

Rath, an experienced power engineer who is responsible for provisioning collocation in New York. By contrast, AT&T/MCI's proposed power costs are based on information obtained from a manufacturer in Canada. Moreover, Mr. Bissell, the Model's sponsor, admitted at the hearings that he is not a power engineer, a fact that was apparent even before the hearings began.<sup>68</sup>

As a result, AT&T/MCI's proposed power costs are grossly understated. In fact, Mr. Klick was forced to correct a significant error in the Model's calculation of power costs in his June 5 testimony (related to the BDFB), after the error was pointed out by Bell Atlantic in the Maryland collocation proceeding. Indeed, Mr. Klick admitted that the error understated power costs for virtual collocation by 25%. Unfortunately, Mr. Klick did not correct all the errors in the Model. Most significantly, the Model incorrectly lumps all the investments together<sup>69</sup> and divides by the stated capacity of the total plant, which will inevitably yield inaccurate results. Each discrete component of a properly engineered power plant carries its own unique amperage rating. Accordingly, unit investments must be calculated on an individual basis.<sup>70</sup>

Further, as the BA-NY Panel explained, AT&T/MCI have failed to support their costs for several components such as the microprocessor, power distribution service cabinet, power

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<sup>68</sup> The Model's use of Absolyte batteries in the power plant vividly demonstrates Mr. Bissell's lack of experience provisioning power in a central office. These batteries generally are not approved for use in BA-NY central offices for support of switching and transport equipment because they are dangerous, are prone to failure and leakage, and provide limited capacity compared to the wet cell lead acid batteries traditionally used by ILECs. Tr. 6275-76. BA-NY produced ample documentation in response to an on-the-record request posed by Judge Linsider regarding the risk entailed in installing Absolyte batteries. See BA-NY's response to OTRR/STC-05, filed July 2, 1998.  
**[BEGIN AT&T PROPRIETARY]**

**[END AT&T PROPRIETARY]** The Model's use of these inferior batteries raises significant doubt regarding the ability of the Model's developers to determine appropriate power costs.

<sup>69</sup> Except for the BDFB, which was corrected by Mr. Klick.

<sup>70</sup> Tr. 6280-81.

distribution board, automatic breakers, and the emergency stand-by generator.<sup>71</sup> AT&T/MCI's proposed investments in the most significant power components – the stand-by generator and the automatic breakers – are actually the result of a mathematical calculation based on faulty assumptions rather than actual invoice data. In fact, no power investments included in the Model are supported by any credible invoices. When asked for the amperage capacity of the switchboard breaker equipment included in the Model, AT&T/MCI responded by stating that “the quote did not identify the capacity of the switchboard breaker equipment but it is sufficient to accommodate a 400,000 watt generator.”<sup>72</sup> AT&T/MCI essentially are arguing that they do not know the answer, but it must be big enough. In stark contrast, BA-NY's power costs are well documented and represent the forward-looking costs that BA-NY will incur to provide power to collocators.

The Model also omits costs for –48 volt emergency lighting and conduit. BA-NY calculates these costs to range from \$20,000 to \$115,000, depending on the density zone. These costs are an integral part of an emergency power plant and should be included in a cost study. Mr. Bissell's unsupported claim<sup>73</sup> that BA-NY uses outdated and more costly emergency lighting should be rejected in light of Mr. Bissell's lack of power engineering experience, particularly when compared to the considerable power engineering experience of BA-NY witness Rath.<sup>74</sup>

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<sup>71</sup> Tr. 6326.

<sup>72</sup> Tr. 6326 (citing AT&T Response to NYT-ATT-470).

<sup>73</sup> Tr. 6665-66.

<sup>74</sup> The same argument is true with respect to the Model's failure to include transportation, warehousing and rigging costs required to install a power plant. Tr. 6282. AT&T/MCI's response is that a new central office would be designed so that these costs would not be incurred. Tr. 6671. But these are real costs that BA-NY will incur because it will be using its existing central offices to provision collocation – costs which should be recovered from the collocator. **[BEGIN AT&T PROPRIETARY]**

**[END AT&T PROPRIETARY]**

AT&T/MCI asserts that BA-NY's criticisms of the Model's power costs should be rejected because BA-NY simply misunderstands how the Model includes power costs. AT&T/MCI are wrong.<sup>75</sup> Their (new) claim<sup>76</sup> that the Model develops two power plants per central office has nothing to do with BA-NY's analysis of the deficiencies of the Model's power costs. BA-NY compared the *unit* investments and *per amp* costs contained in the Model and concluded that they were significantly understated.<sup>77</sup> The size of the power plant in this context is meaningless.

AT&T/MCI criticize BA-NY's power installation factor on several grounds. First, Mr. Bissell claims that the power installation factor is excessive because it "obviously" overincludes internal manpower charges and includes installations required for converting analog to digital switch replacements.<sup>78</sup> Mr. Bissell misses the point. BA-NY's power installation factor was developed by dividing actual material investments in power equipment purchased for central offices in the State of New York for calendar year 1995 into that same material investment plus all of the capitalized labor and expenses associated with placing that power equipment into service. It therefore is entirely appropriate to include analog-to-digital switch conversions in the power installation factor because this factor includes all power installations, including power

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<sup>75</sup> Tr. 6665.

<sup>76</sup> Mr. Bissell "explained" for the first time in his rebuttal testimony that the Model develops two separate power plants per central office. Tr. 6665. In an Exhibit to his direct testimony, Mr. Bissell stated: "To maximize its flexibility, the Model develops investments associated with two different power plant installations. . . . The two sizes were selected to provide a reasonable range of ILEC investments in medium and large sized COs, respectively." Exh. 338 (White Paper, Section I, p. 37). BA-NY interpreted this statement to mean that the Model included the costs associated with one power plant installed in a medium central office, and one power plant installed in a large central office.

<sup>77</sup> Tr. 6273-83.

<sup>78</sup> Tr. 6621-22.

augmentations, brand new power plants, and the entire range of capacity additions in between. In fact, BA-NY's power installation factor is conservative because it includes less expensive power augmentations even though, under a TELRIC construct, BA-NY is determining the forward-looking costs of a more expensive new power plant.<sup>79</sup>

Second, Mr. Bissell's claim that items such as cable racking required for digital switches are inappropriately included in the power installation factor is similarly flawed.<sup>80</sup> Only the cable racking associated with the distribution power cable (running perpendicular to each digital switching line-up) would be included in the power installation factor.<sup>81</sup> Cable racking, for example, is required to support the power cables, which are part of all power plants, not just power distribution required for digital switches. (Significantly, AT&T also includes cable racking in its own power plant installations.) However, contrary to AT&T/MCI's claims, the cable racking attached to the top of the digital switch frame is not included in the power installation factor.<sup>82</sup>

Finally, it is AT&T/MCI who plainly misunderstand how BA-NY calculated its power costs. For example, they criticize BA-NY's inclusion of a supplementary power distribution bay.<sup>83</sup> But these costs were not included in BA-NY's cost study, as can plainly be seen from BA-NY's workpapers.<sup>84</sup> In addition, AT&T/MCI complain, based on cost information contained in a

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<sup>79</sup> Tr. 6324-25.

<sup>80</sup> Tr. 6622.

