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APPENDIX B

COST DEVELOPMENT

The following describes the development of the recurring costs for DS1 Access Local Channel, DS1 Access Interoffice Channel per mile and fixed, and Channel System - DS1 to DS0. Workpapers are identified as Workpapers 1 and 2.

1 RECURRING COST DEVELOPMENT

Recurring costs are the annual costs to BellSouth resulting from the capital investments necessary to provide a service. Recurring costs include the components of capital costs and non-capital (operating) costs. Capital costs include depreciation, cost of money, and income tax. Operating costs consist of maintenance expense, administrative expense and ad valorem and other taxes. These expenses contribute to the ongoing cost to the firm associated with the initial capital investment.

1.1 Description of Procedures

The first step in developing recurring annual costs for DS1 Access Local Channel, DS1 Access Interoffice Channel per mile and fixed, and Channel System - DS1 to DS0 is to

determine the physical network architecture. Installed investments for interoffice facilities (per mile and fixed), outside plant loop facilities, central office equipment associated with the loop and multiplexing equipment necessary to provide DS1 transmission, as well as Channel System - DS1 to DS0 (multiplexing) equipment are accumulated. All investments are then brought forward to the appropriate study year level using USOA (field reporting) code specific Telephone Plant Indices. Material prices are multiplied against inplant factors, which cover capitalized installation and engineering, to derive installed investments. The investments are levelized by applying levelization factors. The levelization factors are used to trend the base year investment to a levelized amount that is valid for a three to five year planning period. Loadings are applied, where appropriate, for miscellaneous common equipment and power, and land and building to capture these support items needed for these investments. Capacity and utilization requirements along with deployment probabilities are also taken into account.

Annual cost factors are used to calculate the direct cost of capital, ongoing maintenance and operating expense, various taxes and administration. Using the levelized investments per account code, a standard annual cost factor specific to each code is applied. This calculation results in a recurring annual cost per USOA (or equivalent field

reporting) code for the investment under study. Account codes are then summed and divided by twelve to arrive at a recurring monthly cost for the monthly rate element.

The next step is to develop the ratio of unit monthly costs to investment (Workpaper 2 Line 42) for each rate element. The ratio is equal to the total unit monthly costs (Workpaper 2 Line 35) divided by the total unit investment (Workpaper 2 Line 14).

DS1 Access Local Channel, DS1 Access Interoffice Channel per mile and fixed, and Channel System - DS1 to DS0 have no non-investment related unit costs.

Marketing expense is the cost of marketing Area Commitment Plan and Channel Services Payment Plan associated with advertising, product management, general sales and commissions. This cost is directly assignable to Area Commitment Plan and Channel Services Payment Plan but cannot be directly assigned to any rate element.

SUMMARY WORKPAPERS

Workpaper 1 and 1.1 are summary papers only. Workpaper 1 (Unit Costs Summary, Recurring and Nonrecurring - Rate Element Specific Costs) summarizes the recurring costs from

Workpaper 2 (Recurring Unit Cost Development - Rate Element Specific Costs). No nonrecurring costs are associated with Area Commitment Plan or Channel Services Payment Plan. Workpaper 1.1 (Cost Summary - Shared Costs) summarizes workpaper 2.1 (Cost Development - Shared Costs).

1 UNIT COST SUMMARY RECURRING
 2 RATE ELEMENT SPECIFIC COSTS

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Service Name Area Commitment Plan
 and Channel Services Payment Plan

RATE ELEMENT	DESCRIPTION	UNIT COSTS
Local Channel	Monthly Cost	33.73
Interoffice Channel	Monthly Cost - Fixed	42.61
	Monthly Cost - Per Mile	1.14
Channel System - DS1 to DSO	Monthly Cost	119.85

1 COST SUMMARY
2 SHARED COSTS

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Service Name Area Commitment Plan
and Channel Services Payment Plan

ITEM	DESCRIPTION	TOTAL COSTS
Marketing Expense	Annual Cost	\$206,286.00

1	RECURRING UNIT COST DEVELOPMENT -	
2	RATE ELEMENT SPECIFIC COSTS	
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5		Service Name: DS1 ACCESS
6		
7		Rate Element: Local Channel
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14	TOTAL UNIT INVESTMENT	\$3,500.63
15		
16		
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$371.95
19	Cost of Money	\$291.18
20	Income Tax Expense	\$128.04
21	Total (LN18+LN19+LN20)	\$791.17
22		
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$48.37
25	Administrative Expense	\$122.81
26	Ad Valorem and Other Taxes	\$42.36
27	Total (LN24+LN25+LN26)	\$213.54
28		
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)	\$1,004.71
30		
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
32		
33	TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$1,004.71
34		
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$83.73
36		
37		
38		
39		
40		
41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14)	0.0239
43		

