

1. Power Costs Recognized in Phase 1

Most generally, AT&T/MCI contend that the switching rates adopted in Phase 1 (together with New York Telephone's retail local service rates) "already recover the full installed cost of existing power systems"⁸⁹ and that including power system installation costs as part of the collocation power charges (as New York Telephone would do) would allow for overrecovery of those costs.⁹⁰ In response, New York Telephone disputes the notion that Phase 1 switching prices already recover all power costs, regarding the argument as untimely and, in any event, wrong.⁹¹ It explains that the Phase 1 power investment factor was developed simply to calculate the cost of the incremental power equipment that would be needed for every dollar of incremental switching investment, without any suggestion that all current and future power costs would thereby be recovered. A per-amp charge is warranted, here, it continues, because it cannot apply a power investment factor to the CLEC's equipment inasmuch as New York Telephone is unaware of the magnitude of that investment and because CLECs purchase their power in amperage units depending on the equipment they install and the services they plan to offer.

As a threshold matter, AT&T/MCI's point is far from clear. Their line of argument in the ensuing sections of their brief suggests they mean to advocate disallowance only of the installation factor associated with power costs, and that is the understanding reflected in our statement, in the preceding

⁸⁹ AT&T/MCI's Brief on Exceptions, p. 5 (emphasis in original).

⁹⁰ The installation factor is the ratio of total installed investment to total material investment; it thus allows recovery not only of the cost of the power equipment itself but also of the estimated cost of putting it into place.

⁹¹ New York Telephone cites a Massachusetts decision rejecting this same argument.

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paragraph, of their position. But their claim that the Phase 1 Opinion already provided for "the full installed costs of existing power systems" seems to imply a view that all power costs--material as well as installation--should be disallowed as redundant with the Phase 1 decision. New York Telephone's reply apparently understands AT&T/MCI to be advocating the latter, more radical, position and persuasively argues against it. But if the power material investment costs claimed here are not redundant with Phase 1 costs, neither is the installation factor applied to them, which is merely a mechanism for translating the incremental material costs, whatever they may be, into fully installed costs.

Accordingly, even on its less radical interpretation, AT&T's exception on this point lacks merit and is denied.

2. Calculation of the Installation Factor

Even if some installation factor were warranted, AT&T/MCI continue, it should not be the 2.745 factor proposed by New York Telephone, which is based on existing circumstances and does not reflect a forward-looking, best-practices collocation arrangement. Pointing to the Judge's recognition that New York Telephone's power cost input would have to be modified to take account of the AT&T/MCI central office and collocation cage configuration, AT&T/MCI argue that the cost elements so modified (such as cable racking, supporting steel structure, power cable, and installation related labor) are those acknowledged by New York Telephone, in an earlier brief, as properly pertaining to installation costs rather than total material investment.⁹² AT&T/MCI reason that these cost items will be proportional to the distance between the power plant and the collocated equipment and correspondingly reduced by the shorter distances associated with their Model. That effect, they add, will be magnified by the likelihood that increased distances would require not only longer cable but larger-gauge cable (in view of the need to allow for voltage loss over long distances) and correspondingly specialized installation tools.

AT&T/MCI acknowledge that the record lacks evidence to prove that New York Telephone's 2.745 installation factor is inconsistent with the central office and cage configurations inherent in their Model, but they nevertheless infer that inconsistency from New York Telephone's claim, on the basis of AT&T proprietary data, that the installation factor for one of AT&T's own installations (which New York Telephone calculates to be 2.63) approximates the one proposed by New York Telephone here. But that installation, they argue, required 440 feet of power cable, while the cage configuration in the AT&T/MCI Model

⁹² AT&T/MCI's Brief on Exceptions, p. 9, citing New York Telephone's Reply Brief, Appendix A, p. 1.

requires only 165 feet of power cable; and, consistent with the forgoing discussion, the shorter cable length implies a lower installation factor. Adjusting the AT&T installation factor of 2.63 by an amount proportionate to the ratio of 440 feet to 165 feet, AT&T/MCI calculate a maximum installation factor of 1.6; they suggest that the actual installation factor should be somewhat lower inasmuch as the decrease in installation factor should be disproportionately greater than the decrease in cable length. Use of the 1.6 power installation factor, AT&T/MCI calculate, reduces the per-amp charge for DC power from \$19.56 to \$11.40.⁹³

New York Telephone responds that the power cable lengths contemplated in its study are likely shorter than those contained in the Model, inasmuch as they are based on actual 1995 installations throughout the full range of its central office buildings, most of which have one floor and short power cable runs, in contrast to the AT&T/MCI Model's placement of a power plant on the second floor with collocation locations throughout the building's three stories. New York Telephone also disputes the calculations by which AT&T/MCI claimed to identify a maximum installation factor of 1.6, contending that while the AT&T installation required 440 feet of power cable, the cable was used for several runs, each of which was considerably shorter. Beyond that, New York Telephone continues, the AT&T/MCI Model omits numerous investments needed to tie the power plant together, and it reiterates its view that AT&T's installation factor, properly computed, would be at least 2.63.

AT&T/MCI's effort on brief to recalculate the

⁹³ AT&T/MCI note that the Staff modifications to their Model reflected in the recommended decision also eliminate the \$2.03 per-amp charge for AC usage. They suggest that adjustment is incorrect inasmuch as New York Telephone's \$19.56 cost covers only DC power investment not the additional cost of AC power. The AC usage charge, as reasonably estimated by AT&T/MCI, will be allowed.

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installation factor is unpersuasive; at a minimum, the challenges raised by New York Telephone would require further record development. AT&T/MCI's exception on this point is denied.

3. Calculation of Power Costs Generally

AT&T/MCI contend that the recommended decision's adoption of New York Telephone's power costs grows out of the Judge's confusion about the costs that actually are included in the AT&T/MCI Model and the extent to which certain highly proprietary AT&T data on the cost of power plant construction in fact support New York Telephone's costs. With regard to the former, the record disclosed some uncertainty over whether two power plants (one of 2,500 amps and one of 4,000 amps) considered in the AT&T/MCI Model were to be regarded as alternatives, the costs of only one of which would be allowed (or whose costs would be averaged), or additives, whose costs should be summed. The Judge discredited AT&T/MCI's rebuttal contention that the plants should be summed, noting that it differed from the plain meaning of their Model's description, and that, in any event, the rebuttal testimony called for summing the investments in emergency equipment, not in the power plants themselves.⁹⁴ In their brief on exceptions, AT&T/MCI clarify that the Model assumes there will be two power plants and includes a backup generator sufficient to provide backup power simultaneously for both. Because the per-amp cost is lower for 4,000 amp plant than for a 2,500 amp plant, AT&T/MCI maintain their Model is conservative in that it reflects a per-amp cost that averages the two.

