STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on May 19, 1999

COMMISSIONERS PRESENT:

Maureen O. Helmer, Chairman
Thomas J. Dunleavy
James D. Bennett
Leonard A. Weiss

CASE 98-C-0690 - Proceeding on Motion of the Commission to Examine Methods by Which Competitive Local Exchange Carriers Can Obtain and Combine Unbundled Network Elements.

CASE 95-C-0657 - Joint Complaint of AT&T Communications of New York, Inc., MCI Telecommunications Corporation, WorldCom, Inc. d/b/a LDDS WorldCom and the Empire Association of Long Distance Telephone Companies, Inc. Against New York Telephone Company Concerning Wholesale Provisioning of Local Exchange Service by New York Telephone Company and Sections of New York Telephone Company's Tariff No. 900.

CASE 94-C-0095 - Proceeding on Motion of the Commission to Examine Issues Related to the Continuing Provision of Universal Service and to Develop a Regulatory Framework for the Transition to Competition in the Local Exchange Market.

CASE 91-C-1174 - Proceeding on Motion of the Commission Regarding Comparably Efficient Interconnection Arrangements for Residential and Business Links.

ORDER CONCERNING EEL CONNECTION CHARGE

(Issued and Effective May 28, 1999)

BY THE COMMISSION:

INTRODUCTION AND PROCEDURAL HISTORY

As part of its Prefiling Statement in Case 97-C-0271, New York Telephone Company d/b/a Bell Atlantic-New York (Bell Atlantic-New York) undertook to provide competitive local exchange carriers (CLECs) a combination of unbundled network elements termed an "expanded extended link" (EEL). An EEL

permits the CLEC to gain access to a loop served by a central office in which the CLEC is not itself collocated or otherwise present. It consists of the local loop, local transport, multiplexing where required, and concentration where technically feasible. On July 23, 1998, Bell Atlantic-New York filed tariff amendments that would carry out some of its commitments in the Prefiling Statement, including those related to EELs.

In that filing, Bell Atlantic-New York proposed an EEL rate that included, in addition to the rates for the individual unbundled elements involved, a recurring "EEL Connection Charge." By order issued March 24, 1999, we took various steps with regard to the EEL provision of the tariff; pertinent here is our disallowance of the EEL Connection Charge pending its expedited review. We directed Bell Atlantic-New York to file a justification of the proposed charge, including an analysis of its underlying costs; authorized other parties to comment; directed that all factual information be in the form of affidavits; and directed the Office of Hearings and Alternative Dispute Resolution to determine the ensuing procedures.[1]

Consistent with that order, Bell Atlantic-New York filed its case on April 5, 1999. Responses were submitted by RCN Telecom Services, Inc. (RCN), jointly by e.spire Communications, Inc. and Intermedia Communications Inc. (e.spire/Intermedia), and by MCI WorldCom, Inc. (MCI). Those parties and Bell Atlantic-New York participated in a hearing held before Administrative Law Judge Joel A. Linsider in Albany on April 26, 1999; only Bell Atlantic-New York offered witnesses for cross-examination. Also admitted into evidence at the hearing were Bell Atlantic-New York's responses to a series of questions that Staff and the Judge had propounded in a letter dated April 20, 1999. The record comprises 91 pages of stenographic transcript and three exhibits.

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[1] Cases 98-C-0690 and 95-C-0657 et al., Order Directing Tariff Revisions (issued March 24, 1999).

Briefs were filed by Bell Atlantic-New York, MCI, and e.spire/Intermedia. Reply briefs were not authorized.

For additional context, it should be recalled that the underlying element costs at issue here were determined in the various phases of the First Network Element Proceeding.[1] They are subject to reexamination in the pending Second Network Elements Proceeding (Case 98-C-1357). Among the issues to be considered here is the allegation of some CLECs that the proposed charge represents a selective prejudgment of some of the costing modifications more properly raised in the Second Network Elements Proceeding.

OVERVIEW OF THE PROPOSED CHARGES

EEL arrangements can be associated with various types of links: two-wire analog, two-wire digital, and four-wire analog (collectively, "below DS1 links"); DS1 links; and DS3 links. Bell Atlantic-New York proposed EEL Connection Charges that varied with the type of link, depending on the costs claimed to be incurred. Those costs are summarized here and described in greater detail below.

