NYNEX Government Affairs
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David J Hatton
Director — Federal Regulatory Accounting

CC Docket 95-60

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March 6, 1996

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. T.P. Petras
Accounting Systems Branch
Federal Communications Commission
2000 L Street, NW - Room 812
Washington, D.C. 20554

Dear Mr. Petras:

Attached is the Support Assets Capitalization Limit Data Request response back up to the algorithm we use in quantification of savings resulting from the reduction of units of capitalized items. The amount of savings on the initial response in Section D are reflected in whole dollars and are supportable as calculated in the attached documentation.

Please call me if you have any questions.

Sincerely,

DJHatton

Enclosure

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NYNEX Recycles

METHODOLOGY FOR ESTIMATING COST ASSOCIATED WITH TRACKING OF GENERAL ASSETS - USED IN FCC FILING

The following notes refer to the original EXCEL worksheets (attached on LOTUS Notes with this document.)

1. Pages 1 and 2 of worksheet document the factors used in the cost estimate methodology.

- A. Page 1 shows the fully loaded hourly rates for each employee pay grade. These rates were used to calculate fully loaded annual salaries that were used for salary expense calculations.

- B. Page 1 shows the actual vendor cost to perform physical inventory in TRG: $106,300 was billed to inventory 134,301 asset items; or roughly .80 cents per asset item ** ($106,300 divided by 134,301 equals .7915)

- C. Page 1 identifies the personnel involved in Asset Support for NYNEX New England, and the estimated percent of their time spent in this assignment. Page 2 details the same information for NYNEX New York.

- D. Page 3 applies the factors described above to estimate the cost of inventory and maintenance associated with asset tracking.

  NYNEX New York: the total salary expense identified on page 2 as $1,265,955.60, when divided by the total asset item count identified on page 3 as 318,639 gives an estimated salary expense of $3.97 per asset item. (1,265,955.60/318,639= 3.97) Thus, using $3.97 per item times the number of items in each value range we arrived at **Annual Salary Expense.**

  Using .80 cents per item as a benchmark (**developed in step B. above), times the number of items in each value range we arrived at a preliminary inventory expense. Recognizing that every asset is not inventoried each year, but cyclically, we took one third of the expense as reasonable.
  Thus: (# of items multiplied by .80 cents) divided by 3 equals **Annual Inventory Expense.**

CPU/DASD We used the same figure filed in the USTA filing of October 1993 which was consistent with the criteria used by the other RBOC's and spread the expense proportionally over the numbers of assets.

CONSTANTS USED							
HRLY RATE							
(FULLY LOADED)	Hourly Rate	ANNUAL SAL					
SG21	46.28990385	$96,283.00					
SG22	42.67980769	$88,774.00					
SG11	39.13413462	$81,399.00					
TOP CLERK	21.68990385	$45,115.00					
TRG Vendor Cost	$106,300						
# Of Assets Inventoried	134301.00						
inventory expense per item	0.79						
Assets Support							
NEW ENGLAND							
SECOND LEVEL (4)			FIRST LEVEL (4)	39.13			
SG 13/14	46.29	$96,283.20	SG 11		$81,399.40		
Cronin @ 40%	46.29	$38,513.28	Whittemore @ 50%	39.13	$40,695.70		
Bouchard @ 50%	46.29	$48,141.60	Morency @100%	39.13	$81,390.40		
Thorpe @ 25%	46.29	$24,070.80	Tassinari @ 50%	39.13	$40,695.70		
SG 12	42.68	$88,774.40					
Sanford @ 25%	42.68	$22,193.60					
		$132,919.28			**$162,780.80**		
CLERKS (9)	21.69	$45,115.20					
computers - 3	21.69	$135,345.60					
furniture - 3	21.69	$135,345.60					
key punch - 1	21.69	$45,115.20					
tools - 2	21.69	$90,230.40					
		$406,036.80					
TOTAL NEW ENGLAND		**$701,736.88**					

Assets Support

NEW YORK

SECOND LEVEL (5)	hourly rate		FIRST LEVEL	hourly rate	
SG 13/14	46.29	$96,283.20	SG 11	39.13	$81,390.[illegible]
Brown @50%	46.29	$48,141.60	Ludwig @25%	39.13	$20,347.[illegible]0
Cronin @ 40%	46.29	$38,513.28	Polk@ 60%	39.13	$48,834.[illegible]4
Kacprowicz @ 50%	46.29	$48,141.60	Warren 50%	39.13	$40,695.[illegible]0
Pettaway @ 50%	46.29	$48,141.60	Devivo@65%	33.00	$44,616.[illegible]0
SG 12	42.68	$88,774.40	Mitchum @100%	39.13	$81,390.[illegible]0
Charles @ 40%	42.68	$35,509.76	Scibelli @100%	39.13	$39.[illegible]3
		$218,447.84	F Wallenmaier@ 100%	39.13	$81,390.[illegible]0
			Green @10%	36.00	$7,488.00
					$324,800.97

