SBC - Texas Study

Presubscribed Interexchange Carrier (PIC) Change Charge Nonrecurring Cost Study

2005-2008

July 2005

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Tab: Cover

SBC - Texas
Presubscribed Interexchange Carrier (PIC/LPIC) Change Charge
Service Order
Nonrecurring Cost Study
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Overview and Methodology

Purpose

The purpose of this cost study is to provide updated costs for PIC Change orders. For reference, an acronym glossary is included as a separate tab within this cost study.

Service Description

Presubscription is a procedure whereby an end user may select and designate to the Telephone Company an Interexchange Carrier (IC) to access, without dialing an access code, for interLATA calls. This IC is referred to as the end user's primary IC. A charge associated with interLATA is a PIC.

Rate Element Descriptions

Stand-alone Manual PIC Charge, Cost per Change – Initial & Additional
Stand-alone Mechanized PIC Charge, Cost per Change – Initial & Additional

Nonrecurring Cost Methodology

Activity-Based Costing is a widely used method of identifying costs. The structure of an ABC study is based on the fact that activities performed by the company consume resources, and these resources have a specifically identifiable cost. Activities, then, are used to provide services. This gives a logical, easy-to-follow flow through the costing procedure.

Activity-Based Costing uses a number of specific terms, such as *resource, activity, cost object,* and *drivers* which have simple, yet special meanings.

- A *resource* can be a piece of equipment, a labor rate, or a vendor contracted expense.
- An *activity* is an action that consumes resources. The cost of the activity is calculated based on the cost of the resources that the activity consumes, and the resource driver, or the quantity of resources the activity consumes.
- A *cost object* is a product (i.e., PIC Change).
- *Drivers* are specific units that represent quantities of activities and resources. For example, time in minutes, or orders per line may be drivers. Resource drivers are the quantity of resources consumed by an activity. Activity drivers are the number of activities necessary to provide the service.

The Basics of Activity-Based Costing are:

- Cost objects (i.e., services) are provided by activities.
- Activities consume resources.
- Consumption of resources drives costs.

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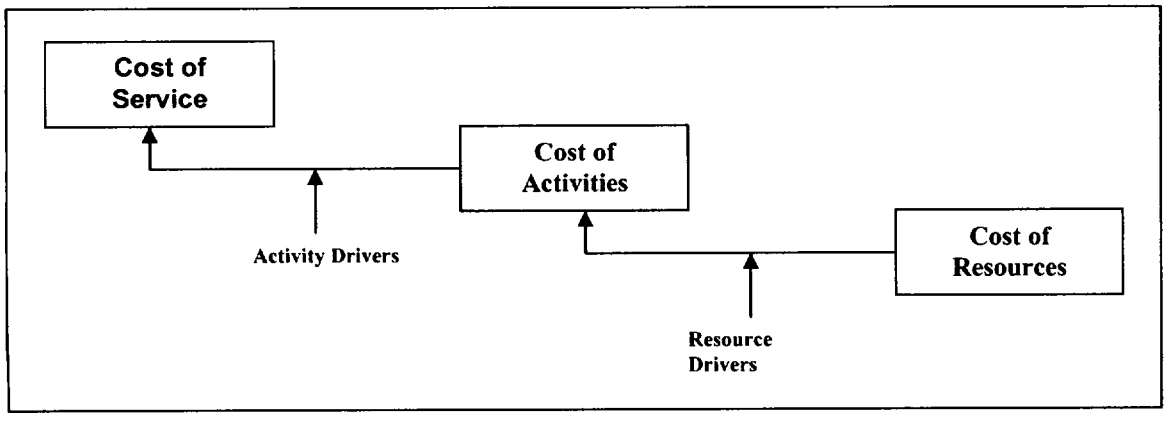
Figure 1 illustrates the flow of Activity-Based Costing.

Figure 1



The rate structure in SBC - Southwest consists of a PIC Change charge for the "initial" line on an order and a separate PIC change charge for each "additional" line on that same order. In order to accurately account for this, times were gathered and separate costs were calculated for PIC Changes on both "Initial" and "Additional" lines. More specifically, the SMEs were asked to provide times and activities for each the "Initial" line with a PIC change on an order and each "Additional" line with a PIC change on the same order. The total time to provide a PIC Change on an "Additional" line on the same service order is shorter than the total time to provide a PIC Change on the "Initial" line on that service order because of efficiencies achieved on a multiple line order. For example, if there are 10 lines on the same service order, the Service Representative may have to spend time pulling up the customer's account. This time would be allocated to the "Initial" PIC Change cost because this would have to be done even on an order with 1 line. However, there is no extra time spent doing this step because of the "Additional" lines, thus no time is allocated to changing the PIC on any "Additional" lines. This methodology ensures that the efficiencies achieved on a multiple line order are recognized in the costs.

