

Study Name	<i>OSS DEVELOPMENT AND ENHANCEMENTS</i>	
Study Requester	<i>Teresa Million</i>	
Type of Study	<i>TELRIC</i>	
Study ID	<i>6850</i>	
Cost Factor Group	<i>Interconnection</i>	
Study Applications		
Completion Date	<i>August 30, 2002</i>	
Cost Analyst	<i>Nancy Frazee</i>	
Study Review	Reviewer	Date
		<i>August 30, 2002</i>
Models Used	Model	Version
	<i>Wholesale Cost Program</i>	<i>2.09</i>
	<i>Cost Factor Databases</i>	<i>99WA02E</i>
	<i>Cost Factors Model (TELRIC)</i>	<i>99V2</i>
Cost Factors Used	Factor	Effective Date
	<i>Capital Recovery</i>	<i>01/00</i>
	<i>Ad Valorem</i>	<i>01/00</i>
	<i>COE Land & Bldg</i>	<i>03/99</i>
	<i>Marketing Factors</i>	<i>01/00</i>
	<i>Cost Of Money</i>	<i>9.63%</i>
Inflation		
Major Cost Drivers		

Parameter File: I:\SLHILL-Team\OSS\WA OSS Studies\AUGUST 2002\OSS START UP - August 2002 - No Common Costs.xls, Sheet "WINPC3 Parameters"

State(s): WA

Database Vintage: 99WA02E

Factors For: Interconnection

Report Type: ICM Format

Decimal Places: 6

Costs Format: Annual

Group Totals: Yes

ACF Input: I:\SLHILL-Team\OSS\WA OSS Studies\AUGUST 2002\OSS START UP - August 2002 - No Common Costs.xls, Sheet "WINPC3 ACF Inputs"

ACF Output: I:\SLHILL-Team\OSS\WA OSS Studies\AUGUST 2002\OSS START UP - August 2002 - No Common Costs.xls, Sheet "WINPC3 ACF Outputs"

Investment: I:\SLHILL-Team\OSS\WA OSS Studies\AUGUST 2002\OSS START UP - August 2002 - No Common Costs.xls, Sheet "WINPC3 Investments"

Output: I:\SLHILL-Team\OSS\WA OSS Studies\AUGUST 2002\OSS START UP - August 2002 - No Common Costs.xls, Sheet "WINPC3 Output"

State: Washington

Description	Loaded Investment	Direct Expense	Invst. Based & Mktg.	Network Support	Other Direct Expenses	TELRIC
OSS Start Up Per ASR/LSR	\$1.361189	\$22.630892	\$25.216876	\$0.000000	\$2.766796	\$27.983671

Summary of Results
Commission Prescribed Costing & Pricing

State: Washington

<i>Description</i>	<i>Total Direct</i>	<i>State Cost/Price Factor 1 .1962</i>	<i>Total Cost or Price</i>
OSS Start Up Per ASR/LSR	\$25.216876	\$4.947551	\$30.164427

8/30/02 1:01 PM			
Row	Washington	Source or Calculation	OSS Start Up Per ASR/LSR
		Factor Value	
		A	B
1	Investment	sl r"Total" cD	1.361189
2			
3	Investment Based Costs	sl r"Total" cK	0.324581
4			
5	Direct Expenses		22.630892
6	Miscellaneous Expenses		0.000000
7	Billing & Collection - PL		0.000000
8	Total Investment Based + Billing & Collection		22.955473
9			
10	Marketing & Business Fees & Other		
11	Product Management Expense	cA*(r8-r6) 0.053904	1.237392
12	Sales Expense		0.000000
13	Product Advertising Expense		0.000000
14	Business Fees (Other Operating Taxes)	cA*(Sum(r8:r13)-r6) 0.042327	1.024011
15	Marketing & Business Fees Total	Sum r11:r14	2.261403
16			
17	Sub-Total Invst., B & C, Mktg	r8 + r15	25.216876
18			
19	Other Direct Expenses		
20	Network Operations	cA*(r17-r6) 0.000000	0.000000
21	Network Support Assets	cA*(r17-r6) 0.000000	0.000000
22	General Support Assets		0.000000
23	General Purpose Computers		0.000000
24	Uncollectible		0.000000
25	Accounting & Finance Expense		0.000000
26	Human Resources Expense		0.000000
27	Information Management Expense	cA*(r17-r6) 0.109720	2.766796
28	Intangibles		0.000000
29	Total Other Direct Expenses	Sum r20:r28	2.766796
30			
31	TELRIC	r17 + r29	27.983671
32			
33	Common		
34	Executive Expense		0.000000
35	Planning Expense		0.000000
36	External Relations Expense		0.000000
37	Legal Expense		0.000000
38	Other Procurement Expense		0.000000
39	Research & Development Expense		0.000000
40	Other General and Admin Expense		0.000000
41	Common Costs	Sum r34:r40	0.000000
42			
43	TELRIC + Common Costs	r31 + r41	27.983671

