

DECLASSIFIED

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Tracy Hatch
Attorney

Suite 700
101 N. Monroe St.
Tallahassee, FL 32301
904 425-6364
FAX: 904 425-6361

July 31, 1996

Mrs. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

In re: Docket No. 960833-TP

REQUEST FOR CONFIDENTIAL TREATMENT

Dear Mrs. Bayo:

Enclosed for filing are copies of the confidential versions of certain exhibits to portions of the Direct Testimony of AT&T of the Southern States, Inc. Exhibits Nos. WE-1, WE-3, WE-4 and WE-5 attached to the Direct Testimony of Wayne Ellison and Exhibits Nos. AL-6 and AL-7 attached to the Direct Testimony on Art Lerma contain proprietary confidential information. Certain information in the exhibits was obtained from BellSouth Telecommunications during negotiations pursuant to a nondisclosure agreement. Certain of the information is supplied by AT&T. In conjunction with AT&T's request for confidential treatment of its information, BellSouth is also filing a request for confidential treatment for its information. Redacted copies of the testimony with redacted copies attached are being filed separately.

Certain information in the exhibits is proprietary and confidential. Pursuant to Section 364.183(1), Florida Statutes, and Rule 25-24.006(5), Florida Administrative Code, AT&T requests that these documents be treated as confidential by the Commission. As required by Rule 25-22.006(5), one copy of the document is highlighted and two copies are redacted.

Yours truly,

A handwritten signature in cursive script, appearing to read "Tracy Hatch".

Tracy Hatch

Attachments

DOCUMENT NUMBER-DATE

08035 JUL 31 8

FPSC-RECORDS/REPORTING

State of Florida
Comparison of AT&T and BellSouth Cost Studies As Filed
1995
(\$000's)

<u>Cost Category/Part 32 Account</u>	AT&T Avoided Costs A	BellSouth Residential Avoided Costs B	BellSouth Business Avoided Costs C	Total BellSouth Avoided Costs D = B + C
1 Uncollectibles - (5301)	41,943	27,421	8,565	35,986
2 Product Management - (6611)	26,021	0	0	0
3 Sales - (6612)	57,875	1,868	46,476	48,344
4 Product Advertising - (6613)	26,585	0	0	0
5 Customer Service & Billing - (6623) and a portion of (6722)	174,720	115,388	42,894	158,282
6 Operations - Testing (6533)	11,106	0	0	0
7 Operations - Plant Administration (6534)	12,989	0	0	0
8 Call Completion - (6621)	7,135	0	0	0
9 Directory Assistance - (6622)	55,640	0	0	0
10 Depreciation - Operator Systems - (ARMIS 43-04 Line 6040)	2,406	0	0	0
11 Network - Co-Operator Systems - (6220)	1,257	0	0	0
12 DIRECTLY AVOIDED COSTS (Lines 1 thru 11)	417,677	144,677	97,935	242,612
13 Network Support - (6120 & 6110)	38,276	0	0	0
14 Depreciation Support - (ARMIS 43-04 Line 6020)	19,227	0	0	0
15 General & Administrative - (6710, 6721, 6722, 6723, 6724, 6725, 6726, 6727, 6728, 7240)	128,851	0	0	0
16 Return	14,254	0	0	0
17 Income Taxes	5,117	0	0	0
18 Net Other Interest	902	0	0	0
19 INDIRECTLY AVOIDED COSTS (Lines 13 thru 18)	206,627	0	0	0
20 TOTAL AVOIDED COSTS (Lines 12 and 19)	624,304	144,677	97,935	242,612
21 REVENUES	1,495,388	824,356	852,126	1,676,482
22 DISCOUNT	41.75%	17.55%	14.49%	

STATE OF FLORIDA
 1995
 (\$000's)

Cost Category/Functions	AT&T	BellSouth Residential	BellSouth Business
	Avoided Costs A (1)	Avoided Costs C	Avoided Costs B
1 Order Processing EU	88,804	30,797 (2)	17,899 (8)
2 Other Customer Operations	16,469	1,416 (3)	1,390 (9)
3 EU Postage (Billing)	14,583	N/A	N/A
4 EU Inquiry (Billing)	40,592	30,094 (4)	11,117 (10)
5 EU Collection (Collection)	14,272	34,296 (5)	6,473 (11)
6 Billing (Postage & Printing)		17,652 (6)	1,013 (12)
7 Advertising - Bill Inserts		1,137 (7)	1,137 (13)
8 TOTAL	174,720	115,388	42,894

