "insure substantial justice" because injury had been shown and liability conclusively established but there was no basis in the record for "an intelligent estimate" of damages. 527 F.2d at 894-95.In contrast, in the instant case Level 3 has not established injury or liability, and therefore substantial justice does not require that the case be reopened.

In *Marsh Lake Homes,* the Ninth Circuit had to determine whether a county could enforce its claim for personal property taxes against deposits of estimated compensation due to leaseholders of the United States based on condemnation of their leasehold interests. 276 F.2d 836. The Ninth Circuit

determined that the tax claim should have been allowed with respect to tax years 1955 through 1957 and denied as to tax year 1959, but found the record could not support the trial court's disallowance of the claim as to tax year 1958. *Id.* at 853.The court stated the general rule that a case is not remanded to give a party the opportunity to correct a deficiency in its evidence, but concluded an exception should apply because the deficiency stemmed from a misunderstanding of the relevant statute by the trial court and the parties, and from the plaintiff's forced reliance on a defective designation by the Secretary of the Air Force, a key piece of evidence for which plaintiff was not responsible. *Id.*

This case is distinguishable from *Marsh Lake Homes* because here there was no mutual misunderstanding of the Court and parties. Rather, the parties argued two different controlling standards under § 253(a), this Court adopted Level 3's position, and the Eighth Circuit reversed, concluding that the position advocated by the City was correct. In this case, all of the relevant evidence with respect to whether Level 3 was actually or effectively prohibited from providing telecommunications services was within its control, and was presented to this Court and the Eighth Circuit. Level 3 has not described any additional evidence that it could have produced during discovery that has now been made relevant by the Eighth Circuit's decision. The only “new evidence” that Level 3 describes is evidence that it states arose after the close of discovery in this case, relating to new companies it has purchased and new enhanced services it is attempting to offer. Opp. at 6.

Under these circumstances, the Court finds that Level 3 is essentially trying to start a new lawsuit within the framework of this case. Level 3 had the opportunity to present its case on the record as it exists. To reopen the case and permit additional discovery under these circumstances would be inefficient and render meaningless the discovery deadlines previously imposed. For these reasons, the Court finds that discovery in this case should not be reopened. The Court will therefore grant the City's motion to reconsider the order granting Level 3's motion to reopen discovery, and will vacate the same.

B. Motion for Entry of Summary Judgment

The City moves for the entry of summary judgment in its favor based on its motion for summary judgment filed on August 5, 2005, the briefs supporting and opposing that motion, and the record in this case. Mot. for Reconsideration and the Entry of Summ. J. at 1-2. The City seeks a declaration that the license agreement and Chapter 23.64 do not "prohibit or have the effect of prohibiting" Level 3's ability to provide telecommunications service in the City under § 253(a). The City asserts that its request is not premature, as argued by Level 3, because the parties had filed cross-motions for summary judgment on the § 253(a) issue. The Court granted Level 3's motion on the issue and denied the City's. Because the Eighth Circuit reversed the grant of summary judgment in favor of Level 3, on the same record, the City contends that the only course of action left is for the Court to enter judgment in its favor, because "if Level 3 loses on its claim that there is a violation of Section

253(a), then the City must prevail on its claim that there is no violation as a matter of law."Reply at 8.

The Court agrees with the City. Level 3 and the City filed cross-motions for the Court to rule on the § 253(a) claims on a summary judgment basis, and had a full and fair opportunity to develop the record to support their claims. The Eighth Circuit ruled that this Court's entry of summary judgment in favor of Level 3 was improper, as Level 3 did not meet its burden to establish that Chapter 23.64 or the license agreement actually or effectively prohibited or materially inhibited its ability to provide telecommunications services, and thus did not show a § 253(a) violation as a matter of law. It necessarily follows that the City was and is entitled to a grant of summary judgment on its claim for a declaration that, on the existing record, neither Chapter 23.64 nor the license agreement prohibits or effectively prohibits Level 3's ability to provide telecommunications services under § 253(a). The City's motion for entry of summary judgment in its favor, which renews the City's prior motion for summary judgment, should therefore be granted.

CONCLUSION

For the foregoing reasons, the Court will grant the City's motion to reconsider the prior Order of May 19, 2007, will vacate that Order, and will grant the City's motion to enter summary judgment in its favor for a declaration that, on the existing record, neither Chapter 23.64 nor the license agreement prohibits or effectively prohibits Level 3's ability to provide telecommunications services under § 253(a).

Accordingly,

IT IS HEREBY ORDERED that the City of St. Louis, Missouri's motion for reconsideration is **GRANTED.**[Doc. 92]

IT IS FURTHER ORDERED that upon reconsideration, Level 3 Communications, LLC's motion to reopen discovery and set scheduling order is **DENIED.**[Doc. 90]

IT IS FURTHER ORDERED that the Court's Order of May 19, 2007, reopening discovery in this case, is **VACATED.**[Doc. 91]

IT IS FURTHER ORDERED that the City of St. Louis, Missouri's motion for summary judgment is **GRANTED** with respect to its claim for declaratory judgment that, on the existing record, neither the license agreement between the parties nor St. Louis City Revised Code Chapter 23.64 prohibits or effectively prohibits Level 3's ability to provide telecommunications services under 47 U.S.C. § 253(a). [Doc. 53]

An appropriate judgment will accompany this memorandum and order.

APPENDIX C

Opinion of the United States Court of Appeals for the Eighth Circuit (February 5, 2007)

UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

LEVEL 3 COMMUNICATIONS, L.L.C., Appellee/Cross-Appellant,

v.

CITY OF ST. LOUIS, MISSOURI, Appellant/Cross-Appellee,

Missouri Chapter of the National Association of Telecommunications Officers and Advisors; National Association of Telecommunications Officers and Advisors; International Municipal Lawyers Association; Local Government Lawyer's Roundtable, Amici on behalf of Appellant/Cross-Appellee,

Southwestern Bell Telephone L.P., doing business as AT & T Verizon Telephone Companies; MCImetro Access Transmission Services, LLC, doing business as Verizon Access Transmission Services, Amici on behalf of Appellee/Cross-Appellant.

Nos. 06-1398, 06-1459

Submitted: Oct. 16, 2006

Filed: Feb. 5, 2007

Before MELLOY, BEAM, and BENTON, Circuit Judges.

BEAM, Circuit Judge.

This case involves a telecommunications licensing agreement that requires Level 3 Communications (Level 3) to pay fees and meet other obligations before accessing streets and rights-of-way owned or controlled by the City of St. Louis (City or St. Louis). The parties appeal and cross-appeal the district court's rulings on cross-motions for summary judgment. We reverse the district court's grant of summary judgment to Level 3 under 47 U.S.C. § 253(a), affirm the denial of summary judgment on Level 3's section 1983 claim, and do not reach the other statutory and non-statutory claims asserted by the parties.

I. BACKGROUND

In April of 1999, Level 3 and St. Louis entered into the licensing agreement (the Agreement). The Agreement incorporates by reference the terms of St. Louis City Revised Code Chapter 23.64, which allows the City to regulate the process and procedures by which a telecommunications entity may occupy the streets and public rights-of-way within the City. The portions of Chapter 23.64 incorporated into the Agreement require Level 3, among other things, to submit an application for licensure, to apply for amendments to the license, to provide and install municipal service conduits within a common trench upon request, to maintain a performance bond for the

City's benefit, to maintain liability insurance in the amount of at least $500,000, to indemnify the City for any negligence of City employees in any way connected with Level 3's communications system, and to employ only City-approved contractors for work on network facilities installed under the license.

The Agreement also allows the City to charge Level 3 an annual licensing fee. The amount charged-the footage fees-is calculated annually based upon not only the number of linear feet of conduit installed by Level 3 within the City but also the number of active conduits within each linear-foot. The amount charged per foot also varies yearly to adjust for inflation.

In late July 2003, Level 3 refused to continue paying the footage fees due under the Agreement. Litigation ensued. Level 3 filed suit against the City seeking a declaration that the Agreement's obligations, both fee and non-fee related, violated state law, 42 U.S.C. § 1983, and the Federal Telecommunications Act of 1996, specifically, 47 U.S.C. § 253. The City also filed a declaratory judgment action asking that the Agreement be found valid under state and City law, and that the court compel Level 3 to comply with the contract. The district court consolidated the cases. The parties filed cross-motions for summary judgment, resulting in the district court order now before us.

The district court held the footage fees valid under state law and found no cause of action under 42 U.S.C. § 1983. The court then addressed the

alleged violation of 47 U.S.C. § 253.[4] While Level 3 admitted that it could point to no services it had been unable to provide to date because of the Agreement, the court found that Chapter 23.64, as incorporated into the Agreement, "includes several provisions that 'in combination' 'have the effect of prohibiting' the ability to provide telecommunications services under 47 U.S.C. § 253(a)."

Having concluded that Chapter 23.64 as a whole violated section 253(a), the court then went on to determine whether the safe harbor provision of section 253(c) saved any of the individual provisions incorporated into the Agreement. The court found that the non-fee requirements, such as the application, common conduit trench, indemnity,

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[4] 47 U.S.C. § 253 reads, in pertinent part:

§ 253. Removal of barriers to entry

(a) In general

No State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

....

(c) State and local government authority

Nothing in this section affects the authority of a State or local government to manage the public rights-of-way or to require fair and reasonable compensation from telecommunications providers, on a competitively neutral and nondiscriminatory basis, for use of public rights-of-way on a nondiscriminatory basis, if the compensation required is publicly disclosed by such government.

bond, and certified contractor obligations were reasonable public safety requirements related to the management of public rights-of-way and thus valid under section 253(c). However, the court found that for the linear-foot fee to meet the definition of "fair and reasonable compensation" it "must be directly related to the actual costs incurred by the City when a telecommunications provider makes use of the rights-of-way." Because the City offered no evidence that the fees had "any relation to the City's costs in managing, inspecting, and maintaining its rights-of-way," the court held that they did not qualify as "fair and reasonable compensation" under section 253(c).

II. DISCUSSION

Though various district courts in this circuit have construed section 253, we have yet to do so. The language and structure of section 253 has, to understate the matter, "created a fair amount of confusion." *New Jersey Payphone Ass'n, Inc. v. Town of West New York,* 299 F.3d 235, 240 (3d Cir.2002). Therefore, before engaging in a review of the district court's final judgment, we will delineate the relationship between sections 253(a) and 253(c), and establish who has the burden of proof when a violation of section 253(a) is being considered.

A. The Relationship Between Sections 253(a) and 253(c)

Subsection (a), a rule of preemption, articulates a reasonably broad limitation on state and local governments' authority to regulate telecommunications providers. Subsection (c) begins with the phrase "Nothing in this section affects" and then enumerates various protected state and local government acts. Thus, section 253(a) states the general rule and section 253(c) provides the exception-a safe harbor functioning as an affirmative defense-to that rule. *Id.; BellSouth Telecomms., Inc. v. Town of Palm Beach,* 252 F.3d 1169, 1187 (11th Cir.2001).

We write on this point to make it clear that only after "the party seeking preemption sustains its burden of showing that a local municipality has violated Section 253(a) by formally or effectively prohibiting entry into the [telecommunications services] market [does] the burden of proving that the regulation comes within the safe harbor in Section 253(c) fall[ ] on the defendant municipality." *New Jersey Payphone,* 299 F.3d at 240 (citation omitted).

We acknowledge that others disagree with our understanding of subsection (c)'s role in section 253. Level 3, in its amended complaint, correctly states that section 253(a) limits the ability of state and local governments to regulate, but then suggests that section 253(c) also limits the ability of state and local governments to regulate their rights-of-way or charge "fair and reasonable compensation." In a broad sense this may be true, but only if the challenged regulation violates section 253(a). Further, the Sixth Circuit, in *TCG Detroit v. City of Dearborn,* 206 F.3d 618, 624 (6th Cir.2000), found that the challenged fee did not violate section 253(a), and then, nonetheless,

proceeded to analyze the fee under section 253(c), despite that section's clear role as an exception to section 253(a)'s general rule.

