

MCWHIRTER REEVES
ATTORNEYS AT LAW

TAMPA OFFICE:
400 NORTH TAMPA STREET, SUITE 2450
TAMPA, FLORIDA 33602-5126
P.O. BOX 3350 TAMPA, FL 33601-3350
(813) 224-0866 (813) 221-1854 Fax

PLEASE REPLY TO:
TALLAHASSEE

TALLAHASSEE OFFICE:
117 SOUTH GADSDEN
TALLAHASSEE, FLORIDA 32301
(850) 222-2525
(850) 222-5606 Fax

May 15, 2001
Via Hand Delivery

Blanca S. Bayo
Director, Division of Records & Reporting
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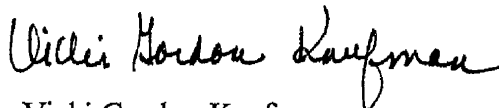
Re: Docket No. 001797-TP

Dear Ms. Bayo:

When the direct testimony of Ms. Kientzle and Mr. Riolo was filed in the above docket, pages 2-9 of Exhibit No. 4 were inadvertently omitted. Therefore, enclosed for distribution are the original and 15 copies of the entire Exhibit 4, pages 1-9. We would ask that you substitute this for Exhibit 4 as filed and distribute it to the Commissioners and the appropriate Staff members.

We apologize for any inconvenience this may have caused. Thank you for your assistance.

Sincerely,



Vicki Gordon Kaufman

cc: Felicia Banks (w/ encls) (by hand delivery & email)
Mike Twomey c/o Nancy Sims (w/ encls) (by hand delivery & email)
Catherine F. Boone

MCWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON, DECKER, KAUFMAN, ARNOLD & STEEN, P.A.

DOCUMENT NUMBER-DATE

06069 MAY 15 01

FPSC-RECORDS/REPORTING

RESULTS SUMMARY AND USER VARIABLE INPUTS

Item	Recurring		Non-Recurring		Disc. Rates	
	(\$/yr)	(\$)	(\$/yr)	(\$)	(\$/yr)	(\$)

Line Sharing on Copper

1. HBLs UNE (per line)	\$0.00	N.A.	N.A.	N.A.	N.A.	N.A.
2. ILEC-Owned Splitter -per line *	\$0.89	N.A.	N.A.	N.A.	N.A.	N.A.
3. CLEC-Owned Splitter on ILEC Frame - Recurring per line	\$0.10	N.A.	N.A.	N.A.	N.A.	N.A.
4. CLEC-Owned Splitter on ILEC Frame - Install per Shelf	N.A.	\$22.33	\$22.33	N.A.	N.A.	N.A.
5. CLEC-Owned Splitter on ILEC Frame - Install per Line	N.A.	\$0.26	\$0.26	N.A.	N.A.	N.A.
6. Place Jumper	N.A.	\$5.96	\$2.98	\$5.21	\$2.23	\$2.23
7. Remove Jumper	N.A.	\$2.23	N.A.	N.A.	N.A.	N.A.

Note:

* This calculation uses an extremely conservative 5 year economic life. Assuming an 11 year economic life (the low end of the values for the Digital Circuit Equipment in the FCC's most recent depreciation decision) the ILEC-Owned Splitter price would become only: \$0.59

User Variable Inputs

Common Cost Markup - Nonrecurring	6.24% Staff Recommendation in FPSC Docket No. 990649-TP at 352
Common Cost Markup - Recurring	6.24% Staff Recommendation in FPSC Docket No. 990649-TP at 352
Percent of Lines in Staffed COs	80% Engineering subject matter expert assumption
Tasks per Trip to Non Staffed CO	4 Engineering subject matter expert assumption
Estimated C.O. Technician Direct Levelized Labor Rate	\$42.04 BST 8/16/00 cost study filing, Appendix F, 99Lab_ .xls (group 431X), FPSC Docket No. 990649-TP
Cost of Equity	12.2% Staff Recommendation in FPSC Docket No. 990649-TP at 202
Cost of Debt	7.3% Staff Recommendation in FPSC Docket No. 990649-TP at 202
Equity share in Capital Structure	60% Staff Recommendation in FPSC Docket No. 990649-TP at 202
Composite tax rate	38.57% Staff Recommendation in FPSC Docket No. 990649-TP at 203