With respect to DS1 and below DS1 EELs, the Connection Charge is said to recover certain subscriber line testing costs that are excluded from the underlying element rates. The DS1 Connection Charge is said to recover, as well, the net cost[2] of so-called "smart jacks," also used for testing. Finally, the DS3 Connection Charge is said to recover the cost of a Digital Cross Connect System DS3 to DS3 (DCS 3/3) port, defined below.

The proposed charges are summarized in Bell Atlantic-New York's brief as follows:

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[1] Cases 95-C-0657 et al., Network Elements Proceeding, Opinion No. 97-2 (issued April 1, 1997) (the Phase 1 Opinion), Opinion No. 97-19 (issued December 22, 1997), and Opinion No. 99-4 (issued February 22, 1999) (the Phase 3 Opinion).

[2] The cost is "net" in that the cost of the smart jack is reduced by the cost of the network interface device (NID) it replaces.

	COST ($/MONTH)				
	2-W ANALOG	2-W DIGITAL	4-W ANALOG	DS1	DS3
TEST. EXP.	$0.54	$0.88	$1.21	$4.65	N/A
SMART JACK	N/A	N/A	N/A	$4.83	N/A
DCS PORT	N/A	N/A	N/A	N/A	$138.85
TOTAL	$0.54	$0.88	$1.21	$9.48	$138.85

POSITIONS OF THE PARTIES

Bell Atlantic-New York

1. In General

Acknowledging that "the term 'Connection Charges' may be something of a misnomer,"[1] Bell Atlantic-New York maintains that the charge is warranted in order to recover ongoing costs associated with subscriber line testing and with needed capital investments, all incremental to the underlying element costs authorized in the various phases of the First Network Elements Proceeding. Because the charges are cost-based, Bell Atlantic-New York maintains, they should not be seen as legally questionable "glue fees," which Bell Atlantic-New York defines as "non-cost-based charge[s] intended to reflect the added value associated with network elements that are provided on a combined, as opposed to an unbundled, basis."[2]

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[1] Bell Atlantic-New York's Brief, p. 3. That acknowledgement understates the reality. As will be seen, use of the term has skewed some of the debate in this case.

[2] Bell Atlantic-New York's Brief, p. 4. Under the PFS, glue fees apply in some instances to the unbundled network element platform (UNE-P) arrangement, in which a CLEC purchases the full array of combined network elements needed to serve its customers. In Bell Atlantic-New York's view (which is contrary to MCI's), the provisions of the Telecommunications Act of 1996 (1996 Act) requiring that rates for network elements be based on their costs (47 U.S.C. sec. 252(d)(1)) would not preclude even an above-cost EEL rate because provision of the EEL is not required by the statute. Bell Atlantic-New York does not defend the EEL connection charge on that ground, however, insisting that it is, in fact, cost-based. Id., n. 14.

2. Subscriber Line Testing Expense

Bell Atlantic-New York argues that it excluded from the carrying charge factors (CCFs) in its Phase 1 local loop cost studies some $132 million of subscriber line testing expense. It did so (on its own, it stresses, and not because of any directive on our part, as one party had suggested) on the premise that, in the forward-looking environment, the CLEC purchasing the loop would perform that testing itself. A CLEC purchasing an EEL, however, cannot perform the testing needed to determine that a problem is associated with the link (a process termed "sectionalization"), inasmuch as doing so requires use of Bell Atlantic-New York equipment in the central office for the link. Accordingly, Bell Atlantic-New York proposes recovery of the associated cost through an "additional testing CCF" applied to investment in DS1 and below DS1 EEL links.[1]

Bell Atlantic-New York explains the absence of any testing expense component from its UNE-P charge (alleged in the pre-hearing comments of e.spire/Intermedia to be inconsistent with its inclusion in the EEL charge) by pointing out that in a UNE-P arrangement, the loop can be tested directly from the Bell Atlantic-New York switch to which it is attached; hence, no additional testing expense must be recovered. In an EEL, in contrast, the loop is connected to a switch (in this instance, the CLEC's) through a digital transport facility rather than directly, and the switch, therefore, "cannot, by itself, sectionalize troubles to the loop portion of the EEL arrangement."[2]

Bell Atlantic-New York also defends the level of its calculated expense, rejecting RCN's criticism, in pre-hearing

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[1] Testing for DS3 EELs is performed through the DCS 3/3 port, discussed below. In some configurations, such as those involving concentration, a CLEC purchasing a DS1 or below DS1 EEL would be able to perform the testing on its own, and the charge would not be imposed in those instances.