8/30/2002		OSS DEVELOPMENT AND ENHANCEMENTS								
Washington										<u>Total Capital</u>
<u>Acct</u>	<u>FRC</u>	<u>Account Name</u>	<u>Investment</u>	<u>Depreciation</u>	<u>Cost Of Money</u>	<u>Income Tax</u>	<u>Ad Valorem</u>	<u>Maintenance</u>	<u>Switch RTU</u>	<u>Costs</u>

OSS Start Up Per ASR/LSR

2124	2124	General Purpose Computers	1.361189	0.236296	0.061787	0.021142	0.005356	0.000000	0.000000	0.324581
		Total	1.361189	0.236296	0.061787	0.021142	0.005356	0.000000	0.000000	0.324581

Service: **OSS ENHANCEMENTS & DEVELOPMENT**

Jurisdiction: Washington
2-character Abbreviation WA

Product Group: Interconnect

Cost Year: 2002

Study Date: Aug-02

SECTION A

Levelizing and Present Worth Factors

Source: MSEA Website

Discount Rate	9.63%
Period (years)	6

SECTION B

Investments

Source: Information Technology Group

2000	2124	\$	3,454,770
2001	2124	\$	6,056,600

Expenses

Source: Information Technology Group

2000	Expense	\$	71,601,300
2001	Expense	\$	86,533,130

SECTION C

Demand - LSR and ASR

Source: Demand Analysis and Forecasting Group

2002	1,235,658
2003	1,379,451
2004	1,528,562
2005	1,692,993
2006	1,865,103
2007	2,088,186

OSS ENHANCEMENTS & DEVELOPMENT

Washington

Demand

Demand

1. Forecasted Demand	<i>Inputs Tab, Sec C</i>	
a. 2002		1,235,658
b. 2003		1,379,451
c. 2004		1,528,562
d. 2005		1,692,993
e. 2006		1,865,103
f. 2007		2,088,186
2. Total Net Present Value of Demand	<i>NPV of Line 1b-1f</i>	6,424,791
<i>using:</i>		
<i>Discount Rate</i>	<i>Inputs Tab, Sec A</i>	9.63%
3. Present Value of Year 2002	<i>Ln 1a</i>	1,235,658
4. Total Demand	<i>Ln 2 + Ln 3</i>	7,660,448

OSS ENHANCEMENTS & DEVELOPMENT**Washington****INVESTMENTS**

		2000	2001	Total
	<i>Inputs Tab, Sec B</i>			
1. Total Investment		\$ 3,454,770	\$ 6,056,600	
2. Future Value of Annual Investments	<i>FV of Ln1</i>	\$ 3,787,464	\$ 6,639,851	\$ 10,427,315
	<i>using:</i>			
	<i>Discount Rate</i>			9.63%
3. Net Present Value of Demand	<i>Demand Tab, Ln 4</i>			7,660,448
4. Investment Per LSR/ASR	<i>Ln 2/3</i>			\$ 1.36

OSS ENHANCEMENTS & DEVELOPMENT

Washington

EXPENSES

		2000	2001	Total
	<i>Inputs Tab, Sec B</i>			
1. Total Expense		\$ 71,601,300	\$ 86,533,130	
2. Future Value of Annual Expenses	<i>FV of Ln1</i>	\$ 78,496,505	\$ 94,866,270	\$ 173,362,776
<i>using:</i>				
Discount Rate	<i>Inputs Tab, Sec A</i>			9.63%
3. Net Present Value of Demand	<i>Demand Tab, Ln 4</i>			7,660,448
4. Blended Rate	<i>Ln 2/3</i>			\$ 22.63

