

**NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.**  
**REVISIONS TO ACCESS TARIFF F.C.C. NO. 5**  
**LOCAL NUMBER PORTABILITY CHARGES**  
**TRANSMITTAL NO. 1086**  
**August 17, 2005**

**DESCRIPTION AND JUSTIFICATION**

**1. INTRODUCTION**

The National Exchange Carrier Association, Inc. proposes to modify its Access Tariff F.C.C. No. 5 to reflect the addition of Local Number Portability (LNP) charges for Champlain Tel. Co. (Champlain), which has received bonafide request for number portability. The services provided by Champlain are consistent with Section 13.14, Local Number Portability Services, of NECA's Tariff F.C.C. No. 5.

**2. LNP DEMAND, COST AND RATE DEVELOPMENT**

The demand for LNP capable access lines for Champlain, including PBX lines, and queried calls were projected over five years. Champlain does not currently have ISDN-PRI lines; however, an ISDN-PRI End User Charge has been calculated for it at five times the End User Charge. The PBX End User Charge was calculated at nine times the End User Charge.

Costs provided by the company include switch upgrade investment required to support wireline and wireless LNP capability, and projected ongoing expenses over five years. LNP End User Charges were set to equate the present value of revenues to the present value of cost outlays. Present values of total costs were obtained using a discount factor of 15.21%, which is the after-tax cost of money (11.25%) grossed up for the tax rate (35%). This gross-up is only applied to the equity portion of the cost of money, because the debt portion is already tax-deductible, but the equity portion is taxable.

The circuit switching costs used in the development of the LNP End User Charges are only those direct costs required to implement LNP. In identifying which of these LNP costs could be included in the rate, the company used two criteria to isolate LNP costs, based on the FCC guidelines: (1) the costs would not have been incurred by the Telephone Company if number portability was not implemented, and (2) the costs were incurred "for the provision of" number portability. Using these criteria yielded an investment amount of \$42,523. This amount includes switch manufacturer LNP switch upgrade costs and associated labor.

Beginning year one, expenses recovered by the End User Charge range from \$5,146 to \$5,194 per year, and fall into the following categories: a) projected charges to be paid to the query provider for queries that the Telephone Company initiates in its capacity

as an N-1 carrier, b) regional database administrator charges, c) operating support system expenses for service order administration, d) consulting fees, e) training costs, f) expenses for data collection and analysis, g) expenses to update operational procedures, h) expenses related to preparing bill inserts and customer notification, i) expenses related to upgrading the billing system, and j) expenses related to trouble shooting and translation updates. Query expenses are only for queries necessary to complete local and Extended Area Service (EAS) calls originated from the company's end users. End user query expenses were obtained by multiplying query projections by the per query rate, paid by the Telephone Company to its query provider.

The demand and costs used to develop LNP End User Charges for the company are detailed in Exhibit 1A. (See Exhibit 1A attached.)

Allocation of investments and expenses to the LNP Query Service Charge are based on the ratio of N-1 queries to total queries. Expenses include charges for queries performed on behalf of N-1 carriers. Demand for LNP Query Service is the total projected demand for prearranged and default N-1 queries. The development of the Query Service Charge is detailed in Exhibit 1B. (See Exhibit 1B attached.)

A one time LNP Order Charge (per order) applies to N-1 carriers who prearrange to have the Telephone Company perform queries on their behalf. Cost support for the LNP Order Charge is shown in Exhibit 1C. (See Exhibit 1C attached.)

A one time LNP Billing Charge (per account) applies to N-1 carriers who terminate non-queried traffic in the Telephone Company's network and have not prearranged with the Telephone Company to perform LNP queries. Cost support for the LNP Billing Charge is shown in Exhibit 1C. (See Exhibit 1C attached.)

