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March 21, 2001

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW - Room TWB-204  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: *Ex Parte* - CC Docket No. 01-9  
Application of Verizon New England, et al., for Authorization to Provide  
In-Region, InterLATA Services in Massachusetts

Dear Ms Salas:

Earlier today, Richard Clarke, Michael Lieberman, Richard Rubin, and I, all of AT&T, met with Richard Lerner and Rhonda Lien of the Common Carrier Bureau's Policy and Program Planning Division. At this meeting, we discussed Verizon's March 2, 2001 *ex parte* wherein Verizon addressed its prices for unbundled local switching in Massachusetts. As with Verizon's other submissions regarding pricing in this proceeding, the March 2<sup>nd</sup> filing is most remarkable for its omissions rather than its purported conclusions. Buried within that filing, however, is critical information that validates the CLECs' claims that Verizon's prices for unbundled network elements are not set properly under the Commission's standards and are so high as to preclude UNE-based competition for residential customers.

The issue of whether Verizon's prices for unbundled network elements, particularly the switching element, are set at a TELRIC-based level is of unparalleled importance in determining whether there will be UNE-based competition for residential customers in Massachusetts. If Verizon's UNE prices accurately reflect TELRIC, such competition is likely to occur. If they do not - even by a relatively small amount - CLECs will not be able to enter the market profitably, and their investors will not back such entry.

Verizon's March 2<sup>nd</sup> *ex parte* asserts that the Commission's Synthesis Model for universal service costs provides support for its contention that its UNE prices for switching in Massachusetts adhere to TELRIC. As shown below, this is simply wrong; and, in fact, Verizon's own calculations based on the Synthesis Model show just the opposite. Verizon's analysis rests upon its assertion that it can meet its

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burden to demonstrate that its Massachusetts UNE rates comport with TELRIC merely by showing that cost conditions and UNE rates in Massachusetts are similar to those in New York. But that assertion only holds true if the current New York rates themselves are TELRIC compliant, which Verizon's own evidence shows they are not.<sup>1</sup>

AT&T does not dispute Verizon's initial premise, i.e., that the cost conditions for local switching are similar in New York and Massachusetts. Most cost models, including the Commission's Synthesis Model, find that TELRIC-related conditions are similar in both states. Thus, although the parties have disagreed over whether Verizon's switching costs in Massachusetts are slightly (about 5%) more or less than those in New York, this issue is not dispositive here, because of two critical facts that Verizon conveniently ignores:

- Verizon's current UNE switching prices in Massachusetts are *not* the same as its current New York prices, and
- The cost model evidence adduced by Verizon itself demonstrates that *neither* its New York *nor* its Massachusetts switching prices are currently at TELRIC levels.

Verizon's Massachusetts and New York switching rates are not the same because the current New York rates, unlike those in Massachusetts, are subject to a retroactive true-up that will be applied when the New York Public Service Commission completes its investigation of these rates.<sup>2</sup> As AT&T and WorldCom have already shown, the record evidence in New York supports a significant reduction in Verizon's UNE rates there, in large part because of Verizon's now-admitted misrepresentations to the New York PSC during the earlier rate proceedings.<sup>3</sup>

Even more critical here is that fact that the very data that Verizon cites regarding switching costs demonstrate that its Massachusetts UNE prices are grossly in excess of TELRIC. In particular, Verizon's March 2<sup>nd</sup> *ex parte* letter relies on the Commission's Synthesis Model to assert that Massachusetts switch usage costs exceed

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<sup>1</sup> It is important to also note that the Commission here did *not* conclude that Verizon's New York switching rates were TELRIC compliant in approving the New York 271 application. Rather, the Commission concluded that the NYPSC was currently undertaking a review of those rates and had imposed a "true-up" mechanism to ensure that competitors would actually see the benefits of TELRIC compliant rates retroactively.

<sup>2</sup> Even if Verizon were to agree to apply a similar true-up in Massachusetts at this time, that forward-looking promise could not ameliorate the fact that Verizon's excessive rates have already precluded competitive entry until now.

<sup>3</sup> See AT&T Comments at 9-11 & nn. 13, 15; AT&T Reply Comments at 7; WorldCom Comments at 15, 17; WorldCom Reply at 5.

comparable New York costs by 5.22%.<sup>4</sup> Verizon's letter, however, completely ignores the *level* of switching costs that the Commission's model generates for either Massachusetts or New York. And it is the level of Verizon's rates as compared to its costs that is the ultimate issue here.