OSS ENHANCEMENTS & DEVELOPMENT

Washington

Summary

Investment per Line	Monthly Expense per Line	Total
A	B	C=A+B
<i>from: Investment Tab, Ln 10</i>	<i>from: Expenses Tab, Ln 10</i>	<i>to: WINPC3 Investments Tab</i>

2124	\$	1.3612		\$	1.3612
Expense			\$	22.63	\$ 22.6309

00 incl	Project Code	Project Name	2000 Expense Actuals	2000 Capital Actuals	
1	12846ZZ	Unbundling Billing and Service Delivery	1,823,140	-	
1	14687ZZ	AIN New Product Development	(90,490)	26,130	
1	14768ZZ	Sub-Loop Unbundling	299,330	-	
1	14781ZZ	Unbundling Capacity Provisioning and Service Assurance	530	-	
1	15208ZZ	Unbundled Switching/Custom Routing	-	-	
1	15285ZZ	Unbundled LIDB Capabilities	418,020	-	
1	15423ZZ	DSL (High Cap & Access to Loop)	610,930	-	
1	15424ZZ	Quick Loop	-	-	
1	15433ZZ	UDIT	213,210	-	
1	15612ZZ	OLNS	137,250	-	
0	15704ZZ	AIN Move	-	-	
1	15829ZZ	Constrained Loop Assignment	-	-	
0	15940ZZ	Line Sharing	-	-	In its own cost study
1	15418ZZ	Rebundling	409,590	-	
0	14492ZZ	CroSS7 Interconnect Hardware Deployment	-	-	
1	14941ZZ	Interconnect Billing and Service Delivery	2,817,460	-	
0	15004ZZ	FORCAST	-	-	Year 2000, converted to maintenance
1	15049ZZ	Interconnect Billing	-	-	
0	15206ZZ	Transit Billing	-	-	
0	15280ZZ	TUMS PHASE 3	-	-	
0	16220ZZ	CroSS7-Gateway Access	-	-	
1	16371ZZ	FORCAST Enhancement	636,020	-	
1	14782ZZ	Co-Location Billing and Service Delivery	646,260	-	
0	15565ZZ	Co-Location	-	-	
1	14692ZZ	Order Flow-Through	-	-	
1	14693ZZ	EDI Interface	-	-	
1	14696ZZ	IMA GUI Enhancement	-	-	
1	14698ZZ	MEDIACC Support	614,750	-	
0	14749ZZ	EMOS - Email Ordering System	-	-	
1	14771ZZ	OS Access	2,337,450	-	
1	14772ZZ	ISC Enhancements	-	-	
1	14779ZZ	NT Growth	18,720	152,360	
1	14853ZZ	IIS Support	2,127,320	-	
0	15100ZZ	CSRM	-	-	
1	15189ZZ	IMA Common Work	20,480	-	
1	15202ZZ	IMA HP 1999	-	-	
1	15204ZZ	EXACT Support of INT. Interoffice Products	-	-	
1	15372ZZ	Wholesale Directory	268,750	-	
1	15417ZZ	EDIT Plan	-	-	
1	15419ZZ	Flow-Through IMA	7,520,150	392,120	
1	15420ZZ	EDI CLEC 1999 Replan	-	-	
1	15421ZZ	GUI Enhancements 1999 Replan	-	-	
1	15425ZZ	ISC Enhancements 1999 Replan	-	-	
1	15426ZZ	IMA Common 1999 Replan	-	-	

