Transport Inputs

Variable	Value	Desciption
Transport		
MaxNodes	8	Maximum number of nodes on a ring
ARFactor	1.410	Air to Route Factor
LTFactor	6	Access line to DSO trunk factor associated with host remote links
TTFactor	10	Access line to DSO trunk factor associated with host tandem trunks
SPFactor	5.0%	% special access circuits to the number of exchange access lines.
RepeaterDist	40	Maximum Repeater spacing (miles)
MOUPerDS1	216,000	MOU per DS1
RDSWitch	N	Does a two point ('folded') ring use separate routing for the two sides
EASPct	25.00%	Percent of interoffice MOUs that are EAS
CLLIMatch	7	Used to identify 'like' tandems
Fiber Factors		
MEAerialFiber	75.00%	Mileage Equipment Aerial Fiber (per fiber mile)
MEUndergroundFiber	75.00%	Mileage Equipment Undergrount Fiber (per fiber mile)
MEBuriedFiber	75.00%	Mileage Equipment Buried Fiber (per fiber mile)
FiberPoleFactor	0.23	Fiber Pole Factor
FiberConduitFactor	0.45	Fiber Conduit Factor
PowerAndEquipmentFactor	0.06	Miscellaneous Equipment & Power Factor
SheathSharingFactor	0.68	Sheath Sharing Factor
TwoPointSheathSharingFactor	0.5	Two Point Sheath Sharing Factor
FiberMixAerial	5.00%	Fiber Mix - Aerial
FiberMixUnderground	30.00%	Fiber Mix - Undeerground
FiberMixBuried	65.00%	Fiber Mix - Buried

BCPM Miscellaneous Inputs

Miscellaneous Inputs

Variable	Value	Desciption
		Cable & Wire Inputs
PairsPerHousingUnit	2	Distribution pairs per residential housing unit
PairsPerBusinessLocation	6	Minimum number of pairs per business location
MaxSizeFDI	4200	Maximum Size Feeder Distribution Interface Cabinet (Cross Connect)
MaxFiberSize	288	Maximum Fiber Cable Size
MaxFeederSize	4,200	Maximum Copper Feeder Cable Size
MaxDistSize	3600	Maximum Copper Distribution Cable Size
CprMaxDistr	12,000	Maximum length of copper cable in the CBG distribution area
FiberCableDiscount	0.00%	Fiber Cable Discount %
CopperCableDiscount	0.00%	Copper Cable Discount %
InvLoopCap	$ 10,000	Loop Investment Cap Expense
BreakPoint	12,000	Cable Break Point
		Terrain Inputs and Surface Impacts
CriticalWaterDepth	3	Depth in feet at which water impacts placement costs
WaterFactor	30.00%	% Cost increase for presence of water within critical depth
NewTerrainTrigger	5	Value that triggers new terrain variable multiplier
NewTerrainFactor	1	Cost multiplier when new terrain variable exceeds trigger point
MinSlopeTrigger	12	Point at which minimum slope effects placement distance
MinSlopeFactor	1.10	Change in distance due to increased average slope
MaxSlopeTrigger	30	Point where presence of very high slope causes yet more cable distance
MaxSlopeFactor	1.05	Change in distance due to a maximum only slope presence
CombSlopeFactor	1.20	Secondary change in distance due to substantial slope presence
		Census Data Inputs - State Specific
BusinessPrem	10	Average Number of Business lines per location
		Trench Depth
NormalUGBuriedCover	30.00	Minimum Cover Depth in inches for Buried/Underground Copper Cable
NormalFiberCover	48.00	Minimum Cover Depth in inches for Buried/Underground Fiber

BCPM Miscellaneous Inputs

Digital Electronics		
OpticsCost	$ 75,000.00	Material & Installation for Fiber Optics Terminal at CO and Customer Loc
CopperT1	$ 2,500.00	Average Cost per DS-1 on copper (both terminals & repeater)
FbrTermFrame	$ -	Material & Installation for Fiber Termination Framel at CO
D4Bank	$ -	Material & Installation for D4 type equipment.
ElectronicFill	85.00%	Fill Factors for Electronics
HiCapFill	95.00%	Fill Factors for High Capacity Optic Multiplexers
SmallDLCDiscount	0.00%	Small DLC Electronics Discount %
LargeDLCDiscount	0.00%	Large DLC Electronics Discount %
MaxCOTDLCL	2016	Maximum Central Office Terminal DLC-L Size
MaxCOTDLCS	672	Maximum Central Office Terminal DLC-S Size
COTDLCLPerLine	$ 15.58	Central Office Terminal DLC-L Per line Investment
COTDLCSPerLine	$ 18.54	Central Office Terminal DLC-S Per line Investment
Financial Data		
ReturnOnEquity	14.3%	Return On Equity
DebtRate	6.9%	Debt Rate
DebtRatio	22.5%	Debt Ratio
Tax Data		
FederalTaxRate	35.0%	Federal Tax Rate
StateTaxRate	5.5%	State Tax Rate
AdValoremInsurance	1.2%	Ad Valorem, Insurance, etc.
OtherTaxRate	0.0%	Other Tax Rate
Tax Depreciation		
BookSurvivalCurves	CG&S	Use Survival Curves
BookConvention	Mid Year	Convention
BookELG_VG	ELG	ELG / VG
BookWL_RL	Remaining Life	WL / RL
Calculated Results		
DLC-SDiscount	100.00%	DLC Small - Pricing ratio after Discount
DLC-LDiscount	100.00%	DLC Large - Pricing ratio after Discount
FiberCostRatio	100.00%	Fiber cable cost ratio after discount
CopperCostRatio	100.00%	Copper Cable Cost ratio after discount
CopperGauge	26	Gauge of copper cable
Version 3 Input Change: Extended Range Line Card Inputs		
COTDLCLPerLineExRange	$ 15.58	Central Office Terminal DLC-L Per line Investment for Extended Range Line Cards
COTDLCSPerLineExRange	$ 18.54	Central Office Terminal DLC-S Per line Investment for Extended Range Line Cards
RTDLCLPerLineExRange	$ 187.50	Remote Terminal DLC-L Per line Investment for Extended Range Line Cards
RTDLCSPerLineExRange	$ 125.00	Remote Terminal DLC-S Per line Investment for Extended Range Line Cards
BreakPointExRange	13,600	Breakpoint (in feet) when Extended Range line cards are Required in DLC

