

MEMORANDUM

September 6, 1995

DECLASSIFIED 7/9/95

TO: \_\_\_\_\_ DIVISION OF APPEALS  
 \_\_\_\_\_ DIVISION OF AUDITING AND FINANCIAL ANALYSIS  
XX DIVISION OF COMMUNICATIONS  
 \_\_\_\_\_ DIVISION OF ELECTRIC AND GAS  
 \_\_\_\_\_ DIVISION OF RESEARCH  
 \_\_\_\_\_ DIVISION OF WATER AND WASTEWATER  
 \_\_\_\_\_ DIVISION OF LEGAL SERVICES

FROM: DIVISION OF RECORDS AND REPORTING (WILLIAMS)

RE: CONFIDENTIALITY OF CERTAIN INFORMATION

DOCUMENT NO. 88672-95

DESCRIPTION: Cost Data Supporting Local Transport  
Restructure Tariff.

SOURCE: UNITED TELEPHONE COMPANY OF FLORIDA

DOCKET NO.: 921074-TP, 930955-TL, 940014-TL, 940020-TL,  
931196-TL and 940190-TL.

The above material was received with a request for confidentiality (attached). Please prepare a recommendation for the attorney assigned to the case by completing the section below and forwarding a copy of this memorandum, together with a brief memorandum supporting your recommendation, to the attorney. Copies of your recommendation should also be provided to the Division of Records and Reporting and to the Division of Appeals.

Please read each of the following and check if applicable.

\_\_\_\_\_ The document(s) is (are), in fact, what the utility asserts it (them) to be.

\_\_\_\_\_ The utility has provided enough details to perform a

**DECLASSIFIED****LOCAL TRANSPORT RESTRUCTURE COST STUDY**

for

7/8/99

**UNITED TELEPHONE COMPANY OF FLORIDA  
and  
CENTRAL TELEPHONE COMPANY OF FLORIDA****EXECUTIVE SUMMARY**

A Long Run Incremental Cost (LRIC) study was completed to determine the costs associated with the Local Transport Restructure (LTR) tariff. The elements for which cost support is provided are: Entrance Facility (DS1, DS3), Direct Trunked Fixed (DS1, DS3), Direct Trunked Per Mile (DS1, DS3), Tandem Switched Termination, Tandem Switched Facility, Tandem Switching (1st minute, additional minute), and Multiplexing.

The cost model used to determine the Tandem Switching cost was the Switching Cost Information System / Model Office (SCIS/MO). All cost information is proprietary. Bellcore prohibits the disclosure of any information regarding the SCIS model including the inputs and cost calculations within the model.

SCIS is a PC-based model developed by Bellcore which estimates switching system investment caused by switch usage. SCIS computes investment using the marginal cost and average cost method. S/UTF and S/CF use the marginal cost method.

The SCIS model run for this cost study used the combination model office (Version 6.3). This uses a composite of our existing in-service switches with actual inputs obtained yearly from engineering. All assumptions are based on actual forecasts.

Arthur Anderson audited the Bellcore SCIS model and released a report in July 1992 which states that the costing principles inherent in SCIS are appropriate for estimating long run incremental investment attributable to switching system usage, and the methods for implementing the principles are reasonable.

The costs of the Entrance Facility, Direct Trunked Fixed and per mile and the Tandem Switched Termination and Facility costs were determined via use of a methodology established by USTA for incremental cost studies. These costs were developed as Total Service Long Run Incremental Costs (TSLRIC).

This study used the forward looking technologies currently being planned at S/UTF and S/CF. Statistically valid samples were used to form the basis for the assumptions used in the study.

A Proposed Rate Elements	B Incremental Cost	C Proposed Rates
1 Interconnection -Premium	\$0.00	\$0.013568
2 Interconnection-Transitional	\$0.00	\$0.013518
3 Entr. Facility - Voice	\$44.52	\$80.00
4 Entr. Facility - DS1	\$53.65	\$210.00
5 Entr. Facility - DS3 (0 Miles)	\$324.87	\$924
6 Entr. Facility - DS3 (1-3 Miles)	\$324.87	\$1,626
7 Entr. Facility - DS3 (3+ Miles)	\$324.87	\$2,863
8 Direct Trunked Fixed - Voice	\$12.58	\$72.00
9 Direct Trunked Per Mile - Voice	\$0.06	\$2.50
10 Direct Trunked Fixed - DS1	\$41.56	\$93.00
11 Direct Trunked Per Mile - DS1	\$1.36	\$20.00
12 Direct Trunked Fixed - DS3	\$459.43	\$472.00
13 Direct Trunked Per Mile - DS3	\$38.02	\$243.00
14 Tandem Switched Termination -Premium	\$0.000076	\$0.000279
15 Tandem Switched Termination-Transitional	\$0.000076	\$0.000278
16 Tandem Switched Facility -Premium	\$0.000006	\$0.000064
17 Tandem Switched Facility-Transitional	\$0.000006	\$0.000064
18 Tandem Switching -Premium (1st Minute)	\$0.000773	\$0.000898
19 Tandem Switching- Transitional (1st Minute)	\$0.000773	\$0.000895
20 Tandem Switching -Premium (Additional Minute)	\$0.000727	\$0.000898
21 Tandem Switching- Transitional (Additional Minute)	\$0.000727	\$0.000895
22 Multiplexing - DS1 to Voice	\$260.39	\$300.00
23 Multiplexing - DS3 to DS1	\$313.28	\$600.00

DOCUMENT NUMBER-DATE

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