Labor Rates

The labor rate represents the cost to SBC of a single hour of labor. The labor rate is inflated (based on the Consumer Price Index) to the midpoint of the study period to make the labor cost representative of the entire study period. A more detailed discussion of labor rates and inflation factors is found later in this methodology.

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Inflation Factors

Inflation Factors are utilized to provide one cost over a multi-year period. The inflation factors are developed by using the forecast of the Consumer Price Index (CPI). The CPI represents changes in prices of all goods and services purchased for consumption by urban households. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are also included. Income taxes and investment items (like stocks, bonds, and life insurance) are not included.

Labor Rate Development Methodology

Labor rates identify the cost to the firm of consuming a particular resource—an hour of labor. Labor rates begin with a basic hourly wage or salary, and then include costs directly caused by labor that are not captured in the basic wage. These other direct labor costs include:

- break time and/or tour length costs,
- paid absence costs,
- special payments such as team awards and recognition,
- payroll taxes, pension costs, benefit costs,
- support assets, including capital costs associated with support assets
- Other direct costs such as travel and training, and clerical support and supervision.

Labor rates are developed at the proper level of detail to provide accurate costs for specific activities. First, SBC looks at specific groups of function codes (which designate a specific job function) or activity codes (which designate a specific job activity). These function/activity codes are part of SBC's functional accounting system used to report expenses company-wide. For example, 21XX is the group of all wages and expenses charged to function codes or activity codes that begin with "21", which in this example represents Operator Services functions and activities.

Within the specific group, SBC develops labor rates by Market Zone (for management employees) or Wage Category (for non-management employees). The Market Zone and Wage Category are specific job classifications that determine how much the company pays for a particular job.

The Labor rates in this study begin with an average wage per hour from payroll records. SBC derives relationships of expenses to wages, or expenses to hours worked, to develop labor factors or loadings that it then applies to basic wages to produce total hourly labor cost. All base labor rates in this study represent calendar year 2003. If SBC did not have current labor base rates for a particular state or job title, the most recent labor rate available was adjusted by bringing the basic wage portion of the labor rate current and updating the benefit factor using the most recent data available.

For more information, see separate Labor Rate Development documentation.

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Cost Study Assumptions and Parameters

- LRIC Methodology
- Slamming costs are included in the PIC change charge
- Study period is 2005 – 2008
- Labor Rates are base year 2003 adjusted to 2006, which is the midpoint of the planning period (2005 – 2008)

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Results

(A)	(B)	(C)	(D)	(E)	(F)	(G)
		Total Cost *Source:*	Overhead Factor *Source:*	Total Rate	Average Lines Per Customer	Total Rate
Line	Cost Element	*Bill of Costs*	*Input*	*(E)=(C)*(1+D)*	*Input*	((E Initial x F Initial) + (E Add x F Add)) / (F Initial + F Add)
	Manual PIC / LPIC Combination, Cost per Change					
1	Initial Line On Order	$3.52	32.17%	$4.65	1.00	**$4.41**
2	Additional Line On Order	$1.95	32.17%	$2.58	0.13	
	Mechanized PIC / LPIC Combination, Cost per Change					
3	Initial Line On Order	$1.38	32.17%	$1.83	1.00	**$1.83**
4	Additional Line On Order	$1.38	32.17%	$1.83	0.13	