1	RECURRING UNIT COST DEVELOPMENT -	
2	RATE ELEMENT SPECIFIC COSTS	
3		
4		
5		Service Name: DS1 ACCESS
6		
7		Rate Element: Interoffice Channel - Fixed
8		
9		
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11		
12		
13		
14	TOTAL UNIT INVESTMENT	\$1,830.91
15		
16		
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$204.32
19	Cost of Money	\$144.41
20	Income Tax Expense	\$63.60
21	Total (LN18+LN19+LN20)	\$412.33
22		
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$14.16
25	Administrative Expense	\$62.67
26	Ad Valorem and Other Taxes	\$22.15
27	Total (LN24+LN25+LN26)	\$98.98
28		
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27) ..	\$511.31
30		
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
32		
33	TOTAL UNIT ANNUAL COSTS (LN29+LN31).....	\$511.31
34		
35	TOTAL UNIT MONTHLY COSTS (LN33/12).....	\$42.61
36		
37		
38		
39		
40		
41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14)	0.0233
43		
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: DS1 ACCESS
Rate Element: Interoffice Channel - Per Mile

14 TOTAL UNIT INVESTMENT	\$50.18
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$4.52
19 Cost of Money	\$4.43
20 Income Tax Expense	\$1.95
21 Total (LN18+LN19+LN20)	\$10.90
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$0.46
25 Administrative Expense	\$1.75
26 Ad Valorem and Other Taxes	\$0.61
27 Total (LN24+LN25+LN26)	\$2.82
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27) ..	\$13.72
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31).....	\$13.72
35 TOTAL UNIT MONTHLY COSTS (LN33/12).....	\$1.14
41 RATIO OF UNIT MONTHLY COSTS	
42 TO INVESTMENT (LN35/LN14).....	0.0228

1	RECURRING UNIT COST DEVELOPMENT -	
2	RATE ELEMENT SPECIFIC COSTS	
3		
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5		Service Name: Multiplexer Restructure
6		
7		Rate Element: Channel System - DS1 to DS0
8		
9		
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13		
14	TOTAL UNIT INVESTMENT	\$5,168.24
15		
16		
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$570.63
19	Cost of Money	\$410.18
20	Income Tax Expense	\$180.69
21	Total (LN18+LN19+LN20)	\$1,161.50
22		
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$39.67
25	Administrative Expense	\$174.51
26	Ad Valorem and Other Taxes	\$62.54
27	Total (LN24+LN25+LN26)	\$276.72
28		
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) ..	\$1,438.22
30		
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
32		
33	TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$1,438.22
34		
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$119.85
36		
37		
38		
39		
40		
41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14)	0.0232
43		
44		
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1	COST DEVELOPMENT -		
2	SHARED COSTS		
3			
4			
5		Service Name:	Area Commitment Plan
6			and Channel Services Payment Plan
7			
8		Item Description:	Marketing Expense
9			
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14	TOTAL UNIT INVESTMENT		n/a
15			
16			
17	INVESTMENT RELATED UNIT CAPITAL COSTS		
18	Depreciation Expense		n/a
19	Cost of Money		n/a
20	Income Tax Expense		n/a
21	Total (LN18+LN19+LN20)		n/a
22			
23	INVESTMENT RELATED UNIT OPERATING COSTS		
24	Maintenance Expense		n/a
25	Administrative Expense		n/a
26	Ad Valorem and Other Taxes		n/a
27	Total (LN24+LN25+LN26)		n/a
28			
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)		n/a
30			
31	NON-INVESTMENT RELATED COSTS		\$206,286.00
32			
33	TOTAL SHARED COSTS (LN29+LN31)		\$206,286.00
34			
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R. W. Fleming
March 1, 1993

193700 When BellSouth
ATTN: New Business Development
Atlanta, GA 30303
404 522 6634

March 1, 1993

Transmittal No. 95

Secretary
Federal Communications Commission
Washington, D. C. 20554

Attention: Common Carrier Bureau

The accompanying tariff material, issued on behalf of BellSouth Telecommunications, Inc. and bearing Tariff F.C.C. No. 1, Access Service, is sent to you for publication in compliance with Section 61.49 of the Communications Act of 1934, as amended.

Scheduled to become effective April 15, 1993, this publication consists of tariff pages as indicated on the following check sheet:

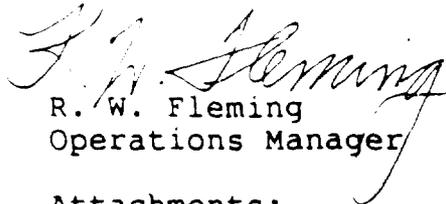
<u>Tariff FCC No.</u>	<u>Check Sheet No.</u>
1	61st Revised Page 1 26th Revised Page 4 16th Revised Page 5 16th Revised Page 6

With this filing BellSouth Telecommunications, Inc. is restructuring its existing DS1 High Capacity service to establish a separate charge for DS1 Alternate Serving Wire Center (ASWC) service arrangements. This filing also introduces the Channel Services Payment Plan (CSPP) arrangements for DS1 ASWC service arrangements.

