Apportionment Methods and Percents to SPNP

TXUC Telephone Company

SPNP

Investments	Required Function	Part 32 Account	Apportionment Method	Percent SPNP	End User Service	Database Query
PC for Database	Required for Database Queries	2124	Direct	100%	0%	100%
SPNP Hardware	Capability to Store SPNP Records Provide Ability to Set-up Customer Accounts & Billing	2212	Direct	100%	99.5%	0.5%
SPNP Software	Software Upgrades for SPNP	2212	Direct	100%	99.5%	0.5%

Expenses	Required Function	Part 32 Account	Apportionment Method	Percent SPNP	End User Service	Database Query
Modify & Upgrade Switch	Labor to Upgrade SPNP Hardware & Software	6212	Direct	100%	99.5%	0.5%
SPNP Design, Testing and Implementation	System Design, Testing & Maintenance	6212	Direct	100%	99.5%	0.5%
Programming	Internal Programming Labor to Modify Systems	6212	Direct	100%	99.5%	0.5%
SPNP Charges	Interim Fees Paid to SWB Priotr to SPNP Implementation	6212	Direct	100%	100%	0%
Database Query Charges	External Fees from Database Vendor	6212	Direct	100%	0%	100%
Database Connectivity	Transport Fees to Connect to SPNP Database	6212	Direct	100%	100%	0%
Project Management	Planning & Coordination of Implementation	6212	Direct	100%	99.5%	0.5%

Total Installed Investment and Expenses

TXUC Telephone Company
SPNP

Total Installed Investment Dedicated	Account	Total	Year 1	Year 2
PC Computer for Database	2124	4,000	4,000	0
Switch Hardware Upgrade	2212	302,068	140,000	0
Switch Software Upgrade	2212	474,678	220,000	0
Total Investment		780,745	364,000	0

Total Expenses Dedicated	Account	Total	Year 1	Year 2
Modify & Upgrade Switch	6212	43,409	43,409	0
SPNP Design, Testing and Implementation	6212	88,861	40,861	12,000
Programming	6212	220,048	180,048	10,000
SPNP Charges	6212	508	508	0
Database Query Charges	6212	11,063	295	595
Database Connectivity	6212	75,922	21,960	12,113
Project Management	6728	17,061	17,061	0
Total Expenses		456,872	304,142	34,708

Year 3	Year 4	Year 5
0	0	0
0	162,068	0
0	254,678	0
0	416,745	0

Year 3	Year 4	Year 5
0	0	0
12,000	12,000	12,000
10,000	10,000	10,000
0	0	0
1,203	3,823	5,148
12,476	14,469	14,903
0	0	0
35,679	40,292	42,051

Chart 2

TXUC Telephone Company

SPNP

Apportionment of Costs

Apportionment of Investment to End User Service	Apportionment Method	Apportion Percent	Total
PC Computer for Database	Direct Assignment	0%	0
Switch Hardware Upgrade	Direct Assignment	99%	299,047
Switch Software Upgrade	Direct Assignment	99%	469,931
Total Investment			768,978

Apportionment of Expenses to End User Service	Apportionment Method	Apportion Percent	Total
Modify & Upgrade Switch	Direct Assignment	99%	42,975
SPNP Design, Testing and Implementation	Direct Assignment	99%	87,972
SPNP Charges	Direct Assignment	100%	508
Database Connectivity	Direct Assignment	100%	75,922
Programming	Direct Assignment	99%	217,848
Project Management	Direct Assignment	99%	16,890
Total Expenses			442,115

Apportionment of Investment to Database Query	Apportionment Method	Apportion Percent	Total
PC Computer for Database	Direct Assignment	100%	4,000
Switch Hardware Upgrade	Direct Assignment	1%	3,021
Switch Software Upgrade	Direct Assignment	1%	4,747
Total Investment			11,767

Apportionment of Expenses to Database Query	Apportionment Method	Apportion Percent	Total
Modify & Upgrade Switch	Direct Assignment	1%	434
SPNP Design, Testing and Implementation	Direct Assignment	1%	889
Programming	Direct Assignment	1%	2,200
Database Query Charges	Direct Assignment	100%	11,063
Project Management	Direct Assignment	1%	171
Total Expenses			14,758

Year 1	Year 2	Year 3	Year 4	Year 5
0	0	0	0	0
138,600	0	0	160,447	0
217,800	0	0	252,131	0
356,400	0	0	412,578	0

