

ORIGINAL

REDACTED

AT&T Florida
Florida Public Service Commission
Docket No. 060822-TL
Staff's 1st Data Request
January 29, 2007
Item No. 1

**ATTACHMENT TO DATA REQUEST,
ITEM NO 1**

REDACTED

DOCUMENT NUMBER-DATE
01944 MAR-15
FPSC-COMMISSION CLERK

Nocatee Private Communities Distribution Alternatives

Riverwood & Coastal Oaks Distribution Alternatives																	
Private Community	Alt 1 - Nocatee Places Conduit								Alt 2 - Nocatee Places Dist. Facilities				Alt 3 - Nocatee Reimburses BellSouth for Dist. Facilities				
	Length/ Lot	# Lots	Total Length	Cond Cost/Ft	Cond Cost/Lot	Total Cost	Minimum Estimate	Maximum Estimate	Cost/ Lot	Total Cost	Minimum Estimate	Maximum Estimate	Cost/ Lot	Total Cost	Minimum Estimate	Maximum Estimate	
Riverwood - Phase 1	70	282	19,740														
Coastal Oaks - Phase 1	70	197	13,790														
Phase 1 Total	70	479	33,530														
Riverwood - Phase 2-3	70	1,899	132,930														
Coastal Oaks - Phase 2-4	70	694	48,580														
Phase 2+ Total	70	2,593	181,510														
Riverwood - Total	70	2,181	152,670														
Coastal Oaks - Total	70	891	62,370														
Private Community Total	70	3,072	215,040														
Cost Assumptions:	Minimum & Maximum estimates determined by +/- 20% Total Cost A Handhole is placed every 10 lots (700') 1-4" PVC conduit placed Joint Trenching used to place conduit								Facilities are direct buried, not in conduit Cost includes all costs associated with distribution facilities (i.e. cables, ONUs, etc.), using BellSouth pricing				Same costs associated with Alt 2				
Benefits									BellSouth does not incur capital investment costs for distribution facilities Cheapest alternative for BellSouth & Developer				BellSouth owns distribution facilities No telecom construction work required by developer Cheapest alternative for BellSouth & Developer BellSouth does not make a capital investment				
Pitfalls	Greater cost to developer than alternatives 2 & 3. BellSouth would still need to place facilities and make a capital investment								BellSouth does not own dist. facilities Developer responsible for dist. facilities								

Nocatee Private Communities Conduit Cost

Riverwood & Coastal Oaks Phase One and Build Out Conduit Cost (PRIVATE)									
Private Community	Not Joint Trenched						Joint Trenched		
	Conduit Length/Lot	# Lots	Total Length	Cond Cost/Ft	Cond Cost/Lot	Total Cost	Cond Cost/Ft	Cond Cost/Lot	Total Cost
Riverwood									
Phase 1	70	638	44,660						
Phase 2	70	768	53,760						
Phase 3	70	775	54,250						
Total	70	2,181	152,670						
Coastal Oaks									
Phase 1	70	197	13,790						
Phase 2	70	317	22,190						
Phase 3	70	154	10,780						
Phase 4	70	223	15,610						
Total	70	891	62,370						
Private Community Total	70	3,072	215,040						
Cost Assumptions:									
A Handhole is placed every 10 lots (700')									
2-4" PVC conduits placed									

Nocatee Private Communities Cost

Riverwood & Coastal Oaks Phase One and Build Out Cost (PRIVATE)						
Description	Unit Price	Units Bld Out (2006-2007)	Unit Cost	Units Bld Out (2008-2014)	Unit Cost	Total 2006-2014
Digital Loop Electronics						
Coastal Oaks(Phase One 197-Build Out 891)						
MESA-2 E/W 1 MDS, 1 CBA		1		0		
Multiplexer (MUX + Plugs)		2		0		
MDS Common Shelf Plugs		1		0		
LIU's \$1050 each (1 for 192 line GR-303 sys, 1 for protect)		2		1		
LSU's \$42 each (6)		6		0		
DISCS CBA COMMONS		1		0		
QOIU \$1055 each (4 ONU's per card)		5		13		
ONU plugs equipped for 8 lines each \$578/ONU		15		50		
Miscellaneous & Installation		1		0		
24 Fiber 1000' buried (\$164/FKF)		3		0		
Total						

