

**NEVADA BELL TELEPHONE COMPANY
DESCRIPTION AND JUSTIFICATION
JULY 18, 2005
TRANSMITTAL NO. 105**

PURPOSE

In this filing, Nevada Bell Telephone Company (NBTC) proposes to:

- implement the revised Telecommunications Relay Service factor consistent with the Commission's *TRS Order*
- make corresponding rate adjustments
- correct the non-premium Local Switching rate, pursuant to Part 69.113(c).
- remove section references that are not longer applicable.

Telecommunication Relay Service

Pursuant to the Order¹, the Commission determined that Telecommunications Relay Service (TRS) fund payments may be treated as exogenous costs. On April, 25, 2005, National Exchange Carrier Association, Inc., (NECA) released CC Docket No. 98-67 (CC Docket No. 03-123), with an estimated TRS factor of .00528. On June 28, 2005, the Commission released FCC 05-135 (CC Docket 98-67 and 03-123), implementing the factor at .00564. The factor that was released by NECA was employed as the basis of the exogenous cost change in the 2005 Annual Access Filing, filed on June 16, 2005, in Transmittal No. 103. Therefore, NBTC has revised its estimation of the total TRS contribution amount for the ensuing tariff period. The methodology, as shown on Exhibit 2.6 calculates the difference in the estimated factor released April 25, 2005 and the implemented factor released, June 28, 2005. This "difference" is then "grossed up" to ensure recovery of a full twelve months at the newly implemented rate. The development of the TRS exogenous cost for this filing is provided on *Exhibit 2.6*.

¹ [In the Matter of Telecommunications Relay Service, and the Americans with Disabilities Act of 1990](#), CC Docket No. 90-571, Second Order on Reconsideration and Fourth Report and Order, released September 29, 1993, paragraph 18.

EXOGENOUS COST

Part 61.45(d) (3) requires that exogenous cost changes be apportioned between price cap services and excluded services. NBTC has adjusted the TRS exogenous cost changes to remove impacts associated with services that are excluded from price cap regulation, to the extent that revenues for these services existed and were identifiable. In accordance with Part 61.45(d) (3), no exogenous adjustment is allocated to Average Traffic Sensitive (ATS) revenue. The Telecommunication Relay Service exogenous cost change is allocated to the Common Line Basket and the Special Access Basket. *Exhibit 1* and *Exhibit 1.2* demonstrate the revenue impact for corresponding rate adjustments.

Non Premium Local Switching Rate

In the 2005 Annual Access Filing the non-premium local switching rate in NBTC did not reflect the 45% discount rate pursuant to Part 69.113(c) that states that the non-premium charges for the Local Switching element shall be computed by multiplying the premium charge for such element by .45. As illustrated in the 2005 Annual Filing, demand for non-premium local switching minutes is zero resulting in zero price cap impact. *Exhibit 1.2* illustrates the zero revenue impact due to the reduction of this rate.

PRICE CAP COMPLIANCE

The attached Tariff Review Plan (TRP) reflects the net revenue changes resulting from the exogenous cost changes associated with the revised TRS factor and the rate change for non-premium local switching. All rate offsets are detailed on *Exhibit 1*.

SBC - NEVADA BELL TELEPHONE COMPANY

SPECIAL ACCESS

| ST | ZN | DESCRIPTION | BASE PERIOD DEMAND | CURRENT RATE | PROPOSED RATE | CURRENT REVENUE | PROPOSED REVENUE |
|-----------|-----------|-------------------------|-------------------------------|-------------------------|--------------------------|----------------------------|-----------------------------|
| NV | | GDT(2.4 KBPS) CHAN TERM | 0 | \$71.00 | \$71.10 | \$0.00 | \$0.00 |
| NV | | GDT(4.8 KBPS) CHAN TERM | 12 | \$71.00 | \$71.10 | \$852.00 | \$853.20 |
| NV | | GDT(9.6 KBPS) CHAN TERM | 259 | \$71.00 | \$71.10 | \$18,389.00 | \$18,414.90 |
| NV | | GDT(56 KBPS) CHAN TERM | 12,152 | \$71.00 | \$71.10 | \$862,792.00 | \$864,007.20 |
| NV | | GDT (64 KBPS) CHAN TERM | 326 | \$71.00 | \$71.10 | \$23,146.00 | \$23,178.60 |