Critically, however, the analysis sheets buried within the attachment to Verizon's *ex parte* confirm that the Commission's Synthesis Model (in its default USF form as employed by Verizon) generates Massachusetts and New York switch port costs of \$0.80 and \$0.81 per line per month and usage costs of \$0.00130 and \$0.00124 per minute, respectively. Verizon apparently believes the only relevant information that should be taken from these figures is that they are similar for the two states. Thus, Verizon blindly ignores a fact of far greater significance – these costs are less than *half* the rates that Verizon actually charges for these UNEs.

Verizon's October 13, 2000 *ex parte* acknowledges that its current port rate is \$2.00 in Massachusetts and \$2.50 in New York, and its switching usage rates are currently \$0.003837 in Massachusetts and \$0.003512 in New York. A comparison of these figures with the Synthesis Model USF costs that Verizon calculated shows that Verizon's Massachusetts rates are 250% of the costs the model generates for ports, and 295% of the costs the model generates for switching usage in Massachusetts.<sup>5</sup>

It is true, of course, that the costs Verizon developed from the Synthesis Model for USF are not completely accurate for UNE purposes. But given the size of the discrepancy, that fact is irrelevant here. The relevant fact is that the sheer size of the difference between the costs generated by the model and Verizon's actual rates precludes any finding by the Commission that Verizon's Massachusetts rates are consistent with TELRIC standards, or that Verizon has complied with its obligations under Section 271. *Cf. SBC Kansas/Oklahoma Order*, ¶ 84 (“while the USF cost model should not be relied upon to set rates for UNEs, it accurately reflects the relative cost differences between states,” and thus “provides a reasonable basis for comparing cost differences between states”).

In all events, the differences between the USF and UNE results from the Commission's model are easily resolved. As the Commission and AT&T have previously demonstrated, in order to convert Synthesis Model USF results into UNE results, one must (i) remove the Commission's \$7.32 per line per month expense loading from the USF loop cost; (ii) remove from this expense loading those components specific to retail operations; (iii) adjust the loading for certain gross-ups, inflation and productivity improvements; and (iv) distribute the resulting total UNE

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<sup>4</sup> Strangely, VZ appears to neglect switch ports as a major portion of total switching cost. But since Synthesis Model port costs across states are in the same ratio as switching usage costs, this omission does not bias its analysis.

<sup>5</sup> Similarly, in New York, Verizon's port prices are 309% of their USF Synthesis Model costs and its usage prices are 283% of their USF Synthesis Model cost

expense loading over all UNEs.<sup>6</sup> Once this is done, Massachusetts Synthesis Model UNE costs for the port are \$0.97 per month and usage costs are \$0.00157 per minute. Comparable adjustments generate New York Synthesis Model UNE costs of \$0.96/month for the switch port and \$0.00147/minute for switch usage.<sup>7</sup> But these adjustments change nothing about the ultimate conclusion. Even after making such adjustments, Verizon's Massachusetts UNE rates are still 206% of the port costs and 244% of the usage costs generated by the UNE Synthesis Model. In New York, Verizon's current rates are 260% and 239% of its port and usage costs, respectively.

Thus, use of the Commission's Synthesis Model demonstrates that, regardless of the relatively minor differences in switching costs between Massachusetts and New York, the current switching rates in both states are far above TELRIC. And, although the errors in New York did not preclude the initial introduction of competition in that state (and will be corrected by subsequent action of the New York PSC), Massachusetts prices for switching UNEs have always been – and remain – grossly excessive relative to TELRIC, and such prices have effectively prevented competition for residential customers in that state.

However, even if one accepted Verizon's contention that it is immaterial that a rate differs substantially from the Synthesis Model's direct estimate of UNE costs in a state, and that a rate's adherence to TELRIC can be established simply if the rate compares favorably to a corresponding rate in a different state (adjusted for modeled cost differences between the two states), Verizon's Massachusetts rates still fail such a TELRIC test. As AT&T has shown, Verizon's Massachusetts rates are significantly higher than would be predicted using the Synthesis Model and the "approved" rates for Texas, Kansas or Oklahoma.<sup>8</sup> Indeed, the *only* set of comparison rates that Verizon can use to claim that its Massachusetts switching rates are "TELRIC" is the outdated (and soon to be retroactively revised) New York set of rates that the Synthesis Model demonstrates are far above TELRIC for that state.

