

# TELEINFOSYSTEMS, INC.

# MEMO

Date: February 27, 2002

To: RMS Users  
From: Bill Warinner

Re: RMS Version 2.11 Update/Enhancement

We are announcing the availability of RMS Version 2.11 from TeleInfoSystems, Inc. containing Part 69 modifications to revise changes in RMS Version 2.10 adopted as a result of Order FCC 01-304, MAG Order, Released November 8, 2001. The revision concerns the allocation of general purpose computers for Class A and B telecommunications carriers and Land, Buildings and Office Equipment for Class A telecommunications carriers only. These rules are currently in effect for Class A telecommunications carriers. These rules go into effect July 1, 2002 for Class B telecommunications carriers.

Version 2.11 contains four additional inputs for investments in A/C 2111 - Land, A/C 2121 - Buildings, A/C 2123 - Office Equipment and A/C 2124 - General Purpose Computers. These inputs are required for exchange carriers who perform toll rating and billing within their regulated operating companies. For these exchange carriers, a portion of their investments in General Support Facilities must be allocated to the Billing & Collection element in interstate Part 69 cost allocations. Exemptions to these rules are provided for those exchange carriers that acquire all of the billing and collection services that they provide to interexchange carriers from unregulated affiliates through affiliate transactions, from unaffiliated third parties, or from both of these sources. A detailed analysis of the modifications/enhancements to RMS Version 2.11 is attached to this memo.

RMS Version 2.11 replaces the recently released RMS Version 2.10. RMS Version 2.11 is an update to Version 2.10 and therefore requires no additional fee from licensed Version 2.10 users. If you have previously upgraded to RMS Version 2.10, you do not need to order Version 2.11. RMS Version 2.11 will be available for download from the web site of Warinner, Gesinger & Associates, LLC effective Tuesday, February 26, 2002. The web site will also contain a file to convert Version 2.10 input files to Version 2.11 input files. Once converted, all RMS Version 2.10 files should be eliminated. For those users who have not upgraded to RMS Version 2.10, the upgrade to Version 2.11 will

require the same fee as the upgrade to Version 2.10. If you have not received a copy of the RMS v2.1x order form, please contact Kevin Rains at 913-599-3236.

It is recommended that all RMS users convert their Version 2.10 input files as quickly as possible to Version 2.11 using the conversion routine, "InputConvert210To211.xla", that is available for download from the web site of WGA. The input conversion routine will only convert Version 2.10 input files to the Version 2.11 level. Please start the conversion process by using "InputConvert210To211.xla" to convert your master Version 2.10 "InputBlank.xls" file. This will be your new master Version 2.11 input file for use with RMS. Next, please convert any populated Version 2.10 input files to Version 2.11, saving the new files to the appropriate directories. RMS Version 2.11 should be used for all studies for the period beginning on July 1, 2002. RMS Version 2.11 can be used to process studies for the year 2001 by all exchange carriers. However, Class B carriers should ignore input data line 813 as it will not apply until July 1, 2002.

A special thanks is extended to Janice Heeter and Linda Lupton of Roseville Telephone Company for identifying the changes necessary for RMS to comply with the rules pertaining to the allocation of General Support Facilities to the billing and collection element in Part 69. On behalf of TeleInfoSystems, Inc., we at WGA strive to maintain RMS in complete compliance with all applicable FCC rules and regulations. If you have any questions or concerns about the processes and allocations within RMS, please contact Bill Warinner, Andy Denzer or Kevin Rains at 913-599-3236 and we will discuss them with you. As always, thank you for your continued support of RMS.

A handwritten signature in black ink, reading "William J. Warinner". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

## RMS Version 2.11 Changes to Input File

### Operating Taxes

1. Data input line 502 has been changed to reflect the amount of Operating Deferred Income Tax Expense in Account 7250. This input is required for the Local Switching Support (LSS) algorithm.

