

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

ACCESS SERVICE  
TARIFF F.C.C. No. 5

TRANSMITTAL NO. 939  
JUNE 17, 2002

VOLUME 1:        DESCRIPTION AND JUSTIFICATION

Defines the purpose of the filing, describes the rate structure of the access services and summarizes results.

<u>VOLUME 1-2:</u> <u>TARIFF REVIEW PLAN</u>
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VOLUME 2:        DEVELOPMENT OF ACCESS ELEMENT REVENUE  
REQUIREMENTS

Provides a projection of the companies' interstate investments, expenses, revenues and taxes for the past year cost of service study and test year.

VOLUME 3:        DEVELOPMENT OF BASELINE DEMAND AND REVENUES

Provides the development of the demand quantities and revenues for the test year at current rates.

VOLUME 4:        COMMON LINE RATE DEVELOPMENT

Describes and documents the procedures used to develop End User Subscriber Line Charges, Carrier Common Line Charges and Federal Universal Service Charges.

VOLUME 5:        TRAFFIC SENSITIVE RATE DEVELOPMENT

Describes and documents the procedures to develop recurring and non-recurring rate levels for Switched Access and Special Access services. It also describes the procedures used to develop miscellaneous charges for additional engineering, maintenance and testing of these services.

Volume 1-2

TARIFF REVIEW PLAN

INTRODUCTION

In its 2002 TRP Order, the Commission outlined cost support requirements that incumbent local exchange carriers (ILECs) must file with their Annual Access Tariff Filings.<sup>1</sup> The 2002 TRP Order states that the level of detail contained in the rate of return TRP should provide guidance for calculating the NECA common line (CL) pool revenue requirement and demand, Long Term Support (LTS) payments, and NECA's traffic sensitive (TS) rates.<sup>2</sup> As in prior annual access tariff filings, NECA is providing cost and demand data for the CL Pool and the TS Pool.

The Commission's rules require the submission of a past year cost of service (PYCOS) study for the most recent twelve-month period.<sup>3</sup> Displayed revenues, expenses, and investment represent the expected final view of 2001 data for those study areas participating in NECA's pools effective July 1, 2002.

To develop PYCOS data, NECA used 2001 cost projections, described in Volume 2, for member cost and average schedule companies. This is because 2001 settlements data, currently reported to the NECA pool, will not be final until 2001 cost studies are completed in 2002.<sup>4</sup>

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<sup>1</sup> Material to be Filed in Support of 2002 Annual Access Tariff Filings, Tariff Review Plans, (DA 02-1308), released June 3, 2002 (2002 TRP Order).

<sup>2</sup> 2002 TRP Order at ¶ 26.

<sup>3</sup> 47 C.F.R. § 61.38(b)(1).

<sup>4</sup> Most cost companies in NECA's pools are annual cost companies and, as such, perform cost studies for pool settlements only once a year. This results in an inherent lag in the identification of

Historical demand for NECA pools was estimated using pooled revenues and demand data obtained from NECA pool members.

Prospective revenue requirement, expense, and investment data displayed in this volume represent expected test period data for NECA's 2002/2003 tariff participants. Test period cost projections described in Volume 2 of the Tariff Support materials were used in this TRP exhibit.<sup>5</sup> Forecast demand data provided in this TRP are the same as those supporting NECA's proposed rates, as described in Volume 3.

Descriptions of NECA's TRP data are contained in the following sections: Section 2 describes NECA's CL cost and demand data and Section 3 describes NECA's TS cost and demand data.

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actual "Parts 36/69" cost results. *See* Vol. 1, section 4.

<sup>5</sup> PYCOS and test period cost data assumptions are contained in Volume 2.

Volume 1-2

TARIFF REVIEW PLAN

NECA's COMMON LINE POOL

This section references TRP forms that illustrate both test period and PYCOS data for NECA's CL Pool. It is divided into eight subsections to meet TRP filing requirements. These subsections are:

	<u>Description</u>	<u>Table</u>
1.	CL Cost Data - historical (1/01 through 12/01)	RORCOS-1(H)
2.	CL Cost Data - prospective (7/02 through 6/03)	RORCOS-1(P)
3.	CL MOU and Lines – prospective and historical	RORDMD-1
4.	CL Demand and Revenues - MOU, lines, and revenues - prospective and historical	RORDMD-3
5.	Rate Analysis - CCL rates and End User charges - prospective and historical	RORRTE-1
6.	Annualized Access Priceout Comparison – CL revenues – prospective and historical	RORRTE-2
7.	Rate of Return Comparison – CL earnings - prospective and historical	RORERN-1
8.	Switched Access Demand and Rate Reconciliation - CL prospective revenue reconciliation	RORREV-1
9.	Adjustment to Access Category Revenue Requirements	ACR-1