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Bill of Costs

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Ln	Cost Element / Activities	Initial Unit Activity Cost *Source: BOAC*	Additional Unit Activity Cost *Source: BOAC*	Lines Per PICs/LPICs Activity *Source: Drivers*	Other Activity Driver *Source: Drivers*	Other Activity Driver Description	Initial Activity Cost (H = C * E * F)	Additional Activity Cost (I = D * E * F)
	Manual PIC / LPIC Combination, Cost per Change							
1	Process PIC Change for "Consumer Customer Care" customer	$3.32	$0.94	0.52	90.0%	% manual orders worked by Consumer Customer Care center	$1.541	$0.436
2	Process PIC Change for "Global Markets" customer	$11.66	$1.15	0.52	1.1%	% manual orders worked by Global Markets center	$0.069	$0.007
3	Process PIC Change for "Value" (Medium) customer	$4.85	$0.87	0.52	1.7%	% manual orders worked by Value Medium center	$0.041	$0.007
4	Process PIC Change for "Value" (Small) customer	$9.36	$4.41	0.52	4.7%	% manual orders worked by Value Small center	$0.227	$0.107
5	Process PIC Change for "GEM" Non-Centrex customer	$32.94	$8.61	0.55	0.9%	% manual orders (Non-centrex) worked by GEM center	$0.168	$0.044
6	Process PIC Change for "Signature Accounts" Non-Centrex customer	$28.27	$7.68	0.52	1.1%	% manual orders (Non-centrex) worked by Signature center	$0.167	$0.045
7	Provide Customer Account Record Exchange (CARE) support - All PIC and/or LPIC Changes	$48,917	$48,917	NA	0.00000029	1/Total PIC Transactions	$0.014	$0.014
8	Provide Slamming Administration support - All PIC and/or LPIC Changes	$1,338,165	$1,338,165	NA	0.00000029	1/Total PIC Transactions	$0.383	$0.383
9	Provide Service Order Computer Cost, per PIC Change	$0.98	$0.98	0.42		Weighted Average PIC/LPIC Changes per Service Order	$0.414	$0.414
10	Provide CARE IT Cost, per PIC/LPIC Change	$0.46	$0.46	NA		NA	$0.460	$0.460
11	Provide IT Implementation Cost, per PIC Change	$0.03	$0.03			NA	$0.034	$0.034
12	**Total Cost > SUM (LN 1.....11)**						**$3.52**	**$1.95**
	Mechanized PIC / LPIC Combination, Cost per Change							
13	Provide Customer Account Record Exchange (CARE) support - All PIC and/or LPIC Changes	$48,917	$48,917	NA	0.00000029	1/Total PIC Transactions	$0.014	$0.014
14	Provide Customer Account Record Exchange (CARE) support - Mechanized PIC and/or LPIC Changes	$76,412	$76,412	NA	0.00000100	1/Total Mechanized PIC Transactions	$0.077	$0.077
15	Provide Slamming Administration support - All PIC and/or LPIC Changes	$1,338,165	$1,338,165	NA	0.00000029	1/Total PIC Transactions	$0.383	$0.383
16	Provide Service Order Computer Cost, per PIC Change	$0.98	$0.98	0.42		Weighted Average PIC/LPIC Changes per Service Order	$0.414	$0.414
17	Provide CARE IT Cost, per PIC/LPIC Change	$0.46	$0.46	NA		NA	$0.460	$0.460
18	Provide IT Implementation Cost, per PIC Change	$0.0340	$0.03			NA	$0.034	$0.034
19	**Total Cost > SUM (LN 13.....18)**						**$1.38**	**$1.38**

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(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
					Resource Drivers				
Ln	Activities / Resources	Workgroup	Job Title	Unit Resource Cost ($/hr) Source: BORC	Minutes (Initial) Source: Input	Minutes (Additional) Source: Input	Percent Occurrence Source: Input	Initial Resource Cost (I=E/60*F*H)	Additional Resource Cost (J=E/60*G*H)
	Process PIC Change for "Consumer Customer Care" customer								
1	Receive request from customer via the IVR. Rep greets the customer, obtains telephone number and determines customer request is for a change in PIC/LPIC.	Consumer	Service Rep	$56.22	0.50	0.00	100.00%	$0.47	$0.00
2	If customer alleges SLAM, rep transfer to SCRT and drop off call.	Consumer	Service Rep	$56.22	0.75	0.00	5.00%	$0.04	$0.00
3	Service rep accesses account in Dashboard.	Consumer	Service Rep	$56.22	0.50	0.00	100.00%	$0.47	$0.00
4	Service rep accesses Enhanced EASE to make changes to PIC/LPIC	Consumer	Service Rep	$56.22	0.50	0.50	100.00%	$0.47	$0.47
5	Service rep recaps entire order with customer.	Consumer	Service Rep	$56.22	2.00	0.50	100.00%	$1.87	$0.47
6	SORD will verify against Calibrus for a match against the TPV record *locator number, Telephone number and order number. If correct, the* order will distribute in SORD.	Consumer	Service Rep	NA	NA	0.00	NA	$0.00	$0.00
7	**Unit Activity Cost > SUM (LN 1.....6)**							**$3.32**	**$0.94**
	Process PIC Change for "Global Markets" customer								
8	Customer calls in to request PIC/LPIC change or faxes or emails request to center. *Customer records are reviewed.*	Global Change	Service Rep	$57.55	1.15	0.00	100.00%	$1.10	$0.00
9	Customer requested to fax or email request.	Global Change	Service Rep	$57.55	1.15	0.00	100.00%	$1.10	$0.00
10	Fax/email requests. Copies are pulled and fax cover sheet is prepared that will be returned to the customer with order info.	Global Change	Senior Records Clerk	$49.82	2.00	0.00	100.00%	$1.66	$0.00
11	Clerk logs in fax/email for tracking.	Global Change	Senior Records Clerk	$49.82	1.00	0.00	100.00%	$0.83	$0.00
12	Clerk distributes request to service rep.	Global Change	Senior Records Clerk	$49.82	1.00	0.00	100.00%	$0.83	$0.00
13	Service rep accesses BEASE/SORD to place order using the appropriate screen for PIC and LPIC.	Global Change	Service Rep	$57.55	1.20	1.20	100.00%	$1.15	$1.15
14	Service rep ends order and fills out the cover sheet to be sent to customer to verify completion of order. Confirmation of due date, order numbers.	Global Change	Service Rep	$57.55	2.00	0.00	100.00%	$1.92	$0.00
15	Cover sheet is faxed back to customer and filed and/or email confirmation sent to customer.	Global Change	Service Rep	$57.55	3.00	0.00	100.00%	$2.88	$0.00
16	Access SORD and bring up error and review.	Global Change	Service Rep	$57.55	1.00	0.00	5.00%	$0.05	$0.00
17	Correct Error and resubmit order.	Global Change	Service Rep	$57.55	3.00	0.00	5.00%	$0.14	$0.00
18	**Unit Activity Cost > SUM (LN 8.....17)**							**$11.66**	**$1.15**

