SECTION 1

SERVICE DESCRIPTION AND JUSTIFICATION

Introduction

The Bell Atlantic Telephone Companies[1] hereby submit the tariff pages and supporting documentation necessary to: 1) introduce Physical Collocated Interconnection Service ("Physical Collocation") for DS1, DS3, and Short Term DS3; 2) modify the existing Virtual Collocated Interconnection Service ("Virtual Collocation,") rates; and 3) introduce Term Pricing Plans ("TPPs") for the Collocated Interconnection Service offerings.

This filing is consistent with the Commission's collocation polices established in CC Docket No. 91-141. Bell Atlantic recognizes that some of those policies are being revisited in the pending Interconnection proceeding, CC Docket No. 96-98. In the event any of the provisions in this filing are inconsistent with policies adopted in that proceeding, Bell Atlantic will make the needed revisions to being this tariff into compliance.

Description

Collocated Interconnection Service provides central office interconnection of Bell Atlantic-provided interstate Switched Transport and Special Access services to Collocator-provided fiber optic facilities.[2] The introduction of Physical Collocation will provide Collocators a choice between

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[1] The Bell Atlantic Telephone Companies are Bell Atlantic - Pennsylvania, Inc., Bell Atlantic - Delaware, Inc., Bell Atlantic - New Jersey, Inc., Bell Atlantic - Maryland, Inc., Bell Atlantic - Washington, D. C. Inc., Bell Atlantic - Virginia, Inc., and Bell Atlantic - West Virginia, Inc.

[2] Where reasonably feasible, Bell Atlantic will provide Collocation Interconnection Service in connection with collocator-provided microwave transmission facilities.

physically or virtually collocated interconnection arrangements in Bell Atlantic central offices.[3] Collocators will also have the option of subscribing to both Physical and Virtual Collocation arrangements within the same Bell Atlantic central office. An illustration of the Collocated Interconnection Service offerings and a diagram of the service elements for Physical Collocation are illustrated in Figures 1 and 2.

With this filing, Bell Atlantic introduces Physical Collocation Interconnection for the following interstate Switched Transport and Special Access services:

- 1.544 Mbps DS1 service and multiplexing functionality
- 44.736 Mbps DS3 service and multiplexing functionality
- Short-Term DS3 service (Special Access only[4])

Physical Collocated Interconnection

The Collocator will provide, install, and maintain transmission equipment in an enclosed space located within the Bell Atlantic central office. Bell Atlantic will pull Collocator-provided cable from a Bell Atlantic designated manhole near the central office to the Collocator's enclosed space. The Collocator will be responsible for maintenance of that cable and the Collocator-provided

[3] The central offices listed in Section 19.7.3 of the F.C.C. Tariff NO.1 are being modified to display their availability for physical and virtual collocation. Bell Atlantic is filing petitions with the appropriate state regulatory agencies for exemption from providing mandatory physical collocation in certain central offices based on space constraints, pursuant to 47 U.S.C.§ 251(c)(6). The central offices listed as Virtual Collocation in Section 19.7.3 of the tariff are based on the assumption that those petitions will be granted.

[4] Bell Atlantic's comparable Short-Term DS3 access service is tariffed only for Special Access.

transmission equipment. The connection from the point of interconnection[5] between the Collocator's space and Bell Atlantic's equipment will be provided and maintained by Bell Atlantic.

The minimum collocation space is 100 square feet, allowing for expansion to a maximum of 400 square feet. Physical Collocation will be provided on a "first-come, first-served" basis in a central office until the space designated for Physical Collocation is exhausted. In situations where two or more requests for Physical Collocation in a central office building with limited space are received at the same time, a lottery will determine the order of applicant selection. To the extent practical and consistent with the needs of Bell Atlantic and other Collocators, Bell Atlantic will make best efforts to provide the Collocator with additional space on request that is adjacent to that Collocator's existing collocation space.

The central offices where Physical Collocation is offered are listed in the tariff, FCC NO. 1, Section 19.7.3. The 179 central offices listed represent those offices in which Collocator's have expressed interest for Physical Collocation. Central office-specific construction and occupancy charges will be filed within 45 days of occupancy approval. If extenuating circumstances prevent Bell Atlantic from meeting the 45-day requirement, Bell Atlantic will negotiate a new filing date with the requesting applicant.