The original transmittal letter and check in the amount of \$490.00 were provided to R & S Couriers, Inc., for delivery to Mellon Bank, Pittsburgh, Pennsylvania, on March 1, 1993. Acknowledgment of receipt of this publication is requested. A duplicate transmittal letter is enclosed for this purpose.

All correspondence and inquiries in connection with this publication should be addressed to me at BellSouth Telecommunications Inc., 29G57 Southern Bell Center, 675 West Peachtree Street, N.E., Atlanta, Georgia 30375.

Very truly yours,


R. W. Fleming
Operations Manager

Attachments:

Documentation
Tariff Pages

Copy of Letter and Attachments, concurrently delivered to:
Chief, Tariff Review Branch (Public Reference Copy)
Downtown Copy Center
Public Utilities Specialist

APPENDIX C

COST DEVELOPMENT

The following describes the development of the recurring costs for Alternate Serving Wire Center (ASWC). Workpapers are identified as Workpapers 1 and 2.

1 RECURRING COST DEVELOPMENT

Recurring costs are the annual costs to BellSouth resulting from the capital investments necessary to provide a service. Recurring costs include the components of capital costs and non-capital (operating) costs. Capital costs include depreciation, cost of money, and income tax. Operating costs consist of maintenance expense, administrative expense and ad valorem and other taxes. These expenses contribute to the ongoing cost to the firm associated with the initial capital investment.

1.1 Description of Procedures

The first step in developing recurring annual costs for ASWC is to determine the physical network architecture. Regional material investments for fiber cable and multiplexing equipment necessary to provide DS1 transmission for ASWC are

accumulated. All investments are then brought forward to the appropriate study year level using USOA (field reporting) code specific Telephone Plant Indices. Material prices are multiplied against inplant factors, which cover capitalized installation and engineering, to derive installed investments. Loadings are applied, where appropriate, for miscellaneous common equipment and power to capture these support items needed for these investments. Capacity and utilization requirements along with deployment probabilities are also taken into account.

The investments are levelized by applying levelization factors. The levelization factors are used to trend the base year investment to a levelized amount that is valid for a three to five year planning period.

Regional annual cost factors are used to calculate the direct cost of capital, ongoing maintenance and operating expense, various taxes and administration. Using the levelized investments per account code, a standard annual cost factor specific to each code is applied. This calculation results in a recurring annual cost per USOA (or equivalent field reporting) code for the investment under study. Account codes are then summed and divided by twelve to arrive at a recurring monthly cost for the monthly rate element.

The next step is to develop the ratio of unit monthly costs

to investment (Workpaper 2 Line 42) for each rate element. The ratio is equal to the total unit monthly costs (Workpaper 2 Line 35) divided by the total unit investment (Workpaper 2 Line 14).

ASWC has no non-investment related unit costs for any rate element.

Marketing expense is the cost of marketing ASWC associated with product management, general sales and commissions. This cost is directly assignable to the ASWC element but cannot be directly assigned to any rate element.

SUMMARY WORKPAPERS

Workpaper 1 and 1.1 are summary papers only. Workpaper 1 (Unit Costs Summary, Recurring - Rate Element Specific Costs) summarizes the recurring costs from Workpaper 2 (Recurring Unit Cost Development - Rate Element Specific Costs). Workpaper 1.1 (Cost Summary - Shared Costs) summarizes Workpaper 2.1 (Cost Development - Shared Costs).

BELLSOUTH TELECOMMUNICATIONS INC

1 UNIT COST SUMMARY, RECURRING
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: Alternate Serving Wire Center

RATE ELEMENT	DESCRIPTION	UNIT COSTS
DS1/1 544 Mbps	Monthly Cost	\$194.42
- per alternate wire		
center local channel		

BELLSOUTH TELECOMMUNICATIONS .INC

1 COST SUMMARY
2 SHARED COSTS

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Service Name: Alternate Serving Wire Center

ITEM	DESCRIPTION	TOTAL COSTS
Marketing Expense	Annual Cost	\$24,326.94

1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: Alternate Serving Wire Center
Rate Element: DS1/1.544 Mbps
- per alternate wire center local channel

14 TOTAL UNIT INVESTMENT	\$8,578.44
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$703.32
19 Cost of Money	\$772.90
20 Income Tax Expense	\$342.36
21 Total (LN18+LN19+LN20)	\$1,818.58
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$97.90
25 Administrative Expense	\$102.95
26 Ad Valorem and Other Taxes	\$313.61
27 Total (LN24+LN25+LN26)	\$514.46
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) ..	\$2,333.04
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31).....	\$2,333.04
35 TOTAL UNIT MONTHLY COSTS (LN33/12).....	\$194.42
41 RATIO OF UNIT MONTHLY COSTS	
42 TO INVESTMENT (LN35/LN14).....	0.0227

