

Susanne Guyer
Director
Federal Regulatory Matters

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

NYNEX

August 4, 1993

EX PARTE

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: CC Docket No. 92-77

Dear Mr. Caton:

At the request of Mr. Mark Nadel of the Policy and Program Planning Division of the Common Carrier Bureau, NYNEX has reviewed certain elements of its cost data and underlying assumptions submitted in the above referenced proceeding. The following information is provided pursuant to Mr. Nadel's request.

NYNEX submitted estimates in its comments filed on July 7, 1992 that are significant. NYNEX believes that the significant cost of billed party preference outweighs the benefits. If the Commission nonetheless ordered NYNEX to implement billed party preference, NYNEX would incur those costs as well as additional costs not captured in those comments. This letter describes the additional costs for Operator Signalling System 7 (OSS7) deployment at the end offices.

In understanding the magnitude of these potential costs, one must note that it would be necessary to deploy OSS7 at each of NYNEX's 676 end offices. Specific cost estimates for deploying OSS7 were not available at the time NYNEX submitted its comments in this proceeding, and therefore they could not be included in the original cost estimates for billed party preference implementation. We have since that filing sought to obtain actual costs for OSS7 deployment, but we have only received responses from one manufacturer, and that cost estimate was for only one switch type. NYNEX has eight major switch types in service, so aggregate OSS7 cost estimates are still quite speculative.

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In addition to OSS7 deployment, consideration must be given to OSS7 compatibility with all of NYNEX's switches. It is neither practical nor economically prudent to equip NYNEX's existing analog switches and DMS10 switches with OSS7. Therefore, to fully implement OSS7 in the NYNEX region, NYNEX would have to replace those incompatible switches. Currently NYNEX plans to replace all of its remaining analog switches with digital switches by the end of 1997. If ordered to implement billed party preference before 1997, NYNEX would incur substantial costs to advance its analog switch replacement program. In addition, NYNEX has no plans to replace its existing DMS10 switches. Therefore, NYNEX would incur the full cost of replacing all of its DMS10 switches.

The attached estimated cost data reflect the above mentioned assumptions for OSS7 deployment at all NYNEX end offices, advancement of the analog switch replacement program and replacement of all DMS10 switches. Also, at the request of Mr. Nadel, we have included additional estimated expenses related to Business Office Representative work time. These cost estimates are, of course, in addition to the Billed Party Preference estimated costs already submitted for the record in NYNEX's comments filed July 7, 1992.

Sincerely,

A handwritten signature in cursive script, appearing to read "Susanne Auger". The signature is written in dark ink and is positioned below the word "Sincerely,".

Attachment

cc: G. Phillips
M. Nadel

CC DOCKET NO. 92-77
 ADDITIONAL COST ESTIMATES

ACCELERATED SWITCH REPLACEMENT	TOTAL ADVANCED CAPITAL	COST OF MONEY	TIME	DOLLARS
ANALOG SWITCHES:				
1994 vs. 1996	\$185.86	11.25%	24 mos	\$ 41.82M
1995 vs. 1997	\$138.75	11.25%	24 mos	\$ 31.22M
DIGITAL SWITCHES:				
DMS10	Unplanned Capital Expenditure			\$ 55.0 M
OSS7 COSTS	676 switches @ \$50K			<u>\$ 33.8 M</u> \$161.84M
BUSINESS OFFICE REPRESENTATIVE COSTS				
12.5 M Accounts x 5% response x 5 minutes/response divided by 60 minutes = 52,083.3 rep hours x \$35 cost/rep hours =				\$ 1.82M
TOTAL ADDITIONAL COSTS				\$163.86M