Description	Unit Price	Units Bld Out (2006-2007)	Unit Cost	Units Bld Out (2008-2014)	Unit Cost	Total 2006-2014
Digital Loop Electronics						
Riverwood (Phase One 282-Build Out 2181)						
MESA-2 E/W 1 MDS, 1 CBA		1		1		
Multiplexer		1		1		
MDS Common Shelf Plugs		1		1		
LIU's \$1050 each (1 for 192 line GR-303 sys, 1 for protect)		2		5		
LSU's \$42 each (6)		6		3		
DISCS CBA COMMONS		1		1		
QOIU \$1055 each (4 ONU's per card)		6		22		
ONU plugs equipped for 8 lines each \$578/ONU		21		91		
Miscellaneous & Installation		1		1		
24 Fiber 1000' buried (\$164/FKF)		3		6		
Total						

Description	Unit Price	Units Bld Out (2006-2007)	Unit Cost	Units Bld Out (2008-2014)	Unit Cost	Total 2006-2014
MX FITL Distribution						
Coastal Oaks(Phase One 197-Build Out 891)						
Phase One		197				
Phase Two				317		
Phase Three				154		
Phase Four				223		
Total		197		694		

Description	Unit Price	Units Bld Out (2006-2007)	Unit Cost	Units Bld Out (2008-2014)	Unit Cost	Total 2006-2014
MX FITL Distribution						
Riverwood (Phase One 282-Build Out 2181)						
Phase One		282		356		
Phase Two				768		
Phase Three				775		
Total		282		1899		

	PH 1 DLE	PH 1 DIST	PH 2-4 DLE	PH 2-4 DIST	PH 1 TOTALS	PH 2-4 TOTAL
COASTAL OAKS						
RIVERWOOD						
FEEDER FIBER COST (Plant to Development Area)						
GRAND TOTALS						

	PH 1 TOTAL	PH 2-4 TOTAL	2006-2007 INVESTMENT	2008-2014 INVESTMENT	TOTAL INVESTMENT	Total Units
COASTAL OAKS						891
RIVERWOOD						2,181
FEEDER FIBER COST (Plant to Development Area)						
GRAND TOTALS						3,072

Notes:
 Digital Loop Electronics cost based on current pricing and technology.
 Distribution cost based on an average of 14 homes per ONU.
 Distribution Unit Price of \$ includes all costs associated with distribution, including ONUs, cable, overhead, eng, etc
 Build out rate based on current developer proposed schedule.
 Costs assume complete buildout

Nocatee Public Communities Cost

Austin Park & Tidewater Phase One and Build Out Cost (Public)						
Description	Unit Price	Units PHI	Unit Cost	Units Bld Out	Unit Cost	Total
Digital Loop Electronics		(2006-2007)		(2008-2014)		2006-2014
Austin Park & Sandy Ridge (Phase One 190-800 Build Out)						
MESA-2 E/W 1 MDS, 1 CBA		1		0		
Multiplexer (MUX + Plugs)		1		0		
MDS Common Shelf Plugs		1		0		
LIU's \$1050 each (1 for 192 line GR-303 sys, 1 for protect)		2		1		
LSU's \$42 each (6)		6		0		
DISCS CBA COMMONS		1		0		
QOIU \$1055 each (4 ONU's per card)		5		11		
ONU plugs equipped for 8 lines each \$578/ONU		15		43		
Miscellaneous & Installation		1		0		
24 Fiber 1000' buried (\$164/FKF)		4		0		
Total						

Description	Unit Price	Units PHI	Unit Cost	Units Bld Out	Unit Cost	Total
Digital Loop Electronics		(2006-2007)		(2008-2014)		2006-2014
Tidewater, Willow Cove, & Town Center (Phase One 160 Build Out 2060)						
MESA-4 E/W 2 MDS, 1 CBA		1		0		
Multiplexer		1		0		
MDS Common Shelf Plugs		1		0		
LIU's \$1050 each (1 for 192 line GR-303 sys, 1 for protect)		2		4		
LSU's \$42 each (6)		6		0		
DISCS CBA COMMONS		1		0		
QOIU \$1055 each (4 ONU's per card)		3		33		
ONU plugs equipped for 8 lines each \$578/ONU		12		135		
Miscellaneous & Installation		1		0		
24 Fiber 1000' buried (\$164/FKF)		3		0		
Total						

Description	Unit Price	Units PHI	Unit Cost	Units Bld Out	Unit Cost	Total
MX FITL Distribution	Home Pass	(2006-2007)		(2008-2014)		2006-2014
Austin Park & Sandy Ridge (Phase One 190-800 Build Out)						
Phase One		190				
Phase Two				200		
Phase Three				200		
Phase Four				210		
Total		190		610		

Description	Unit Price	Units PHI	Unit Cost	Units Bld Out	Unit Cost	Total
MX FITL Distribution	Home Pass	(2006-2007)		(2008-2014)		2006-2014
Tidewater & Town Center (Phase One 160 Build Out 2060)						
Phase One		160				
Phase Two				500		
Phase Three				600		
Phase Four				800		
Total		160		1900		