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	Process PIC Change for "Value" (Medium) customer								
19	Answer call and acknowledges customer request	Value (Medium)	Service Rep	$52.19	0.50	0.00	100.00%	$0.43	$0.00
20	If cust has been slammed service rep transfer to dept that handles slams	Value (Medium)	Service Rep	$52.19	1.50	0.00	5.00%	$0.07	$0.00
21	Clarify request, PIC/LPIC or both, negotiate telephone numbers where changes are to be made Validate availability of carrier(s). Access boss to Review account for pending orders to determine impact.	Value (Medium)	Service Rep	$52.19	4.00	1.00	100.00%	$3.48	$0.87
22	Release order.	Value (Medium)	Service Rep	$52.19	1.00	0.00	100.00%	$0.87	$0.00
23	**Unit Activity Cost > SUM (LN 19.....22)**							**$4.85**	**$0.87**
	Process PIC Change for "Value" (Small) customer								
24	Answer call and acknowledges customer request	Value (Small) Change	Service Rep	$59.53	0.50	0.00	100.00%	$0.50	$0.00
25	Clarify request, PIC/LPIC or both, determine telephone numbers where changes are to be made.	Value (Small) Change	Service Rep	$59.53	1.00	0.50	100.00%	$0.99	$0.50
26	Access account in BOSS or Dashboard BOSS/Dashboard returns the account record to rep; Rep verifies account information and reviews account for pending orders to determine impact; Validate availability of carriers	Value (Small) Change	Service Rep	$59.53	3.00	1.00	100.00%	$2.98	$0.99
27	If customer alleges a slam, rep refers to the SCRT team to issue correcting order to switch back & issue adjustments in BOSS as applicable	Value (Small) Change	Service Rep	$59.53	1.00	0.00	2.00%	$0.02	$0.00
28	If customer has not been slammed and does not have slamming protection on the account, the rep types order in BEASE with the applicable PIC request.	Value (Small) Change	Service Rep	$59.53	2.00	1.00	95.00%	$1.89	$0.94
29	Recap all elements of the order & offer additional assistance; Note BOSS account: issued order to change PIC/LPIC from/to, due date & order number, release order to SORD.	Value (Small) Change	Service Rep	$59.53	3.00	2.00	100.00%	$2.98	$1.98
30	**Unit Activity Cost > SUM (LN 24.....29)**							**$9.36**	**$4.41**