<sup>81</sup> Tr. 6495.

<sup>82</sup> *Id.*

<sup>83</sup> Tr. 6669.

<sup>84</sup> See Exh. 327 (Workpaper 1.0, Part A, Section 1, p. 4 of 5).

template provided in discovery, that BA-NY's cost for a 400 amp rectifier is significantly overstated. AT&T/MCI, however, mistakenly point to the wrong cost information. BA-NY did not use those costs in its studies.<sup>85</sup> BA-NY's rectifier costs were based on a material investment of \$8,650, **[BEGIN AT&T PROPRIETARY]**

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**B. BA-NY's Power Costs Are Corroborated By AT&T's Own Data.**

BA-NY's supporting documentation alone fully supports BA-NY's power costs.<sup>87</sup> BA-NY, however, has corroborated its own data through information obtained from AT&T in connection with its most recent power plant installation.<sup>88</sup> **[BEGIN AT&T PROPRIETARY]**

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<sup>85</sup> BA-NY's average rectifier cost of \$8,650 is calculated by dividing the total material investment for rectifiers (\$51,900) in the major cities density zone (Exh. 327, Workpaper 1.0, Part A, Section 1, p. 4 of 5, Column D, Line 8) by the total number of rectifiers (6) (Exh. 327, Workpaper 1.0, Part A, Section 1, p. 4 of 5, Column D, Line 4). AT&T/MCI made the same mistake with respect to the light fixtures and associated materials. Tr. 6670. BA-NY did not include these items in its cost study.

<sup>86</sup> Exh. 336P; Tr. 6328P.

<sup>87</sup> Mr. Bissell's unsupported allegation that BA-NY's power costs are somehow higher than those in other ILEC studies he has examined is inappropriate and should be disregarded. Tr. 6607, 6620-21. If BA-NY's power costs are to be compared with those developed by other ILECs, then BA-NY has the right to know the identity of the other ILECs and how these costs were calculated (*e.g.*, marginal cost, incremental cost). Most important, BA-NY has the right to analyze the components included in the other ILEC studies to ensure that Mr. Bissell is comparing apples-to-apples. AT&T/MCI failed to produce these studies when requested. Tr. 6321-22.

<sup>88</sup> MCI also provided power cost information. This information was produced late in the proceeding and did not contain sufficient detail to provide a meaningful comparison to BA-NY's power costs.

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**[END AT&T PROPRIETARY]**

Surprisingly, the Model's developers did not even ask to review AT&T or MCI's own power plant costs for their central offices in New York.<sup>96</sup> While it certainly is easier for the Model's developers to use the same power information in every State that it submits the Model, this Commission should not tolerate AT&T/MCI's complete failure both to use actual carrier data and to make its proposed power costs New York-specific.

**V. BA-NY'S SAC AND IAC CHARGES ARE BASED ON FORWARD-LOOKING ASSUMPTIONS AND ARE REASONABLE**

**A. Cable Lengths.**

The cable lengths utilized in BA-NY's SAC and IAC cost studies are based on the actual cable lengths for SAC and IAC cables in existing collocation arrangements.<sup>97</sup> AT&T/MCI's assertion that these cable lengths should be disregarded because they represent only BA-NY's larger central offices is without merit. First, the number of floors in a particular central office does not necessary drive cable lengths. The real question is how near the collocater is to the main distributing frames, a factor which can vary.

Second, the existing collocation arrangements used to develop cable lengths are located in a mix of large and small buildings, from the 140 West Street central office (42 floors, including sub-basement and tower space) to the Harrison central office (1 floor).<sup>98</sup> As the BA-NY Panel explained, this current mix of central office sizes is representative of the mix of central offices in

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<sup>96</sup> Tr. 6763.

<sup>97</sup> Tr. 6207, 6335.

<sup>98</sup> Tr. 6335 (citing BA-NY Responses to ATT-NYT-1217 (Exh. 329P, attachments 3 and 4) & ATT-NYT-915).

which collocation will be provisioned in the future. Moreover, it is inappropriate to look at the total average number of floors for all of BA-NY's central offices to determine cable lengths – as AT&T/MCI do<sup>99</sup> – because many of the smaller central offices in rural areas of the State serve only a small number of access lines and therefore will not likely see collocation in the near future (if ever). CLECs are demanding collocation in the larger urban and suburban offices, and therefore existing cable lengths are a good measure of the cable lengths that will be provisioned in the future.

AT&T/MCI claim that cable lengths should be arbitrarily reduced to 165 feet so that BA-NY will have no incentive to manipulate costs.<sup>100</sup> AT&T/MCI, however, have provided no evidence that BA-NY has manipulated costs,<sup>101</sup> and Mr. Bissell could not identify any instance where BA-NY unreasonably increased cable lengths just to increase costs to collocators when he was questioned during cross examination.<sup>102</sup> BA-NY's space and frame planning process encourages locating collocation space as close to main frames and power sources as possible. And BA-NY has actually ruled out areas of central offices for collocation purposes due to excessive cable lengths.<sup>103</sup> Mr. Bissell's unfounded accusations do not create a basis for arbitrarily reducing cable lengths.<sup>104</sup>

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<sup>99</sup> Exhs. 334 & 335.

<sup>100</sup> Tr. 6582, 6609, 6631-32; 6710.

<sup>101</sup> Tr. 6316, 6333 (citing AT&T Response to NYT-ATT-487; MCI Response to NYT-MCI-167).

<sup>102</sup> Tr. 6750-51.

<sup>103</sup> Tr. 6292.

<sup>104</sup> Mr. Bissell's assertion that BA-NY's virtual collocation cable lengths demonstrate that its physical collocation lengths are too long completely misses the point. BA-NY is able to place the virtual equipment and its own equipment closer to its frames because there is no need to build a separate and secure collocation room in a virtual collocation environment. In fact, Mr. Bissell's statement that BA-NY's virtual collocation lengths are shorter

As BA-NY explained, many factors are considered when planning collocation sites, such as:

- the ability to secure the collocation site;
- proximity to the cable vault;
- proximity to the main distributing frame and digital cross-connect frame locations;
- proximity to the power plant location;
- a reasonable estimate of the demand for collocation by CLECs in a particular wire center; and
- BA-NY's own future needs for space to accommodate its own incremental need for floor space.

This type of planning is by no means regressive despite Mr. Bissell's claims.<sup>105</sup> To the contrary, it is progressive planning based on good faith and BA-NY's judgment.

Mr. Bissell also claims that BA-NY relies too heavily on unnecessary and costly security measures in siting physical collocation nodes, resulting in excessive recurring SAC charges.<sup>106</sup>

Mr. Bissell's argument is purely speculative. Depending on the central office layout, the cost savings associated with reducing cables lengths – lower SAC rates – may be far outweighed by the increased security costs or additional HVAC equipment installation needed as a result.<sup>107</sup>

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actually supports the notion that BA-NY applies "best practice planning" by making use of the best available space to provision collocation whether it is a physical or a virtual arrangement. If BA-NY truly were trying to manipulate costs, as AT&T/MCI have darkly insinuated, it would artificially increase both virtual and physical cable lengths. Significantly, BA-NY's virtual cable lengths are up to 1/3 *shorter* than the lengths proposed by Mr. Bissell, which belies his completely unsupported accusations. Tr. 6335.