Bell Atlantic will accept bona fide requests for Collocated Interconnection in central offices not listed in Section 19.7.3 of the tariff. Upon receiving such a request, Bell Atlantic will determine the feasibility of providing Physical or Virtual Collocation, and if necessary, file an exemption with the appropriate state commission to designate the central office for only Virtual Collocation.

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[5] The point of interconnection is the piece of equipment that connects Bell Atlantic's facilities to the Collocator's facilities.

Short-Term DS3

Short-Term DS3 service is currently available for Virtual Collocation. This filing introduces Short-Term DS3 for Physical Collocation. The service provides interconnection for customers who require temporary DS3 service for a duration of 30 days or less, such as for a convention, trade show, or demonstration. Collocators are required to place Connect and Disconnect orders at the same time. One renewal of 30 days or less is available provided the request is received prior to the disconnect date of the initial period.

Virtually-Collocated Interconnection

This filing does not propose changes to the terms and conditions already tariffed for Virtual Collocation. This filing proposes rate reductions for DS1, DS3, and Short-Term DS3 cross-connect rate elements. The associated non-recurring charges ("NRCs") for the DS1 and DS3 cross-connects will also be reduced. The proposed rate changes reflect the results of a 1996 cost study.

Rate Structure and Application of Rates

Bell Atlantic's proposed rate structure for Physical Collocated Interconnection Service consists of the following :

1. Cross-Connect Service Element
2. Central Office-Related Elements
    - A) Design and Planning
    - B) Common Area Construction
    - C) Collocator Cage Construction
    - D) AC Outlet Construction
    - E) Overhead Light Construction
    - F) Cable Support Structure
    - G) Cable Installation
    - H) DC Power
    - I) Network Cable Rack
    - J) Central Office Occupancy (floor space)

1) Cross-Connect Element

The Cross-Connect element combines the cross-connect and connection service elements into one Cross-Connect rate element. The cross-connect covers connecting the Collocator's facilities to Bell Atlantic's Digital Cross-Connect (EDSX) and the connection service includes the additional components required for connecting service for Physical or Virtual Collocated interconnection. Cross-Connect charges were developed for DS1, DS3, and Short-Term DS3 connections and will be assessed on a per service basis.

2) Central Office-Related Elements

A) Design and Planning

Design and Planning is required when Collocators request Physical Collocation. This element addresses the specific designs needed to meet the Collocator's requirements for: 1) a single entrance into the central office to connect to their collocated equipment; 2) a dual entrance into the central office to connect to their collocated equipment, or 3) a site augmentation. Design and Planning involves the tasks of application processing, planning, and preparation of a design proposal to meet the Collocator's specified interconnection requirements.

B) Common Area Construction

This element covers the construction of an enclosed area for all Collocators, as well as a secure entrance and pathway to the enclosed area. The degree of construction necessary will be determined on a location-specific basis and will be dependent on actual conditions present in each central office. Bell Atlantic will develop a cost proposal within 30 days of receipt of an Application for Physical Collocation Form.

C) Collocator Cage Construction

Once the Design and Planning has been developed and accepted, and all applicable terms and conditions have been met, construction of the Collocation arrangement will begin. A standard Collocation cage will be 7-8 feet high and include a 3-foot by 7-foot door with a lock. An optional non-standard cage that includes a roof will be available.

D) AC Outlet Construction

Each Collocator cage will include one 120-volt AC duplex outlet.

E) Overhead Light Construction

Each Collocator cage will include one light fixture -- additional fixtures will be available as needed.

F) Cable Support Structure

This element covers the Collocators use of the central office manhole, entrance conduit, cable vault, cable duct runs, and conduit needed to physically support the collocator's cable pulled from the Bell Atlantic designated manhole through the central office to the Physical Collocator's designated space. This element applies to each cable the Collocator has placed in the central office.

G) Cable Installation

This element covers pulling the cable that the Collocator has left in the Bell Atlantic designated manhole through the central office cable vault to the Physical Collocator's designated space. In a dual entrance arrangement, cable is installed through two separate central office entrances to the Physical Collocator's designated space.

H) DC Power

DC power is offered as a power source on an as-needed basis with back-up capability to cover short-term disruptions in electrical service. This element covers the use of power batteries, rectifiers, and back-up generators by the Collocator. Any AC power that is converted into DC power for use by the Collocator is included in this element. This element is billed to the Collocator on a per nominal negative 48-volt, 10-amp circuit basis.