BCPM Expense Inputs

xpense Inputs

Aggregate Support Inputs

Levels	Residence	Business
Aggregate Support Level at:	$ 20.00	$ 20.00
Aggregate Support Level at:	$ 30.00	$ 30.00
Aggregate Support Level at:	$ 31.00	$ 51.00
Aggregate Support Level at:	$ 50.00	$ 50.00
Aggregate Support Level at:	$ 60.00	$ 60.00
Aggregate Support Level at:	$ 70.00	$ 70.00
Aggregate Support Level at:	$ 80.00	$ 80.00

upport and Expense Factors for Tier 1 Companies

Support Ratio Table

	Support Accounts		
6112 Motor Vehicle	1.002%	1.002%	1.002%
6114 Special Purpose Vehicles	0.000%	0.000%	0.000%
6115 Garage Work Equipment	0.038%	0.038%	0.038%
6116 Other Work Equipment	0.666%	0.666%	0.666%
6122 Furniture	0.275%	0.275%	0.275%
61213 Office Support	1.849%	1.849%	1.849%
6124 General Purpose Computers	2.132%	2.132%	2.132%
Total Support Ratio	5.962%	5.962%	5.962%

BCPM Expense Inputs

'er Line Monthly Operating Expenses for Small, Medium and Large Companies

Residence Expense Table

Cost Element	USOAR Account	Residential					
		Fixed Cost per Line			Expense % per Investment		
		Small	Medium	Large	Small	Medium	Large
Network Support Expense	6110	$ 0.09	$ 0.09	$ 0.09	0.0000	0.0000	0.0000
General Support	6120	$ 1.95	$ 1.95	$ 1.95	N/A	N/A	N/A
COE Switching	6210	$ -	$ -	$ -	0.0813	0.0813	0.0813
COE Transmission	6230	$ -	$ -	$ -	0.0094	0.0094	0.0094
Information Orig/Term	6310	$ -	$ -	$ -	N/A	N/A	N/A
Poles	6411	$ -	$ -	$ -	0.0027	0.0027	0.0027
Aerial Copper Cable	6421.1	$ -	$ -	$ -	0.0434	0.0434	0.0434
Aerial Fiber Cable	6421.2	$ -	$ -	$ -	0.0083	0.0083	0.0083
Underground Copper Cable	6422.1	$ -	$ -	$ -	0.0034	0.0034	0.0034
Underground Fiber Cable	6422.2	$ -	$ -	$ -	0.0020	0.0020	0.0020
Buried Copper Cable	6423.1	$ -	$ -	$ -	0.0288	0.0288	0.0288
Buried Fiber Cable	6423.2	$ -	$ -	$ -	0.0087	0.0087	0.0087
Conduit Investment System	6441	$ -	$ -	$ -	0.0010	0.0010	0.0010
Other Property Plant	6510	$ 0.02	$ 0.02	$ 0.02	0.0000	0.0000	0.0000
Network Operations	6530	$ 1.75	$ 1.75	$ 1.75	0.0000	0.0000	0.0000
Marketing	6610	$ 1.08	$ 1.08	$ 1.08	N/A	N/A	N/A
Services	6620	$ 2.33	$ 2.33	$ 2.33	N/A	N/A	N/A
Executive and Planning	6710	$ 0.16	$ 0.16	$ 0.16	N/A	N/A	N/A
General and Administrative	6720	$ 2.27	$ 2.27	$ 2.27	N/A	N/A	N/A
Uncollectibles	6790	$ 0.95	$ 0.95	$ 0.95		N/A	
Total Expense	Per Line Expense	$ 10.59	$ 10.59	$ 10.59			

BCPM Expense Inputs

Per Line Monthly Operating Expenses for Small, Medium and Large Companies

Business Expense Table

Cost Element	USOAR Account	Business					
		Fixed Cost per Line			Expense % per Investment		
		Small	Medium	Large	Small	Medium	Large
Network Support Expense	6110	$ 0.09	$ 0.09	$ 0.09	0.0000	0.0000	0.0000
General Support	6120	$ 1.95	$ 1.95	$ 1.95	N/A	N/A	N/A
COE Switching	6210	$ -	$ -	$ -	0.0813	0.0813	0.0813
COE Transmission	6230	$ -	$ -	$ -	0.0094	0.0094	0.0094
Information Orig/Term	6310	$ -	$ -	$ -	N/A	N/A	N/A
Poles	6411	$ -	$ -	$ -	0.0027	0.0027	0.0027
Aerial Copper Cable	6421.1	$ -	$ -	$ -	0.0434	0.0434	0.0434
Aerial Fiber Cable	6421.2	$ -	$ -	$ -	0.0083	0.0083	0.0083
Underground Copper Cable	6422.1	$ -	$ -	$ -	0.0034	0.0034	0.0034
Underground Fiber Cable	6422.2	$ -	$ -	$ -	0.0020	0.0020	0.0020
Buried Copper Cable	6423.1	$ -	$ -	$ -	0.0288	0.0288	0.0288
Buried Fiber Cable	6423.2	$ -	$ -	$ -	0.0087	0.0087	0.0087
Conduit Investment System	6441	$ -	$ -	$ -	0.0010	0.0010	0.0010
Other Property Plant	6510	$ 0.02	$ 0.02	$ 0.02	0.0000	0.0000	0.0000
Network Operations	6530	$ 1.75	$ 1.75	$ 1.75	0.0000	0.0000	0.0000
Marketing	6610	$ 1.08	$ 1.08	$ 1.08	N/A	N/A	N/A
Services	6620	$ 2.33	$ 2.33	$ 2.33			
Executive and Planning	6710	$ 0.16	$ 0.16	$ 0.16			
General and Administrative	6720	$ 2.27	$ 2.27	$ 2.27			
Uncollectibles	6790	$ 0.95	$ 0.95	$ 0.95			
Total Expense		$ 10.59	$ 10.59	$ 10.59			

