

MEMORANDUM

September 6, 1995

DECLASSIFIED 7/8/99

TO: _____ DIVISION OF APPEALS
 _____ DIVISION OF AUDITING AND FINANCIAL ANALYSIS
XX _____ DIVISION OF COMMUNICATIONS
 _____ DIVISION OF ELECTRIC AND GAS
 _____ DIVISION OF RESEARCH
 _____ DIVISION OF WATER AND WASTEWATER
 _____ DIVISION OF LEGAL SERVICES

FROM: DIVISION OF RECORDS AND REPORTING (WILLIAMS)

RE: CONFIDENTIALITY OF CERTAIN INFORMATION

DOCUMENT NO. 98681-95

DESCRIPTION: Cost Data Supporting Zone Density Tariff

SOURCE: CENTRAL TELEPHONE COMPANY OF FLORIDA

DOCKET NO.: 921074-EP, 930955-TL, 940014-TL, 940020-TL, 931196-TL and 940190-TL

The above material was received with a request for confidentiality (attached). Please prepare a recommendation for the attorney assigned to the case by completing the section below and forwarding a copy of this memorandum, together with a brief memorandum supporting your recommendation, to the attorney. Copies of your recommendation should also be provided to the Division of Records and Reporting and to the Division of Appeals.

Please read each of the following and check if applicable.

_____ The document(s) is (are), in fact, what the utility asserts it (them) to be.

DECLASSIFIED

EXHIBIT "A"

Docket Nos. 921074-TP, 930955-TL, 940014-TL, 940020-TL, 931196-TL and
940190-TL-- In re: Expanded Interconnection and Local Transport Restructure.

7/8/95

**REQUEST FOR CONFIDENTIAL CLASSIFICATION
BY CENTRAL TELEPHONE COMPANY OF FLORIDA**

Copy of Documents with Confidential Information Highlighted

08681-95

ZONE DENSITY COST STUDY

for

UNITED TELEPHONE COMPANY OF FLORIDA
and
CENTRAL TELEPHONE COMPANY OF FLORIDA

EXECUTIVE SUMMARY

A Long Run Incremental Cost (LRIC) study was completed to determine the costs associated with the Zone Density tariff filing. This tariff includes zone density rates for Local Transport, Private Line, Special Access and Mobile Interconnection. The elements for which cost support is provided are listed in Column A of Attachment 2, Pages 1 through 4.

The cost model used to determine the Tandem Switching cost was the Switching Cost Information System / Model Office (SCIS/MO). All cost information is proprietary. Bellcore prohibits the disclosure of any information regarding the SCIS model including the inputs and cost calculations within the model.

SCIS is a PC-based model developed by Bellcore which estimates switching system investment caused by switch usage. SCIS computes investment using the marginal cost and average cost method. S/UTF and S/CF use the marginal cost method.

The SCIS model run for this cost study used the combination model office (Version 6.3). This uses a composite of our existing in-service switches with actual inputs obtained yearly from engineering. All assumptions are based on actual forecasts.

Arthur Anderson audited the Bellcore SCIS model and released a report in July 1992 which states that the costing principles inherent in SCIS are appropriate for estimating long run incremental investment attributable to switching system usage, and the methods for implementing the principles are reasonable.

The costs of the Entrance Facility, Direct Trunked Fixed and per mile and the Tandem Switched Termination and Facility costs were determined via use of a methodology established by USTA for incremental cost studies. These costs were developed as Total Service Long Run Incremental Costs (TSLRIC).

The loop costs associated with the High Capacity and Cellular Interconnection rate elements were determined via the LOOPCOST model. This model is a PC based model originally developed by BellSouth which determines the TSLRIC associated with loop investments.

This study used the forward looking technologies currently being planned at S/UTF and S/CF. Statistically valid samples were used to form the basis for the assumptions used in the study.