	PH 1 DLE	PH 1 DIST	PH 2-4 DLE	PH 2-4 DIST	PH 1 TOTALS	PH 2-4 TOTAL
AUSTIN PARK AND SANDY RIDGE						
TIDEWATER, WILLOW COVE & TOWNCENTER						
GRAND TOTALS						
	PH 1	PH 2-4	2006-2007	2008-2014	TOTAL	
	TOTAL	TOTAL	INVESTMENT	INVESTMENT	INVESTMENT	
AUSTIN PARK AND SANDY RIDGE						
TIDEWATER, WILLOW COVE & TOWNCENTER						
GRAND TOTALS						

Notes:
 Digital Loop Electronics cost based on current pricing and technology.
 Distribution cost based on an average of 14 homes per ONU.
 Distribution Unit Price of \$ includes all costs associated with distribution, including ONUs, cable, overhead, eng, etc.
 Build out rate based on current developer proposed schedule.
 Costs assume complete buildout

Nocatee Master Development Cost (2006-2014)

Nocatee Master Development Cost 2006-2014			
Description			Total
Digital Loop Electronics	2006-2007	2008-2014	2006-2014
PRIVATE COMMUNITIES (Phase One 479-Build Out 3072)			
PUBLIC COMMUNITIES (Phase One 350-Build Out 2860)			
TOTAL			

Description			Total
MX FITL Distribution	2006-2007	2008-2014	2006-2014
PRIVATE COMMUNITIES (Phase One 479-Build Out 3072)			
PUBLIC COMMUNITIES (Phase One 350-Build Out 2860)			
TOTAL			

Description			Total
Total Deployment Costs	2006-2007	2008-2014	2006-2014
PRIVATE COMMUNITIES (Phase One 479-Build Out 3072)			
PUBLIC COMMUNITIES (Phase One 350-Build Out 2860)			
TOTAL			
GRAND TOTALS			

Note: Other cost to reinforce existing plant from St Augustine Main CO to Development area are not included in this pricing. This pricing includes new development cost within the Community Development District only.

DATA/VIDEO ADDITIONAL COST FOR PRIVATE COMMUNITIES AT NOCATEE			
DATA REQUIREMENTS FOR CENTRAL OFFICE			
DESCRIPTION	UNIT COST	UNITS NEEDED	COST
DS3 INTERFACE CARD-DS3		1	
TOTAL COST			
DATA REQUIREMENTS FOR RT CABINET			
DESCRIPTION	UNIT COST	UNITS NEEDED	COST
RIVERWOOD DS3 INTERFACE CARD-DS3		1	
COASTAL OAKS DS3 INTERFACE CARD-DS3		1	
TOTAL COST			
DATA REQUIREMENTS PER ONU			
DESCRIPTION	UNIT COST	UNITS NEEDED	COST
ADSL PLUG IN-QDC12 PER ONU		3	
RIVERWOOD ONUS		63	
COASTAL OAKS ONUS		36	
TOTAL COST			
TOTAL COST TO PROVIDE DATA			
VIDEO REQUIREMENTS FOR RT CABINET			
DESCRIPTION	UNIT COST	UNITS NEEDED	COST
RIVERWOOD			
FIBER OPTIC AMP-R18FOA4		1	
32 PORT SWX SHELF-M32SWXSHF10		1	
32 PORT SWX MODULE-M32SWXM642		1	
TOTAL COST			
COASTAL OAKS			
FIBER OPTIC AMP-R18FOA4		1	
32 PORT SWX SHELF-M32SWXSHF10		1	
32 PORT SWX MODULE-M32SWXM642		1	
TOTAL COST			
VIDEO REQUIREMENTS FOR ONU			
DESCRIPTION	UNIT COST	UNITS NEEDED	COST
RIVERWOOD			
VIDEO PEDESTAL FOR ONU MCAD12-SFTV80		63	
MX VIDEO CARD-BIOU522		63	
TOTAL COST			
COASTAL OAKS			
VIDEO PEDESTAL FOR ONU MCAD12-SFTV80		36	
MX VIDEO CARD-BIOU522		36	
TOTAL COST			
TOTAL COST TO PROVIDE VIDEO			
GRAND TOTAL COST TO PROVIDE DATA AND VIDEO			