[2] Bell Atlantic-New York's Brief, p. 8.

comments, that it is improperly based on embedded costs. It cites our observation, in the Phase 1 Opinion, that historical data can provide a useful starting point for forward-looking analysis, and it argues that its historical data were adjusted to be made forward-looking in a manner consistent with that opinion. Its proposed rates may be modified in light of the studies to be submitted in the Second Network Elements Proceeding, but the prospect of those changes, Bell Atlantic-New York argues, should not preclude authorization now of rates based on Phase 1 data.

3. Smart Jacks

A network interface device (NID) is a connection block to which a customer connects inside wire. Competing carriers are given access to the incumbent's NID as a network element so that the competing carrier may connect its loops to a customer's inside wiring. When a DS1-level EEL is provided, according to Bell Atlantic-New York, a device called a "smart jack" is used instead of a conventional NID; the smart jack can be activated remotely to send back information that permits the integrity and performance of the DS1 loop to be tested without a technician being dispatched to the site. Bell Atlantic-New York therefore proposes to recover, with respect to DS1 EELs, testing costs of $9.48 a month, comprising (1) the forward-looking cost of the smart jack, net of the cost of the NID it replaces ($4.83) and (2) the cost of subscriber line testing for the four-wire digital loop ($4.65).

Bell Atlantic-New York argues that smart jacks represent the most efficient technology currently available for isolating EEL troubles and that it deploys them on all its DS1 loops, including those used for its own competitive retail services. (Nevertheless, it adds, their cost was not included in Phase 1, and there would be no double count in allowing that cost

now.[1]) Because the additional testing CCF included in the EEL Connection Charge reflects the savings associated with the use of smart jacks, Bell Atlantic-New York continues, the CLECs that benefit from those savings (as well as from the enhanced service quality associated with speedier isolation and correction of troubles) can reasonably be expected to cover the associated smart jack costs. Finally, Bell Atlantic-New York maintains that the vendor price used for smart jacks is the actual price available, including all applicable discounts, and that it reflects a price reduction recently offered by one vendor.

4. DCS 3/3 Port

Bell Atlantic-New York explains that the DCS 3/3 "is a specialized type of high-speed data channel switch and operates as a matched pair of ports. [It] provides the network with the capability to remotely re-route traffic to restore or clear the network, to centralize facility and service provisioning, and to centralize test access and trouble isolation."[2] Asserting that it represents the most efficient technical arrangement currently available for DS3 EELs, Bell Atlantic-New York argues as well that while two such ports are required to connect a DS3 channel to a DS3 transport facility, only one was included in the Phase 1 cost study of DS3 transport and none was included in the Phase 3 cost study of the DS3 channel. It therefore proposes now to recover the cost of a second port; the monthly charge, said to be based on actual available prices including all vendor discounts, would be $138.85.

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[1] Revised cost studies in the Second Network Elements Proceeding may include smart jacks in the underlying loop costs; in that event, Bell Atlantic-New York says, the DS1 EEL Connection Charge would be correspondingly reduced.

[2] Bell Atlantic-New York's Brief, p. 12.

5. Rate Design

Bell Atlantic-New York maintains that because the costs at issue are incurred on an on-going basis (whenever troubles are reported), they should be recovered through a recurring charge; it attributes e.spire/Intermedia's suggestion (in its pre-hearing comments) of a one-time charge to the misapprehension that the "Connection Charge" refers to the one-time cost of setting up an EEL. (It adds, however, that it would not object to collapsing the charge, through forecasts and present-value calculations, to a single, up-front payment.)

Recognizing that the costs in theory could be recovered as well on a per-transaction (i.e., per trouble) basis, Bell Atlantic-New York alleges numerous practical difficulties in doing so, including the need to conduct new studies of the proper cost per event and to establish new administrative arrangements that would increase the costs to be recovered. It maintains as well that an activity-based approach would depart from the usual manner of handling such maintenance-type expenses.

e.spire/Intermedia

e.spire/Intermedia regard the proposed charge as a glue fee that lacks all legal or factual support and that is precluded, among other things, by the Phase 1 Opinion. They argue that subscriber line testing expense was excluded from Phase 1 costs for reasons going beyond the premise, cited by Bell Atlantic-New York, that CLECs would conduct such testing on their own. They cite our observation that Bell Atlantic-New York had adjusted its forward-looking maintenance costs recovered through the CCF to reflect the lower volume of troubles in newly deployed network plant and our decision to further reduce it to capture labor productivity improvements in maintenance operations.[1] Pointing to a statement on cross-examination that Bell Atlantic-New York had performed no study to determine whether it was

[1] Phase 1 Opinion, mimeo p. 98.

better to recover the costs at issue on a recurring or non-recurring basis, e.spire/Intermedia assert the absence of any rational basis, meeting the standards set in the Phase 1 Opinion, for the trouble and maintenance costs claimed. They suggest that any further inquiry into the EEL Connection Charge take place in the Second Network Elements Proceeding.