CLERKS	hourly rate	
computers 4	21.69	$180,460.80
furniture 2	21.69	$90,230.40
key punch 1	21.69	$45,115.20
tools 2	21.69	$90,230.40
MV, CPRIS ETC 2	21.69	$90,230.40
		$496,267.20

	Salary Expense	# Asset Items	Sal. Exp/Item
TOTAL NEW YORK	**$1,039,516.01**	**318,639**	**3.26**
TOTAL NEW ENGLAND	**$701,736.88**	**223,934**	**3.13**
TOTAL NYNEX	**$1,741,252.89**	**542,573**	**3.21**

	a	b=(a*3.26)	c=(a*.80)/3	d	e=b+c+d)		
NEW YORK		**Annual**	**Annual****	**CPU/DASD**	**TOTAL**		
		Salary Exp	**Inventory Exp**	(1st USTA NYNEX			
ITEM COUNTS	items in service	Items x Sal exp/item	itemsx.8/3cycle	filing $712,000)			
500-750	123,151	$401,763	$32,840	$183,271	$617,874		
751-1000	17,430	$56,863	$4,648	$25,939	$87,450		
1001-1500	37,337	$121,807	$9,957	$55,564	$187,32[illegible]		
1501-2000	13,531	$44,143	$3,608	$20,137	$67,8[illegible]		
GREATER THAN 2000	127,190	$414,940	$33,917	$189,282	$638,1[illegible]		
TOTAL ITEM COUNT	318,639	$1,039,516	$84,970	$474,192	$1,598,67[illegible]		
		$3.26					
Inventory cost per item	**$0.80**						
Total Salary Cost/item	**$3.26**						
				Annual	**Annual**	**CPU/DASD**	**TOTAL**
NEW ENGLAND				**Salary Exp**	**Inventory Exp**	(1st USTA NYNEX	
# items	(other accts)	Off Comm	Total Items	Items x Sal exp/item	itemsx.8/3cycle	filing $712,000)	
500-750	21,508	15,561	**37,069**	$131,965	$9,8[illegible]5	$39,365	$181,215
751-1000	7,654	7,865	**15,519**	$55,248	$4,1[illegible]8	$16,481	$59,387
1001-1500	7,213	22,439	**29,652**	$105,562	$7,9[illegible]7	$31,489	$113,469
1501-2000	5,191	6,935	**12,126**	$43,168	$3,2[illegible]4	$12,877	$46,402
GREATER THAN 2000	95,745	33,823	**129,568**	$461,262	$34,5[illegible]1	$137,595	$495,813
TOTAL ITEM COUNT	137,311	86,623	**223,934**	$797,205	$59,716	$237,808	$856,921
			3.13				
MA							
# items	(other accts)	Off Comm	Total Items	Salary Exp	Inventory Exp	TOTAL	
500-750	16,601	11,666	**28,267**	$100,632	$7,5[illegible]3	$108,170	
751-1000	6,073	5,897	**11,970**	$42,612	$3,1[illegible]2	$45,804	
1001-1500	5,215	16,823	**22,038**	$78,457	$5,8[illegible]7	$84,334	
1501-2000	3,785	5,199	**8,984**	$31,984	$2,3[illegible]6	$34,380	
GREATER THAN 2000	63,916	25,358	**89,274**	$317,816	$23,8[illegible]6	$341,622	
TOTAL ITEM COUNT	95,590	64944	**160,534**	$571,501	$42,8[illegible]9	$614,310	
ME							
# items	(other accts)	Off Comm	Total Items	Salary Exp	Inventory Exp	TOTAL	
500-750	910	925	**1,835**	$6,531	$489	$7,020	
751-1000	333	467	**800**	$2,849	$213	$3,063	
1001-1500	397	1,333	**1,730**	$6,160	$461	$6,621	
1501-2000	379	412	**791**	$2,816	$211	$3,027	
GREATER THAN 2000	7,310	2,010	**9,320**	$33,178	$2,485	$35,663	
TOTAL ITEM COUNT	9,329	5147	**14,476**	$51,535	$3,860	$55,395	