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	Process PIC Change for "GEM" Non-Centrex customer								
31	Answer call or receive WebMOM& acknowledge request from biz customer thru ACD lines to change PIC/LPIC	Signature/GEM	Service Rep	$56.07	2.00	1.00	100.00%	$1.87	$0.93
32	Clarify customer request & phone numbers involved, confirm PIC/LPIC or both. Confirm carrier availability and coding. Check for pending order activity	Signature/GEM	Service Rep	$56.07	5.00	2.00	100.00%	$4.67	$1.87
33	Confirm slamming protected or not and get permission to proceed if protected. Continue if permission granted, stop order process if denied	Signature/GEM	Service Rep	$56.07	5.00	1.00	100.00%	$4.67	$0.93
34	If customer indicates slamming, advise of rights, issue correcting order and request adjustment. Forward for SCRT for follow up.	Signature/GEM	Service Rep	$56.07	5.00	5.00	5.00%	$0.23	$0.23
35	Access account in BOSS.	Signature/GEM	Service Rep	$56.07	2.00	1.00	100.00%	$1.87	$0.93
36	Issue change orders thru BEASE or send Complex orders to be typed by SOW.	Signature/GEM	Service Rep	$56.07	2.00	1.00	100.00%	$1.87	$0.93
37	Review order with customer and note BOSS of order number, due date, old & new PIC/LPIC	Signature/GEM	Service Rep	$56.07	4.00	1.00	100.00%	$3.74	$0.93
38	Send confirmation letter to customer.	Signature/GEM	Service Rep	$56.07	10.00	1.00	100.00%	$9.35	$0.93
39	Follow up for service order completion and posting of new PIC/LPIC to customer records.	Signature/GEM	Service Rep	$56.07	5.00	1.00	100.00%	$4.67	$0.93
40	**Unit Activity Cost > SUM (LN 31.....39)**							**$32.94**	**$8.61**
	Process PIC Change for "Signature Accounts" Non-Centrex customer								
41	Answer call or receive WebMOM& acknowledge request from biz customer thru ACD lines to change PIC/LPIC	Signature/GEM	Service Rep	$56.07	2.00	1.00	100.00%	$1.87	$0.93
42	Clarify customer request & phone numbers involved, confirm PIC/LPIC or both. Confirm carrier availability and coding. Check for pending order activity	Signature/GEM	Service Rep	$56.07	5.00	2.00	100.00%	$4.67	$1.87
43	If customer indicates slamming, advise of rights, issue correcting order and request adjustment. Forward for SCRT for follow up.	Signature/GEM	Service Rep	$56.07	5.00	5.00	5.00%	$0.23	$0.23
44	Access account in BOSS.	Signature/GEM	Service Rep	$56.07	2.00	1.00	100.00%	$1.87	$0.93
45	Issue change orders thru BEASE or send Complex orders to be typed by SOW.	Signature/GEM	Service Rep	$56.07	2.00	1.00	100.00%	$1.87	$0.93
46	Review order with customer and note BOSS of order number, due date, old & new PIC/LPIC	Signature/GEM	Service Rep	$56.07	4.00	1.00	100.00%	$3.74	$0.93
47	Send confirmation letter to customer.	Signature/GEM	Service Rep	$56.07	10.00	1.00	100.00%	$9.35	$0.93
48	Follow up for service order completion and posting of new PIC/LPIC to customer records.	Signature/GEM	Service Rep	$56.07	5.00	1.00	100.00%	$4.67	$0.93
49	**Unit Activity Cost > SUM (LN 41.....48)**							**$28.27**	**$7.68**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
				Unit Resource Cost ($/hr)	**Resource Driver**	**Resource Driver Description**	**Resource Cost**
Ln	***Activities / Resources***	***Workgroup***	**Job Title**	***Source: BORC***	***Source: Drivers***		***(H=E*F)***
	Provide Customer Account Record Exchange (CARE) support - All PIC and/or LPIC Changes						
50	SBC - Southwest CARE Support	CARE	Area Manager	$73.25	104.00	Hours	$7,617.63
51	SBC - Southwest CARE Support	CARE	Manager	$78.06	208.00	Hours	$16,236.08
52	ASC/IPOC Call Group	IPOC	Service Rep	$58.07	15.59	Hours	$905.56
53	ASC/IPOC Collections	IPOC	Service Rep	$58.07	416.00	Hours	$24,157.97
54	**Unit Activity Cost > SUM (LN 50.....53)**						**$48,917.24**
	Provide Customer Account Record Exchange (CARE) support - Mechanized PIC and/or LPIC Changes						
55	ASC/IPOC Error Corrections	IPOC	Service Rep	$58.07	1315.81	Hours	$76,411.65
56	**Unit Activity Cost > SUM (LN 55.....55)**						**$76,411.65**
	Provide Slamming Administration support - All PIC and/or LPIC Changes						
57	Consumer Support	SCRT	Service Rep	$58.07	14,709.76	Hours	$854,225.71
58	Business Support	SCRT	Service Rep	$57.54	8,411.04	Hours	$483,939.43
59	**Unit Activity Cost > SUM (LN 57.....58)**						**$1,338,165.14**

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(A) Line	(B) State (1)	(C) JFC	(D) Work Group	(E) Job Title	(F) Labor Cost per Hour (1)	(G) Factor to restate labor rate to current and adjust for inflation (2)	(H) Weighting (3)	(I) Adjusted Labor Cost per Hour *(F)*(G)*(H)*
1	TX	23XX	IPOC	Service Rep	$54.19	1.0716	100%	$58.07
2	TX	23XX	SCRT	Service Rep	$54.19	1.0716	100%	$58.07
3	IN	23XX	CARE	Area Manager	$68.35	1.0716	100%	$73.25
4	OH	23XX	CARE	Manager	$72.84	1.0716	100%	$78.06
5	AR	23XX	SCRT	Service Rep	$53.69	1.0716	100%	$57.54
6	OK	23XX	Value (Medium)	Service Rep	$48.70	1.0716	100%	$52.19
7	TX	23XX	Value (Small) Change	Service Rep	$54.19	1.0716	59%	$34.32
8	KS	23XX	Value (Small) Change	Service Rep	$57.52	1.0716	41%	$25.22
9	Weighted	23XX	Value (Small) Change	Service Rep			100%	$59.53
10	TX	23XX	Global	Senior Records Clerk	$46.49	1.0716	100%	$49.82
11	TX	23XX	Global Change	Service Rep	$54.19	1.0716	90%	$52.47
12	MO	23XX	Global Change	Service Rep	$49.18	1.0716	10%	$5.09
13	Weighted	23XX	Global Change	Service Rep			100%	$57.55
14	TX	23XX	Consumer	Service Rep	$54.19	1.0716	55%	$32.01
15	MO	23XX	Consumer	Service Rep	$49.18	1.0716	26%	$13.59
16	OK	23XX	Consumer	Service Rep	$48.70	1.0716	11%	$5.98
17	KS	23XX	Consumer	Service Rep	$57.52	1.0716	6%	$3.77
18	AR	23XX	Consumer	Service Rep	$53.69	1.0716	2%	$0.87
19	Weighted	23XX	Consumer	Service Rep			100%	$56.22
20	TX	23XX	Signature/GEM	Service Rep	$54.19	1.0716	56%	$32.60
21	MO	23XX	Signature/GEM	Service Rep	$49.18	1.0716	20%	$10.54
22	OK	23XX	Signature/GEM	Service Rep	$48.70	1.0716	15%	$8.06
23	KS	23XX	Signature/GEM	Service Rep	$57.52	1.0716	1%	$0.43
24	AR	23XX	Signature/GEM	Service Rep	$53.69	1.0716	8%	$4.44
25	Weighted	23XX	Signature/GEM	Service Rep			100%	$56.07

