

## **Attachment D**

### **Revenue Calculations**

Pursuant to the Commission's rules,<sup>1</sup> a petition seeking pricing flexibility must include:

1. the total number of wire centers in the relevant Metropolitan Statistical Area ("MSA") or non-MSA;
2. the number and location of wire centers in which competitors have collocated in the relevant MSA or non-MSA;
3. the name of at least one collocater in each wire center that uses transport facilities owned by a provider other than Qwest; and
4. the percentage of "qualifying" wire centers (as defined in (2) and (3) above) in the relevant MSA or non-MSA, or the percentage of total base period revenues generated by the services at issue in the relevant MSA or non-MSA in qualifying wire centers.

Qwest relied solely on the revenue test to demonstrate that it has met the Commission's thresholds for pricing flexibility. Using the data identified below, Qwest performed the following methodology to determine the MSAs and categories of services that qualified for either Phase I or II pricing flexibility relief:

1. Assigned wire centers to individual MSAs. Consistent with the Commission's rules (47 C.F.R. § 1.774(a)(1)), Qwest used the Commission's Cellular

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<sup>1</sup> See 47 C.F.R. § 1.774(a)(3).

MSA/RSA Markets and Counties Report (Report No. CL-92-40-A)<sup>2</sup> to compile a list of the counties found in each MSA in Qwest's in-region territory. By comparing this information against a list of the counties in which Qwest wire centers are located, Qwest was able to assign each wire center to an MSA or non-MSA area.<sup>3</sup> Qwest double-checked each wire center assignment by comparing the assignments to the information in two Qwest internal databases.

2. Calculated the end-user channel termination revenue and all other special access and dedicated transport revenues in the MSA.
3. Calculated the end-user channel termination revenue and all other special access and dedicated transport revenues attributable to the collocated wire centers.
4. Calculated the percentage of end-user channel termination revenue and the percentage of all other special access and dedicated transport revenues in collocated wire centers in the MSA.

#### Data Sources

Qwest gathered revenue data for the 2000 base period for special access and switched dedicated transport services from its Integrated Access Billing Services ("IABS") and Customer Records Information System ("CRIS") billing systems. The IABS database bills interexchange carriers, and CRIS bills end-user customers.

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<sup>2</sup> See *Common Carrier Public Mobile Services Information; Cellular MSA/RSA Markets and Counties*, Report No. CL-92-40, 7 FCC Rcd. 742 (1992).

<sup>3</sup> If any wire centers provided service to areas within more than one MSA or non-MSA area, the wire center was assigned to the MSA or non-MSA area in which the predominant portion of its service area is located.

### Attribution of Revenues

Consistent with Rule 69.725, Qwest attributed revenues for the qualifying services to specific wire centers in each MSA according to the following methodology:

- (a) For entrance facilities and channel terminations between an interexchange carrier's Point of Presence ("IXC POP") and Qwest's serving wire center, revenues were attributed to the serving wire center.
- (b) For channel terminations between Qwest's end office and an end-user customer premise, revenues were assigned to the end office.
- (c) For dedicated transport services with facilities interconnecting Qwest wire centers, 50 percent of the revenues were attributed to the wire centers at each end of the transmission path.
- (d) For all other equipment and facilities used to provide services (*e.g.*, multiplexers), the revenues were assigned to the wire center where the equipment or facilities were located.

### Methodology

Using billing records extracted from the IABS and CRIS, Qwest assigned revenues as follows:

- Interoffice Channel Mileage Revenues – Qwest attributed 50% of the interoffice revenue for each circuit to the wire centers at the ends of the circuit. Wire centers are identified in Qwest's billing data by eight-digit Common Language Location Identifier ("CLLI") codes. In compiling the data, Qwest verified that the CLLI code records for interoffice revenues were consistent with the original billed records. Qwest also verified that revenues for circuits that cross state boundaries

were assigned to the correct wire center and accordingly the appropriate MSA or non-MSA area.

- IXC POP versus End-User Channel Terminations – Since channel terminations can be used to provide transport between a LEC wire center and either an IXC POP or an end-user’s premises, a method was needed to identify the other end of the circuit so that revenue would be properly classified as IXC POP or end-user channel termination revenue. Due to insufficient detail in its historical billing records, Qwest used current June 2001 revenue data from IABs and CRIS to develop allocation ratios for this purpose. The June 2001 data extraction included information from billing records at the circuit level detail, which enable the assignment of individual revenue elements to the proper revenue category for each wire center. For example, for each circuit, Qwest extracted information that allowed it to identify a channel termination as associated with an IXC POP or an end-user’s wire center.<sup>4</sup> Using this data, Qwest created allocation factors to assign total 2000 channel termination revenues at a wire center to the appropriate IXC POP and end-user channel termination categories. For example, using the June 2001 data, Qwest calculated a ratio of the end-user revenue for a particular wire center to the total channel termination revenues for the wire center. Such ratios were calculated for each wire center and then applied to the 2000 actual total channel termination revenue to identify appropriate 2000 end-user channel

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<sup>4</sup>Qwest maintains information in its billing systems that identifies the ends of a circuit (circuit location) with a numeric field. Circuit location “1” is generally associated with the channel terminations between the serving wire center and an IXC POP. Circuit locations other than “1” are associated with channel terminations between end offices and end-user premises. Therefore,

termination revenues. The remaining revenues were assigned to the 2000 IXC POP revenues category.

- Revenues not assigned to a wire center – Allocated proportionally to all wire centers in a state.

As a final check, Qwest verified that the total revenues extracted from the IABS and CRIS billing records equaled the total revenues assigned to the various categories.

#### Identification of MSAs Qualifying for Pricing Flexibility

Attachment E summarizes the results for all relevant MSAs in Qwest's region, with separate results for end-user channel termination revenues and all other special access and dedicated transport revenues. Each page lists the relevant MSA name and number, the total revenue for the service at issue, the revenue generated by the service at issue in wire centers with collocation and the percentage of revenue in the collocated wire centers. All revenues were determined from the total base period revenues (*i.e.*, 2000 revenues).

Attachment F provides a separate chart for each of the relevant MSAs. Each chart provides a listing of the qualifying wire centers in the MSA and the collocators in the wire center.<sup>5</sup>

Each list of wire centers displays the following data:

1. the total number of wire centers in the MSA;
2. the number of qualifying wire centers in the MSA;
3. the total end-user channel termination revenues in the MSA;
4. the total of all other special access and dedicated transport revenue in the MSA;

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channel terminations associated with a circuit location other than "1" were classified as end-user channel terminations.

5. the end-user channel termination revenue in qualifying wire centers in the MSA;
6. the other special access and dedicated transport revenue in qualifying wire centers in the MSA;
7. the percentage of end-user channel termination revenue in qualifying wire centers;  
and
8. the percentage of all other special access and dedicated transport revenue in the qualifying wire centers.

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<sup>5</sup> The wire centers are listed by the first eight characters of their CLLI which provide information necessary to identify the location of the wire center.