I) Network Cable Rack

This element covers any vertical and horizontal cable racks that are utilized between the Collocator's cage or designated area to the Bell Atlantic network interface. The Network Cable Rack is different from the Cable Support Structure, which includes the support structure required to house the cable from the Bell Atlantic designated manhole to the Collocator's space in the central office.

J) Central Office Occupancy

This element covers the use of central office floor space by a Collocator's cage or other designated area used in the Physical Collocated arrangement. Central office space is different from standard office space. Central offices have higher ceilings to accommodate switch frames, reinforced flooring to support heavy equipment, appropriate electrical capacity, and heightened security and environmental conditioning and protection for sensitive equipment.[6]

Bell Atlantic has listed 179 central offices in the tariff where Physical and Virtual Collocated arrangements will be offered. As a result of input from Collocators, Bell

[6] The Means Cost Estimating Guide, R.S. Means Company, Inc., 1992, was used as a guide to identify the value of these unique central office building elements.

Atlantic simplified its central office Occupancy Fee element by placing each of the 179 offices identified into seven groupings. These groupings are referred to as "rate bands."

Introduction of Term Pricing Plans

Bell Atlantic is proposing to introduce Term Pricing Plans ("TPPs") for DS1 and DS3 Collocated Interconnection services.[7] DS1 and DS3 Switched Transport and Special Access services are currently available only on a month-to-month basis. The terms and conditions that will be associated with the proposed TPPs for DS1 and DS3 Cross-Connection services are as follows:

- DS1 and DS3 TPPs are available for 3- and 5-year commitment periods with a minimum service period of 12 months.

- DS1 service will revert to month-to-month rates at the end of the commitment period unless the Collocator subscribes to a new TPP. DS3 service may be retained at the prevailing rates of the chosen term once the initial term is completed.

OPTION I:

A Collocator that disconnects in the first 12 months of the commitment period will be responsible for 100% of the monthly charges between the disconnect date and month 12 and for 15% of the monthly charges for the remaining portion of the commitment period. A Collocator who disconnects after month 12 will be responsible for 15% of the charges for the remaining portion of the commitment period. For example, a 5-year TPP Collocator with 10 Cross-Connects who disconnects in month 25 would be responsible for 15% of the 5-year monthly Cross-Connect charge for the remaining 35 months. A 3-year TPP customer who disconnects in month 10 would be responsible for 100% monthly charges for 2 months (because the Minimum Service Period is 12 months) and 15% of the monthly charges for the remaining 24 months.

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[7] Switched Transport TPPs are currently available in Washington, D.C., Maryland, Pennsylvania, and New Jersey.

OPTION II:

DS1: A Collocator who disconnects anytime during months 1 through 35, under the 3-year TPP, will be responsible for the difference between the month-to-month rates and the rates of the chosen TPP for the period that the plan was in place. The termination liability of a Collocator that disconnects at month 37 or after will be the difference between the TPP rates for the chosen plan and the TPP rates for the plan that corresponds to the actual time in service.

DS3: A Collocator that disconnects a TPP prior to the end of the Minimum Service Period will be responsible for 100% of the remaining charges for the Minimum Service Period. For services discontinued after the Minimum Service Period, the liability amount will be calculated based on the time in service. If the time in service is less than any TPP period (3-or 5-year), the Collocator will pay the difference between the month-to-month rates and the TPP rates of the plan selected for the period the plan was in effect after the Minimum Service Period. If the length of service is greater than a TPP period, then the customer will pay the difference between the TPP rates for the chosen plan and the TPP rates for the plan that corresponds to the actual time in service.

There will be no termination liability if the applicable tariff rates increase or if the Collocator upgrades to a longer commitment period or a higher capacity service. The higher capacity service replacement must be for an equal or greater period than the disconnected service. The service Connect and Disconnect Order must be received by Bell Atlantic at the same time. The due dates on the service orders must be within 90 days of each other and the orders must carry a Related Purchase Order Number ("RPON").

Termination liability will also not apply if the Collocator meets the requirements for Portability. DS1 Portability is the replacement of a service under a TPP with another service for the balance of the TPP commitment period. The DS1 replacement service must be of the same capacity or type as the original service, and not already in a TPP. The replacement service orders must be placed at the same time with due dates within 90 days of each other and be related by a RPON. The quantities associated with the replacement must be equal or greater than the discontinued service.