- Source:
- (1) From Total Local BU Column of Exhibit AL5
 - (2) BellSouth workpapers, Page 7, L10, L12, & L13
 - (3) BellSouth workpapers, Page 7, L9 & L14
 - (4) BellSouth workpapers, Page 7, L11 & L16
 - (5) BellSouth workpapers, Page 7, L8, L15, L17, & L18
 - (6) BellSouth workpapers, Page 7, L22
 - (7) BellSouth workpapers, Page 7, L24 (This amount is booked to the external relations account (6722) and is not truly customer services.)
 - (8) BellSouth workpapers, Page 8, L10 & L13
 - (9) BellSouth workpapers, Page 8, L9, L14, & L15
 - (10) BellSouth workpapers, Page 8, L12
 - (11) BellSouth workpapers, Page 8, L8, L11, L16, & L17
 - (12) BellSouth workpapers, Page 8, L22
 - (13) BellSouth workpapers, Page 8, L24 (This amount is booked to the external relations account (6722) and is not truly customer services.)

DN 960833/846 Analysis of SBT's (Reid) Avoided Cost Studies
 Alternative 4: Alternative 3 plus an indirect allocation (except for uncollectibles)

Account	Description	(000)	Avoided WSR-1 <u>Residential</u>	Avoided WSR-1 <u>Business</u>	Total
		1995 Regulated			
Directly Avoided					
6611	Product Management	\$29,517			
6612	Sales	72,454	1,867,966	60,300,041	62,168,007
6613	Product Advertising	32,172			0
6621	Call Completion	17,871			
6622	Number Services	58,783			
6623	Customer Services	<u>278,324</u>	<u>127,273,844</u>	<u>54,860,839</u>	<u>182,134,683</u>
		\$489,121	\$129,141,810	\$115,160,880	\$244,302,690
Indirectly Avoided					
6711	Executive	\$10,091	\$612,661	\$484,163	\$1,096,824
6712	Planning	3,904	237,026	187,313	424,339
6721	Accounting & Finance	28,412	1,724,995	1,363,198	3,088,194
6722	External Relations	25,108	1,524,398	1,204,673	2,729,071
6723	Human Resources	39,435	2,394,242	1,892,078	4,286,320
6724	Information Mgt.	148,221	8,999,033	7,111,594	16,110,627
6725	Legal	13,571	823,945	651,132	1,475,077
6726	Procurement	8,453	513,212	405,572	918,784
6727	R & D	7,997	485,527	383,693	869,220
6728	Other G & A	141,658	8,600,570	6,796,704	15,397,273
5301	Uncollectibles	47,835	27,421,185	8,564,908	35,986,093
6121	Land & Bldgs.	71,665	4,351,041	3,438,463	7,789,504
6122	Furn. & Artworks	5,471	332,164	262,497	594,661
6123	Office Eqpt.	6,433	390,571	308,653	699,224
6124	Gen. Purpose Comp.	<u>83,973</u>	<u>5,098,305</u>	<u>4,028,996</u>	<u>9,127,301</u>
		\$642,227	\$63,508,874	\$37,083,638	\$100,592,511
	TOTAL		\$192,650,684	\$152,244,518	\$344,895,201
	Total Direct Avoided		\$156,562,995	\$123,725,788	\$280,288,783
	Total Expenses		\$2,578,713,000	\$2,578,713,000	\$2,578,713,000
	Indirect Factor		6.07%	4.80%	10.87%
	Total Avoided Costs		\$192,650,684	\$152,244,518	\$344,895,201
	Revenue Subject to Discount		\$882,438,122	\$905,876,259	1,788,314,381
	Wholesale Discount		21.83%	16.81%	19.29%

State of Florida
 AT&T's Alternative Avoided Cost Analysis for BellSouth

(\$000's)	BellSouth Revised Res. Avoided Costs A (2)	BellSouth Revised Bus. Avoided Costs B (2)	Total BellSouth Revised Avoided Costs C = A+B
Uncollectibles (1)	27,421	8,565	35,986
Product Management	18,315	16,980	33,295
Sales (1)	1,868	46,476	48,344
Advertising	16,668	17,349	34,017
Cust. Serv & Billing + Bill Inserts (1)	115,388	42,914	158,282
Operations - Testing	7,248	7,524	14,792
Operations - Plant Administration	8,478	8,824	17,301
Call Completion	8,757	9,114	17,871
Directory Assistance	28,804	29,979	58,783
Depreciation - Operator System	2,998	3,116	6,108
Network - Co-Operator System	1,616	1,681	3,297
DIRECTLY AVOIDED COSTS	235,555	192,522	428,077
Network Support	18,755	19,521	38,276
Depreciation Support	9,421	9,806	19,227
General & Administrative	63,137	65,714	128,851
Return	6,984	7,270	14,254
Income Taxes	2,507	2,610	5,117
Net Other Interest	442	460	902
INDIRECTLY AVOIDED COSTS	101,247 (4)	105,380 (5)	206,627 (3)
TOTAL AVOIDED COSTS	336,802	297,902	634,704
REVENUES	824,356	852,126	1,676,482
DISCOUNT	40.86%	34.96%	37.86%