NOTES:

(1) Source: "Input" Tab

(2) Restate to Current and Inflation Calculations:

	Year	Value
Labor Rate Base Year	2003	
2004 Wage Increase	2004	2.0%
2005 Wage Increase	2005	2.5%
2006 Wage Increase	2006	2.5%
Inflation to midpoint based on union contract increases		1.0716

(3) All "weighted" groups above are located in various states, but can perform work for Texas customers. The weightings were based on the number of employees located in each state doing the work function.

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Drivers

ACTIVITY DRIVERS

(A)	(B)	(C)	(D)
		PIC/LPIC Changes per Line	Value
Line	**Driver Description**	***Source: Input***	***(1 / C)***
1	Consumer - Lines per PIC/LPICs - Initial Line	1.94	0.52
2	Consumer - Lines per PIC/LPIC - Additional Line	1.94	0.52
3	Global - Lines per PIC/LPICs - Initial Line	1.91	0.52
4	Global - Lines per PIC/LPIC - Additional Line	1.91	0.52
5	Value (Medium) - Lines per PIC/LPIC - Initial Line	1.93	0.52
6	Value (Medium) - Lines per PIC/LPIC - Additional Line	1.93	0.52
7	Value (Small) - Lines per PIC/LPIC - Initial Line	1.93	0.52
8	Value (Small) - Lines per PIC/LPIC - Additional Line	1.93	0.52
9	GEM - Lines per PIC/LPIC - Initial Line	1.83	0.55
10	GEM - Lines per PIC/LPIC - Additional Line	1.83	0.55
11	Signature - Lines per PIC/LPIC - Initial Line	1.93	0.52
12	Signature - Lines per PIC/LPIC - Additional Line	1.93	0.52

(A)	(B)	(C)	(D)	(E)
		Percent Orders by Channel	Percent Manual Orders	Percent Orders X Manual Orders
Line	**Driver Description**	***Source: Input***	***Source: Input***	***(E)=(C)*(D)***
13	% orders worked by Consumer Customer Care center	90.0%	100.0%	90.0%
14	% orders worked by Global Markets center	1.1%	100.0%	1.1%
15	% orders worked by Signature Accounts center for non-centrex lines	1.1%	100.0%	1.1%
16	% orders worked by Value Medium center	1.7%	100.0%	1.7%
17	% orders worked by Value Small center	4.7%	100.0%	4.7%
18	% orders worked by GEM Accounts center for non-centrex lines	0.9%	100.0%	0.9%

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Drivers

(A)	(B)	(C)	(D)
		Quantity Total PIC Changes	Value
Line	Driver Description	*Source: Input*	*(1 / C)*
19	1/Total PIC Transactions	3,491,283	0.00000029
20	1/Total Manual PIC Transactions	2,493,053	0.00000040
21	1/Total Mechanized PIC Transactions	998,230	0.00000100

RESOURCE DRIVERS

(A)	(B)	(C)	(D)	(E)	(F)
Line	Activities / Resources	Number of Employees Source: Input	Resource Time (annual hours)	% Time Dedicated to Support Texas PIC/LPIC Source: Input	Driver Value (hours) (F=C*D*E)
	Provide Customer Account Record Exchange (CARE) support				
22	Area Manager - IN - Provide Southwest CARE Support	1	2080	5.00%	104.00
23	Manager - OH - Provide Southwest CARE Support	1	2080	10.00%	208.00
24	Service Representative - TX - ASC/IPOC Call Group Support	9	2080	0.08%	15.59
25	Service Representative - TX - ASC/IPOC Error Corrections Support	1	2080	63.26%	1,315.81
26	Service Representative - TX - ASC/IPOC Collections Support	1	2080	20.00%	416.00
	Provide Slamming Administration support				
27	Service Representative - AR - SCRT Business	21	2080	19.26%	8,411.04
28	Service Representative - TX - SCRT Consumer	13	2080	54.40%	14,709.76