With regard to the second point, the Judge found that New York Telephone's comparison of its power costs with those of the AT&T power plant "though not conclusive, provides a degree of

⁹⁴ R.D., pp. 122-123.

assurance that its costs are not excessive."⁹⁵ AT&T/MCI contend that the comparison is inapposite, inasmuch as the AT&T plant contained two control bays while the New York Telephone plants that were studied contained only one, which should have made it less costly. With regard to whether the AT&T installation consists of one plant or two, New York Telephone continues to maintain that two control bays may be installed in a single power plant and that the presence of two bays in the AT&T data does not, accordingly, mean that there are two plants. More fundamentally, New York Telephone maintains that because it compared unit investments, per amp, the number of control bays is of no import.

Finally, AT&T/MCI take issue with the utilization rates contemplated by New York Telephone in its cost figures, suggesting that the employment of historical rates of utilization produces a per-amp charge that recovers all costs from existing amperage requirements. AT&T/MCI suggest that a properly forward-looking analysis would increase New York Telephone's utilization factors to reflect economies of scale generated by all users of the DC power plant equipment. New York Telephone responds that for most components of the power plant it applied no utilization rate at all and based its investment figures on total capacity; in contrast, the AT&T/MCI Model applied an 80% utilization rate to all components, suggesting that the New York Telephone study conservatively resulted in lower costs. New York Telephone did apply utilization rates to rectifier costs and costs for emergency engine/turbine unit investment, both consistent with industry practice requiring one spare rectifier in each power plant and the avoidance of either over- or under-utilization of an emergency engine/turbine. It explains that the utilization rates reflect not historical utilization levels, as AT&T/MCI allege, but, rather, the level at which the equipment can be

⁹⁵ Ibid., p. 123.

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prudently operated; if collocation results in increased power demand, it says, it will add capacity rather than running the existing equipment at a higher utilization level and thereby overrecovering its costs.

New York Telephone has persuasively responded to each of AT&T/MCI's exceptions on this issue; the exceptions are denied.

Land and Building Costs

The recommended decision noted that the network element rates set in Phase 1 were based, in part, on switching costs that included a land and building loading factor, designed to recover all pertinent land and building costs. Neither the AT&T/MCI Model nor the New York Telephone study appeared to recognize that fact, for both Phase 3 presentations nevertheless included a land and building factor. The Judge therefore requested the parties to consider, in their briefs on exceptions, whether this might result in overrecovery, and, if so, how the overrecovery could best be remedied.⁹⁶ All parties filing briefs on exceptions have done so.

Citing the observation in the recommended decision, AT&T/MCI take it as a given that because the Phase 1 rates are designed to recover all forward-looking land and building costs, application of a land and building factor to collocation rates would result in overrecovery; they therefore proceed directly to the mechanism for avoiding such overrecovery. In concept, they say, the better way would be to reduce the proportion of land and building costs recovered from other network elements and retail customers but, as a practical matter, it is easier to simply remove them from the calculation of collocation costs. They therefore suggest that the "land and building" charge in their

⁹⁶ R.D., p. 110, n. 2. While no party had raised this issue directly, the Judge noted that it had been called to mind by Intermedia's less specified concerns about double recovery.

Model's output be eliminated.

Intermedia argues to the same effect but offers, as an alternative, readjustment of all New York Telephone overhead loadings and application of the revised factor equally to the Phase 1 cost elements, the Phase 3 cost elements, and comparable retail cost elements. It suggests the FCC has adopted a similar arrangement, precluding an ILEC from assigning to physical collocators a share of overhead costs greater than that recovered in charges for similar retail services.⁹⁷ While Intermedia favors the latter approach in principle, it suggests using the former as a practical matter, recognizing that it would be unduly cumbersome to adjust Phase 1 rates now, particularly given that they are to be reexamined in the 1999 proceeding. (Its position in this regard appears to differ from that of AT&T/MCI, who regard adjustment of the collocation rates on this account as a permanent measure in order to avoid adding this issue to the many already to be considered in 1999.⁹⁸)

New York Telephone, in contrast, denies any double recovery. It explains that the Phase 1 building factor recovers the incremental building expenses associated with switching and circuit equipment additions, none of which were included in collocation studies. In contrast, the AT&T/MCI Model's land and building costs recover the collocator's share of building a brand new central office, while the building factor in the New York Telephone collocation study recovers incremental building expenses associated with provisioning a collocation facility in a New York Telephone central office. Neither of these could have been included in the 1995 building expense dollars recognized in the Phase 1 costs, given the very small number of collocation arrangements that existed in 1995. New York Telephone argues as well, on the basis of a calculation set forth in an appendix,

⁹⁷ Intermedia's Brief on Exceptions, p. 4.

⁹⁸ AT&T/MCI's Brief on Exceptions, p. 4.

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that the Phase 1 rates in fact underrecover building investment by more than 33%. Finally, New York Telephone characterizes as disingenuous AT&T/MCI's suggestion that any double count be remedied by excluding building costs from collocation rates. Were there a double count, New York Telephone asserts, the remedy would be to reexamine the Phase 1 element rates.

New York Telephone's arguments constitute at least a prima facie refutation of any double recovery, on the theory that all collocation-related land and building costs are incremental to those claimed in Phase 1. Neither AT&T/MCI nor Intermedia (who, as noted, assume double recovery instead of attempting to prove it) have shown anything to the contrary, and we have no clear basis for rejecting New York Telephone's view. On the basis of the present record, no adjustment on this account is warranted in Phase 3. Nevertheless, the fact remains that the Phase 1 CCFs did not specifically consider the impact of collocators in the central offices, and the parties should address themselves to this matter more comprehensively in the 1999 proceeding. Any resulting adjustments will be seen as a refinement rather than a correction and applied prospectively only.

Cage Location and Cable Lengths

New York Telephone objects to the recommended decision's adoption of the cable lengths associated with what it characterizes as the AT&T/MCI Model's arbitrary distances between collocation areas and New York Telephone frames, based on the Model's imaginary central office configuration. It continues to advocate its own proposed cable lengths, based on a study of actual installations.

AT&T/MCI respond in the context of their general defense of the TELRIC method, contending that New York Telephone's actual installations do not reflect forward-looking, best-practices central offices.

AT&T/MCI are correct. As explained above, a TELRIC study's use of an "imaginary" central office construct does not necessarily call TELRIC into question; on the contrary, the imaginary construct (as long as it is based on technology that is actually available, even if not actually used) is fully consistent with the TELRIC study's best-practices premise.⁹⁹

Cage Construction Costs

In general terms, the recommended decision stated that "New York Telephone has reasonably supported its cage construction figures."¹⁰⁰ On exceptions, the parties dispute the reach of that statement, the calculations implementing it in conjunction with the effects of other determinations, and the associated rate structure. Also considered in this section are the parties' exceptions to other specific determinations in the recommended decision related to cage construction costs.

