

ORIGINAL

ATTACHMENT B

BellSouth Telecommunications, Inc.
FPSC Docket No. 990649-TP
Request for Confidential Classification
Page 1 of 1
10/06/00

REQUEST FOR CONFIDENTIAL CLASSIFICATION OF AT&T/MCI
WORLD COM'S JOINT RESONSES TO STAFF'S THIRD REQUEST FOR
PRODUCTION OF DOCUMENTS (POD NOS. 12, 32, 33 AND 34) AND
FOURTH SET OF INTERROGATORIES (ITEM NOS. 8, 9, 39C AND D, 42B
AND 43D) FILED SEPTEMBER 15, 2000 IN FLORIDA DOCKET NO. 990649-
TP

Two Redacted Copies

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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

PROPRIETARY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation Into Pricing) Docket No. 990649-TP
 Of Unbundled Network Elements)
 _____)

**AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.
 AND MCI WORLDCOM, INC.'S JOINT RESPONSES TO
 FPSC STAFF'S FOURTH SET OF INTERROGATORIES
 TO AT&T COMMUNICATIONS OF THE SOUTHERN STATES AND
 FPSC STAFF'S FOURTH SET OF INTERROGATORIES
TO MCI WORLDCOM, INC.**

AT&T Communications of the Southern States, Inc. ("AT&T") and MCI WorldCom, Inc. ("WorldCom"), pursuant to Rule 28-106.206, Florida Administrative Code and Rules 1.350 and 1.280, Florida Rules of Civil Procedure, hereby submit the following Responses to FPSC Staff's Fourth Set of Interrogatories to AT&T and WorldCom.

INTERROGATORIES

8. For purposes of the following request, please refer to the rebuttal testimony of AT&T/MCI WorldCom witness Darnell, page 2, line 5. Please provide the derivation of 32.75% ratio shown.

RESPONSE: 32.75% was calculated in the following manner:

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= 32.75%
=====

Respondent Greg Darnell

- 9. For purposes of the following request, please refer to the July 31, 2000, rebuttal testimony of AT&T/MCI witness Darnell, page 4, lines 13-15, where he states that "BellSouth's amount of retail expense has grown significantly as a percent of revenue and in absolute terms over the time period for which these cost studies are based." On what does witness Darnell base this statement?

RESPONSE: See Exhibit GJD-6. All information contained in this exhibit was obtained from BellSouth's reporting to the FCC in ARMIS report number 43-03. As declared in BellSouth appendix F, files 6611SC00.xls, 6612SC00.xls and 6613SC00.xls,

3. ****BEGIN PROPRIETARY**** **END PROPRIETARY**** of account 6611,
 5. ****BEGIN PROPRIETARY**** ****END PROPRIETARY**** of account
 5. 6612, and ****BEGIN PROPRIETARY**** **END PROPRIETARY**** of account 6613 is retailing expense. Exhibit GJD-6 shows that BellSouth's expense contained in USOA 6610 grew significantly in both real terms and as a percent of revenue from 1996 - 1999. See Exhibit GJD-3 which depicts the expense amount referenced on page 3 row 6610 divided by the revenue amount contained on page 1 row 530. In 1995 BellSouth's account 6610 divided by net revenue was ****BEGIN PROPRIETARY**** **END PROPRIETARY****, in 1996 it was ****BEGIN**

31.

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PROPRIETARY** END PROPRIETARY** and in 1998 it was **BEGIN
PROPRIETARY** END PROPRIETARY**.

Respondent: Greg Darnell

10. For purposes of the following request, please refer to the July 31, 2000, rebuttal testimony of AT&T/MCI witness Darnell, page 4, lines 15-17, where he states that “. . . it is clear that BellSouth’s \$500 million reduction in the amount of avoided retail expense is contrived through differences in cost modeling assumptions.”

a) Specifically, to what cost modeling assumptions is witness Darnell referring?