### Data for GSF Access Adjustment to Billing & Collection Element

2. Input data lines 810 through 813 have been added for Class A and Class B telecommunications carriers to reflect changes in Part 69, § 69.307(d) and 69.307(e), discussed below. Exchange carriers exempted from the above provisions under sections 69.307(c)(1) and 69.307(c)(2) should leave these input lines blank.

a) Input data lines 810 through 813 have been added for Class A telecommunications carriers to reflect provisions of the CALLS order that added Part 69, § 69.307(d) which states:

**69.307(d)** - For local exchange carriers subject to price cap regulation and not covered by Section 69.307(c), a portion of General purpose computer investment (Account 2124), investment in Land (Account 2111), Buildings (Account 2121), and Office equipment (Account 2123) shall be apportioned to the billing and collection category on the basis of the Big Three Expense Factors allocator, defined in section 69.2 of this Part, modified to exclude expenses that are apportioned on the basis of allocators that include General Support Facilities investment. The remaining portion of investment in these four accounts together with all other General Support Facilities investments shall be apportioned among the interexchange category, the billing and collection category, and Common Line, Local Switching, Information, Transport, and Special Access Elements on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.

b) Input data line 813 also applies for Class B telecommunications carriers to reflect provisions of the MAG order that added Part 69, § 69.307(e) which states:

**69.307(e)** – Beginning July 1, 2002, for non-price cap local exchange carriers not covered by Section 69.307(c)(2), a portion of General purpose computer investment (Account 2124) shall be apportioned to the billing and collection category on the basis of the Big Three Expense Factors allocator, defined in section 69.2 of this Part, modified to exclude expenses that are apportioned on the basis of allocators that include General Support Facilities investment. The remaining General Support Facilities investments shall be apportioned among the interexchange category, the

billing and collection category, and Common Line, Local Switching, Information, Transport, and Special Access Elements on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.

c) Exemptions to Sections 69.307(d) and 69.307(e) are provided for exchange carriers under Sections 69.307(c)(1) and 69.307(c)(2) which state:

**69.307(c)** - For all local exchange carriers that acquire all of the billing and collection services that they provide to interexchange carriers from unregulated affiliates through affiliate transactions, from unaffiliated third parties, or from both of these sources, all other General Support Facilities investments shall be apportioned among the interexchange category, the billing and collection category, and Common Line, Local Switching, Information, Transport, and Special Access elements on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.

## **RMS Version 2.11 Changes to Part 69**

### **GSF Investment**

3. General Support Assets on Schedule A-3, line 8 has been changed to reflect the allocation of GSF to the Billing & Collection element based on the ratio of Big Three Expenses adjusted to exclude Marketing expense in Account 6610 and expenses associated with GSF in Accounts 6110 and 6120. This amount is calculated by determining a ratio of the amounts included on input data lines 810 through 813 divided by total GSF investment on input data line 122 multiplied by the amount of GSF allocated to the interstate jurisdiction using Part 36 separations rules and then multiplied by the Big Three Expense ratio assigned to the B&C element on Schedule A-3, Line 2.
4. All remaining GSF investments not associated with B&C and Billing Name and Address (BNA) are included on Schedule A-3, line 9 and allocated on the basis of COE, IOT and CWF, combined.

## **RMS Version 2.11 Changes to Local Switching Support Algorithm**

### **Deferred Operating Income Tax**

5. The Local Switching Support (LSS) algorithm has been modified to include an amount for Operating Deferred Income Tax Expense (A/C 7250) on data line 460.

This amount is derived from RMS input data line 502, another modification contained in RMS Version 2.11. Please note that the actual amount of LSS calculated by NECA may be different than the amount calculated by RMS resulting from the methodologies used in averaging investments.

### **RMS Manager File Changes**

6. RMS Manager Version 2.11 contains one modification to reflect federal and state income tax calculations using either the normalized or flow-through methods of accounting for Allowance for Funds Used During Construction (AFFUDC). Data input line 114a has been added to designate the method of accounting for AFFUDC for determination of income tax expense. Enter a “1” in this cell if you elected the flow-through method of accounting for AFFUDC, otherwise RMS defaults to the normalized method of accounting for AFFUDC.