

TELEINFOSYSTEMS, INC.

MEMO

DATE: October 25, 2005
TO: RMS Users
FROM: Bill Warinner
RE: RMS v3.02 Update

We are pleased to announce that RMS Version 3.02 is now available for download from the software section of the Warinner, Gesinger & Associates, LLC website at <http://www.wgacpa.com>. This update does not affect the RMS input file, so all existing v3.0 input files will continue to be used with the new v3.02 program. Version 3.02 is an update (not an upgrade) to the RMS v3.x program and is therefore available free of charge to all RMS v3.x users.

Prior to the release of v3.02, the current version of RMS was v3.01. Because this is the first user memo distributed since the release of v3.01 on 8-12-05, this memo also details the RMS changes that first appeared in v3.01. Note: because RMS v3.02 is actually an update to v3.01, all v3.01 changes listed below apply to v3.02 as well as v3.01.

Seven modifications contained in RMS v3.01 were cosmetic in nature and did not impact the revenue requirement calculations within RMS. These modifications were as follows:

1. The source description was corrected on line 16 of Part 36, Schedule S-8.
2. The source descriptions were corrected on lines 6 and 9 of Part 69, Schedule A-1.
3. The source description was corrected on line L of the USF corporate operations expense limitation worksheet.
4. Various line description changes were made to the USF data collection form.
5. A description was added to line 16 of the USF loop cost algorithm.
6. An address on the USF Safety Net page was corrected to display "Washington, DC" instead of "Washington, D".
7. Line 720 of the Compare Utility was reformatted to show a 2-digit percent.

Three modifications new to RMS v3.02 are also cosmetic in nature and do not impact the revenue requirement calculations within RMS. These modifications are as follows:

1. Cell A44 of the USF Certification worksheet was changed to reflect a reference to Section 69.601 of the FCC rules.
2. The corporate operations expense limitation worksheet (USF COEL) was modified to show the limitation of corporate operations expense. Line T was moved and Lines U and V were added to show the disallowed expense amount when applicable.
3. The formatting was altered on line 5 of Part 36, Schedule AL-1 to display loops and circuits to two decimal points. Message loops are allocated between jurisdictions based on the General Allocator. Message toll circuits are allocated between jurisdictions based on the Conversation Minute (CM) factor. RMS actually carries these numbers to six decimal points.

Two modifications have been made to RMS (one in v3.01 and one in v3.02) that may have an impact on the revenue requirements calculated by RMS. These modifications are as follows:

1. RMS v3.01 added a new state tax code “E” to reflect the appropriate state income tax calculation for the state of Hawaii.
2. The LSS data collection form has been modified in RMS v3.02 to correct the treatment of ITC amortization in the income tax calculation. Excel row 115 on the LSS worksheet initially brought ITC amortization over from the input sheet as a negative number and then subtracted that amount from income tax expense in the tax calculation. Since it was subtracting a negative number, it essentially added the amount in the tax calculation instead of subtracting it. The LSS worksheet has been revised to reflect ITC amortization as a positive number on Excel row 115. ITC amortization is then correctly subtracted in the tax calculation at the bottom of the worksheet. If you have reported ITC amortization in studies using RMS v3.0 or v3.01, please rerun the study using RMS v3.02 and file a revised LSS data collection form with your NECA regional office. This change may also impact interstate CCL and TS pool expenses reported to NECA because of a potential change in the MAG adjustment for Local Switching Support.

If you become aware of any other changes that need to be made to RMS or the LSS and USF worksheets contained in the program, please contact Bill Warinner, Andy Denzer or Kevin Rains at 913.599.3236.

Your continued support of RMS is greatly appreciated.