RESPONSE: Given the complexity of BellSouth cost calculator, the shared and common cost application and the Cost Allocation Manual assumptions upon which it is based, it was not possible for AT&T/MCI WorldCom to determine specifically what caused this result. Witness Darnell makes this statement on his belief that it is not plausible for BellSouth’s overall retail expense to grow by nearly \$150 million in BellSouth’s primary retail expense accounts and at the same time its avoided retail expense to fall by \$500 million.

Respondent: Greg Darnell

b) Please provide a reference to BellSouth’s cost study for each of the cost modeling assumptions identified in response to (a).

RESPONSE: There is a long, extensive list of BellSouth assumptions which are interrelated, and a change to one assumption affects others. BellSouth’s cost modeling assumptions for shared and common cost can be found by: 1) accessing its cost calculator; 2) choosing inputs; 3) choosing Global; 4) choosing Shared and Common Cost

RESPONSE: In order to avoid including the erroneous SCIS results for remotes that were causing the SCIS/MO calculation errors, they had to be excluded from the calculations. As these 12 DMS offices are a relatively small number of the total 143 offices in the study, excluding them does not significantly affect the results (if they were calculating correctly).

Respondent: Catherine Pitts

39. For purposes of the following request, please refer to the rebuttal testimony of AT&T/MCI WorldCom witness Pitts, page 14, lines 17-19.

a) Please define or otherwise describe a DSU2/RAF/BRCS announcement.

RESPONSE: The DSU2/RAF/BRCS is a digital announcement that is used primarily for Advanced Intelligent Network features that have screening lists, such as Automatic Recall and Automatic Callback.

Respondent: Catherine Pitts

b) Please define or otherwise describe a SAS announcement

RESPONSE: The SAS is a high capacity announcements that can be used to replace the RAF. The SAS can coexist with the RAF's.

Respondent: Catherine Pitts

c) Please identify the relative capacities of DSU2/RAF/BRCS and SAS announcements.

RESPONSE: For the DSU2/RAF/BRCS: The capacity of one service group (20 circuits) is
20. ***Begin Confidential*** ***End Confidential*** CCS. [SCIS/IN uses an
21. extremely conservative ***Begin Confidential*** ***End Confidential***
CCS utilization). Typically, more than one service group would be provisioned, and

as this equipment is Poisson engineered, the more service groups deployed, the higher the capacity per service group.

I do not have equivalent CCS capacity information on the SAS.

Respondent: Catherine Pitts

d) Please identify the respective costs of DSU2/RAF/BRCS and SAS announcements.

RESPONSE: A DSU2/RAF/BRCS announcement *service group*, including the frame and cabinet

7. and corresponding resources is *****Begin Confidential***** *****End**

Confidential*** list price. The list price of the announcement alone is *****Begin**

9. **Confidential***** *****End Confidential***** (see 5ESS SCIS investment

table item #27). The SCIS formula is the announcement price plus the cost of the

termination on the switch module (see Cell H24 in the Revised Hardware Study

'Announcement' Worksheet). [These formulas are taken from SCIS/IN and can be

seen in that program when looking at the feature and requesting to view 'equations'.

The discounting is not linear because the formula uses an output from SCIS/MO that

would have already been discounted. In addition, only the material cost is

discounted, the engineering and installation typically does not receive a discount.

The Revised Hardware Study shows that if discounted at new switch prices, the cost

15. would be *****Begin Confidential***** *****End Confidential***** If

discounted at BellSouth's original discount, the cost would be *****Begin**

20. **Confidential***** *****End Confidential*****

I have no information on the SAS announcement cost – it is not in the version of SCIS used by BellSouth for this filing.

call setups per feature from column CA)

CC (Getting Started cost per millisecond).

Thus, BellSouth assumes that each feature in the 5E switch uses central processor milliseconds equivalent to one call setup – exactly the same assumption used for the DMS switch.

Respondent: Catherine Pitts

- b) Please describe under what circumstances the 5E central processor would become involved in feature processing.