We disagree with the approach taken by the Sixth Circuit because section 253(c) is not self-sustaining. The language of section 253(c) following the phrase "Nothing in this section affects" "derives meaning only through its relationship to (a)." *BellSouth Telecomms.,* 252 F.3d at 1187-88. Indeed, section 253(c), standing alone, "cannot form the basis of a cause of action against a state or local government." *Id.* at 1189. Thus, requiring proof of a violation of subsection (a) before moving to subsection (c) is the only interpretation supportable by a plain reading of the section as a whole.

B. Burden of Proof Required to Show a Violation of Section 253(a)

Having held that a violation of section 253(a) is a prerequisite to section 253(c) analysis, we now address what a plaintiff must establish to support a violation of section 253(a).

Section 253 (a) states: "No State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service." Under a plain reading of the statute, we find that a plaintiff suing a municipality under section 253(a) must show actual or effective prohibition, rather than the mere possibility of prohibition. We again acknowledge that other courts hold otherwise and

suggest that *possible* prohibition will suffice. *Qwest Commc'ns Inc. v. City of Berkeley,* 433 F.3d 1253, 1256 (9th Cir.2006); *Qwest Corp. v. City of Portland,* 385 F.3d 1236, 1239 (9th Cir.2004), *cert. denied,*544 U.S. 1049, 125 S.Ct. 2300, 161 L.Ed.2d 1089 (2005); *Qwest Corp. v. City of Santa Fe,* 380 F.3d 1258, 1270 n. 9 (10th Cir.2004); *City of Auburn v. Qwest Corp.,* 260 F.3d 1160, 1175 (9th Cir.2001); *see also Puerto Rico v. Municipality of Guayanilla,* 450 F.3d 9, 18 (1st Cir.2006); *Puerto Rico Tel. Co. v. Telecomms. Regulatory Bd.,* 189 F.3d 1, 9 (1st Cir.1999).

We disagree with the approach of our sister circuits because they reach a conclusion contrary to a complete analysis of the section. Examination of the entirety of section 253(a) reveals the subject of the sentence, "[n]o State or local statute or regulation, or other State or local legal requirement" is followed by two discrete phrases, one barring any regulation which prohibits telecommunications services, and another barring regulations achieving effective prohibition. However, no reading results in a preemption of regulations which might, or may at some point in the future, actually or effectively prohibit services, as our sister circuits seem to suggest. By inserting the word "that" before "may," as one circuit has done, *Puerto Rico v. Municipality of Guayanilla,* 450 F.3d at 18 (1st Cir.2006), or by creative quotation, as another circuit has found convenient, *e.g., Qwest Corp. v. City of Portland,* 385 F.3d at 1239 (9th Cir.2004), the most precise meaning of section 253(a) has been distorted.

When the language of a statute is clear, as we believe is the case with section 253(a), our only duty is to enforce the enactment according to its terms.

E.g., Lamie v. United States Trustee, 540 U.S. 526, 534, 124 S.Ct. 1023, 157 L.Ed.2d 1024 (2004). Thus, we hold that a plaintiff suing a municipality under section 253(a) must show actual or effective prohibition, rather than the mere possibility of prohibition. The plaintiff need not show a complete or insurmountable prohibition, *see TCG New York, Inc. v. City of White Plains,* 305 F.3d 67, 76 (2d Cir.2002), but it must show an existing material interference with the ability to compete in a fair and balanced market. *Cal. Payphone Ass'n,* 12 F.C.C.R. 14,191, 14,206, 1997 WL 400726(FCC) ¶ 31 (July 17, 1997).

C. Summary Judgment on Section 253(a)

Having determined what evidence is necessary to bring a successful section 253(a) claim, we now turn to the district court's order. We begin with the district court's grant of summary judgment in favor of Level 3 on the question of whether the City's ordinance violates section 253(a).

When reviewing a grant of summary judgment, we review the district court's decision de novo, examining the facts in a light most favorable to the non-moving party. *Martin v. E-Z Mart Stores, Inc.,* 464 F.3d 827, 829 (8th Cir.2006). Under Federal Rule of Civil Procedure 56(c), summary judgment is only appropriate when the moving party shows "that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." We will thus find that Level 3 is entitled to summary judgment only if it has carried its burden of showing that there exists no genuine

issue of material fact as to whether the City's ordinance actually or effectively prohibited or materially inhibited Level 3's ability to provide telecommunications services, and that it is entitled to judgment as a matter of law.

Level 3's own motion for summary judgment answers this inquiry. Level 3 claims "[t]he proper focus of a threshold § 253(a) inquiry ... is the *scope* of the regulatory authority that a city purports to wield-not whether the city has used that authority to *actually* exclude a provider or service." Level 3 further admits in its response to interrogatories that it "cannot state with specificity what additional services it might have provided had it been able to freely use the money that it was forced to pay to the City for access to the public rights-of-way." This admission establishes that Level 3 has not carried its burden of proof on the record we have before us.

Without looking for actual or effective prohibition, and despite Level 3's own admissions on these matters, the district court summarily held that Chapter 23.64, incorporated into the Agreement, "includes several provisions that 'in combination' 'have the effect of prohibiting' the ability to provide telecommunications services under 47 U.S.C. § 253(a)."

We disagree. After a thorough review of the entire record, we find insufficient evidence from Level 3 of any actual or effective prohibition, let alone one that materially inhibits its operations. Indeed, Level 3 claims it need not, and admits it has not, made such a showing. Further, because Level 3 has not carried its burden of establishing a violation

under section 253(a), the district court's section 253(c) analysis was premature.[5]

FN2. As discussed above, because Level 3 shows no violation under section 253(a), any safe harbor analysis urged by St. Louis under section 253(c) is premature. We therefore do not reach the district court's analysis of the footage fees as "fair and reasonable compensation."

D. Summary Judgment on Section 1983 Claim

In its amended complaint, Level 3 sought damages under section 1983, claiming that section 253 conferred rights on Level 3 as an intended beneficiary and that the City violated Level 3's rights under the statute. The district court denied summary judgment, holding that "Level 3 has not met its burden to demonstrate that the Act confers a federal right on it." Again, we review de novo a denial of a motion for summary judgment. *Martin,* 464 F.3d at 829.

Level 3, as a section 1983 plaintiff, bears the burden of establishing that "the claim actually involves a violation of a federal right, as opposed to a

[5] As discussed above, because Level 3 shows no violation under section 253(a), any safe harbor analysis urged by St. Louis under section 253(c) is premature. We therefore do not reach the district court's analysis of the footage fees as "fair and reasonable compensation."

violation of a federal law." *Ark. Med. Soc'y, Inc. v. Reynolds,* 6 F.3d 519, 523 (8th Cir.1993). More specifically, "the plaintiff must demonstrate that the federal statute creates an individually enforceable right in the class of beneficiaries to which [it] belongs." *City of Rancho Palos Verdes v. Abrams,* 544 U.S. 113, 120, 125 S.Ct. 1453, 161 L.Ed.2d 316 (2005).

Circuits are split on whether section 253 creates a right enforceable through a section 1983 action. *Compare Qwest Corp. v. City of Santa Fe,* 380 F.3d 1258, 1265 (10th Cir.2004) (finding Congress did not intend to create a private right of action in section 253), *with BellSouth Telecomms., Inc. v. Town of Palm Beach,* 252 F.3d 1169, 1191 (11th Cir.2001) (finding a private right of action to seek preemption of state regulations purporting to manage public rights-of-way); *TCG Detroit v. City of Dearborn,* 206 F.3d 618, 624 (6th Cir.2000) (finding that section 253 creates a private right of action for parties aggrieved by a municipality's unfair rates). However, *Arkansas Medical Society* makes clear that the claim must involve not only an enforceable right, but also a violation of that right. 6 F.3d at 523. We refrain from joining the fray over whether section 253 creates a private right of action because, as we held above, Level 3 has shown no violation of section 253, whether or not that section creates an enforceable right. Thus, the district court did not err by denying summary judgment on the section 1983 claim.

III. CONCLUSION

For the reasons stated above, we reverse the district court's grant of summary judgment in favor of Level 3 on the issue of whether the City's regulatory scheme violates 47 U.S.C. § 253(a), affirm the denial of summary judgment on Level 3's section 1983 claim, and remand for further proceedings not inconsistent with this opinion.

APPENDIX D

Memorandum and Order of the United States District Court for the Eastern District of Missouri (December 19, 2005)

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MISSOURI, EASTERN DIVISION

LEVEL 3 COMMUNICATIONS, LLC, Plaintiff,

v.

CITY OF ST. LOUIS, MISSOURI, Defendant.

City of St. Louis, Missouri, Plaintiff,

v.

Level 3 Communications, LLC Defendant.

Nos. 4:04-CV-871 CAS, 4:04-CV-1046 CAS

Dec. 19, 2005

MEMORANDUM AND ORDER

SHAW, District Judge.

Plaintiff Level 3 Communications, LLC ("Level 3") filed suit against the City of St. Louis ("City") seeking a declaration that the terms, restrictions, obligations and fees established by the Communications Transmission System License Agreement ("License

Agreement") between Level 3 and the City violates the Federal Telecommunications Act of 1996, ("FTA" or "Act"), 47 U.S.C. § 253, 42 U.S.C. § 1983, and state law. The City then filed a declaratory judgment action against Level 3 asserting that the compensation provisions of the License Agreement are valid and binding under state and City law, and that Level 3 must comply with that provision as long as it occupies the City's rights-of-ways.

The Court consolidated the cases into the above-styled case, and the matter is now before the Court on cross-motions for summary judgment. The motions are fully briefed. The Court will grant the motions in part and deny the motions in part for the reasons set forth below.

I. BACKGROUND

On March 8, 1991, the City enacted Chapter 23.64 ("chapter 23.64" or "Ordinance") for the purpose of regulating the process and procedures by which an entity seeking to construct, operate, use, replace, reconstruct or maintain telecommunications facilities that would occupy the streets, public ways and/or public places within the City. Chapter 23.64 requires all such entities to enter into a license agreement with the City of St. Louis Board of Public Service ("BPS"), and that such licenses expressly incorporate the requirements of Chapter 23.64 by reference. *See* 23.64.040. On April 13, 1999, Level 3 entered into the License Agreement with the City. The License Agreement contains several compensation provisions. The License Agreement

incorporates by reference the terms of Chapter 23.64.

Chapter 23.64 requires in pertinent part:

> A. The licensee shall submit an application for licensure to include, the name, address and telephone number of the applicant; the legal status of the applicant; the name address and telephone number of a responsible person whom the city may notify or contact at any time concerning the communications transmission system; an engineering site plan showing the proposed location of the communications transmission system, including any manholes or overhead poles, the size, type and proposed depth of any conduit or other enclosures, and the relationship of the system to all existing streets, sidewalks, poles, utilities, and other improvements within the public streets; minimal technical standards which the licensee proposes to follow in construction of the licensed system; diameter and projected length of the communication aerial or conduit; and any additional information which the Agency may require, subject to the approval of the Board of Public Service, see, 23.64.050(A)-(B);
>
> B. The licensee shall submit an application to amend the license whenever any licensee wishes to expand its facilities, see, 23.64.050(D);

C. The licensee shall obtain any permits required to execute such construction required under City ordinances or regulations issued by any of the City's agencies or departments.

D. The license agreement shall specify that the Licensee shall provide and install in a common trench with the conduit of the Licensee a municipal service conduit(s) if requested and specified by the Board of Public Service, see, 23.64.80(G);

. . . . .

The Agency shall reduce subsequent license charges due under the license by an amount equal to the additional charge of the Licensee of the conduit, pull boxes, vaults, other materials and additional construction work, other than the cost of the trenching itself, incurred as a result of construction of the municipal service conduit, see, 23.64.80(G);

E. To maintain a performance bond for the benefit of the City, see, 23.64.120(A);

F. To obtain and maintain a liability insurance policy of at least $500,000 per incident with the city named as an additional insured party, see, 23.64.130(C);

G. To indemnify the City for all claims, including damages caused by or arising out of any act or negligent omission of the City or its agents, "arising out of or in any way connected with the installation use, operation, maintenance or condition of the Licensee's communications transmission system," see, 23.64.130(B);

H. To use only contractors who have been licensed by the City in constructing, installing, or maintaining private network facilities installed under the license, see 23.64.140(D);

I. The Licensee keep accurate, complete and current maps and records of its system and facilities which occupy the streets, public ways and public places within the City and shall furnish as soon as they are available three (3) complete copies of such maps and records to the agency, see 23.150(I);

J. A license issued pursuant hereto shall not be transferred without the prior written authorization of the Board of Public Service, see 23.64.170.