Year 1	Year 2	Year 3	Year 4	Year 5
42,975	0	0	0	0
40,452	11,880	11,880	11,880	11,880
508	0	0	0	0
21,960	12,113	12,476	14,469	14,903
178,248	9,900	9,900	9,900	9,900
16,890	0	0	0	0
301,033	33,893	34,256	36,249	36,683

Year 1	Year 2	Year 3	Year 4	Year 5
4,000	0	0	0	0
1,400	0	0	1,621	0
2,200	0	0	2,547	0
7,600	0	0	4,167	0

Year 1	Year 2	Year 3	Year 4	Year 5
434	0	0	0	0
409	120	120	120	120
1,800	100	100	100	100
295	595	1,203	3,823	5,148
171	0	0	0	0
3,109	815	1,423	4,043	5,368

Chart 3

TXUC Telephone Company

SPNP

End User Service

Revenue Requirement	Source	Total	Year 1
Investment Costs			
1. Installed Investment	Chart 2 Total Investment	768,978	356,400
2. Power & Common Plant	Line 1 * .04	30,759	14,256
3. Total Investment	Line 1 + Line 2	799,737	370,656
4. Capacity Investment	Line 3 / .9	888,597	411,840
5. Utilized Investment	Line 4 * 1	888,597	411,840
Capital Costs			
6. Salvage		0	0
7. Depreciation Expense	Straight Line 5 Years	888,597	82,368
8. Depreciation Reserve	L7 (Prev LTD + Cur/2)	272,666	41,184
9. Net Investment	Line 5 - Line 8	615,931	370,656
10. Return on Investment	Line 9 * 11.35%	185,555	41,699
11. Income Taxes	Line 10 * 38%	70,511	15,846
12. Property Taxes	Line 5 * 1.6%	48,203	6,589
13. Total Capital Costs	L7 + L10 + L11 +L12	1,192,866	146,502
Annual Expenses			
14. Recurring SPNP Expenses	Chart 2 Expense Total	442,115	301,033
15. Maintenance Expenses	Line 5 * 5.10%	22,549	15,353
16. Total Annual Expenses	Line 14 + Line 15	464,664	316,386
Annualized Cost			
17. Present Worth Factors	1/(1 + 0.1125)^year		1.0000
18. Capital Cost Present Worth	Line 13 * Line 17	901,657	146,502
19. Expenses Present Worth	Line 16 * Line 17	430,336	316,386
20. Capital & Expenses Cost	Line 18 + Line 19	1,331,993	462,888
21. Overhead Costs	Line 20 * 18.82%	250,682	87,116
22. Levelized Total Annual Costs	Line 20 + Line 21	1,582,675	550,004

Rate Development	Source	Total	Year 1
23. Annual Costs	Line 22	1,582,675	550,004
24. Portable Lines	Demand Worksheet	376,791	65,783
25. 5-Year Annual Cost per Portable Line	Line 21 / Line 24	$4.20	$8.36
26. Monthly Cost per Portable Line		$0.35	

Year 2	Year 3	Year 4	Year 5
356,400	356,400	768,978	768,978
14,256	14,256	30,759	30,759
370,656	370,656	799,737	799,737
411,840	411,840	888,597	888,597
411,840	411,840	888,597	888,597
0	0	0	0
82,368	82,368	177,719	463,774
123,552	205,920	335,964	656,710
288,288	205,920	552,633	231,887
32,432	23,166	62,171	26,087
12,324	8,803	23,625	9,913
6,589	6,589	14,218	14,218
133,713	120,926	277,733	513,992
33,893	34,256	36,249	36,683
1,729	1,747	1,849	1,871
35,622	36,003	38,098	38,554
0.8989	0.8080	0.7263	0.6528
120,195	97,708	201,718	335,534
32,020	29,091	27,671	25,168
152,215	126,799	229,389	360,702
28,647	23,864	43,171	67,884
180,862	150,663	272,560	428,586

Year 2	Year 3	Year 4	Year 5
180,862	150,663	272,560	428,586
59,724	54,221	103,294	93,769
$3.03	$2.78	$2.64	$4.57