DS3 Portability is the replacement of a DS3 service with another like service for the balance of the commitment period. A service qualifies as a replacement if it is of the same capacity or type as the original service, is not currently in a term plan, and is of an equal or greater quantity than the original service. The service orders to accomplish the replacement must be placed with Bell Atlantic at the same time with due dates within 90 days of each other and be related by a RPON. The replacement service may be moved to another location within the Bell Atlantic region provided that the service was maintained in the original location for at least 1 year.

Justification

This filing is being made to comply with statutory provisions requiring Bell Atlantic to provide Physical Collocation,[8] and with the Commission's Expanded Interconnection Orders. The new service and pricing options are being offered in response to Collocators' requests.

[8] 47 U.S.C. § 251(c)(6).

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ILLUSTRATION OF COLLOCATION INTERCONNECTION ARRANGEMENTS

FIGURE 1

TYPICAL COLLOCATION ARRANGEMENTS

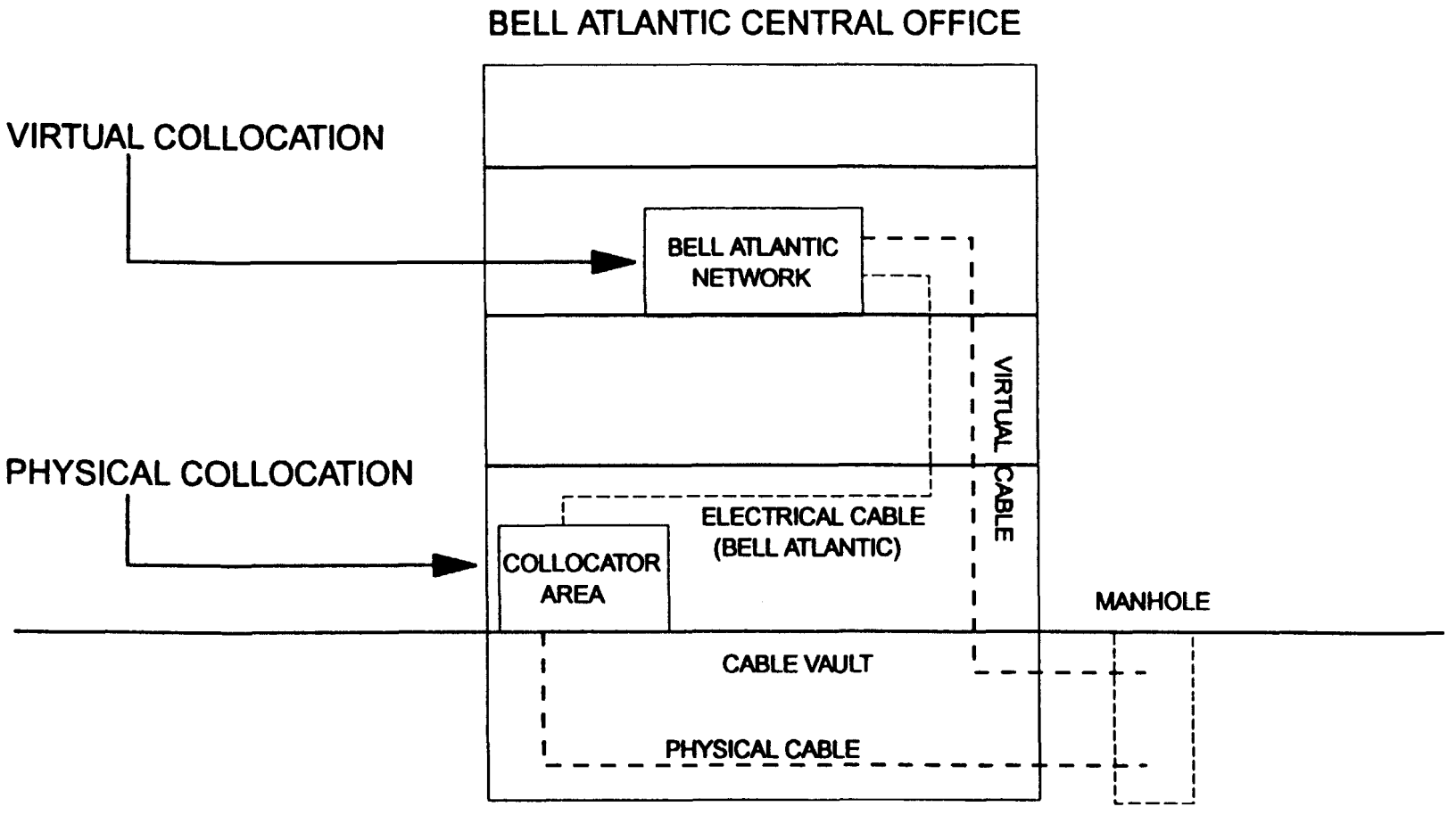

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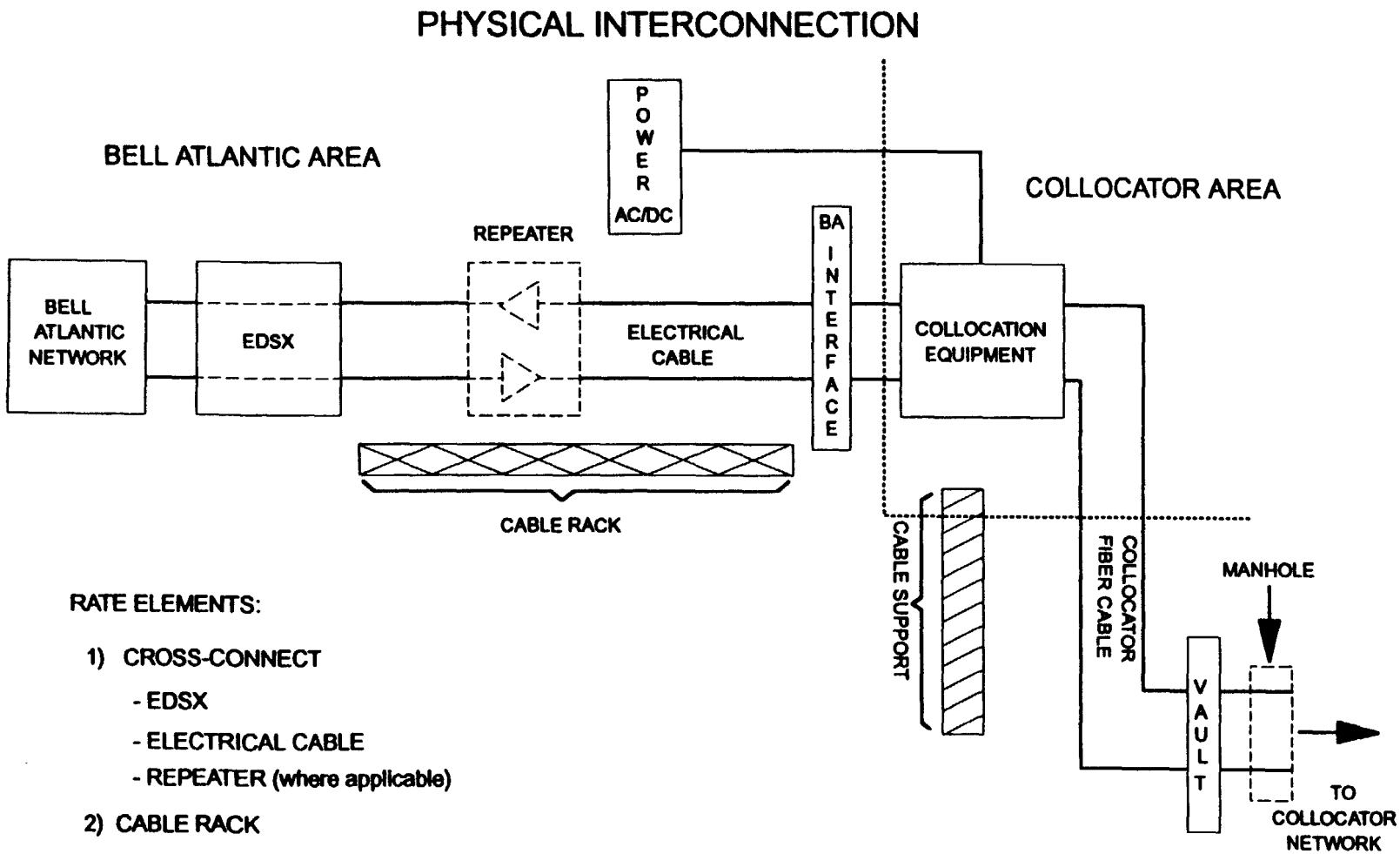
FIGURE 2

