

TRANSMITTAL NO. 144
QWEST CORPORATION
TARIFF F.C.C. NO. 1
ACCESS SERVICE
DESCRIPTION AND JUSTIFICATION
INVERSE MULTIPLEXING OVER ATM (IMA)

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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 8, Advanced Communications Networks (ACN) to add a Per Subsequent Order NRC for the IMA (Inverse Multiplexing Over ATM) Access Link and for the IMA Port. IMA Service is excluded from price caps¹.

IMA Access Link and IMA Port NonRecurring Charge

In response to customer concerns, Qwest has decided to add a Per Subsequent Order NRC for the IMA Access Link and for the IMA Port when existing IMA customers order additional IMA Access Links and Ports.

Under current tariff terms if a customer wishes to add an additional IMA Access Link or Port, they are charged the full Nonrecurring Charge for that higher level when in reality the only cost being incurred is that of adding an additional Link or Port. Under the current IMA NRC rate structure, the NRC for each IMA Access Link is \$500 per 1.544 Mbps increment and for each IMA Port is \$200 per 1.544 Mbps increment. However, there no current Nonrecurring Charge that would reflect that incremental change. For example, if a customer were to request a move from a 10.7 Mbps IMA Access Link to 12.3 Mbps they would be charged \$4,000 rather than the incremental cost of \$500.

¹CC Docket No. 87-313, Second Report And Order, Released October 4, 1990, Par.195 "Air-ground service and packet-switched service were not subject to scrutiny as part of our investigation of LEC productivity, and should therefore be excluded [from price cap regulation]."

This new NRC will correct this anomaly. With the new subsequent NRC rate elements, when a customer increases the number of existing Mbps, a subsequent order charge of \$500 will apply for the IMA Access Link per 1.544 Mbps increment added. A Subsequent Order charge of \$200 will apply for the IMA Port per 1.544 Mbps incremental added.

2. Rate Development

The Per Subsequent Order NRC for the IMA Access Link and for the IMA Port is based on the current IMA NRC rate structure and allows a customer to add an additional Link or Port to their existing service without having to incur the full NRC for the next higher level when in reality the only cost being incurred is that of adding an additional Link or Port.

3. Demand And Revenue Impacts

3.1 Demand Impacts

Qwest expects the first years demand for the IMA Access Link Per Subsequent Order NRC to be 16. The first year demand for the IMA Port Per Subsequent Order NRC is expected to be 16. 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 the Per Subsequent Order NRC for the IMA Access Link to generate an additional \$8,000 in annual revenue. The Per Subsequent Order NRC for the IMA Port is expected to generate an additional \$3,200 in annual revenue. 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 the IMA Access Link and Port introduced by this filing. This unit cost section describes the process used to develop the nonrecurring charges and provides a description of the cost Workpapers.

The unit costs developed in this study reflect 2001 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 Nonrecurring Unit Costs

When a customer requests the service a one-time cost to provision the service is incurred. The nonrecurring provisioning rate element recovers this cost as well as the associated cost to disconnect the service at some later date.

The first step taken in developing the nonrecurring one time labor cost was to identify the various work groups and tasks required to install and disconnect the service. Next, Qwest estimates were used to develop average labor times per task. Once identified, the average labor times were multiplied by the appropriate labor rates to produce the cost per work group. The sum of all the work group costs produces the total cost.

The labor rates used in this study were developed by applying additional factors to cover administrative expense and business fees that are incurred with the new offering. Administrative expenses include the costs associated with the line and staff operations, which support the new service. Business fees include state level franchise taxes, municipal license fees and occupation taxes.

