

<b>Investment</b>			
<b>Customer Premises Equipment ("CPE")</b>			
Purchase Price of a T1 Channel Bank and Battery Backup		\$ 3,161.00	
Discount off of Purchase Price		30%	
Discounted Price of T1 Channel Bank and Battery Backup		\$ 2,212.70	
<b>Network Investment</b>			
Cost Per DS1 for One 1:3 Multiplexer		\$ 128.57	
Network Equipment ACF		0.200	
CLEC Cost of Capital		11.63%	
Monthly DS1 Switching and Transport costs (assuming 12 VGE)		\$ 40.60	
CPE Economic Life		120	
<b>Non Recurring Costs</b>			
Amortization Period for NRC in Months		24	
<b>CPE Installation Costs</b>	Hours	Rate	Total
Total Installation Cost	2	\$ 64.00	\$ 128.00
<b>CPE Removal Costs</b>			
Total Removal Cost	1	\$ 64.00	\$ 64.00
<b>CPE Maintenance Costs</b>			
Frequency of Maintenance Visits in Years		3	
Average Maintenance Visits Per Year		0.3333333	
Travel and Labor Hours per Maintenance Visit		1	
Average Annual Maintenance Cost	Hours	Rate	Total
	0.3333333	\$ 64.00	\$ 21.33
Additional DS1 Marketing Costs (Assuming 12 VGE)		\$ 625.00	\$ -

Crossover Analysis

Estimating the UNE-P to DS1 Crossover

State

WA

Crossover by Zone	Monthly DS1 CPE + Network + DS1 Cost	Monthly UNE-P Cost	Crossover	% of Loops In Zone	Weighted Average
Zone 1	\$207.40	\$10.09	20.6	6.6%	1.4
Zone 2	\$207.95	\$15.03	13.8	19.1%	2.6
Zone 3	\$207.62	\$16.44	12.6	19.9%	2.5
Zone 4	\$207.50	\$17.99	11.5	14.2%	1.6
Zone 5	\$212.87	\$22.74	9.4	40.2%	3.8
Total					12

Calculation of Monthly Amortized CPE and Marketing Costs	Total Costs	NPV	Amortized Monthly Cost
CPE Investment	\$2,212.70		\$31.27
CPE Installation	\$ 128.00		\$6.00
CPE Removal	\$ 64.00	\$51.36	\$2.41
CPE Maintenance	\$ 21.33		\$1.00
Marketing	\$ 625.00		\$29.31
Total Monthly Amortized CPE and Marketing Costs		\$64.00	
Calculation of Monthly Amortized Network Costs			
Multiplexing	\$ 128.57	\$2.14	
Total Monthly Amortized Network Costs		\$2.14	
Monthly DS1 Switching and Transport Costs (Assuming 12 VGE)		\$ 40.60	

UNE DS1 Loop Rates	MRC	NRC	Disconnection Charge	NPV of Disconnection Charge	Monthly Amortized Disconnection Charge	Monthly Amortized NRC	Total Monthly DS1 Loop Cost
Zone 1	\$ 68.86	\$ 332.34	\$ 27.99	\$22.46	\$1.05	\$15.59	\$85.50
Zone 2	\$ 69.41	\$ 332.34	\$ 27.99	\$22.46	\$1.05	\$15.59	\$86.05
Zone 3	\$ 69.08	\$ 332.34	\$ 27.99	\$22.46	\$1.05	\$15.59	\$85.72
Zone 4	\$ 68.96	\$ 332.34	\$ 27.99	\$22.46	\$1.05	\$15.59	\$85.60
Zone 5	\$ 74.33	\$ 332.34	\$ 27.99	\$22.46	\$1.05	\$15.59	\$90.97
Interconnection Tie Pair Cost Per DS1 Connection	\$1.29						\$1.29

UNE-P Rates	MRC
Zone 1	\$10.09
Zone 2	\$15.03
Zone 3	\$16.44
Zone 4	\$17.99
Zone 5	\$22.74

DS-1 Backhaul Charges	DS-3 Special Access Fixed	DS-3 Special Access Per-Mile	DS-3 Special Access Mileage	DS3 NRC	Monthly Amortized NRC Cost	Total DS-3 Backhaul	Per-DS1 Backhaul Cost
Backhaul	\$240.00	\$47.25	3	\$305.00	\$6.73	\$388.48	\$13.87