Confidential Release

Case Number: 02-1280-TP-UNC

Date of Confidential Document: 5/23/2005

Release Date: FEB 15 2018

Page Count: 16

Document Description:Exhibits

"***Consent to Release to the PUCO DIS Website***"

Name _____
Reviewing Attorney Examiner's Signature

Date Reviewed 2/16/18

CONFIDENTIAL

Summary of SBC Ohio
Non-Recurring Charge (NRC)
Rate Development

02 -1280

	UNE RATE ELEMENT	Proposed Costs	Shared and Common	Proposed Rates
Unbundled Loops				
Loop NRC				
1	Service Ordering Charge - Analog/2W Digital Loops - Install and Disconnect- Per Occasion	$ 20.56	31.16%	$ 26.97
2	Service Ordering Charge - *Analog/2W Digital Loops - Subsequent - Per Occasion*	$ 12.64	31.16%	$ 16.58
3	Service Ordering Charge - Analog/2W Digital Loops - Record Work Only - Per Occasion	$ 10.25	31.16%	$ 13.44
4	Service Ordering -(DS1) - Administrative Charge (Install plus Disconnect)	$ 70.48	31.16%	$ 92.44
5	Service Provisioning (DS1) (Applies to Stand Alone Loops) (Install plus Disconnect)	$ 311.40	31.16%	$ 408.44
6	Service Ordering - (DS3) - Administration Charge (Install plus Disconnect)	$ 70.48	31.16%	$ 92.44
7	Service Provisioning (DS3) (Applies to Stand Alone Loops) (Install plus Disconnect)	$ 332.42	31.16%	$ 436.00
8	Line Connection Charge - Analog/2W Digital Loop - Per Termination (Install plus Disconnect)	$ 67.04	31.16%	$ 87.93
Loop Cancellation OR Change Service Charge, PER LAST CRITICAL DATE REACHED				
	Analog/2W Digital LOOPS			
9	Service Order Portion to be applied to each critical date below	$ 5.47	31.16%	$ 7.17
10	Design Layout report date	$ 1.48	31.16%	$ 1.94
11	Records Issue Date	$ 1.48	31.16%	$ 1.94
12	Designed, Verified and Assigned Date	$ 1.48	31.16%	$ 1.94
13	Plant Test Date	$ 62.70	31.16%	$ 82.24
	DS1			
14	Service Order Portion to be applied to each critical date below	$ 14.15	31.16%	$ 18.55
15	Design Layout report date	$ 37.13	31.16%	$ 48.70
16	Records Issue Date	$ 37.13	31.16%	$ 48.70
17	Designed, Verified and Assigned Date	$ 72.37	31.16%	$ 94.92
18	Plant Test Date	$ 285.25	31.16%	$ 374.13
	DS3			
19	Service Order Portion to be applied to each critical date below	$ 14.15	31.16%	$ 18.55
20	Design Layout report date	$ 38.21	31.16%	$ 50.12
21	Records Issue Date	$ 38.21	31.16%	$ 50.12
22	Designed, Verified and Assigned Date	$ 76.11	31.16%	$ 99.83
23	Plant Test Date	$ 299.60	31.16%	$ 392.96
Loop Due Date Change Charge, PER ORDER PER OCCASION				
24	Analog/2W Digital Loop	$ 7.64	31.16%	$ 10.02
25	Digital DS1	$ 23.02	31.16%	$ 30.19
26	Digital DS3	$ 23.02	31.16%	$ 30.19
Loop Qualification				
27	Manual Loop Qualification	$ 46.52	31.16%	$ 61.02
28	Mechanized Loop Qualification	$ -	31.16%	$ -
Loop Conditioning - For Loop Facilties				
29	For Loop Facilities < 17.5 kft	$ 7.37	31.16%	$ 9.66
30	For Loop Facilities > 17.5 kft -- Note 1	$ 34.09	31.16%	$ 44.71
Subloop Conditioning - For subloop Facilties				
31	For subloop Facilities < 17.5 kft	$ 5.37	31.16%	$ 7.05
32	For subloop Facilities > 17.5 kft	$ 22.39	31.16%	$ 29.37