- Sources: (1) As filed
 (2) From Page 2 of 2
 (3) From AT&T Study (includes indirects for only local service)
 (4) 208,627 x .49
 (5) 208,627 x .51

Proprietary

STATE OF FLORIDA
 CALCULATION OF ALTERNATIVE AVOIDED COST ADJUSTMENTS
 (\$000's)

Account/Title	BellSouth Direct Retail Regulated Costs A (1)	Percentage Avoided B	Total Avoided Costs C = A x B	Res. Avoided Costs D = C x .49 (2)	Bus. Avoided Costs E = C x .51 (3)
6612 - Sales	74,054	65% (4)	48,344	1,868	46,476
6611 - Product Management	33,295	100%	33,295	16,315	16,980
6613 - Prod. Advertising	34,017	100%	34,017	16,668	17,349
6623 - Customer Services & Bill Inserts	289,200	54% (4)	158,282	115,368	42,914
6533 - Operations - Testing	73,961	20%	14,792	7,248	7,544
6534 - Operations - Plant Administration	86,506	20%	17,301	8,478	8,824
6621 - Call Completion	17,871	100%	17,871	8,757	9,114
6622 - Number Service (Directory Assistance)	58,783	100%	58,783	28,804	29,979
6040 - Depreciation - Operator System	6,109	100%	6,109	2,993	3,116
6220 - Network - Operator System	3,297	100%	3,297	1,616	1,681

Source - (1) Total Regulated Amounts from BellSouth, 1995 Florida 43-03 Report and 43-04 Report (line 6040) for Depreciation - Operator System.

(2) Residential Total Avoided Costs percentage from BellSouth Study: 824,356/1,676,482 (based on revenue split).

(3) Business Total Avoided Costs percentage from BellSouth Study: 852,126 / 1,676,482 (based on revenue split).

(4) Amounts on these lines are as filed in BellSouth Study.

FLORIDA - UNBUNDLED ELEMENTS (RECURRING)

	<u>BellSouth Cost Results</u>		<u>AT&T Cost Adjustment</u>		<u>BellSouth Cost After Adjustment</u>	<u>AT&T 19-Jun-96 Proposal</u>	<u>Recommended Rate</u>
	<u>Amount</u>	<u>Source</u>	<u>Amount</u>	<u>Source</u>			
NID - Twisted Pair	N/A		N/A		N/A	\$0.00	\$0.00
Loop Combination							
- 2W	\$15.71	Note 3B	\$3.77	Exhibit IV	\$11.97	\$11.10	\$12.00
- 4W	\$28.83	"	\$7.28	Note A2	\$21.55	\$18.90	\$21.55
- BRISDN	\$37.94	"	Note A3	Note A3	Note A3	\$11.10	\$12.00
- DS1	\$23.68	"	\$3.55	Note A	\$20.13	\$23.50	\$20.15
Loop Channelization							
- Per System	\$362.31	Note 3B	\$54.35	Note A	\$307.96	\$325.00	\$308.00
- Per Circuit	\$1.12	"	\$0.17	"	\$0.95	\$0.95	\$0.95
Local Switching							
(Includes all features, functions, capabilities)							
Line Interface							
- Residence	\$1.66	Note 3B	(\$0.17)	Note A4	\$1.83	\$1.70	\$1.83
- Business	\$1.66	"	(\$0.17)	"	\$1.83	\$1.70	\$1.83
- Coin	\$1.66	Note 3A	(\$0.17)	"	\$1.83	\$1.70	\$1.83
- PBX Line	\$1.66	"	(\$0.17)	"	\$1.83	\$1.70	\$1.83
- 2W ISDN	\$10.82	Note 3B	\$3.49	Note 3G	\$7.33	\$7.00	\$7.33
Trunk Interface							
- Analog/DSO (Incl. PBX)	\$4.51	Note 3F	\$0.68	Note A	\$3.83	\$0.00	\$3.85
- DS1 (Incl. PBX)	\$108.21	Note 3F	\$16.23	"	\$91.98	\$0.00	\$92.00
- DS1 ISDN	\$263.01	Note 3B	\$30.45	"	\$172.56	\$130.00	\$173.00

