

**BOULT
CUMMINGS
CONNERS
& BERRY** PLC

LAW OFFICES
414 UNION STREET, SUITE 1600
POST OFFICE BOX 198062
NASHVILLE, TENNESSEE 37219

Jon E. Hastings
(615) 252-2306
Fax: (615) 252-6306
Email: jhastings@bccb.com

REC'D TN
REGULATORY AUTH.
'99 FEB 24 PM 2 52
OFFICE OF THE
EXECUTIVE SECRETARY
TELEPHONE (615) 244-2582
FACSIMILE (615) 252-2380
INTERNET WEB <http://www.bccb.com/>

February 24, 1999

K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

**Re: Contested Cost Proceedings to Establish "Permanent Prices" for
Interconnection Services and Unbundled Network Elements
Docket No. 97-01262**

Dear David:

In compliance with the Tennessee Regulatory Authority's (the "Authority") order dated January 25, 1999 in the above-referenced docket, MCI Telecommunications Corporation and WorldCom Technologies, Inc. (MCI/WorldCom) and AT&T Communications for the South Central States, Inc. files the attached collocation model. Attachment 1 summarizes the output of the model and the rates for collocation. Attachment 2 summarizes the modifications made to the model in response to the Authority's order. A disk is also enclosed for your convenience.

Copies have been served on all parties of record.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC



Jon E. Hastings

JEH/sja
Enclosures

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing has been hand delivered or mailed to the following persons on this the 24th day of February, 1999.

James P. Lamoureux
AT&T
1200 Peachtree Street, NE
Room 8068
Atlanta, GA 30309

Val Sanford
Gullett, Sanford, Robinson &
Martin, PLLC
230 4th Avenue North, Third Floor
P. O. Box 198888
Nashville, TN 37219-8888

Guy M. Hicks
Bellsouth Telecommunications, Inc.
333 Commerce Street, Suite 2101
Nashville, TN 37201-3300

Charles B. Welch, Jr.
Farris, Mathews, Gilman,
Branan & Hellen, P.L.C.
511 Union Street, Suite 2400
Nashville, TN 37219

L. Vincent Williams
Consumer Advocate Division
Cordell Hull Building, Second Floor
426 Fifth Avenue North
Nashville, TN 37243-0500

H. LaDon Baltimore, Esq.
Farrar & Bates, LLP
211 Seventh Avenue North, Suite 320
Nashville, TN 37219-1823

William C. Carriger, Esq.
Strang, Fletcher, Carriger, Walker, et al.
400 Krystal Bldg., One Union Square
Chattanooga, TN 37402-2514

Benjamin W. Fincher, Esq.
Sprint Communications Company
3100 Cumberland Circle
Atlanta, GA 30339

Henry Walker, Esq.
Boulton, Cummings, Connors & Berry, PLC
414 Union Street, Suite 1600
Nashville, TN 37219

Dana Shaffer, Esq.
Nextlink
105 Malloy Street, #300
Nashville, TN 37201

Julie Strow
Intermedia Communications
3625 Queen Palm Dr.
Tampa, FL 33619

Carolyn Tatum-Roddy, Esq.
Sprint Communications Co., LP
3100 Cumberland Circle
Atlanta, GA 30339

Kenneth Bryant, Esq.
Trabue, Sturdivant & DeWitt
511 Union Street, Suite 2500
Nashville, TN 37219-1738

James B. Wright, Esq.
United Telephone-Southeast
14111 Capitol Blvd.
Wake Forest, NC 27587


Jon L. Hastings

Tennessee Regulatory Authority Ordered Run

Summary Comparison of Collocation Cost Model Version 1.2 As Filed and Authority Ordered Inputs