In addition, the Ordinance allows the City:

> A. To revoke a license and cancel the underlying license agreement if the licensee violates the terms of that agreement or this chapter, see, 23.64.080(C);
>
> B. To establish minimum technical standards and specifications which licensees must adhere to in installing their network facilities, 23.64.140(A).

In addition to the above terms and requirements, chapter 23.64 establishes an annual license fee that Level 3 must pay to the City. The license charge is calculated on the basis of the number of linear feet of conduit installed within the City, and the number of conduits within each linear-foot that carry live (activated) fiber optic cable. In the first year of the License Agreement, Level 3 paid license charges that ranged from $1.72 to $3.45 per linear foot, depending on the number of Level 3's conduits that were in use. Each year the license charges are recalculated based on the amount of Level 3's conduit in use and are automatically adjusted by the cost of inflation, as measured by the Consumer Price Index. The fee varies depending on the type of installation-aboveground or underground-and the diameter of the installed conduit. *See* 23.64.090.

In addition to the conditions imposed by Chapter 23.64, which are incorporated into the License Agreement by reference, the License Agreement provides:

A. Level 3's system shall be used as a "competitive access provider" telecommunications system only, see, ¶ 2(B);

B. Level 3 shall obtain separate permits or authorizations required under any City ordinance or regulation for the construction, installation, operation, maintenance or use of its network facilities, see, ¶ 7(A);

C. Level 3 must provide and maintain a performance bond of $100,000 throughout construction and installation of its network facilities, conditioned on Level 3's faithful performance of all obligations under the License Agreement. Following construction and/or installation, Level 3 must provide and maintain a performance bond in the amount of $25,000, conditioned on Level 3's faithful performance of all obligations under the License Agreement. Such bonds to be solely for the benefit of the City and in a form approved by the City Counselor, see, ¶ 9(A);

D. Level 3 must maintain, during the term of the License Agreement, continuous uninterrupted general insurance under a policy or policies which provide coverage on all facilities installed, constructed, maintained, operated or used by or on behalf of Level 3 and on all of the activities of Level 3 and its employees or contractors within the geographic area covered by the License

Agreement. Such policy or policies must provide no less than $1,000,000 per person and $1,000,000 per incident personal injury liability coverage and $1,000,000 property damage liability coverage, and must name the City as an additional insured party, see, ¶ 8(D);

E. Level 3 must provide the City with copies of all tariffs or other documents filed with the Missouri Public Service Commission or the Federal Communications Commission which pertain to the City of St. Louis or the License Agreement, and any other documents that the City might request, see, ¶ 12;

F. Level 3 obtain prior written consent of the City before any assignment or transfer of ownership in the License Agreement unless Level 3 remains solely responsible for installing, maintaining, replacing and removing all facilities in the Project, see, ¶ 13.

On or about July 28, 2003, Level 3 stopped paying the fees due under the License Agreement and stated that it would not pay the future fees required under the License Agreement.

The City claims the Level 3 owes it damages through and including the date of the Agreement, the period from July 1, 2003 through June 30, 2004, plus penalty and interest charges which continue to accrue.

In support of its motion for summary judgment, Level 3 argues the City has impermissibly impaired the ability of telecommunications companies, like itself, to provide interstate and intrastate telecommunications services. Level 3 argues the burdens imposed by the City, including an excessive non-cost based fee for access to the public rights of way, far exceed the City's narrowly limited authority under state and federal law to regulate telecommunications companies such as Level 3. Level 3 insists the City's ordinance here is identical to the ordinance struck down in *XO Missouri v. City of Maryland Heights,* 256 F.Supp.2d 987, 999 (E.D.Mo.2003), which Chief Judge Carol Jackson of this district found to be onerous.

The City argues that Level 3 fails to show that any of the provisions of Chapter 23.64 or the License Agreement actually prohibit or have the effect of prohibiting Level 3 or anyone else from providing telecommunications services. The City further argues that the Ordinance does not contain many of the onerous provisions contained in the Maryland Heights ordinance that Judge Jackson found to be prohibitory. Moreover, the City claims the linear foot fee it imposes is both fair and reasonable and is imposed on all similarly-situated entities on a competitively neutral and nondiscriminatory basis, and therefore must be upheld.

II. DISCUSSION

Rule 56(c) of the Federal Rules of Civil Procedure provides that summary judgment shall be

entered "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." In ruling on a motion for summary judgment, the court is required to view the facts in the light most favorable to the non-moving party and must give that party the benefit of all reasonable inferences to be drawn from the underlying facts. *AgriStor Leasing v. Farrow,* 826 F.2d 732, 734 (8th Cir.1987). The moving party bears the burden of showing both the absence of a genuine issue of material fact and his entitlement to judgment as a matter of law. *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986); *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.,* 475 U.S. 574, 586-87, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986); Fed.R.Civ.P. 56(c).

Once the moving party has met his burden, the non-moving party may not rest on the allegations of his pleadings but must set forth specific facts, by affidavit or other evidence, showing that a genuine issue of material fact exists. Fed.R.Civ.P. 56(e). *Anderson,* 477 U.S. at 257, 106 S.Ct. 2505; *City of Mt. Pleasant v. Associated Elec. Coop., Inc.,* 838 F.2d 268, 273-74 (8th Cir.1988). Rule 56"mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." *Celotex Corp. v. Catrett,* 477 U.S. 317, 322, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). Additionally, this Court is " 'not required to speculate on which portion of the

record the nonmoving party relies, nor is it obligated to wade through and search the entire record for some specific facts that might support the nonmoving party's claim.' " *White v. McDonnell Douglas Corp.,* 904 F.2d 456, 458 (8th Cir.1990) (quoting *InterRoyal Corp. v. Sponseller,* 889 F.2d 108, 111 (6th Cir.1989)).

The Telecommunications Act was enacted to promote competition among, and reduce regulation of, telecommunications providers. 47 U.S.C. § 253; H.R.Rep. No. 104-458 (1996). *See alsoQwest Corp. v. Minnesota Public Utils. Comm.,* 427 F.3d 1061 (8th Cir.2005) (FTA was intended to create competition between carriers in local telecommunications service markets which had been traditionally dominated by a single monopoly carrier). Toward that end, the FTA prohibits state and local governments from creating "barriers to entry," legal requirements that prohibit or have the effect of prohibiting a company from providing telecommunication service. 47 U.S.C. § 253.

Section 253 provides in relevant part:

> Removal of barriers to entry.
>
> (a) In general
>
> No state or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

(b) State regulatory authority

Nothing in this section shall affect the ability of a State to impose, on a competitively neutral basis and consistent with section 254 of this section, requirements necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers.

(c) State and local government authority

Nothing in this section affects the authority of a State or local government to manage the public rights-of-way or to require fair and reasonable compensation from telecommunications providers, on a competitively neutral and nondiscriminatory basis, for use of public rights-of-way on a nondiscriminatory basis, if the compensation required is publicly disclosed by such government.

Section 253(a) preempts regulations that not only prohibit outright the ability of any entity to provide telecommunications services, but also those that "may ... have the effect of prohibiting the provision of such services." 47 U.S.C. § 253(a). Thus, while § 253 begins with a broad prohibition against state and local regulation, it then enumerates certain

narrow exceptions to the broad prohibition, thus leaving a "safe harbor" for limited local regulations.

A. The Ordinance as a Whole

To determine whether preemption exists under § 253(a), it is necessary to analyze whether the City's regulatory scheme "in combination" has "the effect of prohibiting the provision of telecommunications services." *City of Auburn v. Qwest,* 260 F.3d 1160, 1176 (9th Cir.2001). For example, the Court may considers such factors as the nature of the application process, the requirements to obtain a franchise, the threat of penalties for failure to obtain a franchise, and the discretion the city reserves to grant, deny, or revoke a franchise. *Id.*"And, the ultimate cudgel is that each city reserves discretion to grant, deny, or revoke the franchises and the Cities may revoke the franchise if the terms in the ordinance are not followed ...". *Id.*

When evaluating an ordinance in the context of § 253, the first inquiry is whether the challenged ordinance "prohibit[s] or [has] the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service." *XO Missouri v. City of Maryland Heights,* 256 F.Supp.2d, 987, 991 (E.D.Mo.2003). "Even if local requirements do not expressly prohibit a telecommunications service, the requirements might be so burdensome that they effectively achieve the same result." *Id.,* quoting *Qwest Corporation v. City of Portland,* 200 F.Supp.2d 1250, 1255 (D.Or.2002).

The Ordinance here requires providers of telecommunications services to complete a one-page

application for licensure. The Ordinance further requires compliance with the Department of Streets' normal permitting process. It also requires a provider to submit an application to amend its license whenever it wishes to expand its facilities. It also requires a provider to install and maintain conduit for the use and benefit of the City if requested and to bear entrenching costs associated with construction of the conduit and associated facilities installed for the City's exclusive use. The ordinance also requires a provider to maintain a performance bond for the benefit of the City, to obtain and maintain a liability insurance, and to indemnify the City for claims arising out of or in any way connected with the Licensee's communications transmission system. The Ordinance also permits a provider to use only licensed City contractors in constructing, installing, or maintaining private network facilities. In addition, under the Ordinance the City may revoke a license and cancel the underlying license agreement if the licensee violates the terms of that agreement or chapter 23.64. The City may also establish minimum technical standards and specifications which licensees must adhere to in installing their network facilities.

In light of the above, the Court believes the ordinance includes several provisions that "in combination" "have the effect of prohibiting" the ability to provide telecommunications services under 47 U.S.C. § 253(a).

B. Specific Provisions

Although the Court concludes that the

Ordinance as a whole violates § 253(a), the Court must next determine whether provisions of the Ordinance are saved by the safe harbor provisions of §§ 253(b) and (c). This determination is required because applying these provisions to the Ordinance as a whole without considering individual provisions could result in an improper infringement of the City's legitimate interests in regulating the uses of the public rights-of-way. *TCG New York, Inc., v. City of White Plains,* 305 F.3d 67, 76 (2d Cir.2002). On the other hand, applying § 253(a) to individual provisions without considering the Ordinance as a whole would neglect the possibility that a town could effectively prohibit telecommunications services through a combination of individually non-objectionable provisions. *Id.*

Pursuant to § 253(c), municipalities may "require fair and reasonable compensation from telecommunications providers ... for use of public rights-of-way" and the fees must be applied "in a nondiscriminatory manner." Thus, the question is whether the gross revenue fee and the per lineal foot fee are fair and reasonable compensation.

Level 3 argues the fees imposed by the City cannot be saved by § 253(c) because the City has admitted that its fees are not based on its costs. Level 3 contends the City has no idea what its actual costs are, nor has it ever attempted to quantify them. Level 3 argues that even if the City could cite to evidence of its costs, the structure of the fees demonstrates that the fees cannot be cost-based. Level 3 notes that one of that elements of "costs" is the administrative costs the City incurs fielding requests for permits and regulating the permitted construction. At the same

time, it argues all of those logistical tasks are handled by the Department of Streets, to which Level 3 or its contractors already pays fees when obtaining excavation permits. Level 3 also argues the Communications Division collects fees equal to 100% of its operating costs directly from the Cable Television franchise in the City, while the per-foot fees that Level 3 pays are deposited into the City's general fund where they are used to pay for all of the various services provided by the City, including parks, schools, etc.

Level 3 further maintains that the Ordinance that establishes the fees purports to require that Level 3 leave the rights of way in "as good a condition as before the work." Level 3 complains it is also required to immediately repair any damage to streets and surrounding property at its own cost and "to the satisfaction of the City" and that whenever Level 3's network is in the way of a City project, it is Level 3's obligation to relocate the network at its own expense. Level 3 argues that since it must directly pay for any present or future damage it causes to the rights-of-way, the additional per-foot fees cannot be directed towards any physical cost incurred by the City.