<sup>105</sup> Tr. 6630.

<sup>106</sup> Tr. 6609-10.

<sup>107</sup> Tr. 6334.

In addition, BA-NY has not – as AT&T/MCI allege – refused to make large amounts of space suitable for collocation available.<sup>108</sup> Most BA-NY central offices have been around for several decades and have seen the transition from electro-mechanical to Analog ESS and Digital switching systems and a variety of improvements in transport technologies. However, because newer technologies require higher degrees of environmental support and often different space layouts, the space vacated by older vintage equipment often requires substantial upgrades to become usable for newer equipment. These upgrades can include new air conditioning systems, changeouts of the cable racking layouts, and floor tile replacements (usually involving asbestos abatement). Therefore, while there may be a space large enough for collocation in the immediate vicinity of a cross connect frame, upgrading the existing HVAC systems or providing new HVAC equipment to support the collocation requirements can be costly. It may simply be more cost effective to locate the collocators at some distance from the cross connect frames.<sup>109</sup>

Nor is it a simple matter to just remove blocked cable routes to make room for additional cables, as Mr. Bissell claims.<sup>110</sup> When cables are retired from service, they are often intermingled or underneath newer live cable. As a result, congested cable routes usually cannot be cleared of dead wire without incurring excessive costs or the risk of jeopardizing service. Where dead cable exists separate from live cable, BA-NY does remove it. Thus, although BA-NY is on occasion required to run longer cable routes because of congested racks, it must do so because the racks are congested with live cable, not cable that is readily removable.<sup>111</sup>

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<sup>108</sup> Exh. 338 (White Paper, Section I, pp. 8-13).

<sup>109</sup> Tr. 6293.

<sup>110</sup> Exh. 338 (White Paper, Section I, p. 8).

<sup>111</sup> Tr. 6294.

BA-NY's collocation cost studies include cable lengths which are reasonable and forward-looking, and which reflect BA-NY's actual experience provisioning collocation. AT&T/MCI's attempt to artificially limit these cable lengths – based on unfounded suspicions regarding BA-NY's alleged incentive to manipulate costs – should be rejected. Indeed, Mr. Bissell agreed at the hearings that many factors determine where a collocator should be located in a central office, and that the decision must be based on the judgment of BA-NY's experienced engineers and space planners.<sup>112</sup> AT&T/MCI have offered absolutely no sound reason to question BA-NY's judgment regarding where collocators should be placed in a central office.

**B. Installation Factors.**

BA-NY's digital circuit installation factor appropriately reflects the costs of installing the required collocation cabling and terminations. Like the power installation factor, BA-NY applies an installation factor to the material investments (based on vendor invoices) for the cabling and terminations to determine the appropriate SAC and IAC charges. This factor is based upon one year's worth of total material investment (for this plant account) divided into the total material investment plus all of the capitalized labor and expenses, including items such as transportation charges and cable racking necessary to put that material investment in-place for service.<sup>113</sup>

Significantly, AT&T/MCI fail to point out any flaws in BA-NY's calculation of its installation factors, arguing only that BA-NY's factor is 25 percent too high based on (non-New York) third-party quotes they obtained.<sup>114</sup> AT&T/MCI, however, completely miss the point of installation factors. By applying an installation factor across the board to all investments in the

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<sup>112</sup> Tr. 6745-47.

<sup>113</sup> Tr. 6336.

<sup>114</sup> Tr. 6638.

particular account, BA-NY will recover more than its costs for some installations and will recover less than its costs for other installations. Across all installations, however, BA-NY will recover only its actual costs. Installation factors therefore may not be applied selectively to particular components. Indeed, this Commission has approved BA-NY's use of installation factors in previous phases of this proceeding. Thus, even if Mr. Bissell's quotes were credible (which they are not), they may not be used to determine installation costs.

**C. Utilization Factors.**

Contrary to AT&T/MCI's assertions, the utilization factors used in BA-NY's cost studies are conservative. In fact, these factors are higher than the actual SAC and IAC utilizations in BA-NY's network today. In its cost studies, BA-NY used the utilization factors for arrangements that have been in use for at least two years. This assumption accounts for the collocators' need to grow into their arrangements, and reflects the fact that utilization rates increase and decrease over time. If BA-NY had used the current (and much lower) utilization rates in all arrangements, the costs would have been higher.

AT&T/MCI argue that the utilization factors should be based on long term utilizations of 80 to 85%.<sup>115</sup> An 85% utilization level, however, represents an "objective" utilization or *trigger* level, not an *average* utilization rate. "Objective fill" refers to the fill criterion that triggers replacement or augmentation of existing facilities; delaying replacement or augmentation beyond that point would create a risk of service outages or situations whereby requests for new service cannot be fulfilled.<sup>116</sup> If BA-NY actually sought to maintain its network components such as

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<sup>115</sup> Tr. 6639. The Model uses the same default level throughout the country. Mr. Bissell admitted on cross examination that he did not take the time to ask AT&T/MCI about their utilization levels in New York. Tr. 6758.

<sup>116</sup> The definitions of different types of fills are explained in greater detail at pages 26-27 of the Staff Memorandum dated March 8, 1995 concerning the loop cost manuals (Case No. 89-C-198); *see also* Incremental Loop Cost

cabling at the objective fill level, it would be involved in a virtually continuous process of replacement and augmentation, resulting in higher costs all around.

The appropriate utilization rate should represent an intermediate level between the level that would be experienced immediately after augmentation, and the much higher level that would be experienced immediately before the following augmentation. This corresponds with the concept of “average fill,” and is consistent with Staff’s recommendation in its memorandum to the Commission in the loop cost study proceeding, cited above:

Absent general consensus by the subcommittee [on incremental costs] . . . Staff has considered the issue and recommends that average fill be used in studies where average statewide costs are being developed. Use of the average fill factor produces forward-looking unit costs designed to generate revenues that will make the company whole for its investments. This procedure is consistent with producing accurate cost estimates for average system conditions.<sup>117</sup>

The average fill concept is also consistent with the FCC’s statement in the *First Report and Order* that calculations of per-unit costs must be based on “reasonable projection[s] of the actual total usage of the element.”<sup>118</sup> As explained above, an objective fill does not purport to be a projection of *actual* usage of an element.

Significantly, utilization rates are determined by the collocators, not BA-NY. In BA-NY’s experience, collocators generally request additional cables and terminations at utilization levels less than 70% – not the 85% rate used in the Model. BA-NY may experience higher utilization rates only if the CLECs are willing to change their equipment ordering habits. That is, because

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Manual, Section 4, at 14-15.

<sup>117</sup> Staff Memorandum, pp. 27-28.

<sup>118</sup> *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, First Report and Order, CC Docket Nos. 96-98 and 95-185, FCC 96-325, 11 FCC Record 15449 (rel. Aug. 8, 1996), ¶ 682.