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Glossary

ASC	Access Service Center	Location where service representatives are employed. The ASC was previously called the ICSC (Interexchange Carrier Service Center).
BEASE	Business Easy Access Sales Environment	A GUI application which interacts with SORD, Premise and other systems to format simple orders in SORD.
BOSS	Billing and Order Support System	Allows on-line access to all detailed and up-to-date account information needed to carry out service center operations associated with customer account inquiries, the processing of adjustments and the performance of treatment activities.
CARE	Customer Account Record Exchange	Application that interfaces with the interexchange carriers to provide them with tariffed FCC mandated billing information and optional ALDIS products.
CCP	Customer Choice Protection	Formal name of Add Protection
Consumer		Separate Business Channel for the Consumer channel.
EASE	Easy Access Sales Environment	Application used to negotiate orders.
GEM	Government/Education/Municipal	Separate Business Channel for Government/Educational/Municipal customers.
ILEC	Incumbent Local Exchange Carrier	The company that provides intraLATA telecommunications within a franchised territory.
IVR	Interactive Voice Response	Provides inquiry and update directly to the customer without service representative intervention. Many applications available including Spanish, Business and Residence functions. Routes appropriately if service representative support is required.
LPIC	Local Presubscription Interexchange Carrier	The Intralata carrier selected by the customer.
PIC	Presubscription Interexchange Carrier	The Interlata carrier selected by the customer.
SCRT	Slamming Complaint Resolution Team	This group resolves all customer slamming complaints.
Signature		Separate Business Channel for large business customers.
SORD	Service Order Retrieval & Distribution	SORD is a mechanized, online service order processing system for SBC. It provides a means to create, store, edit, maintain and distribute requests to other involved work groups establishing, disconnecting or changing a customer's services and account.
Value (Medium)		Separate Business Channel for Medium sized business customers.
Value (Small)		Separate Business Channel for Small sized business customers.

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Input

Line	Input	Value	Source
	Completion Date	July 2005	
	State	SBC - Texas Study	
	Cost Study Title	Presubscribed Interexchange Carrier (PIC) Change Charge	
	Cost Study Subtitle 1	Nonrecurring Cost Study	
	Cost Study Subtitle 2		
	Study Period - Install	2005-2008	
	Midpoint of Install Period	2006	
1	TX - 23XX - Service Representative - 2003	$54.19	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
2	TX - 23XX - Manager - 2003	$61.46	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
3	IN - 23XX - Area Manager - 2003	$68.35	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
4	OH - 23XX - Manager - 2003	$72.84	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
5	AR - 23XX - Service Representative - 2003	$53.69	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
6	MO - 23XX - Service Representative - 2003	$49.18	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
7	OK - 23XX - Service Representative - 2003	$48.70	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
8	KS - 23XX - Service Representative - 2003	$57.52	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
9	TX - 23XX - Senior Records Clerk - 2003	$46.49	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
10	MO - 23XX - Senior Records Clerk - 2003	$48.25	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
11	2004 Wage Increase	2.0%	2004 Union Labor Contract
12	2005 Wage Increase	2.5%	2004 Union Labor Contract
13	2006 Wage Increase	2.5%	2004 Union Labor Contract
	Percent of Orders by Channel		
14	Consumer Customer Care	90.04%	TX PIC LPIC Change Ratios
15	Global Markets	1.13%	TX PIC LPIC Change Ratios
16	Signature Accounts - Non-centrex	1.14%	TX PIC LPIC Change Ratios
17	Value Medium Accounts	1.65%	TX PIC LPIC Change Ratios
18	Value Small Accounts	4.69%	TX PIC LPIC Change Ratios
19	Government/Education/Municipal (GEM) - Non-centrex	0.94%	TX PIC LPIC Change Ratios
20	Manual PIC/LPIC Transactions	2,493,053	Area Manager - Quality/M&P/Process
21	Mechanized PIC/LPIC Transactions	998,230	Area Manager - Quality/M&P/Process
22	Total PIC/LPIC Transactions	3,491,283	Total Manual and Mechanized Transactions
23	Percent Manual Transactions	100.00%	Product Management
24	Total Consumer Lines In-Service - (1st and 2nd Quarter 2005)	15,875	Product Management - Consumer Access Lines
25	Primary Consumer Lines In-service - (1st and 2nd Quarter 2005)	14,095	Product Management - Consumer Access Lines
26	Average Number of Lines per Customer	1.13	(Line 24 / Line 25)
27	Average Lines per Customer - Initial	1.00	Lines 26 - .13
28	Average Lines per Customer - Additional	0.13	Lines 26 - 1.00
	PICs/LPICs Per Line by Business Channel		