Level 3 also claims the fees are illegal because when the State of Missouri decided to take over fiscal responsibility for maintaining certain streets in the City, the City did not consider lowering or waiving Level 3's access fees for those streets, rather the Communications Division campaigned to protect its ability to collect these fees, despite the expected reduction in actual costs. Level 3 maintains that the City never formally notified Level 3 that the streets it occupies had been taken over by the State and that

the City was hoping to charge Level 3 as much as $90,257.17 for occupying streets that the City would not have to maintain. Thus, Level 3 contends that fees charged for access to roads that are no longer even within the City's technical jurisdiction cannot be "fair and reasonable" under the safe harbor provision of § 253(c).

The City counters that compensation under § 253(c) is not limited to "costs." The City argues it can charge a reasonable rent that is not limited to costs, therefore any discussion of the City's costs is irrelevant. As to the State of Missouri's purported takeover of certain City streets, the City denies the State has taken over any City streets, nor have any streets been removed from the City's technical jurisdiction.

This Court agrees with Judge Jackson's reasoning in *XO Missouri v. City of Maryland Heights,* 256 F.Supp.2d 987, 999 (E.D.Mo.2003), as well as other cases she cites, that revenue-based fees are impermissible under the FTA. Therefore, in order to meet the definition of "fair and reasonable compensation" the fee charged by the City must be directly related to the actual costs incurred by the City when a telecommunications provider makes use of the rights-of-way. As Judge Jackson noted, the legislative history of the FTA, as outlined in *Bell Atlantic-Maryland,* 49 F.Supp.2d at 817 n. 26, as well as the de-regulation concept in the FTA as a whole, supports this conclusion. As Judge Jackson further noted, "plainly a fee that does more than make a municipality whole is not compensatory in the literal sense, and instead risks becoming an economic barrier to entry." *XO Missouri,* 256 F.Supp.2d at

994, citing *Reno v. ACLU,* 521 U.S. 844, 117 S.Ct. 2329, 138 L.Ed.2d 874 (1997) (stating that the FTA's primary purpose was to reduce regulation and encourage the rapid deployment of new telecommunications technologies).

Judge Jackson further explained:

> The legislative history of the FTA reveals that Congress expressly rejected a parity provision that would have required a single fee to be imposed on all carriers in a given area, because a parity requirement would ignore the different amounts of city rights-of-way each carrier used to provide its services. SeeBell Atlantic-Maryland, 49 F.Supp.2d at 817 n. 26. Furthermore, in the only Congressional floor argument to address the cost provisions of the FTA, Senator Diane Feinstein explained that telecommunications companies should only be required to pay their share of fees to enable local governments to recover the increased street repair and paving costs that result from repeated excavations of the rights-of-way. SeeIn re Classic Telephone, Inc., 11 F.C.C.R. 13,082 (F.C.C.1996) citing 141 Cong.Rec. S8172 (daily ed. June 12, 1995), quoted in TCG New York, Inc. v. City of White Plains, 125 F.Supp.2d 81, 90 (S.D.N.Y.2000). Thus, there is support for the holding that any type of revenue-based fee is invalid under the FTA and any "fair and reasonable compensation"

> charged by a municipality must be directly related to the actual costs incurred by a municipality when a telecommunications provider makes use of the rights-of-way.

XO Missouri, 256 F.Supp.2d at 994.

Under § 253(c) of the FTA, the City must bears the burden of proving that the fees it seeks are both fair and reasonable. The Court finds that the City in this case has not made such a showing as the City has not offered evidentiary support that the fees at issue here have any relation to the City's costs in managing, inspecting, and maintaining its rights-of-way. Thus, for the reasons discussed above, the Court finds that the plaintiffs have established that the City's fees are not related to any cost-study or actual costs of the City of St. Louis in maintaining its rights-of-way. Thus, the City's fees are invalid under the FTA.

Level 3 also argues certain provisions of the ordinance are not legitimately related to the City's management of its public rights-of-way and are therefore invalid under § 253(c). Section 253(c) allows a municipality to enact regulations that "manage the public rights-of-way." *XO Missouri* discussed the interpretation of "management of the public rights-of-way":

> The FTA does not define "management of the public rights-of-way," but ... a number of federal courts have relied on the FCC for interpretive assistance. The FCC has

> explained that right-of-way management means control over the right-of-way itself, not control over companies with facilities in the right-of-way:
>
> [S]ection 253(c) preserves the authority of state and local governments to manage public rights-of-way. Local governments must be allowed to perform the range of vital tasks necessary to preserve the physical integrity of the streets and highways, to control the orderly flow of vehicles and pedestrians, to manage gas, water, cable, (both electric and cable television), and telephone facilities that crisscross the streets and public rights-of-way ... [T]he types of activities that fall within the sphere of appropriate rights-of-way management ... include coordination of construction schedules, determination of insurance, bonding and indemnity requirements, establishment and enforcement of building codes, and keeping track of the various systems using the rights-of-way to prevent interference between them.

256 F.Supp.2d 987, 995 (internal quotations omitted).

Senator Diane Feinstein, during the floor debate on § 253(c), offered examples of the types of restrictions that the Congress intended to permit under § 253(c), including requirements that:

> 1) regulate the time or location of excavation to preserve effective traffic flow, prevent hazardous road conditions, or minimize notice impacts;
>
> 2) require a company to place its facilities underground rather than overhead, consistent with the requirements imposed on other utility companies;
>
> 3) require a company to pay fees to recover an appropriate share of the increased street repair and paving costs that result from repeated excavation;
>
> 4) enforce local zoning regulations;
>
> 5) require a company to indemnify the City against any claims of injury arising from the company's excavation.

See In re Classic Telephone, Inc., 11 F.C.C.R. 13,082 (F.C.C.1996), citing 141 Cong. Rec. S8172 (daily ed. June 12, 1995), quoted in *City of Auburn,* 260 F.3d at 1177, 1178. This Court will now apply the aforementioned guidelines to the specific provisions of the Ordinance at issue.

License Agreement

Level 3 challenges Chapter 23.64.040, arguing the City attempts to limit the types of services it can provide. Chapter 23.64.040 provides that "no person

shall construct, operate, use, replace, reconstruct or maintain a communications transmission system which occupies the streets, public ways and/or public places within the City unless such person has first entered into a license agreement with the Board of Public Service ..." As the record shows, a license is required under chapter 23.64 for all telecommunications systems other than those that are used to provide basic local exchange service and long-distance services and that are subject to chapter 23.34. Neither the License Agreement nor chapter 23.64 prohibit Level 3 from providing basic local exchange service and long-distance services, or any other services. Level 3 can choose to offer these services at any time, in which case it will be subject to chapter 23.34. Accordingly, this Court concludes the license agreement requirement does not violate the Act.

License Application Process

Level 3 also challenges § 23.64.050(B). It provides: "[i]f the information in an application is incomplete or if the proposed use is inconsistent with the requirements of this chapter, the application may be returned as unacceptable for filing." Level 3 complains that the ordinance does not spell out what constitutes "inconsistent with the requirements," leaving the City with unacceptable discretion to bar telecommunications services and providers using the rights of way. This Court disagrees. The section provides that a license application can be returned if it is incomplete or if the proposed use is inconsistent with the requirements of chapter 23.64, for example, the application proposes to offer cable services. The

language of the provision does not give the City unfettered discretion to limit the types of services an applicant can provide. The provision is also unlike the Maryland Heights application process which required information about the types of services to be provided, the applicants legal, technical and financial qualifications, its performance record, as well as detailed mapping information to be provided in a form directed by the city engineer. *Cf.XO Missouri,* 256 F.Supp.2d 987, 990, 992, 996-97. Accordingly, the Court concludes this provision is valid under the FTA.

License Revocation Provisions

Level 3 also challenges chapter 23.64.080. Under chapter 23.64.080 "the City may revoke a license and cancel the underlying license agreement if the licensee violates the terms of that agreement or this chapter." *See,* 23.64.080(C). As the ordinance further provides, the City must give notice of a default and a 30-day opportunity to cure, as well as the right to a hearing before the Board of Public Service in which the City has the burden of proof. Moreover, chapter 23.64.080(C) authorizes the City to seize a licensee's facilities if a licensee chooses to abandon them. 23.64.100(C).

Level 3 complains that neither the license agreement nor the ordinance attempts to distinguish between material and non-material breaches so that "it seems that the City reserves to itself the power to terminate Level 3's License Agreement for any conduct it perceives as a breach." Level 3 maintains that "having terminated or revoked the License

Agreement, the City claims the right to ultimately seize Level 3's network for itself." Level 3 argues this provision is comparable to that struck down in *XO Missouri.*

The Court disagrees. In *XO Missouri,* Judge Jackson struck down a provision that permitted removal of all of a provider's facilities for any "material violation" of the Ordinance. She found that such an overbroad and unfettered penalty was not reasonably related to the City's management of its rights-of-way, particularly when there was no guidance as to what "material violation" could result in the removal of a provider's facilities. *XO Missouri,* 256 F.Supp.2d at 997.

Unlike the Maryland Heights provision, the Court finds that the ordinance does not give the City overbroad and unfettered discretion to terminate the license in light of its due process protections. The notice and opportunity to cure provisions ensure a licensee due process. The process protects both the City and licensee by ensuring a fair and orderly process. The revocation provision also provides a management tool that enables the City to enforce the terms of a license. Therefore the Court concludes it is valid under § 253(c) of the FTA.

Installation of Conduit

Level 3 next challenges Chapter 23.64.080(G). It provides in relevant part:

> The license agreement shall specify that the Licensee shall provide and install in a common trench with the conduit of the

> Licensee a municipal service conduit(s) if requested and specified by the Board of Public Service.
>
> . . . . .
>
> The Agency shall reduce subsequent license charges due under the license by an amount equal to the additional charge of the Licensee of the conduit, pull boxes, vaults, other materials and additional construction work, other than the cost of the trenching itself, incurred as a result of construction of the municipal service conduit. see, 23.64.80(G);

Level 3 argues the license agreement and ordinance allow the City to demand that Level 3 install and maintain conduit for the use and benefit of the City whenever Level 3 is doing construction related to its own network. It further argues that this type of in-kind construction is almost always more costly to it because the additional conduit usually requires different construction methods or procedures, adding to Level 3's costs. Level 3 further argues that to the extent the City invoked this provision with some telecommunications providers but not with others, its conduct would be discriminatory and not competitively neutral. It finally argues R.S. Mo. § 67.1842, which provides that "[i]n managing the public right-of-way and in imposing fees pursuant to sections 67.1830 to 67.1846, no political subdivision shall Create or erect any unreasonable requirement for entry to the public

right-of-way by public utility right-of-way users," prohibits cities from requiring any in-kind fees.

The Court does not construe the provision to require in-kind services to the City as Level 3 suggests. Instead, the City may only require Level 3 to install City conduit when Level 3 is already constructing in the public rights-of-way. Further, the ordinance provides that in the event the City would exercise this option, it would reimburse Level 3 for the full costs of the municipal conduit, in the form of a fee credit, including materials, labor, and additional construction expenses. The only cost that is not compensable is the cost of construction of the trench, which Level 3 would have to pay for in any event to install its own conduit. The Court therefore finds this provision to be valid under the FTA.

Level 3 further contends the fees are discriminatory and not competitively neutral. Level 3 complains that it pays per-foot fees to the City under the Ordinance, but at least three of its competitors, including Southwestern Bell Telephone ("SWBT"), McLeod USA, and XO (Nextlink), occupy the rights-of-way in St. Louis without paying fees under the ordinance. These three companies are permitted access to the rights of way without executing a license agreement similar to Level 3's, and instead operate under a different chapter which allows each company to pay a 10% gross-receipts tax rather than a per-foot-fee. Level 3 states that the fact that SWBT enjoys state-mandated freedom from the obligation to pay fees for access to the rights-of-ways of the City (or any other municipality) while Level 3 is required to pay fees for the same privilege, is neither competitively neutral nor nondiscriminatory.