BCPM State Specific Inputs

State Information Table

State	[illegible]	[illegible]	[illegible]	[illegible]
AK	1.0949	0.2833	0.1300	3.90%
AL	1.0875	0.1383	0.1300	3.90%
AR	1.0051	0.1663	0.1300	3.90%
AZ	1.1242	0.0546	0.1300	3.90%
CA	1.1714	0.5358	0.1300	3.90%
CO	1.1474	0.0662	0.1300	3.90%
CT	1.1036	0.0898	0.1300	3.90%
DC	1.2661	0.0101	0.1300	3.90%
DE	1.2074	0.0734	0.1300	3.90%
FL	1.2106	0.1622	0.0955	2.50%
GA	1.1078	0.0768	0.1300	3.90%
HI	1.1897	0.5726	0.1300	3.90%
IA	1.0507	0.1579	0.1300	3.90%
ID	1.0843	0.1541	0.1300	3.90%
IL	1.1048	0.1390	0.1300	3.90%
IN	1.0647	0.1558	0.1300	3.90%
KS	1.0713	0.0763	0.1300	3.90%
KY	1.0301	0.2227	0.1300	3.90%
LA	1.1114	0.0938	0.1300	3.90%
MA	1.2348	0.6106	0.1300	3.90%
MD	1.1504	0.0547	0.1300	3.90%
ME	1.2046	0.6274	0.1300	3.90%
MI	1.1449	0.1638	0.1300	3.90%
MN	1.1057	0.0512	0.1300	3.90%
MO	1.0870	0.1374	0.1300	3.90%
MS	0.9969	0.1484	0.1300	3.90%
MT	1.0552	0.1272	0.1300	3.90%
NC	1.1246	0.1839	0.1300	3.90%
ND	1.1643	0.1013	0.1300	3.90%
NE	1.0774	0.1757	0.1300	3.90%
NH	1.2532	0.6936	0.1300	3.90%
NJ	1.3210	0.0622	0.1300	3.90%
NM	1.0349	0.1235	0.1300	3.90%
NV	1.1758	0.5024	0.1300	3.90%
NY	1.2039	0.5678	0.1300	3.90%
OH	1.0709	0.1627	0.1300	3.90%
OK	1.0375	0.1268	0.1300	3.90%
OR	1.0787	0.1639	0.1410	0.00%
PA	1.1366	0.1048	0.1300	3.90%
PR	1.1206	0.2051	0.1300	3.90%
RI	1.1714	0.6603	0.1300	3.90%
SC	1.0860	0.1554	0.1300	3.90%
SD	1.0447	0.1049	0.1300	3.90%
TN	1.1409	0.1031	0.1300	3.90%
TX	1.0878	0.1187	0.1300	3.90%
UT	1.1545	0.0624	0.1300	3.90%
VA	1.0912	0.1077	0.1300	3.90%
VT	1.2110	0.5668	0.1300	3.90%
WA	1.0967	0.1501	0.1300	3.90%
WI	1.1265	0.1226	0.1300	3.90%
WV	0.9939	0.1188	0.1300	3.90%
WY	1.0555	0.0687	0.1300	3.90%

PR	1.1206	0.2051	0.13	0.039

BCPM Capital Costs Inputs

Capital Cost Inputs

[illegible]	Economic [illegible]	Tax Life (years)	Future Net Salvage (percent)	Survival Curve	Gompertz C	Gompertz G	Gompertz S
Land	0	0	0%	Square Life	0.00000000	0.00000000	0.00000000
Motor Vehicle	8	5	10%	CG&S	1.36885980	-0.01372330	0.00357234
Special Purpose Vehicles	10	5	0%	CG&S	1.39000000	-0.03578191	0.02459161
Garage Work	10	5	0%	CG&S	1.02766470	-5.71031270	0.14552408
Other Work	10	5	0%	CG&S	1.02766470	-5.71031270	0.14552408
Building	30	30	0%	CG&S	1.18428730	-0.10144970	0.01557655
Furniture	10	5	0%	CG&S	1.18428730	-0.10144970	0.01557655
Office Support	10	5	0%	CG&S	1.02010290	-8.97443950	0.16316108
General Purpose Computers	5	5	0%	CG&S	1.02766470	-5.71031270	0.14552408
Switching	10	5	0%	CG&S	1.71629560	-0.00114623	0.00038173
Circuit/DLC	8	5	0%	CG&S	1.36885980	-0.01372330	0.00357234
Pole	25	15	-50%	CG&S	1.10249400	-0.33410041	0.02401188
Aerial Copper	15	15	-10%	CG&S	1.71629560	-0.00114623	0.00038173
Aerial Fiber	20	15	-10%	CG&S	1.36885980	-0.01372330	0.00357234
Underground Copper	15	15	-10%	CG&S	1.71629560	-0.00114623	0.00038173
Underground Fiber	20	15	-10%	CG&S	1.36885980	-0.01372330	0.00357234
Buried Copper	15	15	-10%	CG&S	1.71629560	-0.00114623	0.00038173
Buried Fiber	20	15	-10%	CG&S	1.36885980	-0.01372330	0.00357234
Conduit	40	15	-10%	CG&S	1.36885980	-0.01372330	0.00357234

