

**THE BELL ATLANTIC TELEPHONE COMPANIES**

**TARIFF F.C.C. NO. 1**  
**COLLOCATED INTERCONNECTION SERVICE**

New and Revised Rates for DC Power

**TARIFF F.C.C. NO. 11**  
**EXPANDED INTERCONNECTION SERVICE**

Revised Rates for DC Power

**DESCRIPTION AND JUSTIFICATION**

Transmittal No. 1373

April 11, 2001

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## SECTION 1: DESCRIPTION AND JUSTIFICATION

### A. Introduction

This filing is made on behalf of the former Bell Atlantic Telephone Companies<sup>1</sup> now doing business as Verizon Communications ("Verizon"). Verizon is submitting tariff pages and supporting documentation necessary to modify Tariff F.C.C. No. 1, Section 19, Collocated Interconnection, and Tariff F.C.C. No. 11, Section 28, Expanded Interconnection.

In Tariff F.C.C. No. 11, Verizon will revise its monthly DC Power rates for physical and virtual expanded interconnection arrangements in New York, Connecticut, and New England. Verizon has developed new cost studies, which include updated information, to support the revised DC Power rates for both physical and virtual collocation in Tariff F.C.C. No. 11.

Additionally, Verizon will revise the existing power rates in Tariff F.C.C. No. 1 for physical collocation. These rates are also based on updated cost studies. Verizon will also introduce a new DC Power rate element for virtual collocation arrangements in Tariff FCC No. 1. Due to a past oversight, Verizon does not currently have a rate for DC Power for virtual collocation arrangements in that tariff. That oversight will be corrected by this filing and billed on a going forward basis.

The revised power rates will be billed based on the total number of load amps requested on all feeds as specified in the carrier's application for expanded interconnection. Carriers will be allowed to order the feeds to be fused at up to 2.5 times the load on each feed.

### B. Service Description and Application of Rates

#### 1. DC Power

In this filing, Verizon revises its monthly rates for DC Power in both Tariff F.C.C. No. 11 and Tariff F.C.C. No. 1. Verizon provides –48V DC Power to collocators for their equipment. The power will be assessed and billed on a per load amp basis for the total number of amps ordered by the collocator on its collocation application for all feeds. In Tariff F.C.C. No. 11, Verizon will revise its existing DC Power rates for physical and virtual collocation based on a new cost study. The same rate will be applied for DC Power to physical and virtual collocation arrangements.

In Tariff F.C.C. No. 1, Verizon is revising its existing DC Power Rate based on new cost studies. In addition, a new rate will be introduced for DC Power provided to virtual collocation arrangements. The rates for both physical and virtual DC power will be the same.

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<sup>1</sup> The Bell Atlantic Telephone Companies include Verizon Delaware Inc.; Verizon Maryland Inc.; Verizon New England Inc.; Verizon New Jersey Inc.; Verizon New York Inc.; Verizon Pennsylvania Inc.; Verizon Virginia Inc.; Verizon Washington, D.C. Inc.; and Verizon West Virginia Inc.

C. Justification

In this filing, Verizon has updated its DC Power rates to reflect current costs. To determine the total cost per load amp, Verizon performed a study of the current costs of acquiring plant to provide power to a central office using the most efficient technology available. This methodology includes all the relevant investments used to provide continuous and emergency power, including rectifiers, microprocessors, fuse bays, backup batteries, transmission equipment and emergency generators. Those investments were then factored up for installation costs, interstate direct cost loading factors, and prescribed overhead loading factors to derive a cost per load amp.

This methodology fairly represents the current costs that Verizon incurs to provide power to both its own equipment and the equipment of collocated carriers.

The proposed tariff applies the power rates based on the total load amps on both feeds in an “A” and “B” feed arrangement. Collocators will be allowed to fuse each feed up to 2.5 times the amount of load amps requested. If the collocator’s equipment is found to draw more than the number of amps in the collocation application, additional charges per amp, plus penalty provisions will apply.

The proposed DC Power rates are similar to the current rates that are in place in each of the states covered by Tariff F.C.C. No. 1 and No. 11. The state rates have been fully examined under state regulatory requirements. The following chart shows the current state DC Power rates. The average rate equals \$20.94, the highest rate is \$31.82, and the lowest rate is \$17.01. The rates Verizon is proposing under this transmittal are either lower than, or well within the range of, rates already effective or agreed upon within each of these states.