	<u>BellSouth Cost Results</u>		<u>AT&T Cost Adjustment</u>		<u>BellSouth Cost After</u>	<u>AT&T</u>	<u>Recommended</u>
	<u>Amount</u>	<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Adjustment</u>	<u>19-Jun-96</u>	<u>Rate</u>
						<u>Proposal</u>	
Switching							
- Orig. First Minute							
♦ Line to Line	\$0.001740	Exhibit V	\$0.000261	Note A	\$0.001479	\$0.0013	\$0.0015
♦ Line to Trunk	\$0.001608	"	\$0.000241	"	\$0.001367	\$0.0013	\$0.0014
- Orig. Add'l Minute							
♦ Line to Line	\$0.000971	Exhibit V	\$0.000146	Note A	\$0.000825	\$0.0006	\$0.0008
♦ Line to Trunk	\$0.000308	"	\$0.000046	"	\$0.000262	\$0.0006	\$0.0003
- Term. Per Minute							
♦ Trunk to Line	\$0.000308	Exhibit V	\$0.000046	Note A	\$0.000262	\$0.0000	\$0.0003
♦ Line to Line	\$0.000000	"	\$0.000000	"	\$0.000000	\$0.0000	\$0.0000
Univ. local call termination							
- Orig. First Minute	\$0.002345	Note 3D	\$0.000352	Note A	\$0.001993	\$0.0020	\$0.0020
- Orig. Add'l Minute	\$0.001144	"	\$0.000172	"	\$0.000972	\$0.0010	\$0.0010
Operator Systems							
0+ Calling Card							
0+ Calling Card	\$0.43	Note 4	\$0.04	Note B	\$0.39	\$0.37	\$0.39
Automated Calling Card	\$0.07	"	\$0.01	"	\$0.06	\$0.07	\$0.06
Station-to-Station							
0- Calling Card	\$0.52	Note 4	\$0.05	Note B	\$0.47	\$0.48	\$0.47
0- Bill-To-Third	\$0.65	"	\$0.07	"	\$0.59	\$0.53	\$0.59
0- Collect	\$0.46	"	\$0.05	"	\$0.41	\$0.39	\$0.41
0- No Attempt	\$0.25	"	\$0.03	"	\$0.23	\$0.22	\$0.23
0+ Bill-to-Third	\$0.39	"	\$0.04	"	\$0.35	\$0.34	\$0.35
Automated Bill-To-Third	\$0.08	"	\$0.01	"	\$0.07	\$0.07	\$0.07
0+ Collect	\$0.34	"	\$0.03	"	\$0.31	\$0.32	\$0.31
Automated Collect	\$0.08	"	\$0.01	"	\$0.07	\$0.07	\$0.07
Sent Paid	\$0.38	"	\$0.04	"	\$0.34	\$0.35	\$0.34

	<u>BellSouth Cost Results</u>		<u>AT&T Cost Adjustment</u>		<u>BellSouth Cost After</u>	<u>AT&T</u>	<u>Recommended</u>
	<u>Amount</u>	<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Adjustment</u>	<u>19-Jun-96</u>	<u>Rate</u>
						<u>Proposal</u>	
Person-to-Person							
0- Calling Card	\$1.36	Note 4	\$0.14	Note B	\$1.22	\$1.05	\$1.22
0- Bill-To-Third	\$1.28	"	\$0.13	"	\$1.15	\$1.22	\$1.15
0- Collect	\$0.71	"	\$0.07	"	\$0.64	\$0.67	\$0.64
0+ Calling Card	\$0.87	"	\$0.09	"	\$0.78	\$0.86	\$0.78
0+ Bill-To-Third	\$1.31	"	\$0.13	"	\$1.18	\$0.98	\$1.18
0+ Collect	\$0.47	"	\$0.05	"	\$0.42	\$0.49	\$0.42
- Dialing Instructions	\$0.6645	"	\$0.0665	"	\$0.5980	\$.60/work minute	\$.60/work minute
- Time & Charges	\$0.6645	"	\$0.0665	"	\$0.5980	\$.60/work minute	\$.60/work minute
- Busy Line Verification	\$0.6645	"	\$0.0665	"	\$0.5980	\$.60/work minute	\$.60/work minute
- Emergency Interrupt	\$0.6645	"	\$0.0665	"	\$0.5980	\$.60/work minute	\$.60/work minute
- Call Trace	\$0.6645	"	\$0.0665	"	\$0.5980	\$.60/work minute	\$.60/work minute
Local Directory Assistance							
- Directory Assistance	\$0.2500	Note 5	\$0.0500	Note C	\$0.2000	\$0.2250	\$0.20
- DA Call Completion	\$0.0532	Note 5	\$0.0000		\$0.0532	n/a	\$0.053
Intercept	\$0.0266	Note 5	\$0.0000		\$0.0266	n/a	\$0.027
Common Transport							
- per mi., per local minute	\$0.000009	Note 15	\$0.000001	Note A	\$0.000008	\$0.000008	\$0.000008
- fac, term., per local minute	\$0.000381	"	\$0.000057	"	\$0.000324	\$0.000324	\$0.000324
Dedicated Transport, per local channel:							
2-Wire DSO or Analog	\$4.78	Note 6	(\$5.22)	Note A & D	\$10.00	\$4.10	\$10.00
4-Wire DSO or Analog	\$25.70	"	\$17.00	"	\$8.70	\$22.00	\$8.70
DS1 - Meld	\$86.02	"	\$12.90	"	\$73.12	\$73.00	Note 1
- Fixed	\$27.79	Note 9	\$4.17	Note A & D	\$23.62	N/A	\$23.65
DS3 - Meld	\$1,411.41	Note 6	\$211.71	Note A	\$1,199.70	\$1,200.00	Note 1
- Fixed	\$403.29	Note 9	\$60.49	Note A & D	\$342.80	N/A	\$343.00