Level 3's argument is unfounded. Every entity that operates in the City's public rights of way require some form of franchise or license. Chapter 23.64, through its licensing provisions, does not prohibit Level 3 from providing service; it enables Level 3 to provide service using public property.

As to differences between chapters 23.34 and 23.64, the City applies chapter 23.34 to any company that provides services functionally equivalent to the services provided by SWBT, i.e., basic local exchange and long distance services. Companies without state franchises, McLeod USA and XO, for example, obtain local authorization to use the public rights of way by agreeing to be bound by chapter 23.34 which imposes a 10% gross receipts tax.

This Court concludes that the distinctions between chapters 23.34 and 23.64 are justifiable and that the City's treatment of those who claim state franchises and those that require local authorization is rational. Moreover, Level 3 has not presented any evidence to suggest that the differences between the two chapters prohibit or may have the effect of prohibiting Level 3 from providing any service.

Bond and Insurance Requirements

Level 3 next complains the Ordinance imposes duplicative and inconsistent bond and insurance requirements on telecommunications companies. Level 3 maintains the ordinance requires it to obtain bonds and insurance, in addition to what the company or its contractors already must obtain pursuant to the street permitting process, citing § §§ 23.64.120, St. Louis Rev.Code § 20.030, License

Agreement at § 8(B). Level 3 argues the duplicative bond requirement only affects telecommunications companies such as Level 3 because non-telecommunications rights of way users are not subject to the ordinance or license agreements. It argues that insofar as the duplicative bond requirements create conditions that attach only to telecommunications providers, and the effect of noncompliance can be exclusion or expulsion from the market, those duplicative requirements are not permissible under the FTA. Level 3 next claims other providers licensed by the Communications Division have lower bond and insurance requirements in their license agreements and therefore, the lower requirements are not competitively neutral.

The City counters that Level 3's annual premium for its bond is only $600. As to Level 3's insurance requirements, the City notes that Level 3 has admitted it has one policy for numerous jurisdictions and that Level 3 pays no incremental cost for its umbrella insurance policy.

The Court concludes the bond and insurance requirements are standard tools for management of the City's public rights-of-way, and are therefore valid under the FTA.

Indemnification Requirements

Level 3 next complains about the "open-ended" nature of the License Agreement provision requiring Level 3 to indemnify the City against all damages connected with Level 3's network. § 8(C). Level 3 argues that many of its competitors were not required to provide the same broad indemnification

in their own license agreements. The City counters that the indemnification language in all post-1996 license agreements is the same as that in the Level 3 License Agreement. The Court notes Senator Feinstein cited indemnification provisions as one of the examples of the types of restrictions that Congress intended to permit under § 253(c). The Court concludes this provision is related to the City's management of its public rights-of-way and is therefore protected by § 253(c), the safe harbor provision.

Obtaining City Consent Prior to Transfer

Level 3 next challenges Chapter 23.64.170(A). It states that a license shall not be transferred without the prior written authorization of the Board of Public Service. Level 3 maintains the Ordinance and License Agreement purport to give the City the power to approve or deny a transfer of ownership of Level 3's network facilities. The City argues that the purpose of the requirement is simply to know who is in control and to ensure that the entity operating a system in the public rights-of-way accepts responsibility.

This Court agrees with the City that purpose of the requirement is to know who is in control and to ensure that the entity operating a system in the public rights-of-way accepts responsibility. The provision directly relates to the management of the public rights-of-way. The cases cited by Level 3 are distinguishable. For example, in *City of Auburn v. Qwest,* 260 F.3d 1160, 1178 (9th Cir.2001), the Ninth Circuit held ordinances to be invalid which regulated

ownership of telecommunications companies regardless of whether ownership affected the rights of way. The court found the municipal regulation of stock transfers extended far beyond management of the rights of way and was more than necessary to manage the rights of way. Likewise, in *TCG New York, Inc. v. City of White Plains,* 305 F.3d 67, 82 (2d Cir.2002) the Second Circuit held invalid a provision of "sweeping breadth" whose main purpose was to force each new telecommunications provider to receive the city's blessing before offering services, even if its services represent no change from the services offered and burdens imposed by a prior franchisee. Here the City's provision does not have the same "sweeping breadth" as in *TCG New York,* and is therefore valid.

Reporting Requirements

Level 3 also challenges the Ordinance's reporting requirements. Chapter 23.64.050(A)(4) requires upon application for a license the inclusion of an "engineering site plan showing the proposed location of the communications transmission system, including any manholes or overhead poles, the size, type and proposed depth of any conduit or other enclosures, and the relationship of the system to all existing streets, sidewalks, poles, utilities, and other improvements within the public streets." Chapter 23.150(I) further requires a licensee keep accurate, complete and current maps and records of its system and facilities which occupy the streets, public ways and public places within the City and shall furnish as soon as they are available three (3) complete copies of such maps and records to the agency.

The Court first notes that Level 3 misreads the plain language of the ordinance; it does not require a licensee to keep data other than in its own business format. The Court holds these requirements are directly related to the City's management of its public rights-of-way and therefore valid under the FTA. *Cf.XO Missouri,* 256 F.Supp.2d at 983 (declaring ordinance invalid which required provider to furnish maps to the City in the form directed by the City Engineer, rather than in the form maintained by the user).

City Licensed Contractor

Level 3 challenges chapter 23.64.140(D). It requires a licensee to use only contractors who have been licensed by the City in constructing, installing, or maintaining private network facilities installed under the license. The Court concludes this provision is reasonable public safety requirement which protects the City and other users of the public rights-of-way from dangers arising from construction or installation work undertaken by unqualified contractors. It is therefore valid under § 253(c) of the Act.

Minimum Technical Specifications 23.64.140

Level 3 also challenges the minimum technical specifications set forth in chapter 23.64.140(A). The city permits variations to the technical requirements as the ordinance allows. *See* 23.64.140(B). This provision enables communities to coordinate the placement of facilities in the public rights-of-way and

protect against any unique conditions that might be present in a particular community. It is therefore protected by the safe harbor provision, § 253(c).

State law claims

In counts VI and VII of its amended complaint Level 3 also argues that the fees imposed by the ordinance violate SB 369, codified at R.S. Mo. §§ 67.1830-67.1846. The statute expressly limits the amounts the City may collect from telecommunications companies who are using the public rights-of-ways to "actual, substantiated costs." R.S. Mo. § 67.1840.2(1). Level 3 argues that since the City's fees are not linked to any of its costs, and there are no circumstances under which the City can meet its burden to substantiate that fact, the fees must be declared illegal under state law.

The City argues it is exempt from SB 369 by the statute's grandfathering clause. Missouri Revised Statute § 67.1846.1 states that a public utility right of way user is not relieved of its obligations under an "existing franchise, franchise fees, license or other agreements or permit in effect on May 1, 2001." Moreover, § 67.1846.1 permits "grandfathered political subdivisions" to enforce existing linear foot ordinances. The City argues it is a grandfathered political subdivision because it enacted Ch. 23.64- which imposes the linear foot fee-prior to May 21, 2001. Level 3 contends the grandfathering clause does not apply, arguing that it was compelled to enter into the License Agreement by virtue of Chapter 23.64, which itself violates the state statute.

The Court agrees that under Level 3's

reasoning, the grandfathering clause would be rendered virtually meaningless. The Court therefore concludes the City is exempt from SB 369 by virtue of § 67.1846.1. Therefore the Court concludes City's fees are not invalid under state law.

42 U.S.C. § 1983 claim

In count VII of its amended complaint, Level 3 also asserts a claim pursuant to 42 U.S.C. § 1983. Level 3 argues it is entitled to a refutable presumption of damages under § 1983 because (1) it is an intended beneficiary under the Act whose protected rights are not so vague and ambiguous that their enforcement would strain judicial competence; and (2) the Act unambiguously imposed a binding obligation on the states, and by extension the City.

"Section 1983 does not provide an avenue for relief every time a state actor violates a federal law." *City of Rancho Palos Verdes, Calif. v. Abrams,* 544 U.S. 113, 125 S.Ct. 1453, 1458, 161 L.Ed.2d 316 (2005); *Forest Park II, a Minn. Ltd.Partnership v. Hadley,* 408 F.3d 1052 (8th Cir.2005).

Violation of a federal statute does not automatically give rise to a civil rights claim under § 1983. This is because "[i]n order to seek redress through § 1983, ... a plaintiff must assert the violation of a federal *right,* not merely a violation of federal *law."* *Blessing v. Freestone,* 520 U.S. 329, 340, 117 S.Ct. 1353, 137 L.Ed.2d 569 (1997) (emphasis in original); *seealsoGonzaga Univ. v. Doe,* 536 U.S. 273, 283, 122 S.Ct. 2268, 153 L.Ed.2d 309 (2002) ("[I]t is *rights,* not the broader or vaguer 'benefits' or 'interests,' that may be enforced under

the authority of [§ 1983].") (emphasis in original). Section 1983 provides a method of redress only for those federal statutes which "create enforceable rights, privileges, or immunities within the meaning of § 1983." *Wright v. City of Roanoke Redevelopment & Hous. Auth.,* 479 U.S. 418, 423, 107 S.Ct. 766, 93 L.Ed.2d 781 (1987). "Accordingly, to sustain a § 1983 action, the plaintiff must demonstrate that the federal statute creates an individually enforceable right in the class of beneficiaries to which he belongs." *Id.* The plaintiff bears the burden to demonstrate that the statute at issue confers a federal right on the plaintiff. *Arkansas Med. Soc'y, Inc. v. Reynolds,* 6 F.3d 519, 523 (8th Cir.1993). The Supreme Court recently clarified that nothing short of an "unambiguously conferred right" will support a cause of action brought under § 1983. *Gonzaga Univ.,* 536 U.S. at 283, 122 S.Ct. 2268.

The touchstone for determining whether a statute confers a private right of action is congressional intent. *Thompson v. Thompson,* 484 U.S. 174, 179, 108 S.Ct. 513, 98 L.Ed.2d 512 (1988). " '[U]nless this congressional intent can be inferred from the language of the statute, the statutory structure, or some other source, the essential predicate for implication of a private remedy simply does not exist.' " *Id.* (quoting *Northwest Airlines, Inc. v. Transport Workers,* 451 U.S. 77, 94, 101 S.Ct. 1571, 67 L.Ed.2d 750 (1981)); *see alsoGonzaga Univ.,* 536 U.S. at 286, 122 S.Ct. 2268 ("[W]here the text and structure of a statute provide no indication that Congress intends to create new individual rights, there is no basis for a private suit, whether under § 1983 or under an implied right of action.").

Although the Eighth Circuit has not addressed this issue, the Tenth Circuit did so in *Qwest v. City of Santa Fe* 380 F.3d 1258, 1265-67 (10th Cir.2004), affirming the district court that no action under § 1983 was available because nothing in the text or structure of § 253 indicated an intention to create a private right. *Cf.City of Rancho Palos Verdes v. Abrams,* 544 U.S. 113, 125 S.Ct. 1453, 1454, 161 L.Ed.2d 316 (2005) (holding enforcement of the TCA's substantive provisions "through § 1983 would distort the scheme of expedited judicial review and limited remedies created by" the TCA's remedial provisions; after identifying the express private remedy in the TCA, § 332(c)(7), the Court concluded that Congress did not intend this remedy to coexist with an alternative remedy available in a § 1983 action). This Court concludes Level 3 has not met its burden to demonstrate that the Act confers a federal right on it, *seeArkansas Med. Soc'y,* 6 F.3d at 523, and therefore holds that no cause of action under § 1983 is available. Accordingly, the Court will deny Level 3's motions for summary judgment on its § 1983 claim.

