

**NEVADA BELL TELEPHONE COMPANY
DESCRIPTION AND JUSTIFICATION
JULY 28, 2006
TRANSMITTAL NO. 135**

PURPOSE

Nevada Bell Telephone Company (NBTC) proposes to enhance DecaMAN[®] service by introducing a DecaMAN[®] Cross Connect to the Expanded Interconnection Services in F.C.C. No. 1, Section 18.

DESCRIPTION

DecaMAN[®] is a fiber based, point-to-point, 10 Gigabit Ethernet service that allows customers to transport data signals between local area networks (LANs). DecaMAN[®] transports data signals at the rate of 10 Gigabits per second (Gbps).

With the filing, NBTC is proposing to make the DecaMAN[®] service available to its collocation facilities. The Expanded Interconnection feature will connect the DecaMAN[®] service to a customer's collocated space in AT&T's Central Office. A cross connect is placed on a fiber distribution panel, or fiber-optic terminal, providing the customer access to AT&T's Ethernet equipment. Collocation Transport provides for the transmission facilities arrangement between a Telephone Company Central Office frame and a collocation frame located in the Telephone Company Central Office. LAN PHY and WAN PHY are the two types of Collocation Transport available with DecaMAN[®].

Cost support is included with this filing in compliance with Part 61.38 of the Commission's Rules, and is provided under confidential cover. The costs associated with the implementation of DecaMAN[®] are vendor related and considered proprietary information of AT&T. Public release of the information would be detrimental to AT&T.

COST DEVELOPMENT

Generally, Nonrecurring costs are calculated by multiplying forward-looking activity times and probabilities of occurrence by appropriate labor rates. This calculation is performed for every workgroup and activity that is required to provision a particular rate element. The calculation is detailed below.

Forward-looking Activity Times and Probabilities

Subject Matter Experts (SMEs) provide detailed activity descriptions, associated time estimates, and occurrence factors for each activity that is required to provision a cost element.

Occurrence factors address the percent of time each activity is performed. There are two types of occurrence factors: Work Group Occurrence Factor (WGOF) and the Activity Occurrence Factor. The Workgroup Occurrence Factor represents the percentage of time that a workgroup must be involved to provision a cost element. One example of this would be when two different workgroups share responsibility for a similar activity. Another example would be when a workgroup is involved only in certain instances, such as when information has to be handled manually because it cannot be processed mechanically. The Activity Occurrence Factor is the percentage of time the specific activity takes place after the WGOF has been considered. In other words, given that a workgroup needs to be involved in provisioning an element, that workgroup may not perform every activity 100% of the time.

The SMEs also provide other information, such as the employee title, job function code (JFC), and state in which the work occurs. All of this information is used to identify the appropriate labor rate to be applied to the provisioning activity times. To ensure that activity times are forward looking, SMEs are instructed to assume a technically competent and trained employee is efficiently performing the listed activities, and to include known process improvements.

The activity times required to place the Expanded Interconnection for DecaMAN[®] service are obtained from Subject Matter Experts on the DecaMAN[®] development team. The following paragraph provides a detailed description of some of the major activities associated with each group:

Local Field Operation - Inside (LFO-IN)

The Local Field Operations-Inside technicians are responsible for installation activities taking place within the Central Office. These technicians place cross connects and test circuits.

Labor Rates

The labor rate represents the cost to AT&T of a single hour of labor. The labor rate is inflated (based on the Consumer Price Index) to the midpoint of the study period in order to make the labor cost representative of the entire study period. Disconnect costs are inflated to the midpoint of the disconnect period. The disconnect period is based on the location life of the service. A discussion on how disconnect costs are treated is provided in the following paragraph. A more detailed discussion of labor rates and inflation factors is found later in this methodology.

Disconnect Cost

Disconnect costs are inflated (based on the Consumer Price Index) to the end of the study period. The resulting cost is then discounted back based on the cost of money and the average location life of the service. This adjustment is made to recognize the difference in timing between when the revenue is received for the disconnect effort and when the actual costs are incurred.