Calculation of Price per ILEC-Owned Splitter - 5 Year Splitter Economic Life

<u>Line</u>	<u>Description</u>	<u>Result</u>	<u>Source</u>
1	Equipped Splitter/Shelf Investment per Line	\$28.13	Bell Atlantic - NY Case 98-C-1357 response to RLI-BA-166 (see BA Investment Data sheet)
2	Splitter Shelf Capacity (lines)	96	Bell Atlantic - NY Case 98-C-1357 response to RLI-BA-166 (see BA Investment Data sheet)
3	Labor Rate	\$42.04	User Variable Input
4	Splitter/Shelf Installation Hours	0.5	Engineering Subject Matter Expert Estimate
5	Installation Cost per Line	\$0.22	(Line 3 * Line 4) / Line 2
6	Installed Splitter Investment per Line	\$28.35	Line 1 + Line 5
7	Splitter ACF	0.283453	Calculation (see note and "ACF" sheet)
8	Splitter and Shelf Annual Cost per Line	\$8.04	Line 6 * Line 7
9	Splitter and Shelf Monthly Cost per Line	\$0.67	Line 8 / 12
10	Equipment Bay/Relay Rack Monthly Cost per Shelf	\$1.32	Proxy from BA-NY, Case 98-C-1357, Workpaper Part N, Section 2, Page 1 of 1
11	Equipment Bay/Relay Rack Monthly Cost per Shelf	\$0.01	Line 10 / Line 2
12	Land and Building Monthly Cost per Shelf	\$3.55	Proxy from BA-NY, Case 98-C-1357, Workpaper Part N, Section 2, Page 1 of 1
13	Land and Building Monthly Cost per Line	\$0.04	Line 12 / Line 2
14	Annual Maintenance and Repair Hours per Shelf	1	Engineering Subject Matter Expert Estimate
15	Annual Maintenance and Repair Expense per Shelf	\$42.04	Line 3 * Line 14
16	Monthly Maintenance and Repair Expense per Line	\$0.04	Line 15 / Line 2 / 12
17	Subtotal - Monthly Cost per line	\$0.76	Line 9 + Line 11 + Line 13 + Line 16
18	Fill Factor	0.9	Engineering Subject Matter Expert Estimate
19	Total Monthly Cost per Line with Fill Adjustment	\$0.84	Line 17 / Line 18
20	Price per Line	\$0.89	Line 19 * User Input Shared and Common Cost Factor

NOTE:

Splitter ACF assumes 5 year economic life with no salvage value,
 Capital cost, capital structure and composite tax rate from BellSouth's October 27, 2000 cost study filing.

Calculation of Price per ILEC-Owned Splitter - 11 Year Splitter Economic Life

<u>Line</u>	<u>Description</u>	<u>Result</u>	<u>Source</u>
1	Equipped Splitter/Shelf Investment per Line	\$28.13	Bell Atlantic - NY Case 98-C-1357 response to RLI-BA-166 (see BA Investment Data sheet)
2	Splitter Shelf Capacity (lines)	96	Bell Atlantic - NY Case 98-C-1357 response to RLI-BA-166 (see BA Investment Data sheet)
3	Labor Rate	\$42.04	User Variable Input
4	Splitter/Shelf Installation Hours	0.5	Engineering Subject Matter Expert Estimate
5	Installation Cost per Line	\$0.22	(Line 3 * Line 4) / Line 2
6	Installed Splitter Investment per Line	\$28.35	Line 1 + Line 5
7	Splitter ACF	0.1735234	Calculation (see note and "ACF" sheet)
8	Splitter and Shelf Annual Cost per Line	\$4.92	Line 6 * Line 7
9	Splitter and Shelf Monthly Cost per Line	\$0.41	Line 8 / 12
10	Equipment Bay/Relay Rack Monthly Cost per Shelf	\$1.32	Proxy from BA-NY, Case 98-C-1357, Workpaper Part N, Section 2, Page 1 of 1
11	Equipment Bay/Relay Rack Monthly Cost per Shelf	\$0.01	Line 10 / Line 2
12	Land and Building Monthly Cost per Shelf	\$3.55	Proxy from BA-NY, Case 98-C-1357, Workpaper Part N, Section 2, Page 1 of 1
13	Land and Building Monthly Cost per Line	\$0.04	Line 12 / Line 2
14	Annual Maintenance and Repair Hours per Shelf	1	Engineering Subject Matter Expert Estimate
15	Annual Maintenance and Repair Expense per Shelf	\$42.04	Line 3 * Line 14
16	Monthly Maintenance and Repair Expense per Line	\$0.04	Line 15 / Line 2 / 12
17	Subtotal - Monthly Cost per line	\$0.50	Line 9 + Line 11 + Line 13 + Line 16
18	Fill Factor	0.9	Engineering Subject Matter Expert Estimate
19	Total Monthly Cost per Line with Fill Adjustment	\$0.55	Line 17 / Line 18
20	Price per Line	\$0.59	Line 19 * User Input Shared and Common Cost Factor