SWStateD

	Optional	Optional	Optional	Optional	Optional
State	Reserve CCS $/Ln: 5ESS Remote (Discounted)	Reserve CCS $/Ln: DMS Host/ Standalone (Discounted)	Reserve CCS $/Ln: DMS Remote (Discounted)	Small Switch Vendor 1 Share	Small Switch Vendor 2 Share
AL				1	0
AK				1	0
AZ				1	0
AR				1	0
CA				1	0
CO				1	0
CT				1	0
DE				1	0
DC				1	0
FL				1	0
GA				1	0
HI				1	0
ID				1	0
IL				1	0
IN				1	0
IA				1	0
KS				1	0
KY				1	0
LA				1	0
ME				1	0
MD				1	0
MA				1	0
MI				1	0
MN				1	0
MS				1	0
MO				1	0
MT				1	0
NE				1	0
NV				1	0
NH				1	0
NJ				1	0
NM				1	0
NY				1	0
NC				1	0
ND				1	0
OH				1	0
OK				1	0
OR				1	0
PA				1	0
PR				1	0

SWStateD

	Optional	Optional	Optional	Optional	Optional
State	Reserve CCS $/Ln: 5ESS Remote (Discounted)	Reserve CCS $/Ln: DMS Host/ Standalone (Discounted)	Reserve CCS $/Ln: DMS Remote (Discounted)	Small Switch Vendor 1 Share	Small Switch Vendor 2 Share
RI				1	0
SC				1	0
SD				1	0
TN				1	0
TX				1	0
UT				1	0
VT				1	0
VA				1	0
WA				1	0
WV				1	0
WI				1	0
WY				1	0

BELLSOUTH

BellSouth Telecommunications, Inc.
Suite 400
150 South Monroe Street
Tallahassee, Florida 32301

850 222-1201
Fax 850 222-8640

Nancy H. Sims
Director – Regulatory Relations

May 19, 1998

Mr. Walter D'Haeseleer
Director, Division of Communications
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Dear Mr. D'Haeseleer:

Attached is BellSouth Telecommunications, Inc.'s response to the data request concerning Universal Service cost information .

If I can be of further assistance, please advise.

Yours very truly,

Tanya Lynn

for Director-
Regulatory Relations

BELLSOUTH TELECOMMUNICATIONS, INC.

FLORIDA

BENCHMARK COST PROXY MODEL 3.1 (BCPM 3.1)

MODEL INPUTS AND ASSUMPTIONS

Overview

BellSouth's Benchmark Cost Proxy Model 3.1 (BCPM 3.1) study inputs determine the costs an efficient provider would incur in providing universal service in BellSouth's territory in Florida. These input values reflect forward-looking costs of a least cost, most efficient network. While the FCC has suggested the use of a cost proxy model to determine the forward-looking costs of universal service, the inputs to a proxy model should be company-specific by territory. Only BellSouth's input values, based on the company's experience and expertise in providing service in the high cost areas of BellSouth's Florida territory, are appropriate for use in determining the cost of providing universal service in those territories.

Even though cost proxy models design a hypothetical network, the cost of that network should be as real world as possible. That is, it should reflect the costs of an efficient telecommunications provider building and operating that network. The inputs proposed by BellSouth portray the most accurate view of conditions and resulting costs that an efficient carrier would experience in providing universal service in BellSouth Florida territory.

National default values of both the Hatfield Model and BCPM are not necessarily reflective of the costs of providing service in Florida. Instead, these defaults are designed to represent an average cost across the nation. Since the purpose of a universal service cost proxy model is to determine the specific costs of providing service in rural, insular, and high cost areas of Florida, it makes no sense to use only national average inputs which tend to equalize all areas' costs.

BellSouth has used, whenever possible, Florida-specific cost inputs which reflect the forward-looking cost of providing service in the BellSouth territory in Florida. These input values include BellSouth specific costs for cable, structures, switches and other network components of universal service. BellSouth reviewed the BCPM 3.1 default inputs. Those default values which were found to be representative of BellSouth's Florida costs were used when BellSouth-specific data was not available in the format, or at the level of detail, required by the BCPM 3.1.

We recommend to the Commission that the BCPM 3.1, with the values included here, be used to determine the cost of universal service for BellSouth's Florida territory.

Input Categories

Some of the major categories of inputs using BellSouth-specific input values are listed below. Also attached is a more detailed exhibit displaying, by major category of inputs, the source of the inputs and whether the inputs are state-specific, company-specific or nationwide defaults.

- Contractor costs of placing cable, conduit and poles
- Sharing percentage associated with structures
- Cable material and labor unit costs
- Cable sizing/utilization
- Drop terminal cost
- Feeder/distribution interface costs
- Switch costs
- Interoffice transport and signaling costs
- Network interface device costs
- Depreciation lives, survivor curves and net salvage percentages
- Expenses and support assets

All inputs used by BellSouth are designed to represent forward-looking costs. BellSouth uses current material prices, labor costs, and contractor costs which are adjusted by Telephone Plant Indices (TPIs) to reflect 1997-1999 costs. In certain plant accounts, the TPIs add inflation estimates to the costs. In other accounts, the TPIs actually result in lower costs when costs are projected to decline in a particular type of telephone plant. The combination of forward-looking network requirements, designed by BCPM 3.1, and forward-looking 1997-1999 input values definitely result in forward-looking costs.