DIAGRAM OF CONNECTION ELEMENTS FOR PHYSICAL COLLOCATION



RATE ELEMENTS:

1) CROSS-CONNECT
   - EDSX
   - ELECTRICAL CABLE
   - REPEATER (where applicable)
2) CABLE RACK
3) CABLE SUPPORT
4) POWER
5) OCCUPANCY FEE

SECTION 2

COMPLIANCE WITH COMMISSION RULES

Section 61.49 of the Commission's rules specifies information to be submitted in support of tariffs of carriers subject to price cap regulation[9]. This material includes: 1) a study containing a projection of costs for a representative 12-month period; 2) estimates of the effect of the new service on traffic and revenues; and 3) supporting workpapers for estimates of costs, demand, and revenues. Section 3 (Cost and Rate Development), Section 4 (Demand and Revenue Forecasts), and Section 5 (Workpapers) contain the information required to comply with §§61.49 (g) and (h).

[9] 47 C.F.R. §§ 61.49 (g) and (h).

SECTION 3

COST AND RATE DEVELOPMENT

Cost Development

Bell Atlantic's proposed rates for Physical Collocated Interconnection service are based on the costing methodology associated with the service elements:

1. Cross-Connect Service Charge
2. Central Office-Related Charges
   - A) Design and Planning
   - B) Common Area Construction
   - C) Collocator Cage Construction
   - D) AC Outlet Construction
   - E) Overhead Light Construction
   - F) Cable Support Structure
   - G) Cable Installation
   - H) DC Power
   - I) Network Cable Rack
   - J) Central Office Occupancy (floor space)

1) <u>Cross-Connect Service Charge</u>

The Cross-Connect recurring charge recovers the investments of the network elements to interconnect to the Physical or Virtual Collocation arrangement. This includes the investment to support DS1, DS3, and Short-Term DS3 terminations to an Electronic Digital Cross-Connect (EDSX). The EDSX investments are the same for Physical and Collocation arrangements. The additional components required for connecting to a Physical Collocation arrangement are shown in Figure 2.

When Bell Atlantic first introduced Physical Collocation in 1993,[10] the network configuration included DS1 and DS3 repeaters in 100% of the applications. Repeaters are electrical devices used to ensure that the signal transmitted between the Collocator's Cross-Connect and Bell Atlantic's Cross-Connect is set to the correct level. A signal that is too low causes reduced throughput; a signal that is too high causes cross-talk.

Technological advances have since provided for a more cost efficient design for DS1 service. The requirement to use DS1 repeaters for all Physical Collocation arrangements has been eliminated. New technology also eliminated the requirement for DS3 repeaters. However, the costs associated with this new technology resulted in a higher service cost than if DS3 repeaters were used in 100% of the applications.

Bell Atlantic examined the central office distance limitations and identified an alternative design that requires DS3 repeaters in only 15% of the Physical Collocation arrangements. In addition, Bell Atlantic solicited proposals from equipment vendors which resulted in the selection of a new, lower cost DS3 repeater. The 1996 cost development study included the investment for the repeaters and DSPAP in the overall Cross-Connect charges.

For DS1 service, the recurring charge recovers the investments for the electrical cable, fiber cable, and LAN cable, plus the equipment bay required for the Physical Collocated Interconnection.

For DS3 service, the recurring charge recovers the investments for the electrical cable, repeaters, Digital Signal Physical Access Point (DSPAP) interface connections, equipment shelves, and the equipment bay to house the equipment.

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[10] Transmittal 557 effective May 17, 1993.

Short-Term DS3 costs are based on existing DS3 Channel Termination costs adjusted to reflect periodic (lower) utilization associated with a short-term, temporary service. A utilization factor of 67%[11] is used to adjust DS3 costs to reflect short-term use. This factor is based on potential utilization of equipment at the Collocator's location weighted with expected utilization of the matching equipment at the central office.

With the introduction of the Term Pricing Plans ("TPPs"), Bell Atlantic will mirror the NRCs for the installation/rearrangement of cross-connect services as stated in F.C.C. Tariff NO. 1, Section 7.5.9 and Section 6.9.1 for Special and Switched Access services. The DS3 NRCs and associated TPPs do not apply to Short-Term DS3 service.

