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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.¹ 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.² 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.³ Displayed revenues, expenses, and investment represent the expected final view of 2002 data for those study areas participating in NECA's pools effective July 1, 2003.

To develop PYCOS data, NECA used 2002 cost projections, described in Volume 2, for member cost and average schedule companies. This is because 2002 settlements data, currently reported to the NECA pool, will not be final until 2002 cost studies are completed in 2003.⁴

¹ Material to be Filed in Support of 2002 Annual Access Tariff Filings, Tariff Review Plans, 17 FCC Rcd 10552 (2002) (2002 TRP Order).

² 2002 TRP Order at ¶ 26.

³ 47 C.F.R. § 61.38(b)(1).

⁴ 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 2003/2004 tariff participants. Test period cost projections described in Volume 2 of the Tariff Support materials were used in this TRP exhibit.⁵ 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.

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

⁵ PYCOS and test period cost data assumptions are contained in Volume 2.

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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 (1/02 through 12/02)	RORCOS-1(H)
2.	CL Cost Data - prospective (7/03 through 6/04)	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 - 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 2001 cost studies, and forecast data served as the basis for determining costs and revenues. Data represent expected historical and prospective cost information for 2003/2004 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, 2002 for calendar year 2002.
- For the test period, Average Schedule settlements are reported on Line 262 using the schedules specified in the 2003 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 ACCESS LINES

Historical line counts and revenues in the RORDMD-3 chart were developed from the April 2003 view of 2002 pool data for NECA's test period CL Pool members and line counts submissions obtained in NECA's Annual Line Count Data Request. Projected demand quantities are discussed in Volume 3 of NECA's filing.

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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 (1/02 through 12/02)	RORCOS-1(H)
2.	TS Cost Data - prospective (7/03 through 6/04)	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 2003/2004 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, 2002 for the full 2002 calendar year.
- For the test period, Average Schedule settlements are reported on Line 262 using the schedules specified in the 2003 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 calculated 2002 TS MOU for its 2003/2004 TS pool members from CCL access minutes. 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 rate element level historical and prospective demand quantities priced-out at current rates.

Historical special access demand quantities were obtained from a sample of NECA's 2003/2004 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.