More fundamentally, e.spire/Intermedia dispute the premise that the cost elements cited by Bell Atlantic-New York are, in fact, needed for the EEL. Noting that a smart jack is deployed as a matter of course with every DS1 loop and not only with EELs, e.spire/Intermedia point as well to Bell Atlantic-New York's witness's statement that the CLEC itself could use the smart jack to isolate subscriber line troubles. They assert, therefore, that "the entire rationale underlying the EEL Connection Charge, upon examination, evaporates."[1]

MCI

1. In General

MCI likewise regards the proposed charge as a non-cost-based glue fee. Taking the term "Connection Charge" at face value, it argues that Bell Atlantic-New York "has failed to present any costs that it incurs to connect the loop and transport in this proceeding"[2]; instead, it says, Bell Atlantic-New York has proposed modifications to its Phase 1 studies that increase costs for all loops. Selectively applying those cost increases only to loops, MCI maintains, is discriminatory and unlawful; they should be considered, if at all, only in the Second Network Elements Proceeding.

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[1] e.spire/Intermedia's Brief, pp. 6-7.

[2] MCI's Brief, p. 2. At p. 3 it again reflects a literal understanding of "Connection Charge" by saying that "Bell Atlantic[-New York] should not be permitted to charge anything to connect the EEL elements unless and until it provides evidence of what costs it actually incurs to complete that connection."

2. Subscriber Line Testing Expense

More specifically, MCI urges that the subscriber line testing costs be excluded from the EEL Connection Charge because "subscriber line testing . . . has nothing to do with connecting loops to transport."[1] Moreover, it regards the proposed recovery of subscriber line testing costs as an effort to correct the omission of those costs from Bell Atlantic-New York's earlier studies. Bell Atlantic-New York asserted that its earlier studies excluded these costs because it had not anticipated the provision of element combinations that might preclude CLECs from performing this testing on their own;[2] but MCI argues that the cost studies had been submitted at a time when FCC rules required the provision of element combinations, and that Bell Atlantic-New York itself undertook, in various interconnection agreements, to provide them. To include testing expense now, MCI argues, would merely correct the earlier studies, something that should be pursued, if at all, only in the Second Network Elements Proceeding.

Similarly, MCI objects to Bell Atlantic-New York's reflection, in its proposed EEL Connection Charge, of a correction to a transcription error in its Phase 1 study. The correction, it argues, is not EEL-specific, and it, too, should be considered, if at all, in the Second Network Elements Proceeding.

3. Smart Jacks

MCI sees the proposal to cost on the basis of a smart jack rather than a four-wire NID as an unwarranted increase in the cost of a DS1 loop, based on a "correction" to the technology assumptions used in the Phase 1 studies. It denies that the smart jack is an EEL-specific cost, noting Bell Atlantic-New

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[1] MCI's Brief, p. 4.

[2] MCI's Brief, p. 5, citing Tr. 82-83 (Bell Atlantic-New York witness Minion).

York's policy to deploy smart jacks on all DS1 loops. It argues, therefore, that application of the cost only to the charge for loops ordered as part of an EEL is unfair and discriminatory.

Pointing as well to Bell Atlantic-New York's witness's acknowledgement that cost savings associated with the smart jack are not reflected in the EEL Connection Charge,[1] MCI argues that Bell Atlantic-New York should not be permitted to recover the smart jack cost without at least reflecting associated savings. All of these matters, in its view, can be taken up in the Second Network Elements Proceeding.

4. DCS 3/3 Port

MCI contends that the expedited schedule for this proceeding precluded adequate testing of the assumptions underlying the proposed charge for DS3 EELs, including the asserted need for an additional DCS 3/3 port. It therefore urges, as a matter of due process, that consideration of the charge be deferred to the Second Network Elements Proceeding.

5. Rate Design

MCI urges that if recovery of any testing expense is allowed, it be on a per-transaction basis rather than as a recurring monthly fee. In its view, it would be unfair to impose the same charge on all CLECs, regardless of how many troubles they encounter. It notes that its interconnection agreement with Bell Atlantic-New York provides for per-incident payment of certain trouble-related costs.