1. Cost Calculations in General

On exceptions, AT&T/MCI maintain that the recommended decision's adoption of New York Telephone's cage construction costs "does not stand in isolation."¹⁰¹ They note that other determinations (some of which are themselves the subject of exceptions and discussed elsewhere in this opinion) bear on cage construction costs; they include the recommended decision's rejection of New York Telephone's position with regard to security costs and with regard to the pass-through of special construction costs as well as its adoption of the AT&T/MCI cage

⁹⁹ See in this regard our adoption in Phase 1 of the all-fiber feeder construct favored by New York Telephone (and opposed by AT&T and MCI), consistent with a forward-looking TELRIC analysis, because it represented best available practices even though it was not in fact ubiquitously deployed.

¹⁰⁰ R.D., pp. 131-132.

¹⁰¹ AT&T/MCI's Brief on Exceptions, p. 13.

configuration. Nevertheless, they continue, the staff calculations appended to the recommended decision¹⁰² used New York Telephone's cage construction cost of \$23,063 per 100 square feet, without any modification in light of these other determinations. AT&T/MCI attach to their brief on exceptions an analysis that eliminates expenditures associated with security walls, mesh ceilings (which are not part of the AT&T/MCI Model cage configuration), and site-specific space conditioning costs, such as demolition and reconfiguration. On the basis of those calculations, they assert that cage construction costs should be reduced to \$14,809 per 100 square feet.

New York Telephone responds that AT&T/MCI are now arguing for the first time that cage construction costs such as asbestos removal and site preparation should be considered part of room preparation costs and therefore eliminated from the cage construction figures. That argument, in its view, is wrong as well as untimely, inasmuch as these are forward-looking costs that New York Telephone will incur to provide cages for collocators; collocators therefore should bear the costs; and collocators are free to hire vendors and reduce the costs if they can or choose virtual collocation and eliminate the costs entirely. It adds that AT&T/MCI incorrectly state that the recommended decision adopted their Model's cage configuration, maintaining that it adopted only the Model's cage location and that its adoption of New York Telephone's cage costs implies adoption of New York Telephone's cage configuration rather than AT&T/MCI's.

New York Telephone maintains as well that the recommended decision miscalculates the rate for a 100-square-foot cage in that it takes the New York Telephone cage construction costs, which it adopted, and mistakenly divides it by four.¹⁰³ It

¹⁰² R.D., Appendix C, p. 4 of 5.

¹⁰³ Id., first adjustment under the heading "Cage Construction

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attributes the error to the AT&T/MCI Model's having calculated the costs of building four 100-square-foot cages at one time and then dividing by four to arrive at the cost for a 100-square-foot cage. In preparing the appendix, it suggests, Staff proceeded in the same way, simply replacing the AT&T/MCI cost with New York Telephone's and forgetting that New York Telephone's cost is that of a single 100-square-foot cage, not four of them. New York Telephone also notes that the appendix does not set forth rates for the larger and smaller cages included in its study, asserting that the existence of fixed costs unrelated to size makes it impossible to derive the rates for cages of other sizes by simply multiplying or dividing the rate for a 100-square-foot cage by the appropriate factor.¹⁰⁴ In the appendix to its brief, it corrects the asserted error with regard to the 100-square-foot cage and calculates recurring rates for cages of 25, 300, and 400 square feet. (The latter calculations use a 3-year recovery period rather than the Model's 55-year recovery period, a separate issue discussed below.)

In reply, AT&T/MCI acknowledge that the \$23,063 figure should not have been divided by four but object to New York Telephone's recalculation on a variety of other grounds. They reiterate their view, noted above, that the proper starting point is \$14,809 per 100 square feet and suggest that a series of further modifications (including recognition of the AT&T/MCI Model's premise, reflected in the process of calculating the cost of four cages and dividing by four, that economies of scale should be assumed and the fixed costs of cage construction should be spread over four collocation spaces) have the effect of reducing the cage construction cost figure further, to \$5,586 per

Costs."

¹⁰⁴ Simply multiplying or dividing the 100-square-foot cage rate would cause New York Telephone to overrecover with respect to larger cages and underrecover with respect to smaller ones.

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100 square feet. It urges use of that figure rather than New York Telephone's \$23,063 figure or its own brief on exceptions figure of \$14,809.

To begin, New York Telephone is correct (as AT&T/MCI recognize) that the appendix to the recommended decision should not have divided its cage construction costs by four. That error will be corrected.

More substantively, New York Telephone also is correct that the existence of fixed costs precludes calculating the costs of cages larger and smaller than 100 square feet by simply multiplying or dividing the cost of the 100-square-foot cage. The appendix to this opinion includes illustrative calculations of the costs for larger and smaller cages. That same argument, moreover, effectively refutes AT&T/MCI's argument in their reply brief on exceptions that the fixed costs of cage construction should be spread over four collocation cages; fixed costs are associated with each cage.¹⁰⁵

New York Telephone is far less persuasive, however, in its claim that the recommended decision adopted the AT&T/MCI Model's cage locations but not its cage configurations; the Judge in fact adopted the Model as the starting point for analysis, meaning that it would be accepted in all respects, including cage configuration, except where New York Telephone persuasively argued for a departure.¹⁰⁶ That decision warrants granting

¹⁰⁵ New York Telephone develops this point in greater detail in an unauthorized pleading filed December 1, 1998, purportedly to respond to new arguments in AT&T/MCI's reply brief on exceptions. That pleading is improper and has been disregarded.

¹⁰⁶ See, for example, R.D., p. 123: "To the extent power plant investments are affected by central office and collocation cage configuration, my overall recommendation to use the AT&T/MCI Model as the starting point requires modification of New York Telephone's power investment figures. In all other respects, New York Telephone's per-amp power costs should be adopted as the input to be used in AT&T/MCI's Model."

AT&T/MCI's exception and reducing the cage construction cost to the level suggested in their brief on exceptions (though rejecting, as already suggested, the further reduction proposed in their reply brief on exceptions, which is procedurally questionable as well as substantively incorrect).

2. Cost Recovery Rate Design

New York Telephone objects to the Judge's rejection of its proposed pass-through of vendor costs for cage construction in new collocation space in favor of AT&T/MCI's proposed recovery of these costs over 55 years through a recurring charge.¹⁰⁷ It contends that the pass-through ensures that it recovers its costs while each collocator pays only the costs it imposes; and it maintains that a specified rate for all future cage construction would cause it to under-recover its costs inasmuch as collocators would ask New York Telephone to perform the work when the costs were greater than the uniform rate but would contract directly with their own vendors to perform the work if the costs were below that rate. New York Telephone complains as well that the 55-year recovery period would leave it with stranded investment if the collocator vacated the cage sooner, and it asserts the prospect of the cage being reused by another collocator does not warrant a recurring charge that imposes on New York Telephone the risk of no later occupancy. (In the event another collocator did take over the cage, New York Telephone would collect reasonable costs from it and reimburse the first collocator proportionately.)

