

TELEINFOSYSTEMS, INC.

MEMO

Date: January 17, 2002

To: RMS Users
From: Bill Warinner

Re: RMS Version 2.10 Update/Enhancement

We are announcing the availability of RMS Version 2.10 from TeleInfoSystems, Inc. containing Part 36 and 69 modifications to reflect changes adopted in Order FCC 01-304, MAG Order, Released November 8, 2001. In response to changes mandated in the MAG Order, a new tab has been added to RMS containing the calculation for Local Switching Support (LSS). This calculation is used in determining the amount of Local Switching (Line Port) revenue requirement to transfer to the Common Line element for interstate cost studies. RMS also contains an adjustment to reallocate interstate Transport Interconnection Charge (TIC) revenues from the transport element of Part 69 to the remaining interstate access elements in accordance with the FCC's MAG order. For purposes of NECA reporting, these adjustments are treated as expense adjustments.

Version 2.10 reflects changes in the identification and allocation of wideband investments and rent revenues. These modifications to RMS provide greater flexibility for users to 1) allocate wideband COE and CWF investments more consistently in accordance with actual use and 2) to direct assign rent revenues by jurisdiction and by access element for revenues derived from unbundled network elements. A detailed analysis of the modifications/enhancements to RMS Version 2.10 is attached to this memo.

There will be a fee required to upgrade to RMS Version 2.10 which is indicated on the RMS upgrade order form. Please complete the RMS upgrade order form to request your new copy of RMS Version 2.10. If you have not received a copy of the RMS upgrade order form, please contact Kevin Rains at 913-599-3236.

As always, we appreciate your continued support of RMS. If you have any questions about RMS or about the information attached to this memo, please do not hesitate to contact us.

RMS Version 2.10 Changes to Input File

Other Cost Input

1. Input lines 1 thru 15. Added new classification of “Wideband Channels” segregated between “Exchange Trunk” and “Interexchange Trunk.”
2. Allowed for input to line 14 (Other – Nonoperating) to the classifications below. This will allow for allocation of costs to the “other” column in Part 36 for incidental nonregulated use of the associated facilities.
 - a) IX Termination – COE
 - b) IX Circuit Miles – CWF
 - c) Wideband Loops
 - d) Wideband Channels – Exchange Trunk
 - e) Wideband Channels – Interexchange Trunk

COE Investment

3. Changed input data line 92 to reflect investment in “Exchange Trunk – Wideband” The joint use column is allocated on the basis of “Wideband Channels – Exchange Trunk” which was added to other cost inputs on input data lines 1 thru 15.

Cable & Wire Facilities Investment

4. Changed input data line 130 to reflect investment in “Exchange Line Wideband” consistent with COE data line 90. The joint use column is allocated on the basis of Wideband Loops included in other cost inputs.
5. Changed input data line 132 to reflect investment in “Exchange Trunk – Wideband” consistent with COE data line 92. The joint use column is allocated on the basis of Exchange Trunk Wideband Channels.

Operating Revenues

6. Operating revenues reflect only a change in row numbers from the previous version of RMS. Operating revenues, previously designated as row numbers 550 thru 562, are now designated as rows 530 thru 542.

Rent Revenues

7. The row numbers for rent revenues, previously reflected as 570 thru 574 are now changed to reflect row numbers 550 thru 553. Additional rent revenue rows 554 thru 562 were added to provide classifications for direct assignment of revenues derived from unbundled network elements. Input data line 563 is added to provide direct assignment of miscellaneous rent revenues that correspond to Part 69 data input lines 650 thru 661.

Part 69 Other Cost Input

8. Added input data lines 650 thru 661 to provide optional direct assignment for miscellaneous rent revenues by jurisdiction by access element corresponding to Part 36 data input line 563. Total dollar amounts by jurisdiction on input data line 661 should equal the dollar amount by jurisdiction on input data line 563.
9. New input data lines 670 thru 713 were renumbered commensurate with the addition of input data lines 650 thru 661, however no changes were made to the input amounts or separations methodology for these input items.

