

KENTUCKY ADMINISTRATIVE CASE 2000-465 UNBUNDLED ELEMENT COST SUMMARY EXECUTIVE SUMMARY

STATEMENT OF PURPOSE

BellSouth Telecommunications, Inc. (BellSouth) is herewith filing Total Element Long Run Incremental Cost (TELRIC) studies, including shared and common costs, (i.e., the economic cost) for combining unbundled network elements as ordered by the Kentucky Public Service Commission in Administrative Case 2000-465, Order dated May 16, 2001. The economic costs presented in this case reflect a 2000-2002 study period.

OVERVIEW

Historically, BellSouth prepared Long Run Incremental Cost (LRIC) studies to support tariff prices for telecommunications services. The LRIC result, which considered only the volume sensitive costs, constituted the price floor for the service in question, and was one of a number of factors considered when establishing the price for a service. BellSouth also conducted Total Service Long Run Incremental Cost (TSLRIC) studies that addressed not only the volume sensitive costs but also considered the directly attributable volume insensitive costs. TSLRIC studies were used to ensure that the service was not being subsidized. With the advent of local competition as envisioned by the Telecommunications Act of 1996 (the Act), it became necessary for BellSouth to conduct cost studies to determine the costs associated with certain components or elements of its telecommunications network. BellSouth's TELRIC studies comply with the requirements of the Act and are in compliance with the FCC's as well as the Kentucky Public Service Commission's rules and regulations issued to implement the provisions of the Act.

In order to develop the economic costs associated with the UNEs contained in this filing, BellSouth initiated the basic study process as follows.

1. BellSouth first identified the UNEs to be studied
2. BellSouth determined the forward-looking engineering, and provisioning procedures required to provide the functionality for each of the combinations. This was accomplished through the involvement of key BellSouth personnel, such as cost analysts, product managers, and network employees.
3. BellSouth then developed the nonrecurring costs associated with provisioning the unbundled network elements and combinations determined above.

All models, factors, loadings and labor rates used in this proceeding are the same as those presented in Administrative Case 382. Also the compact disk that is included as part of this filing contains all study work papers and supporting documentation.

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**BELLSOUTH COST CALCULATOR ~ APPLICATION REQUIREMENTS AND
LOADING INSTRUCTIONS**

For this filing, the following requirements apply to the BellSouth Cost Calculator and supporting applications.

Operating system platforms:

Windows 95
Windows 98
Windows NT 4.0

Hardware:

Your computer should be adequately configured to run Windows 95/98/NT 4.0. Performance will vary depending on the processor and random access memory (RAM) installed in your computer. Below are the minimum hardware requirements:

CPU: Pentium 166 MHz (Due to the size of this filing, a Pentium 450MHz is recommended.)
RAM: 64 MB recommended
Disk: Temporary installation files (approximately 35 MB)
Applications (approximately 40 MB if all components installed)
Scenario requirements will vary but due to the size of this filing, it is recommended that 1 GB be available.
Printer: If you would like to print reports, your computer must be connected to a printer.

Software:

Microsoft Excel 97 or higher

Installing The BellSouth Cost Calculator

1. Verify that you have the required amount of disk space available as detailed in the Application Requirements above.

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2. Place the BellSouth Cost Calculator CD-ROM into the CD-ROM drive on your PC. Open Windows Explorer and locate the **setup.exe** file on the CD-ROM drive. Double-click **setup.exe**. The BellSouth Cost Calculator will automatically load. A User Guide will be included in the load but a copy is also included on the CD in Appendix H under the Documentation sub-directory .

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BELLSOUTH COST STUDY CD FILE LAYOUT

BELLSOUTH COST STUDIES CD - CD Installation Files – The root directory contains 15 files that are used to load the BellSouth Cost Calculator. File setup.exe is used to initiate the load process.

DATA – FOLDER

Kentucky AT&T Arbitration - folder

Final Cost Summary – folder Contains files used to produce Final Cost Summary with results from Scenario runs

AT&T Arbitration – folder Contains folders used by the BellSouth Calculator to lookup and store data while processing

AT&T Arbitration.scn – State average scenario data file; contains factors and data which are unique for each scenario

Capcost – folder

Capcalc.mdb – default data base which is unique for each scenario; contains parameters required to determine capital cost factors, e.g., debt/equity ratio, debt rate, salvage rates, etc..

Investmnts – folder element input files and associated input files, read only

Output – folder – Used to store any EXCEL output files created during scenario processing

Total_Summary.xls –Summary

Shrdcomm – folder – Used in the development of the shared and common factors

Sfac&lab.xls – flow through file

Shrdcmn.mdb – default data base which is unique for each scenario

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DOCUMENTATION – FOLDER

Narratives and Study Descriptions – folder

KYEXSUM.DOC – Executive Summary
KYNarr.doc – Cost study narrative and element descriptions
WorkFlow.ppt – Work flow process chart

Xappendix – folder

Appendix A- folder

BellSouth Cost Calculator Output Summary

Appendix B – folder

ADbsccc.doc – Capital Cost Calculator description
ADbsccc.xls – Capital Cost Calculator illustrative example

Appendix C- folder

DISCON00.xls -	Disconnect Factors
GRT98.XLS -	Gross Receipts Tax Factors
INCTAX98.XLS -	Income Taxes, State and Federal
LABR0002.XLS -	Labor Rates
EXPPRJ00.DOC -	Projected Expenses for 2000-2002 Narrative
EXPPRJ00.XLS -	Projected Expenses for 2000-2002
SVCORD00.XLS -	Service Order Proportion Factors
S&CSUM00.XLS -	Shared & Common Factor Summary
6611SC00.XLS -	Wholesale/Retail Factors for Account 6611
6612SC00.XLS -	Wholesale/Retail Factors for Account 6612
6613SC00.XLS -	Wholesale/Retail Factors for Account 6613
6623SC00.XLS -	Wholesale/Retail Factors for Account 6623

Appendix D – folder

FinalSumUG.doc – Final summary User Guide
User_Guide_24.doc – BellSouth Cost Calculator User Guide

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BELLSOUTH UNBUNDLED NETWORK ELEMENT FINAL COST SUMMARY