CONFIDENTIAL

Summary of SBC Ohio
Non-Recurring Charge (NRC)
Rate Development

	UNE RATE ELEMENT	Proposed Costs	Shared and Common	Proposed Rates
Unbundled Transport				
	DS1 Rates			
33	Clear Channel Capability - Per 1.544 Mbps Circuit Arranged - Zone 1	$ 64.48	31.16%	$ 84.57
34	Clear Channel Capability - Per 1.544 Mbps Circuit Arranged - Zone 2	$ 64.48	31.16%	$ 84.57
35	Clear Channel Capability - Per 1.544 Mbps Circuit Arranged - Zone 3	$ 64.48	31.16%	$ 84.57
36	DS1 IOF NRC Zone 1	$ 81.27	31.16%	$ 106.59
37	DS1 IOF NRC zone 2	$ 81.27	31.16%	$ 106.59
38	DS1 IOF NRC zone 3	$ 81.27	31.16%	$ 106.59
39	Installation and Rearrangement - Administration Charge, per order, Zone 1, 2, 3	$ 50.15	31.16%	$ 65.78
	DS3 Rates			
40	DS3 IOF NRC Zone 1	$ 91.16	31.16%	$ 119.57
41	DS3 IOF NRC zone 2	$ 91.16	31.16%	$ 119.57
42	DS3 IOF NRC zone 3	$ 91.16	31.16%	$ 119.57
43	Installation and Rearrangement - Administration Charge, per order, Zone 1, 2, 3	$ 50.15	31.16%	$ 65.78
UNE Transport Cancellation or Change Service Charge , per last critical date reached.				
	DS1			
44	Service Order Portion to be applied to each critical date below	$ 19.95	31.16%	$ 26.17
45	Design Layout Report Date	$ 34.31	31.16%	$ 45.01
46	Records Issue Date	$ 34.31	31.16%	$ 45.01
47	Designed, Verified and Assigned Date	$ 49.76	31.16%	$ 65.27
48	Plant Test Date	$ 81.27	31.16%	$ 106.59
	DS3			
49	Service Order Portion to be applied to each critical date below	$ 19.95	31.16%	$ 26.17
50	Design Layout Report Date	$ 38.89	31.16%	$ 51.01
51	Records Issue Date	$ 38.89	31.16%	$ 51.01
52	Designed, Verified and Assigned Date	$ 54.34	31.16%	$ 71.27
53	Plant Test Date	$ 91.16	31.16%	$ 119.57
UNE Transport Due date Change Charge, per order or occasion				
54	DS1	$ 12.02	31.16%	$ 15.77
55	DS3	$ 12.02	31.16%	$ 15.77
Sub-Loop Non-Recurring Charges				
	Service Order Charge			
56	Establish, per occasion	$ 113.82	31.16%	$ 149.29
57	Add or change, per occasion	$ 66.75	31.16%	$ 87.55
	Provisioning			
58	2-wire Analog	$ 109.86	31.16%	$ 144.10
59	4-wire Analog	$ 165.50	31.16%	$ 217.07
60	2-wire DSL	$ 118.69	31.16%	$ 155.68
61	4-wire DSL	$ 174.33	31.16%	$ 228.65
Special Access to UNE Loop and Transport				
62	Project Administrative Charge, per service order	$ 57.67	31.16%	$ 75.64

CONFIDENTIAL

Summary of SBC Ohio
Non-Recurring Charge (NRC)
Rate Development

Exhibit MDS-2
Docket No. 02-1280
3 of 3

	UNE RATE ELEMENT	Proposed Costs	Shared and Common	Proposed Rates
Enhanced Extended Loop (EEL)				
63	2W Analog Loop Connection	$ 181.21	31.16%	$ 237.68
64	4W Analog Loop Connection	$ 198.59	31.16%	$ 260.47
65	2W Digital Loop Connection	$ 201.20	31.16%	$ 263.89
66	4W DS1 Digital Loop Connection	$ 312.95	31.16%	$ 410.47
67	Central Office Multiplexing DS1 to Voice	$ 72.84	31.16%	$ 95.54
68	DS1 Interoffice Dedicated Transport Collocated	$ 155.33	31.16%	$ 203.73
69	4-Wire DS1 Digital Loop to DS1 Interoffice Dedicated Transport Collocated	$ 300.43	31.16%	$ 394.04
70	DS3 Interoffice Dedicated Transport Collocated	$ 167.89	31.16%	$ 220.20
71	Clear Channel Capability	$ 61.57	31.16%	$ 80.76
72	Electronic - Analog/2-Wire Digital Loop - Establish Service Ordering Charge, Per Service Request, ASR or LSR	$ 65.39	31.16%	$ 85.77
73	Electronic Subsequent Order - Analog/2-Wire Digital EEL Loop, per Request, ASR or LSR	$ 25.31	31.16%	$ 33.20
74	Electronic - DS1 Loop - Establish Service Ordering Charge, Per Service Request, ASR or LSR	$ 74.49	31.16%	$ 97.70
75	Electronic Subsequent Order - DS1 EEL Loop, per Request, ASR or LSR	$ 26.43	31.16%	$ 34.67
76	Electronic - DS1, DS3 Transport - Establish Service Ordering Charge, Per Service Request, ASR or LSR	$ 66.66	31.16%	$ 87.43
77	Electronic - Non-channelized DS1 EEL - Establish Service Ordering Charge, Per Service Request, ASR or LSR	$ 80.51	31.16%	$ 105.59
78	Electronic - Central Office Multiplexing - DS1 to Voice - Establish Serv. Ord. Chg, Per Service Request, ASR or LSR	$ 64.58	31.16%	$ 84.70
Emergency Number Service Access (E911)				
	Start-up Costs			
79	Start-up Costs, per CLEC Appearances	$ 432.98	31.16%	$ 567.90
	Recurring			
80	Database Management Cost, per month, per 100 records	$ 4.17	31.16%	$ 5.47
81	MSAG & ARF Cost, per month, per CLEC Appearances	$ 15.91	31.16%	$ 20.87

Note 1: For loops > 17.5 kft the rate is in addition to the rate for loops < 17.5 kft.