NOTE:

Splitter ACF assumes 11 year economic life with no salvage value,
 Capital cost, capital structure and composite tax rate from BellSouth's October 27, 2000 cost study filing.

**Calculation of Price per CLEC-Owned Splitter
 Recurring**

<u>Line</u>	<u>Description</u>	<u>Result</u>	<u>Source</u>
1	Equipped Splitter/Shelf Investment per Line	N.A.	
2	Splitter Shelf Capacity (lines)		96 Bell Atlantic - NY Case 98-C-1357 response to RLI-BA-166 (see BA Investment Data sheet)
3	Labor Rate	\$42.04	User Variable Input
4	Splitter/Shelf Installation Hours	N.A.	
5	Installation Cost per Line	N.A.	
6	Installed Splitter Investment per Line	N.A.	
7	Splitter ACF	N.A.	
8	Splitter and Shelf Annual Cost per Line	N.A.	
9	Splitter and Shelf Monthly Cost per Line	N.A.	
10	Equipment Bay/Relay Rack Monthly Cost per Shelf	\$1.32	Proxy from BA-NY, Case 98-C-1357, Workpaper Part N, Section 2, Page 1 of 1
11	Equipment Bay/Relay Rack Monthly Cost per Shelf	\$0.01	Line 10 / Line 2
12	Land and Building Monthly Cost per Shelf	\$3.55	Proxy from BA-NY, Case 98-C-1357, Workpaper Part N, Section 2, Page 1 of 1
13	Land and Building Monthly Cost per Line	\$0.04	Line 12 / Line 2
14	Annual Maintenance and Repair Hours per Shelf		1 Engineering Subject Matter Expert Estimate
15	Annual Maintenance and Repair Expense per Shelf	\$42.04	Line 3 * Line 14
16	Monthly Maintenance and Repair Expense per Line	\$0.04	Line 15 / Line 2 / 12
17	Subtotal - Monthly Cost per line	\$0.09	Line 11 + Line 13 + Line 16
18	Fill Factor		0.9 Engineering Subject Matter Expert Estimate
19	Total Monthly Cost per Line with Fill Adjustment	\$0.10	Line 17 / Line 18
20	Price per Line	\$0.10	Line 19 * User Input Shared and Common Cost Factor