In sum, far from supporting its claims, Verizon's March 2 *ex parte* provides additional evidence that its UNE rates in Massachusetts are excessive and impede competition in the residential market. Accordingly, Verizon's Section 271 application must be denied.

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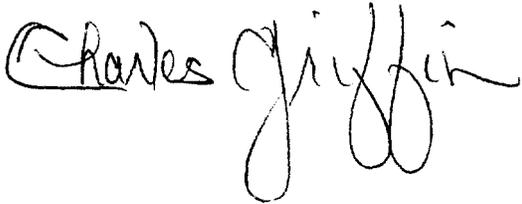
<sup>6</sup> See February 1, 2001 AT&T *ex parte* in CC Docket No. 00-217 (also filed as Attachment 3 to AT&T's Comments) for a complete demonstration of these steps.

<sup>7</sup> See Attachment 1.

<sup>8</sup> See, AT&T Comments at 20-21 and Attachment 4 (showing that Verizon Massachusetts non-loop rates are 182% of the cost-adjusted rates in Texas, 322% of the cost-adjusted rates in Kansas, and 214% of the cost-adjusted rates in Oklahoma).

In accordance with Section 1.1206(a)(1) of the Commission's rules, two copies of this Notice are being submitted to the Secretary of the Commission for inclusion in the public record for the above-captioned proceeding.

Sincerely,

A handwritten signature in black ink that reads "Charles Griffin". The signature is written in a cursive style with a large, looped initial "C" and a long, sweeping underline.

Attachment

cc: R. Lerner  
R. Lien

## Development of UNE Expenses for the Synthesis Model

<b>Start:</b>	USF expenses embedded in calculated SynMod basic local service cost	\$ 7.78
<b>Apply:</b>	Factor representing miscellaneous gross-ups included in the above expenses	6.29%
<b>Yields:</b>	USF expenses embedded in calculated SynMod basic local service cost before miscellaneous gross-ups	\$ 7.32
	- Flat number assumed equal for all customer lines and embedded in NID "cost"	
	- Includes only local service common support and retail expense costs	
<b>Add:</b>	Expense costs associated with the provision of access and toll services in addition to local	\$ 0.63
	- Source is regression calculations done by APD and reported Appendix D of Input Values Order	
	- Also calculated on a flat per-line basis	
<b>Subtract:</b>	Retail service expenses embedded in above	\$ (3.77)
	- Includes Marketing, Service expense and Customer operations	
	- Source is regression calculations done by APD and reported Appendix D of Input Values Order	
<b>Subtract:</b>	G & A costs associated with excluded retail service expenses	\$ (0.40)
	- Includes Marketing, Service expense and Customer operations	
	- Source is regression calculations done by APD and reported Appendix D of Input Values Order	
	<i>Subtotal</i>	<b>\$ 3.78</b>
<b>Apply:</b>	Factor representing three years of productivity improvement (1998-2001) net of inflation	-13.71%
	- Assumed productivity factor is 6.5% per year (CC Dkt. 96-262)	
	- Assumed inflation rate is 1.8% per year (most recent three year history)	
	<i>Subtotal</i>	<b>\$ 3.26</b>
<b>Apply:</b>	Factor representing miscellaneous gross-ups	6.29%
<b>Yields:</b>	<b>Total expenses in UNE SynMod</b>	<b>\$ 3.47</b>
	<b>Expense difference from the USF SynMod</b>	<b>\$ (4.31)</b>