New York Telephone also disputes the collocators' claim that charging up-front is a barrier to entry, arguing that the cost of a collocation cage is no different from any other initial investment that must be made by a would-be competitor in order to

¹⁰⁷ For cage construction in existing collocation space, New York Telephone proposed a specified non-recurring rate, which the recommended decision adopted.

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provide local exchange service. It points to the existence of collocation in many of its central offices and notes its proposal to allow smaller CLECs to pay the up-front charge over an 18-month period. Meanwhile, it contends, a recurring rate structure would remove a collocator's incentive to forecast its needs accurately, inasmuch as it could order cages without regard to its true needs, vacate them whenever it wanted, and leave New York Telephone with unrecovered costs. It asserts in this regard that it already is experiencing under-utilization of collocation cages. New York Telephone therefore urges us, if we reject its vendor pass-through structure, to adopt its non-recurring rate for cages placed in existing collocation rooms as the rate to be applied for all future collocation cages.

Finally, New York Telephone objects specifically to what it regards as the excessively long recovery period of 55 years, equal to the depreciation lives for buildings. It asserts that many collocation cages will be vacated sooner as CLECs go out of business or consolidate or as a result of technological changes, and it suggests a recovery period of three years, equal to the length of most interconnection agreements. It appends a calculation of the resulting rates and asserts they are "generous" inasmuch as they exclude the overhead and fill-factor included in the AT&T/MCI Model, which would increase costs substantially.

In response, AT&T/MCI assert that use of their Model's 9.33% cost of capital and 75% occupancy factor permit New York Telephone to fully recover its investment if the collocation space is occupied for only the first 15 years of its life. They argue as well that long term investments were recovered through recurring charges in the rates set in Phase 1; that the recurring rate structure creates an incentive for New York Telephone to find other users for collocation space that may be vacated; that New York Telephone's objection to the rate structure is being raised for the first time in its reply brief on exceptions; that

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the evidence shows that the proposed non-recurring rate structure would constitute a significant barrier to market entry¹⁰⁸; and that the proposal to reimburse initial collocators whose vacated space is later occupied would be administratively complex, requiring an accounting scheme that would endure over the full 55-year life of the collocation space. Finally, AT&T/MCI see a contradiction between New York Telephone's claimed need for separate collocation rooms (which make it harder to reincorporate the space for New York Telephone's own uses in the event the collocator leaves) and its stated concern about collocators leaving their spaces early. They suggest that New York Telephone is seeking to impose the up-front costs of collocation room construction and is then using the existence of separate collocation rooms that might be vacated as an excuse for imposing cage construction costs upfront as well. They charge that this strategy is motivated by an effort to raise the cost of entry for competitors.

The issue comes down to how the risk of cost recovery should be allocated between the ILEC and collocating CLECs, and it seems unreasonable to require the initial collocator to bear, up-front, the entire cost of protecting New York Telephone against the possibility that its costs may go unrecovered. (The possibility of reimbursing that collocator if the space it vacates is taken over by another offers scant comfort to smaller, start-up CLECs and would be, in any case, administratively very burdensome.) The risk borne by New York Telephone seems best dealt with in the rate of return used to estimate these costs, and if it is adequately reflected there, there is no reason not to treat these costs like all others and recover them through a recurring charge, calculated on the basis of the 55-year useful life now associated with the account at issue.¹⁰⁹ That rate of

¹⁰⁸ Citing Tr. 6,557-6,558; 6,787-6,788.

¹⁰⁹ That useful life is expected to be shortened to 30 years in

return was set in Phase 1 on the basis of data for a proxy group of telephone companies, and we noted, among other things, that the capital costs of those companies reflected "the market's recognition of the onset of competition in areas traditionally seen as monopolies."¹¹⁰ While the issue is one that may warrant further inquiry in the 1999 proceeding, there is no basis for concluding that the present rate of return fails to compensate New York Telephone adequately for these risks and, hence, no reason to single these costs out for up-front recovery.

3. Security

New York Telephone asserts that the recommended decision omitted the costs of providing collocation room security because it adopted a hypothetical central office configuration that obviated room partitioning. And while the AT&T/MCI Model includes security costs for a card reading system, those costs are included among those of the hypothetical central office and are therefore borne for the most part by New York Telephone rather than the collocator. New York Telephone urges us to recognize that it will be using its existing central offices to provide collocation and to permit it to recover, on a vendor pass-through basis, the costs of providing security in those offices.

AT&T/MCI do not specifically respond, inasmuch as the issue is implicit in the general consideration of their hypothetical central office configuration. Consistent with the results of that consideration, New York Telephone's exception is denied.

the depreciation represcription now under way. That process, however, is not yet complete, and there is no basis for singling this one item out for adjustment on its account.

¹¹⁰ Phase 1 Opinion, mimeo p. 39.

4. HVAC Costs

New York Telephone notes that if we adhere to our previous rulings regarding the vendor pass-through treatment of room construction costs, we should eliminate the recommended decision's proposed allowance for HVAC costs inasmuch as they are properly part of room construction charges. If the previous rulings were reversed and the recommended decision adopted with regard to room construction costs, New York Telephone would support the recommended decision's treatment of HVAC costs. As already explained, that is the result we have reached.

5. Cable Utilization Factors

The recommended decision adopted New York Telephone's proposed cable utilization factor, ranging from 26% to 52%, rather than the much higher 80%-85% factors incorporated in the AT&T/MCI Model.¹¹¹ New York Telephone had argued, among other things, that the AT&T/MCI utilization factor was an "objective" utilization factor at which augmentation of facilities would be needed, rather than an average utilization rate; and the Judge found persuasive New York Telephone's argument in support of an average utilization rate.¹¹²

Intermedia excepts, asserting that use of an average utilization factor contradicts positions taken by Bell Atlantic in the past and citing Bell Atlantic's defense, in a 1995 FCC filing, of a channel utilization factor based on system capacity rather than average usage. It asserts that "if capacity costing is good enough for Bell Atlantic, objective capacity costing

¹¹¹ The utilization factor describes the extent to which equipment is actually used and the amount of additional capacity it therefore has. The actual utilization factor will vary, depending on the time that has elapsed since the most recent equipment augmentation. Projection of a higher utilization factor given a projected level of demand implies a need to install less equipment.

¹¹² R.D., pp. 137-139.

should be good enough for CLECs as well."¹¹³

New York Telephone responds that "Intermedia is confused"¹¹⁴ and that the tariff filing at issue was for video services, had nothing to do with utilization levels, and simply repeated the proposition that "in calculating costs, the material investments should be based on a system sized to capacity."¹¹⁵ New York Telephone adds that the AT&T/MCI Model, as run by Staff to produce the rates set forth in the appendix to the recommended decision, appears to have eliminated utilization rates altogether and would have to be rerun to avoid the resulting understatement of costs.

New York Telephone's response to Intermedia is well-taken, and Intermedia's exception on that point is denied. New York Telephone's point regarding how the AT&T/MCI Model was run by Staff also appears valid, and its results will be adjusted to correct the oversight.

