Docket No. UT-003013, Part B
Exhibit TKM-23
February 7, 2001

Executive Summary

WASHINGTON

DS0 SUB-LOOP DISTRIBUTION - BUILDING CABLE WITH COMMISSION ORDERED LOOP MODIFICATIONS

STUDY ID 4589

PRESCRIBED LIVES
9.63% COM

2000 RECURRING COST STUDY

JANUARY 2001

DS0 SUB-LOOP DISTRIBUTION - BUILDING CABLE

WASHINGTON
2000

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A. PURPOSE, SCOPE, AND APPLICATION

The purpose of this study is to estimate Qwest's 2000 long-run incremental costs for DS0 SUB-LOOP DISTRIBUTION - BUILDING CABLE within the state of Washington with Commission ordered loop modifications.

This study develops statewide average Total Element Long Run Incremental Costs (TELRIC). Costs are specific to the state of Washington and are stated on a per channel basis, unless specified otherwise. ***Cost results are based on Commission Prescribed Lives and 9.63 % Cost Of Money (COM).***

B. DESCRIPTION OF SERVICE

The DS0 SUB-LOOP DISTRIBUTION - BUILDING CABLE provides a CLEC with access to various Sub-Loop Unbundled elements at the established Field Connection Point arrangements.

This cost study includes the costs for the following component:

Building Cable - The CLEC places outside plant to a building and wishes to access the Qwest owned riser cable or inside wire through a building terminal. The CLEC or building owner will place a common terminal or cross-connect facility that Qwest will jumper to the Qwest terminal and the riser / inside wire.

C. STUDY METHODOLOGY

Qwest uses the Loop Module Program to calculate the total element long run incremental costs associated with Sub-Loop Distribution. This model calculates the incremental costs of essential network components. Loop Mod also includes a unit investment file that includes the cost of each investment component.

The TELRIC Windows Personal Computer Cost Calculator (Wholesale Cost Program) was used to convert installed investments to monthly costs by applying appropriate investment and expense factors to the installed investment.

D. Description OF TOTAL ELEMENT LONG RUN INCREMENTAL COSTS

Total Element Long Run Incremental Cost (TELRIC) studies are performed by Qwest to estimate the economic cost of providing network elements. The QWEST'S TELRIC studies identify the forward-looking costs associated with the provision of the total quantity of a network element in the long run. The *forward-looking* Qwest TELRIC studies identify the costs that are likely to be incurred in the future, and consider the latest forward-looking technologies and methods of operation that are currently available. These studies are *not* embedded or historical, and do not measure the impact of prior investment decisions by the corporation. The Qwest TELRIC studies also

identify the *long run* costs associated with providing a network element—reflecting a time period over which all inputs (including changes in the size of facilities, levels of investment, etc.) can be adjusted.

Qwest TELRIC studies identify recurring and nonrecurring costs. *Recurring costs* are the ongoing costs associated with providing a network element. Recurring costs are generally investment-related and include both capital costs and operating expenses. These costs are often presented as a cost per month or per unit of usage (e.g., minute of use) and are incurred throughout the time period the network element is provided to a customer. *Nonrecurring costs* are the one-time costs that are incurred at the time a customer establishes, disconnects or changes service. These costs normally result from a customer order, and are predominantly labor-related.

The Qwest recurring and nonrecurring TELRIC studies identify costs on a unitized basis and disaggregates the cost results into the following components:

Total Direct Costs are the forward-looking costs that are caused by offering the network element in the long run. These costs would not be incurred if the network elements were not offered. Total Direct Costs reflect the per-unit forward looking cost associated with providing the entire network element in the most efficient manner, holding constant the production of all other network elements produced by the firm. For recurring element costs Total Direct Costs include the capital costs (e.g., depreciation, return, taxes) and maintenance costs associated with the investment required to provision a network element, along with other network element-specific costs such as product management expense. For non-recurring costs, Total Direct Costs include the labor-related expenses associated with the provision of a network element, along with other network element-specific costs such as product management expense.

Directly Attributed Costs include network administration and engineering costs and various administrative costs such as the cost of general-purpose computers and accounting and finance expenses. These costs are not directly associated with a specific network element. However, these costs vary with the provision of all network elements, and are not common to the entire firm.

Total Element Long Run Incremental Costs (TELRIC) represent the sum of Total Direct Costs and Directly Attributed Costs. This measure of costs includes the forward-looking costs incurred in the provision of a network element. This measure of costs is consistent with TELRIC as defined by the FCC.

Common Costs are associated with the enterprise as a whole. These costs do vary based on the total size of the firm, but do not vary with the provisioning of individual network elements. These costs are avoidable only with the elimination of the entire firm, and are sometimes referred to as *general overhead costs.*

Fully Allocated Costs represent the sum of Total Element Long Run Incremental Cost plus Common Costs (TELRIC + CC).

E. STUDY ASSUMPTIONS

1) All network investments are forward-looking:

2) All costs displayed are a 2000 level.

3) Cost results are based on Commission Prescribed Lives and 9.63 % COM