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Input

Line	Input	Value	Source
29	Consumer - PICs/LPICs per Initial Line	1.94	Based on data from Assoc. Dir. - Ad hoc Reporting
30	Consumer - PICs/LPICs per Additional Line	1.94	Based on data from Assoc. Dir. - Ad hoc Reporting
31	Global - PICs/LPICs per Initial Line	1.91	Based on data from Assoc. Dir. - Ad hoc Reporting
32	Global - PICs/LPICs per Additional Line	1.91	Based on data from Assoc. Dir. - Ad hoc Reporting
33	Value (Medium) - PICs/LPICs per Initial Line	1.93	Based on data from Assoc. Dir. - Ad hoc Reporting
34	Value (Medium) - PICs/LPICs per Additional Line	1.93	Based on data from Assoc. Dir. - Ad hoc Reporting
35	Value (Small) - PICs/LPICs per Initial Line	1.93	Based on data from Assoc. Dir. - Ad hoc Reporting
36	Value (Small) - PICs/LPICs per Additional Line	1.93	Based on data from Assoc. Dir. - Ad hoc Reporting
37	GEM - PICs/LPICs per Initial Line	1.83	Based on data from Assoc. Dir. - Ad hoc Reporting
38	GEM - PICs/LPICs per Additional Line	1.83	Based on data from Assoc. Dir. - Ad hoc Reporting
39	Signature - PICs/LPICs per Initial Line	1.93	Based on data from Assoc. Dir. - Ad hoc Reporting
40	Signature - PICs/LPICs per Additional Line	1.93	Based on data from Assoc. Dir. - Ad hoc Reporting
41	Weighted Average PIC/LPIC Changes per Service Order	0.42	
42	Provide Service Order Computer Cost, per PIC Change	$0.98	IT SO Billed Cost Study (July 2004) 13 state average
43	Provide CARE IT Cost, per PIC/LPIC Change	$0.46	PIC Processing IT Costs_2003_R2.xls (13 state average)
44	Provide IT Implementation Cost, per PIC Change	$0.0340	SBC Regional Implementation Costs
45	Overhead Factor	32.17%	SBC ARMIS Overhead Factor PICS 7-25-04
	CARE Labor Support		
46	% Dedicated to Support SBC Texas - Area Manager CARE Support	5.00%	Area Manager - Quality M&P Process
47	% Dedicated to Support SBC Texas - Manager CARE Support	10.00%	Area Manager - Quality M&P Process
48	Headcount supporting SBC Texas - Area Manager CARE Support	1	Area Manager - Quality M&P Process
49	Headcount supporting SBC Texas - Manager CARE Support	1	Area Manager - Quality M&P Process
	IPOC Labor Support		
48	% Dedicated to Support SBC Texas - Service Rep Call Group Support	0.08%	Area Manager - Access Service Center
50	% Dedicated to Support SBC Texas - Service Rep Error Corrections Support	63.26%	Area Manager - Access Service Center
51	% Dedicated to Support SBC Texas - Service Rep Collections Support	20.00%	Area Manager - Access Service Center
52	Headcount supporting SBC Texas - Service Rep Call Group Support	9	Area Manager - Access Service Center
53	Headcount supporting SBC Texas - Service Rep Error Corrections Support	1	Area Manager - Access Service Center
54	Headcount supporting SBC Texas - Service Rep Collections Support	1	Area Manager - Access Service Center
	Slamming Administration (SCRT) Labor Support		
55	% Dedicated to Support SBC Texas Business - Service Representative	19.26%	Service Representative
56	% Dedicated to Support SBC Texas Consumer - Service Representative	54.40%	Manager - Consumer Support
57	Headcount supporting SBC Texas Business - Service Representative	21	Service Representative
58	Headcount supporting SBC Texas Consumer - Service Representative	13	Manager - Consumer Support

SBC - Texas Study

Presubscribed Interexchange Carrier (PIC) Change Charge
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Input

Line	Input	Value	Source
	Labor Rate Weightings		
	Consumer - Service Reps (1)	**Number of Employees**	**Weighting %**
59	Texas	1,092	55.12%
60	Missouri	511	25.80%
61	Oklahoma	227	11.46%
62	Kansas	121	6.11%
63	Arkansas	30	1.51%
64	Total	1,981	100.00%
	Signature/GEM - Service Reps (2)		
65	Texas	160	56.14%
66	Missouri	57	20.00%
67	Oklahoma	44	15.44%
68	Kansas	2	0.70%
69	Arkansas	22	7.72%
70	Total	285	100.00%
	Global - Service Reps (3)		
71	Texas	131	90.34%
72	Missouri	14	9.66%
73	Total	145	100.00%
	Value (Small) - Service Reps (4)		
74	Texas	91	59.09%
75	Kansas	63	40.91%
76	Total	154	100.00%

(1) Headcount as of June 30, 2004	Manager - CSRC Staff
(2) Headcount as of June 30, 2004	Manager - Business Sales Admin
(3) Headcount as of June 30, 2004	Area Manager - Operations Support
(4) Headcount as of June 30, 2004	Manager - Business Sales