Structure Costs

BellSouth's structure placement costs (contractor costs) for placing conduit, trenching/plowing buried cable, and placing poles are based on an average of the existing BellSouth agreements with outside plant contractors in Florida. These contracts encompass the entire BellSouth territory in Florida. BellSouth also used BellSouth-specific inputs from these contracts for the costs for manholes and handholes in Florida.

BellSouth does not have data that identifies the percentage of time associated with each activity in the structure tables. However, BellSouth

Network experts reviewed the defaults and found these values to be reasonable and representative of BellSouth's operations in Florida. Thus, the defaults are used in BellSouth's study.

BellSouth used structure sharing percentages which are BellSouth-specific values representative of BellSouth's sharing arrangements in Florida.

Cable Costs

BellSouth used cable costs for both copper and fiber cable which reflect BellSouth-specific cable costs in Florida. Material prices for copper and fiber cable were obtained from purchasing records containing BellSouth's actual purchase prices. These material prices were then adjusted for inflation. Telephone company engineering and labor costs were derived from BellSouth's Florida in-plant loading factors which convert the material prices to a Florida-specific installed investment. (Note that contractor costs are handled separately in the structures tables of BCPM 3.1and thus are not included in the installed investment.) BellSouth-specific cable costs reflect economies of scale and vendor prices that an efficient provider would be able to expect to achieve on a going forward basis.

Utilization Factors

Universal service costs should be based on a forward-looking projection of actual utilization. BCPM 3.1 determines the network required to provide quality service to an area, calculates the cost of that network, and then determines a cost per line based on the number of lines served by the network. Thus, BCPM 3.1 incorporates an actual, or average, utilization to determine universal service costs. BCPM 3.1 requires a cable sizing factor input which, along with standard cable sizes and number of distribution pairs per housing unit, is used to determine cable requirements. BellSouth used Florida-specific cable sizing factors, consistent with BellSouth engineering guidelines, to determine cable sizes within BCPM 3.1. These cable sizing factors input by BellSouth are designed to produce a fill equal to BellSouth's projection of actual fill, based on actual experience over time, for Florida.

Terminal Costs

BellSouth's drop terminal costs for line sizes below 100 pairs are considered exempt material and thus are in the in-plant factors used to develop the installed investments of cable. Therefore, terminal costs are not included in BellSouth's BCPM 3.1 study as a separate input. BellSouth used BellSouth-specific feeder distribution interface costs to reflect BellSouth's costs in Florida. The material prices were obtained from procurement records and were adjusted for inflation. The

engineering and labor costs were developed from Florida-specific in-plant factors.

Switching Costs

BCPM 3.1 includes an improved switching module, requiring much more granular switching inputs, than required in earlier versions of BCPM. BellSouth Florida-specific analyses were used to provide the detailed data for wire centers in the state. State-specific information on calling rates, usage rates, loading factors and host/remote characteristics were used along with company average data and consistent line counts from other BCPM modules. ARMIS data was used where available for items such as traffic percentages for residence, business, local and toll.

Interoffice Transport

BCPM 3.1 includes a much-improved interoffice transport module which determines interoffice costs based upon Synchronous Optical Network (SONET) ring architectures. Inputs to this module are BellSouth-specific costs for Florida including fill factors, SONET material prices, number of nodes on a ring, air-to-route factor, the mix of aerial, underground and buried fiber in the interoffice transport, and other inputs reflective of the costs of providing interoffice transport in BellSouth territory in Florida.

Network Interface Device (NID)

BellSouth-specific costs for the material, travel, and installation labor associated with the NID were utilized in BCPM 3.1. These costs represent the costs an efficient provider would be able to expect to achieve on a going forward basis.

Depreciation Parameters

The appropriate lives to use in depreciation calculations in a forward-looking cost study are economic lives, as opposed to prescribed lives. Economic lives reflect the useful, or revenue-producing, life of an item of plant and are appropriate for use in economic cost studies to ensure that costs are recovered over a time period equal to the revenue-producing life of the plant.

While the FCC has stated that depreciation lives should fall within the FCC-authorized range of lives, BellSouth believes that the ranges of lives authorized in CC Docket No. 92-296 are much too long and do not represent forward-looking economic lives, particularly for the major accounts most heavily affected by technological changes (that is, the Switching, Circuit, and Metallic Cable accounts). Therefore, BellSouth recommends that the Commission use the projected economic lives and net salvage percentages included in this package.

Support Investment
BellSouth developed BellSouth-specific support investment ratios for input into BCPM 3.1 using projected investments in support assets relative to projected investments in non-support assets.

Expenses
Expenses are handled in BCPM 3.1 in two ways. Certain categories of expenses, including retail expenses, are expressed on a per line basis using 1997-1999 projected total lines. Other categories of expense (e.g., aerial copper cable) are based on BellSouth plant specific expense factors specific to Florida. Plant-specific expenses consist mainly of maintenance expenses. These types of expenses are considered to be causally related to investment and are developed from three years of projected expense data relative to the same period projections for investment. The result is an expense per dollar of investment for these plant-specific expense accounts. The plant-specific expense percentages used in the BellSouth universal service study are identical to those used in the unbundled network element cost studies.

Non-plant specific expenses, such as Network Operations and Executive and Planning, are not causally related to investment. These expenses are determined on a per line per month basis using projected forward-looking expenses and projected number of lines to derive an expense per line.