Severability

The Court now addresses whether the entire ordinance must be declared invalid. Severability is a matter of state law. *Leavitt v. Jane L.,* 518 U.S. 137, 139, 116 S.Ct. 2068, 135 L.Ed.2d 443 (1996). Missouri courts have traditionally used section 1.140 R.S.MO. as the test for severability of an unconstitutional county ordinance provision. *SeeAvanti Petroleum, Inc. v. St. Louis County,* 974 S.W.2d 506, 512 (Mo.Ct.App.1998). The test, as enumerated in *Avanti Petroleum,* is:

> The ordinance is valid, regardless of invalid provisions, unless the Court finds the valid provisions of the [ordinance] are so essentially and inseparably connected with, and so dependent upon, the void provision that it cannot be presumed [the City] would have enacted the valid provisions without the void one; or unless the Court finds that the valid provisions, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent.

Id. Applying the above standard to the instant case, the Court determines that severability is appropriate. The Ordinance contains several express purposes, including obtaining compensation for use of public rights-of-way, providing the City with underground conduit for municipal use, and properly managing what occurs within those public rights of-way. While this Order invalidates the fee provisions of chapter 23.64, other legislative purposes expressed by the City, including management of the public rights-of-way, can still be accomplished. Accordingly, the remaining provisions of chapter 23.64 will be upheld.

Finally, Level 3 moves to strike the city's reply to plaintiff's response to the City's Statement of facts. Under Federal Rule of Civil Procedure 12(f), a court may "order stricken from any pleading any insufficient defense or any redundant, immaterial, impertinent, or scandalous matter." Motions to strike are not favored and are infrequently granted, because they propose a drastic remedy. *Stanbury*

Law Firm v. Internal Revenue Service, 221 F.3d 1059, 1063 (8th Cir.2000). Matter will not be stricken unless it clearly can have no possible bearing on the subject matter of the litigation. 2 James W. Moore, et al., *Moore's Federal Practice* § 12.37[3] (3rd ed.2003). If there is any doubt whether the matter may raise an issue, the motion should be denied. *Id.* If allegations are redundant or immaterial, they should be stricken only if prejudicial to the moving party. *Id.*

Nonetheless, resolution of such a motion lies within the broad discretion of the Court. *Stanbury,* 221 F.3d at 1063. The Court in its discretion will deny the motion.

III. CONCLUSION

For all of the above reasons, the Court will grant in part and deny in part Level 3's motion for summary judgment. The Court will grant in part and deny in part the City's motion for summary judgment.

Accordingly,

IT IS HEREBY ORDERED that the City of St. Louis's motion for summary judgment is **GRANTED** in part and **DENIED** in part. (Doc. 53)

IT IS FURTHER ORDERED that Level 3's motion for summary judgment is **GRANTED** in part and **DENIED** in part. (Doc. 55.)

IT IS FURTHER ORDERED that the City of St. Louis's motion to amend/correct is **GRANTED**. (Doc. 66).

IT IS FURTHER ORDERED that Level 3's motion to strike the City's reply to responses to its statement of facts is **DENIED**. (Doc. 70).

APPENDIX E

UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

No: 06-1398

Level 3 Communications, L.L.C., Appellee

v.

City of St. Louis, MISSOURI, Appellant

City of St. Louis, MISSOURI, Appellant

v.

Level 3 Communications, L.L.C., Appellee

Missouri Chapter of the National Association of Telecommunications Officers and Advisors, et al.,

Amici on behalf of Appellant

Southwestern Bell Telephone L.P., doing business as AT&T, et al.,

Amici on Behalf of Appellee

No: 06-1459

Level 3 Communications, L.L.C., Appellant

v.

City of St. Louis, MISSOURI, Appellee

City of St. Louis, MISSOURI, Appellee

v.

Level 3 Communications, L.L.C., Appellant

Missouri Chapter of the National Association of Telecommunications Officers and Advisors, et al.,

Amici on Behalf of Appellee

Verizon Telephone Companies, et al.,

Amici on behalf of Appellant

Appeal from U.S. District Court for the Eastern District of Missouri - St. Louis

(4:04-cv-00871-CAS)

(4:04-cv-01046-CAS)

CORRECTED ORDER

The petition for rehearing en banc is denied. The petition for rehearing by the panel is also denied. Judge Riley would grant the petition. Chief Judge Loken took no part in the consideration or decision of

this matter. Judge Beam took no part in the consideration or decision of the petition for rehearing by the panel.

April 17, 2007

Order Entered at the Direction of the Court:
Clerk, U.S. Court of Appeals, Eighth Circuit.

_____

/s/ Michael E. Gans

APPENDIX F

Chapter 23.64:
COMMUNICATIONS TRANSMISSION SYSTEMS

Sections:

23.64.010 Citation.

This chapter shall be known as and may be cited as the "St. Louis City Communications Transmission Systems ordinance" and shall be codified. (Ord. 62233 § 1, 1991.)

23.64.020 Definitions.

As used herein the following terms have the following meanings unless the context clearly indicates otherwise:

A. "Agency" means the Communications Division, under the Office of the President, Board of Public Service, or its successor agency.

B. "Applicant" means the person who applies pursuant to Section 23.64.040, for a license for the erection, construction, reconstruction, operation, maintenance or use of a communications transmission system by such person in the City of St. Louis.

C. "Cable system" means a cable television system as presently defined in 47 U.S.C. Section 522 (6) or as may be defined by subsequent federal legislation.

D. "City" means the City of St. Louis, Missouri, a municipal corporation.

E. "Communications transmission system" means a facility consisting of a set of closed transmission paths and associated signal generation, reception and control equipment that is designed and used for the transmission of video, voice or data signals, which facility occupies public streets, alleys or rights of ways or other public places within the City, except for the following: cable television systems franchised by the City; telephone systems subject to regulations by the Public Service Commission of the State of Missouri and franchised by the City; telegraph systems franchised by the City; or other communications facilities are franchised by the City.

F. "FCC" means the Federal Communications Commission or any successor agency thereto.

G. "License" means the privilege granted by the City which authorizes a person to erect, construct,

operate, use and maintain a communications transmission system that occupies the streets, public ways or public places within the City. Any license issued in accordance herewith shall be a nonexclusive license.

H. "Licensee" means a person who is issued a license or licenses in accordance with the provisions of this chapter for the erection, construction, reconstruction, operation, maintenance, and use of a communications transmission system in the City.

I. "License agreement" means a contract entered into in accordance with the provisions of this chapter between the City and a licensee that sets forth the terms and conditions under which the license will be exercised.

J. "Person" means any individual, corporation, partnership, association, joint venture or organization of any kind and the lawful trustee, successor, assignee, transferee or personal representative thereof.

K. "Permit" means the permission granted by the Board of Public Service or other City agency or department for excavation of streets, public right of ways, use of poles, bridges, etc. upon posting of construction bonds or insurance policies, which would be required under City Code or Ordinance for any construction within the City.

L. "Public street" is the surface and space above and below any public street, avenue, highway, boulevard, concourse, driveway, bridge, tunnel, park, parkway, waterway, dock, bulkhead, wharf, pier, alley, right-of-way, public utility easement, and any

other public ground or water within or belonging to the City.

M. "Transfer of a license" means any sale, lease, sublease, rental, hypothecation, conveyance, assignment or similar transaction whereby a financial or ownership interest in a license issued pursuant to the provisions of this chapter, or in a communications system for which a license has been issued pursuant to the provisions of this chapter, is transferred by the licensee to another person. The transfer or sale of stock in a corporation which possesses a license issued under the provisions of this chapter, which stock is listed on a stock exchange or which is available for purchase by the public through recognized stock brokers, shall not constitute a transfer of a license pursuant to this section. The transfer or sale of stock in a privately held corporation shall not constitute a transfer of a license pursuant to this section unless more than fifty percent (50%) of the total capital stock of such corporation is sold or transferred within a one year period. (Ord. 62233 § 2, 1991.)

23.64.030 Purpose.

A. The purpose of this chapter is:

1. To regulate the erection, construction, reconstruction, installation, operation, maintenance, and use of a communications transmission system, in, upon, along, across, above, over, under or in any manner connected with the public streets, alleys, right-of-ways or other public places within the corporate limits of the City, as now or in the future may exist; and

2. To provide the City with compensation for occupation and use of the City's right-of-ways by a communications transmission system; and

3. To provide the City compensation for the cost of regulation imposed by this chapter on communications transmission systems;

4. To provide the City with underground conduit for municipal use.

B. The Board of Aldermen finds and declares that the most effective method to achieve the purposes of this chapter, consistent with applicable law and the Charter, with minimal administrative processes, is by a standard license agreement executed by the Board of Public Service, and administered by the Agency, on behalf of the City. (Ord. 62233 § 3, 1991.)

23.64.040 License requirement.

No person shall construct, operate, use, replace, reconstruct or maintain a communications transmission system which occupies the streets, public ways and/or public places within the City unless such person has first entered into a license agreement with the Board of Public Service, as provided herein. Nor shall any person continue to operate a communications transmission system, which occupies the streets, public ways, and/or public places within the City, and which is in operation on the effective date of this ordinance, unless such person has made an application to the Board of Public Service for a license, in a form substantially complying with this chapter, as provided herein, within ninety (90) days of the effective date of this ordinance. Nor shall any person to whom a license

has been issued hereunder make substantial modifications to an existing communications transmission system, including, but not limited to, adding new conduit or transmission lines to an existing system, without first entering into a new or amended license agreement with the Board of Public Service. (Ord. 62233 § 4, 1991.)

Editor's Note:

Ord. 62233 was approved March 8, 1991.

23.64.050 Application for license.

A. The application for a license shall be on a form supplied by the Agency and include as a minimum the following information:

1. The name, address and telephone number of the applicant;

2. The legal status of the applicant;

3. The name, address and telephone number of a responsible person whom the City may notify or contact at any time concerning the communications transmission system;

4. An engineering site plan showing the proposed location of the communications transmission system, including any manholes or overhead poles, the size, type and proposed depth of any conduit or other enclosures, and the relationship of the system to all existing streets, sidewalks, poles, utilities, and other improvements within the public streets;

5. Minimum technical standards which the licensee proposes to follow in construction of the licensed system;

6. Diameter and projected length of the communication aerial or conduit;

7. Any additional information which the Agency may require, subject to the approval of the Board of Public Service.

B. If the information in an application is incomplete or if the proposed use is inconsistent with the requirements of this chapter, the application may be returned as unacceptable for filing.

C. If the information provided in an application is complete, and it appears that the applicant has satisfied the requirements of this chapter, the Agency shall supply a draft of the proposed license agreement to the Board and shall recommend to the Board of Public Service that the Board should approve execution of a license agreement with the applicant. If the Board of Public Service finds that the requirements of this chapter and the regulations promulgated hereunder have been complied with by the applicant, the Board of Public Service shall then approve execution of a license agreement with the applicant by the Agency. If the Board of Public Service finds that execution of the draft of the proposed license agreement provided to it by the Agency would not comply with the chapter and regulations promulgated thereunder, it shall have the authority to direct the Agency to amend the license agreement, so as to comply with the chapter and applicable regulations, prior to execution thereof. Upon approval of the license agreement by the Board of Public Service, the Agency is empowered to execute a license agreement, in substantially the form approved by the Board, with the applicant on behalf of the City. The license agreement will become effective upon its execution by the City and the applicant, payment by the applicant of the initial

license fee, and satisfaction of the bond and insurance requirements contained in the license agreement.

D. In the event that during the course of the term of a license agreement the licensee desires to expand the communications transmission system facilities, operated by it within the corporate limits of the City, to include additional facilities or additional locations, application shall be made for an amendment of the license agreement. The procedure followed for such an amendment shall be the same as that for the initial license. (Ord. 62233 § 5, 1991.)

23.64.060 Service of notice.

All notices required to be given to the City under any provision of this chapter shall be deemed served when delivered by hand, or sent by certified United States mail, return receipt requested, in writing to the Cable Communications Manager of the Agency, or to any person in charge of the Agency during normal business hours. (Ord. 62233 § 6, 1991.)

23.64.070 No liability or warranty.

This chapter shall not be construed to create or hold the City responsible or liable for any damage to persons or property by reason of any inspection or reinspection authorized herein or failure to inspect or reinspect, nor shall the issuance of any license nor the approval or disapproval of any installation authorized herein constitute any representation, guarantee or warranty of any kind by, nor create any liability upon, the City or any official, agent or employee thereof. (Ord. 62233 § 7, 1991.)