	<u>BellSouth Cost Results</u>		<u>AT&T Cost Adjustment</u>		<u>BellSouth Cost After</u>	<u>AT&T</u>	<u>Recommended</u>
	<u>Amount</u>	<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Adjustment</u>	<u>19-Jun-96</u>	<u>Rate</u>
						<u>Proposal</u>	
Dedicated Transport Interoffice Channel							
Voice Grade							
-facility term. meld	\$24.34	Note 6	\$3.65	Note A	\$20.69	\$21.00	Note 1
- per mile	\$0.05	"	\$0.03	Note A & D	\$0.02	\$0.0425	\$0.02
- fixed	\$2.12	Note 9	\$0.32	"	\$1.80	N/A	\$1.80
- per analog conv.	\$5.97	"	\$0.90	"	\$5.07	N/A	\$5.10
DSO							
-facility term. meld	\$2.78	Note 6	\$0.42	Note A	\$2.36	\$2.25	Note 1
- fixed - IOC Ckt Equip.	\$2.12	Note 9	\$0.32	Note A & D	\$1.80	N/A	\$1.80
-per mile	\$0.05	Note 6	\$0.03	"	\$0.02	\$0.0425	\$0.02
DS1							
-facility term. meld	\$52.16	Note 6	\$7.82	Note A	\$44.34	\$45.00	Note 1
- fixed - IOC Ckt Equip.	\$40.54	Note 9	\$6.08	Note A & D	\$34.46	N/A	\$34.50
-per mile	\$1.17	Note 6	\$0.44	"	\$0.73	\$1.00	\$0.73
DS3							
-facility term.	\$467.64	Note 6	\$170.52	Note A & D	\$297.12	\$400.00	\$300.00
-per mile	\$17.07	Note 6	\$2.56	Note A	\$14.51	\$14.50	\$14.51
Channelization							
- DS1 to DSO/Analog, Per System	\$154.04	Note 6	\$23.11	Note A	\$130.93	\$135.00	\$131.00
- DS3 to DS1, Per Arrangement	\$363.91	Note 9	\$54.59	Note A & D	\$309.32	\$270.50	\$310.00
(SONET OC-3 with STS-1 Interface)							
- Per DS1	\$0.00	Note 9	\$0.00		\$0.00	\$3.10	\$0.00
Tandem Switching							
	\$0.000218	Note 15	\$0.000033	Note A	\$0.0002	\$0.0002	\$0.0002
Signaling Link Transport							
56 Kbps Sig. Conn.	\$4.83	Note 7	\$0.48	Note F	\$4.35	\$4.35	\$4.35
56 Kbps Sig. Termination	\$115.76	"	\$11.58	"	\$104.18	\$105.00	\$105.00

	<u>BellSouth Cost Results</u>		<u>AT&T Cost Adjustment</u>		<u>BellSouth Cost After</u>	<u>AT&T</u>	<u>Recommended</u>
	<u>Amount</u>	<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Adjustment</u>	<u>19-Jun-96</u>	<u>Rate</u>
						<u>Proposal</u>	
Signaling Transfer Point							
- ISUP Msg	\$0.000006	Note 8	\$0.00	Note F	\$0.000005	\$0.000006	\$0.000006
- TCAP MSG	\$0.000020	"	\$0.00	"	\$0.000018	\$0.000018	\$0.000018
Usage Surrogate, per mo.	\$78.92	"	\$7.89	"	\$71.03	\$71.00	\$71.00
Databases							
- Toll Free Number							
- Basic, per query	\$0.0014	Note 9	-	-	\$0.0014	N/A	\$0.0014
- Complex, per query	\$0.0016	Note 9	-	-	\$0.0016	N/A	\$0.0016
- LIDB							
- Screening, per query	\$0.0081	Note 16	-	-	\$0.0081	N/A	\$0.0081
- Msg. Invest., per query	\$0.0038	Note 16	-	-	\$0.0038	N/A	\$0.0038

FLORIDA - UNBUNDLED ELEMENTS (NONRECURRING)

