

THE NYNEX TELEPHONE COMPANIES

TARIFF F.C.C. NO. 1

Infospeed Digital Subscriber Line Service

DESCRIPTION AND JUSTIFICATION

Transmittal No. 544

MARCH 29, 1999

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SECTION 1

DESCRIPTION AND JUSTIFICATION

A. Introduction

Bell Atlantic¹ with this filing introduces Infospeed Digital Subscriber Line (DSL) Service in Section 17 of the NYNEX Tariff F.C.C. No. 1 in the states of Maine, New Hampshire, Rhode Island, Vermont, Massachusetts, Connecticut and New York.

B. Service Description

Bell Atlantic's tariff offering of Infospeed DSL ("I-DSL") service in Washington, D.C., Maryland, Virginia, West Virginia, Delaware, Pennsylvania and New Jersey (Transmittal No. 1076) became effective on September 16, 1998. With this filing, Bell Atlantic proposes to extend this service offering to Maine, New Hampshire, Rhode Island, Vermont, Massachusetts, Connecticut and New York. All of the rates, regulations and terms and conditions in the effective tariff will apply to the additional states covered by this filing.

C. Deployment

Bell Atlantic will deploy Infospeed DSL Service in selected wire centers based upon market demand and the suitability of facilities. The wire centers where Bell Atlantic will initially offer Infospeed DSL Service are listed in Section 17.4.5 of the tariff.² Bell Atlantic may add wire

¹ The Bell Atlantic Telephone Companies ("Bell Atlantic") covered by this filing are The New York Telephone Company and The New England Telephone and Telegraph Company.

² The target service dates listed in the tariff are subject to change based upon technical considerations and equipment availability.

centers to this list periodically.

D. Application of Rates

Bell Atlantic is proposing a monthly flat recurring rate and a nonrecurring installation charge for Infospeed DSL Service. The recurring rate differs based on the speed combination selected.

SECTION 2

COMPLIANCE WITH COMMISSION'S RULES

This filing includes documentation to comply with §§61.49(g) and (h) of the Commission's Rules,³ which specify the material required to support new service tariff filings. This material includes 1) a study containing a projection of costs for a representative 12-month period, 2) estimates of the effect of the new service on traffic and revenues, and 3) supporting workpapers for estimates of costs, demand, and revenues. Section 3 -- Costs, Demand, Rates, and Revenues, and the attached workpapers, contain the information required to comply with §§61.49(g) and (h).

³ 47 C.F.R. §§ 61.49(g) and (h).

SECTION 3

COSTS, DEMAND, RATES, and REVENUES

A. Cost Development

(1) Recurring Charges

Bell Atlantic performed a cost study to determine the investment required to deploy Infospeed-DSL Service. The unit investments were multiplied by account-specific annual cost factors to calculate the direct cost components of depreciation, cost of money, income taxes, maintenance, administration, and other taxes. The recurring costs and annual costs are shown on Workpaper 1.

(2) Nonrecurring Charges

Task-oriented studies were used to develop the labor costs associated with the installation activities required for Infospeed DSL Service. The time required to provision the service was multiplied by the applicable labor rate to calculate the nonrecurring costs. Some of the nonrecurring costs will be recovered through the recurring rate. The nonrecurring cost development is shown on Workpaper 2.

(3) Ratios

Bell Atlantic developed ratios in order to compare 1) investment-related recurring direct unit costs, and unit investment and 2) direct unit costs and rates. These ratios are shown at the bottom of the respective cost workpapers.

B. Demand Forecast

The demand forecast for the service is based on consumer surveys. The demand forecast is shown on Workpaper 3.

C. Cross-Elastic Effects

Bell Atlantic does not foresee significant cross-elasticities with its other services.

D. Rates

Bell Atlantic first developed direct recurring and nonrecurring costs, as shown above, to determine the minimum level at which prices can be set. Conditions that impact the price for the Service were evaluated to determine the proposed rates for the service. Such conditions include the prices of competitive alternatives available to customers, pricing levels at which customers have indicated a willingness to pay, and other marketplace conditions. Nonrecurring rates are set at or slightly above direct cost. Recurring rates are set above direct costs.

E. Revenue Forecast

The projected revenues for the service were calculated by multiplying the proposed rates by the projected demand. The projected revenues are calculated in Workpaper 3.

SECTION 5
WORKPAPERS

Workpaper 1 Recurring Costs - End User Access Connections

Workpaper 2 Nonrecurring Costs

Workpaper 3 Demand, Annual Costs and Revenues