RESPONSE: The 5E central processor only becomes involved when *****Begin Confidential*****

10

11

*****End Confidential***** Of the 56 features BellSouth included in its study (see POD #14(l), Attachment 1) only 22 use the central processor. See AT&T Response to Staff POD #34.

Respondent: Catherine Pitts

43. For purposes of the following request, please refer to the rebuttal testimony of AT&T/MCI WorldCom witness Pitts, page 28, lines 10-18 - page 29, lines 1-12.

- a) By way of clarification, are the results of employing this alternative methodology shown in Mr. King's exhibit?

RESPONSE: The proposed alternative methodology was not included in Mr. King's exhibit because BellSouth's SST model could not be used. The BellSouth calculator uses a feed from the SST model and the SST model would have required a redesign.

Respondent: Catherine Pitts

The Centrex Functionality UNE Element was set to 0.

The percentages of lines that use Caller ID and Remote Call Forwarding were corrected that contribute to the Feature Port Element.

Respondent: Catherine Pitts

- c) If the response to (a) is negative, has the witness or AT&T/WorldCom performed the required calculations that underlie the alternative methodology?

RESPONSE: Yes, the UNE-P port and end office switch usage costs were estimated. See AT&T's Response to Staff's POD #35.

Respondent: Catherine Pitts

- d) If the response to (c) is affirmative, please identify the results of such calculations.

RESPONSE:

Port(P.1.2)	Switch MOU	Trunk MOU
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Respondent: Catherine Pitts

44. According to the rebuttal testimony of AT&T/MCI WorldCom witnesses Pitkin/Donovan, page 7 lines 16-18, BellSouth has refused to provide parties with the information necessary to perform similar analyses on BSTLM that BellSouth's experts have relied on in their affirmative case. Please specifically identify what information BellSouth has refused to provide.

PROPRIETARY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation Into Pricing)
Of Unbundled Network Elements)
_____)

Docket No. 990649-TP

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.
AND MCI WORLDCOM, INC.'S JOINT RESPONSES TO
FPSC STAFF'S THIRD REQUEST FOR PRODUCTION OF DOCUMENTS TO AT&T
COMMUNICATIONS OF THE SOUTHERN STATES, INC. AND
STAFF'S THIRD REQUEST FOR PRODUCTION OF DOCUMENTS
TO MCI WORLDCOM, INC.

AT&T Communications of the Southern States, Inc. ("AT&T") and MCI WorldCom, Inc. ("WorldCom"), pursuant to Rule 28-106.206, Florida Administrative Code and Rules 1.350 and 1.280, Florida Rules of Civil Procedure, hereby submit the following Responses to FPSC Staff's Third Request for Production of Documents to AT&T and WorldCom.

DOCUMENTS REQUESTED

- 4. Referring to the rebuttal testimony of AT&T/MCI WorldCom witness Darnell, page 4, lines 12-17, please provide all reports, studies, analyses and other documents that support the assertion that BellSouth's retail expense has grown significantly during the past three years, in absolute terms and as a percentage of revenue.

RESPONSE: See Exhibit GJD-6. All information contained in this exhibit was obtained from BellSouth's reporting to the FCC in ARMIS report number 43-03.

Respondent: Greg Darnell

- 5. Referring to the rebuttal testimony of AT&T/MCI WorldCom witness Darnell, page 4, lines 12-17:

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RESPONSE: See Excel file "% Growth Lines #32.xls". This workbook illustrates that BellSouth has purchased less than 30% of its lines as growth.

4. BellSouth's response to AT&T's Interrogatory #36 indicates that Florida has approximately ***Begin Confidential*** million switched lines with an average annual growth rate from 1995-1999 of ***Begin Confidential***
5. ***End Confidential***. When an analog switch is replaced with a digital switch, all the replaced analog lines would have been purchased at the new switch price. Only lines purchased two to three years and later after the initial digital switch purchase may be at growth price. The later the digital switch was purchased, the fewer growth lines there would be. Assuming that 10% of analog lines were replaced annually with digital switch lines between 1990 and 1999 would result in less than 30% of lines in Florida were purchased at growth prices (see attached spreadsheet).

