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Ms. Blanca S. Bayó  
Director, Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: MCI/BellSouth Arbitration  
Docket No. 960846-TP

960833-TP

Dear Ms. Bayó:

Enclosed for filing in the above docket are the original and fifteen copies of the following updated pages of the direct testimony and exhibits of Don Wood:

- o direct testimony pages 24-25
- o Exhibit DJW-3

Copies of these updated pages were provided to the parties during Mr. Wood's deposition last week, and copies are being provided to all persons shown on the attached service list.

Also enclosed are the original and fifteen copies of page III-2 of Exhibit DGP-2 to the direct testimony of Don Price. Due to a copying problem, most copies of the filed exhibit contain two copies of page III-1 and no copies of page III-2.

Please substitute these pages in the appropriate witness' testimony. We apologize for any inconvenience that we have caused.

If you have any questions, please call.

Very truly yours,

*Richard D. Melson*

Richard D. Melson

RDM/mee  
Enclosures  
cc: Parties of Record

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by hand delivery this 17th day of September, 1996.

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\_\_\_\_\_  
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1 in this proceeding are attached as Exhibit DJW-2. As with all data, MCI is  
2 continuing to evaluate the accuracy and validity of these inputs in order to  
3 ensure the reliability of the cost information produced by the model.

4  
5 Q. WHAT ARE THE RESULTS OF THE MODEL?

6 A. In Exhibit DJW-3, I have included the results of running the Hatfield Model to  
7 develop costs for use in this proceeding. In summary, the results of MCI's  
8 analysis are as follows:

9

10 **Hatfield Model Unbundled Network Element Summary**

11	Element	Unit Definition	Unit Cost
12	1. Network Interface Device	per line-per month	\$ 0.56
13	2. Loop Distribution	per line-per month	\$ 6.43
14	3. Loop Concentrator	per line-per month	\$ 2.55
15	4. Loop Feeder	per line-per month	\$ 2.35
16	5. End Office Switching		
17	Port	per line-per month	\$ 1.02
18	Usage	per minute	\$ 0.0017
19	6. Signaling Links	per link-per month	\$ 18.41
20	7. Signal Transfer Point	per message	\$ 0.00005
21	8. Signal Control Point	per message	\$ 0.00079
22	9. Common Transport	per minute	\$ 0.00074
23	10. Dedicated Transport	per DSO - per month	\$ 4.24
24	11. Tandem Switching	per minute	\$ 0.0012



**COST OF NETWORK ELEMENTS**

Florida BELL SOUTH TELECOMM INC - FL

**A. Loop elements**

	0 - 5 lines/sq mi	5 - 200 lines/sq mi	200 - 650 lines/sq mi	650 - 850 lines/sq mi	850 - 2550 lines/sq mi	> 2550 lines/sq mi	Totals
<i>Loop Distribution (including NID)</i>							
Annual Cost	\$ 7,622,925	\$ 85,494,760	\$ 59,178,675	\$ 18,402,785	\$ 117,120,314	\$ 205,136,510	\$ 492,955,968
Unit Cost/month	\$ 67.64	\$ 20.67	\$ 10.26	\$ 7.57	\$ 6.18	\$ 5.25	\$ 6.99
<i>Loop Concentration</i>							
Annual Cost	\$ 742,373	\$ 16,194,656	\$ 19,591,423	\$ 8,221,186	\$ 55,705,573	\$ 79,018,657	\$ 179,473,869
Unit Cost/month	\$ 6.59	\$ 3.92	\$ 3.40	\$ 3.38	\$ 2.94	\$ 2.02	\$ 2.55
<i>Loop Feeder</i>							
Annual Cost	\$ 965,073	\$ 9,606,208	\$ 9,060,622	\$ 3,628,497	\$ 43,610,985	\$ 98,809,390	\$ 165,680,775
Unit Cost/month	\$ 8.56	\$ 2.32	\$ 1.57	\$ 1.49	\$ 2.30	\$ 2.53	\$ 2.35
<i>Total Loop</i>							
Annual Cost	\$ 9,330,371	\$ 111,295,623	\$ 87,830,721	\$ 30,252,468	\$ 216,436,871	\$ 382,964,557	\$ 838,110,612
Unit Cost/month	\$ 82.80	\$ 26.91	\$ 15.22	\$ 12.44	\$ 11.43	\$ 9.79	\$ 11.89
<i>Total lines</i>	9,391	344,682	480,863	202,704	1,578,133	3,259,031	5,874,804
<i>Total lines served by DLC</i>	8,742	318,276	382,700	157,493	1,047,915	1,460,786	3,375,912