1	15429ZZ	Training & On-Line	-	-
0	15431ZZ	Robust CLEC Help Desk	-	-
1	15535ZZ	CENTREX Flow-Thru Engine	-	-
1	15750ZZ	Data Access Replan	-	-
1	15917ZZ	IMA Release 4.2.2	410,400	2,129,600
1	15918ZZ	IMA Release 4.2.3	449,240	-
1	15919ZZ	IMA Release 5.0	6,796,410	-
1	15920ZZ	IMA Release 5.0.1	1,607,450	-
1	15921ZZ	IMA Release 5.0.2	1,608,870	-
1	15922ZZ	IMA Release 6.0	11,989,560	-
1	15923ZZ	IMA Release 7.0	4,848,770	-
0	15924ZZ	ATM / IRTM	-	-
1	15925ZZ	IMA General	16,775,650	-
0	15946ZZ	IMA Release 8.0	-	-
0	16135ZZ	Service Order Emulation - INT	-	-
0	16136ZZ	WEB MI INT	-	-
0	16690ZZ	Future IMA Releases Post 8.0	-	-
1	12730AP	Interconnect Planning Support	-	-
0	14647ZZ	Regulatory Support	-	-
0	14780ZZ	CLEC Helpdesk Support Maintenance	-	-
1	14914ZZ	PANS: Regulatory Measurements	4,808,510	754,560
1	15422ZZ	New Measurement	-	-
1	15427ZZ	Product & Process Documentatuon	982,990	-
1	15428ZZ	Change Management Process	-	-
1	15430ZZ	System Capacity Management Process	-	-
1	15432ZZ	Pre-Production CLEC Test Environment	-	-
0	15611ZZ	ICMIT	-	-
0	15696ZZ	3rd Party Test	-	-
1	15767ZZ	Replan Work	-	-
1	15775ZZ	DMP Alternative Redaction Maintenance	-	-
0	15962ZZ	CLEC Questionnaire	-	-
1	16105ZZ	INFO BUDDY	85,860	-
0	16134ZZ	SWIFT/SOSE INT	-	-
1	16218ZZ	ADI-CRM	408,720	-
0	16241ZZ	ZCID/CLEC Billing	-	-
0	16440ZZ	SOE Flow Through	-	-
0	12747AP	CNUM Development and Deployment Support	-	-
0	12847ZZ	LNP Billing and Service Delivery	-	-
0	14774ZZ	LNP Deployment	-	-
0	14775ZZ	LSMS Version 2.0 Update	-	-
0	15551ZZ	LNP-Access 7 Hardware Deployment	-	-
0	14694ZZ	IMA Maintenance	-	-
0	15434ZZ	Additional Interconnect Regulatory Support	-	-
0	15482ZZ	ORIGINAL INT	-	-
Grand Total			71,601,300	3,454,770

<u>Project</u>	<u>Project Name</u>	<u>Expense</u>	<u>Capital</u>	<u>Notes</u>
14782ZZ	Co-Location SGAT	769,250	29,580	
14914ZZ	IBA Measurements (PANS)	5,520,150	2,905,450	
14941ZZ	Interconnect Billing and Service Delivery	2,702,410		
16218ZZ	ADI-CRM	6,292,220	391,220	
18229ZZ	IMA/EDI Test Environment	4,537,600	602,130	
16371ZZ	FORCAST Enhancement	793,090	33,060	
15418ZZ	UNE/EEL (Rebundling)	1,136,290		
12751ZZ	Resale Billing and Service Delivery	1,066,450		
15610ZZ	CMD	761,890	22,680	
14771ZZ	OS Access	1,035,180	93,270	
15419ZZ	Flow-Through Solutions	6,945,790	422,180	
15886ZZ	RCE/CEMR Enhancements	2,631,600		
15922ZZ	IMA Release 6.0	109,130		<i>IMA Release 6.0 Deployed in December 2000. Costs in this project represent bills for Leased Workers/Consultants and other miscellaneous expenses incurred in 2000 and paid in 2001.</i>
15923ZZ	IMA Release 7.0	10,692,310		
15925ZZ	IMA General	3,267,970	1,251,320	<i>Expenses such as general meetings, management, Human Resources activities, Hardware Capital budgeting and acquisition, Budgeting and cost reporting, and EDI Translator and Interactive Agent software upgrades and changes, definition and future release requirements and implementation of CLECs.</i>
15946ZZ	IMA Release 8.0	11,489,780		
16312ZZ	FOC Improvement	69,650		
17129ZZ	IMA Release 9.0	6,691,620		
17134ZZ	IMA Release 8.01	5,321,190		
17145ZZ	IMA Release 7.01	2,890,480		
17155ZZ	IMA Release 9.01	526,250		
17273ZZ	IMA Release 6.01	1,456,090		
17867ZZ	CPS Enhancements	1,838,160	149,260	
18088ZZ	IMA RIIP's	2,890,480		<i>Project incorporates IART- IMA Automated Regression Testing and non-release specific</i>
18203ZZ	IMA Extended Hours	1,683,000	156,450	<i>Extend Hours of IMA and downstream systems.</i>
18204ZZ	CENTREX Chip In	48,010		
12846ZZ	Unbundling Billing and Service Delivery	522,480		
14768ZZ	Sub-Loop Unbundling	408,520		
15285ZZ	Unbundled LIDB Capabilities	278,410		
15423ZZ	UBL/DSL	850,120		
15433ZZ	UDIT	9,620		
17564ZZ	Deaveraging	1,297,940		