The work groups involved in providing Qwest IMA Service are listed below along with their associated work functions: (1) Business & Government Service Center (BGS) - BGS interfaces with larger business customers and government entities. BGS also develops requests for services and order specific negotiations including rates/charges, credit and billing information, service due dates; (2) Business Regional Order Center (BROC) - The BROC primary function is to manually enter service installation or termination orders into the Service Order Process System

(SOPS). These orders have either fallen out of the Service Order Negotiation and Retrieval (SONAR) database for various reasons or require manual order entry because of product or order type; (3) Design - Design has overall responsibility for RID (Record Issue Date) completion. Design is also responsible for upholding Qwest's design standards, assigning interoffice facilities and equipment at the circuit level, preparing and distributing WORD (Work Order Record Detail) including DLR (Design Layout Record), ensuring that TIRKS (Trunks Integrated Record Keeping System) designs meet the customer expectations, escalating as necessary to ensure pre-RID dates are met, advising Qwest sales forces or order originators of jeopardies as they are discovered and maintaining TIRKS database integrity by making design changes as they occur (i.e. cable pair changes, etc.); (4) Load Resource Administration Center (LRAC) - LRAC Builds Installation Technician daily service order/trouble ticket logs, monitors service order/trouble ticket progress (start and stop), logs service order/trouble ticket completion in WFA/DO, re-loads/re-schedules service orders/trouble tickets that could not be completed for various reasons (i.e. no access to customer premise, plant facility problems etc.); (5) Installation/Maintenance (I & M Technician) - Performs necessary field work on new orders, changes to existing service, and repair orders (trouble tickets). Also performs circuit testing from customer premise; (6) Implementor -The Implementor has overall control responsibility for provisioning, maintaining, coordination and testing of designed services. They contact other centers/technicians for a coordinated effort to complete service order activity requirements and tests with central office, field installation personnel as necessary. They also provides test

results to customers; (7) Central Office (CO) - The CO is responsible for service order connection in the central office and the associated testing and administrative functions of Special Service and Message Truck Circuits.

4.3 Description Of Nonrecurring Workpaper

The nonrecurring charges were developed at a regional level. The Workpapers provides a detailed summary of the work groups, work times in minutes, hourly labor rates for each work group and the calculated inward and outward costs.

5. Workpapers 1 and 2

NONRECURRING COST GROUP SUMMARY

Qwest				Workpaper 1
		Time	Labor Rate	
	Labor Group	In Minutes	Per Hour	Costs
IMA Access Link				
<i>Inward Costs</i>				
	BGS	30.00	\$39.16	\$22.83
	BGS REGIONAL ORDER CENTER/BROC	37.00	\$39.16	\$28.15
	DESIGN	49.25	\$44.31	\$42.40
	CENTRAL OFFICE	44.00	\$43.81	\$37.46
	LOAD RESOURCE ADMINISTRATION CENTER/LRAC	10.00	\$37.78	\$7.34
	INSTALL	76.60	\$42.68	\$63.53
	IMPLEMENTOR	75.00	\$43.81	\$63.85
	Subtotal - Inward	321.85		\$265.56
<i>Outward Costs</i>				
	BGS	17.00	\$39.16	\$12.94
	BGS REGIONAL ORDER CENTER/BROC	18.00	\$39.16	\$13.70
	DESIGN	2.30	\$44.31	\$1.98
	CENTRAL OFFICE	12.00	\$43.81	\$10.22
	IMPLEMENTOR	15.00	\$43.81	\$12.77
	Subtotal - Outward	64.30		\$51.60
	Total Inward & Outward	386.15		\$317.16

NONRECURRING COST GROUP SUMMARY

Qwest				Workpaper 2
		Time	Labor Rate	
	Labor Group	In Minutes	Per Hour	Costs
IMA ACCESS PORT				
<i>Inward Costs</i>				
	CSD DAOS	26.00	\$39.16	\$19.78
	CSS TECHNICIAN	71.00	\$49.32	\$68.04
	S.O. DISTRIBUTION (DAOS)	2.00	\$39.16	\$1.52
	DESIGN	60.00	\$46.18	\$53.84
	Subtotal - Inward	159.00		\$143.19
<i>Outward Costs</i>				
	CSD DAOS	22.00	\$39.16	\$16.74
	CSS TECHNICIAN	15.00	\$49.32	\$14.38
	S.O. DISTRIBUTION (DAOS)	2.00	\$39.16	\$1.52
	DESIGN	10.00	\$46.18	\$8.97
	Subtotal - Outward	49.00		\$41.61
	Total Inward & Outward	208.00		\$184.80