Local Switching Support Input

10. Input lines 750 thru 801 were added to provide input cells for the new tab “LSS CALC” containing the Local Switching Support) algorithm now included with RMS.
11. Input line 750 requests the LEC NECA study area code (SAC).
12. Input line 751 requests the Exchange Carrier study area name.
13. Input line 752 requests the data period being reported.
14. Input line 754 requests the telephone number for the person responsible for the report.
15. Input line 755 requests designation of the report as an original projection or true-up filing.
16. Input line 756 requests the tax status of the reporting carrier.
17. Input line 757 requests the 1996 interstate unweighted Dial Equipment Minute (DEM) factor used in the 1996 cost study filed with NECA.
18. Input line 758 requests the 1996 small company weighting factor (i.e., 2.0,2.5,3.0)

Input for MAG Changes

19. Input line 759 allows for the optional use of a manual LSS calculation in lieu of the calculation performed by the algorithm in RMS.
20. Input line 760 requests the manual LSS amount to be used in the local switching adjustment on Schedule A-1 if input line 759 contains a “Y”. To override the interstate local switching adjustment completely on Schedule A-1, enter a “Y” on input line 759 and leave this cell as zero.
21. Input line 800 requests the percent of line port local switching costs to be allocated to the interstate Carrier Common Line element. The default ratio set by the FCC is 30%. Any other ratio must be supported by specific company costs. To override the line port local switching adjustment on Part 69, Schedule A-1, leave this cell as zero.
22. Input line 801 requests the amount of interstate Transport Interconnection Charge (TIC) revenues to be reallocated to the remaining interstate access elements. The interstate TIC revenues should be reported for the twelve-month period ending June 30, 2001. This amount will be frozen for future periods. To override the TIC revenue adjustment on Part 69, Schedule A-1, leave this cell as zero.

RMS Version 2.10 Changes to Part 36

COE Investment

23. Exchange Trunk – Wideband investment on Schedule S-4, line 57 is changed to reflect the allocation of Exchange Trunk – Wideband COE based on Exchange Wideband Channels presented on Schedule AL-1, Line 11 and 12. The allocation of message Exchange Wideband Channels is determined based on the ratio of Relative Wideband MOUs on input data line 35 plus special access direct assigned to the appropriate jurisdictions.
24. Interexchange Trunk – Wideband investment on Schedule S-4, line 66 is changed to reflect the allocation of Interexchange Trunk – Wideband COE based on Interexchange Wideband Channels presented on Schedule AL-1, Line 13 and 14. The allocation of message Interexchange Wideband Channels is determined based on the ratio of Wideband MOU Miles on input data line 40 plus special access direct assigned to the appropriate jurisdictions.

CWF Investment

25. Exchange Wideband investment on Schedule S-5, line 22 was changed to reflect the investment in Exchange Line Wideband consistent with the corresponding COE investment. Exchange Line Wideband CWF is allocated on the basis of Exchange Wideband Loops on Schedule AL-1, lines 9 and 10.

26. Schedule S-5, line 26 was changed to reflect the investment in Exchange Trunk – Wideband CWF consistent with the corresponding COE investment. Exchange Trunk Wideband CWF is allocated on the basis of Exchange Wideband Channels on Schedule AL-1, lines 11 and 12.
27. Schedule S-5, line 28 was reflects the investment in Interexchange Trunk – Wideband CWF consistent with the corresponding COE investment. Interexchange Trunk Wideband CWF is allocated on the basis of Interexchange Wideband Channels on Schedule AL-1, lines 13 and 14.

Rent Revenues

28. Rent revenues on Schedule S-10, lines 37 thru 47 were changed to add the rent revenue categories associated with unbundled network elements. Rent revenues from unbundled network elements reflect unbundled loops, operator systems, tandem switching, local switching, transport and OSS. Rent revenues for unbundled network elements are allocated on the basis of the corresponding plant investment or direct assigned. An additional line was added for “Miscellaneous Rent Revenue” to allow for the direct assignment of rent revenues in both Part 36 and Part 69 by access element.

RMS Version 2.10 Changes to Part 69

COE Investment

29. Exchange Line – Wideband investment on Schedule A-4, line 29 is changed to reflect the allocation of Exchange Line – Wideband COE between the CCL and Special Access elements. Message Exchange Line Wideband is assigned to the CCL element. Special access exchange line wideband investment is assigned to the Channel Termination element of the Special Access category.
30. Exchange Trunk – Wideband COE investment on Schedule A-4, line 31 is changed to reflect the allocation of Exchange Trunk – Wideband COE between the tandem switched transport and special access elements. Message Exchange Trunk Wideband COE is assigned to the Termination element of tandem switched transport. Special access Exchange Trunk Wideband COE is assigned to the Channel Mileage Termination element of Special Access.
31. Interexchange Trunk – Wideband COE investment on Schedule A-4, line 35a is reflects the allocation of Interexchange Trunk – Wideband COE between the tandem switched transport and special access elements. Message Interexchange Trunk Wideband COE is assigned to the Termination element of tandem switched transport. Special access Interexchange Trunk Wideband COE is assigned to the Channel Mileage Termination element of Special Access.

