

**M E M O R A N D U M**

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**DATE: NOVEMBER 6, 2003**  
**TO: RMS USERS**  
**FROM: BILL WARINNER**  
**RE: RMS VERSION 2.16 PROCESSING FILES**

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Several revisions have been made to RMS to correct potential issues arising in cost studies performed by RMS Users. The first revision impacts the calculation of Local Switching Support (LSS) for those companies whose combined unweighted DEM and frozen DEM weighting exceed the cap of 85% in years subsequent to 2000. A cap has been placed on the DEM calculation for purposes of determining LSS support for the MAG adjustment in Part 69. The second revision concerns the MAG local switching port adjustment. RMS Version 2.16 applies the MAG local switching port adjustment to the SS7 column in addition to the Local Switching column on Schedule A-1 of Part 69 in accordance with the FCC's rules. A more detailed explanation of the revisions in RMS Version 2.16 is provided below.

There are no changes to the RMS input forms as a result of these modifications so your existing input forms should be reprocessed to determine any impacts from these changes.

In discussions with NECA representatives, we were told that the LSS algorithm provides a more accurate calculation of the amount of LSS support to be used in the MAG adjustment. We had previously told RMS users to use the actual LSS amounts in final cost studies with NECA. NECA said however that the actual amounts of LSS support appearing on Form EC3050 contain prior period true-ups and are not as reliable as the LSS algorithm in RMS.

We are currently in the process of modifying RMS to include the actual calculation of LSS similar to the methodology used by NECA. This will require the use of year-end investments for the LSS algorithm and will require changes to the RMS input forms. We will also be including a linked USF algorithm in the next release of RMS which will also require year-end investments and certain other expense components that are not included in our current input file. These revisions and enhancements are targeted for release by the end of the year.

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## **RMS Version 2.16 Program Modifications:**

### ***1. Revise LSS Calculation***

RMS Version 2.16 was changed to revise the DEM small company weighting factor used in the LSS calculation. RMS was modified to cap the LSS small company weighting factor at the lesser of a) the 1996 frozen dial equipment small company weighting factor or, b) 85% minus the year 2000 unweighted dial equipment minute factor. The year 2000 small company weighting factor could be different than the frozen 1996 small company weighting factor if a LECs weighted DEM factor in any year subsequent to 1996 exceeded the interstate cap of 85%.

There were no changes to the RMS input file as a result of this revision.

### ***2. Revise MAG Local Switching Port Adjustment***

RMS Version 2.16 revised the MAG local switching port adjustment. RMS Version 2.16 applies the MAG local switching port adjustment to the SS7 column in addition to the Local Switching column on Schedule A-1 of Part 69 in accordance with the FCC's rules.

There were no changes to the RMS input file as a result of this revision.