**COST OF NETWORK ELEMENTS**

Synthesis Model UNE-Adjusted -- Please see important notes, below

New York  
New York Tel

Loop elements	0-5 lines/sq mi	5-100 lines/sq mi	100-200 lines/sq mi	200-850 lines/sq mi	850-2550 lines/sq mi	2550-5000 lines/sq mi	5000-10000 lines/sq mi	>10000 lines/sq mi	Totals	
<b>NID</b>										
Annual Cost	\$ 160,514	\$ 25,195,009	\$ 16,383,258	\$ 48,542,381	\$ 16,587,557	\$ 126,202,237	\$ 125,813,211	\$ 108,379,330	\$ 284,330,321	\$ 751,593,819
Unit Cost/month	4.07	3.98	3.87	3.82	3.81	3.78	3.76	3.75	3.72	3.76
<b>Loop Distribution (DLC)</b>										
Annual Cost	\$ 4,209,101	\$ 176,395,061	\$ 38,453,473	\$ 62,440,335	\$ 14,004,106	\$ 58,374,631	\$ 28,636,960	\$ 11,509,633	\$ 22,962,882	\$ 416,986,181
Unit Cost/month	106.65	30.49	12.12	7.19	6.07	5.15	4.90	6.87	27.52	10.51
<b>Loop Distribution (non-DLC)</b>										
Annual Cost	\$ -	\$ 13,284,307	\$ 14,309,681	\$ 30,259,962	\$ 12,518,049	\$ 106,358,749	\$ 111,516,169	\$ 118,247,888	\$ 286,721,545	\$ 693,216,350
Unit Cost/month	-	24.21	13.49	7.51	6.11	4.82	4.04	4.35	3.79	4.33
<b>Loop Distribution (all)</b>										
Annual Cost	\$ 4,209,101	\$ 189,679,368	\$ 52,763,154	\$ 92,700,296	\$ 26,522,154	\$ 164,733,380	\$ 140,153,129	\$ 129,757,521	\$ 309,684,427	\$ 1,110,202,531
Unit Cost/month	106.65	29.94	12.47	7.29	6.09	4.93	4.19	4.49	4.05	5.55
<b>Loop Concentration (DLC)</b>										
Annual Cost	\$ 654,447	\$ 39,684,002	\$ 12,190,086	\$ 31,608,828	\$ 8,526,198	\$ 42,933,792	\$ 23,668,789	\$ 8,933,929	\$ 11,528,904	\$ 179,728,976
Unit Cost/month	16.58	6.86	3.84	3.64	3.70	3.79	4.05	5.33	13.82	4.53
<b>Loop Concentration (non-DLC)</b>										
Annual Cost	\$ -	\$ 100,501	\$ 92,937	\$ 294,519	\$ 135,120	\$ 1,339,469	\$ 1,592,933	\$ 1,527,479	\$ 4,012,204	\$ 9,095,161
Unit Cost/month	-	0.18	0.09	0.07	0.07	0.06	0.06	0.06	0.05	0.06
<b>Loop Concentration (all)</b>										
Annual Cost	\$ 654,447	\$ 39,784,503	\$ 12,283,023	\$ 31,903,346	\$ 8,661,318	\$ 44,273,260	\$ 25,261,722	\$ 10,461,409	\$ 15,541,108	\$ 188,824,137
Unit Cost/month	16.58	6.28	2.90	2.51	1.99	1.33	0.76	0.36	0.20	0.94
<b>Loop Feeder (DLC)</b>										
Annual Cost	\$ 383,147	\$ 14,441,359	\$ 3,704,253	\$ 9,923,935	\$ 3,153,474	\$ 17,304,898	\$ 12,403,783	\$ 4,386,873	\$ 4,965,969	\$ 70,667,692
Unit Cost/month	9.71	2.50	1.17	1.14	1.37	1.53	2.12	2.62	5.95	1.78
<b>Loop Feeder (non-DLC)</b>										
Annual Cost	\$ -	\$ 2,124,374	\$ 1,359,509	\$ 3,716,583	\$ 1,714,525	\$ 18,447,624	\$ 24,528,917	\$ 24,802,228	\$ 42,781,483	\$ 119,475,245
Unit Cost/month	-	3.87	1.28	0.92	0.84	0.84	0.89	0.91	0.57	0.75
<b>Loop Feeder (all)</b>										
Annual Cost	\$ 383,147	\$ 16,565,734	\$ 5,063,762	\$ 13,640,518	\$ 4,867,999	\$ 35,752,522	\$ 36,932,700	\$ 29,189,101	\$ 47,747,452	\$ 190,142,936
Unit Cost/month	9.71	2.62	1.20	1.07	1.12	1.07	1.10	1.01	0.62	0.95
<b>Total Loop (DLC)</b>										
Annual Cost	\$ 5,407,210	\$ 253,532,619	\$ 66,624,897	\$ 137,138,558	\$ 34,467,009	\$ 161,418,981	\$ 86,702,702	\$ 31,117,763	\$ 42,559,747	\$ 818,969,487
Unit Cost/month	137.00	43.82	21.01	15.79	14.95	14.25	14.84	18.57	51.00	20.65
<b>Total Loop (non-DLC)</b>										
Annual Cost	\$ -	\$ 17,691,995	\$ 19,868,300	\$ 49,647,984	\$ 22,172,019	\$ 209,542,419	\$ 241,458,059	\$ 246,669,599	\$ 614,743,561	\$ 1,421,793,936
Unit Cost/month	-	32.24	18.73	12.33	10.82	9.50	8.75	9.07	8.13	8.88
<b>Total Loop (all)</b>										
Annual Cost	\$ 5,407,210	\$ 271,224,613	\$ 86,493,197	\$ 186,786,543	\$ 56,639,029	\$ 370,961,399	\$ 328,160,761	\$ 277,787,362	\$ 657,303,309	\$ 2,240,763,423
Unit Cost/month	137.00	42.82	20.44	14.69	13.01	11.11	9.82	9.62	8.59	11.21
<b>Adj Loop UNE</b>	136.65	42.26	19.70	13.91	12.19	10.26	8.91	8.79	7.66	10.39
<b>Total lines</b>	3,289	527,871	352,712	1,059,345	362,928	2,782,925	2,785,517	2,406,768	6,374,076	16,655,431
<b>Total lines served by DLC</b>	3,289	482,138	264,311	723,773	192,173	943,921	486,931	139,622	69,540	3,305,698