	<u>BellSouth Cost Results</u>		<u>AT&T Cost Adjustment</u>		<u>BellSouth Cost After Adjustment</u>	<u>19-Jun-96 Proposal</u>	<u>Recommended Rate</u>
	<u>Amount</u>	<u>Source</u>	<u>Amount</u>	<u>Source</u>			
Network Interface							
- Twisted Pair	N/A		\$2.00	Note 2	\$2.00	\$2.00	\$2.00
Loop Channelization							
- First System	\$345.62	Note 3B	\$103.69	Note E	\$241.93	\$245.00	\$242.00
- Add'l System	\$86.99	"	\$26.10	"	\$60.89	\$65.00	\$61.00
- Per Circuit - First	\$5.35	"	\$1.61	"	\$3.75	\$3.75	\$3.75
- Per Circuit - Add'l	\$5.16	"	\$1.55	"	\$3.61	\$3.75	\$3.60
Dedicated Transport, per local channel:							
Voice Grade							
2-Wire - First	\$371.95	Note 6	\$111.59	Note E	\$260.37	\$260.00	\$260.00
- Add'l	\$106.30	"	\$31.89	"	\$74.41	\$75.00	\$75.00
4-Wire - First	\$377.08	"	\$113.12	"	\$263.96	\$264.00	\$264.00
-Add'l	\$107.21	"	\$32.16	"	\$75.05	\$75.00	\$75.00
DS1 - First	\$983.80	"	\$295.14	"	\$688.66	\$700.00	\$690.00
-Add'l	\$431.16	"	\$129.35	"	\$301.81	\$300.00	\$300.00
DS3 - First	\$388.06	"	\$116.42	"	\$271.64	\$272.00	\$272.00
-Add'l	\$0.00	"	\$0.00	"	\$0.00	\$0.00	\$0.00
Dedicated Transport Interoffice Channel							
Voice Grade							
-facility termination First	\$101.05	Note 6	\$30.32	Note E	\$70.74	\$75.00	\$71.00
-facility termination Add'l	\$43.25	"	\$12.98	"	\$30.28	\$30.00	\$30.00
DSO							
-facility termination First	\$99.80	Note 6	\$29.94	Note E	\$69.86	\$75.00	\$70.00
-facility termination Add'l	\$41.63	"	\$12.49	"	\$29.14	\$30.00	\$30.00

	<u>BellSouth Cost Results</u>		<u>AT&T Cost Adjustment</u>		<u>BellSouth Cost After Adjustment</u>	<u>19-Jun-96 Proposal</u>	<u>Recommended Rate</u>
	<u>Amount</u>	<u>Source</u>	<u>Amount</u>	<u>Source</u>			
DS1							
-facility termination First	\$403.22	Note 6	\$120.97	Note E	\$282.25	\$285.00	\$285.00
-facility termination Add'l	\$0.00	"	\$0.00	"	\$0.00	\$0.00	\$0.00
DS3							
-facility termination First	\$136.31	Note 6	\$40.89	Note E	\$95.42	\$95.00	\$95.00
-facility termination Add'l	\$0.00	"	\$0.00	"	\$0.00	\$0.00	\$0.00
Channelization							
- DS1 to DSO, per system							
First	268.33	Note 6	\$80.50	Note E	\$187.83	\$200.00	Note 1
Add'l	192.54	"	\$57.76	"	\$134.78	\$165.00	"
DS3 to DS1							
- First Arrangement	\$247.77	Note 9	\$74.33	Note D & E	\$173.44	\$188.00	\$174.00
- Add'l Arrangement	\$247.77	"	\$74.33	"	\$173.44	\$135.00	\$174.00
- Per DS1							
First	\$0.00	Note 9	None	Note D & E	None	\$105.00	\$0.00
Add'l	\$0.00	"	"	"	"	\$85.00	\$0.00
Signaling Link Transport							
- 56 Kbps Svc Established	\$401.58	Note 6	\$120.47	Note E	\$281.11	\$325.00	\$282.00

Note 1: No rate needed for this bundled item. Function is provided by unbundled elements.

Note 2: No cost provided by BellSouth. AT&T estimates a one-time charge of \$2.00 to be compensatory for use of NID.

Note 3A: No study provided. Assumes cost same as other business port costs.

Note 3B: Provided in response to Florida Order No. PSC-96-0444-FOF-TP

Note 3D: BellSouth Unbundled Element Study provided in response to 1st AT&T Data Request - Local Usage

Note 3F: Costs derived from BellSouth Unbundled Element Study submitted to Louisiana PSC on June 25, 1996.

BellSouth also submitted DS1 cost to Florida PSC of \$108.89 and Analog/DSO of \$4.71. (PSC-96-0444-FOF-TP)

Note 3G: Cost estimate includes \$7.45 switch costs and \$3.37 RTU. Until RTU calculation and SCIS procedures verified use 85% switch cost + \$1.00 RTU = \$7.33.

Note 4: Response of BellSouth to AT&T's Data Request No. 5 Item 7 dated April 4, 1996.