BA-NY charges only for cables and terminations actually utilized, collocators find it easier (and cheaper) to order more termination equipment and cabling from BA-NY rather than to re-wire the equipment in their cage to existing unused termination panels located in their POT Bay. If the collocators used existing cables and terminations, the utilization rates would be higher. It would be grossly unfair to require BA-NY to adopt higher utilization rates, but to permit collocators to continue to order cables and terminations regardless of whether they have reached capacity.<sup>119</sup>

Thus, the most appropriate method of determining average utilization levels is to take a snap-shot of the plant in question, as BA-NY did in its cost studies. That way, BA-NY is capturing utilization levels just before and immediately following capacity additions, as well as the broad range of utilizations in between. Mr. Bissell's proposed average utilization of 85% – which would imply a much higher trigger point for relief – should be rejected as unrealistic.

**VI. THE MODEL FAILS TO INCLUDE ALL LABOR HOURS REQUIRED TO DESIGN AND PLAN COLLOCATION PROJECTS**

AT&T/MCI underestimate the time spent by BA-NY to design, plan and administer collocation projects. For example, the Model assumes that only 66 hours are sufficient to design and plan a virtual collocation arrangement.<sup>120</sup> BA-NY, by contrast, asserts that 111 hours are required to implement a virtual collocation project.<sup>121</sup>

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<sup>119</sup> Mr. Bissell's contention that collocators are requesting augments to their cables at low utilization rates because of BA-NY's alleged provisioning delays is wholly unfounded. Tr. 6679. To support his claim, he relies on an Affidavit submitted by MCI in Case 97-C-0271 on November 21, 1997. BA-NY witness Karen Maguire unequivocally rebutted MCI in that case, explaining that BA-NY is currently meeting all of the collocation provisioning intervals in New York. Affidavit of Karen Maguire, January 5, 1998, Case 97-C-0271. (Mr. Bissell could not remember if he read Ms. Maguire's Affidavit. Tr. 6756.) AT&T/MCI's arguments run counter to the facts and should be rejected.

<sup>120</sup> There are additional flaws in AT&T/MCI' design and planning costs. Because the Model builds four cages at one time, it spreads the costs of designing and planning the physical collocation space among all collocators. As discussed above, in most instances BA-NY will build one cage at a time, and will thus incur separate design and planning costs. BA-NY recognizes that the first collocation job in a particular central office will require more time

Mr. Bissell's recommendations regarding the design and implementation hours for virtual and physical collocation projects are completely arbitrary and unsupported. He has offered no evidence that BA-NY's labor time estimates are unreasonable. Nor could he. These estimates are based on the considerable experience of Ms. Maguire and Mr. Rath, both of whom have provisioned more than 100 collocation arrangements in New York State. In stark contrast, Mr. Bissell – the Model's sponsor – admitted during cross examination that he had no experience implementing collocation projects.<sup>122</sup>

It is also important to note that BA-NY's labor costs are conservative for several reasons. First, the labor times reflect future efficiencies resulting from increased collocation experience. However, given that it is the collocators' demands which drive much of the time required by BA-NY to implement collocation projects, these efficiencies may never be realized. Second, the labor rates are conservative because the Telecom Industry Group ("TIS") managers who currently handle all of the CLECs' application processing requirements are actually at pay grade level 13. The collocation cost studies, however, treat these managers as pay grade level 11. This assumption was made because it is anticipated that BA-NY will expand the size of this work group to include more pay grade 11 managers, who will take over some of the tasks currently performed by pay grade 13 managers.<sup>123</sup>

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than subsequent jobs, which is why BA-NY has calculated separate design and planning charges. Tr. 6178-89, 6340-41.

<sup>121</sup> Tr. 6300.

<sup>122</sup> Tr. 6714.

<sup>123</sup> Tr. 6339-40.

Mr. Bissell further contends that BA-NY's design and implementation charges for the second physical collocator in a particular common area are overstated.<sup>124</sup> Perhaps because he has never implemented a collocation arrangement, Mr. Bissell appears not to fully appreciate the manpower necessary for planning and implementing collocation. He is correct that once the first collocator is in place in a central office, the location of the common area for a subsequent collocator typically has also been established. However, as BA-NY explained, there is much more to implementing a collocation arrangement than deciding where to place the collocation room. Depending on the time lag between the initial and any subsequent collocator, significant changes may have taken place at the central office. For example, cable routes may have to be altered.<sup>125</sup> Indeed, Mr. Bissell himself has testified in his Responsive Testimony that "the dynamics of a progressive telecommunications switching center is one of constant change."<sup>126</sup> As a result, each collocation project must be individually planned, monitored and implemented. Unfortunately, due to the specific requirements of each physical collocator – and the need to communicate with each collocator on an individual basis – large economies of scale in management are not possible.

For the same reasons, Mr. Bissell's statement that architectural assessments are not required for cage installations is also incorrect.<sup>127</sup> Each construction project likely will require some type of structural assessment, especially given that cable holes must be drilled through the concrete floors. For example, BA-NY's real estate group will need to evaluate HVAC requirements for each cage installation, and extend the fire and smoke detection system. BA-NY

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<sup>124</sup> Tr. 6640.

<sup>125</sup> Tr. 6340.

<sup>126</sup> Tr. 6615-16.

<sup>127</sup> Tr. 6640.

may also be required to remove a wall when the number of collocators expands. Finally, if a subsequent cage in the collocation room is much larger than the first cage, significant augments to equipment and facilities may be required.<sup>128</sup>

## **VII. THE MODEL UNDERSTATES HVAC COSTS**

The Model significantly understates HVAC costs. AT&T/MCI propose HVAC costs of \$1,785 per ton, based on non-New York data obtained from a Canadian company (Smylie and Crow Associates). BA-NY has not proposed costs for HVAC because, if additions to BA-NY's existing HVAC systems are required, BA-NY will simply pass on the vendor costs to the collocators. However, in an effort to validate the Model's costs, BA-NY obtained HVAC costs from several actual installation jobs in New York. The costs of a new system ranged from \$5,000 and \$8,000 per ton. (The higher end of this range pertains to new HVAC installation in a digital switch environment.)<sup>129</sup> BA-NY's actual costs are therefore twice the costs stated in the Model.<sup>130</sup>

Further, Mr. Bissell's assertion that BA-NY's proposal of a "discriminatory" ICB for HVAC "can easily be manipulated according to design" should be dismissed.<sup>131</sup> If BA-NY is required to upgrade its HVAC system to accommodate collocation, these costs will be included in the room construction costs and determined on a case-by-case basis. As discussed above, the

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<sup>128</sup> Tr. 6341.

<sup>129</sup> Tr. 6299.

<sup>130</sup> In addition, HVAC is generally purchased in increments of 10 tons or 30 tons, not in 1 ton increments as indicated in the backup material to the Model. Exh. 338 (BU #16). Thus, if BA-NY is required to build 11 tons to satisfy the CLECs' and BA-NY's service requirements, BA-NY must purchase the next level of capacity. BA-NY's real world investments will necessarily be greater than purchasing the exact amount of HVAC needed for the fantasy central office assumed in the Model. Tr. 6299.

<sup>131</sup> Tr. 6608.

Commission has already ruled that room construction costs, which include costs associated with HVAC systems, may be recovered on an ICB basis. Mr. Bissell's argument therefore is moot.

