Changes to HM 5.3 and Its Inputs for Errata Filing

1. Corrects the OSP Technician Labor Rate Per Hour from $606 to $60 in the HM 5.3 input database. The $60 was correctly reported in Section 2.6 of the HM 5.3 Inputs Portfolio (Attachment RAM-5), but was coded incorrectly in the Model.

2. Uses Verizon's 2003 ARMIS data in place of 2002 ARMIS data as source of traffic statistics, as reported in Section 5.4 of the revised HM 5.3 Inputs Portfolio.

3. Uses the most recent Commission-prescribed values for depreciation lives and salvage values, as reported in Section 6.2 of the revised HM 5.3 Inputs Portfolio. It was our intention to use the Commission-prescribed values originally, but the wrong set was inadvertently coded in the Model.

4. Uses the same optimizer routine for determining the wire center zones, but arrives at a different answer because 1) the above cost changes have caused the average loop costs by wire center to change, and the optimizer selects zones so as to minimize the within-zone variation from the zone average; and 2) the wire center zones were incorrectly reported at the time the Supplementary Testimony was filed.

5. Modifies the pivot table definition in the Zone Summary (VZ) worksheet of the wire center expense module output so the pivot table correctly reports the average costs by wire center zone for the DS-1 and DS-3 loop components. As shown in the revised Attachment RAM-8d, the DS-1 and DS-3 loop components are summed to produce the deaveraged DS-1 and DS-3 total loop costs by wire center zone. The Zone Summary worksheet is also somewhat reformatted to facilitate reading it (e.g., the zone results are now reported in order).

6. Calculates the total DS-3 loop cost in Column AU of the Unit Cost 2 worksheet in the wire center expense module output as sum of the DS-3 Distribution (Column AS) and DS-3 Feeder (Column AT) costs.