6. Installation Factor

To recognize installation costs, New York Telephone applied an engineering and installation factor of 1.6494 to the pertinent investment amounts. The AT&T/MCI Model used a factor of 1.3. The Judge applied the adjusted installation factor of 1.373 that had been adopted in Phase 1 for activities analogous to those at issue here. He recognized that we had noted, in the New Proceeding Order, that continuation of deep vendor discounts on switching equipment (contrary to the Phase 1 assumption) would imply modification of the adjustment underlying that installation factor, but he found that the present record provided no basis for making a specific modification and continued the 1.373 factor

¹¹³ Intermedia's Brief on Exceptions, p. 6.

¹¹⁴ New York Telephone's Reply Brief on Exceptions, p. 13.

¹¹⁵ Ibid., pp. 13-14.

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for present purposes.

New York Telephone excepts, contending that the installation factor used in Phase 1 for digital switch installations (account 377C) should not be applied to the account 357C investments at issue here, which involve circuit equipment such as interoffice transport. It suggests as well that its installation factor of 1.6494 is conservative, inasmuch as it combines separate installation factors for hardwire equipment and for plug-ins. New York Telephone appends a calculation purporting to show that the installation factor for hardwire equipment alone would be 4.12, and it argues that the nature of the equipment used in connection with collocation could have warranted use of that factor rather than the lower combined one associated with account 357C as a whole.¹¹⁶

AT&T/MCI respond that the calculations set forth in the appendix to New York Telephone's brief should be summarily rejected as unsworn and untested post-hearing testimony. They contend as well that while the collocation equipment is classified in account 357C for internal accounting purposes, it in fact has more in common with the digital switch installations that were considered in Phase 1. They assert that New York Telephone has not sustained the burden of proving that its traditional accounting calculations properly serve as the basis of estimating forward-looking collocation costs.

As AT&T/MCI correctly argue, the analysis appended to New York Telephone's brief, purporting to show that the 1.6494 installation factor is conservative, advances factual claims not properly made in brief; it will be disregarded.

¹¹⁶ In an apparent misunderstanding of a statement in the recommended decision, New York Telephone suggests as well that lower vendor prices would likely result in a higher installation factor rather than a lower one. That, however, was precisely the point of the statement in the New Proceeding Order and of the reference to that statement in the recommended decision.

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Nevertheless, the 1.6494 installation factor itself is adopted as the best figure on the record. The Judge found, and we agree, that New York Telephone had successfully defended its factor against AT&T/MCI's attack,¹¹⁷ and he recommended reducing that figure only because of the different factor that had been used in Phase 1. But New York Telephone has reasonably argued that the Phase 1 factor, which was associated with account 377C, should not be applied to the account 357C investments here at issue. Accordingly, New York Telephone's exception is granted.

7. Other Items

New York Telephone asserts that the recommended decision inadvertently omitted costs for terminations on the point of termination (POT) bay¹¹⁸ because the AT&T/MCI Model assumes that the CLEC, not New York Telephone, will provide these terminations. Noting that many CLECs prefer that New York Telephone provide them, it asks us to adopt a separate rate element for POT bay terminations, priced at a level equal to the non-recurring costs in New York Telephone's study. AT&T/MCI do not respond, and New York Telephone's proposal is adopted.

Pointing to the recommended decision's finding that New York Telephone had fully supported its claimed planning and engineering hours associated with cage construction,¹¹⁹ New York Telephone notes that it had proposed fees for those activities that varied with the type of collocation request being made. The appendix to the recommended decision, in contrast, following the AT&T/MCI Model, nevertheless sets forth only one planning and engineering fee for physical collocation and one for virtual collocation. New York Telephone asks that we therefore either

¹¹⁷ R.D., p. 140.

¹¹⁸ A POT bay is a site at which the ILEC's and CLEC's equipment interconnect.

¹¹⁹ R.D., p. 136.

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adopt all of its own planning and implementation fees or else find that the rates listed in the appendix apply to all collocation requests regardless of whether they are initial applications, subsequent applications, or requests for additional cable terminations or power.

AT&T/MCI object, urging instead that the rates set forth in the recommended decision be revised to show reduced planning and implementation fees for subsequent applications and augmentation requests.

While the appendix to the recommended decision should have set forth different rates for different types of collocation requests, the remedies proposed by New York Telephone for its failure to do so are uncalled for. To adopt all of New York Telephone's planning and implementation fees would be to depart from the basic approach of using the AT&T/MCI Model as the starting point, and to declare that the rate in the appendix applies to all types of collocation requests would be to ignore the differences among them. Instead, the rate in the appendix will be proportionately adjusted, as AT&T/MCI reasonably suggest, to reflect the differences among the types of request.

New York Telephone excepts to the recommended decision's adoption, in its appendix, of the relay rack costs contemplated by the AT&T/MCI Model.¹²⁰ It contends the rate is more than four times lower than its actual installed costs, which were never challenged by AT&T/MCI, and that the determination is inconsistent with the adoption of New York Telephone's POT bay costs, inasmuch as "a POT Bay essentially is a stripped-down relay rack."¹²¹ In addition, to accommodate virtual collocation, certain additional materials and installation activities are required, adding to the relay rack costs.

¹²⁰ A relay rack is used to house the collocator's virtual collocation equipment.

¹²¹ New York Telephone's Brief on Exceptions, p. 21.

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AT&T/MCI respond that they challenged New York Telephone's claimed POT bay costs and that the record shows them to be inflated by approximately 50%.¹²² In addition they contend New York Telephone is attempting once again to rely on post-hearing, post-recommended decision testimony.

New York Telephone makes a valid point; a POT bay is, in essence, a relay rack with terminal blocks and the costs of the two types of installations are linked. Accordingly, adoption of New York Telephone's POT bay costs implies adoption of its relay rack costs as well, and its exception is granted.

New York Telephone excepts as well to the recommended decision's omission of the per-square-foot costs incurred to house a CLEC's spare circuit pack cabinet and asks that those costs be included either on the basis of its own per-square-foot cost or that in the AT&T/MCI Model in the event the latter is adopted.¹²³ AT&T/MCI respond that their Model already assumes a virtual collocation equipment space that includes space for spare circuit packs, which is purchased as equipment space in 1/4 racks. New York Telephone did not challenge this treatment on the record, they argue, and should not be permitted to do so now.

AT&T/MCI's response is persuasive, and New York Telephone's exception is denied.

¹²² Citing Tr. 6,638.

¹²³ The spare circuit pack cabinet is placed in a New York Telephone central office to support the CLEC's virtual serving arrangement and may be used by the CLEC to house equipment inventory for maintenance or expansion.

Collocation-Related
Services to be Offered

New York Telephone expresses concern about the recommended decision having adopted rates for two services that it assertedly does not offer; Intermedia, conversely, urges us to set various rates in this proceeding that are not treated in the recommended decision.