Note 5: Response of BellSouth to AT&T's Data Request No. 5 Item 8 dated April 4, 1996 (Louisiana) and unbundled studies submitted to Louisiana Public Service Commission June 25, 1996.

Note 6: BellSouth Local Transport Restructure Study - Florida

Note 7: Response of BellSouth to AT&T's Data Request No. 5 Items 14 & 17 dated April 4, 1996.

Note 8: Response of BellSouth to AT&T's Data Request No. 5 Item 13 dated April 4, 1996

Note 9: BellSouth Louisiana Unbundled Element Studies provided to the PSC on June 25, 1996

Note 15: Florida Switched Access Local Transport Restructure Study

Note 16: Response of BellSouth to AT&T's Data Request No. 5 Item 15 date April 4, 1996.

Note A: Reduced 15% to reflect more appropriate COM (Cost of Money) See Exhibit III.

Note A2: Adjusted cost = $1.8 \times 2W$ to reflect ratio from revised BellSouth loop study. Adjustment = difference between BellSouth estimate and adjusted cost.

Note A3: BellSouth should be required to submit revised study. In the interim price @ 2W rate.

Note A4: AT&T used wtd. termination cost, which is 130% of BellSouth's number. Then adjusted for cost of money.

Note B: Equals 90% x cost to adjust overhead and miscellaneous loadings.

Note C: Adjusted to reflect expected cost for Florida vs other states.

Note D: Louisiana costs used for proposal

Note E: Adjusted 30% pending review of included labor charges and time estimates.

Note F: Adjusted 10% for COM (Cost of Money)

Capital Costs- Bell vs. AT&T Assumptions

FPSC Exhibit Number____
 FPSC Docket 960833-TP
 Ellison Exhibit WE-3
 Capital Costs
 Page 1 of 1

Asset Life	Comp. Return Rate	Debt/Equity Ratio	Debt Interest Rate	Equity Return Rate	A/P	A/F	SAL %	AC Cap	Comp. Tax Rate	PHI Factor	Net Sal. Factor	Book Depr Rate	AC Tax	AC Total	Diff Vs. Bell	Avg Bell Ann. Chg Rate	Indicated % Reduction
5	0.0975	0.4026	0.0715	0.1150	0.2621	0.1646	0.1200	0.2424	0.3758	0.4243	0.1200	0.1760	0.0282	0.2705	(0.0391)	0.28	86%
10	0.0975	0.4026	0.0715	0.1150	0.1610	0.0635	0.1200	0.1534	0.3758	0.4243	0.1200	0.0880	0.0277	0.1811	(0.0406)	0.28	85%
15	0.0975	0.4026	0.0715	0.1150	0.1296	0.0321	0.1200	0.1258	0.3758	0.4243	0.1200	0.0587	0.0285	0.1542	(0.0433)	0.28	85%
20	0.0975	0.4026	0.0715	0.1150	0.1155	0.0180	0.1200	0.1133	0.3758	0.4243	0.1200	0.0440	0.0294	0.1427	(0.0458)	0.28	84%
25	0.0975	0.4026	0.0715	0.1150	0.1081	0.0106	0.1200	0.1068	0.3758	0.4243	0.1200	0.0352	0.0304	0.1372	(0.0480)	0.28	83%
30	0.0975	0.4026	0.0715	0.1150	0.1039	0.0064	0.1200	0.1031	0.3758	0.4243	0.1200	0.0293	0.0313	0.1344	(0.0496)	0.28	82%
5	0.1150	0.4026	0.0715	0.1443	0.2740	0.1590	0.1200	0.2549	0.3758	0.4514	0.1200	0.1760	0.0356	0.2905	(0.0191)	0.28	93%
10	0.1150	0.4026	0.0715	0.1443	0.1734	0.0584	0.1200	0.1664	0.3758	0.4514	0.1200	0.0880	0.0354	0.2017	(0.0200)	0.28	93%
15	0.1150	0.4026	0.0715	0.1443	0.1429	0.0279	0.1200	0.1396	0.3758	0.4514	0.1200	0.0587	0.0365	0.1761	(0.0214)	0.28	92%
20	0.1150	0.4026	0.0715	0.1443	0.1297	0.0147	0.1200	0.1279	0.3758	0.4514	0.1200	0.0440	0.0379	0.1658	(0.0227)	0.28	92%
25	0.1150	0.4026	0.0715	0.1443	0.1231	0.0081	0.1200	0.1221	0.3758	0.4514	0.1200	0.0352	0.0392	0.1614	(0.0238)	0.28	92%
30	0.1150	0.4026	0.0715	0.1443	0.1196	0.0046	0.1200	0.1190	0.3758	0.4514	0.1200	0.0293	0.0405	0.1595	(0.0246)	0.28	91%
5	0.1334	0.4026	0.0715	0.1751	0.2867	0.1533	0.1200	0.2683	0.3758	0.4721	0.1200	0.1760	0.0436	0.3119	0.0023	0.28	101%
10	0.1334	0.4026	0.0715	0.1751	0.1868	0.0534	0.1200	0.1804	0.3758	0.4721	0.1200	0.0880	0.0436	0.2240	0.0023	0.28	101%
15	0.1334	0.4026	0.0715	0.1751	0.1575	0.0241	0.1200	0.1546	0.3758	0.4721	0.1200	0.0587	0.0453	0.1999	0.0023	0.28	101%
20	0.1334	0.4026	0.0715	0.1751	0.1453	0.0119	0.1200	0.1438	0.3758	0.4721	0.1200	0.0440	0.0471	0.1910	0.0024	0.28	101%
25	0.1334	0.4026	0.0715	0.1751	0.1395	0.0061	0.1200	0.1388	0.3758	0.4721	0.1200	0.0352	0.0489	0.1877	0.0025	0.28	101%
30	0.1334	0.4026	0.0715	0.1751	0.1366	0.0032	0.1200	0.1362	0.3758	0.4721	0.1200	0.0293	0.0505	0.1867	0.0026	0.28	101%
5	0.1334	0.38	0.0900	0.1600	0.2867	0.1533	0.1200	0.2683	0.3758	0.4477	0.1200	0.1760	0.0413	0.3095			
10	0.1334	0.38	0.0900	0.1600	0.1868	0.0534	0.1200	0.1804	0.3758	0.4477	0.1200	0.0880	0.0414	0.2218			
15	0.1334	0.38	0.0900	0.1600	0.1575	0.0241	0.1200	0.1546	0.3758	0.4477	0.1200	0.0587	0.0429	0.1975			
20	0.1334	0.38	0.0900	0.1600	0.1453	0.0119	0.1200	0.1438	0.3758	0.4477	0.1200	0.0440	0.0447	0.1885			
25	0.1334	0.38	0.0900	0.1600	0.1395	0.0061	0.1200	0.1388	0.3758	0.4477	0.1200	0.0352	0.0464	0.1851			
30	0.1334	0.38	0.0900	0.1600	0.1366	0.0032	0.1200	0.1362	0.3758	0.4477	0.1200	0.0293	0.0478	0.1841			