**Local Number Portability - Champlain Tel. Co. (150077)**

**EXHIBIT 1A**

**August 17, 2005**

**End User Charge Rate Development**

LINE		0	1	Year 2	3	4	5
	<b><u>Investment</u></b>						
1	LNP End User Investment	\$42,523	\$0	\$0	\$0	\$0	\$0
2	Present Value Factors	1.0000	0.8680	0.7534	0.6539	0.5676	0.4927
3	Present Value of Investment	\$42,523	\$0	\$0	\$0	\$0	\$0
4	Sum of Present Value of Investment	<b>\$42,523</b>					
	<b><u>Expenses</u></b>						
5	LNP End User Expenses	\$12,163	\$5,194	\$5,182	\$5,170	\$5,157	\$5,146
6	Present Value of Expenses	\$12,163	\$4,508	\$3,904	\$3,381	\$2,927	\$2,535
7	Sum of Present Value of Expenses	<b>\$29,417</b>					
	<b><u>Access Lines</u></b>						
8	PBX		56	55	54	53	52
9	ISDN-PRI		0	0	0	0	0
10	Other		5,836	5,804	5,717	5,631	5,587
11	Total Chargeable Lines <sup>1</sup>		6,340	6,299	6,203	6,108	6,055
12	Present Value of Chargeable Lines		5,503	4,746	4,056	3,467	2,983
13	Sum of Present Value of Chargeable Lines	20,755					
14	<b>LNP End User Basic Charge <sup>2</sup></b>	<b>\$0.29</b>					
15	<b>LNP End User ISDN-PRI Charge <sup>3</sup></b>	<b>\$1.45</b>					
16	<b>LNP End User PBX Charge <sup>4</sup></b>	<b>\$2.61</b>					

**NOTES**

1. Line 11 = (Line 8 \* 9) + (Line 9 \* 5) + Line 10
2. Line 14 = ((Line 4 + Line 7) / Line 13)/12
3. Line 15 = 5 \* Line 14
4. Line 16 = 9 \* Line 14

Local Number Portability - Champlain Tel. Co. (150077)

EXHIBIT 1B

August 17, 2005

Query Charge Rate Development

LINE		0	1	Year 2	3	4	5
	<b><u>Investment</u></b>						
1	LNP Query Investment	\$220	\$0	\$0	\$0	\$0	\$0
2	Present Value Factors	1.0000	0.8680	0.7534	0.6539	0.5676	0.4927
3	Present Value of Investment	\$220	\$0	\$0	\$0	\$0	\$0
4	Sum of Present Value of Investment	<b>\$220</b>					
	<b><u>Expenses</u></b>						
5	LNP Query Expenses	\$63	\$25	\$25	\$25	\$25	\$25
6	Present Value of Expenses	\$63	\$22	\$19	\$17	\$14	\$12
7	Sum of Present Value of Expenses	<b>\$148</b>					
8	Queries		10,188	20,232	30,132	39,888	49,500
9	Present Value of Queries		8,843	15,243	19,704	22,640	24,387
10	Sum of Present Value of Queries	90,817					
11	<b>LNP Query Charge <sup>1</sup></b>	<b>\$0.0040</b>					

NOTES

1. Line 11 = (Line 4 + Line 7) / Line 10

**Local Number Portability - Champlain Tel. Co. (150077)**

**EXHIBIT 1C**

**August 17, 2005**

**Order & Billing Charge Rate Development**

**LNP ORDER CHARGE**

<b>Activity</b>	<b>Time Required (Hours)</b>	<b>Labor Rate (\$/hour)</b>	<b>Labor Cost</b>
LNP Query Service Order is Logged in	1.00	\$23.84	\$23.84
Order Validity Check	0.33	\$23.84	\$7.87
Input Order to System	0.33	\$23.84	\$7.87
Distribute Order to Work Groups	0.17	\$23.84	\$4.05
Completion Information Received	0.33	\$52.36	\$17.28
Update Customer Service Records	0.17	\$23.84	\$4.05
Issue Bill	0.34	\$23.84	\$8.11
Total Cost for Orders			\$73.07

<b>Order Charge, per Order</b>	<b>\$74.00</b>
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**LNP BILLING CHARGE**

Investigate N-1 Carrier Identity	0.66	\$23.84	\$15.73
Establish LNP Query Service Account	2.33	\$27.88	\$64.96
Issue Initial LNP Query Service Bill	0.34	\$23.84	\$8.11
Completion of information received into the system	0.33	\$52.36	\$17.28
Total Cost for Orders			\$106.08

<b>Billing Charge, per Account</b>	<b>\$107.00</b>
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