

Confidential Release

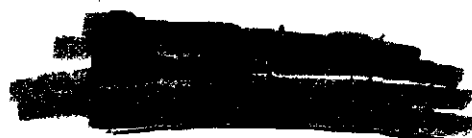
**Case Number:
90-467-TP-ATA**

**Date of Confidential Document:
MAY 22, 1991**

**Today's Date:
July 28, 2009**

Staff 4

Information Request



Public Utilities Commission of Ohio

Company: Ohio Bell Telephone Co. Request No. 13
 Case No: 90-467-TP-ATA Requested By: Allen Francis
 Nadia Soliman
 Kurt Wesolek
 Date Submitted: 5/22/91 Date Required: 5/30/91

- 1) Explain in detail why no portion of the RTU Fees, incremental to Phase I CLASS Services, is allocated to the cost for Caller ID and Automatic Callback?
- 2) How should the RTU Fees incremental to Phase I CLASS Services be recovered?
- 3) Please revise your cost studies for Caller ID and Auto Callback to incorporate the RTU Fees for CLASS Services Phase I. Indicate how you will allocate these cost among the proposed Phase I CLASS Services and Supply the following source documents:

A) Copies of the invoices showing the RTU fee amounts that were paid by OBT for CLASS features Phase I to each of the vendors of the following technology: LAESS, SESS, DMS100 and EWSD. Also, show how OBT was charged for the RTU, is it per access line, per switch or per switching module?

B) The most recent data to show how many switches will be upgraded to provide CLASS features Phase I during the 5 year planning period with the breakdown
 * By technology (LAESS, SESS, DMS100 and EWSD),
 * By switch category (Host/Remote/Stand Alone) and
 * By access lines (forecasted number Of customers will subscribe to these services).

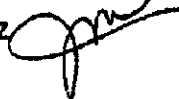
C) To have a better understanding of the costing methodology, When OBT purchases "state-of-art offices with state-of-art features" as quoted in Data request #9, question 1.E, does the offices (switches) always come equipped with the software for Class Phase I features? If yes, please list those offices, if no, does OBT first purchase the switch and later upgrade the software to offer CLASS features? Please list those offices.



Ohio Bell
AN AMERICAN COMPANY

May 30, 1991

To: Allen Frances
Nadia Soliman
Kurt Wesolek

From: Judi Matz 

Please find attached; the response to your Data Request of May 22, 1991.

I have provided each of you with a copy.

If there is additional assistance I can provide, please let me know.

Thanks.

PUCO Data Request No. 13

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- 1) Explain in detail why no portion of the RTU Fees, incremental to Phase I CLASS Services, is allocated to the cost for Caller ID and Automatic Callback?
-

Only RTU fees that could be avoided if a specific feature were not provided are included in the cost determination for that feature.

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2) How should the RTU Fees incremental to Phase I CLASS Services be recovered?

The expected revenues from the product family should be sufficient to cover product family costs, including RTU fees, over the products' lives.

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- 3) Please revise your cost studies for Caller ID and Auto Callback to incorporate the RTU Fees for CLASS Services Phase I. Indicate how you will allocate these cost among the proposed Phase I CLASS Services and supply the following source documents:
- A) Copies of the invoices showing the RTU fee amounts that were paid by OBT for CLASS features Phase I to each of the vendors of the following technology: 1AESS, 5ESS, DMS100 and EWSD. Also, show how OBT was charged for the RTU, is it per access line, per switch or per switching module?
 - B) The most recent data to show how many switches will be upgraded to provide CLASS features Phase I during the 3 year planning period with the breakdown
 - * By technology (1AESS, 5ESS, DMS100 and EWSD),
 - * By switch category (Host/Remote/Stand Alone) and
 - * By access lines (forecasted number of customers will subscribe to these services).
 - C) To have a better understanding of the costing methodology, when OBT purchases "state-of-art offices with state-of-art features" as quoted in Data request #9, question 1.E, does the offices (switches) always come equipped with the software for Class Phase I features? If yes, please list those offices, if no, does OBT first purchase the switch and later upgrade the software to offer CLASS features? Please list those offices.

For proposed minimum and price list prices, the attached summaries show that the expected contribution from Caller ID, Automatic Callback and Repeat Dialing is sufficient to cover all relevant RTU fees.