Unit

**COST OF NETWORK ELEMENTS**

Synthesis Model UNE-Adjusted -- Please see important notes, below

New York  
New York Tel

	Annual Cost	Units	Cost
<b>End office switching</b>	\$ 414,817,476		
Line Port	124,445,243	10,808,322 switched lines	\$ 0.96 per line/month
Non-Line Port	290,372,233	197,166,503,984 actual minutes	\$ 0.00147 per actual minute (for rate per DEM, see "Cost detail" sheet)
<b>Signaling network elements</b>	\$ 15,319,166		
Links	471,049	1,580 links	\$ 24.84 per link per month
STP	7,781,841	113,502,521,390 TCAP+ISUP msgs	\$ 0.00007 per signaling message
SCP	7,066,276	5,878,273,600 TCAP queries	\$ 0.00120 per query
<b>Transport network elements</b>			
<i>Dedicated</i>			
Sw+Sp Transport	\$ 36,825,601	6,516,003 trunks	\$ 0.47 per DS-0 equivalent per month
Switched	3,780,297	668,894 trunks	\$ 0.00005 per minute
Special	33,045,304	5,847,109 trunks	
Transmission Terminal	106,318,251	6,516,003 trunks	\$ 1.36 per DS-0 equivalent per month
			\$ 0.00014 per minute
			\$ 0.00018 total per minute
<i>Common</i>			
Transport	\$ 3,389,620	12,660,530,207 minutes	\$ 0.00025 per minute per leg (orig or term)
Transmission Terminal	1,897,305	12,660,530,207 minutes	\$ 0.00014 per minute
			\$ 0.00039 total per minute
<i>Direct</i>			
Transport	\$ 9,309,124	50,499,847,300 minutes	\$ 0.00018 per minute
Transmission Terminal	7,612,284	50,499,847,300 minutes	\$ 0.00015 per minute
			\$ 0.00034 total per minute
<b>Tandem switch</b>	\$ 6,008,386	11,049,196,924 minutes	\$ 0.00054 per minute
<b>Operator systems</b>	\$ 12,484,916		
<b>Public Telephones</b>	\$		
<b>Total (w/ Public)</b>	\$ 2,854,745,553		
<b>Total cost of switched network elements (w/o Public)</b>	\$	14.95 per line/month	

	Nominal	Grossed Up
Total 2001 USF Per Line Common Support (Toll+Sw Line) Expense	\$ 6.86	\$ 7.28
Marketing & Cust Svc Driven USF Only Component	\$ 3.60	\$ 3.82
<b>Net UNE associated expenses:</b>	<b>\$ 3.26</b>	<b>\$ 3.46</b>

Unit Cost  
 = New or changed code is shaded  
 = Unit cost in red italics indicates costs that reflect a UNE adjustment

Note: Numbers that are not in red italics or shaded in yellow may not have been adjusted to reflect UNE values