Local Transport Restructure Zone Density

A	B	C	D	E
<u>Proposed Rate Elements</u>	<u>Incremental Cost</u>	<u>Zone 1 Rate</u>	<u>Zone 2 Rate</u>	<u>Zone 3 Rate</u>
1 Entr. Facility - DS1	\$53.65	\$189.00	\$210.00	\$220.50
2 Entr. Facility - DS3 (0 Miles)	\$324.87	\$832.00	\$924.00	\$970.00
3 Entr. Facility - DS3 (1-3 Miles)	\$324.87	\$1,463.00	\$1,626.00	\$1,707.00
4 Entr. Facility - DS3 (3+ Miles)	\$324.87	\$2,577.00	\$2,863.00	\$3,006.00
5 Direct Trunked Fixed - DS1	\$41.56	\$83.70	\$93.00	\$97.65
6 Direct Trunked Per Mile - DS1	\$1.36	\$18.00	\$20.00	\$21.00
7 Direct Trunked Fixed - DS3	\$459.43	\$460.00	\$472.00	\$496.00
8 Direct Trunked Per Mile - DS3	\$38.02	\$219.00	\$243.00	\$255.00
9 Tandem Switched Termination	\$0.000076	\$0.000251	\$0.000279	\$0.000293
10 Tandem Switched Facility	\$0.000006	\$0.000058	\$0.000064	\$0.000067
11 Tandem Switching (1st Minute)	\$0.000773	\$0.000808	\$0.000898	\$0.000943
12 Tandem Switching (Additional Minute)	\$0.000727	\$0.000808	\$0.000898	\$0.000943
13 Multiplexing - DS1 to Voice	\$260.39	\$270.00	\$300.00	\$315.00
14 Multiplexing - DS3 to DS1	\$313.28	\$540.00	\$600.00	\$630.00

DOCUMENT NUMBER-DATE

08681 SEP-68

FPSC-RECORDS/REPORTING

Private Line Zone Density

	A	B	C	D	E
		<u>Incremental Cost</u>	<u>Zone 1 Rate</u>	<u>Zone 2 Rate</u>	<u>Zone 3 Rate</u>
1	<i>Local Channel</i>	\$36.17	\$101.50	\$112.75	\$118.40
2	24-48 Months	\$36.17	\$99.50	\$110.50	\$116.05
3	49-72 Months	\$36.17	\$98.05	\$108.90	\$114.40
4	73-96 Months	\$36.17	\$96.60	\$107.30	\$112.70
<i>Interoffice</i>					
5	Fixed	\$41.56	\$46.35	\$51.50	\$54.10
6	24-48 Months	\$41.56	\$43.10	\$47.85	\$50.25
7	49-72 Months	\$41.56	\$43.10	\$47.85	\$50.25
8	73-96 Months	\$41.56	\$43.10	\$47.85	\$50.25
Per Mile					
9	Per Mile (1-8)	\$1.36	\$21.50	\$23.85	\$25.05
10	Per Mile (9-25)	\$1.36	\$20.20	\$22.40	\$23.55
11	Per Mile (25+)	\$1.36	\$18.85	\$20.90	\$21.95
24-48 Months					
12	Per Mile (1-8)	\$1.36	\$17.55	\$19.45	\$20.45
13	Per Mile (9-25)	\$1.36	\$16.20	\$17.95	\$18.90
14	Per Mile (25+)	\$1.36	\$14.85	\$16.45	\$17.30
49-72 Months					
15	Per Mile (1-8)	\$1.36	\$16.15	\$17.90	\$18.85
16	Per Mile (9-25)	\$1.36	\$14.85	\$16.45	\$17.30
17	Per Mile (25+)	\$1.36	\$13.50	\$14.95	\$15.75
73-96 Months					
18	Per Mile (1-8)	\$1.36	\$14.85	\$16.45	\$17.30
19	Per Mile (9-25)	\$1.36	\$13.50	\$14.95	\$15.75
20	Per Mile (25+)	\$1.36	\$12.15	\$13.45	\$14.15