CONFIDENTIAL

Exhibit MDS-3
PUCO Case No. 02-1280

UNE-L
Churn Analysis
SBC Ohio
CONFIDENTIAL

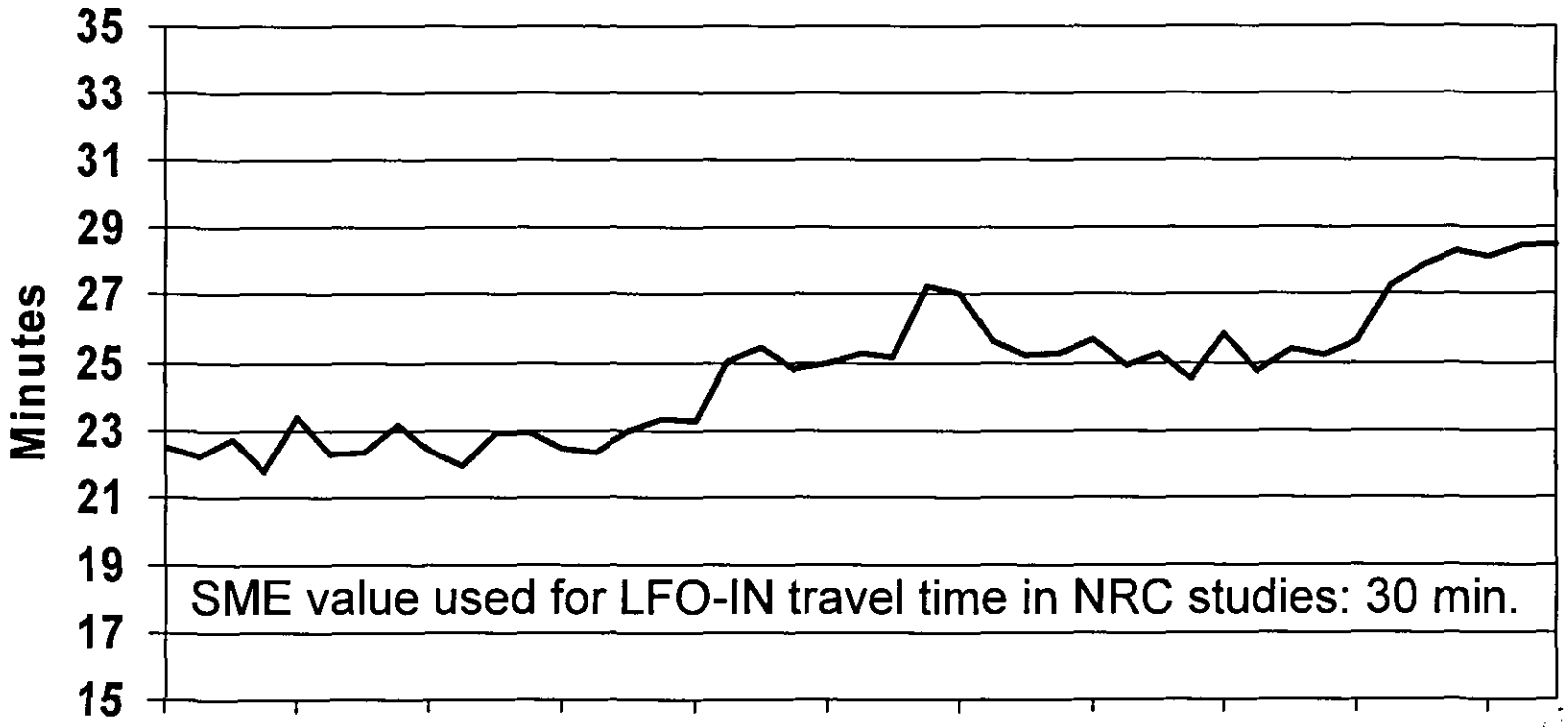
Ohio Volumes (000s)	Jan-04	Feb 2004	Mar 2004	Apr 2004	May 2004	Jun 2004	Jul 2004	Aug 2004	Sep 2004	Oct 2004	Nov 2004	Dec 2004	Avg. 2004
EOP In-Service	115	113	112	109	111	110	109	108	107	106	105	104	109
Inwards	4	4	4	5	8	7	6	6	7	7	5	5	5
Disconnects	9	9	8	8	8	9	9	8	8	8	8	7	8
Net Gain	(4)	(5)	(4)	(2)		(2)	(3)	(2)	(1)	(1)	(2)	(2)	(3)
Churn %	7.48%	8.19%	7.58%	6.91%	6.76%	8.16%	7.95%	7.06%	7.29%	7.45%	7.27%	7.02%	7.01%