New York Telephone's concerns relate, first, to the recommended adoption of the AT&T/MCI Model's proposed rate for "entrance fiber," an activity that, according to the New York Telephone tariff, is performed by the CLEC, not by New York Telephone.¹²⁴ New York Telephone notes that no CLEC objected to this tariff provision in the portion of the proceeding that related to non-price collocation issues; suggests that AT&T/MCI may have inadvertently failed to exclude the activities from their Model; and maintains that inclusion of a rate in the Model cannot impose on New York Telephone an obligation to provide a service.

In addition, New York Telephone excepts to the Model's inclusion of a rate for providing a direct connection between two virtual collocation arrangements. Asserting that it does not provide that service, it contends that AT&T/MCI should not be permitted to create a service by including a rate for the service in their Model, and it maintains that significant technical and operational issues must be resolved before the service could be offered. It adds that a collocater may connect two virtual arrangements through use of dedicated transit service, rates for which were treated elsewhere in the recommended decision.

AT&T/MCI respond that New York Telephone should not be heard now to object, for the first time, to items included in the AT&T/MCI Model from the outset of the proceeding. More specifically, they urge that no weight be accorded to what they

¹²⁴ The activity at issue involves pulling and splicing the CLEC's fiber from the manhole to the collocation cage.

characterize as New York Telephone's unsworn and untested testimony regarding the technical and operational issues that must be addressed.

Normally, AT&T/MCI would be correct in arguing that New York Telephone should not be heard to raise a criticism of the Model for the first time in its brief on exceptions. Here, however, New York Telephone is correct that the inclusion of a hypothetical service in the Model for pricing purposes cannot create an obligation to offer the service if it has been determined, in the non-pricing phases of the proceeding, that the service need not be offered; and New York Telephone had no reason to raise that criticism until the recommended decision implied, by its setting of a rate consistent with the Model, that the service was to be provided. Accordingly, New York Telephone's exceptions on these services are granted.

Intermedia, meanwhile, questions the recommended decision's statement that "other types of collocation, such as 'cageless collocation,' are under review in various contexts; the record here does not include presentations examining these costs."¹²⁵ It observes that it knows of no other context in which rates for such services are being considered, and it cites Administrative Law Judge Stein's suggestion, in her proposed findings in the Recombination Proceeding,¹²⁶ that the rates for collocation alternatives will be considered here. It adds that we ourselves stated that New York Telephone's proposed tariff amendments intended to implement its Prefiling Statement under §271 of the 1996 Act would be considered within this proceeding, and it expresses concern about the possibility that New York Telephone might be authorized to enter long-distance markets before it established cost-based rates for all available

¹²⁵ R.D., p. 86.

¹²⁶ Case 98-C-0690, Methods for Obtaining and Combining Unbundled Network Elements, Proposed Findings (issued August 4, 1998).

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collocation alternatives.

Intermedia therefore asks us to identify per-foot office space charges for cageless collocation; the space preparation costs to be assigned to cageless collocation arrangements and caged arrangements smaller than 100 square feet; and "any other rate elements that would apply to cageless collocation that differ from traditional physical collocation."¹²⁷

At a minimum, it urges us to clarify the process by which TELRIC costs for alternative forms of collocation will be developed. It notes that while New York Telephone has filed tariffs containing such new rate elements, it has not offered cost support showing that they comply with the 1996 Act's pricing standard.

At least some, and perhaps all, of the collocation alternatives being considered in the Recombination Proceeding lend themselves to being priced by fairly straightforward application of the costing decisions reached here. (For example, the physical collocation costing determinations reached here could be extended to the pricing of shared cages and "secured collocation open physical environment" arrangements, and the virtual collocation decisions could be used in pricing cageless collocation.) New York Telephone therefore is directed to include, in its compliance filing, prices for these various alternatives, calculated in a manner consistent with the decisions reached here, or to explain why, in particular instances, it cannot do so. Should those prices pose questions that cannot be resolved through comments on the compliance filing, the matter could be further pursued in the 1999 proceeding.

Collocation Cross-Connections

CLECs may run cross-connections between their collocation arrangements through the use of dedicated transit

¹²⁷ Intermedia's Brief on Exceptions, p. 9.

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service (DTS) or dedicated cable support service (DCS).¹²⁸ Noting that New York Telephone's Phase 3 presentation included cost support for DTS but not for DCS, Intermedia requests clarification of the TELRIC costs for DCS service.

In addition, Intermedia excepts to the recommended decision's establishment of DTS rates that vary with the type of electronics used. It contends that the electronics are supplied by the CLEC and that New York Telephone provides only the cable, which, though it may be copper or fiber, does not depend on the electronics. Intermedia therefore asks that the rates be set to depend only on the type of cable supplied; in the alternative, it asks for clarification that a CLEC may install its own cross-connections without purchasing either DTS or DCS service. It regards that clarification as the least complicated means for insuring that collocated carriers can cross connect at reasonable cost.

New York Telephone responds that the issue was resolved in December 1997, when it agreed to permit collocators within the same common area to connect to each other without using DTS as long as both collocators are on New York Telephone's premises for the purpose of accessing unbundled network elements or interconnecting to New York Telephone's network.

New York Telephone's response appears sufficient and Intermedia's exception is denied. Rates for DCS, however, should be treated in the compliance filing, on a TELRIC basis. In addition, New York Telephone should include in its compliance filing a showing confirming that its DTS rates are TELRIC-based.

The Commission orders:

1. To the extent it is consistent with this opinion and order, the recommended decision of Administrative Law Judge

¹²⁸ Where DTS is used, New York Telephone provides and installs the cabling; DCS entails New York Telephone's provision of cable racking to support cables owned by the CLEC.

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Joel A. Linsider, issued October 2, 1998, is adopted as part of this opinion and order. Except as here granted, all exceptions to that recommended decision are denied.

2. Within 20 days of the date of this opinion and order, New York Telephone Company (New York Telephone) shall file tariff amendments consistent with this opinion and order. Upon filing those tariff amendments, New York Telephone shall serve copies on all active parties to these proceedings. Any party wishing to comment on the tariff amendments may do so by submitting 10 copies of its comments to the Secretary within 15 days of the date the amendments are filed. The tariff amendments shall not take effect on a permanent basis until approved by the Commission but may be put into effect on a temporary basis on one day's notice, subject to refund if found not to be in compliance with this opinion and order.