Cage Construction	AS FILED		ORDERED INPUTS		AS FILED		ORDERED INPUTS		Unit (If Not Total)	Remarks (Ordered Inputs)
	Non-Recurring		Non-Recurring		Monthly Recurring		Monthly Recurring			
Planning	\$3,325.43		\$2,903.66							Manpower Required Per CLEC Request
					\$15.10		\$16.16			Manpower for Planning Initial Collocation Building Modifications
Grounding					\$4.04		\$4.32			Total Cost of Equipment Grounding
Cage Preparation					\$103.31		\$110.97		Per 100 Sq. Ft Cage	Elements involved in the physical construction of the Cage, costed for the 100 Sq. Ft Cage and one fourth of the 173.33 Sq. Ft Common Area
Land & Buildings					\$643.66		\$594.04		Per 100 Sq. Ft Cage	\$4.14 Per Sq. Ft per month Land & Building Cost times 143.33 Sq. Ft allocation resulting from 100 Sq. Ft Cage and one fourth of 173.33 Sq. Ft Common Area.
Cable Racking					\$20.29		\$21.47			Total Cost includes 20' Rack at 5' and 20' lengths from Connectivity, 12" Rack at 5' and 20' lengths from Entrance Fiber, and 15'x5' Rack from Power Delivery.
Entrance Fiber	\$1,081.43		\$944.27		\$2.65		\$2.56			Cable Installation, Splice, and Pull
									Per Cable	Cable Hole, Rack, and Occupancy Charges
Power Delivery	\$160.41		\$142.40						Per 40 Amp	Includes 20 Amp A and B Feed, plus 2 Battery Returns
	\$209.21		\$185.72						Per 100 Amp	Includes 50 Amp A and B Feed, plus 2 Battery Returns
	\$272.66		\$242.05						Per 200 Amp	Includes 100 Amp A and B Feed, plus 2 Battery Returns
Power Consumption										
DC Plant					\$3.66		\$3.55		Per Amp	BDFB, Batteries, Rectifiers, Generator, etc.
AC Usage					\$2.03		\$2.03		Per Amp	Monthly AC Rate Per DC Amp
Voice Grade Circuits										
Connection to MDF	\$879.65		\$768.08		\$4.93		\$4.75		Per 100 Ckt	Cable and Horizontal Terminal strips
									Per 100 Ckt	Hole, Rack, and MDF
DS - 1 Circuits										
Connection to DCS	\$1,335.72		\$1,166.31				\$215.12		Per 28 Ckt	Cable
					\$222.33				Per 28 Ckt	Rack, Hole, and DCS
Connection to DSX	\$1,335.72		\$1,166.31				\$10.63		Per 28 Ckt	Cable
					\$11.00				Per 28 Ckt	Rack, Hole, and DSX
DS - 3 Circuits										
Connection to DCS	\$341.32		\$298.03		\$55.78		\$53.96		Per 1 Ckt	Cable
									Per 1 Ckt	Rack, Hole, and DCS
Connection to DSX	\$341.32		\$298.03		\$9.65		\$9.32		Per 1 Ckt	Cable
									Per 1 Ckt	Rack, Hole, and DSX

Security Access

Non-Recurring		Non-Recurring	
Security Access Cards	\$87.16		\$76.10
Per Request		Request assumes 5 Security Access Cards at \$15 per card.	

Entrance Fiber Structure Tariff

Recurring		Recurring	
Structure Charge	\$0.0156		\$0.0156
Per Ft Innerduct		State Specific, Subject to Negotiated/Tariffed Provisions	

Docket No. 97-01262

Changes to Collocation Cost Model

January 25, 1999 Interim Order on Phase I of Proceeding to Establish Prices For Interconnection and Unbundled Network Elements

<u>Issue No.</u>	<u>Description of Modification to Collocation Model</u>
-------------------------	--

5: Depreciation Rates	Change the Economic Lives and Net Salvage values in the Inputs sheet of the Collocation Model to Tennessee-specific inputs.
------------------------------	---

6: Cost of Capital	Change the percent debt to 40%, cost of debt to 7.30%, percent equity to 60%, and cost of equity to 12.46% in the Inputs sheet of the Collocation Model.
---------------------------	--

7: Plant specific expenses	Develop adjusted plant specific expense by allocating Bell's normalized 1996 expenses, with the ordered reduction of 22.5%, for input into the Collocation Model in the Actuals sheet.
-----------------------------------	--

8: Ad valorem tax rate	Change the Other Taxes Factor input to 1.45% in the Inputs sheet of the Collocation Model.
-------------------------------	--

17(a): Shared and Common Costs in Nonrecurring Prices	Zero-out the application of the Corporate Overhead Factor to collocation elements treated as nonrecurring costs in the Expense Summary sheet of the Collocation Model. Change the formula $\text{=(Collocation Investment including Ad Valorem Tax)+(Collocation Investment including Ad Valorem Tax * Corporate Overhead Factor)}$ to $\text{=(Collocation Investment including Ad Valorem Tax)}$.
--	--

19: Adjust Width of the Common Area	Land and Building: Modify the common area dimension from 7'6" X 20' = 150 square feet to 8'8" x 20' = 173.33 square feet. Divide 173.33 square feet by 4 to develop the common area allocation per 100 square foot cage = $173.33/4 = 43.33$ square feet. In the Cost Summary sheet of the Collocation Model, modify the algorithm in cell E9 to $\text{=(Expense Summary!M104+Expense Summary!M105)*(100+(8.67*20)/4)}$.
--	--

Cage Preparation:

Modify the input for quantity required of Partitioning to be $=155+(14/12*2)$ in the Cage Prep Input sheet of the Collocation Model to reflect an additional 28" of material.

Modify the input for quantity required of Floor Tile to be $=550+(14/12*20)$ in the Cage Prep Input sheet of the Collocation Model to reflect an additional 14" X 20' of material.

Power Delivery:

Modify the input for quantity required of Cable B (for each of the different size cables) to be $=35+(14/12)/2$ in the Delivery Input sheet of the Collocation Model to reflect an additional $14''/2=7''$ of material from the middle of the Common Area into the cage.

Modify the input for quantity required of Cable Rack to be $=5+(14/12)/2$ in the Delivery Input sheet of the Collocation Model to reflect an additional $14''/2=7''$ of material from the middle of the Common Area into the cage.