- A) As discussed with Staff May 23, 1991, the RTU invoices will be provided to Staff in approximately three weeks.
- B) The requested lists are attached.
- C) No. CLASS Phase I features are being added to switches within the deployment area as depicted in the schedule provided. This necessitates the purchase of the appropriate software generic program which provides CLASS features and the specific CLASS feature software.

Whenever a switch within this deployment area is replaced, the new switch will be purchased equipped with the latest software generic program in which the CLASS feature software will be available. The following switches are replacements:

CLEVOH5353G

CLEOH5657E was (folded) into an existing switch, CLEVOH62J DMS
SCLDOH7272E (replaced) as a remote from a 5E

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Continuation of Answer to 3 C.

Other than these 3 switch exceptions; the schedule noted for 3 B. is the list of offices where CLASS Phase I features are being added.

	Description	Source	Automatic Callback	Repeat Dialing	CallertD
1	Customer Forecast (List Price) --1990	Marketing	10,501	4,638	2,180
2	Customer Forecast (List Price) --1991	Marketing	20,643	9,081	12,805
3	Customer Forecast (List Price) --1992	Marketing	35,861	15,846	28,935
4	Customer Forecast (List Price) --1993	Marketing	49,285	21,778	43,855
5	Customer Forecast (List Price) --1994	Marketing	67,587	29,863	59,060
6	(P/F, 14.09%, 1)	SD-6.0;L1	0.876501	0.876501	0.876501
7	(P/F, 14.09%, 2)	SD-6.0;L2	0.768254	0.768254	0.768254
8	(P/F, 14.09%, 3)	SD-6.0;L3	0.673375	0.673375	0.673375
9	(P/F, 14.09%, 4)	SD-6.0;L4	0.590214	0.590214	0.590214
10	(P/F, 14.09%, 5)	SD-6.0;L5	0.517323	0.517323	0.517323
11	Present Value of 1990 Customers	L1xL6	9,204	4,063	1,911
12	Present Value of 1991 Customers	L2xL7	15,859	6,977	9,837
13	Present Value of 1992 Customers	L3xL8	24,148	10,570	19,484
14	Present Value of 1993 Customers	L4xL9	29,089	12,854	25,884
15	Present Value of 1994 Customers	L5xL10	34,984	15,449	30,553
16	Present Value of 1990-1994	L11 thru L15	113,264	50,013	87,669
17	Direct Fixed Costs (Upfront Expenses)	Cost Study	\$148,070.84	\$148,070.84	\$240,852.20
18	Annual Fixed Cost per Line	L17/L16	\$1.31	\$2.96	\$2.75
19	Monthly Fixed Cost per Line	L18/12	\$0.11	\$0.25	\$0.23
20	Monthly Vol. - Sensitive Cost per Line	Cost Study	\$1.49	\$1.87	\$0.93
21	Monthly Total Incr Cost per Line	L19+L20	\$1.60	\$2.12	\$1.16
22	List Price per Line	Pricing List	\$3.50	\$3.50	\$6.50
23	Monthly Contribution per Line	L22-L21	\$1.90	\$1.38	\$5.34
24	Present Value of 5-Year Contribution	12xL16xL23	\$2,583,857	\$830,183	\$5,618,944
25	Present Value of 5-Year Contribution for All Services				\$9,032,984
26	Present Value of 5-Year RTU Fees for All Switches				\$6,678,358
27	Net Present Value (Contribution less RTU Fees)				\$2,354,626

