REDACTED

ORIGINAL

ATTACHMENT B

AT&T FLORIDA
FPSC DOCKET NO: 060822-TL
REQUEST FOR CONFIDENTIAL CLASSIFICATION

6/29/2007

REQUEST FOR CONFIDENTIAL CLASSIFICATION TO STAFF'S FIRST SET OF DATA REQUEST NO. BS-1, ITEM NOS. 1, 5 AND 7, FILED FEBRUARY 9, 2007 IN FLORIDA DOCKET NO. 060822-TL

TWO REDACTED COPIES FOR PUBLIC DISCLOSURE

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DOCUMENT NUMBER-DATE
05239 JUN 29 07
FPSC-COMMISSION CLERK

REDACTED

ATTACHMENT B

AT&T FLORIDA
FPSC DOCKET NO: 060822-TL
REQUEST FOR CONFIDENTIAL CLASSIFICATION

6/29/2007

ATTACHMENT TO DATA REQUEST ITEM NO. 1

REDACTED

DOCUMENT NUMBER-DATE
05239 JUN 29 ᵬ
FPSC-COMMISSION CLERK

Nocatee Private Communities Distribution Alternatives

Riverwood & Coastal Oaks Distribution Alternatives

	Alt 1 - Nocatee Places Conduit								Alt 2 - Nocatee Places Dist. Facilities				Alt 3 - Nocatee Reimburses BellSouth for Dist. Facilities			
	Length/	#	Total	Cond	Cond	Total	Mimimum	Maximum	Cost/	Total	Minimum	Maximum	Cost/	Total	Minimum	Maximum
Private Community	Lot	Lots	Length	Cost/Ft	Cost/Lot	Cost	Estimate	Estimate	Lot	Cost	Estimate	Estimate	Lot	Cost	Estimate	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								Facilities are direct buried, not in conduit							
	A Handhole is placed every 10 lots (700')								Cost includes all costs associated with				Same costs associated with Alt 2			
	1-4" PVC conduit placed								distribution facilities (i.e. cables, ONUs,							
	Joint Trenching used to place conduit								etc.), using BellSouth pricing							
									BellSouth does not incur capital investment				BellSouth owns distribution facilities			
Benefits									costs for distribution facilities				No telecom construction work required by developer			
									Cheapest alternative for BellSouth &				Cheapest alternative for BellSouth & Developer			
									Developer				BellSouth does not make a capital investment			
Pitfalls	Greater cost to developer than alternatives 2 & 3.								BellSouth does not own dist. facilities							
	BellSouth would still need to place facilities and make a capital investment								Developer responsible for dist. facilities							

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Nocatee Private Communities Conduit Cost

Riverwood & Coastal Oaks Phase One and Build Out Conduit Cost (PRIVATE)									
	Not Joint Trenched						Joint Trenched		
	Conduit	#	Total	Cond	Cond	Total	Cond	Cond	Total
Private Community	Length/Lot	Lots	Length	Cost/Ft	Cost/Lot	Cost	Cost/Ft	Cost/Lot	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									

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Nocatee Private Communities Cost

Riverwood & Coastal Oaks Phase One and Build Out Cost (PRIVATE)

Description Digital Loop Electronics Coastal Oaks(Phase One 197-Build Out 891)	Unit Price	Units Bid Out (2006-2007)	Unit Cost	Units Bid Out (2008-2014)	Unit Cost	Total 2006-2014
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 Digital Loop Electronics Riverwood (Phase One 282-Build Out 2181)	Unit Price	Units Bid Out (2006-2007)	Unit Cost	Units Bid Out (2008-2014)	Unit Cost	Total 2006-2014
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 MX FITL Distribution Coastal Oaks(Phase One 197-Build Out 891)	Unit Price Home Pass	Units Bid Out (2006-2007)	Unit Cost	Units Bid Out (2008-2014)	Unit Cost	Total 2006-2014
Phase One		197				
Phase Two				317		
Phase Three				154		
Phase Four				223		
Total		197		694		

Description MX FITL Distribution Riverwood (Phase One 282-Build Out 2181)	Unit Price Home Pass	Units Bid Out (2006-2007)	Unit Cost	Units Bid Out (2008-2014)	Unit Cost	Total 2006-2014
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

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Nocatee Public Communities Cost

Austin Park & Tidewater Phase One and Build Out Cost (Public)						
Description Digital Loop Electronics Austin Park & Sandy Ridge (Phase One 190-800 Build Out)	Unit Price	Units PHI (2006-2007)	Unit Cost	Units Bld Out (2008-2014)	Unit Cost	Total 2006-2014
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 Digital Loop Electronics Tidewater, Willow Cove, & Town Center (Phase One 160 Build Out 2060)	Unit Price	Units PHI (2006-2007)	Unit Cost	Units Bld Out (2008-2014)	Unit Cost	Total 2006-2014
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 MX FITL Distribution Austin Park & Sandy Ridge (Phase One 190-800 Build Out)	Unit Price Home Pass	Units PHI (2006-2007)	Unit Cost	Units Bld Out (2008-2014)	Unit Cost	Total 2006-2014
Phase One		190				
Phase Two				200		
Phase Three				200		
Phase Four				210		
Total		190		610		

Description MX FITL Distribution Tidewater & Town Center (Phase One 160 Build Out 2060)	Unit Price Home Pass	Units PHI (2006-2007)	Unit Cost	Units Bld Out (2008-2014)	Unit Cost	Total 2006-2014
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 TOTAL	PH 2-4 TOTAL	2006-2007 INVESTMENT	2008-2014 INVESTMENT	TOTAL 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

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Nocatee Master Development Cost (2006-2014)

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

Description MX FITL Distribution			Total
	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 Deployment Costs			Total
	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.

