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March 20, 1997

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

RECEIVED
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Federal Communications Commission
Office of Secretary

Re: Ex Parte Correspondence -- CC Docket Number 96-98

Dear Mr. Caton:

At the request of staff, attached for inclusion in the above referenced proceeding are AT&T's recalculations of what AT&T believes shared transport should cost, as an unbundled network element, on a per minute of use basis, verses three views of Ameritech's transport proposals. In addition, a diagram depicting the Ameritech dedicated transport price points, and a chart listing the non-recurring charges which Ameritech has indicated they will levy on new entrants for "shared transport" are attached.

In accordance with Section 1.1206(a)(1) of the Commission's rules, two (2) copies of this Notice are being submitted to the Secretary of the FCC.

Sincerely,

Bruce K. Cox

Attachments

- | | |
|------------------|--------------------------|
| cc: Mr. D. Ellen | Ms. L. Gelb |
| Mr. K. Gude | Mr. V. Gupta |
| Mr. J. Jennings | Mr. E. Krachmer |
| Ms. F. Setzer | Mr. D. Slotten |
| Mr. D. Stockdale | Mr. J. Smith (Ameritech) |

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AT&T VIEW (SHARED TRANSPORT)

.00046 (End Office to End Office ST Cost) x .8 (% of traffic direct routed)	\$.000368
.00083 (Tandem to End Office ST Cost) x .2 (% of traffic tandem routed) X 2 (# of ST legs)	\$.000332
.000378 (Unbundled Tandem Rate) x .2 (% of traffic tandem routed)	\$ <u>.0000756</u>
Average Cost Per Minute of Use for Shared Transport combined with tandem switching	\$.000776

Note: The current interstate access rate for common transport in Illinois is \$.000427 per minute for a five mile facility.

AMERITECH VIEW #1

NOTE: This analysis assumes the call uses CLEC dedicated transport from the originating end office to the Ameritech tandem and transport & termination to complete the call from the tandem.

Dedicated Transport = \$1603.85 / 192 (8:1 trunk/line ratio) / 400 (Avg. Min/ Month)	\$.020883
Transport & Termination = .000956 + .000193 + .00006	\$ <u>.001209</u>
Total cost per equivalent minute of use for transport & tandem switching (excludes termination charges)	\$.022092*

* Does not account for non-recurring costs

AMERITECH VIEW #2

NOTE: This analysis calculates the cost using dedicated transport to get a call from originating end office to the tandem and dedicated transport from the tandem to the terminating end office.

Dedicated Transport = $\$1603.85 / 192$ (8:1 trunk/line ratio) x 2 (originating DSI & terminating DSI) / 400 (Avg MoU) = **\$.041767*** per equivalent minute of use.

* Does not account for non-recurring costs

AMERITECH VIEW #3

NOTE: This view uses Ameritech's proposal to utilize its existing transport network as a service and compensate Ameritech at its wholesale rate.

<u>Band</u>	<u>Mileage</u>	<u>Residence</u>	<u>Business (1-11 Lines)</u>
A	0-8 Miles	\$.0057* per minute of use	\$.0106* per minute of use
B	8-15 Miles	\$.0184* per minute of use	\$.0219* per minute of use
C	> 15 Miles	\$.0261* per minute of use	\$.0322* per minute of use

* Does not account for non-recurring costs

AMERITECH NON-RECURRING CHARGES FOR "SHARED TRANSPORT"

Administrative Charge Per Order		\$ 408.05
Service Order Per DSI		398.73
Design & Central Office Connection Per DSI		636.43
Carrier Connection Charge - Two Applied Per DSI	(\$588.93 X 2)	1177.86
Clear Channel Signaling Per DSI		448.20
UTS Line Connect Charge Per DSI		770.29
UTS Service Order Charge		398.73
Initial Trunk Port Connection		<u>770.29</u>
Non-Recurring Cost Per DSI		\$5008.58
Customized Routing	(\$232.24 x 100 LCCs)	\$23,224.00
Billing Development		<u>35,328.87</u>
Non-Recurring Cost Per Switch		\$58,552.87

ASSUMPTIONS & RATES USED

Hatfield shared transport end office to end office	\$.00046
Hatfield shared transport end office to tandem (per leg)	\$.00083
Ameritech unbundled tandem switching	\$.000378
Ameritech T&T tandem switching	\$.000956
Ameritech T&T tandem port	\$.000193
Ameritech T&T tandem facility (per mile)	\$.000012
Ameritech monthly cost for DSI	\$ 1603.85

DS1 Cost Breakdown:

Cross-connection (2 per DS1)	\$ 5.19 x 2 = \$ 10.38
Custom Routing Trunk Port (per DS0)	\$59.10 x 24 = \$1418.40
Interoffice Mileage Termination (2 per DS1)	\$16.29 x 2 = \$ 32.58
Interoffice Mileage (per mile)	\$ 1.75 x 5 = \$ 8.75
Tandem Trunk (per DS1)	\$ 120.21
Tandem Trunk Port Features (per DS1)	<u>\$ 13.53</u>
Total	\$1603.85