Summary
BellSouth's proposed inputs in BCPM 3.1 reflect the forward-looking costs BellSouth will incur to provide universal service in Florida. Costs for structures, cable, and other components of the network reflect BellSouth contract prices with vendors, including discounts provided to BellSouth. Installation and engineering costs are based on actual experience by BellSouth network personnel. These inputs are reflective of costs that a large, efficient telecommunications carrier would expect to incur, on a going forward basis, to provide universal service in BellSouth's operating territory in Florida.

The inputs included in this package are presented in the standard BCPM 3.1 input format. Also included is a table displaying the major input categories, sources of the input values and whether the values are state-specific, company-specific, or nationwide defaults. The values represent BellSouth's currently proposed input values for Florida's universal service cost study. As more current information becomes available, BellSouth will respectfully request permission to provide updates to these inputs.

INPUT SOURCES

BCPM 3.1 INPUT SOURCES - BELLSOUTH - FLORIDA

Input	Source	Scope
STRUCTURES (All Activities)		
Feeder Conduit - All Densities, All Terrains		
Unit Cost Per Foot	OSP Contracts	State Specific
% Activity	Default	Global
% Assigned to Telephone	BST Network	State Specific
Distribution Conduit - All Densities, All Terrains		
Unit Cost Per Foot	OSP Contracts	State Specific
% Activity	Default	Global
% Assigned to Telephone	BST Network	State Specific
Buried Feeder Cable - All Densities, All Terrains		
Unit Cost Per Foot	OSP Contracts	State Specific
% Activity	Default	Global
% Assigned to Telephone	BST Network	State Specific
Buried Distribution Cable - All Densities, All Terrains		
Unit Cost Per Foot	OSP Contracts	State Specific
% Activity	BCPM	Global
% Assigned to Telephone	Default	State Specific
Aerial Feeder Cable (Poles/Anchors) - All Densities, All Terrains		
Unit Cost/Installation	OSP Contracts & BST Network	State Specific
% Activity	Default	Global
% Assigned to Telephone	BST Network	State Specific
Aerial Distribution Cable (Poles/Anchors)- All Densities, All Terrains		
Unit Cost/Installation	OSP Contracts & BST Network	State Specific
% Activity	Default	Global
% Assigned to Telephone	BST Network	State Specific
MANHOLE (All Types)		
All Terrain Types:		
Material	OSP Contracts & BST Network	State Specific
Installation	OSP Contracts & BST Network	State Specific
% Assigned to Telephone	BST Network	State Specific
SPACING (All Densities)		
Feeder Spacing Table		
Manholes	Default	Global
Poles	Default	Global
Guys	Default	Global
Relative Pole Units	Default	Global
Distribution Spacing Table		
Manholes	Default	Global
Poles	Default	Global
Guys	Default	Global
Relative Pole Units	Default	Global
DROP (All Densities)		
Aerial		
Material	BST Network	State Specific
Placing	BST Network	State Specific
Buried		
Material	BST Network	State Specific
Placing	BST Network	State Specific
NID (All Densities Res & Bus.)		
Nid		
Material	BST Network	State Specific
Placing	BST Network	State Specific
Protector		
Material	BST Network	State Specific
Placing	BST Network	State Specific
Interface		
Material	BST Network	State Specific
Placing	BST Network	State Specific

BCPM 3.1 INPUT SOURCES - BELLSOUTH - FLORIDA

Input	Source	Scope
FIBER CABLE (All Densities/All Sizes)		
Aerial		
Material	BST Network/Purchase Records	Company Specific
Placing	BST In-Plant Factors	State Specific
Buried		
Material	BST Network/Purchase Records	Company Specific
Placing	BST In-Plant Factors	State Specific
Underground		
Material	BST Network/Purchase Records	Company Specific
Placing	BST In-Plant Factors	State Specific
TERMINAL (All Densities/All Sizes)		
Outdoor		
Material	BST Network/Purchase Records	Company Specific
Placing	BST In-Plant Factors	State Specific
Indoor		
Material	BST Network/Purchase Records	Company Specific
Placing	BST In-Plant Factors	State Specific
Aerial Drop Terminal Cost		
NA	NA	NA
Buried Drop Terminal Cost		
NA	NA	NA
COPPER CABLE (All Densities/All Sizes/Both Gauges)		
Aerial		
Material	BST Network/Purchase Records	Company Specific
Placing	BST In-Plant Factors	State Specific
Buried		
Material	BST Network/Purchase Records	Company Specific
Placing	BST In-Plant Factors	State Specific
Underground		
Material	BST Network/Purchase Records	Company Specific
Placing	BST In-Plant Factors	State Specific
STRAND		
NA	NA	NA
Loop Percentage Tables(All Densities/All Terrain)		
Distribution Plant Mix Table		
Aerial	Default	Global
Buried	Default	Global
Underground	Default	Global
Copper Plant Mix Table (Feeder)		
Aerial	Default	Global
Buried	Default	Global
Underground	Default	Global
Fiber Plant Mix Table (Loop)		
Aerial	Default	Global
Buried	Default	Global
Underground	Default	Global
Fiber Plant Mix Table (Transport)		
Aerial	Default	Global
Buried	Default	Global
Underground	Default	Global
Average Number of Housing Units Per Dwelling	Default	Global
Density Cable Sizing Factor Table		
Feeder	Projected Actual Fill	State Specific
Distribution	Projected Actual Fill	State Specific
DensityHhTable (All)	Default	Global
Structure Allocation Table (All)	Default	Global
Voice Grade Ratio Table (All)	Default	Global
DLC & Electronic Costs		
Digital Loop Carrier Remote System Cost Table - All	Default	Global
DLC COT Investment Table - All	Default	Global