CWF Investment

32. Exchange Line Wideband CWF investment on Schedule A-5, line 14 was changed to reflect the investment in Exchange Line Wideband consistent with the corresponding COE investment. Message Exchange Line Wideband CWF is assigned to the Facility element of tandem switched transport. Special access exchange line wideband CWF investment is assigned to the Channel Termination element of the Special Access category.
33. Exchange Trunk – Wideband CWF investment on Schedule A-5, line 15b is changed to reflect the allocation of exchange trunk wideband COE between the tandem switched transport and special access elements consistent with the corresponding COE investment. Message Exchange Trunk Wideband CWF is assigned to the Facility element of tandem switched transport. Special access exchange trunk wideband CWF investment is assigned to the Channel Mileage Facility element of the Special Access category.
34. Interexchange Trunk – Wideband CWF investment on Schedule A-5, line 16 is changed to reflect the allocation of interexchange trunk wideband COE between the tandem switched transport and special access elements consistent with the corresponding COE investment. Message Interexchange Trunk Wideband CWF is assigned to the Facility element of tandem switched transport. Special access interexchange trunk wideband CWF investment is assigned to the Channel Mileage Facility element of the Special Access category.

Rent Revenues

35. Rent revenues on Schedule A-10, lines 35 thru 45 were changed to add the rent revenue categories associated with unbundled network elements. Rent revenues from unbundled network elements reflect unbundled loops, operator systems, tandem switching, local switching, transport and OSS. Rent revenues for unbundled network elements assigned to the appropriate access element based on the corresponding plant investment. An additional line was added for “Miscellaneous Rent Revenue” to allow for the direct assignment of rent revenues in Part 69 by access element in accordance with the amounts direct assigned on input data lines 650 thru 661.

Reallocation of Local Switching and Tandem Switched Transport Expenses

36. Schedule A-1 has been revised to reflect the reallocation of interstate local switching and tandem switched transport expenses to comply with the rule changes mandated in Docket FCC 01-304, “MAG Order, released on November 8, 2001. In accordance with FCC mandate, an adjustment is provided to reallocate the line port costs associated with interstate local switching investment to the Carrier Common Line access element. The adjustment for line port costs is calculated based on a ratio of the interstate local switching revenue requirement net of local switching support

revenues. Interstate tandem switched transport costs representing Transport Interconnection Charge (TIC) revenues for the twelve month period ending June 30, 2001 are reallocated from the interstate tandem switched transport elements to the remaining interstate access elements based on a ratio of current interstate access revenue requirements excluding the TIC revenues. For NECA reporting purposes, these adjustments to interstate access revenue requirements are treated as expense adjustments in the pool reporting summaries.

RMS Version 2.10 Changes - Local Switching Support Algorithm

37. RMS Version 2.10 now contains a worksheet that presents the algorithm for calculating interstate Local Switching Support (LSS). This calculation is necessary for determining the reallocation of the line port costs associated with local switching equipment net of LSS to the Carrier Common Line element. Additional inputs have been added to RMS to process the LSS algorithm. The LSS calculation within RMS is determined based on average test period investments and reserves for local switching equipment, COE and telephone plant amounts. The actual amount of LSS calculated by NECA may be different as a result of the methodology used in averaging investments.

RMS Version 2.10 Changes to Compare File

38. Version 2.10 contains the applicable changes to reflect the changes in inputs for wideband COE and CWF investments and rent revenues previously discussed. In order to run the compare file, previous versions of input files will have to be converted to the Version 2.10 format. A file to convert previous versions of input files to the Version 2.10 format will be made available on the WGA web site.

RMS Manager File Changes

39. RMS Manager Version 2.10 has been modified to include the reallocation of Local Switching and Tandem Switched Transport expenses using the same methodology contained in Part 69. These changes apply to the interstate jurisdiction of Part 69 only. Three new input lines have been added to the Manager file to incorporate these changes.
 - Input line 198 requests the amount of Local Switching Support revenue during the period reported.
 - Input line 199 requests the percent of local switching line port costs to be reallocated to the carrier common line access element.
 - Input line 200 requests the amount of TIC revenues to be reallocated to the remaining interstate access elements.

40. The state income tax calculation in RMS Manager Version 2.10 has been modified to reflect the various state tax codes contained in the basic studies. Input line 17 requests the applicable state tax code in column D as well as the state tax rate in column F. Use the same tax code as the code contained in your basic study input files on line 4, column D.