A. COMMON LINE COST DATA

Monthly settlement data, completed 2000 cost studies, and forecast data served as the basis for determining costs and revenues. Data represent expected historical and prospective cost information for 2002/2003 test period CL pool participants. Adjustments were made to NECA's TRP forms to reflect the following NECA-specific items:

- NECA administrative expenses for the PYCOS and test periods are reported on Line 261.
- For the PYCOS period, Average Schedule settlements are reported on Line 262 using the schedules in effect on July 1, 2001 for calendar year 2001.
- For the test period, Average Schedule settlements are reported on Line 262 using the schedules specified in the 2002 NECA Modification of Average Schedules.
- Long term support (LTS) is reported on Line 130.
- Interstate Common Line Support (LTS) is reported on Line 135.
- Universal Service Contributions are reported on Line 215.
- Adjustments for Line Port /TIC are reported on Line 263.

B. ACCESS DEMAND - COMMON LINE MINUTES OF USE AND LINES

NECA derived 2001 CCL Minutes of Use (MOU) for its 2002/2003 CL pool members from earned revenues reported to the pool. Originating, terminating, premium, and non-premium relationships were calculated using sampled historical data from these companies. Historical end user quantities in the RORDMD-3 chart were derived from the March 2002 view of 2001 pool data for NECA's test period CL Pool members. Projected demand quantities are discussed in Volume 3 of NECA's filing.

Volume 1-2

TARIFF REVIEW PLAN

NECA's TRAFFIC SENSITIVE POOL

This section references TRP forms that display PYCOS and test period data for NECA's TS Pool. It is divided into ten subsections to meet TRP filing requirements. These subsections are:

	<u>Description</u>	<u>Table</u>
1.	TS Cost Data - historical (1/01 through 12/01)	RORCOS-1(H)
2.	TS Cost Data - prospective (7/02 through 6/03)	RORCOS-1(P)
3.	TS Access Demand - prospective and historical	RORDMD-1
4.	TS Special Access Demand Comparison – historical versus prospective	RORDMD-2
5.	Switched Access Rate Analysis - TS switched rates - prospective and historical	RORRTE-1
6.	Annualized Access Priceout Comparison – TS revenues - prospective and historical	RORRTE-2
7.	Rate of Return Comparison - TS earnings - prospective and historical	RORERN-1
8.	Switched Access Demand and Rate Reconciliation - TS prospective revenue reconciliation	RORREV-1
9.	Switched Access and Special Access Revenues - TS – prospective	RORREV-2
10.	Adjustment to Access Category Revenue Requirements	ACR-1

**A.     TRAFFIC SENSITIVE COST DATA**

Data represent expected historical and prospective cost information for 2002/2003 test period TS pool participants. Adjustments were made to NECA's TRP forms to reflect the following NECA-specific items:

- NECA administrative expenses for the PYCOS and test periods are reported on Line 261.
- For the PYCOS period, Average Schedule settlements are reported on Line 262 using the schedules in effect on July 1, 2001 for the full 2001 calendar year.
- For the test period, Average Schedule settlements are reported on Line 262 using the schedules specified in the 2002 NECA Modification of Average Schedules.
- Local switching support (LSS) is reported on line 120.
- Adjustments for Line Port /TIC are reported on Line 263.

**B.     ACCESS DEMAND - TRAFFIC SENSITIVE MINUTES OF USE**

NECA derived 2000 TS MOU for its 2002/2003 TS pool members from CCL MOU and TS-to-CCL factors. Premium and non-premium relationships were calculated using sampled historical data from these companies. Prospective TS demand included in the RORDMD-1 table are the same as those underlying NECA's TS rates. Details regarding these forecasts are included in Volume 3.

**C.     SPECIAL ACCESS DEMAND COMPARISON**

Special Access revenues for NECA's TS pool members were projected using forecasting techniques described in Volume 3. These forecasts were then converted into special access demand

quantities using company-provided historical and prospective demand quantities priced-out at current rates.

Historical special access demand quantities were obtained from a sample of NECA's 2002/2003 TS pool members. These historical demand quantities, priced-out at current rates, were matched against the historical revenue series for NECA's test period TS pool members to estimate historical special access demand.