Average Service Life Calendar Year 2004

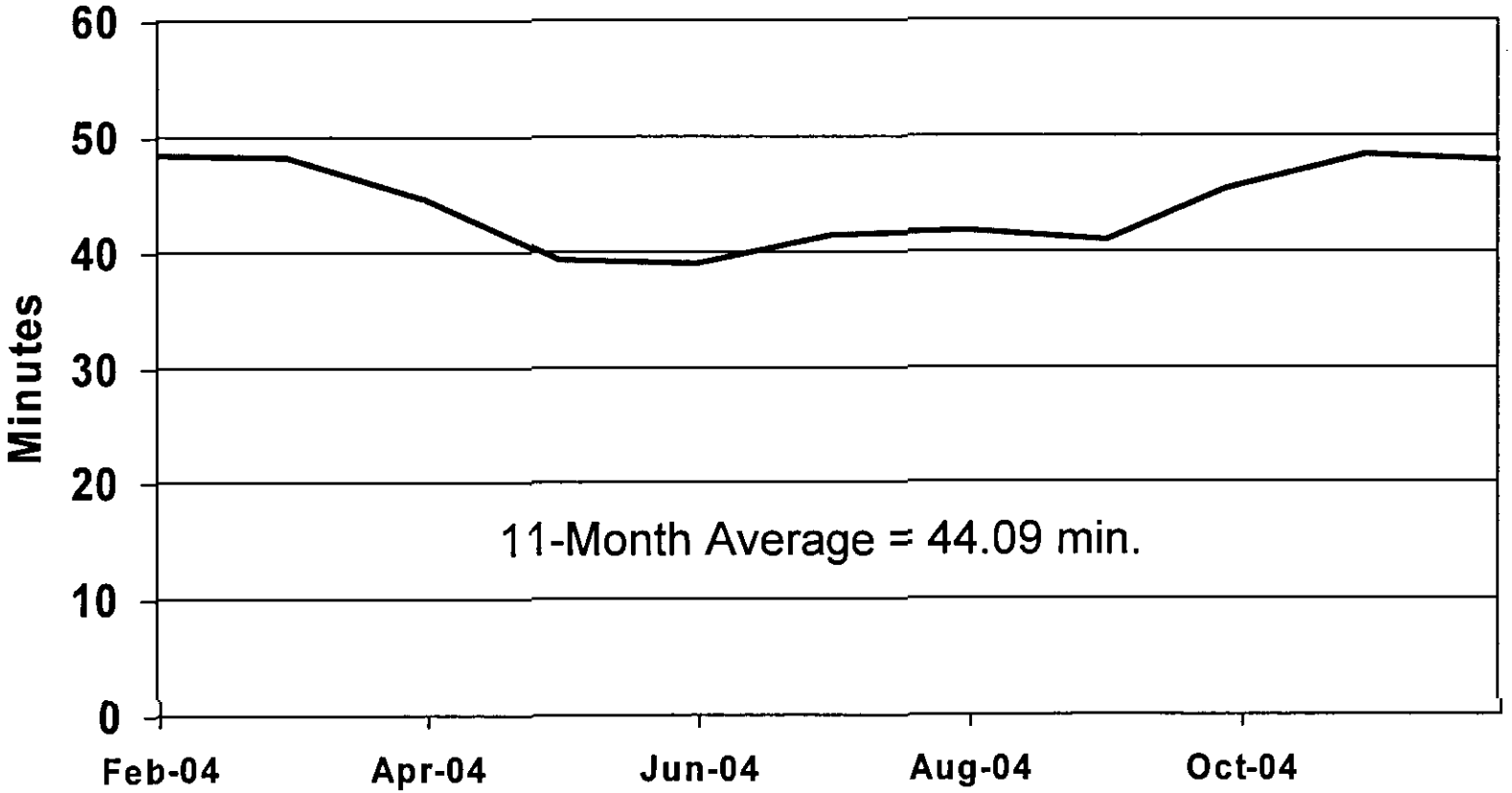
Avg. UNE-L Loops In Service	109
Avg. Disconnects	8
Avg. monthly Churn (Avg Disenct/Avg loops in Svc)	7.01%

Average # Months Service Life
(1/(Avg Churn %) 14.27478 months

Average Travel Time to Unmanned SBC Ohio COs



SBC Ohio LFO-OUT
Average Travel Time per Job



Ohio UNE-L Fallout Rate Support

April 4, 2005

The current forward-looking (service order) fallout rate for DS0-equivalent UNE-Ls is 22.8%. This fallout rate is based on the average fallout rate for Ohio using PM 13.1 data from March 2004 through February 2005. This fallout rate is lower than several alternative estimates.

DATA

The data used for analyzing UNE-L fallout rates reflect PM 13.1 experience in each SBC Midwest state from March 2001 through February 2005 for a total of 240 observations. The data include only DS0-equivalent orders, *i.e.*, no DS-1 nor DS-3 unbundled loop orders are included. Furthermore, no subloop orders are included. The following table contains the data.