Chart 4

TXUC Telephone Company

SPNP

Database Query

Revenue Requirement	Source	Total	Year 1
Investment Costs			
1. Installed Investment	Chart 2 Total Investment	11,767	7,600
2. Power & Common Plant	Line 1 * .04	471	304
3. Total Investment	Line 1 + Line 2	12,238	7,904
4. Capacity Investment	Line 3 / .9	13,598	8,782
5. Utilized Investment	Line 4 * 1	13,598	8,782
Capital Costs			
6. Salvage		0	0
7. Depreciation Expense	Straight Line 5 Years	13,598	1,756
8. Depreciation Reserve	L7 (Prev LTD + Cur/2)	5,065	878
9. Net Investment	Line 5 - Line 8	8,533	7,904
10. Return on Investment	Line 9 * 11.35%	3,175	889
11. Income Taxes	Line 10 * 38%	1,207	338
12. Property Taxes	Line 5 * 1.6%	859	141
13. Total Capital Costs	L7 + L10 + L11 +L12	18,839	3,124
Annual Expenses			
14. Recurring SPNP Expenses	Chart 2 Expense Total	14,758	3,109
15. Maintenance Expenses	Line 5 * 5.10%	754	159
16. Total Annual Expenses	Line 14 + Line 15	15,512	3,268
Annualized Cost			
17. Present Worth Factors	1/(1 + 0.1125)^year		1.0000
18. Capital Cost Present Worth	Line 13 * Line 17	14,780	3,124
19. Expenses Present Worth	Line 16 * Line 17	12,016	3,268
20. Capital & Expenses Cost	Line 18 + Line 19	26,796	6,392
21. Overhead Costs	Line 20 * 18.82%	5,044	1,203
22. Levelized Total Annual Costs	Line 20 + Line 21	31,840	7,595

Rate Development	Source	Total	Year 1
23. Annual Costs	Line 22	31,840	7,595
24. Annual Database Queries		3,544,053	131,566
25. Monthly Cost per Query	Line 21 / Line 24	$0.008984	$0.057728

Year 2	Year 3	Year 4	Year 5
7,600	7,600	11,767	11,767
304	304	471	471
7,904	7,904	12,238	12,238
8,782	8,782	13,598	13,598
8,782	8,782	13,598	13,598
0	0	0	0
1,756	1,756	2,720	5,609
2,635	4,391	6,629	10,793
6,147	4,391	6,969	2,805
692	494	784	316
263	188	298	120
141	141	218	218
2,852	2,579	4,020	6,263
815	1,423	4,043	5,368
42	73	206	274
857	1,496	4,249	5,642
0.8989	0.8080	0.7263	0.6528
2,564	2,084	2,919	4,089
771	1,208	3,086	3,683
3,335	3,292	6,005	7,772
628	620	1,130	1,463
3,963	3,912	7,135	9,235

Year 2	Year 3	Year 4	Year 5
3,963	3,912	7,135	9,235
238,895	433,767	1,239,524	1,500,302
$0.016589	$0.009019	$0.005756	$0.006155

Overhead Cost Loadings

TXUC Telephone Company
SPNP

	Account Description	Account	Retail Percent
	(a)	(b)	(c)
1	Product Management	6611	90%
2	Sales	6612	90%
3	Advertising	6613	90%
4	Call Completion Services	6621	100%
5	Number Services	6622	100%
6	Customer Services	6623	90%
7	Total Marketing & Service Expense	Sum L1 Thru L6	
8	Retail Marketing & Service Expense	Sum L1c * L1d Thru L6c * L6d	
9	Wholesale Marketing Service & Expense	L7 - L8	
10	Total Expenses	6000	
11	Ratio of Retail Expense to Total Expense	L9 / L10	
12	Executive	6711	
13	Planning	6712	
14	Accounting & Finance	6721	
15	External Relations	6722	
16	Human Resources	6723	
17	Information Mangement	6724	
18	Legal	6725	
19	Procurement	6726	
20	Research & Development	6727	
21	Other General & Administrative	6728	
22	Total Executive & Administration	Sum L12 thru L21	
23	Support Asset Cost	L22 * L23c	9.65%
24	Total Executive & Administration	L22 +L23	
25	Retail Portion of Common	L24 * L11	
26	Executive & Administrative less Retail	L24 - L25	
27	Network Operations	6534	
28	Wholesale Marketing Service & Expense	L9 / L10	
29	Total Common Costs	Sum L26 thru L28	
30	Commission Assessment	L29 * L30c	0.60%
31	Total Adjusted Common Costs	L29 + L30	
32	Levelized Inflation Factor		
33	Total Forward Looking Common Costs	L31 * L32	
34	Total Forward Looking Element Expenses	(L10-L7-L24-L27) * L32	
35	Total Revenue	5000	
36	Total Revenue Less Common Costs	L35 - L33	
37	**Common Cost Allocator (% of Revenues)**	L33 / L36	