3. These proceedings are continued.

By the Commission,

(SIGNED)

DEBRA RENNER
Acting Secretary

Summary of Commission Decision for Recurring Costs

	<u>UNIT</u>	<u>ALJ RD</u>	<u>Commission Decision</u>
I. SWITCHING			
A. Individual Line Features	Line	Disapprove	Disapprove
B. Centrex Features	Various	Disapprove	Disapprove
C. ISDN Basic Rate interface	Various	Disapprove	Disapprove
D. ISDN Primary Rate Features	PRI Line	Disapprove	Disapprove
E. Coin Ports	Monthly	Disapprove	Disapprove
F. Additional Switch Memory	Line Class Code/switch	Disapprove	Disapprove
II. OTHER SERVICES			
A. 45 Mbps Local Distribution Channels			
1. LDC 45 mileage	1/4 mile ¹²⁹ per month	\$ 53.27	\$ 53.27
2. LDC 45 Fixed cost	Monthly	912.84	912.84
B. SS7 Transport			
1. Call Setup Message	Message	.000297	.000297
2. Class Message	Message	.000816	.000816
3. AIN Message	Message	.001103	.001103
4. 800 Message	Message	.000866	.000866
5. LIDB Message	Message	.000820	.000820
6. Rate Adjustment When Query Launched from Interconnected Network:			
a) 800	Message	.000154	.000154
b) LIDB	Message	.000145	.000145
c) AIN	Message	.000182	.000182
C. AIN-Based Services			
1. End Office 0.1 Trigger	Message	.000191	.000191
2. Service Creation Environment:			
a) Establishment	Customer	Disapprove	773.56 ¹³⁰
b) Creation Access Port	Logon ID	Disapprove	Disapprove

¹²⁹ See text, "Appendix Correction" section; also see New York Telephone Brief on Exception to RD on Phase 3 Miscellaneous Services Appendix C.

¹³⁰ See text, "Competition Cost Onsets - Substantive Issues" section.

c) Usage	24-Hr Day	Disapprove	727.83
d) Help Desk Support	15 Min.	Disapprove	18.24
e) Service Certification	15 Min.	Disapprove	17.53
3. ISCP Record Provisioning	15 Min.	14.60	14.60
4. ISCP Query/Resp Message	Monthly	.000954	.000954
5. ISCP and Record	Monthly	.222318	.222318

Summary of Commission Decision for Recurring Costs

	<u>UNIT</u>	<u>ALJ RD</u>	<u>Commission Decision</u>
D. Operator Services and Director Information Service			
1. Directory Assistance ¹³¹	Search	\$.0455	\$.0419
Direct Access (DADA)			
2. Real Time Rating (RTR) Additive ¹³² :			
a) OPH Sent Paid, Pass Through, Calling Card	Second	.000068	.000116
b) OPH Sent Paid	Request	.002044	.003467
c) OPH Calling Card Call	Request	.002514	.004277
d) OPH Collect/Bill 3rd #	Request	.005763	.009784
e) Busy Line Verification	Second	.000068	.000116
f) Busy Line Verification	Request	.003192	.005416
g) BLV & Interruption	Second	.000068	.000116
h) BLV & Interruption	Request	.003859	.006547
i) 0+ Mchnzd, Calling Card	Request	.001352	.002302
j) 0+ Mchnzd, Collect & Bill to Third Number	Request	.004146	.007054
3. Director Assistance Listings Transfer (DALT):			
a) Recurring Costs	Month	6,061	6,061
b) Nonrecurring Costs ¹³³	One-Time	Disapprove	43,767
4. ATLAS Display of Listings	Transaction	.324	.324
5. Customized Routing	Resold Line per month	.03279	.03279
E. Product Service Availability & Street Address Guide			
1. Product Service Availability:			
a) Recurring	Annual	6,906.76	6,906.76
b) Nonrecurring	One-Time	Disapprove	Disapprove
2. Street Address Guide (SAG):			
a) Recurring	Annual	3,453.38	3,453.38
b) Nonrecurring	One-Time	Disapprove	Disapprove
F. Other Services			
1. Non-published #/Month	Listing	Disapprove	Disapprove
2. Additional Listing/Month	Listing/Carrier	Disapprove	Disapprove

¹³¹ See text, "Appendix Correction" section

¹³² See text, "Competition Cost Onsets - Substantive Issues" section

¹³³ See text, "Appendix Corrections" section

3. Number Pre-Assignment Service:

- a) Block of 20 Month
- b) Block of 100 Month

Disapprove Disapprove
Disapprove Disapprove

Summary of Commission Decision for Non-Recurring Charges

	<u>ALJ RD</u>	<u>Commission Decision</u>
LDC 45		
LDC 45	\$ 421.29	\$ 421.29
LDC 45 (Expedited)	511.83	511.83
<u>Centrex/ISDN Switching Features</u>		
Centrex Switching Features Per Line ¹³⁴	18.26	6.64
ISDN Switching Features Per Line	9.49	9.49
<u>OS/DA Branding/Unbranding/Routing</u>		
OS/DA Branding	Disapprove	Disapprove
OS/DA Unbranding	Disapprove	Disapprove
OS/DA Customized Routing	Individual Case Basis	Individual Case Basis
 <u>Network Design Request (NDR)</u>		
NDR Process	Disapprove	Disapprove
NDR Implementation-Initial/Switch	Disapprove	Disapprove
NDR Implementation-Add'nal LCCs	Disapprove	Disapprove
NDR Implementation-Subsequent LCCS	Disapprove	Disapprove
NDR Implementation - Add'nal LCCS	Disapprove	Disapprove
 <u>Line Port Traffic Study</u>		
Set-up Charge/Facility	Disapprove	Disapprove
Per Week Charge/Facility	Disapprove	Disapprove
<u>Installation Field Dispatch¹³⁵</u>		
Initial Link	Disapprove	85.25
Additional Link-Same Location	Disapprove	29.32
Initial Premium TI Link	Disapprove	223.07
Additional TI Link-Same Location	Disapprove	144.50
<u>Dedicated Transit Service</u>		
DSO	76.14	76.14
DSO (Expedited)	99.23	99.23
DSI	91.87	91.87
DSI (Expedited)	119.30	119.30
DS3	170.74	170.74
DS3 (Expedited)	200.46	200.46
OC3	177.00	177.00
OC3 (Expedited)	208.41	208.41
OC12	177.60	177.60
OC12 (Expedited)	209.17	209.17

¹³⁴ See text, "Appendix Corrections" section

¹³⁵ See text, "Relationship Between Phase 2 and Phase 3 - Installation Field Dispatch NRC" section

Collocation Cost Study Element - Physical

Cage Construction

Planning

Initial Application \$7,508.00 per CLEC request

Subsequent Application \$6,898.00 per CLEC request

Augmentation

Extension of \$6,042.00 per CLEC request

Cage & Cable

Switchboard Cabling \$3,834.00 per CLEC request

Power Cabling \$3,834.00 per CLEC request

Cage Preparation

\$417.71 per 300 sq. ft.

cage, per month

\$222.52 per 100 sq. ft.

cage, per month

\$141.31 per 25 sq. ft. cage,
per month

\$18.24 per 20 sq. ft.