obs	LOOP_FO	LOOP_FOR	LOOP_FT	LOOP_LSR
IL - 01M03	4530	0.396673	6890	11420
IL - 01M04	1596	0.185971	6986	8582
IL - 01M05	5608	0.534859	4877	10485
IL - 01M06	5633	0.568818	4270	9903
IL - 01M07	3983	0.479764	4319	8302
IL - 01M08	629	0.105874	5312	5941
IL - 01M09	736	0.126591	5078	5814
IL - 01M10	1197	0.157045	6425	7622
IL - 01M11	1095	0.202179	4321	5416
IL - 01M12	988	0.193271	4124	5112
IL - 02M01	887	0.192366	3724	4611
IL - 02M02	841	0.219239	2995	3836
IL - 02M03	1105	0.220120	3915	5020
IL - 02M04	1099	0.233234	3613	4712
IL - 02M05	1083	0.214881	3957	5040
IL - 02M06	980	0.120201	7173	8153
IL - 02M07	1521	0.179490	6953	8474
IL - 02M08	2561	0.228865	8629	11190
IL - 02M09	2825	0.261889	7962	10787
IL - 02M10	3796	0.325000	7884	11680
IL - 02M11	2712	0.315826	5875	8587
IL - 02M12	2759	0.304123	6313	9072
IL - 03M01	3052	0.282462	7753	10805
IL - 03M02	2357	0.255806	6857	9214
IL - 03M03	3170	0.255851	9220	12390
IL - 03M04	3425	0.291192	8337	11762
IL - 03M05	2290	0.232866	7544	9834
IL - 03M06	2036	0.183887	9036	11072

obs	LOOP_FO	LOOP_FOR	LOOP_FT	LOOP_LSR
IL - 03M07	2629	0.222721	9175	11804
IL - 03M08	2793	0.250246	8368	11161
IL - 03M09	2525	0.249629	7590	10115
IL - 03M10	1932	0.196701	7890	9822
IL - 03M11	1567	0.193361	6537	8104
IL - 03M12	1448	0.178369	6670	8118
IL - 04M01	1415	0.191760	5964	7379
IL - 04M02	1585	0.225623	5440	7025
IL - 04M03	2123	0.235758	6882	9005
IL - 04M04	2185	0.245313	6722	8907
IL - 04M05	1796	0.228208	6074	7870
IL - 04M06	2114	0.224345	7309	9423
IL - 04M07	2015	0.225745	6911	8926
IL - 04M08	2066	0.226834	7042	9108
IL - 04M09	1963	0.226596	6700	8663
IL - 04M10	2189	0.267016	6009	8198
IL - 04M11	1568	0.218354	5613	7181
IL - 04M12	1171	0.194389	4853	6024
IL - 05M01	1090	0.175665	5115	6205
IL - 05M02	1438	0.240428	4543	5981
IN - 01M03	560	0.427807	749	1309
IN - 01M04	69	0.096774	644	713
IN - 01M05	251	0.342428	482	733
IN - 01M06	225	0.353218	412	637
IN - 01M07	174	0.281099	445	619
IN - 01M08	158	0.252396	468	626
IN - 01M09	120	0.165746	604	724
IN - 01M10	133	0.155374	723	856
IN - 01M11	164	0.206030	632	796
IN - 01M12	149	0.184406	659	808
IN - 02M01	142	0.216463	514	656
IN - 02M02	118	0.214545	432	550
IN - 02M03	150	0.227618	509	659
IN - 02M04	92	0.169742	450	542
IN - 02M05	146	0.247458	444	590
IN - 02M06	247	0.256224	717	964
IN - 02M07	595	0.510292	571	1166
IN - 02M08	499	0.457379	592	1091
IN - 02M09	656	0.450240	801	1457
IN - 02M10	716	0.458387	846	1562
IN - 02M11	568	0.410405	816	1384
IN - 02M12	498	0.376133	826	1324
IN - 03M01	567	0.425995	764	1331

obs	LOOP_FO	LOOP_FOR	LOOP_FT	LOOP_LSR
IN - 03M02	299	0.288332	738	1037
IN - 03M03	296	0.305785	672	968
IN - 03M04	381	0.314876	829	1210
IN - 03M05	295	0.269406	800	1095
IN - 03M06	262	0.273772	695	957
IN - 03M07	385	0.303388	884	1269
IN - 03M08	349	0.304803	796	1145
IN - 03M09	373	0.330967	754	1127
IN - 03M10	316	0.258381	907	1223
IN - 03M11	253	0.143100	1515	1768
IN - 03M12	213	0.193460	888	1101
IN - 04M01	225	0.255102	657	882
IN - 04M02	269	0.298557	632	901
IN - 04M03	297	0.264706	825	1122
IN - 04M04	368	0.328571	752	1120
IN - 04M05	299	0.311783	660	959
IN - 04M06	353	0.305628	802	1155
IN - 04M07	291	0.211329	1086	1377
IN - 04M08	372	0.326316	768	1140
IN - 04M09	353	0.330524	715	1068
IN - 04M10	338	0.293148	815	1153
IN - 04M11	178	0.213174	657	835
IN - 04M12	179	0.231565	594	773
IN - 05M01	142	0.147456	821	963
IN - 05M02	263	0.253616	774	1037
MI - 01M03	1567	0.372740	2637	4204
MI - 01M04	378	0.143128	2263	2641
MI - 01M05	1504	0.411266	2153	3657
MI - 01M06	1749	0.486509	1846	3595
MI - 01M07	971	0.307570	2186	3157
MI - 01M08	370	0.139834	2276	2646
MI - 01M09	363	0.160053	1905	2268
MI - 01M10	545	0.177178	2531	3076
MI - 01M11	914	0.287602	2264	3178
MI - 01M12	930	0.367154	1603	2533
MI - 02M01	592	0.222139	2073	2665
MI - 02M02	501	0.189845	2138	2639
MI - 02M03	509	0.186926	2214	2723
MI - 02M04	441	0.199909	1765	2206
MI - 02M05	1061	0.301592	2457	3518
MI - 02M06	970	0.183434	4318	5288
MI - 02M07	1258	0.205959	4850	6108
MI - 02M08	1599	0.230803	5329	6928