	Annual Cost	Units	Unit Cost
<b>End office switching</b>	\$ 221,681,784		
1. Port	\$ 66,504,535	5,459,485 switched lines	\$ 1.02 per line/month
2. Usage	\$ 155,177,249	93,536,345,969 minutes	\$ 0.0017 per minute
<b>Signaling network elements</b>	\$ 7,953,978		
1. Links	\$ 113,138	512 links	\$ 18.41 per link per month
2. STP	\$ 3,884,071	72,345,209,941 TCAP+ISUP messages	\$ 0.00005 per signaling message
3. SCP	\$ 3,956,770	4,977,664,600 TCAP messages	\$ 0.00079 per signaling message
<b>Transport network elements</b>			
1. Dedicated	\$ 50,727,404	998,146 trunks	\$ 4.24 per DS-0 equivalent/month
Switched	\$ 29,620,213	582,827	\$ 0.00042 per minute
Special	\$ 21,107,191	415,319	
2. Common	\$ 4,871,549	6,689,374,354 minutes	\$ 0.00074 per minute per leg (orig or term)
3. Tandem switch	\$ 7,082,332	5,730,057,671 minutes	\$ 0.0012 per minute
<b>Operator systems</b>	\$ 7,375,405		
<b>Total</b>	\$ 1,137,803,064		
<b>Total cost of switched network elements</b>	\$ 16.14	per line/month	

Intrastate Toll DEMs 9,984,285,526  
 Interstate Toll DEMs 19,195,717,860

10,044 trk-min/mo

Common Transport MOU

Local 853,373,676 w/o OS usage  
 Intrastate Toll 1,996,857,105  
 Interstate Toll 3,839,143,572  
 6,689,374,354

interLATA ded. trunks 206,741  
 end office trk port inv \$ 95,891,301

Intrastate IntraLATA Calls 663,660,000 53.35% SOCCC message counts  
 Intrastate InterLATA Calls 580,388,000 46.65%  
 1,244,048,000

trunk port usage 118,834,508,832

Calculation of EO Usage

Local DEMs, incl OS 84,865,531,848 74.4% of total DEMs  
 Intraoffice Local DEMs 41,018,378,531

Intraoffice Local Actual Min 20,509,189,286  
 Interoffice Local Actual Min 43,847,153,317 per end  
 Intrastate Toll Actual Min 9,984,285,526  
 Interstate Toll Actual Min 19,195,717,860  
 93,536,345,969

Dedicated Transport MOU  
 Local, w/o OS 20,907,655,068  
 IntraLATA Toll 2,130,519,379  
 InterLATA Toll 24,918,964,628  
 47,957,139,075

Tandem Switch MOU Dedicated Trunk-SW 397,877

Cost detail

Loops percent	0.16%	5.87%	8.19%	3.45%	26.86%	55.47%	100.00%
Loops	9,388	344,552	480,665	202,614	1,577,353	3,256,908	5,871,480

	interconnected at			wtd average
	end office	tandem		
Local interconnection	\$ 0.0017	\$ 0.0037	n/a	
IXC switched access	\$ 0.0021	\$ 0.0041	\$ 0.0025	
per 800 attempt (TCAP)	\$ 0.0017			
	\$ 0.0003			
ISUP cost/transaction	\$ 0.0003			
ISUP cost/completion	\$ 0.0005			
IXC switched access MOU/comp	9.95			
ISUP cost/min	\$ 0.0000			
D link per month	\$ 5.76			
DS-1 per month	\$ 102			
DS-3 per month	\$ 2,846			

	0 - 5 lines/sq mi	5 - 200 lines/sq mi	200 - 650 lines/sq mi	650 - 850 lines/sq mi	850 - 2550 lines/sq mi	> 2550 lines/sq mi	wtd average
NID cost per month	\$ 0.58	\$ 0.59	\$ 0.61	\$ 0.61	\$ 0.59	\$ 0.53	\$ 0.56

trunk port costs	
per trunk port (DS-0)	\$ 3.72
per trunk port minute	\$ 0.00059
total EO usage per minute	\$ 0.00166
trk port/min	\$ 0.00059
other	\$ 0.00107

	ARMIS Row Number	USOA Account	Row Name	
32	7000	6610	TotMkting36/69	16,227
33			% Avoided	90.00%
34			\$ Avoided	14,604
35	7060	6621	TotTelOp36/69	10,700
36			% Avoided	100.00%
37			\$ Avoided	10,700
38	7076	6622	TotPubDir36/69	2,057
39			% Avoided	100.00%
40			\$ Avoided	2,057
41	7310	6623	TotOthCSvc36/69	28,832
42			% Avoided	90.00%
43			\$ Avoided	25,949
44	7334	6710+6720	TotCorpOper36/69	40,305
45			% Avoided	19.46%
46			\$ Avoided	7,842
a			Total State Revenues	343,358
b			Total Expenses	274,010
c			Total Avoided	67,684
d			% Direct Expenses Avoided	19.46%
e			Wholesale Discount	24.70%