

TRANSMITTAL NO. 405

QWEST CORPORATION

TARIFF F.C.C. NO. 1

ACCESS SERVICE

DESCRIPTION AND JUSTIFICATION

*LOCAL CALLING AREA DATA TABLES SUBSCRIPTION*

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## 1. Introduction And Description

This filing is being made by Qwest Corporation (Qwest) in its Tariff F.C.C. No. 1, Access Service, Section 13, Miscellaneous Services, to introduce a new service, Local Calling Area Data Tables (LCADT) Subscription. LCADT contain data used to identify the Company's local calling areas as provisioned in Qwest's local switches. The local calling area is identified at the NPA-NXX level. The data tables will be available at a website. Subscribers will be assigned a User Id and password for access and may log in and download regularly updated files for their use.

## 2. Rate Development

The LCADT Subscription rate structure was developed using a combination of internal analysis and external competitive factors. The new rate and the associated cost are as follows:

	Monthly Rate	Cost
Monthly	\$194.38	\$174.72

### 3. Demand And Revenue Impacts

#### 3.1 Demand Impacts

Qwest expects to add the following units: 1. There is no anticipation that additional demand requirements will surface for the data. There are no cross-elastic or complementary demand impacts expected as a result of this filing.

#### 3.2 Revenue Impacts

As a result of this filing, Qwest expects a total interstate revenue increase of approximately \$2,333.00 for the first twelve months following the effective date of this filing. There are no cross-elastic or complementary revenue impacts expected as a result of this filing.

### 4. Unit Costs

#### 4.1 Overview

This section describes how Qwest developed regional unit costs in support of its LCADT Subscription service. This unit cost section describes the process used to develop the recurring unit costs and provides a description of the costs in Workpaper 1.

The recurring unit costs developed in this study reflect 2009 cost levels. They were developed using an incremental or "bottoms-up" cost methodology. Under this methodology, costs are determined by adding together all of the necessary equipment and/or labor expenses associated with providing the service on a forward looking basis. These costs depict the economic unit cost of offering the service.

#### 4.2 Development Of Recurring Unit Costs

Recurring unit costs are ongoing costs associated with the provisioning of a service. Recurring costs are directly related to the amount of the investment in equipment required to provide a service as well as the amount of labor and administrative time required to install, maintain, repair, monitor and track a service. The installed investment costs include, the price of the equipment, initial engineering labor costs, installation labor costs and miscellaneous minor material costs associated with the equipment installation.

Capital costs are covered through the use of factors which, when applied to investment, produce the annual costs associated with depreciation, earnings and income tax. Depreciation is applied by account code, reflecting the different account lives of the various types of equipment and plant used to provide services. The earnings or "cost of money" factor represents the return that Qwest must pay its investors for the use of their capital. Finally, income tax is the expense associated with taxes that will be incurred on the income earned on the new service.

Cost factors are applied to the unit investments of a service in order to develop annual capital and operating costs. The annual capital costs reflect the annual costs

associated with recovery of an investment in equipment needed to provide a service. The factor used, and the amount of the annual capital costs, is based on their estimated economic life of the equipment. Capital costs include items such as depreciation, income tax and "cost of money" (the earnings Qwest must receive in order to pay stockholders a return on their investment in the company). The annual operating costs provide for the recovery of annual administrative, maintenance and other associated costs, caused by the existence and use of a service. The annual capital and operating costs are divided by twelve to produce a monthly cost for the service.

#### 4.3 Description Of Cost Workpaper

The costs were developed at a regional level and are displayed in Workpaper 1. This Workpaper displays the total unit investment, the capital costs and operating expenses, the total annual direct unit cost, the total monthly direct unit cost and the total direct unit cost divided by the total unit investment.

#### 5. Workpaper 1 - Recurring Unit Costs

## Recurring Unit Costs

**Qwest**

Rate Element: LCADT Subscription Recurring Costs

<b>Investment</b>	<b>\$7,742.71</b>
 <i><b>Direct Network Costs</b></i>	
Depreciation	\$74.33
Cost Of Money	\$32.31
Income Tax Expense	\$11.56
Maintenance	\$7.95
<b>Total Direct Network Costs</b>	<b>\$126.15</b>
 <i><b>Direct Expenses</b></i>	
Other Operating Taxes	\$4.17
Billing & Collection	\$2.89
<i><b>Marketing</b></i>	
Product Management, Sales, and Advertising Expense	\$9.01
<b>TSLRIC</b>	<b>\$142.22</b>
 <i><b>Total Network Operations Costs</b></i>	<b>\$7.77</b>
<b>TSLRIC + Network Support</b>	<b>\$149.99</b>
 Support Assets Expense	\$10.40
Uncollectible	\$1.91
<b>TSLRIC + Network Support + Support Assets Expenses</b>	<b>\$162.31</b>
 Common	\$12.41
<b>Fully Allocated TSLRIC</b>	<b>\$174.72</b>