obs	LOOP_FO	LOOP_FOR	LOOP_FT	LOOP_LSR
MI - 02M09	2190	0.270805	5897	8087
MI - 02M10	3091	0.348517	5778	8869
MI - 02M11	2734	0.336161	5399	8133
MI - 02M12	2431	0.320628	5151	7582
MI - 03M01	2747	0.327102	5651	8398
MI - 03M02	1806	0.281615	4607	6413
MI - 03M03	2090	0.315091	4543	6633
MI - 03M04	2289	0.334307	4558	6847
MI - 03M05	1811	0.262540	5087	6898
MI - 03M06	2000	0.285755	4999	6999
MI - 03M07	2395	0.323736	5003	7398
MI - 03M08	2536	0.323140	5312	7848
MI - 03M09	2372	0.306618	5364	7736
MI - 03M10	1786	0.250315	5349	7135
MI - 03M11	1499	0.248138	4542	6041
MI - 03M12	1365	0.216908	4928	6293
MI - 04M01	1254	0.227710	4253	5507
MI - 04M02	1641	0.274369	4340	5981
MI - 04M03	1932	0.284620	4856	6788
MI - 04M04	2071	0.317638	4449	6520
MI - 04M05	1814	0.304005	4153	5967
MI - 04M06	2228	0.307099	5027	7255
MI - 04M07	2073	0.282079	5276	7349
MI - 04M08	2365	0.284734	5941	8306
MI - 04M09	2095	0.287183	5200	7295
MI - 04M10	1833	0.273541	4868	6701
MI - 04M11	1508	0.237368	4845	6353
MI - 04M12	1545	0.227574	5244	6789
MI - 05M01	1489	0.225948	5101	6590
MI - 05M02	1488	0.249330	4480	5968
OH - 01M03	1560	0.400513	2335	3895
OH - 01M04	273	0.138790	1694	1967
OH - 01M05	815	0.310004	1814	2629
OH - 01M06	764	0.329027	1558	2322
OH - 01M07	515	0.261024	1458	1973
OH - 01M08	261	0.112258	2064	2325
OH - 01M09	241	0.153895	1325	1566
OH - 01M10	292	0.134935	1872	2164
OH - 01M11	279	0.147230	1616	1895
OH - 01M12	378	0.220151	1339	1717
OH - 02M01	300	0.240000	950	1250
OH - 02M02	242	0.210618	907	1149
OH - 02M03	309	0.229399	1038	1347

obs	LOOP_FO	LOOP_FOR	LOOP_FT	LOOP_LSR
OH - 02M04	258	0.229742	865	1123
OH - 02M05	245	0.179094	1123	1368
OH - 02M06	183	0.090237	1845	2028
OH - 02M07	752	0.283026	1905	2657
OH - 02M08	614	0.228593	2072	2686
OH - 02M09	841	0.265719	2324	3165
OH - 02M10	1147	0.386456	1821	2968
OH - 02M11	728	0.315972	1576	2304
OH - 02M12	877	0.379654	1433	2310
OH - 03M01	1101	0.415158	1551	2652
OH - 03M02	634	0.291628	1540	2174
OH - 03M03	836	0.365225	1453	2289
OH - 03M04	888	0.347011	1671	2559
OH - 03M05	1046	0.403394	1547	2593
OH - 03M06	773	0.397225	1173	1946
OH - 03M07	567	0.198878	2284	2851
OH - 03M08	490	0.243539	1522	2012
OH - 03M09	737	0.297417	1741	2478
OH - 03M10	612	0.209088	2315	2927
OH - 03M11	633	0.191354	2675	3308
OH - 03M12	550	0.251256	1639	2189
OH - 04M01	525	0.259901	1495	2020
OH - 04M02	575	0.300575	1338	1913
OH - 04M03	557	0.243231	1733	2290
OH - 04M04	529	0.247891	1605	2134
OH - 04M05	530	0.252501	1569	2099
OH - 04M06	625	0.246548	1910	2535
OH - 04M07	574	0.261146	1624	2198
OH - 04M08	674	0.267248	1848	2522
OH - 04M09	650	0.250772	1942	2592
OH - 04M10	671	0.255327	1957	2628
OH - 04M11	625	0.252832	1847	2472
OH - 04M12	349	0.188039	1507	1856
OH - 05M01	292	0.140452	1787	2079
OH - 05M02	327	0.131431	2161	2488
WI - 01M03	2623	0.579669	1902	4525
WI - 01M04	555	0.244063	1719	2274
WI - 01M05	2852	0.503620	2811	5663
WI - 01M06	2893	0.459498	3403	6296
WI - 01M07	2266	0.408288	3284	5550
WI - 01M08	583	0.121105	4231	4814
WI - 01M09	473	0.140107	2903	3376
WI - 01M10	620	0.150522	3499	4119