- 20% of local traffic routes through an Ameritech tandem (AT&T view)
- Average mileage length of 5 miles for dedicated transport
- Line to trunk ratio of 8:1 (used to allocate monthly dedicated transport cost to an end user)
Note: Ameritech's "typical switch" line to trunk ratio of 12:1 is unrealistic for a new entrant to use.
- 100 % of traffic routes through the tandem (Ameritech views 1 & 2)
- Average interswitch local calling = 400 minutes per customer per month
Note: Ameritech's ARMIS data includes intraswitch usage which is not appropriate for this analysis. Approximately 40% of all call are connected by the same end office switch which would reduce Ameritech's number to 372 minutes per line for interswitch minutes. The 400 minutes used in this analysis gives Ameritech the benefit of the doubt.
- End office termination charges are a wash & therefore not included in the analysis
- AT&T will serve customers in every Ameritech end office using UNE-P
- Ameritech rates are from Illinois agreement
- Non-recurring rates reflect what Ameritech indicated it would cost AT&T to establish "shared transport network"
- Ameritech View #3 is based on rates in Ameritech's tariff dated 1/4/97
- AT&T will need 100 line class codes per switch.
Note: Ameritech has continually stated that it uses between 400 and 700 line class codes in its network. Working with other RBOCs, AT&T estimates that it will need to duplicate approximately 40% of the existing LCCs in use by the RBOC. Based on that information the 100 reflected in this analysis is extremely conservative.

TRANSPORT & TANDEM SWITCHING
COST COMPARISON SUMMARY
ILLINOIS

AT&T View

Combination of unbundled shared transport & tandem switching

\$.000776 per minute

Ameritech View #1

Combination of dedicated transport and transport & termination charges

\$.022092* per minute

Ameritech View #2

All transport used by CLEC is dedicated transport

\$.041767* per minute

Ameritech View #3

Uses Ameritech's existing transport as a service at their wholesale rates

<u>Band</u>	<u>Residence</u>	<u>Business</u>
A	\$.0057* per min.	\$.0106* per min.
B	\$.0184* per min.	\$.0219* per min.
C	\$.0261* per min.	\$.0322* per min.

* Does not account for non-recurring costs

**NON-RECURRING CHARGES REQUIRED TO ESTABLISH
"SHARED TRANSPORT" NETWORK IN ILLINOIS**

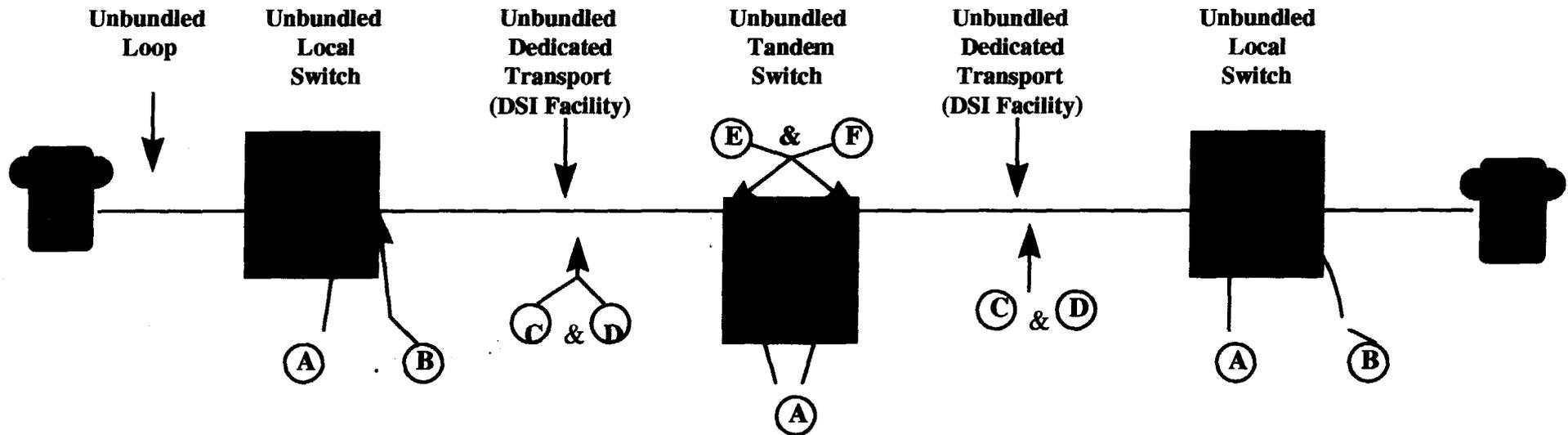
The total non-recurring charge per DS1 is \$5008.58 x 265 switches =	\$ 1,327,273.70
The total customized routing charge per switch is \$23,224.00 x 265 switches =	\$ 6,154,360.00
The billing development charge per switch is \$35,328.87 x 265 switches =	<u>\$ 9,362,150.55*</u>
Total non-recurring charge to establish first service on the platform =	\$16,843,784.25

Assumptions:

- 1) Ameritech has 265 end office switches in Illinois (information obtained from the LERG).
- 2) AT&T will be serving customers using the unbundled network element platform in all 265 switches.
- 3) AT&T will require 100 line class codes per switch for selective routing.
- 4) AT&T will begin to offer service with only one DS1 per end office switch.
- 5) Each DS1 will require a unique service order due to different A&Z switch locations.

*Ameritech intends to bill new entrants this rate for the unbundled switch regardless of the transport option used..

Ameritech Monthly Recurring “Shared Transport” Price Points *



A =	Cross Connection =	\$5.19
B =	Custom Routing Trunk Port =	\$59.10 x 24 (assumes all 24 DS0s are activated)
C =	Interoffice Mileage Termination =	\$16.29 x 2 per DSI
D =	Interoffice Mileage =	\$1.75 x Number of Miles
E =	Tandem Trunk =	\$120.21
F =	Unbundled Tandem Trunk Port Features =	\$13.53

* Note: Diagram Does Not Reflect Other Unbundled Costs Such As Loop, Switching, Databases, Etc.