addition, per month

HVAC

\$7.03 per 10 amps, per
month

Land & Buildings

\$2,416.50 per 300 sq. ft.
cage, per month

\$984.50 per 100 sq. ft.
cage, per month

\$465.40 per 25 sq. ft. cage,
per month

\$143.20 per 20 sq. ft.
addition

Cable Racking

\$32.11 per month

Power

Greater than 60 amps

\$19.56 per amp, per month

Less than or equal to 60 amps

\$19.64 per amp, per month

AC Power

\$2.03 per amp, per month

Voice Grade Circuits

Connection to MDF

Non-recurring

\$1,499.35 per 100 circuits

Recurring

\$23.60 per 100 circuits,
per month

DS - 1 Circuits

Connection to DCS

Non-recurring
Recurring

\$2,103.03 per 28 circuits
\$523.69 per 28 circuits, per
month

Connection to DSX

Non-recurring
Recurring

\$2,103.03 per 28 circuits
\$27.21 per 28 circuits, per
month

DS - 3 Circuits

Connection to DCS

Non-recurring
Recurring

\$521.29 per circuit
\$122.13 per circuit, per
month

Connection to DSX

Non-recurring
Recurring

\$521.29 per circuit
\$21.44 per circuit, per
month

Optical Circuits

Connection to FDF

Non-recurring
Recurring

\$3,678.65 per cable
\$16.21 per cable, per month

Security Access

Non-recurring

\$90.79 per five card
request

POT Bay Costs

POT Bay Frame - Option 1

Non-recurring
Recurring

\$902.22 per frame
\$7.34 per month

POT Bay Frame - Option 2

Non-recurring
Recurring

\$355.22 per frame
\$15.47 per month

Collocation Cost Study Element - Virtual

Virtual Collocation

Planning		
Cabling plus Equipment	\$14,505.79	per request
Cabling only	\$12,320.29	per request
Land & Buildings	\$12.44	per 1/4 of rack floor area and common area, per month
Relay Rack	\$4.31	per 1/4 of rack, per month
<u>Power (per ampere - Recurring)</u>		
Greater than 60 amps	\$19.56	per amp, per month
Less than or equal to 60 amps	\$19.64	per amp, per month
AC Power	\$2.03	per amp, per month
<u>Voice Grade Circuits</u>		
Non-recurring	\$1,499.35	per 100 circuits
Recurring	\$23.60	per 100 circuits, per month
DS - 1 Circuits		
Connection to DCS		
Non-recurring	\$2,103.03	per 28 circuits
Recurring	\$523.04	per 28 circuits, per month
Connection to DSX		
Non-recurring	\$2,103.03	per 28 circuits
Recurring	\$27.60	per 28 circuits, per month
DS - 3 Circuits		
Connection to DCS		
Non-recurring	\$521.29	per circuit
Recurring	\$122.13	per circuit, per month
Connection to DSX		
Non-recurring	\$521.29	per circuit
Recurring	\$20.89	per circuit, per month
<u>Optical Circuits</u>		
Connection to FDF		
Non-recurring	\$3,194.61	per cable

Recurring

\$15.33 per cable, per month

Virtual to Virtual Connection

Cable Racking Fiber	\$0.29 per cable, per month
Cable Racking DS1, DS3	\$0.23 per cable, per month
DS1 Connection	\$828.47 per 28 circuits
DS3 Connection	\$205.36 per circuit

Equipment Maintenance and Security Escort

Staffed/Not Staffed CO - Attended Hours or Normal Day	
Initial Charge Period	0.25 hour
Subsequent Charge Period	0.25 hour
Staffed/Not Staffed CO - Unattended Hours or Non-normal Day	
Initial Charge Period	4.0 hours
Subsequent Charge Period	0.25 hours

Escort services provided at a rate of \$60.35 per hour

Adjustments to Collocation Cost Study

Base Model

Use AT&T/MCI model. In order to accommodate different cage sizes, the floor plan had to be modified.

Adjustments

For 300 sq. ft. cages, the individual cage size is 20' by 15', the collocation area size is 40' by 36.5' and the cage/common area layout is the same as the model.

For 100 sq. ft. cages, the individual cage size is 10' by 10', the collocation area size is 20' by 26.5', and is the AT&T/MCI model layout.

For 25 sq. ft. cages, the individual cage size is 5' by 5' with a common area of 4' by 20' for the POT bays. The 4' wide common space accommodates the depth of the POT bay and an aisle.

For the 20 sq. ft. addition, a 2' by 10' addition is made to an existing 10' by 10' cage, with reuse of the end wall. There is no need for an additional fire detector nor for contractor planning.

Power Costs

Use NYT per amp charge power costs.

Adjustment - Replace model output with: DC Power - per ampere greater than 60 amps: \$19.56 per month, DC Power - per ampere less than or equal to 60 amperes: \$19.64 per month.

Include NYT's cost for AC power of of \$2.03 per ampere

Cable Lengths

Use AT&T/MCI model cage location and cable length assumptions.

Cage Construction Costs

Use NYT cage preparation costs for 100 sq. ft. cage, and adjusted as suggested in AT&T/MCI's Brief on Exceptions to exclude costs not properly includable in a TELRIC model.

Adjustment - Recalculated model's Cage Preparation Cost Elements using costs as noted above. Caging materials, tile, environment and electrical work were treated as variable per sq. ft. costs, while fire detection and planning costs were treated as fixed. Removed grounding output from model output as it is included in NYT preparation figures.

Use NYT hourly rates and manpower requirements as inputs for cage construction planning.

Adjustment - Classified model's ILEC Manpower Requirements and Virtual Manpower Requirements functions as CO, RE or TIS consistent with NYT analysis; apply associated NYT hourly rates. Separate reclassified functions b/w initial/subsequent; apply ratio of NYT/AT&T hours per function to AT&T hours to incorporate NYT hours. Figures are per CLEC.

Escort Charge

Use NYT hourly CO Technician rate for virtual collocation escort rate.

Adjustment - Replaced model's unit cost in Virtual Collocation Equipment Maintenance and Security Escort to \$60.35.

Labor Rates and Use of
Inputs from Earlier Phases

Use Case 95-C-0657 et. al. Phase 1 and Phase 2 data.

Adjustment - Updated model for 1995 ARMIS Data (changes CCFs). Used book depreciation lives as general input. Changed frame technician and splicer hourly inputs.

Cable Utilization factors

Use NYT factors.

Adjustment - Corrected oversight in the Recommended Decision and replaced model fill factors with appropriate NYT utilization rates.

Adjustments to Collocation Cost Study

Installation Factor

Use NYT's Installation Factor of 1.6494.

Adjustment - Replaced the Collocation Connectivity Back-up components factor of 1.3.

Cable Racking Support

Use NYT linear per ft. cost for cable racking as model input.

Adjustment - Replaced model's cable racking cost per foot in Collocation Connectivity Back-up with NYT's revised figure of $\$13,260.00/300=\44.20 (WP 1.0 Part A Sect. 1 pg. 5/5 line 1).

Land Cost

Use NYT per sq. ft. land figure.

Adjustment - Replaced model's general input for land \$20.00 with NYT figure \$86.28.

POT Bay Costs

Use NYT estimates.