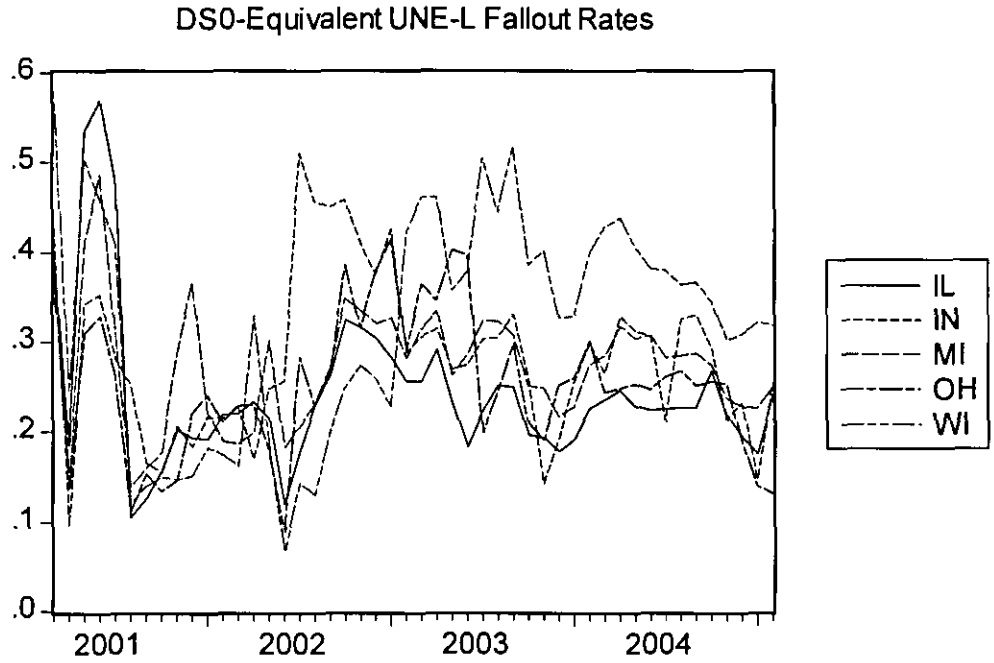
obs	LOOP_FO	LOOP_FOR	LOOP_FT	LOOP_LSR
WI - 01M11	542	0.147483	3133	3675
WI - 01M12	558	0.152085	3111	3669
WI - 02M01	541	0.183018	2415	2956
WI - 02M02	547	0.174593	2586	3133
WI - 02M03	538	0.162146	2780	3318
WI - 02M04	829	0.329099	1690	2519
WI - 02M05	687	0.184976	3027	3714
WI - 02M06	403	0.067493	5568	5971
WI - 02M07	937	0.143580	5589	6526
WI - 02M08	1011	0.130671	6726	7737
WI - 02M09	1675	0.201734	6628	8303
WI - 02M10	2127	0.248801	6422	8549
WI - 02M11	1652	0.273103	4397	6049
WI - 02M12	1575	0.258918	4508	6083
WI - 03M01	1358	0.228120	4595	5953
WI - 03M02	2805	0.422631	3832	6637
WI - 03M03	3188	0.460960	3728	6916
WI - 03M04	3294	0.461538	3843	7137
WI - 03M05	2489	0.357821	4467	6956
WI - 03M06	3174	0.379166	5197	8371
WI - 03M07	4759	0.505524	4655	9414
WI - 03M08	4601	0.445316	5731	10332
WI - 03M09	4968	0.516961	4642	9610
WI - 03M10	3013	0.386381	4785	7798
WI - 03M11	2457	0.402259	3651	6108
WI - 03M12	1739	0.327372	3573	5312
WI - 04M01	2003	0.328792	4089	6092
WI - 04M02	2318	0.400000	3477	5795
WI - 04M03	2994	0.428449	3994	6988
WI - 04M04	3040	0.438799	3888	6928
WI - 04M05	2942	0.406241	4300	7242
WI - 04M06	3489	0.382482	5633	9122
WI - 04M07	3360	0.380435	5472	8832
WI - 04M08	3488	0.364434	6083	9571
WI - 04M09	2952	0.367942	5071	8023
WI - 04M10	2354	0.345973	4450	6804
WI - 04M11	1743	0.302499	4019	5762
WI - 04M12	1761	0.308568	3946	5707
WI - 05M01	1874	0.322325	3940	5814
WI - 05M02	1761	0.318330	3771	5532

LOOP_LSR is the number of requests electronically submitted by CLECs, LOOP_FT is the number of these requests that generated valid orders without requiring intervention by the Local

Service Center (LSR), LOOP_FO is the number of these requests that fell out to the LSC, and LOOP_FOR is the percentage of requests that fell out. Hence,

LOOP_FO=LOOP_LSR-LOOP_FT, and
LOOP_FOR=LOOP_FO/LOOP_LSR.

The historical pattern for UNE-L fallout rates are shown in the following graph.