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DESCRIPTION	UNIT COST	UNITS NEEDED	COST
DS3 INTERFACE CARD-DS3		1	
TOTAL COST			

DESCRIPTION	UNIT COST	UNITS NEEDED	COST
RIVERWOOD DS3 INTERFACE CARD-DS3		1	
COASTAL OAKS DS3 INTERFACE CARD-DS3		1	
TOTAL COST			

DESCRIPTION	UNIT COST	UNITS NEEDED	COST
ADSL PLUG IN-QDC12 PER ONU		3	
RIVERWOOD ONUS		63	
COASTAL OAKS ONUS		36	
TOTAL COST			

DESCRIPTION	UNIT COST	UNITS NEEDED	COST
FIBER OPTIC AMP-R18FOA4		1	
32 PORT SWX SHELF-M32SWXSHF10		1	
32 PORT SWX MODULE-M32SWXM642		1	
TOTAL COST			
FIBER OPTIC AMP-R18FOA4		1	
32 PORT SWX SHELF-M32SWXSHF10		1	
32 PORT SWX MODULE-M32SWXM642		1	
TOTAL COST			

DESCRIPTION	UNIT COST	UNITS NEEDED	COST
VIDEO PEDESTAL FOR ONU MCAD12-SFTV80		63	
MX VIDEO CARD-BIOU522		63	
TOTAL COST			
VIDEO PEDESTAL FOR ONU MCAD12-SFTV80		36	
MX VIDEO CARD-BIOU522		36	
TOTAL COST			
GRAND TOTAL COST TO PROVIDE DATA AND VIDEO			

BST

Construction Work Drawing

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

A.A./Taper: W7901
Tax District: 55014
RZ/CZ: 13/09
Serv Unit Type: NONEW

Designer:
Gary Hoffman
Phone: 904-363-7098

Records Ref:
DI1111

Job Description:
NOCATEE FITL COST BROAD GAUGE

Job Number: 63E43168N

DWG 1 OF 6

BST

Construction Work Drawing

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

A.A./Tracer: 117901
Tax District: 55014
PE/CE: 13/09
Serv Unit Type: NONEW

Designer: Gary Hoffman
Phone: 904-363-7098

Records Ref: D11111

Job Description: NOCATEE FITL COST BROAD GAUGE

Job Number: 63E43168N

DWG 2 OF 6

BST

Construction Work Drawing

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

A.A./Type: 87901
Tax District: 55014
P.U.C.: 03/09
Serv Unit Type: NONEW

Designer:
Gary Hoffman
Phone: 904-363-7098

Records Ref:
D11111

12

Job Description:
NOCATEE FITL COST BROAD GAUGE

Job Number: 63E43168N

DWG 3 OF 6

BST

Construction Work Drawing

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

Auth/Topsr: H7901
Tax District: 55014
PZ/CZ: 13/09
Serv Unit Type: NONEW

Designer:
Gary Hoffman
Phone: 904-363-7098

Records Ref:
D11111

2

Job Description:
NOCATEE FITL COST BROAD GAUGE

Job Number: 63E43168N

DWG 4 OF 6

BST

Construction Work Drawing

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

A/A Name: W790I
Tax District: 55014
A2/C2: 03/09
Serv Prot Type: NONEW

Designer:
Gary Hoffman
Phone: 904-363-7098

Records Ref:
DI1111

Job Description:
NOCATEE FITL COST BROAD GAUGE

Job Number: 63E43168N

DWG 5 OF 6

BST

Construction Work Drawing

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

A.A./Tapes: 11790I
Tax District: 55014
RT/CT: 13/09
Serv Unit Type: NONEW

Designer:
Gary Hoffman
Phone: 904-363-7098

Records Ref:
D11111

Job Description:
NOCATEE FITL COST BROAD GAUGE

Job Number: 63E43168N

Dwg 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

FRC: 45C
CMC: JKNC JOB: 63E43168N BILLING? N 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	-- TELCO		HRS		
SUPPLY EXPENSE					
					==========
** TOTAL MATERIAL					
PLACING LABOR			HRS		
SPLICING LABOR			HRS		
TAP FACTOR					
					==========
** 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

FRC: 257C

CMC: JKNC JOB: 63E43168N BILLING? N 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

FRC: 845C

CMC: JKNC JOB: 63E43168N BILLING? N 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

JOB: 63E43168N
CMC: JKNC BILLING? N 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

JOB: 63E43168N
CMC: JKNC BILLING? N 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

JOB: 63E43168N
CMC: JKNC BILLING? N 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 BBMX 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

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

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

```
C       BP   FHJSS7   BUILDER
                                          -------          ---------
```

ATTACHMENT TO DATA REQUEST
ITEM NO. 5

REDACTED

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 $[redacted].

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

RESPONSE (CONT.):

REDACTED

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

ATTACHMENT TO DATA REQUEST ITEM NO. 7

REDACTED

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 facilitates 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 capturers 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.

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

TAKE RATE	DISC PAYBACK (YRS)	NPV ($) 20 YRS	NPV ($) 10 YRS

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

Assumes Construction four phases over four years for infrastructure
Phase 1
Phase2
Phase3
Phase 4

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year6	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																					
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