	Description	Source	Automatic Callback	Repeat Dialing	CallID
1	Customer Forecast (Tariff Minimum) -- 1990	Marketing	11,551	5,099	6,104
2	Customer Forecast (Tariff Minimum) -- 1991	Marketing	22,707	9,989	17,927
3	Customer Forecast (Tariff Minimum) -- 1992	Marketing	39,447	17,430	40,509
4	Customer Forecast (Tariff Minimum) -- 1993	Marketing	54,213	23,955	61,397
5	Customer Forecast (Tariff Minimum) -- 1994	Marketing	74,346	32,849	82,684
6	(P/F, 14.09%, 1)	SD-6.0;L1	0.876501	0.876501	0.876501
7	(P/F, 14.09%, 2)	SD-6.0;L2	0.768254	0.768254	0.768254
8	(P/F, 14.09%, 3)	SD-6.0;L3	0.673375	0.673375	0.673375
9	(P/F, 14.09%, 4)	SD-6.0;L4	0.590214	0.590214	0.590214
10	(P/F, 14.09%, 5)	SD-6.0;L5	0.517323	0.517323	0.517323
11	Present Value of 1990 Customers	L1xL6	10,124	4,469	5,350
12	Present Value of 1991 Customers	L2xL7	17,445	7,674	13,772
13	Present Value of 1992 Customers	L3xL8	26,563	11,737	27,278
14	Present Value of 1993 Customers	L4xL9	31,997	14,139	36,237
15	Present Value of 1994 Customers	L5xL10	38,460	16,994	42,774
16	Present Value of 1990-1994	L11 thru L15	124,589	55,013	125,411
17	Direct Fixed Cost (Upfront Expenses)	Cost Study	\$148,070.84	\$148,070.84	\$240,852.20
18	Annual Fixed Cost per Line	L17/L16	\$1.19	\$2.69	\$1.92
19	Monthly Fixed Cost per Line	L18/12	\$0.10	\$0.22	\$0.16
20	Monthly Vol. - Sensitive Cost per Line	Cost Study	\$1.49	\$1.87	\$0.93
21	Monthly Total Incremental Cost per Line	L19+L20	\$1.59	\$2.09	\$1.09
22	Minimum Price per Line	Tariff	\$2.50	\$2.50	\$4.50
23	Monthly Contribution per Line	L22-L21	\$0.91	\$0.41	\$3.41
24	Present Value of 5-Year Contribution	12xL16xL23	\$1,360,512	\$270,664	\$5,131,818
25	Present Value of 5-Year Contribution for All Services				\$8,762,984
26	Present Value of 5-Year RTU Fees for All Switches				\$6,678,358
27	Net Present Value (Contribution less RTU Fees)				\$84,636

	Description	Source	1AESS	SESS	DMS	EWSD
1	Office Upgraded--1990	Network Planning	12	19	11	3
2	Office Upgraded--1991	Network Planning	3	6	3	0
3	Office Upgraded--1992	Network Planning	12	15	3	0
4	Office Upgraded--1993	Network Planning	4	6	4	0
5	Office Upgraded--1994	Network Planning	4	17	0	0
6	Total Offices Upgraded	L1 thru L5	35	63	21	3
7	Office Share--1990	L1/L6	34.29%	30.16%	52.38%	100.00%
8	Office Share--1991	L2/L6	8.57%	9.52%	14.29%	0.00%
9	Office Share--1992	L3/L6	34.29%	23.81%	14.29%	0.00%
10	Office Share--1993	L4/L6	11.43%	9.52%	19.05%	0.00%
11	Office Share--1994	L5/L6	11.43%	26.98%	0.00%	0.00%
12	Total Joint RTU Fees	Memo	\$3,202,500	\$4,773,693	\$218,880	\$61,800
13	RTU Fees--1990	L7xL12	\$1,098,000	\$1,439,685	\$114,651	\$61,800
14	RTU Fees--1991	L8xL12	\$274,500	\$454,637	\$31,269	\$0
15	RTU Fees--1992	L9xL12	\$1,098,000	\$1,136,594	\$31,269	\$0
16	RTU Fees--1993	L10xL12	\$366,000	\$454,637	\$41,691	\$0
17	RTU Fees--1994	L11xL12	\$366,000	\$1,288,139	\$0	\$0
18	(P/F, 14.09%, 0)		1.000000	1.000000	1.000000	1.000000
19	(P/F, 14.09%, 1)	SD-6.0;L1	0.876501	0.876501	0.876501	0.876501
20	(P/F, 14.09%, 2)	SD-6.0;L2	0.768254	0.768254	0.768254	0.768254
21	(P/F, 14.09%, 3)	SD-6.0;L3	0.673375	0.673375	0.673375	0.673375
22	(P/F, 14.09%, 4)	SD-6.0;L4	0.590214	0.590214	0.590214	0.590214
23	PV of RTU Fees--1990	L13xL18	\$1,098,000	\$1,439,685	\$114,651	\$61,800
24	PV of RTU Fees--1991	L14xL19	\$240,600	\$398,490	\$27,407	\$0
25	PV of RTU Fees--1992	L15xL20	\$843,543	\$873,193	\$24,023	\$0
26	PV of RTU Fees--1993	L16xL21	\$246,455	\$306,141	\$28,074	\$0
28	PV of RTU Fees--1994	L17xL22	\$216,018	\$760,278	\$0	\$0
29	PV of 1990-1994 Fees	L23 thru L28	\$2,644,616	\$3,777,787	\$194,155	\$61,800
30	PV of RTU Fees for All Switches					\$6,678,358