Annual 2001 (d)
1,024,414
1,090,788
512,409
3,398
3,636,915
4,766,893
11,034,817
10,295,367
739,450
61,571,812
1.20%
3,567,865
43,297
2,373,505
1,067,780
930,852
2,494,733
153,290
173,306
0
1,058,480
11,863,108
1,144,790
13,007,898
156,219
12,851,679
1,980,736
739,450
15,571,865
93,431
15,665,296
100.00%
15,665,296
35,548,361
98,571,935
82,906,639
18.90%

Demand Units

TXUC Telephone Company
SPNP

Description	Source	Total	Year 1	Year 2
Present Worth Factor				
1. Year				
2. Present Worth Factor	1/(1 + 0.1125)^year		1.0000	0.8989
Portable Lines				
3. Total Access Lines	L1 + L2 - L3	485,189	65,783	66,441
4. PW Units in Service	L2 * L6	376,791	65,783	59,724
Database Query				
5. Units per Year		4,939,054	131,566	265,764
6. PW Units in Service	L2 * L5	3,544,053	131,566	238,895

Demand Assumptions

7. Assume Conroe lines SPNP capable in Year 1.
8. Assume Lufkin Lines SPNP capable in Year 4.
9. Estimated queries per line per day: 2 in 2002, 4 in 2003, 8 on 2004, 12 in 2005, 16 in 2006
10. Estimated Access line growth of 1%

Year 3	Year 4	Year 5
0.8080	0.7263	0.6528
67,105	142,219	143,641
54,221	103,294	93,769
536,840	1,706,628	2,298,256
433,767	1,239,524	1,500,302

TXUC Telephone Company

SPNP Cost Support
Direct Costs

		Year 1	Year 2	Year 3	Year 4	Year 5
Assets						
Switching						
Software Upgrade	2212	220,000			254,678	
Hardware Upgrade	2212	140,000			162,068	
Direct Costs						
Modify Switch	6212	19,332				
Design DPI Retail	6212	5,712				
DPI Testing	6212	27,680				
Process Training	6212	1,757				
Change Management	6212	879				
Implementation	6212	4,833				
Non-Labor Loadings	6212	24,077				
SS7 Connectivity	6212	2,160	2,225	2,292	3,979	4,098
Annual Maintenance	6212		12,000	12,000	12,000	12,000
Database Query Charges						
Neustar		295	595	1,203	3,823	5,148
Direct From Corporate						
Computer Equipment	2124	4,000	0	0	0	0
Programming	6212	180,048	10,000	10,000	10,000	10,000
Database Connectivity	6212	19,800	9,888	10,185	10,490	10,805
Project Management	6728	17,061	0	0	0	0
Summary of Lufkin Conroe Costs						
Investments						
Computers	2124	4,000	4,000	4,000	4,000	4,000
Switching Software	2212	220,000	220,000	220,000	474,678	474,678
Swiching Hardware	2212	140,000	140,000	140,000	302,068	302,068
Total Assets		364,000	364,000	364,000	780,745	780,745
Expenses						
Modify Switch	6212	43,409	0	0	0	0
SPNP Design Support	6212	5,712	0	0	0	0
SPNP Testing	6212	27,680	0	0	0	0
SPNP Cost	6212	508	0	0	0	0
Process Training	6212	1,757	0	0	0	0
Change Mangement	6212	879	0	0	0	0
Implemenetation Support	6212	4,833	0	0	0	0
Annual Maintenance	6212	0	12,000	12,000	12,000	12,000

Corporate Programming	6212	180,048	10,000	10,000	10,000	10,000
Database Connectivty	6212	19,800	9,888	10,185	10,490	10,805
Database Query Charges	6212	295	595	1,203	3,823	5,148
Project Management	6728	17,061	0	0	0	0
Total Expenses		301,982	32,483	33,387	36,313	37,953