1 COST DEVELOPMENT-
2 SHARED COSTS

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Service Name: Alternate Serving Wire Center
Item Description: Marketing Expense

14 TOTAL UNIT INVESTMENT	n/a
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	n/a
19 Cost of Money	n/a
20 Income Tax Expense	n/a
21 Total (LN18+LN19+LN20)	n/a
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	n/a
25 Administrative Expense	n/a
26 Ad Valorem and Other Taxes	n/a
27 Total (LN24+LN25+LN26)	n/a
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)	n/a
31 NON-INVESTMENT RELATED COSTS	\$24,326.94
33 TOTAL SHARED COSTS (LN29+LN31)	\$24,326.94



R. W. Fleming
Operations Manager
B-1000

29057 Southern Bell Center
675 West Peachtree Street, N.E.
Atlanta, GA 30375
404-529-5634

July 31, 1992

Transmittal No. 53

Secretary
Federal Communications Commission
Washington, D. C. 20554

Attention: Common Carrier Bureau

The accompanying tariff material, issued on behalf of BellSouth Telecommunications, Inc. and bearing Tariff F.C.C. No. 1, Access Service, is sent to you for publication in compliance with Section 61.49 and the requirements of the Communications Act of 1934, as amended.

Scheduled to become effective September 14, 1992, this publication consists of tariff pages as indicated on the following check sheets:

Tariff F.C.C. No.

1

Check Sheet No.

31st Revised Page 1
13th Revised Page 2
15th Revised Page 4
9th Revised Page 5
9th Revised Page 6

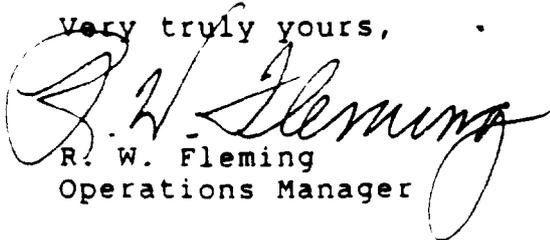
With this filing, BellSouth Telecommunications, Inc. is restructuring certain DS3 High Capacity services into LightGate[®] 1, 2, and 3 service, and is proposing a new service offering, LightGate 4 service. Additionally, two optional service features, Separate Alternate Facility Transport (SAFT) Level I and Level II, are being introduced. This filing also provides for these High Capacity services to be made available under Channel Services Payment Plan arrangements.

[®]Registered Service Mark of BellSouth Corporation

The original transmittal letter and check in the amount of \$490.00 were provided to R & S Couriers, Inc., for delivery to Mellon Bank, Pittsburgh, Pennsylvania on July 31, 1992. Acknowledgment of receipt of this publication is requested. A duplicate transmittal letter is enclosed for this purpose.

All correspondence and inquiries in connection with this filing should be addressed to me at BellSouth Telecommunications, Inc., 29G57 Southern Bell Center, 675 West Peachtree Street, N.E., Atlanta, Georgia 30375.

Very truly yours,



R. W. Fleming
Operations Manager

Attachment

Documentation

Tariff Pages

Tariff Review Plan (Paper and Diskette)

Copy of Letter and Attachment concurrently delivered to:
Chief, Tariff Review Branch (Public Reference Copy)
Downtown Copy Center
Public Utilities Specialist

APPENDIX C
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Cost Development

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Appendix C

COST DEVELOPMENT

This appendix describes the development of the recurring and nonrecurring costs for LightGate 1, 2, 3 and 4 service including the new service options for all LightGate services called Separate Alternate Facilities Transport (SAFT) Levels I and II. Workpapers 1, 1A, 1B, 1C, 1D, 1E, and 1F contain summary recurring and nonrecurring costs. Workpapers 2, 2A, 2B, 2C, 2D, 2E and 2F contain recurring costs details. Workpapers 3 and 3A contain nonrecurring costs details. Workpapers for LightGate service are identified as follows:

LightGate 1 local channel - Workpapers 1, 2, and 3;
LightGate 1 interoffice channel - Workpapers 1A, 2A, and 3;
LightGate 2 local channel - Workpapers 1B, 2B, and 3;
LightGate 3 local channel - Workpapers 1C, 2C, and 3;
LightGate 4 local channel - Workpapers 1D, 2D, and 3;
SAFT Level I - Workpapers 1E, 2E, and 3,
SAFT Level II - Workpapers 1F, 2F, and 3.

1. RECURRING COST DEVELOPMENT

Recurring costs are the annual costs to BellSouth resulting from the capital investments necessary to provide a service. Recurring costs include the components of capital costs and non-capital