SBC - Nevada Bell Telephone Company

Common Line and Traffic Sensitive
Revenue Impact

Common Line Basket

| | 2004 Demand | Current Rate | Proposed Rate | Current Revenue | Proposed Revenue |
|----------------------|-------------|--------------|---------------|-----------------|------------------|
| PRIMARY RES EUCL | 2,096,047 | \$ 5.25 | \$ 5.25 | \$ 11,000,478 | \$ 11,005,423 |
| SINGLE LINE BUS EUCL | 45,654 | \$ 5.25 | \$ 5.25 | \$ 239,601 | \$ 239,709 |
| LIFELINE EUCL | 199,898 | \$ 5.25 | \$ 5.25 | \$ 1,049,105 | \$ 1,049,577 |
| NONPRIMARY RES EUCL | 435,945 | \$ 5.25 | \$ 5.25 | \$ 2,287,927 | \$ 2,288,956 |
| BRI ISDN EUCL | 3,718 | \$ 5.25 | \$ 5.25 | \$ 19,513 | \$ 19,522 |
| MULTILINE BUS EUCL | 657,759 | \$ 5.77 | \$ 5.77 | \$ 3,794,035 | \$ 3,795,586 |
| PRI ISDN EUCL | 4,996 | \$ 5.77 | \$ 5.77 | \$ 28,818 | \$ 28,829 |
| CENTREX EUCL | 749,478 | \$ 5.77 | \$ 5.77 | \$ 4,323,081 | \$ 4,324,849 |

Traffic Sensitive Basket

| | 2004 Demand | Current Rate | Proposed Rate | Current Revenue | Proposed Revenue |
|--|-------------|--------------|---------------|-----------------|------------------|
| LOCAL SWITCHING BUNDLED (NONPREMIUM) | 0 | \$ 0.000849 | \$ 0.000631 | \$0.00 | \$0.00 |
| LOCAL SWITCHING UNBUNDLED (NONPREMIUM) | 0 | \$ 0.000849 | \$ 0.000631 | \$0.00 | \$0.00 |

SBC - NEVADA BELL TELEPHONE COMPANY
2005 TELECOMMUNICATIONS RELAY SERVICE AND REGULATORY FEE
Exogenous Cost Change Detail

| <u>PTNV</u> | | DA 04-1258 ** | | Revised TRS .00564 | | Revised | |
|---|--|--|------------------------------|-------------------------|----------------------|--------------------|--|
| | | <u>7/04-6/05</u> | <u>7/05-6/06 TRS</u> | <u>7/05-6/06 TRS</u> | <u>Exogenous</u> | <u>Exogenous</u> | |
| <u>Telecommunications Relay Service Support:</u> | | <u>0.00356</u> | <u>0.00528</u> | <u>0.000392727</u> | | | |
| Removal 7/03-6/04 Trueup DA 04-465 adjusted for R | | 101,077 | 163,759 (23,831) | 12,180 | 62,682 (23,831) | 74,863 (23,831) | |
| | | | | | 38,851 | 51,031 | |
| | | <u>2002 End User Interstate Revenues</u> | <u>TRS Factor</u> | <u>7/05-6/06 TRS</u> | | | |
| Exogenous True-up 7/03-6/04 DA 04-465 | | 30,727,011 | 0.0022 | 67,599 | | | |
| <u>Regulatory Fee Support:</u> | | 0.00218 | 0.00243 | | | | |
| | | 61,895 | 75,366 | 13,471 | | | |
| 2004 Interstate End User Rev | | | | | | | |
| Total Interstate | | | Regulatory | TRS Factor | Revised TRS Factor | | |
| End User Revenues | | | Fee | 7/05-6/06 | 7/05-6/06 | | |
| <u>(499A Row 420a)</u> | | <u>(499A Row 420d)</u> | <u>0.00243</u> | <u>0.00528</u> | <u>0.000392727</u> | | |
| (A) | | (B) | (C)=B * 0.00243 | (D) = B * 0.00528 | (D) = B * 0.00564 | | |
| Exogenous Amount | | 130,872,042 | 31,014,995 | 75,366 | 163,759 | 12,180 | |
| | | | | | | | |
| | | <u>2003 Interstate End User Rev</u> | <u>Trueup Removal Factor</u> | <u>7/03-6/04 Trueup</u> | <u>7/03-6/04 TRS</u> | | |
| | | (A') | (B')=B/A' | (C')=TL# 242 Exhibit 2 | (D)=-C'*B' | | |
| Exogenous True-up 7/03-6/04 DA 04-465 | | 28,392,359 | 1.0924 | 21,816 | (23,831) | | |
| | | | | | | | |
| <u>Common Line</u> | | <u>Special</u> | <u>Excluded</u> | <u>Total Less</u> | <u>ATS Revenue</u> | | |
| | | | | | | | |
| 2004 End User Revenues (499A) | | \$ 25,190,343 | \$ 3,679,898 | \$ 2,144,754 | \$ 31,014,995 | | |
| Allocation Basis | | 81.22% | 11.86% | 6.92% | 100.00% | | |
| Telecom. Relay Support | | \$ 9,893 | \$ 1,445 | \$ 842 | \$ 12,180 | | |
| Regulatory Fee Support: | | \$ - | \$ - | \$ - | \$ - | | |
| | | \$ 9,893 | \$ 1,445 | \$ 842 | \$ 12,180 | | |

****CC Docket 98-67; DA 04-1258 May 4, 2004**