Construction
Work
Drawing

State: FLORIDA
District: NE/NW FLORIDA
Exchange: ST AUGUSTINE
Wire Ctr: STAGFLMA

AA/Topic: 07901
Tax District: 5504
R2/C2: 03/09
Serv Unit Type: NONEW

Designer:
Gary Hoffman

Phone: 904-363-7098

Records Ref:
D11111

Job Description:
NOGATEE FITL COST BROAD
GAUGE

Job Number: 63E43168N

On: 1 of 6



State: FLORIDA
District: NE/AM FLORIDA
Exchange: ST AUGUSTINE
Area Code: STAGFLMA

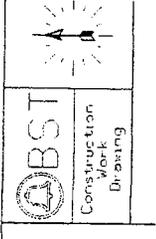
AA/Title: 07500
Iss. District: 55004
REG: 03/09
Soc. Unit Title: NONEW

Designer: Gary Hoffman
Phone: 904-363-7098
Records Ref: 011111

Job Description:
INDICATE FITL COST BROAD
GAUGE

Job Number: 63E43168N

Date: 2 of 6

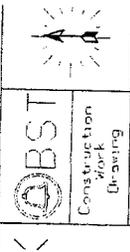


State: FLORIDA
District: NE/NW FLORIDA
Exchange: ST AUGUSTINE
Area Code: STAGELMA

GA/Type: 87901
Tax District: 5504
PZ VZ: 13/09
Service Type: NONEW

Designer: Gary Hoffman
Phone: 904-363-7098
Records Ref: 011111

Job Description: NOCATEE FITL COST BROAD GAUGE
Job Number: 63E4JG68N
D/C: 3 OF 6



State: FLORIDA
District: NE/NW FLORIDA
Exchange: ST AUGUSTINE
Area Code: ST AUGLMA

AA/Telno: 87904
Tel. District: 55004
RZ/CZ: 13/09
See Unit Type: NONEW

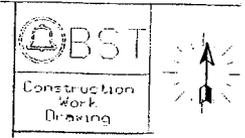
Designer:
Gary Hoffman
Phone: 904-363-7098

Records Ref:
D11111

Job Description:
NOCAITE FITL COST BROAD
GAUGE

Job Number: 63E43168N

ENC 4 of 6



State: FLORIDA
District: NE/NW FLORIDA
Exchange: ST AUGUSTINE
Wire Ctr: STAGFLMA

AA/Taper: 07901
Tax District: 55014
R2-C2: 13/09
Serv Unit Type: NONEW

Designer: Gary Hoffman
Phone: 904-363-7098

Records Ref:
011111

Job Description:
NOCATEE FITL COST BROAD
GAUGE

Job Number: 63E43168N

Sheet 5 of 6



Construction
Mark
Drawing

State: FLORIDA
District: NE/WI FLORIDA
Exchange: ST AUGUSTINE
Area Co.: STAFLMA

AA/Type: 017901
Tax District: 55004
PZ/CZ: 03/09
Spec. Inst. Type: NONE

Designer:
Gary Hoffman
Phone: 904-363-7098
Records Ref:
011111

Job Description:
NOCATEE FITL COST BROAD
GAUGE

Job Number: 63E43168N

Sheet 6 of 6

PART A, FRC 45C

OSPCM System:

GENERATED: 02/02/2007, 18:26

RQST BY: HOFFMAN GARY A

**** CONSTRUCTION DETAILS ****

OSPCM REPORT: 502, PART A

CMC: JKNC JOB: 63E43168N BILLING? N FRC: 45C
PLANT TYPE: PRICING DATE: 02/02/2007

ITEM DESCRIPTION	MCF	FKF	QTY	UNIT COST	AMOUNT
ANMW-25 2"-PVC DT2-PTX-12/12 BSW-2 WIRE-CLOSURE					
EXEMPT MATERIAL SUPPLY EXPENSE	-- TELCO			HRS	
** TOTAL MATERIAL					=====
PLACING LABOR SPLICING LABOR TAP FACTOR				HRS HRS	
** TOTAL LABOR					=====
CONTRACT ADDED COSTS	-- CONT				
** TOTAL CONTRACT					=====
ENGINEERING				HRS	
** TOTAL ENGINEERING					=====
TOTAL MATL, LABOR, CONTRACT, ENGR					
** GRAND TOTAL					=====
LABOR HRS =					
ENGR HRS =					
PART A, FRC					257C

OSPCM System:

GENERATED: 02/02/2007, 18:26

RQST BY: HOFFMAN GARY A

**** CONSTRUCTION DETAILS ****

OSPCM REPORT: 502, PART A

CMC: JKNC JOB: 63E43168N BILLING? N FRC: 257C
 PLANT TYPE:
 PRICING DATE: 02/02/2007

ITEM DESCRIPTION	MCF	FKF	QTY	UNIT COST	AMOUNT
MLTONU2-12/24SF MCAD12-SF					
EXEMPT MATERIAL	--	TELCO		HRS	
SUPPLY EXPENSE					
** TOTAL MATERIAL					=====
PLACING LABOR				HRS	
SPLICING LABOR				HRS	
TAP FACTOR					
** TOTAL LABOR					=====
CONTRACT					
** TOTAL CONTRACT					=====
ENGINEERING				HRS	
** TOTAL ENGINEERING					=====
TOTAL MATL, LABOR, CONTRACT, ENGR					
** GRAND TOTAL					=====
LABOR HRS	=				
ENGR HRS	=				
PART A, FRC				845C	

OSPCM System:
 GENERATED: 02/02/2007, 18:26 RQST BY: HOFFMAN GARY A

**** CONSTRUCTION DETAILS ****
 OSPCM REPORT: 502, PART A

CMC: JKNC JOB: 63E43168N BILLING? N FRC: 845C
 PLANT TYPE:
 PRICING DATE: 02/02/2007

ITEM DESCRIPTION	MCF	FKF	QTY	UNIT COST	AMOUNT
RF3492B6012AW12					
FIBCPR-2/2/350					
RF3492B6018AW18					
RFFBCP-2/2					
RF3492B6006AW06					
BS3492B6018AW18					

HANDHOLE30X58
 2"-PVC
 FIBCPR-2/2/300
 4"-PVC

 EXEMPT MATERIAL -- TELCO HRS
 SUPPLY EXPENSE

** TOTAL MATERIAL

PLACING LABOR HRS
 SPLICING LABOR HRS
 TAP FACTOR

** TOTAL LABOR

CONTRACT

** TOTAL CONTRACT

ENGINEERING HRS

** TOTAL ENGINEERING

TOTAL MATL, LABOR, CONTRACT, ENGR

** GRAND TOTAL

LABOR HRS =
 ENGR HRS =

PART C

OSPCM System:

GENERATED: 02/02/2007, 18:26

RQST BY: HOFFMAN GARY A

***** DETAILED PRICING SUMMARY *****

OSPCM REPORT: 502, PART C

CMC: JKNC

BILLING? N

JOB: 63E43168N
 PRICING DATE: 02/02/2007

PLANT TYPE	GROSS ADDS	PLANT RETIRED	SALVAGE	COST OF REMOVAL	MAIN- TENANCE
------------	---------------	------------------	---------	--------------------	------------------

TOTAL MCF
 TOTAL FKF

TOTAL CONTRACT \$
 TOTAL ENGINEERING \$

GROSS EXPENDITURES \$
 NET REQUIREMENTS \$
 NET ADDITIONS \$

TOTAL LABOR HOURS =
 TOTAL ENGR HOURS =
 TOTAL M DOLLARS =

PART D

OSPCM System:

GENERATED: 02/02/2007, 18:26

RQST BY: HOFFMAN GARY A

***** MCF/FKF DETAIL SUMMARY *****
 OSPCM REPORT: 502, PART D

CMC: JKNC

BILLING? N

JOB: 63E43168N
 PRICING DATE: 02/02/2007

----- MCF -----

CABLE TYPE	#PRS	QTY	PIC	PULP
ANMW-25				
RF3492B6012AW12				
RF3492B6018AW18				
RFFBCP-2/2				
RF3492B6006AW06				
BS3492B6018AW18				
TOTAL				

FIBER TYPE	#FBRS	QTY	FKF
TOTAL			

PART E

OSPCM System:

GENERATED: 02/02/2007, 18:26

RQST BY: HOFFMAN GARY A

***** DETAILED PRICING ERROR LISTING *****
 OSPCM REPORT: 502, PART E

CMC: JKNC

BILLING? N

JOB: 63E43168N
 PRICING DATE: 02/02/2007

NO ERRORS OR WARNINGS WERE GENERATED IN PRODUCING THIS REPORT

PART F

OSPCM System:

GENERATED: 02/02/2007, 18:26

RQST BY: HOFFMAN GARY A

***** BILLING SUMMARY *****

OSPCM REPORT: 502, PART F

CMC: JKNC

JOB: 63E43168N

JOB DESCR: NOCATEE BMX BROAD GAUGE

COST ESTIMATE AS PER REQUEST:

-
- (1) ENGINEERING COST
 - (2) PLANT LABOR COST
 - (3) MATERIAL COST
 - (4) CONTRACT COST

Subtotal Cost

=====

DISTRIBUTION OF COLLECTIONS

Salvage

Replaced Item

Total Cost minus Replaced Item and Salvage

PART L

OSPCM System:

GENERATED: 02/02/2007, 18:26

RQST BY: HOFFMAN GARY A

***** LABOR RATE SUMMARY *****

OSPCM REPORT: 502, PART L

CMC: JKNC

JOB: 63E43168N
BILLING? N PRICING DATE: 02/02/2007

PAC	LABOR	RES	RESOURCE	LOADED LABOR		
CLASS	CLASS	ID	DESCRIPTION	HOURS	RATE/HOUR	TOTAL
-	--	----	-----	-----	-----	-----
C	BP	FHJSS7	BUILDER			

C BP FHJSS7 BUILDER

AT&T Florida
Florida Public Service Commission
Docket No. 060822-TL
Staff's 1st Data Request
January 29, 2007
Item No. 7

**ATTACHMENT TO DATA REQUEST,
ITEM NO 7**

REDACTED

<u>TAKE RATE</u>	<u>DISC PAYBACK (YRS)</u>	<u>NPV (\$) 20 YRS</u>	<u>NPV (\$) 10 YRS</u>
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Capital Cost per line
 Expense cost per line
 ARPU
 Tax Rate %
 Discount rate

Assumes: Construction four phases over four years for infrastructure
 Phase 1
 Phase 2
 Phase 3
 Phase 4

Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Year 11 Year 12 Year 13 Year 14 Year 15 Year 16 Year 17 Year 18 Year 19 Year 20

Units per Year
 1/2 Year
 Cumulative

Revenue per year
 Cumulative Rev

Capital cost per year
 Cumulative capital costs

Expense per year

cash flow
 cumulative cash flow
 cumulative present value
 Discounted pay back

NPV for 20 years
 NPV for 10 years

NPV = The difference between the present value of the cash inflows and the present value of the cash outflows associated with an investment project
 discounted Payback: An estimate of how long it will take before the cost of a capital investment project is covered by the future net cash flows arising from that project discounted at an appropriate rate.

Capital Cost per line
 Expense cost per line
 ARPU
 WACC %
 Discount rate

Assumes Construction four phases over four years for infrastructure
 Phase 1
 Phase 2
 Phase 3
 Phase 4

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
Units per Year																						
2 Year Cumulative																						
Revenue per year																						
Cumulative Rev																						
Capital cost per year																						
Cumulative capital costs																						
Expense per year																						
cash flow																						
cumulative cash flow																						
present value																						
cumulative present value																						
Discounted pay back																						
NPV for 20 years																						
NPV for 10 years																						

NPV: The difference between the present value of the cash inflows and the present value of the cash outflows associated with an investment project discounted payback: An estimate of how long it will take before the cost of a capital investment project is covered by the future net cash flows arising from that project discounted at an appropriate rate.

Capital Cost per line
 Expense cost per line
 APRM
 Take Rate %
 Discount rate

Assumptions: Construction four phases over four years for infrastructure
 Phase 1
 Phase 2
 Phase 3
 Phase 4

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
Units per Year																						
1/2 Year																						
Cumulative																						
Revenue per year																						
Cumulative Rev																						
Capital cost per year																						
Cumulative capital costs																						
Expense per year																						
Cash flow																						
Cumulative cash flow																						
present value																						
Cumulative present Value																						
Discounted pay back																						
NPV for 20 years																						
NPV for 10 years																						

NPV = The difference between the present value of the cash inflows and the present value of the cash outflows associated with an investment project.
 discounted payback: An indicator of how long it will take before the cost of a capital investment project is covered by the value the cash flows arising from that project discounted at an appropriate rate.

Capital Cost per line
 Expense cost per line
 ARPU
 Take Rate %
 Discount rate

Assumes Construction four phases over four years for infrastructure
 Phase 1
 Phase 2
 Phase 3
 Phase 4

Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Year 11 Year 12 Year 13 Year 14 Year 15 Year 16 Year 17 Year 18 Year 19 Year 20

Units per year
 1/2 Year
 Cumulative
 Revenue per year
 Cumulative Rev
 Capital cost per year
 Cumulative capital costs
 Expense per year
 cash flow
 cumulative cash flow
 present value
 cumulative present value
 Discounted pay back
 NPV for 20 years
 NPV for 10 years

NPV = The difference between the present value of the cash inflows and the present value of the cash outflows associated with an investment project discounted Payback: An estimate of how long it will take before the cost of a capital investment project is covered by the future net cash flows arising from that project discounted at an appropriate rate.

