**OVERVIEW**


This cost support binder contains the July 2, 2002, through June 30, 2003, separations (Part 36) and access (Part 69) test year study runs, and January 1, through December 31, 2001, separations and access past year cost of service (PYCOS) study runs for The Chillicothe Telephone Company. Additional data includes charts for rate calculations, and demand. The test year and PYCOS cost support is based on the Uniform System of Accounts, Part 32, the Jurisdictional Separations Procedures, Part 36, and the Amended Rules and Regulations, Part 69 (effective Janaury 1, 2002).


The Part 36 forms are designated S-1 through S-15. The S-1 summarizes the allocations from all the other forms and calculates revenue requirement. Form S-2 summarizes the investment, reserves, and working cash; Form S-3 summarizes the operating expenses and taxes. Forms S-4 through S-9 are used to separate plant investment by account. Form S-10 summarizes other income and income tax adjustments separations. Forms S-11 through S-15 separate operating expenses, operating taxes, accumulated depreciation, and deferred taxes.


The forms are formatted to display line numbers, account numbers and account descriptions on the left of the page. The next column contains the source. The source can indicate one of two things in this context. It may simply reference a line number on a different form. Or, it may, for example, indicate a calculation, e.g., "Line 25 x 1a." That is, the total in Column (a) of line 1 is multiplied by the factor on line 25 for each column.

This referencing scheme may also incorporate factors from other forms. Column (a) contains the total company account or category balance.

The Part 69 schedules are designated A-1 through A-15. The A-1 summarizes the allocations from all the other schedules and calculates revenue requirement by access element. Schedule A-2, the plant summary, summarizes all the plant account allocations from Schedules A-4 through A-9, and Schedule A-15. This schedule can be used to tie the net rate base to the net rate base generated by Part 36. Schedule A-15 contains allocation factors for Depreciation Reserve, Amortization Reserve, and Deferred Income Taxes. Schedule A-3 serves two functions: first, it summarizes the expense allocations from Schedules A-11 through A-14 and, second, it allocates Operating Taxes by the allocation factors appearing in the sourced schedules. This schedule can be used to tie the total interstate expenses input in Part 69 to the actual Part 36 interstate totals.

In general, each of the Part 69 schedules follows this same format. The access elements and subelements are shown horizontally across the top of each report; however, only the access elements pertinent to the interstate access tariff have been shown. The first column contains a line number. The next column indicates the source of the allocation factor or a description of the allocation. For instance, "Records" implies that the item is a direct input from the company's records. The description D:Col (o) indicates that the total amount is directly allocated to Column (o). Another likely description would be Ln4x21(a), which is a description of the allocation method. This indicates that the total appearing on line 21, Column (a) is allocated on the basis of line 4. The next column contains a description of either the

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allocation factor or the account or category being allocated.  The interstate total appears in Column (a).  This column indicates interstate total for message and private line.  If it is an allocation factor, the total is 100 percent, whereas if it is a plant account or category or expense account, the total dollar amount being allocated will appear in this column.  Columns (b) through (w) contain the 22 access charge elements to which the totals in Column (a) are allocated.  Throughout the forms, references to "Distribution of Line __" will appear.  This is the percentage allocation of the preceding line totals.  The line row is divided by the same line, Column (a) to obtain a percentage.  These percentages are used later in the program to allocate other rate base and expense totals.