**COST OF NETWORK ELEMENTS**

Synthesis Model UNE-Adjusted -- Please see important notes, below

Massachusetts  
New England Tel-Ma

Loop elements	0-5 lines/sq mi	5-100 lines/sq mi	100-200 lines/sq mi	200-650 lines/sq mi	650-850 lines/sq mi	850-2550 lines/sq mi	2550-5000 lines/sq mi	5000-10000 lines/sq mi	>10000 lines/sq mi	Totals
<b>NID</b>										
Annual Cost	\$ 1,858	\$ 5,937,959	\$ 9,384,677	\$ 44,089,117	\$ 11,841,376	\$ 71,242,654	\$ 48,544,662	\$ 37,309,594	\$ 27,776,490	\$ 256,128,387
Unit Cost/month	4.07	3.97	3.90	3.85	3.83	3.81	3.80	3.78	3.62	3.80
<b>Loop Distribution (DLC)</b>										
Annual Cost	\$ 59,060	\$ 35,152,642	\$ 29,090,874	\$ 71,551,022	\$ 11,152,022	\$ 34,746,625	\$ 10,115,277	\$ 4,906,270	\$ 3,236,973	\$ 200,010,764
Unit Cost/month	129.52	25.75	14.37	8.50	6.51	5.86	5.52	10.14	8.53	9.03
<b>Loop Distribution (non-DLC)</b>										
Annual Cost	\$ -	\$ 3,421,891	\$ 6,045,559	\$ 25,941,528	\$ 9,540,237	\$ 69,454,811	\$ 46,975,730	\$ 41,722,224	\$ 20,735,836	\$ 223,837,817
Unit Cost/month	-	26.04	15.92	8.60	6.90	5.45	4.30	4.45	2.85	4.95
<b>Loop Distribution (all)</b>										
Annual Cost	\$ 59,060	\$ 38,574,534	\$ 35,136,433	\$ 97,492,550	\$ 20,692,258	\$ 104,201,436	\$ 57,091,007	\$ 46,628,495	\$ 23,972,809	\$ 423,848,581
Unit Cost/month	129.52	25.78	14.62	8.52	6.69	5.58	4.47	4.73	3.13	6.29
<b>Loop Concentration (DLC)</b>										
Annual Cost	\$ 9,345	\$ 8,399,372	\$ 8,008,114	\$ 31,073,644	\$ 6,414,392	\$ 23,304,722	\$ 8,272,769	\$ 3,198,638	\$ 2,507,062	\$ 91,188,058
Unit Cost/month	20.49	8.15	3.96	3.69	3.75	3.93	4.51	6.61	6.60	4.12
<b>Loop Concentration (non-DLC)</b>										
Annual Cost	\$ -	\$ 19,204	\$ 38,990	\$ 244,456	\$ 99,278	\$ 851,959	\$ 713,780	\$ 587,479	\$ 395,151	\$ 2,950,297
Unit Cost/month	-	0.15	0.10	0.08	0.07	0.07	0.07	0.06	0.05	0.07
<b>Loop Concentration (all)</b>										
Annual Cost	\$ 9,345	\$ 8,418,576	\$ 8,047,104	\$ 31,318,100	\$ 6,513,670	\$ 24,156,681	\$ 8,986,549	\$ 3,786,117	\$ 2,902,214	\$ 94,138,356
Unit Cost/month	20.49	5.63	3.35	2.74	2.11	1.29	0.70	0.38	0.38	1.40
<b>Loop Feeder (DLC)</b>										
Annual Cost	\$ 2,847	\$ 2,297,411	\$ 2,560,163	\$ 9,797,814	\$ 2,264,558	\$ 10,199,097	\$ 3,953,035	\$ 1,431,260	\$ 1,185,847	\$ 33,692,032
Unit Cost/month	6.24	1.68	1.26	1.16	1.32	1.72	2.16	2.96	3.12	1.52
<b>Loop Feeder (non-DLC)</b>										
Annual Cost	\$ -	\$ 355,198	\$ 408,024	\$ 2,591,432	\$ 1,087,965	\$ 10,557,994	\$ 9,891,788	\$ 7,957,749	\$ 4,352,004	\$ 37,202,154
Unit Cost/month	-	2.70	1.07	0.86	0.79	0.83	0.91	0.85	0.60	0.82
<b>Loop Feeder (all)</b>										
Annual Cost	\$ 2,847	\$ 2,652,609	\$ 2,968,187	\$ 12,389,245	\$ 3,352,524	\$ 20,757,091	\$ 13,844,823	\$ 9,389,008	\$ 5,537,851	\$ 70,894,186
Unit Cost/month	6.24	1.77	1.23	1.08	1.08	1.11	1.08	0.95	0.72	1.05
<b>Total Loop (DLC)</b>										
Annual Cost	\$ 73,110	\$ 51,265,847	\$ 47,561,798	\$ 144,885,272	\$ 26,384,925	\$ 90,881,663	\$ 29,313,787	\$ 11,365,753	\$ 8,305,688	\$ 410,037,843
Unit Cost/month	160.33	37.56	23.50	17.20	15.41	15.31	15.99	23.50	21.88	18.51
<b>Total Loop (non-DLC)</b>										
Annual Cost	\$ -	\$ 4,317,830	\$ 7,974,604	\$ 40,403,740	\$ 16,014,902	\$ 129,476,199	\$ 99,153,255	\$ 85,747,480	\$ 51,883,675	\$ 434,971,666
Unit Cost/month	-	32.85	21.01	13.40	11.59	10.16	9.07	9.14	7.12	9.61
<b>Total Loop (all)</b>										
Annual Cost	\$ 73,110	\$ 55,583,677	\$ 55,536,401	\$ 185,289,012	\$ 42,399,828	\$ 220,357,862	\$ 128,467,042	\$ 97,113,214	\$ 60,189,363	\$ 845,009,509
Unit Cost/month	160.33	37.15	23.10	16.20	13.70	11.80	10.07	9.84	7.85	12.54
<b>Adj Loop UNE</b>	159.97	36.59	22.36	15.41	12.89	10.95	9.16	9.01	6.92	11.71
<b>Total lines</b>	38	124,694	200,329	953,191	257,858	1,556,768	1,063,551	822,037	638,606	5,617,072
<b>Total lines served by DLC</b>	38	113,742	168,693	701,834	142,719	494,529	152,763	40,311	31,631	1,846,260