Capital Cost per Ton
 Equipment cost per ton
 Take Rate %
 Discount rate

Assume Construction four phases over four years for infrastructure
 Phase 1
 Phase 2
 Phase 3
 Phase 4

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
Units per year																						
1/2 Year Cumulative																						
Revenue per year																						
Cumulative Revenue																						
Capital cost per year																						
Cumulative capital costs																						
Expense per year																						
cash flow																						
cumulative cash flow																						
present value																						
cumulative present value																						
Discounted pay back																						
NPV for 20 years																						
NPV for 10 years																						

NPV - The difference between the present value of the cash inflows and the present value of the cash outflows associated with an investment project.
 discounted payback - An estimate of how long it will take before the cost of a capital investment project is covered by the future net cash flows arising from that project discounted at an appropriate rate.

Capital Cost per line
 Expense cost per line
 Allow
 %
 Discount rate

Assumes Construction four phases over four years for infrastructure
 Phase 1
 Phase 2
 Phase 3
 Phase 4

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
Units per Year																						
1/2 Year																						
Cumulative																						
Revenue per year																						
Cumulative Rev																						
Capital cost per year																						
Cumulative Capital Costs																						
Expense per year																						
cash flow																						
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Discounted pay back																						
NPV for 20 years																						
NPV for 10 years																						

NPV = The difference between the present value of the cash inflows and the present value of the cash outflows associated with an investment project.
 discounted payback = how long it will take before the cost of a capital investment project is covered by the future net cash flows arising from that project discounted at an appropriate rate.

Capital Cost per line
 Expense cost per line
 ARPU
 Tax Rate %
 Discount Rate

Assumes Construction four phases over four years for infrastructure

Phase 1
 Phase 2
 Phase 3
 Phase 4

Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Year 11 Year 12 Year 13 Year 14 Year 15 Year 16 Year 17 Year 18 Year 19 Year 20

Units per Year
 1/2 Year
 Cumulative

Revenue per year
 Cumulative Rev

Capital cost per year
 Cumulative capital costs

Expense per year

cash flow
 cumulative cash flow
 present value
 cumulative present value
 Discounted pay back

NPV for 20 years

NPV for 10 years

NPV = The difference between the present value of the cash inflows, and the present value of the cash outflows associated with an investment project.
 discounted Payback: An estimate of how long it will take before the cost of a capital investment project is covered by the future net cash flows arising from that project discounted at an appropriate rate.

Capital Cost \$/line
 Expense cost per line
 ARPU
 Take Rate %
 Discount rate

Assuming Contribution four phases over four years for infrastructure
 Phase 1
 Phase 2
 Phase 3
 Phase 4

Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Year 11 Year 12 Year 13 Year 14 Year 15 Year 16 Year 17 Year 18 Year 19 Year 20

Units per Year
 1/2 Year
 Cumulative
 Revenue per year
 Cumulative Rev
 Capital cost per year
 Cumulative capital costs
 Expense per year
 cash flow
 cumulative cash flow
 present value
 cumulative present value
 Discounted pay back
 NPV for 20 years
 NPV for 10 years

NPV = The difference between the present value of the cash inflows and the present value of the cash outflows associated with an investment project discounted. Payback: An estimate of how long it will take before the cost of a capital investment project is covered by the future net cash flows arising from the project discounted at an appropriate rate.

REDACTED

REQUEST: Referring to the bottom of page 10 and continuing on the top of page 11 of the Petition:

- a) Please describe the specific OSS changes that will be required;
- b) Please describe why these OSS changes will be required; and
- c) Please quantify the costs that BellSouth will incur to make these OSS changes and provide supporting documentation.
- d) If its waiver is not granted, does BellSouth intend to recover these costs from the Developer?

RESPONSE: AT&T Florida has very limited experience dealing with situations where we would be providing voice services, but restricted from offering other services (such as data and video) that customers traditionally request from us. Therefore it is impossible to identify all of the potential impacts to service, repair, wholesale operations, etc. that will occur and the extent of modifications that will be required to our front end and other OSS systems to comply with these arbitrary restrictions. At a minimum, however, we would anticipate a change to the Regional Street Address Guide (RSAG) system so that it would identify addresses served by FTTC/FTTH architecture. This change is necessary in order to prevent incumbent local exchange carriers ("ILECs") from provisioning unbundled service other than voice (i.e. DS1, ISDN, and other switched data services) on the facilities placed by AT&T Florida. The estimated cost for this system change alone is \$.