BCPM 3.1 INPUT SOURCES - BELLSOUTH - FLORIDA

Input	Source	Scope
Miscellaneous Inputs		
Cable & Wire Inputs		
PairsPerHousingUnit	BST Network	State Specific
PairsPerBusinessLocation	Default	Global
MaxSizeFDI	Default	Global
MaxFiberSize	Default	Global
MaxFeederSize	Default	Global
MaxDistSize	Default	Global
CprMaxDistr	Default	Global
FiberCableDiscount	Default	Global
CopperCableDiscount	Default	Global
InvLoopCap	Default	Global
BreakPoint	BST Network	Company Specific
Terrain Inputs and Surface Impacts		
CriticalWaterDepth	Default	Global
WaterFactor	Default	Global
NewTerrainTrigger	Default	Global
NewTerrainFactor	Default	Global
MinSlopeTrigger	Default	Global
MinSlopeFactor	Default	Global
MaxSlopeTrigger	Default	Global
MaxSlopeFactor	Default	Global
CombSlopeFactor	Default	Global
Census Data Inputs - State Specific Specific		
BusinessPrem	Default	Global
Trench Depth		
NormalUGBuriedCover	Default	Global
NormalFiberCover	Default	Global
Digital Electronics		
OpticsCost	Default	Global
CopperT1	Default	Global
FbrTermFrame	NA	NA
D4Bank	NA	NA
ElectronicFill	BST Network	Company Specific
HiCapFill	Default	Global
SmallDLCDiscount	NA	NA
LargeDLCDiscount	NA	NA
MaxCOTDLCL	Default	Global
MaxCOTDLCS	Default	Global
COTDLCLPerLine	Default	Global
COTDLCSPerLine	Default	Global
Financial Data		
ReturnOnEquity	FCC / BST Treasury	Company Specific
DebtRate	FCC / BST Treasury	Company Specific
DebtRatio	FCC / BST Treasury	Company Specific
Tax Data		
FederalTaxRate	BST Treasury	Company Specific
State SpecificTaxRate	BST Treasury	State Specific
AdValoremInsurance	BST Treasury	State Specific
OtherTaxRate	BST Treasury	State Specific
Tax Depreciation		
BookSurvivalCurves	BST Capital Recovery	Company Specific
BookConvention	BST Capital Recovery	Company Specific
BookELG_VG	BST Capital Recovery	Company Specific
BookWL_RL	BST Capital Recovery	Company Specific
Calculated Results		
DLC-S Discount	Default	Global
DLC-L Discount	Default	Global
FiberCostRatio	Default	Global
CopperCostRatio	Default	Global
CopperGauge	Default	Global
Version 3 Input Change: Extended Range Line Card Inputs		
COTDLCLPerLineExRange	Default	Global
COTDLCSPerLineExRange	Default	Global
RTDLCLPerLineExRange	BST Network	State Specific
RTDLCSPerLineExRange	BST Network	State Specific
BreakPointExRange	Default	Global

BCPM 3.1 INPUT SOURCES - BELLSOUTH - FLORIDA

Input	Source	Scope
Switching - Manual Inputs		
Global		
SS7_5ESS	BST Finance	Company Specific
SS7_DMS	BST Finance	Company Specific
Engineering_Option	BST Finance	Company Specific
USF_Option	BST Finance	Company Specific
HB_Mult	Default	Global
Min_Mult	Default	Global
Bus_Pen_Rat	Default	Global
ExcessCCS_Option	BST Finance	Company Specific
LT_MDF_Prot_USF_Pct	Default	Global
Line_Port_USF_Pct	Default	Global
LineCapConstraint	Default	Global
CCSCapConstraint	Default	Global
CallsCapConstraint	Default	Global
Loc_TDM_Calls	Default	Global
S_Threshold	Default	Global
H_Threshold	Default	Global
R_Threshold	Default	Global
SWDiscountFactors	BST Finance	Company Specific
SWDiscAdjFactors	Default	Global
Partitioning Percentages for Small Switches	Default	Global
Vendor Discounts for Small Switches	Default	Global
Investment Parameters for Small Switches	Default	Global
SWStateDefaultInputs		
ARMIS Percent Local Calls	ARMIS / Default	State Specific
ARMIS Percent Toll Calls	ARMIS / Default	State Specific
ARMIS Percent Residence Lines	ARMIS / Default	State Specific
ARMIS Percent Business Lines	ARMIS / Default	State Specific
Default EngineeredCalls/Line	BST Network	State Specific
Default EngineeredCCS/Line	BST Network	State Specific
number of busy hour local/EAS calls per residence line	BST Network	State Specific
number of busy hour local/EAS calls per business line	BST Network	State Specific
number of busy hour toll calls per residence line	BST Network	State Specific
number of busy hour toll calls per business line	BST Network	State Specific
number of local/EAS Minutes per call per residence line	BST Network	State Specific
number of local/EAS Minutes per call per business line	BST Network	State Specific
number of toll Minutes per call per residence line	BST Network	State Specific
number of toll Minutes per call per business line	BST Network	State Specific
Land Loading	BST Finance	State Specific
Building Loading	BST Finance	State Specific
Telco E&I Factor	BST Finance	State Specific
Common Equipment & Power Factor	BST Finance	State Specific
Percent of local calls that are interoffice	Default	Global
ABSBH CCS/Trunk	Default	Global
Feature Calls/ Total Calls	Default	Global
SS7 Usage Attributable to Basic Calls	Default	Global
Line /Trunk Ratio	BST Network	State Specific
Switch Percent Line Fill	BST Network	State Specific
5ESS Share	BST Network	State Specific
DMS Share	BST Network	State Specific
Call Completion Fraction	Default	Global
Reserve CCS $/Ln: 5ESS Host/ Standalone	BST Finance	State Specific
Reserve CCS $/Ln: 5ESS Remote	BST Finance	State Specific
Reserve CCS $/Ln: DMS Host/ Standalone	BST Finance	State Specific
Reserve CCS $/Ln: DMS Remote	BST Finance	State Specific
Small Switch Vendor Shares	BST Finance	State Specific
Signaling Investments		
Residence	Default	Global
Business	Default	Global