In any event, BA-NY's HVAC approach is extremely conservative. Collocators are not assessed a charge for the HVAC system currently existing in BA-NY's central offices. To the contrary, collocators are assessed HVAC costs only if BA-NY is required to upgrade its existing HVAC system or to install an entirely new system.<sup>132</sup>

AT&T/MCI also apparently misunderstand BA-NY's cost study and supporting testimony. They argue that it is inappropriate for BA-NY to charge an additional cost for HVAC if the collocator places remote digital switches in its cage.<sup>133</sup> BA-NY proposes an HVAC charge only when a CLEC's particular HVAC needs require BA-NY to augment its existing HVAC systems. It is entirely possible that placing RSMs in a collocation area will require an augment to BA-NY's HVAC systems. A typical digital switching environment requires more air conditioning capacity to accommodate heat dissipation than does a transmission environment. (Digital switches also require other special environmental equipment such as air purifiers and de-humidifying equipment.)<sup>134</sup>

As AT&T/MCI point out, Bell Atlantic has permitted collocators in other jurisdictions to place RSMs in their collocation cages (for transmission purposes only) without requiring environmental upgrades. However, no HVAC upgrades were required in those central offices because the collocator was willing to take the risk and forego any special environmental upgrades. Also, because of recent equipment consolidations, there was sufficient space and air conditioning

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<sup>132</sup> Tr. 6350.

<sup>133</sup> Tr. 6625-26.

<sup>134</sup> Tr. 6350-51.

capacity in those central offices so that the additional heat dissipation caused by the collocators' equipment did not place an extraordinary drain on the ability of the air conditioning units to protect Bell Atlantic's own transmission equipment.<sup>135</sup>

Accordingly, if BA-NY is required to permit collocators to place RSMs in their cages (which it should not be),<sup>136</sup> and environmental conditioning is necessary, the collocators will be assessed the costs of providing this conditioning. If no additional conditioning is needed, then no charges will be assessed. It is that simple.<sup>137</sup>

#### **VIII. AT&T/MCI'S CRITICISMS OF BA-NY'S CABLE ENTRANCE AND CABLE RACKING CHARGES ARE UNFOUNDED**

BA-NY's cable entrance and cable racking are fully supported by the record. They are based on real vendor invoices and reasonable assumptions regarding the number of collocators that will share the cable racking.<sup>138</sup> AT&T/MCI's contention that BA-NY's cable entrance support structure charge is excessive and does not reflect the shared use by BA-NY is without merit.<sup>139</sup> BA-NY does not generally share cable racking with collocators. In those instances where BA-NY does in fact share cable racking with the collocator, the collocator will only be charged on a per linear foot basis for the portion of the cable racking not used by BA-NY.<sup>140</sup>

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<sup>135</sup> Tr. 6351.

<sup>136</sup> This issue currently is before the United States District Court, Northern District of New York in connection with the appeal of the Commission's MCI Arbitration Order.

<sup>137</sup> Tr. 6351. AT&T/MCI's suggestion that HVAC costs be recovered according to the heat dissipated by collocation equipment should be rejected. Tr. 6624-25. As the BA-NY panel explained, such a method would be extremely difficult (if not impossible) to administer. Tr. 6352.

<sup>138</sup> Tr. 6167-68. BA-NY's cable entrance conduit charge is being considered in another proceeding.

<sup>139</sup> Tr. 6609, 6663-36.

<sup>140</sup> In addition, in some cases conduit from the cable vault to the general collocation area (rather than cable racking) is required. BA-NY has not included costs associated with the more expensive conduit, resulting in lower costs than actually experienced by BA-NY. Tr. 6353.

AT&T/MCI's assumption that 72 or 74 cables will be supported by the cable racking is absurd. There are not 72 or 74 potential collocators at this time in New York, nor is the number of collocators expected to approach anywhere near that number in any particular central office in the foreseeable future. BA-NY's assumption that 12 cables will be sharing the cable racking is entirely reasonable and should be used to calculate cable racking costs. Indeed, as BA-NY explained, the actual number of cables being shared by collocators is much less, and therefore BA-NY's costs likely are conservative.<sup>141</sup>

AT&T/MCI's further claim that BA-NY's cable racking lengths are overstated reflects a misunderstanding of BA-NY's cost study.<sup>142</sup> The cost for cable racking is expressed on a per linear foot basis, which means the CLEC will pay only for the number of linear feet required for access from cage to cable vault.<sup>143</sup>

BA-NY's cable hole costs have also been criticized by AT&T/MCI. BA-NY includes the costs of installing three cable slots, which is based on engineering experience. Indeed, many existing collocation arrangements required more than three cable slots. AT&T/MCI's assertion that these costs are overstated is erroneous.<sup>144</sup> BA-NY's cable hole costs are based on an actual project at 741 Zeckendorf Blvd., Long Island, which included the cost of one cable slot of \$2,900 for the hole and \$900 for the hollow casing, for a total of \$3,800. (As further support, BA-NY also furnished an invoice from a collocation project in Holyoke, Massachusetts where the cost of

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<sup>141</sup> Tr. 6353.

<sup>142</sup> Tr. 6609, 6630-31.

<sup>143</sup> Tr. 6353-54.

<sup>144</sup> Tr. 6609, 6634-35, 6675.

a 1 x 2 foot cable slot is listed as \$3,175).<sup>145</sup> AT&T has yet to provide any invoices to justify any of the cable hole costs included in the Model, nor have they justified their erroneous assumption that only 1.5 cable holes will be required instead of 3.<sup>146</sup> In fact, AT&T/MCI's explanation of the number of cable holes included in the Model – that it is based on a 3-floor central office – is flawed on its face. Although the average number of floors for all of BA-NY central office across the State is less than 2, collocation will likely be concentrated in the larger central offices in the foreseeable future. Indeed, it is unlikely that many of BA-NY's smaller rural offices will see collocation for a considerable period of time.

**IX. BA-NY'S POT BAY CHARGES ARE APPROPRIATE; IN ANY EVENT, THE COLLOCATOR MAY PURCHASE AND INSTALL ITS OWN POT BAY**

BA-NY provided actual New York vendor material prices to support its material price for a relay rack.<sup>147</sup> AT&T/MCI claim that BA-NY's cost of \$902 for a POT Bay is excessive and should be reduced by at least 50%.<sup>148</sup> However, they provide absolutely no support for the assumption that relay rack can be purchased and completely installed (including drilling floor holes and securing the rack at the low steel and cable racking) for \$390. As BA-NY explained in its rebuttal testimony, AT&T/MCI's estimate omits several significant costs, including installation costs.<sup>149</sup>

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<sup>145</sup> Tr. 6354 (citing BA-NY Response to MCI-NYT-69).

<sup>146</sup> Tr. 6675.

<sup>147</sup> See Tr. 6355 (citing BA-NY Response to ATT-NYT-1217 (Exh. 329P)).

<sup>148</sup> Tr. 6637-38.

<sup>149</sup> Tr. 6355.

In any event, the collocator may purchase and install its own POT Bay.<sup>150</sup> The Model contains no cost associated with the POT Bay because it assumes that all collocators will take BA-NY up on this offer.

**X. THE MODEL USES INCORRECT LABOR RATES**

Several of the Model's labor rates are inconsistent with this Commission's ruling in Opinion No. 97-2. For example, the Model uses incorrect job functions as well as labor rates for its engineering and implementation fees (particularly for the central office engineer). BA-NY's labor rates, on the other hand, are consistent with this Commission's rulings in Opinion No. 97-2 and are properly assigned to the individuals performing the tasks.