23.64.080 License conditions.

A. A license granted by the City pursuant to this chapter shall not become effective until a license agreement between the City and the licensee has been executed by both parties. The term of such a license agreement shall not exceed fifteen (15) years. It shall be renewable by the licensee upon its application and grant by the City, subject to the execution of a new license agreement.

B. Any license agreement issued shall incorporate by reference the requirements of this chapter, and the licensee shall agree therein to comply with the requirements of this chapter.

C. Pursuant to the provisions of this subsection, the City may revoke a license and cancel the underlying license agreement if the licensee violates the terms of that agreement or this chapter:

1. Whenever he has cause to believe that a licensee is in violation of the terms of its license agreement or this chapter, the Cable Communications Manager shall issue a notice of violation to the licensee. Said notice shall be served upon the licensee either by hand-delivering said notice to the licensee or by sending the notice, via regular United States mail, postage prepaid, to the address provided in the license agreement for service of notices on the licensee.

2. The licensee shall have thirty (30) days from the date of said notice to rectify or cure the violation. If the violation has not been rectified or cured after thirty (30) days from the date of the notice, then the Cable Communications Manager shall revoke the license and cancel the license agreement. However, if the Cable Communications Manager determines that

the licensee is proceeding with due diligence to rectify or cure a violation he shall not be required to revoke the license and cancel the license agreement, even though thirty (30) days have passed since the date of the notice of violation, except that this sentence shall not apply where the violation for which the licensee is cited involves or is related to failure to pay license fees owed to the City under the license agreement or failure to pay taxes owed to the City.

3. A licensee may appeal a notice of violation to the Board of Public Service by filing a letter appealing from said notice with the Board within ten (10) days of the date on which said notice was issued. Said letter shall not be required to be in any particular form, but shall specify the grounds on which the licensee disputes the notice of violation. Filing of a letter of appeal within the above time limit shall stay all proceedings upon the notice of violation until the Board of Public Service has ruled on the appeal. The Board of Public Service shall then schedule a hearing for purposes of determining whether the licensee is in violation of either the license agreement between it and the City or this chapter. The Board shall provide a minimum ten (10) days notice of the date and time of the hearing to both the licensee and the Cable Communications Manager. At the hearing, the licensee may be represented by counsel and shall be given the opportunity to present evidence and witnesses and to cross-examine witnesses presented by the Cable Communications Manager. The burden of proof at such a hearing shall be upon the Cable Communications Manager.

4. Where the Cable Communications Manager has revoked a license and canceled the underlying license agreement based upon his determination that a license has failed to rectify or cure a violation within thirty (30) days of the date on which the violation notice was issued, the licensee may appeal the determination of the Cable Communications Manager that the licensee has failed to rectify or cure the cited violation to the Board of Public Service by filing a letter of appeal with the Board within ten (10) days of the date on which the Cable Communications Manager revoked the license of the licensee. Said letter shall not be required to be in a particular form, but shall specify the grounds on which the licensee disputes the determination of the Cable Communications Manager that the licensee has failed to rectify or cure the violation in question. Filing of a letter of appeal shall stay revocation of the license, unless the Board of Public Service determines, upon application of the Cable Communications Manager, that the alleged violation presents a threat to public safety or damage to public or private property. The Board of Public Service shall then schedule a hearing for purposes of determining whether the licensee has rectified or cured the violation(s) in question. The Board shall provide a minimum of ten (10) days notice of the date and time of the hearing to both the licensee and the Cable Communications Manager. At the hearing, the licensee may be represented by counsel and shall be given the opportunity to present evidence and witnesses and to cross-examine witnesses presented by the Cable Communications Manager. The burden of proof at such hearing shall be upon the Licensee. It shall not be a defense in a hearing called pursuant to

the provisions of this subparagraph that the violation(s) alleged in the notice sent to the licensee pursuant to the provisions of subdivision 1 of this subsection was not a violation of either this chapter or the license agreement between the City and the licensee.

D. Any license shall apply only to the facilities and locations identified in the license agreement.

E. Nothing in this chapter or in any license agreement shall be construed as a representation, promise or guarantee by the City that any permit or other authorization required under any City ordinance or regulation for the construction or installation of a communications transmission system shall be issued.

F. A licensee may terminate the license agreement only if it ceases to use the conduit and transmission lines licensed thereunder and either transfers such conduit and transmission lines to another licensee, in the manner contemplated by Section 23.64.170, or conveys such conduit and transmission lines to the City, without charge therefor.

G. The license agreement shall specify that the Licensee shall provide and install in a common trench with the conduit of the Licensee a municipal service conduit(s) if requested and specified by the Board of Public Service. Such request by the Board must be made either at the time it approves the license agreement or a minimum of thirty (30) days prior to Licensee commencing construction, if such request is not made at the time the license agreement is approved. The Agency shall reduce subsequent

license charges due under the license agreement by an amount equal to the additional charge to the Licensee of the conduit, pull boxes, vaults, other materials and additional construction work, other than the cost of the trenching itself, incurred as a result of construction of the municipal service conduit. Prior to commencement of construction of municipal service conduit(s), a licensee shall provide the office of the President of the Board of Public Service with a copy of all contracts related to construction thereof. If the Board of Public Service finds that construction of a municipal service conduit would be too costly, it may cancel its request for construction of a municipal service conduit. In such case, the licensee shall immediately cancel all contracts for such conduit, and the licensee shall only be credited against subsequent license charges for such expenses as it has incurred related to construction of the municipal service conduit, or become obligated to expand thereon, prior to cancellation of the request for construction of such conduit. Upon completion of construction of a municipal service conduit, a licensee shall certify to the Agency the total costs incurred by it in constructing the municipal service conduit. In no event shall a Licensee be entitled to credit against subsequent license charges, pursuant to the provisions of this subsection, in an amount in excess of one-hundred-ten percent (110%) of the costs, as specified in the contracts provided to the office of the President of the Board of Public Service prior to commencement of construction of the municipal service conduit, attributable to construction of the municipal service conduit. The Agency or Comptroller shall be entitled to audit the books of the licensee to

determine whether expenses alleged to have arisen as a result of the construction of the municipal service conduit were actually expended thereon.

H. All license agreements entered into pursuant to the provisions of this chapter shall contain the following language:

Licensee shall never make any claim of any kind or character whatsoever against the City of St. Louis for damages that it may suffer by reason of the installation, construction, reconstruction, operation and/or maintenance of any public or private improvement, utility, or communication facility, whether presently in place or which may in the future be constructed or installed, including, but not limited to, any water and/or sanitary sewer mains and/or storm sewer facilities and whether such damage is due to flooding, infiltration, backflow and/or seepage caused from the failure of any installation, natural causes or from any other cause of whatsoever kind or nature, except for damages occasioned by the intentional conduct or gross negligence on the part of the City, it being further expressly understood this limitation of liability does not apply to independent contractors of the City of St. Louis.

(Ord. 62233 § 8, 1991.)

23.64.090 License charge.

In consideration of the rights and privileges granted by this chapter, Licensees shall pay the City an annual sum calculated as follows:

A. For the year beginning July 1, 1991:

1. The amount of one dollar fifty cents ($1.50) per linear foot for underground transmission lines or conduit of four (4) inches in diameter or less;

2. The amount of two dollars ($2.00) per linear foot for underground transmission lines or conduit of over four (4) inches in diameter but less than eight (8) inches in diameter;

3. The amount of three dollars ($3.00) per linear foot for underground transmission lines or conduit of eight (8) inches or more in diameter;

4. The amount of one dollar fifty cents ($1.50) per linear foot for each one inch in diameter or fraction thereof of aerial wire; Licensees shall pay a minimum charge of fifty dollars ($50.00) per annum.

B. Commencing July 1, 1991 and annually thereafter, the license charge shall be calculated by multiplying the previous year's license fee by the percentage change from the previous year in the National Consumer Price Index (Index), published by the United States Department of Labor. In the event such Index ceases to be published, the City's Board of Estimate and Apportionment may select another measure of general price changes. By June 1, 1991, and each June 1 thereafter, the Agency shall notify each licensee of the revised license charges to be effective on the following July 1. Every license agreement shall reflect the schedule of charges specified herein and the annual adjustments thereto.

C. The above specified charges shall apply to all conduit and transmission lines, whether owned or leased by the licensee.

D. Whenever a license agreement is executed on a date other than July 1, the initial annual fee shall

be prorated for the remainder of the year ending June 30 and shall be payable upon approval of the license agreement by the City.

E. The charges specified herein shall be in addition to and exclusive of all general municipal taxes of whatever nature, including, but not limited to, ad valorem taxes, earnings taxes, and employment taxes. (Ord. 62233 § 9, 1991.)

23.64.100 License fees--Payment--Audit.

A. The annual compensation for a license as provided for in Section 23.64.090 shall be payable annually on July 1 of each calendar year.

1. Each annual payment shall be by check payable to the City filed with the City's Comptroller.

2. Each payment shall be accompanied by a report from the Licensee in a form approved by the City, showing the basis for the computation.

B. The acceptance of any Licensee payment by the City shall not be construed as an acknowledgement that the amount paid is the correct amount due, nor shall such acceptance of payment be construed as a release of any claim which the City may have for additional sums due and payable.

1. All fee payments and accompanying reports shall be subject to audit by the Comptroller and assessment or refund if the payment is found to be in error.

2. In the event that such audit results in an assessment by and an additional payment to the City, such additional payment shall be subject to interest at the rate of one and one-half percent (1 1/2%) per month and penalties in the amount of one

percent (1%) per month or any fraction of a month elapsed after the due date where the additional payment exceeds five percent (5%) of the amount paid by the Licensee.

C. Failure of a Licensee to pay the license charges within thirty (30) days of their due date shall subject the Licensee to a ten percent (10%) penalty and interest charges of one and one-half percent (1½%) per month, or portion thereof, for each month payment is delinquent. Failure of a licensee to make the annual payment within ninety (90) days of its due date may subject the licensee to the revocation of its license and cancellation of its license agreement following thirty (30) days notice from the City. In such event, the licensee shall be considered to have abandoned the conduit and transmission lines permitted under the license agreement, and said conduit and line shall become the property of the City.

D. Nothing in this ordinance shall be construed to limit the liability of the Licensee for all applicable Federal, State and local taxes. (Ord. 62233 § 10, 1991.)

23.64.110 Agency powers and duties.

The Agency shall have the following powers and duties.

A. Receive, review and recommend action on applications for licenses for any communications system and generally administer this chapter.

B. Receive and review all Board of Public Service permits for any communications transmission system.

C. Review and audit all reports and filings submitted by an Applicant or Licensee to the City pursuant to this chapter.

D. Submit recommended regulations regarding the construction, reconstruction, operation, maintenance, dismantling, testing of any communications transmission systems licensed in accordance herewith to the Board of Public Service for consideration and promulgation.

E. Inspect facilities and construction and enforce regulations during construction or operation of a communications transmission system, including but not limited to the power to halt construction found to be out of compliance with this chapter, building codes, permit requirements and regulations promulgated in accordance herewith. (Ord. 62233 § 11, 1991.)

23.64.120 Bonds.

A. The license agreement shall require the licensee to have in force at all times a performance bond in an amount specified in the license agreement as necessary to ensure the faithful performance by the licensee of its obligations under the license agreement. Such surety instruments must be provided by an entity qualified to do business in the State of Missouri and in a form approved by the City Counselor.

B. None of the provisions of this section nor any bond accepted by the City pursuant hereto, nor any damages recovered by the City thereunder, shall be construed to excuse the faithful performance by or limit the liability of the Licensee under this chapter or any license agreement issued in accordance

herewith or for damages either to the full amount of such bond or otherwise. (Ord. 62233 § 12, 1991.)

23.64.130 Indemnity--Insurance.

A. The City shall not at any time be liable for any injury or damage occurring to any person or property from any cause whatsoever, including damages from the City's negligent omissions, if any, arising from the installation, use, operation or condition of the Licensee's communications transmissions system.