TOTAL

86,533,130	6,056,600
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	A	B	C	D	E	F	G
1	Investment						
2	STUDY	OSS DEVELOPMENT AND ENHANCEMENTS					
3	DATE	8/8/2002					
4	GROUP	OSS Start Up Per ASR/LSR					
5	COMMON	WA	22.63089179	0.	0.		Expense
6	EF&I	WA	1.3611886118	0.	0.	2124	Investment

	A	B
1	Parameter	
2	WA	
3	7	
4	6	
5	Annual	1
6	Yes	
7	No	
8		
9	11	
10	6850	

	A	B	C	D	E	F	G	H	I	J
1	ACFIN									
2	99WA02E									
3	20C	DEPR-AVG	COM-AVG	IT-AVG	ADVAL	BLDG	LAND	PRODMAN	BF	INFOR
4	110C	DEPR-AVG	COM-AVG	IT-AVG	ADVAL	BLDG	LAND	PRODMAN	BF	INFOR
5	2124	DEPR-AVG	COM-AVG	IT-AVG	ADVAL	BLDG	LAND	PRODMAN	BF	INFOR

	A	B	C	D	E	F	G	H	I	J	K	L
1	ACFOUT	Factors For: Interconnection										
2	<i>-Run Done With Database Vintage: 99WA02E, Dated: 01/14/00</i>											
3	<i>-Wholesale Cost Program (TELRIC) Data Base released 01/00 (99WA02E).</i>											
4	<i>-CAPITAL RECOVERY factors released 01/00 and based on 9.63% Cost</i>											
5	<i>Of Money. No 1-10 Year factors developed.</i>											
6	<i>-MAINTENANCE factors released 01/00.</i>											
7	<i>-RTU factors released 03/99.</i>											
8	<i>-AD VALOREM Tax released 01/00.</i>											
9	<i>-DIRECTLY ASSIGNED expense factors released 01/00.</i>											
10	<i>-BUSINESS FEES released 01/00.</i>											
11	<i>-COMMON Expense released 01/00.</i>											
12	<i>-TOTAL INSTALLED FACTORS (TIF) released 03/99.</i>											
13	<i>-POWER investment factors released 03/99.</i>											
14	<i>-SALES TAX released 03/99.</i>											
15	<i>-TELCO Engineering factors released 03/99.</i>											
16	<i>-INTEREST DURING CONSTRUCTION released 03/99.</i>											
17	<i>-LAND AND BUILDING factors released 03/99.</i>											
18	<i>-DIRECTLY ATTRIBUTABLE expense factors released 01/00.</i>											
19	<i>-SALES EXPENSE factor released 01/00.</i>											
20	<i>-PRODUCT MANAGEMENT factor released 01/00.</i>											
21	<i>-BILLING & COLLECTION factor released 01/00.</i>											
22	<i>-PROVISIONING factors released 03/99.</i>											
23	<i>-TELEPHONE PLANT INDEX released 03/99.</i>											
24	<i>-STRUCTURE RATIO released 03/99.</i>											
25												
26	State:											
27												
28	ACCOUNTS											
29	20C											
30	110C											
31												
32	State:	Washington										
33												
34	ACCOUNTS	DEPR-AVG	COM-AVG	IT-AVG	ADVAL	BLDG	LAND	PRODMAN	BF	NTWKOP	NTWKST	INFOR
35	20C	0.000000	0.091835	0.031423	0.003935	0.000000	0.000000	0.053904	0.042327	0.000000	0.000000	0.109720
36	110C	0.023114	0.072932	0.024955	0.003935	0.000000	0.000000	0.053904	0.042327	0.000000	0.000000	0.109720
37	2124	0.173595	0.045392	0.015532	0.003935	0.000000	0.000000	0.053904	0.042327	0.000000	0.000000	0.109720