Moreover, AT&T/MCI improperly calculate the labor rate for an escort based on the rate for a Frame Technician.<sup>151</sup> The appropriate labor rate is for a Central Office Technician. The Frame Technician is not assigned responsibility for the transmission equipment within central office buildings. Rather, BA-NY Central Office Technicians are responsible for knowing the specifications of all the transmission equipment and can escort the collocator to the appropriate equipment and answer questions. AT&T/MCI's attempt to lower collocation costs without regard to the actual job responsibilities of central office personnel should be rejected.

**XI. AT&T/MCI HAVE NOT DEMONSTRATED THAT THE MODEL USES THE INPUTS ORDERED IN PHASES 1 AND 2**

AT&T/MCI have not demonstrated that their Model conforms to the Commission-ordered inputs from Phases 1 and 2 such as labor rates and carrying charge factors ("CCFs"). For example, BA-NY has been unable to verify whether the Model uses the CCFs ordered in Phase 1.

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<sup>150</sup> Tr. 6199-6200.

<sup>151</sup> Exh. 337 (Collocation Cost Model Description and Users' Guide, p. 6 of 43).

When BA-NY first raised this issue, AT&T/MCI witness Klick admitted that some of the factors did not conform to Opinion No. 97-2, and corrected his testimony.<sup>152</sup> BA-NY, however, has been unable to verify whether AT&T/MCI have made all the necessary corrections. Indeed, when BA-NY asked AT&T/MCI to break out and explain how the CCFs were applied in the Model, their response was unhelpful.

Judge Linsider, moreover, asked AT&T/MCI at the hearings to run their Model using all the inputs from Phases 1 and 2.<sup>153</sup> BA-NY is not aware of any response by AT&T/MCI to Judge Linsider's record request. Without proof that AT&T/MCI have used the appropriate Commission-ordered inputs such as labor rates and CCFs, the Model must be rejected.

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<sup>152</sup> Tr. 6691-92; Exh. 342.

<sup>153</sup> Tr. 6774-75.

## CONCLUSION

For all of the reasons stated above, the Commission should adopt the rates for physical and virtual collocation proposed by BA-NY in their entirety, and should reject those proposed by AT&T and MCI.

Respectfully submitted,

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Catherine Kane Ronis  
SKADDEN, ARPS, SLATE,  
MEAGHER & FLOM LLP  
1440 New York Avenue, NW  
Washington, DC 20005  
(202) 371-7209

Sandra DiIorio Thorn  
BELL ATLANTIC - NEW YORK  
1095 Avenue of the Americas  
New York, NY 10036  
(212) 395-6515

Counsel to New York Telephone Company,  
d/b/a Bell Atlantic – New York

Dated: July 29, 1998

**EXHIBIT A**

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(1) Does the model discount engineering and installation  
(2) costs?

(3) A: No, Mr. Gilbert is mistaken. What the model  
(4) does is reflect the fact that large companies often base  
(5) their engineering and installation as a percentage of the  
(6) material they are providing.

(7) Also, to keep this all in perspective, the  
(8) engineering and installation is only a very small  
(9) percentage of the total. For example, the DS-1  
(10) cross-connect we are talking about is a \$2.9 million  
(11) installation which, of which only \$129,000 is engineering  
(12) and installation. In my long career I have personal  
(13) knowledge of actual volume discounts by large suppliers of  
(14) 30 and 40 percent for switches.

(15) Q: Do you agree with his suggestion that vendors do  
(16) not typically discount engineering and installation costs?

(17) A: No. In a competitive environment suppliers are  
(18) prone to discount any component that is going to win them  
(19) the bid. This is confirmed in Bell Atlantic's own cost  
(20) study which includes a Fujitsu quote that offers a reduced  
(21) installation charge for multiple shelves on the same fiber  
(22) bay.

(23) Q: Mr. Gilbert also criticizes the size and design

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(1) of the central office model layout. He suggests on page  
(2) 10 the model misstates cable lengths by positioning the  
(3) collocation areas and cross-connects in an advantageous  
(4) position. First, does the model missize and improperly  
(5) design the central office layout?

(6) A: No, the model represents an efficient design  
(7) which incorporates the latest concepts in central office  
(8) space planning such as perimeter corridors so each  
(9) compartment has its own door. Such as freight elevators,  
(10) modern security systems, as well as the latest space  
(11) efficient technologies. This type of building is not  
(12) imaginary since I have actually designed one very similar,  
(13) about seven years ago, and it's been built in downtown  
(14) Ottawa. The best practice floor space and building design  
(15) concepts are far from unrealistic since I personally have  
(16) seen them implemented. In fact, the model building is  
(17) twice the size of Bell Atlantic's average central office,  
(18) therefore it's generous in its size.

(19) Bell Atlantic's cost model on the other hand  
(20) includes its worst, we are talking about Charles Street,  
(21) there is only one Charles Street in downtown, the rest are  
(22) all two and one-floor buildings for an average of one and  
(23) a half.

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(1) Q: Is Mr. Gilbert correct in his assessment the  
(2) model CO places collocation areas in a location close to  
(3) minimize cable lengths?

(4) A: No, again he is mistaken. The illustration that  
(5) Mr. Gilbert refers to on page 17 of the white paper is  
(6) used to demonstrate that all the equipment that we require  
(7) for a downtown central office has been accounted for, it's  
(8) not a floor plan. As explained in the testimony right  
(9) below it, the model cable lengths are developed using a  
(10) worst case and best case average scenario using that three  
(11) floor building. The worst case scenario was developed by  
(12) placing the collocation area at the top floor and the  
(13) cross-connect on the first floor diagonally opposite as  
(14) well as vertically opposite.

(15) In other words, to make sure we were  
(16) conservative we moved every single cross-connect down to  
(17) the first floor when we did the averaging. The use of a  
(18) three-floor building is reasonable since ninety percent of  
(19) Bell Atlantic's COs are three floors or less.

(20) Q: Mr. Gilbert also criticizes the model's virtual  
(21) collocation lengths, is that appropriate?

(22) A: No, it's not. The model states it chooses to  
(23) use 165 feet connectivity to match our physical model even

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(1) though ILEC cable lengths based on our experience are  
(2) roughly a hundred to 125-foot range for their own areas.  
(3) Bell Atlantic's study uses 125 for its virtual  
(4) collocation. So I don't see how our 165 can be  
(5) overstated. Can be understated. Sorry.

(6) Q: Mr. Gilbert states the model includes little or  
(7) no site preparation costs such as removing walls or  
(8) abating environmental hazards.

(9) Does the model include costs associated with  
(10) developing space which conforms to the latest health and  
(11) safety regulations?

(12) A: Yes, it does. As explained in my previous  
(13) response to Mr. Albert's similar criticism, the model  
(14) reflects investments required to build a CO today that  
(15) conforms to all the latest standards. I am sure Mr. Klick  
(16) when he was here explained the difference between Bell  
(17) Atlantic's approach which, Bell Atlantic's approach and  
(18) MCI's approach. Bell Atlantic would like us to pay huge  
(19) up-front cost to remodel the CO into their condo and CO.  
(20) Whereas our model reflects costs in forward-looking rental  
(21) rates. In fact, if MCI or AT&T or anyone else here wants  
(22) 400 square feet of space in the Charles Street switching  
(23) center our model contains \$17,000 per year more in rent

(1) than Bell Atlantic's average rate.