Special Access Zone Density

	A	B	C	D	E
DS1		<u>Incremental Cost</u>	<u>Zone 1 Rate</u>	<u>Zone 2 Rate</u>	<u>Zone 3 Rate</u>
1	<i>Local Channel</i>	\$36.17	\$101.50	\$112.75	\$118.40
2	24-48 Months	\$36.17	\$99.50	\$110.50	\$116.05
3	49-72 Months	\$36.17	\$98.05	\$108.90	\$114.40
4	73-96 Months	\$36.17	\$96.60	\$107.30	\$112.70
	<i>Interoffice</i>				
5	Fixed	\$41.56	\$46.35	\$51.50	\$54.10
6	24-48 Months	\$41.56	\$43.10	\$47.85	\$50.25
7	49-72 Months	\$41.56	\$43.10	\$47.85	\$50.25
8	73-96 Months	\$41.56	\$43.10	\$47.85	\$50.25
	<i>Per Mile</i>				
9	Per Mile (1-8)	\$1.36	\$21.50	\$23.85	\$25.05
10	Per Mile (9-25)	\$1.36	\$20.20	\$22.40	\$23.55
11	Per Mile (25+)	\$1.36	\$18.85	\$20.90	\$21.95
	<i>24-48 Months</i>				
12	Per Mile (1-8)	\$1.36	\$17.55	\$19.45	\$20.45
13	Per Mile (9-25)	\$1.36	\$16.20	\$17.95	\$18.90
14	Per Mile (25+)	\$1.36	\$14.85	\$16.45	\$17.30
	<i>49-72 Months</i>				
15	Per Mile (1-8)	\$1.36	\$16.15	\$17.90	\$18.85
16	Per Mile (9-25)	\$1.36	\$14.85	\$16.45	\$17.30
17	Per Mile (25+)	\$1.36	\$13.50	\$14.95	\$15.75
	<i>73-96 Months</i>				
18	Per Mile (1-8)	\$1.36	\$14.85	\$16.45	\$17.30
19	Per Mile (9-25)	\$1.36	\$13.50	\$14.95	\$15.75
20	Per Mile (25+)	\$1.36	\$12.15	\$13.45	\$14.15

Mobile Interconnection Zone Density

	A	B	C	D	E
DS1					
		<u>Incremental Cost</u>	<u>Zone 1 Rate</u>	<u>Zone 2 Rate</u>	<u>Zone 3 Rate</u>
1 Local Channel		\$42.11	\$101.50	\$112.75	\$118.40
2 Interoffice Channel (Fixed)		\$41.56	\$46.35	\$51.50	\$54.10
Interoffice Channel (Per Mile)					
3 1-8 Miles		\$1.36	\$21.50	\$23.85	\$25.05
4 9-25 Miles		\$1.36	\$20.20	\$22.40	\$23.55
5 Over 25 Miles		\$1.36	\$18.85	\$20.90	\$21.95

ZONE DENSITY COST STUDY

for

**UNITED TELEPHONE COMPANY OF FLORIDA
and
CENTRAL TELEPHONE COMPANY OF FLORIDA**

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Local Transport Restructure Zone Density

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
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08681 SEP-6 8

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Private Line Zone Density

	A	B	C	D	E
		<u>Incremental Cost</u>	<u>Zone 1 Rate</u>	<u>Zone 2 Rate</u>	<u>Zone 3 Rate</u>
1	Local Channel	\$36.17	\$101.50	\$112.75	\$118.40
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20	Per Mile (25+)	\$1.36	\$12.15	\$13.45	\$14.15

Special Access Zone Density

DS1	A	B Incremental Cost	C Zone 1 Rate	D Zone 2 Rate	E Zone 3 Rate
1	<i>Local Channel</i>	\$36.17	\$101.50	\$112.75	\$118.40
2	24-48 Months	\$36.17	\$99.50	\$110.50	\$116.05
3	49-72 Months	\$36.17	\$98.05	\$108.90	\$114.40
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Mobile Interconnection Zone Density

	A	B	C	D	E
DS1					
		<u>Incremental Cost</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
1 Local Channel		\$42.11	\$101.50	\$112.75	\$118.40
2 Interoffice Channel (1st Mile or fraction thereof)			\$66.55	\$73.90	\$77.65
3 Interoffice Channel (Each addtn'l of fraction thereof)			\$20.20	\$22.40	\$23.55
		<u>Incremental Cost</u>			
4 Interoffice Channel (Fixed)		\$41.56			
5 Interoffice Channel (Per Mile)		\$1.36			