Further, the serving terminals for the units in the private communities would need to be restricted in the Loop Facilities Assignment and Control System (LFACS). These restrictions would identify the easement restriction that is in place on this property and would prohibit non-voice services from being offered to the property. Although the LFACS terminal restrictions would be made up front, the outside plant facilities that would be placed to provide voice service to the private communities in Nocatee will also be capable of providing data and video services to the private communities. The fiber-to-the-curb network that is generally placed by AT&T Florida in new developments *can* support data and video services, with additional plug-ins placed at the serving Remote Terminal and serving terminals. The Remote Terminal can be initially provisioned

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RESPONSE (CONT.):

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to provide voice service only. However, since the facilities have the ability to support data and video by simply placing additional plug-ins, there is a chance that, without permanent instructions to the contrary, the facilities could be provisioned in the future to provide data and video in order to satisfy a customer request. An example of this possibility could occur when an existing AT&T Florida customer that currently has data service with AT&T Florida at another location moves into a unit located within the private communities. Without the proper restrictions, an AT&T Florida technician could place the required plug-ins to provide data service to the existing data customer in order to provide good customer service.

RESPONSE PROVIDED BY: Larry Bishop – Supervising Manager,
Network Operations Support

REDACTED

REQUEST: To the extent not provided in response to Request No. 6, please provide any reports, studies or analyses conducted by or for BellSouth that indicate at what level of demand and for what services provision of service to Riverwood and Coastal Oaks, that BellSouth would break even.

RESPONSE: With the ability to compete against the triply play offered by Comcast with a only stand alone voice offering, AT&T Florida has no idea what penetration rate to expect. This results in extreme uncertainty. To help quantify the value of the uncertainty, AT&T Florida conducted a net present value and cumulative cash flow analysis for the properties in question. The output from this analysis is attached.¹ This information is confidential and proprietary and is being provided subject to the Notice of Intent filed with these responses. To conduct this analysis, AT&T Florida utilized the following inputs:

1. Up front facilities investment costs
2. Operating costs (provisioning, maintenance and repair)
3. Projected revenues
4. Discount rate

As indicated in the affidavit of Larry Bishop, AT&T Florida completed its engineering designs and costs estimates for the provision of service to Riverwood and Coastal Oaks developments. As the model indicates, AT&T Florida will incur an upfront capital cost of [REDACTED] to establish entrance facilities for the subdivision. These costs are incurred regardless of the volume of subscribers or the anticipated take rates. In addition to the upfront cost, AT&T Florida will incur additional incremental costs of [REDACTED] for every house passed. These facilities must be placed when the subdivision roads are first placed and before any substantive building has been started. Since the company has no way of knowing which customers in the subdivision will ultimately request our service, we must build facilities such that we can serve any and all households. The model

¹ Non-relevant portions of the documents have been redacted.

RESPONSES (CONT.):

REDACTED

attempts to anticipate the cash flow associated with this incremental build out to coincide with the construction of the four phases of the development. In addition to the capital cost there is an ongoing maintenance expense of per line per month. This cost is estimated based on the average cost of maintenance in Florida as tracked by AT&T Florida's Activity Based Cost Accounting system (ABIS). This system captures the actual expense for maintenance expended by the company by state and allocates those cost across all in-service lines in the state.

AT&T Florida projected revenues in several steps. The first step was to determine anticipated average revenue per unit (ARPU). To project ARPU, AT&T Florida used its actual weighted average revenue per unit for residential voice service in Florida. The weighting was based on the actual percentage of customers subscribing to basic service local or one of the local voice service packages such as Complete Choice. AT&T Florida added to this revenue per unit a weighted average long distance revenue per line based on actual penetration and average revenue per line in Florida. AT&T Florida did not attempt to capture the expected decline in ARPU as technology substitutes diminish the value of stand alone voice service. The second step was to estimate the number of households to be occupied at various stages of the development. Using the number of living units per phase provided to AT&T Florida by the developer, AT&T Florida evenly spread the occupancy for these two developments over an eight year period. It then considered a half-year convention for calculating the total revenue per household for the first year of occupancy and a 12-month convention for each of the out years.

Using a discount rate of %, AT&T Florida evaluated its cumulative cash flow and net present value (NPV) of its investment using various penetration rates. This analysis demonstrated to AT&T Florida that with the limited revenue of a voice-only offering, AT&T Florida could not experience a positive cash flow within a reasonable timeframe using anticipated penetration rates.

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RESPONSES (CONT.):

REDACTED

The NVP method allows for applying the time value of money to both cash outflows (money spent) and cash inflows (revenue) over a period of time stated in today dollars. In this model, the initial and incremental capital costs are recovered over time based on the monthly revenue anticipated. The model indicates that you would have to assume a greater than 50% penetration (or take rate) for the project just to recover the capital investment in 10 years.

RESPONSE PROVIDED BY: Pam Tipton - Director Regulatory Policy