(2) Q: Mr. Gilbert also states that the model does not  
(3) reflect BA's security costs. Does it?

(4) A: Yes, it does. The model investment includes a  
(5) modern switching site with the latest security system and  
(6) forward-looking layout which permits the use of security  
(7) access cards and perimeter corridor. On the other hand,  
(8) Bell Atlantic wants CLECs to pay the cost of installing  
(9) new entrances, et cetera, to provide that security. In  
(10) addition to including investments for modern security  
(11) system, the model is also, as I said before, prepared to  
(12) accept security escorts for those COs where Bell Atlantic  
(13) has not modernized to date. Therefore, there is no need  
(14) for Bell Atlantic to propose CLECs provide funding for all  
(15) these corridors, security systems and new entrances.

(16) Q: Mr. Gilbert is critical of the model's use of  
(17) R.S. Means. Why did you use R.S. Means?

(18) A: We used R.S. Means because estimators,  
(19) contractors, designers and the entire building  
(20) construction industry uses R.S. Means. It's considered to  
(21) be the best estimating tool on the market today and it  
(22) consists of inputs from ILECs and other companies. It  
(23) also has a separate category for telecommunications

(1) and these would be input to R.S. Means.

(2) Q: Mr. Gilbert asserts a multi-story premium must  
(3) be added to the R.S. Means cost citation at page 19. Are  
(4) these costs associated with multi-story buildings captured  
(5) by R.S. Means?

(6) A: Without a doubt they are. The size modifier on  
(7) page 548 of the R.S. Means building construction manual  
(8) establishes a factor of .9 to account for economies of  
(9) scale associated with larger buildings. The same page  
(10) provides a summary of the types of buildings that were  
(11) used and the third building down is listed as apartment  
(12) high-rise. Many of the buildings in the chart are well  
(13) over 50,000 square feet, much like our 60,000 square foot  
(14) CO model.

(15) Q: Mr. Gilbert criticizes the model for assuming  
(16) Bell Atlantic must build four 100-square-foot collocation  
(17) cages simultaneously. Does the model make such an  
(18) assumption?

(19) A: No, the model only establishes costing at four  
(20) 100-square-foot areas. That is because it's the most  
(21) costly configuration to build. If a single 400-square-  
(22) foot area is construction, is constructed, sorry, in any  
(23) other type of configuration, the investments become much

(1) buildings which obviously would have to be input from  
(2) ILECs. It provides city cost index to allow us to compare  
(3) the cost in Maryland versus the national average. We went  
(4) with the national average which was higher.

(5) Q: Does Bell Atlantic, itself, use R.S. Means?

(6) A: Yes, they do, they use it to develop the rental  
(7) cost in their cost study.

(8) Q: Mr. Gilbert states the R.S. Means estimate used  
(9) by the model developers does not include site preparation  
(10) costs such as landscaping, exterior fencing, driveways, et  
(11) cetera. Is he correct?

(12) A: Yes, he is. However, the building costs in  
(13) Maryland, again, are only 91 percent of the national  
(14) average figures, so on our seven-million-dollar investment  
(15) for our brand new building there is a buffer of over  
(16) \$650,000 that buys a lot of fencing, driveways, permits.

(17) Q: Mr. Gilbert asserts that R.S. Means' estimates  
(18) omits soft costs such as architectural and engineering  
(19) fees, is this correct?

(20) A: No, it isn't. Since R.S. Means is based on  
(21) actual projects it would have to include all these soft  
(22) costs because typically these costs for architects,  
(23) engineers, et cetera, are all in the cost of construction

(1) more generous because there are fewer gates, et cetera.  
(2) The model does not suggest Bell Atlantic must build four  
(3) 100-square-foot cages. Obviously if Bell Atlantic has a  
(4) forecast for a 400-square-foot area plus four  
(5) 100-square-foot areas, their planners will likely build an  
(6) 800-square-foot area. What we are saying is it will be  
(7) costed on the worst case method of costing, eight  
(8) 100-square-foot areas.

(9) Q: Mr. Gilbert states the model omits certain power  
(10) costs such as the cost of hauling and lifting the new  
(11) equipment to the second floor. Does the model omit these  
(12) costs which otherwise would have been included?

(13) A: No. The model reflects a modern building. It  
(14) incorporates freight elevators and perimeter corridor as I  
(15) have explained before. In a forward-looking design  
(16) equipment would be brought up the freight elevator, placed  
(17) on a dolly, wheeled to the appropriate compartment and you  
(18) go in the door with the access card. Like the one that I  
(19) built a few years back in Ottawa.

(20) MR. SCHELTEMA: Your Honor, I would like to move  
(21) Exhibits MCI/AT&T 3 and 4 into evidence at this time.

(22) HEARING EXAMINER BAY: Hearing no objection,  
(23) they will be received into evidence at this time.

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(1) (MCI/AT&T Exhibit Nos. 3  
(2) and 4 were received in  
(3) evidence.)  
(4) **MR. SCHELTEMA:** The witness is available for  
(5) cross-examination.  
(6) **HEARING EXAMINER BAY:** Ms. Baldanzi?  
(7) **MS. BALDANZI:** No cross.  
(8) **HEARING EXAMINER BAY:** Mr. McRae. Did he  
(9) leave? Ms. Flynn.  
(10) **MS. FLYNN:** No cross.  
(11) **HEARING EXAMINER BAY:** Ms. Ronis.  
(12) **MS. RONIS:**  
(13) **CROSS-EXAMINATION**  
(14) **BY MS. RONIS:**  
(15) **Q:** Good afternoon, Mr. Bissell.  
(16) **A:** Hi.  
(17) **Q:** I am Catherine Kane Ronis. I will ask you some  
(18) questions on behalf of Bell Atlantic.  
(19) **A:** Sure.  
(20) **Q:** You just testified you constructed a central  
(21) office similar to the layout in the model in Canada, did  
(22) you just testify to that?  
(23) **A:** I didn't construct it. I designed it.

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(1) **Q:** Are you aware Bell Atlantic asked AT&T, a data  
(2) request, 3-4, I do not have copies, I apologize, I didn't  
(3) expect this to come up, where we asked please identify all  
(4) central offices constructed under the supervision or with  
(5) input from Mr. Bissell for each central office, provide  
(6) the location, date constructed, configuration of the  
(7) office and Mr. Bissell's role in the construction. Are  
(8) you aware we asked that question?  
(9) **MR. SCHELTEMA:** Your Honor. If I might, I would  
(10) like counsel to show the data response as well as the  
(11) question originally posed to the witness.  
(12) **MS. RONIS:** I did read it word for word but I  
(13) will show it to him.  
(14) (Witness examines document.)  
(15) **THE WITNESS:** Yes, I just read it.  
(16) **BY MS. RONIS:**  
(17) **Q:** Did you review this interrogatory response  
(18) before it was sent to Bell Atlantic?  
(19) **A:** I think I did at some point in time.  
(20) **Q:** Are you aware Bell Atlantic specifically asked  
(21) for clarification on this question in a subsequent letter  
(22) to AT&T, were you aware of that fact?  
(23) **A:** Yes.