B. The Licensee shall indemnify, save and hold harmless and defend the City from all claims, liens, charges, including but not limited to libel, slander, invasion of privacy and unauthorized use of any trademark, trade name or service mark; demands; suits; actions; fines; penalties; losses; costs, including but not limited to, reasonable legal fees and court costs; judgments; injuries; liabilities or damages, in law or equity, of any and every kind and nature whatsoever, including damages caused by or arising out of any act or negligent omission of the City, its officers, servants, agents, employees or contractors, or otherwise, arising out of or in any way connected with the installation, use, operation, maintenance or condition of the Licensee's communications transmission system.

C. The license agreement shall specify the amount, type and coverage of insurance required and shall require that the City be named as an additional insured on insurance policies procured by a Licensee to comply with the terms of the license agreement. The amount, type and coverage required shall be determined by the Board of Public Service on the Recommendation of the Agency. In setting the

amount, the Board and the Agency shall take into consideration the size and location of the communications system, the financial resources of the Licensee, risk involved to the City and to the general public as well as other salient factors. But in no case will coverage be less than fifty thousand dollars ($50,000.00) per person and five hundred thousand dollars ($500,000.00) per incident for personal injury liability and fifty thousand dollars ($50,000.00) for property damage liability. Insurance required pursuant to this section shall be in addition to any bond or insurance required by any other City agency or department for issuance of permits necessary for construction and installation of a communication transmission line.

D. The policy of insurance to be procured by a licensee pursuant to this provision shall provide that the insurance shall not be cancelled or materially altered without thirty (30) days written notice first being given to the agency. If the insurance is cancelled or materially altered the licensee shall provide a new policy with the same terms as required by the license agreement. The license agreement shall specify that the licensee shall maintain continuous uninterrupted coverage, in the amount specified therein, for the duration of the period during which the license agreement is in effect. The licensee shall maintain on file with the agency a certificate of insurance certifying the coverage required above. The adequacy of the insurance shall be subject to approval by the City Counselor. Failure to maintain liability insurance shall be cause for immediate termination of the license agreement. (Ord. 62233 § 13, 1991.)

23.64.140 Minimum technical specifications.

A. Licensees shall conform to the following minimum specifications:

1. The depth of underground conduit, measured from the top of the conduit to the surface of ground shall be a minimum depth in soil of forty-two (42) inches and at a ditch crossing, a minimum depth of sixty (60) inches.

2. Within any street right-of-way, with the exception of road crossings and driveways, a minimum four (4) inch PVC conduit, with minimum 2 innerducts, 3/4 inch cable shall then be pulled through the conduit in place.

3. Under all road crossings and driveways a minimum four (4) inch black steel pipe will be installed by jacking or boring, maintaining a depth of forty-eight (48) inches below the surface of the road.

4. Trenching shall be promptly backfilled with earth and tamped with a mechanical tamper at six (6) inch lifts, so that the earth is restored to original grade to assure no hazard to vehicular, animal or pedestrian traffic. All open trenches will be properly guarded or barricaded to prevent damage or injury.

5. All cable, where practical, shall be located to cross roadbed at approximately right angles thereto. No cable shall be placed in any culvert or within five (5) feet of the closed point of same.

6. In areas of potential erosion the "plug" method of erosion control shall be used.

7. Licensee shall use the "flagging/identification" system as recommended by the American Public Works Association.

8. All aerial cables and wire shall be installed parallel with existing telephone and electric utility wires.

9. Multiple aerial configurations shall be in parallel arrangement and bundled, in accordance with engineering and safety considerations; and

10. All underground installations shall be in the appropriate size and type of conduit or other enclosures approved by the Agency.

B. However, notwithstanding the requirements of subsection A of this section, the Board of Public Service shall have authority, upon recommendation of the Agency, to allow a licensee to conform to different technical specifications than those contained in said subsection, based upon considerations of location of the installation or upon developments in state-of-the-art methodology, new technologies or construction techniques. Whenever the Board of Public Service approves use of technical specifications which vary from the minimum technical specifications set forth in subsection A of this section, the minimum technical specifications which the licensee must comply with shall be set forth in the license agreement.

C. Licensee shall install and maintain its wires, cables, fixtures, and other equipment in accordance with the current requirements of the National Electrical Safety Code promulgated by the National Bureau of Standards and the National Electrical Code of the National Board of Fire Underwriters and in such a manner that they will not interfere with any installations of the City or of a public utility service the area of the City.

D. No person shall engage in construction, installation, or maintenance of private transmission systems or components thereof unless such person has first procured either a Communications Contractor's or Electrical Contractor's License from the City and unless such person is otherwise properly licensed to do business in the City. It shall be a violation for an owner or operator of a private transmission system to allow construction, installation or maintenance work to be performed on such system by a person other than a licensed Communications or Electrical Contractor. Each day on which such work is performed on a private transmission system by a person other than a licensed Communications or Electrical Contractor shall constitute a separate violation. (Ord. 62233 § 14, 1991.)

23.64.150 Streets and pole attachment use.

A. Operations along streets, alleys, walkways, and sidewalks shall be kept clear of excavated material or other obstructions at all times. Barricades, warning signs and lights, flagmen when necessary shall be provided by the contractor or Licensee. One half of the traveled portion of the street must be open at all times.

B. Damage to banks, ditches, streets, roads, fences, lawns, shrubbery, drives and any other property caused from the equipment and installation of the communication system shall be immediately repaired to the satisfaction of the public authorities having jurisdiction over the property involved, at the sole cost of the Licensee.

C. The Licensee shall comply with all rules and regulations issued by the Board of Public Service governing the construction and installation of communications transmission systems. In addition:

1. Before commencing construction of its communications system in, above, over, under, across, through or in any way connected with the streets, public ways or public places of the City, the Licensee shall first obtain any permits required for such construction by the applicable ordinances of the City or by regulations issued by any of the City's agencies or departments. Applications for permits related to construction of a communications system shall not be considered for approval by the Board of Public Service until after execution of a license agreement hereunder between the City and the applicant. The licensee agreement shall be a condition of application for any permits required for construction.

2. Upon obtaining such permits, the Licensee shall give the Agency written notice within a reasonable time of proposed construction, but in no event shall such notice be given less than twenty-four (24) hours before commencement of construction. The notice required hereunder shall include a proposed schedule for work in the City's streets or other rights of way, measured in linear feet, occupied by licensee's system, and a map showing same.

3. Any person who submits a request for a permit in accordance herewith shall include therein proposed agreements for the use of existing utility poles and conduits, if applicable, with the owner(s) of such facilities to be used or affected by the construction of the proposed communications system.

4. It shall be a violation for any Licensee or any other person to open or otherwise disturb the surface of any street, sidewalk, driveway, public place for any purpose whatsoever related to a communications transmission system without obtaining all permits required by the applicable ordinance of the City or by regulations promulgated by any of the City's departments or agencies. The City further reserves to itself all other remedies, legal or equitable, which are available to it should a Licensee or other person fail to obtain all necessary permits prior to opening or otherwise disturbing the surface of any street, sidewalk, driveway, or public place for purpose whatsoever related to a communications transmission system.

D. Each Licensee shall, at its own cost and expense, and in a manner approved by the City, replace and restore any such pavements, sidewalks, curbing, or other paved areas in as good a condition as before the work involving such disturbance was done and shall restore and replace any other property disturbed, damaged or in any way injured by or on account of its activities to as good as the condition such property was in immediately prior to the disturbance, damage or injury or reimburse its owner for the damage done.

E. Upon the failure of the licensee to properly repair and restore such property to its former condition within a reasonable time after construction, the City or a private property owner may make the repairs and submit a statement of costs to the licensee for reimbursement. Should a Licensee fail to reimburse the City or a private owner within thirty (30) days of submission of such statement to the

Licensee, the City or a private owner may proceed against the bond provided for in Section 23.64.120.

F. The Licensee shall, at its own cost and expense, protect, support, temporarily disconnect, relocate in the same street or other public place, or remove from such street or other public place, any of its property when required to do so by the City because of street or other public excavation, construction, repair, regrading, or grading; traffic conditions; installation of sewers, drains, water pipes, City owned power or signal lines, tracks; vacation or relocation of streets or any other type of structure or improvement of a public agency, or any other type of improvement necessary for the public health, safety or welfare.

G. Nothing in this chapter or any permit issued in accordance herewith, shall be construed as authorizing the Licensee to erect or install new poles or underground conduits in areas serviced by existing poles and conduits. Except that a Licensee may install new conduit where existing conduit in the area is full or otherwise unavailable to the licensee. In such instance, the license agreement shall contain specifications for the manner in which the new conduit is to be installed. The Licensee shall obtain all necessary permits from the relevant departments and agencies of the City before erecting any new poles or underground conduits where none exist or where existing conduit is unavailable or full. Applications for such approval shall be made in the form prescribed by the City.

H. The Licensee shall maintain all wires, conduits, cables and other real and personal property and facilities in good condition, order and repair, and

in safe condition so as not to endanger human life or health or public or private property. If it is necessary for a licensee to open or otherwise obstruct a street to make repairs to its system, the licensee shall, in addition to procuring all permits required for such work under other ordinances or regulations of the City, notify the agency thereof.

I. The Licensee shall keep accurate, complete and current maps and records of its system and facilities which occupy the streets, public ways and public places within the City and shall furnish as soon as they are available three (3) complete copies of such maps and records to the Agency. The Licensee shall also furnish one copy of maps and records to the "one-call" system coordinating group in Missouri.

J. All installation shall be underground in those areas of the City where both telephone and electric utilities' facilities are underground at the time of the installation of the Licensee's communications transmissions system. In areas where both telephone and electric utilities' facilities are above ground at the time of the installation of the Licensees' communications system, the Licensee may install its system above ground on existing utility poles only, upon the condition that at such time as those facilities are placed underground by the telephone and electric utility companies, the Licensee shall likewise place its facilities underground at its sole cost and expense.

K. The Licensee upon reasonable notice by the City shall temporarily or permanently remove, adjust, raise or lower its facilities within the right of way when the City determines that such action is needed for public use of the right-of-way, including

but not limited to the passage of nonstandard vehicles.

L. The Licensee shall obtain written permission of the owner, including the City, of any trees or other vegetation before it trims or prunes the same. (Ord. 62233 § 15, 1991.)

23.64.160 Police power.

Nothing in this chapter or in any license agreement issued in accordance herewith shall be construed as an abrogation by the City of any of its police powers. (Ord. 62233 § 16, 1991.)

23.64.170 Transfers, assignments and subleases.

A. A license issued pursuant hereto shall not be transferred without the prior written authorization of the Board of Public Service. For purposes of this section, a merger or consolidation shall be deemed a transfer or assignment.

B. Nothing in any approval of the Board of Public Service authorizing any transfer of any license issued in accordance herewith shall be construed to waive or release any rights of the City in and to the streets, public ways and public places of the City or as a release of any of the City's police powers.

C. Any transfer of a license approved by the City shall be conditioned upon the transferee's accepting all the terms and conditions of this chapter and execution of an amended license agreement naming the transferee as the Licensee.

D. No Licensee, under this chapter shall have the right or privilege to lease or sublet pole or conduit space or to use them other than for the Licensee's own needs; except that, notwithstanding the contrary

provisions of 68 of Ordinance 29723, this limitation shall not apply to the use of such space by another entity which has executed a license agreement with the City for use of such space. (Ord. 62233 § 17, 1991.)

23.64.180 Retroactivity of provisions.

A. This chapter shall apply to all communications transmission systems installed or under construction within the City on the effective date of this ordinance.

B. Within ninety (90) days of the effective date hereof a person owning or controlling communication transmission system facilities subject to this chapter shall file an application for a license as specified in Section 23.64.050. This period of time may be extended for good cause by the Agency.

C. Failure of such a person to file an application within the time specified shall be a violation and shall also result in the immediate revocation of any existing permits issued by the City allowing such person to occupy any public street, alley, right-of-way and/or public places in relation to use, operation or maintenance of a communications transmission system. Upon revocation of such permits for failure to file an application within the time specified, the City may order the prompt removal of such facilities and seek other redress, both legal and equitable. (Ord. 62233 § 19, 1991.)