The costs and rate development factors for DS1, DS3, and Short-Term DS3 for both Physical and Virtual Collocations are shown on Workpaper 5-1, 5-2, and 5-3.

2) Central Office-Related Charges

These charges cover the investments and expenses that are incurred as a result of the presence of Collocation arrangements in the central office. Central office-related costs are separately calculated to ensure that the charges are fair and recover only the additional costs that directly result from Collocation. For Physical Collocated Interconnection, the central office-related costs are explained below:

A) Design and Planning

This NRC recovers Bell Atlantic's expenses associated with application processing, advance planning, preparation of a design proposal, overall coordination of the project, engineering layout and design, operations feasibility assessments, real estate staff estimate

[11] Transmittal 697 and 735 to establish Short-Term DS3, effective January 21, 1995.

for space requirements, and assessment of the central office's access and security arrangements. Design and Planning Fees are assessed for collocation arrangements that involve a single entrance or dual entrance into the central office. They also apply for site augmentations, when a Collocator requests a subsequent change to their existing interconnection arrangement. The Design and Planning Fees are assessed on a cost causative basis, as shown in Workpaper 5-4.

B) Common Area Construction

This NRC will be individually determined due to the preexisting condition of the central office. Bell Atlantic will begin construction once the Collocator's Physical Collocation Application is received, a Collocation proposal has been developed and accepted, and all applicable terms and conditions have been met. Overall construction charges will vary depending on the Collocators unique requirements, the physical configuration of the central office, safety and security requirements, and provisions in state and local ordinances and codes.

These construction charges shall be the actual expenses incurred by Bell Atlantic to implement a Physical Collocation arrangement at the designated central office. The majority of the space preparation will be performed by outside contractors. The construction activities include the refurbishment of the Collocation area, which may involve the construction of new walls, installation of new doors, removal of debris, installation of security devices such as electronic card readers, and upgrading existing power and ventilation systems to meet the demand created by the presence of the Collocator's equipment. The construction charges are split into two classifications -- common and Collocator specific.

Common costs are those costs that are associated with the common areas of the Collocation space and will be shared by all Physical Collocators within the same space. The Collocator's construction charges will be affected by the type and amount of existing Collocation facilities in the requested central office. The first Collocator will be charged for the construction of all facilities and activities related to the provisioning of Physical Collocation space. The second Collocator will be charged for any facilities unique to its Collocated arrangement, as well as half the cost for common facilities constructed for the first Collocator. The charges collected for common facilities from subsequent collocators will be credited pro rata to prior Collocators. In this manner, Bell Atlantic will not recover more than its initial outlay, and each Collocator will, in total, pay for an even share of the common facilities construction costs.

For example, if Bell Atlantic incurs $30,000 due to construction of the common area, the first Collocator would be responsible for 100 % of the cost. A second Collocator would be charged $15,000, which would be credited to the first Collocator. A third Collocator would be charged $10,000, and $5,000 would be credited to the first and second Collocator each. The common facilities construction costs will be divided equally among all Collocators.

Collocator specific costs include any unique requirements of the Collocator, such as NRC's for cage construction, AC power, overhead lighting, and cable installation.

C) Collocator Cage Construction

This NRC is the actual material and labor cost to Bell Atlantic based on an outside contractor performing the work. The costs are based on the contractor's estimates. The cost to the Collocator recovers the expense of a standard cage that is 7-8 feet high, prefabricated 10-gauge wire mesh in steel channel, and factory painted. One 3-foot by 7

-foot door with a lock will be installed. An optional non-standard cage will be available and will have a roof of expanded steel or wire mesh that is capable of supporting 200 pounds.

Additional, unique space preparation expenses, such as heating and air conditioning system modification, asbestos removal, etc., will be recovered through time and materials charges. The cage construction costs are shown on Workpaper 5-5.

D) AC Outlet Construction

This NRC recovers the actual material and labor expense to Bell Atlantic based on an outside contractor performing the work. The costs are based on contractor estimates. The charge to the Collocator covers the installation a 20-amp duplex receptacle on a 20-amp dedicated circuit within the Collocator's cage. Any needed subpanel installation will be performed on a time and materials basis. The AC outlet construction costs are shown on Workpaper 5-5.