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(1) **Q:** I will just read it into the record. In the  
(2) supplemental response AT&T stated although Mr. Bissell has  
(3) not constructed any central office, he has been  
(4) responsible for the creation of best practice space  
(5) planning scenarios for the integration of existing COs,  
(6) cable routes and equipment connectivity, sizing of new  
(7) buildings and access remote housings and developing long  
(8) term plans for the redevelopment of CO space coincident  
(9) with switch and/or transmission modernization. He has  
(10) been responsible for developing infrastructure and space  
(11) planning proposals for physical collocation, i.e., placing  
(12) competitive equipment in Bell Canada COs.  
(13) **A:** That's right.  
(14) **Q:** That is AT&T's response?  
(15) **A:** Yes. As it says I was responsible, I was in a  
(16) corporate job and was responsible for developing the. I  
(17) can't remember every word, but if you get a new technology  
(18) I was responsible for deciding where it fit, where it fit  
(19) within the existing switching centers as well as that I  
(20) was responsible for writing the practices for the  
(21) deployment of new switching centers and what they would  
(22) look like.  
(23) **Q:** Mr. Bissell, the question was to identify all

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(1) central offices that you had input on for the construction  
(2) or design. The answer was no, Mr. Bissell has not  
(3) constructed any central offices. It does go on to explain  
(4) what you did in your 30 years there.  
(5) **A:** Yes.  
(6) **Q:** But they did not identify this central office in  
(7) Canada you just spoke of, isn't that correct?  
(8) **A:** I haven't constructed any. I wrote the  
(9) practices to construct them. It's a difference, it's a  
(10) corporate job.  
(11) **Q:** Let me ask, I will go to another data request,  
(12) maybe this will clarify it. Are you aware that Bell  
(13) Atlantic asked AT&T and MCI in data request 3-12 to  
(14) provide a list of all central offices of which AT&T and/or  
(15) MCI are aware that have been built or modified according  
(16) to the forward-looking best practice central office  
(17) planning strategy used in the model and for each central  
(18) office provide the location, date constructed and layout?  
(19) I will show this to you.  
(20) **A:** That is okay. That is fine. I have read it.  
(21) **MR. SCHELTEMA:** Please give it to the witness.  
(22) I don't care whether he wants it or not.  
(23) (Witness examines document.)

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(1) A: The one in Ottawa is not based on this model,  
(2) the one in Ottawa is similar, I believe that is what I  
(3) said. It's similar, based on the same types of planning  
(4) practices but it's not identical.  
(5) Q: I am going to read the response into the record  
(6) so we are clear. It says provide a list of all central  
(7) offices built or modified according to the forward-looking  
(8) scenario used in the model.  
(9) This is, this request, Bell Atlantic's counsel  
(10) asked AT&T and MCI's counsel to clarify this request or  
(11) their response, excuse me, in a subsequent letter. And  
(12) AT&T and MCI's counsel responded AT&T and MCI are not  
(13) aware of any central offices which have been built or  
(14) modified according to the forward-looking best practice  
(15) central office planning strategies used in the model.  
(16) AT&T and MCI did not identify this Ottawa central office,  
(17) isn't that correct?  
(18) A: But it's not like the one in the model is what I  
(19) am trying to get at. The fact it has a freight elevator  
(20) and perimeter corridor doesn't make it the model.  
(21) Q: Thank you for clarifying because I did hear you  
(22) say it was consistent with the model.  
(23) A: Similar to.

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(1) MS. RONIS: I would like to introduce the  
(2) interrogatory responses into the record. I don't have  
(3) copies. Do you want to mark them for identification and  
(4) we can supply copies to the court or Commission tomorrow?  
(5) Would that be appropriate?  
(6) MR. SCHELTEMA: I don't have any objection.  
(7) HEARING EXAMINER BAY: Fine.  
(8) MS. RONIS: Bell Atlantic-Maryland Cross  
(9) Exhibit 5, we will mark that as AT&T/MCI supplemental  
(10) response to Bell Atlantic-Maryland's third data request,  
(11) request 3-12.  
(12) We will mark for identification as BA Cross  
(13) Exhibit 6 AT&T and MCI's response to Bell  
(14) Atlantic-Maryland's fifth data request dated April 2nd,  
(15) 1998. That is request 5-29.  
(16) HEARING EXAMINER BAY: Just a moment,  
(17) Ms. Ronis.  
(18) MR. SCHELTEMA: Could I clarify something for  
(19) the record, Your Honor.  
(20) HEARING EXAMINER BAY: Just a minute,  
Mr. Scheltema.  
(22) MS. RONIS: I am sorry, I have to correct  
(23) something. Bell Atlantic-Maryland Cross Exhibit 6 should

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(1) be data request 3-4, not 5-29. That is something  
(2) different. Is that clear?  
(3) HEARING EXAMINER BAY: What was 5 again?  
(4) MS. RONIS: AT&T/MCI supplemental response to  
(5) Bell Atlantic's request 3-12.  
(6) HEARING EXAMINER BAY: You have marked those?  
(7) MS. RONIS: Yes. Can I move those into evidence  
(8) at this time.  
(9) HEARING EXAMINER BAY: Mr. Scheltema, was your  
(10) point to clarifying any of these --  
(11) MR. SCHELTEMA: Yes, she took care of it.  
(12) HEARING EXAMINER BAY: Bell Atlantic's  
(13) Cross-Examination Exhibits 5 and 6 will be received into  
(14) evidence at this time.  
(15) (Bell Atlantic (Cross)  
(16) Exhibit Nos. 5 and 6 were  
(17) marked for identification  
(18) and received in evidence.)  
(19) BY MS. RONIS:  
(20) Q: Mr. Bissell, when a collocator requests to  
(21) collocate they are choosing to use Bell Atlantic's central  
(22) offices to connect to the network, isn't that correct?  
(23) A: I believe so.

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(1) Q: The collocator could choose to build their own  
(2) central office, couldn't they?  
(3) A: I guess in theory they could.  
(4) Q: But that would be prohibitively expensive, isn't  
(5) that correct?  
(6) A: I don't know. Depends how much space they  
(7) need. I don't think they need the kind of space that we  
(8) are talking about here. You couldn't build a  
(9) 400-square-foot switching center.  
(10) Q: When a collocator goes into Bell Atlantic's  
(11) central office Bell Atlantic is required to condition the  
(12) room consistent with a central office environment, isn't  
(13) that correct?  
(14) A: I believe it likely, it is a central office  
(15) environment already. I think that we are going into.  
(16) Q: It may need some additional condition, isn't  
(17) that correct?  
(18) A: It may.  
(19) Q: Can you please turn to page 14, line 18 of your  
(20) direct testimony. I am sorry, your rebuttal.  
(21) A: That is where I was.  
(22) Q: You state Bell Atlantic will have strong  
(23) incentives to inflate costs of room construction by

**CERTIFICATE OF SERVICE**

I hereby certify that I caused the foregoing "Bell Atlantic - New York's Initial Post-Hearing Brief on Costs and Proposed Rates for Physical and Virtual Collocation" to be sent by overnight mail on July 28, 1998, to all of the active parties to this proceeding.

Carl A. [Signature]