DISCUSSION

At issue here are specific costs associated with the provisioning of the EEL. Bell Atlantic has established that some of the costs are reasonable. Therefore, those charges are not

[1] Tr. 58.

"wasteful" reconnection charges of the kind disapproved by the Supreme Court.[1]

Against that background, the specific components of the charge may be considered.

Subscriber Line Testing Expense

Bell Atlantic-New York indeed excluded (on its own initiative) subscriber line testing expense from its Phase 1 cost study, on the premise that a CLEC purchasing a Bell Atlantic-New York local loop would perform this testing function for itself,[2] and it is clear that an EEL is configured in a manner that precludes the purchasing CLEC from doing so. Subscriber line testing expense, accordingly, is a real cost associated with providing an EEL, and it is a cost not recovered through the underlying element rates. In concept, therefore, it is reasonable to allow its recovery now. MCI would deny that conclusion on the reasonable premise that Bell Atlantic-New York should have anticipated in its Phase 1 studies the need to provide element combinations; but a need to provide element combinations does not necessarily imply a need to separately recover and cost out subscriber line testing costs. Only in the EEL configuration (as distinct, for example, from UNE-P) is Bell Atlantic-New York required to perform subscriber line testing in a manner whose costs are not recovered by the underlying element rates.

The recoverability of the expense in concept does not mean, of course, that it is properly computed, and here Bell Atlantic-New York is considerably less persuasive. For one thing, MCI correctly raises concerns regarding Bell Atlantic-New York's correction of a transcription error in the Phase 1 calculations. The error was made by Bell Atlantic-New York in

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[1] AT&T Corp. v. Iowa Utilities Bd., 119 S.Ct. 721, 737-38 (1999).

[2] See Cases 95-C-0657 et al., supra, Tr. 2,163-2,164.

its Phase 1 studies and was not picked up at any point in Phase 1.

Although the error is indisputably real, it is not EEL-specific; and MCI would deny it any recognition here. But while this inquiry does not constitute a forum for the correction of Phase 1 errors, it seems unduly formalistic, if not punitive, to expand the error's reach by setting a new rate on the basis of a figure known to be erroneous. At the same time, the method by which Bell Atlantic-New York proposes to correct the error would unacceptably recover through the EEL connection charge a portion of the error's effect with respect to other elements. We will instead apply an adjustment that ensures recovery through the EEL charge of only the effects of reversing the error with respect to EELs[1]; it reduces the allowed subscriber line testing cost for a two-wire analog EEL, for example from $.54 a month to $.41 a month.[2]

A further adjustment is warranted, as e.spire/Intermedia suggest, to ensure that the calculated cost is properly forward-looking. In calculating the Phase 1 maintenance CCF, Bell Atlantic-New York reduced its historical maintenance expense, associated with troubles in old plant, to reflect the lower maintenance costs associated with new plant. We regarded that adjustment as sufficient to take an adequately forward-looking view of the maintenance CCF,[3] and an analogous

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[1] The adjustment may be described in greater detail as follows: Bell Atlantic-New York's proposed subscriber line testing cost (call it "C") is equal to the full (i.e., subscriber line and other) EEL testing cost ("A") minus the allowed Phase 1 testing cost ("B"). Bell Atlantic-New York's calculation corrects the error only with respect to "A," thereby unduly inflating "C." The adjustment here made would correct the error in "B" as well, reducing "C" to a more reasonable level.

[2] By way of comparison, declining to correct the error at all, as MCI proposes, would reduce that cost to $.33.

[3] Phase 1 Opinion, mimeo p. 98.

adjustment should be applied to subscriber line testing expense here to ensure the calculation is properly forward-looking.[1]

Application of the two adjustments, along with a partly offsetting upward adjustment needed to correct Bell Atlantic-New York's estimates of certain Phase 1 figures, has the following effect on the subscriber line testing expense component of the EEL Connection Charge:

Type of EEL	Proposed	As Adjusted
two-wire analog	$0.54	$0.37
two-wire digital	0.88	0.60
four-wire analog	1.21	0.83
DS1	4.65	3.32

Smart Jacks

Smart jacks are now deployed in connection with nearly all DS1 loops, not merely those associated with EELs. That is not necessarily a reason to refrain from reflecting them in EEL testing costs, since they, more than the four-wire NIDs they replace, seem to represent a properly forward-looking configuration of the equipment used in testing. It appears, however, that smart jacks were being deployed at the time the Phase 1 cost studies were performed,[2] yet Bell Atlantic-New York unaccountably did not reflect their costs in those studies and does not attempt to explain that omission. Bell Atlantic-New

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[1] The adjustment also could have been applied in Phase 1 to the non-subscriber-line testing expense allowed there; it was not, apparently through oversight. But while it would be wrong to go back and correct the omission with respect to testing expense allowed in Phase 1--that is a matter to be addressed in the Second Network Elements Proceeding--there is no reason to compound the oversight by declining to adjust newly allowed subscriber line testing expense associated with EELs to reflect the reduced number of troubles associated with newly installed plant. The adjustment is needed to ensure that EEL testing expense is properly forward looking.