TXUC Telephone Company
SPNP Rate Design
Direct Labor

	Days of Work
Phase One - Port Out/Trouble Mgmt	
Conroe	
Modifications to Switch	18.0
Turn up and testing of SS7 routeset and SPNP TCAP applications	2.0
Turn up and testing of new trunk group to CLEC	10.0
Entry of proper call routing and call-screening for CLEC	2.0
Create scripts to enable SPNP triggering	6.0
Turn up and testing of CLASS with CLEC	2.0
Turn up and testing of new AMA SPNP modules and call codes	2.0
Train Switch Techs on SPNP Ops and Maintenance	2.0
Phase One - Port Out/Trouble Mgmt	
Conroe	
Design-DPI Retail	
Design Statement Completed	1.0
Design Statement Sign Off	1.0
Create Functionality to "unlock" the 911 record	1.0
Deactivate E911 updates on the "out" side	1.0
Deactivate E911 updates on the "in" side	1.0
Deactivate LIDB updates on the "in " side	1.0
Automate processing of the unconditional trigger on the switch	1.0
Create a new flag on ticket entry to signify the number has been ported out.	1.0
Create S&E Code to charge SPNP to customers	1.0
Create a process that will automate the installation of the charge on the customer acct.	1.0
Post Design Documents Completed	1.0
Post Design Documents Sign Off	2.0
Testing	
Testing Plan Completed	2.0
Code/Unit Test	35.0
System Test	8.0
Integration Testing	10.0
User Acceptance Test	4.0
Systems Training	4.0
Process Training	
SPNP Overview-Cust Srvc and Op Srvc	1.0
Port Out and Port In Process - Cust Srvc	2.0
Operator Services - Trouble on Ported Out Numbers	1.0
Change Management Request Completed	2.0

Implementation	
Implementation Planning	2.0
Implementation	2.0
Production Support Turnover	1.0
Post Implementation Support	6.0

Labor Rate	Cost
$54.92	7,908.48
$54.92	878.72
$54.92	4,393.60
$54.92	878.72
$54.92	2,636.16
$54.92	878.72
$54.92	878.72
$54.92	878.72
	19,331.84
$54.92	439.36
$54.92	439.36
$54.92	439.36
$54.92	439.36
$54.92	439.36
$54.92	439.36
$54.92	439.36
$54.92	439.36
$54.92	439.36
$54.92	439.36
$54.92	878.72
	5,711.68
$54.92	878.72
$54.92	15,377.60
$54.92	3,514.88
$54.92	4,393.60
$54.92	1,757.44
$54.92	1,757.44
	27,679.68
$54.92	439.36
$54.92	878.72
$54.92	439.36
	1,757.44
$54.92	878.72
	878.72

$54.92	878.72
$54.92	878.72
$54.92	439.36
$54.92	2,636.16
	4,832.96

SPNP Net Income Worksheet

TXUC Telephone Company
SPNP

Initial Costs

Description	Total	Year 1	Year 2	Year 3
1. Total SPNP Investment	780,745	364,000	0	0
2. Total SPNP Expenses	456,872	304,142	34,708	35,679

Cost Summary

Annualized 5-Year Costs	End User Service	Database Query
3. Capital Costs Present Worth	901,657	14,780
4. Expenses Present Worth	430,336	12,016
5. Overhead Costs	250,682	5,044
6. Total 5-Year Levelized Costs	1,582,675	31,840
7. Total 5-Year Billable Units	376,791	3,544,053
8. ILEC Monthly Rate	**$0.35**	**$0.008984**

Annual Revenue

Description	Total	Year 1	Year 2	Year 3
9. End User Service Billable Units	376,791	65,783	59,724	54,221
10. End User Service Rate	$0.35	$0.35	$0.35	$0.35
11. End User Service Revenue	$1,582,656	$276,312	$250,860	$227,748
12. Database Query Billable Units	3,544,053	131,566	238,895	433,767
13. Database Query Rate	$0.008984	$0.008984	$0.008984	$0.008984
14. Database Query Revenue	$31,840	$1,182	$2,146	$3,897
15. Total Revenue	$1,614,496	$277,494	$253,006	$231,645

Annual Costs

16. Total End User Service Costs	1,582,675	550,004	180,862	150,663
17. Total Database Query Costs	31,840	7,595	3,963	3,912
18. Total Costs	1,614,515	557,599	184,825	154,575

Net Income

19. Total End User Service Net Income	($19)	($273,692)	$69,998	$77,085
20. Total Database Query Net Income	$0	($6,413)	($1,817)	($15)
21. Total Net Income	($19)	($280,105)	$68,181	$77,070

Year 4	Year 5
416,745	0
40,292	42,051

Year 4	Year 5
103,294	93,769
$0.35	$0.35
$433,872	$393,864
1,239,524	1,500,302
$0.008984	$0.008984
$11,136	$13,479
$445,008	$407,343
272,560	428,586
7,135	9,235
279,695	437,821
$161,312	($34,722)
$4,001	$4,244
$165,313	($30,478)