Unit

**COST OF NETWORK ELEMENTS**

Synthesis Model UNE-Adjusted -- Please see important notes, below

Massachusetts  
New England Tel-Ma

	Annual Cost	Units	Cost
<b>End office switching</b>	\$ 170,795,585		
Line Port	51,238,675	4,411,630 switched lines	\$ 0.97 per line/month
Non-Line Port	119,556,909	75,994,393,453 actual minutes	\$ 0.00157 per actual minute (for rate per DEM, see "Cost detail" sheet)
<b>Signaling network elements</b>	\$ 5,880,956		
Links	106,894	696 links	\$ 12.80 per link per month
STP	2,863,458	52,127,192,609 TCAP+ISUP msgs	\$ 0.00005 per signaling message
SCP	2,910,604	2,995,195,200 TCAP queries	\$ 0.00097 per query
<b>Transport network elements</b>			
<i>Dedicated</i>			
Sw+Sp Transport	\$ 14,613,776	1,530,424 trunks	\$ 0.80 per DS-0 equivalent per month
Switched	3,103,202	324,982 trunks	\$ 0.00008 per minute
Special	11,510,575	1,205,442 trunks	
Transmission Terminal	26,438,102	1,530,424 trunks	\$ 1.44 per DS-0 equivalent per month
			\$ 0.00014 per minute
			\$ 0.00022 total per minute
<i>Common</i>			
Transport	\$ 1,237,585	7,045,865,627 minutes	\$ 0.00016 per minute per leg (orig or term)
Transmission Terminal	1,102,327	7,045,865,627 minutes	\$ 0.00014 per minute
			\$ 0.00030 total per minute
<i>Direct</i>			
Transport	\$ 2,604,286	16,932,519,306 minutes	\$ 0.00015 per minute
Transmission Terminal	2,698,907	16,932,519,306 minutes	\$ 0.00016 per minute
			\$ 0.00031 total per minute
<b>Tandem switch</b>	\$ 2,798,579	5,712,423,455 minutes	\$ 0.00049 per minute
<b>Operator systems</b>	\$ 4,860,927		
<b>Public Telephones</b>	\$		
<b>Total (w/ Public)</b>	\$ 1,078,040,521		
<b>Total cost of switched network elements (w/o Public)</b>	\$ 16.33 per line/month		

	Nominal	Grossed Up
Total 2001 USF Per Line Common Support (Toll+Sw Line) Expense	\$ 6.86	\$ 7.29
Marketing & Cust Svc Driven USF Only Component	\$ 3.60	\$ 3.83
<b>Net UNE associated expenses:</b>	<b>\$ 3.26</b>	<b>\$ 3.46</b>

Unit Cost = New or changed code is shaded  
 = Unit cost in red italics indicates costs that reflect a UNE adjustment

Note: Numbers that are not in red italics or shaded in yellow may not have been adjusted to reflect UNE values