[2] See Exhibit 2, response to NYDPS-NYT-6.

York notes that it may include smart jack costs in its revised cost study in the Second Network Elements Proceeding[1]; and that is the proper forum in which to consider the change. To selectively apply it here before it is made part of the cost study in general would unfairly discriminate against purchasers of EELs.[2] Accordingly, the smart jack component of the DS1 EEL Connection Charge will be disallowed in full.

DCS 3/3 Port

Notwithstanding MCI's unspecified objection, Bell Atlantic-New York has made at least a prima facie showing that the DCS 3/3 port is properly included in the equipment configuration for a DS3 EEL, and it has offered a reasonable estimate of its cost. The matter may warrant further examination in the Second Network Element Proceeding, but there is a reasonable basis for allowing the cost now as proposed.

Rate Design

Given the nature of the costs it recovers, the EEL Connection Charge could, perhaps, be properly recast on a per-transaction basis. But even if that were so in principle, determining a proper per-transaction charge could be a complicated exercise that does not appear to be worthwhile at this time, given the significant reductions in the charge here recommended and the further examination the charge will be accorded before too long in the Second Network Elements

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[1] Bell Atlantic-New York's Brief, p. 11.

[2] This conclusion is not inconsistent with the earlier determination to allow a correction of Bell Atlantic-New York's transcription error with respect to EELs. The latter was a clear, unintended error that, having been uncovered, should not be allowed to infect a new rate. The omission of the smart jack, though unexplained, was a feature of Bell Atlantic-New York's Phase 1 study, and that study should not be selectively updated or modified before the Second Network Elements Proceeding.

Proceeding. Moreover, the recurring charge is not inconsistent with the usual method for pricing network elements. Accordingly, the EEL Connection Charge will be authorized on a recurring, monthly basis.

CONCLUSION

On the basis of the foregoing analysis, monthly EEL Connection Charges will be allowed in the following amounts:

two-wire analog	$0.37
two-wire digital	0.60
four-wire analog	0.83
DS1	3.32
DS3	$138.85

The development of these figures is shown in greater detail in the Appendix.

The Commission orders:

1. New York Telephone Company d/b/a Bell Atlantic-New York is authorized to file tariff amendments setting forth charges consistent with this order. Such tariff amendments may not go into effect on a permanent basis until approved by the Commission but may go into effect on a temporary basis on not less than one day's notice, subject to refund if found not to be in compliance with this order.

2. The requirement of Section 92(2) of the Public Service Law as to newspaper publication of the amendments authorized in Clause 1 above is waived.

3. These proceedings are continued.

By the Commission,

(SIGNED) DEBRA RENNER
Acting Secretary

Bell Atlantic - New York
Reconciliation of Filed and Commission Adjusted Expanded Extended Loop (EEL) Charges

	Less Than DS 1				
	2-W Analog	**2-W Digital**	**4-W Analog**	**DS1**	**DS3**
Per NYT Testimony	$.54	$.88	$1.21	$9.90	$138.85
Update Smart Jack Vendor Cost	N/A	N/A	N/A	-.42	N/A
Per Initial Brief	.54	.88	1.21	9.48	138.85
Commission Adjustments:					
Adjust correction of transcription error.	-.13	-.21	-.47	-.99	N/A
Reflect actual Phase 1 adjustments.[1]	+.07	+.09	+.33	+.33	N/A
Subtotal	.48	.78	1.07	8.82	138.85
Disallow Smart Jack	N/A	N/A	N/A	-4.83	N/A
Make Subscriber Testing Expense forward-looking.	-.11	-.18	-.24	-.67	N/A
Per Commission Order	$.37	$.60	$.83	$3.32	$138.85

[1] Bell Atlantic - New York estimated how the Commission adjusted testing expense in Phase 1 but arrived at incorrect carrying charge factors when determining testing equipment costs as well as an incorrect investment base. The company's estimate of the circuit and cable investments determined by the Commission for 4-wire digital links was also incorrect.