**Calculation of Price per CLEC-Owned Splitter
 Nonrecurring**

<u>Line</u>	<u>Description</u>	<u>Result</u>	<u>Source</u>
1	Equipped Splitter/Shelf Investment per Line	N.A.	
2	Splitter Shelf Capacity (lines)		96 Bell Atlantic - NY Case 98-C-1357 response to RLI-BA-166 (see BA Investment Data sheet)
3	Labor Rate	\$42.04	User Variable Input
4	Splitter/Shelf Installation Hours		0.5 Engineering Subject Matter Expert Estimate
5	Installation Cost per Line	N.A.	
6	Installation Cost per Shelf	\$21.02	Line 3 * Line 4
7	Splitter ACF	N.A.	
8	Splitter and Shelf Annual Cost per Line	N.A.	
9	Splitter and Shelf Monthly Cost per Line	N.A.	
10	Equipment Bay/Relay Rack Monthly Cost per Shelf	N.A.	
11	Equipment Bay/Relay Rack Monthly Cost per Shelf	N.A.	
12	Land and Building Monthly Cost per Shelf	N.A.	
13	Land and Building Monthly Cost per Line	N.A.	
14	Annual Maintenance and Repair Hours per Shelf	N.A.	
15	Annual Maintenance and Repair Expense per Shelf	N.A.	
16	Monthly Maintenance and Repair Expense per Line	N.A.	
17	Subtotal	\$21.02	Line 6
18	Fill Factor	N.A.	
19	Total Monthly Cost per Line with Fill Adjustment	N.A.	
20	Price per Splitter Shelf	\$22.33	Line 17 * User Input Shared and Common Cost Factor

**Calculation of Price per CLEC Owned Splitter
 Nonrecurring**

Line	Description	Result	Source
1	Equipped Splitter/Shelf Investment per Line	N.A.	
2	Splitter Shelf Capacity (lines)		96 Bell Atlantic - NY Case 98-C-1357 response to RLI-BA-166 (see BA Investment Data sheet)
3	Labor Rate	\$42.04	User Variable Input
4	Splitter/Shelf Installation Hours		0.5 Engineering Subject Matter Expert Estimate
5	Installation Cost per Line	N.A.	
6	Installation Cost per Shelf	\$21.02	Line 3 * Line 4
7	Splitter ACF	N.A.	
8	Splitter and Shelf Annual Cost per Line	N.A.	
9	Splitter and Shelf Monthly Cost per Line	N.A.	
10	Equipment Bay/Relay Rack Monthly Cost per Shelf	N.A.	
11	Equipment Bay/Relay Rack Monthly Cost per Shelf	N.A.	
12	Land and Building Monthly Cost per Shelf	N.A.	
13	Land and Building Monthly Cost per Line	N.A.	
14	Annual Maintenance and Repair Hours per Shelf	N.A.	
15	Annual Maintenance and Repair Expense per Shelf	N.A.	
16	Monthly Maintenance and Repair Expense per Line	N.A.	
17	Subtotal	\$21.02	Line 6
18	Fill Factor		0.9 Engineering Subject Matter Expert Estimate
19	Total Monthly Cost per Line with Fill Adjustment	\$23.36	Line 17 / Line 18
20	Splitter Installation - Per Line	\$0.26	(Line 19 / Line 2) * User Input Shared and Common Cost Factor

Calculation of Jumper Work Costs For Home Run Copper Line Sharing Arrangements

Initial Task	a	install			disconnect			
		b Probability	c Time (min)	d Rate (\$/hr)	e Cost	f Time (min)	g Rate (\$/hr)	h Cost
1	Pull and analyze order	100%	2.5	\$42.04	\$1.75		\$42.04	\$1.75
2	Travel to non-staffed CO	5%	20	\$42.04	\$0.70		\$42.04	\$0.70
3	Install one 2/4 wire cross connect on MDF to CFA	100%	3	\$42.04	\$2.10			N.A.
4	Remove one 2/4 wire jumper on MDF	100%	N.A.	\$42.04	N.A.	2	\$42.04	\$1.40
5	Close Order	100%	1.5	\$42.04	\$1.05		\$42.04	\$1.05
<i>total with overhead</i>					\$5.96			\$5.21
Additional								
Task		Probability	Time (min)	Rate (\$/hr)	Cost	Time (min)	Rate (\$/hr)	Cost
1	Pull and analyze order	100%	2.5	\$42.04	N.A.			N.A.
2	Travel to non-staffed CO	5%	20	\$42.04	\$0.70		\$42.04	\$0.70
3	Install one 2/4 wire cross connect on MDF to CFA	100%	3	\$42.04	\$2.10			N.A.
4	Remove one 2/4 wire jumper on MDF	100%	N.A.	\$42.04	N.A.	2	\$42.04	\$1.40
5	Close Order	100%	1.5	\$42.04	N.A.			N.A.
<i>total with overhead</i>					\$2.98			\$2.23

NOTES:

- a-f Task descriptions, task applicability and task times are based on the opinion of technical experts who have hands-on experience in performing the tasks or have supervised those who do.
- b Travel time probability is (1 - Percent of Staffed COs) / Tasks per Trip to Non Staffed CO from User Variable Inputs.
- d From User Variable Inputs.
- e Cost is Probability * Time(min) * (Rate(\$/hr)/60).
- g From User Variable Inputs.
- h Cost is Probability * Time(min) * (Rate(\$/hr)/60).