"INFORMATION CLAIMED TO BE OR POTENTIALLY PROPRIETARY"

Adjusting BellSouth Initial Loop Study

Page 1 of 1

I. Adjusting BellSouth Initial Loop Study

A.	BellSouth Result	\$	17.05
B.	Excess for Non-Integrated Investment		130.00
C.	Excess for Integrated Investment		120.00
D.	Total Excess (B + C)		250.00
E.	Annual Charge Rate		26%
F.	Excess Annual Charge (D X E)	\$	65.00
G.	Excess Monthly Charge (F ÷ 12)		5.41
H.	Weight - DLC Loops		54.8%
I.	Weighted Monthly Excess	\$	2.96
J.	Net After Adjustment (A-I)		14.09
K.	Monthly Loop Expense Adjusted for Return @ 85%	\$	11.97

II. Adjusting BellSouth Revised Loop Study

A.	BellSouth Result	\$	15.74
B.	Excess for Integrated Investment	\$	120.00
C.	Annual Charge Rate		26%
D.	Excess Annual Charge	\$	31.20
E.	Excess Monthly Charge	\$	2.60
F.	Weighted - DLC loops		54.8%
G.	Weighted Monthly Excess	\$	1.42
H.	Net after adjustment (A-G)		14.32
I.	Monthly Loop Expense Adjusted for Return @ 85%	\$	12.17

Note: Revised Bell study reflects \$279.55 remote and \$118.59 CO investments, for total of \$398.14. Prior study included \$530 investment.

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LOCAL SWITCHING

USAGE COSTS

ITEM	SOURCE	AMOUNT
1a. Line to Line switch - set-up	BST Study	\$0.000769
1b. Line to Line switch - duration	BST Study	.000971
1c. Line to Line switch - Originating 1st minute	1a + 1b	.001740
- Originating additional minute	1b	.000971
2a. Two Line to Trunk switches - set-up	BST Study	.001300
2b. Two Line to Trunk switches - duration	BST Study	.000986
3a. Line to Trunk - set-up	2a	.001300
3b. Line to Trunk - duration	2b ÷ 2	.000308
3c. Line to Trunk - originating 1st minute	3a + 3b	.001608
- originating additional minute	3b	.000308
4a. Trunk to Line - set-up	Estimate	.000000
Trunk to Line - duration	3b	\$0.000308

Note: BST study refers to BellSouth unbundled element studies provided to AT&T on April 26, 1996 in response to AT&T's First Data Request, Item 5.

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