NH						
# items	(other accts)	Off Comm	Total Items	Salary Exp	Inventory Exp	TOTAL
500-750	2,422	1,447	**3,869**	$13,775	$1,0[illegible]2	$14,807
751-1000	693	732	**1,425**	$5,071	$3[illegible]0	$5,451
1001-1500	867	2,087	**2,954**	$10,517	$7[illegible]3	$11,304
1501-2000	515	645	**1,160**	$4,130	$3[illegible]9	$4,439
GREATER THAN 2000	15,265	3,146	**18,411**	$65,543	$4,91[illegible]0	$70,453
TOTAL ITEM COUNT	19,762	8057	**27,819**	$99,036	$7,4[illegible]3	$106,454
RI						
# items	(other accts)	Off Comm	Total Items	Salary Exp	Inventory Exp	TOTAL
500-750	901	1,052	1,953	$6,954	$521	$7,475
751-1000	314	532	846	$3,011	$226	$3,237
1001-1500	388	1,517	1,905	$6,784	$508	$7,292
1501-2000	279	469	748	$2,663	$199	$2,862
GREATER THAN 2000	5,071	2,287	7,358	$26,196	$1,962	$28,158
TOTAL ITEM COUNT	6,953	5858	**12,811**	$45,607	$3,416	$49,023
VT						
# items	(other accts)	Off Comm	Total Items	Salary Exp	Inventory Exp	TOTAL
500-750	674	470	1,144	$4,073	$305	$4,378
751-1000	241	238	479	$1,704	$128	$1,832
1001-1500	346	678	1,024	$3,645	$2[illegible]3	$3,918
1501-2000	233	210	443	$1,575	$1[illegible]3	$1,693
GREATER THAN 2000	4,183	1,022	5,205	$18,529	$1,388	$19,917
TOTAL ITEM COUNT	5,677	2617	**8,294**	$29,527	$2,2[illegible]2	$31,738

NEW ENGLAND							
OFFICIAL COMMUNICATIONS		STEP 1	STEP 2				
2123.21 (Excluding PBX 2123.22)		$	Units	**TOTAL NEW ENGLAND**			
$22,747,407.00				**# Items**	units	$	
				500-750	17,554	38,836,445	
step 1 create total NE units by using	MA	$ 161,691,168	73,085	751-1000	8,673	19,629,762	
avg price (NY total $ / NY total units)	ME	$ 12,241,537	5,533	1001-1500	25,314	43,164,279	
	NH	$ 21,982,757	9,936	1501-2000	7,824	33,411,130	
step2 spread units to the NE States	RI	$ 14,040,860	6,347	>2000	22,748	50,326,742	
by using the $ proportions of State	VT	$ 6,236,838	2,819				
to total Region	**TOT NE**	$216,193,160	**97,721**	**TOTAL ITEMS**	97,721	$216,193,160	
		Ledger 'Bal 12/94			82,313	185,368,357	
					OOB		
Step3 spread units to $ ranges using	**ME**	UNITS	$	**MA**	UNITS	$	
same proportions as New York	500-750	994	$2,199,042	500-750	13,129	29,045,832	
	751-1000	502	$1,111,499	751-1000	6,636	14,681,126	
	1001-1500	1,433	$3,171,104	1001-1500	18,932	29,045,832	
	1501-2000	443	$980,048	1501-2000	5,851	29,045,832	
	>2000	2,160	$4,779,844	>2000	13,129	29,045,832	
	TOTAL ITEMS	5,533	$12,241,537	**TOTAL ITEMS**	73,085	$ 161,691,168	
	NH	UNITS	$	**RI**	UNITS	$	
	500-750	1,785	3,948,932	500-750	1,140	2,522,268	
	751-1000	902	1,995,976	751-1000	576	1,274,873	
	1001-1500	2,574	5,694,515	1001-1500	1,644	3,637,209	
	1501-2000	795	1,759,922	1501-2000	509	1,126,012	
	>2000	3,880	8,583,412	>2000	2,478	5,482,410	
	TOTAL ITEMS	9,936	$ 21,982,757	**TOTAL ITEMS**	6347	$ 14,040,860	
	VT	UNITS	$				
	500-750	506	1,120,371				
	751-1000	256	566,288				
	1001-1500	730	1,615,619				
	1501-2000	226	499,316				
	>2000	1,101	2,435,243				
	TOTAL ITEMS	2819	$ 6,236,838				