Calculation of Annual Cost Factors

Depreciation life	5				
Cost of Equity	12.2%				
Cost of Debt	7.3%				
Equity share in capitalization	60.0%				
Composite tax rate	38.6%				
	Year 1	Year 2	Year 3	Year 4	Year 5
Depreciation expense	0.2	0.2	0.2	0.2	0.2
Cost of capital	0.1024	0.0819	0.0614	0.0410	0.0205
Tax on return to equity	0.0282	0.0226	0.0169	0.0113	0.0056
Total	0.3306	0.3045	0.2784	0.2523	0.2261
Present Value	\$1.07				
Annual cost factor	0.2835				

Depreciation life	11										
Cost of Equity	12.2%										
Cost of Debt	7.3%										
Equity share in capitalization	60.0%										
Composite tax rate	38.6%										
Year	1	2	3	4	5	6	7	8	9	10	11
Depreciation expense	0.091	0.091	0.091	0.091	0.091	0.091	0.091	0.091	0.091	0.091	0.091
Cost of capital	0.1024	0.0931	0.0838	0.0745	0.0652	0.0559	0.0465	0.0372	0.0279	0.0186	0.0093
Tax on return to equity	0.0282	0.0257	0.0231	0.0205	0.0180	0.0154	0.0128	0.0103	0.0077	0.0051	0.0026
Total	0.2215	0.2097	0.1978	0.1859	0.1740	0.1622	0.1503	0.1384	0.1265	0.1147	0.1028
Present Value	\$1.11										
Annual cost factor	0.1735										

Splitter Investment					
Copy of BA-NY response to Rhythms discovery request RLI-BA-166, March 28,2000, NYPSC Case 98-C-1357:					
Siecor Equipment	Part Number	Price	Capacity	Remarks	Dimensions (HXWXD) inches
Frame Mounted *	BA Investment Data				
Fully Equipped ADSL POTS Splitter Shelf for Conventional MDF	COSA16S1W001	\$ 450.00	16 lines	Cost per line \$28.13	9.0 X 12.25 X 12.25
Fully Equipped ADSL POTS Splitter Shelf for COSMIC MDF	COSA16S1W002	\$ 450.00	16 lines	Cost per line \$28.13	9.0 X 12.25 X 12.25
Splitter Cards w/ dc blocking	COSP00S10000	\$ 56.00	2 lines/card		
Splitter Cards w/o dc blocking	NA	\$ 56.00	2 lines/card	No part number available. Prototype in lab for testing	
Rack Mounted					
ADSL POTS Splitter Shelf for Quad Cards	COSF00S2R008	\$ 500.00	96 lines		5.2 X 23.0 X 9.5
Splitter Cards w/ dc blocking	COSP00S20000	\$ 91.67	4 lines/card		
Splitter Cards w/o dc blocking	COSP00S160000	\$ 91.67	4 lines/card		
Fully Equipped Splitter Shelf	COSF96S2R008	\$ 2,700.00	96 lines	Cost per line \$28.13	
ADSL POTS Splitter Shelf for Octal Cards	COSG00S4R012	\$ 600.00	128 lines		6.97 X 23 X 9.52
Splitter Cards w/ dc blocking	COSP00S40000	\$ 187.50	8 lines/card		
Splitter Cards w/o dc blocking	COSP00S60000	\$ 187.50	8 lines/card		
Fully Equipped Splitter Shelf	COSG128S4R012	\$ 3,600.00	128 lines	Cost per line \$28.13	
*Frame mounted shelves are always sold fully equipped.					