33. Referring to the rebuttal testimony of AT&T/MCI WorldCom witness Pitts, page 14, lines 14-16, please provide all documents that identify the number of lines that can share a CLASS Modem Resource Card.

RESPONSE: Refer to attached "Simplified Diagram of DMS-100 Switch" and the Excel file

17. 'CMR Lines Staff POD #34.xls'. ***Begin Confidential***

18.

19.

20.

21.

1.

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Note that Mr. Page's Rebuttal Testimony has increased the number of lines per CLASS Modem Resource Card fivefold (pg. 14), however, the increase should be twice that.

34. Referring to the rebuttal testimony of AT&T/MCI WorldCom witness Pitts, page 22, lines 13-16, please provide documents that indicate that the 5E switch uses distributed processors that perform the bulk of feature call processing.

RESPONSE: See BST Response to POD 14e, Proprietary Attachment 2, Bates Stamp page

9. B000159 stating ***Begin Confidential*** "

10. " ***End Confidential*** The SMPs are the distributed processors. The Lucent switch's central processor is called the CMP. In older Lucent switches, the central processor was called the AMP. Attached is a spreadsheet excerpting information from the SCIS/IN realtime table showing which features use the central processor.

A copy of the SCIS/IN realtime table is attached. Note that the SCIS/IN realtime table column titled "Item #" refers to the feature numbering scheme in SCIS/IN. Multiple realtimes are often associated with one feature, consequently, feature 2 has a possible six different realtimes numbered 2.00 to 2.05. The column labeled '5ESS CMP' is the central processor and the column labeled '5ESS SM' is the distributed processors. Simply scanning down the columns shows that the SM processor realtimes are doing most of the work for feature call processing.

Pitkin, Brian

From: James Stegeman [jstegeman@costquest.com]
Sent: Wednesday, July 19, 2000 12:25 PM
To: Pitkin, Brian
Cc: Robert G McKnight (E-mail)
Subject: Re: DLC Investment Build-Up

Brian,

Using the BST2000 inputs and the InvestLogicChk.XLS workbook, I did review your worksheet. Using your assumption of all POTS services, my findings are noted in the comments that follow:

RT

- Just a note: Your approach assumes all outdoor DLCs. The model does install Indoor DLCs when a single location has DSO counts that trigger the placement. In this case, the model will not install a cabinet. Instead it will install a bay and batteries.

Vendor A:

- I match your numbers exactly

Vendor B:

- I match except for the following

- I show the need for a DSX panel for Vendor B. This adds [REDACTED] to each row.
- The formula for the RT Channel Bank is off when the DSO capacity of your rows is not an Integer multiplier of 96 (224,, 448, 896, 1120, 1568, 1792). In these cases, your formula only puts in a fraction of a bank.

COT:

- First, both vendor worksheets seem to assume a concentration Ratio of 1 (if you are using Integrated - see following note).
- Second, the worksheets also seem to be putting in the DS1 line card required for terminating Integrated services and the POTS Line card required for Non-Integrated services. I would eliminate one or the other so that you are not double counting the required line card investment.

Vendor A:

- Noting the above COT comments, I match except for the following
 - I show the need for Bay investment at the CO

Vendor B:

- Noting the above COT comments, I match except for the following
 - I show the need for Bay investments and a DSX panel
 - Similar to the RT Channel bank problem, the formula for the CO Channel Bank is off when the DSO capacity of your rows is not an Integer multiplier of 96 (224,, 448, 896, 1120, 1568, 1792). In these cases, your formula only puts in a fraction of a bank.

At 09:39 AM 7/10/00 -0400, Pitkin, Brian wrote:

Jim and Bob,

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Staff's 3rd Request for Production of Documents to AT&T
Item No. 33 Page 1 of 1

Staff POD#33

Diagram 2

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Item No. 34 Page 1 of 49

Staff POD#34

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