BCPM 3.1 INPUT SOURCES - BELLSOUTH - FLORIDA

Input	Source	Scope
Transport Inputs		
Ring Size Table - Fill %'s	BST Network	Company Specific
Maximum Number of Nodes on a Ring	BST Network	Company Specific
Air to Route Factor	BST Finance	State Specific
Access Line to DSO Trunk Factor; Host/Remote Links	Default	Global
Access Line to DSO Trunk Factor; Host/Tandem Trunks	Default	Global
% Special Access Circuits to Number of Exchange Access Lns	Default	Global
Maximum Repeater Spacing (Miles)	BST Network	Company Specific
MOU per DS1	Default	Global
Does Two Pt ('Folded') Ring use Separate Routing for 2 Sides	Default	Global
% Interoffice MOUs that are EAS	Default	Global
CLLI Match	BST Finance	Company Specific
Mileage Equipment Aerial Fiber (per Fiber Mile)	BST Finance	State Specific
Mileage Equipment Underground Fiber (per Fiber Mile)	BST Finance	State Specific
Mileage Equipment Buried Fiber (per Fiber Mile)	BST Finance	State Specific
Fiber Pole Factor	BST Finance	State Specific
Fiber Conduit Factor	BST Finance	State Specific
Miscellaneous Equipment & Power Factor	BST Finance	State Specific
Sheath Sharing Factor	Default	Global
Two Point Sheath Sharing Factor	Default	Global
Fiber Mix - Aerial	BST Plant Mileage Report 7A	State Specific
Fiber Mix - Underground	BST Plant Mileage Report 7A	State Specific
Fiber Mix Buried	BST Plant Mileage Report 7A	State Specific
Transport Equipment - Material Prices	BST Network	State Specific
Transport Equipment - Other Costs	BST Finance	State Specific
Transport Equipment - Utilization Factors	BST Network	State Specific
Transport Equipment - Discount	BST Equipment Vendors	Company Specific
Capital Cost Inputs		
Economic Lives, Future Net Salvage, Survival Curves:		
All Accounts	BST Capital Recovery	Company Specific
Tax Lives		
All Accounts	IRS	Global

Expense Inputs		
Aggregate Support Inputs	Revenue Benchmarks	Company Specific
Support and Expense Factors for Tier 1 Companies		
Support Investment Ratios - Large		
All Support Investment Accounts	BST Projected Support Invst	Company Specific
Per Line Monthly Operating Expenses -Res & Bus		
Accounts with Fixed Cost per Line	BST Finance	Company Specific
Accounts with Expense as % per Investment	BST Finance	Company Specific

State Information Table		
Residence Line Multiplier	N/A	N/A
Single Business Line Factor	N/A	N/A
Special Access Ratio	N/A	N/A
Gross Receipts Tax	BST Finance	State Specific

INPUTS

Manual Inputs

Global Inputs		
SS7_5ESS	300,000.00	SS7 Investment - 5ESS
SS7_DMS	150,000.00	SS7 Investment - DMS
Engineering_Option	D	Default Engineered CCS and Calls per Line
USF_Option	D	Calculation of USF Investment per Line
HB_Mult	2	"Heavy Business" Loading Multiplier
Min_Mult	1.2	Minimum Loading Multiplier
Bus_Pen_Rat	0.3	Business Penetration Ratio
ExcessCCS_Option	L	Include Reserved CCS Investment in Line Port or Usage?
LT_MDF_Prot_USF_Pct	100%	Portion of line protector and MDF attributable to USF.
Line_Port_USF_Pct	100%	Portion of Line port attributable to USF.
LineCapConstraint	80,000	Line Capacity Constraint
CCSCapConstraint	1,800,000	CCS Capacity Constraint
CallsCapConstraint	600,000	Calls Capacity Constraint
Loc_TDM_Calls	0.98	Direct Routed Fraction of Local Interoffice Traffic
S_Threshold	4000	Small Office Standalone Threshold
H_Threshold	3500	Small Office Host Threshold
R_Threshold	500	Small Office Remote Threshold

SWDiscAdjFactorTable

SEH	0.9322	0.6171	0.9301	0.9561	0.9715	0.9931
SER	0.7959	0.6171	0.9483	0.9630	0.9935	
DMSH	0.9769	0.6171	0.9905	0.9685	0.9806	0.9782
DMSR	0.9254	0.6171	0.9980	0.9791		

Partitioning Percentages for Small Switches

Standalone	31%	23%	33%	6.1688%	4.5791%	2.3628%
Host	19%	28%	39%	7.9169%	5.7049%	1.0500%
Remote	33%	28%	34%	0.0000%	5.9133%	0.0000%

Vendor Discounts for Small Switches

Effective Discount	0.00%	0.00%	0.00%

Investment Parameters for Small Switches

Standalone	Fixed Investment per Switch	$	589,262.60	$	-	$	-
	Investment per Line	$	42.69	$	-	$	-
Host	Fixed Investment per Switch	$	589,262.60	$	-	$	-
	Investment per Line	$	42.69	$	-	$	-
Remote	Fixed Investment per Switch	$	54,269.76	$	-	$	-
	Investment per Line	$	144.58	$	-	$	-