F.C.C. No. 11 Jurisdiction

	<b>60 OR FEWER AMPS</b>	<b>GREATER THAN 60 AMPS</b>
Maine	\$25.16	\$24.32
New Hampshire	\$20.39	\$19.65
New York/Connecticut	\$19.64	\$19.56
Rhode Island	\$22.14	\$21.22
Vermont	\$17.62	\$17.01
Massachusetts, Metro	\$20.24	\$19.36
Massachusetts, Urban	\$18.66	\$17.78
Massachusetts, Suburban	\$20.99	\$20.11
Massachusetts, Rural	\$31.82	\$30.94

### F.C.C. No. 1 Jurisdiction

	<b>PER AMP*</b>
Delaware	\$19.56
District of Columbia	\$19.56
Maryland	\$19.56
New Jersey	\$19.56
Pennsylvania	\$19.56
Virginia	\$19.56
West Virginia	\$19.56

\*Rate established through settlement negotiations with Collocators in these jurisdictions.

The results of Verizon's updated cost studies are within the zone of reasonableness in the Commission's previous investigation of expanded interconnection tariffs in its Second Report & Order released June 13, 1997,<sup>2</sup> taking into consideration the fact that the cost studies in that investigation were performed over 8 years ago. In that Order, the Commission used a two step approach to evaluate the proposed rates for power. First, the Commission compared the carriers' direct costs and used the average plus one standard deviation as a standard for determining the reasonableness of each carrier's direct costs. See Order, paras. 193-198. After eliminating the costs of certain companies, the Commission determined that the average direct cost plus one standard deviation for the industry was \$660 for 40 amps, or \$16.50 per amp. In comparison, Verizon's direct costs in this filing are as follows;

New York: \$19.18  
New England: \$16.41  
Verizon-South: \$16.45

This demonstrates that Verizon's direct costs for power in this filing meet the direct cost test in the previous tariff investigation, except for New York. However, the costs in that investigation were based on 1993 cost studies. An increase in costs over the last 8 years is reasonable considering the effects of inflation on the cost of power equipment and the labor to install it.

In addition, the Order prescribed overhead loading factors of 1.23 for the former Bell Atlantic companies, 1.32 for the former NYNEX companies in New York, and 1.0 for the former NYNEX companies in New England. See Order, Appendix D. Verizon applied these overhead factors to the direct costs above to determine the rate per amp for each operating company.

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<sup>2</sup> In the Matter of Local Exchange Carrier's Rates, Terms, and Conditions for Expanded Interconnection Through Physical Collocation for Special Access and Switched Transport; CC Docket No. 93-162; Second Report and Order; 12 FCC Rcd 18730 (1997) ("Order").

## SECTION 2: COMPLIANCE WITH COMMISSION'S RULES

This filing includes documentation to comply with Sections 61.49(g) and (h) of the Commission's Rules,<sup>3</sup> which specify the information that must be submitted in support of new or revised rate elements for expanded interconnection. 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; 3) supporting workpapers for estimates of costs, demand, and revenues; and 4) a showing that the rates do not recover more than a reasonable portion of the Company's overhead costs. Section 3 (Costs, Demand, Rates, and Revenues) and Section 4 (Workpapers) contain the information required to comply with these rules.

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<sup>3</sup> 47 C.F.R. § 61.49(g), (h).

## SECTION 3: COSTS, DEMAND, RATES, and REVENUES

### A. Cost Development

#### (1) Recurring Charges

Verizon performed cost studies to determine the investment required to implement the service options detailed in this filing. 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 the attached workpapers and are labeled “monthly rate.” The cost studies are included as Attachments A, B, and C.

#### (2) Ratios

Verizon 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 current and pending collocation requests from customers. The Demand numbers will include conversions and new requests. The demand forecast is displayed on Workpapers 1-3 and 2-2.

### C. Rates

Verizon has priced these rate elements to recover direct costs, plus overhead loadings, *i.e.*, fully distributed costs. The Commission requires that overhead loadings for collocation services may be no greater than the overhead applied to comparable services, absent justification. The proposed collocation rates carry the same overhead loading factors as are carried by comparable services. As required by the Commission, the proposed Collocated Interconnection rates do not include contribution. The attached workpapers contain proposed rates for DC Power and are labeled appropriately.

### D. 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 Workpapers 1-3 and 2-2.

SECTION 4: WORKPAPERS

**Tariff F.C.C. No. 11**

Workpaper 1-1                      DC Power - Monthly Rate  
New York and Connecticut

Workpaper 1-2                      DC Power - Monthly Rate  
New England

Workpaper 1-3                      Demand

**Tariff F.C.C. No. 1**

Workpaper 2-1                      DC Power – Monthly Rate

Workpaper 2-2                      Demand