E) Overhead Light Construction

This NRC recovers the actual material and labor expense to Bell Atlantic based on an outside contractor performing the work. The costs are based on contractor estimates. The charge to the Collocator covers the installation of one two-tube pendant overhead light fixture with a wall switch and electrical wiring running from a subpanel. These costs are shown on Workpaper 5-5.

F) Cable Support Structure

This recurring charge recovers the investment for the central office manhole, entrance conduit, cable vault, cable duct runs, and conduit that are required to support the cable from the entrance into the central office to the designated space for the Collocator's equipment. See Workpaper 5-6.

G) Cable Installation

This NRC recovers the labor expense of pulling the Collocator-designated cable from the Bell Atlantic designated manhole to the Collocator's designated space. See Workpaper 5-6.

H) DC Power

This recurring charge is based on the investment required for the power batteries, rectifiers, and the back-up generators. In addition, the monthly cost to the local power company for the AC power that is converted into DC power are included. Workpaper 5-7 contain the DC power charges.

I) Network Cable Rack

This recurring charge recovers the investment associated with the vertical and horizontal cable racking between the Collocator's cage and Bell Atlantic's network. The costs reflect the average distance between a Collocator's cage and Bell Atlantic's frame.[12] The costs reflect the effect of using a shared cable path by both the Collocator and Bell Atlantic. Since the cable path is shared by Bell Atlantic and the Collocators, only 36% of the investment is included in these costs. See Workpaper 5-8.

J) Central Office Occupancy

This recurring charge is central office-specific and is assessed on a per square foot of floor space basis. The Occupancy Fees are calculated using a two-step process. First, Bell

[12] This average distance is based on engineering estimates of central offices available for collocation.

Atlantic ascertains the prevailing rate per square foot of office space for the geographic location, using Black's Office Leasing Guide, McGraw-Hill, Inc., 1995. In areas where listings are not available, charges are based on prevailing local rates as determined by local real estate brokers.

Bell Atlantic then adds in the additional costs unique to central office floor space. These central office costs recover the investment for higher ceilings to accommodate switch frames, reinforced flooring to support heavier equipment, appropriate electrical capacity, environmental conditioning and protection for sensitive equipment and heightened security.[13] The resulting total occupancy charge will be assessed on a per square foot basis. Workpaper 5-9 contains the central office occupancy costs.

Bell Atlantic utilized cost studies as a basis for establishing rate bands. The 1996 study updated this existing data. Current real estate rates in the more rural areas remained relatively flat compared to the previous study, while rates in some of the urban areas reflected an increase. The previously defined rates were banded in groups to ensure that the percentage of change to the previous rate was consistent for each band.

[13] The Means Cost Estimating Guide, R. S. Means Company Inc., 1992, was used as a guide to identify these unique central office building elements.

Rate Development

The Commission requires that overhead loadings for Collocation services may be no greater than the overhead applied to comparable services, absent justification.[14] As required, Bell Atlantic's proposed Collocation rates carry the same, or lower overhead loading factors as are carried by comparable DS1 and DS3 services.[15] The Overhead Loadings used are listed on Workpaper 5-10.

The unit investments identified above are multiplied by account-specific annual cost factors ("ACFs") to calculate the direct cost components of depreciation, cost of money, income taxes, maintenance, administration, and other taxes. For the Collocator-designated transmission equipment, only the operating expense portion of the ACF is used to determine the direct operating cost, because Bell Atlantic purchases that equipment from the Collocator for a nominal sum ($1.00). The application of these factors to the investments results in annual direct costs that will recover the direct cost of providing the service.[16]

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[14] Bell Atlantic Transmittal No. 805, July 25, 1995. The relationship of the special access revenues to investments is applied to the direct unit costs associated with the components of Physical Collocated and Virtual Collocated Interconnection.

[15] Because these overhead loadings differ from those currently prescribed for Virtual Collocation Service, on May 31, 1996, Bell Atlantic filed a Petition for Interim Waiver of those prescribed loadings.

[16] This method of applying ACFs to unit investments is used for several of the central office-related charges. The workpapers for the applicable charges contain the detailed results.

Cost Ratios

Bell Atlantic developed ratios in order to compare direct unit costs and unit investments, and direct unit costs and rates. These ratios are shown on the bottom of the respective workpapers.

Rates

Workpapers 5-11, 5-11.1, and 5-12 contains the proposed rates for Physical Collocation and the new proposed rates for Virtual Collocation, including the TPP options.