While data have been collected for the PM 13.1 report since March 2001, the raw data for the first few months have significant variability. This variability probably reflects the newest of the report and the ordering systems. SBC Midwest had made significant enhancements by August 2001 to the ordering systems. Hence, data prior to August 2001 are not used in the subsequent analysis for the purpose of investigating forward-looking fallout rates.

ANALYSIS

The Ohio fallout rate has not exhibited any significant trend since August 2001 as shown by the following regression results:

Dependent Variable: LOOP_FOR
Method: Least Squares
Date: 04/04/05 Time: 10:21
Sample: 2001M08 2005M02
Included observations: 43

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.230046	0.029311	7.848559	0.0000
TIME	0.000710	0.000986	0.719572	0.4759

R-squared	0.012471	Mean dependent var	0.249210
Adjusted R-squared	-0.011615	S.D. dependent var	0.079805
S.E. of regression	0.080268	Akaike info criterion	-2.161508
Sum squared resid	0.264158	Schwarz criterion	-2.079591
Log likelihood	48.47242	F-statistic	0.517783
Durbin-Watson stat	0.675182	Prob(F-statistic)	0.475871

Given the monthly variations as shown in the graph of fallout rates, the fallout rate for any particular month is not likely to be a reliable estimate of the forward-looking fallout rate for UNE-Ls. Furthermore, while recent experience is likely to be an indicator for the future, the stochastic nature of the data and the existence of a moderately long set of observations support the use of more than just a few months of data to estimate the forward-looking fallout rate. Perhaps the most nature option is to use an average for the most recent 12-month period. The average fallout rate from March 2004 to February 2005 is 22.8%. Also, the fallout rate based on total orders from March 2004 to February 2005 is 23.0%.

The following lagged specifications were also examined with a moderate success. First, consider the Ohio-only specification:

$$LOOP\_FOR_t = \alpha + \beta LOOP\_FOR_{t-1} + \varepsilon_t,$$

where α and β are estimated by a statistical procedure such as least-squares estimation. The result of applying least squares yields:

Dependent Variable: LOOP_FOR
Method: Least Squares
Date: 04/03/05 Time: 19:32
Sample: 2001M09 2005M02
Included observations: 42

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.091670	0.031566	2.904060	0.0060
LOOP_FOR(-1)	0.638061	0.119701	5.330443	0.0000

R-squared	0.415321	Mean dependent var	0.252471
Adjusted R-squared	0.400704	S.D. dependent var	0.077820
S.E. of regression	0.060243	Akaike info criterion	-2.734399
Sum squared resid	0.145171	Schwarz criterion	-2.651653
Log likelihood	59.42238	F-statistic	28.41362
Durbin-Watson stat	2.201431	Prob(F-statistic)	0.000004

In this case, $\hat{\alpha} = 0.091670$ and $\hat{\beta} = 0.638061$. In this case, the equilibrium (long-run) fallout rate is

$$LOOP\_FOR = \frac{\hat{\alpha}}{1-\hat{\beta}} = \frac{0.091670}{1-0.638061} = 25.3\%.$$

Second, a panel specification with fixed state effects was also examined. This specification can be stated as

$$LOOP\_FOR_t = \alpha + \beta LOOP\_FOR_{t-1} + \sum_s \gamma_s D_{s,t} + \varepsilon_t,$$

where $D_{s,t}$ is a state-specific dummy variable. The application of panel least squares for this specification yields:

Dependent Variable: LOOP_FOR
Method: Panel Least Squares
Date: 04/04/05 Time: 09:18
Sample: 2001M09 2005M02
Cross-sections included: 5
Total panel (balanced) observations: 210

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.075258	0.012689	5.930762	0.0000
LOOP_FOR(-1)	0.724207	0.045764	15.82485	0.0000

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.600988	Mean dependent var	0.267106
Adjusted R-squared	0.591209	S.D. dependent var	0.084958
S.E. of regression	0.054319	Akaike info criterion	-2.959719
Sum squared resid	0.601920	Schwarz criterion	-2.864087
Log likelihood	316.7705	F-statistic	61.45262
Durbin-Watson stat	2.137527	Prob(F-statistic)	0.000000

	STATE	Effect
1	IL	-0.011125
2	IN	0.002840
3	MI	0.000485
4	OH	-0.005298
5	WI	0.013098

In this case, $\hat{\alpha} = 0.075258$, $\hat{\beta} = 0.724207$, and $\hat{\gamma}_{OH}$=-0.005298 In this case, the equilibrium (long-run) fallout rate is

$$LOOP\_FOR = \frac{\hat{\alpha} + \hat{\gamma}_{OH}}{1 - \hat{\beta}} = \frac{0.075258 + (-0.005298)}{1 - 0.724207} = 25.4\%.$$

This analysis supports a forward-looking fallout rate from 22.8% to 25.4%. Given the closeness of these estimate, the more conservative estimate (22.8%) is to be used for the forward-looking (service order) DS0-equivalent UNE-L fallout rate.

Summary: Confidential Release Document - Exhibits originally filed 5/23/2005 electronically filed by Docketing Staff on behalf of Docketing