

DESCRIPTION & JUSTIFICATION INTERSTATE ACCESS TARIFF REVISIONS

Effective March 23, 2006

INTRODUCTION

The Chillicothe Telephone Company (Chillicothe) submits the accompanying access tariff revisions to its Interstate Access Tariff No. 1. The purpose of this filing is to establish nonrecurring and monthly charges to provide a new optical channel service for an OC3. In addition, the appropriate language was added in various sections of the tariff to reflect offering optical services, including a new section 7.9, Optical Channel Service.

A description of each charge and the associated justification (including statements of cost and rate development which are in accordance with Section 61.38 of the Commission's Rules), which support the information contained in this filing, is provided below. Exhibit I is a summary of the proposed nonrecurring and monthly charges.¹

DESCRIPTION & JUSTIFICATION

A weighted revenue requirement approach is used to calculate the OC3 (155.52 Mbps) new special access service charge (see Exhibit II). Chillicothe identified the type of equipment and associated costs, including material and installation costs, necessary to provide a new OC3 circuit (see Exhibit II, equipment cost detail).

The optional features and functions monthly rates and nonrecurring charges (i.e., for customer node and customer premise port) are based on market sensitive pricing and reflect current market conditions.

¹ The charges are cost-based.

EXHIBIT I
RATE SUMMARY – OC3

Recurring Charge

Element	Annual Rev. Req.	Monthly Charge
Channel Termination	\$31,216.80	\$2,601.40
Channel Mileage	\$6,5940.00	\$549.50

Nonrecurring Charge

	Charge
Installation Labor Costs	
- 1 OC3 (124 hours @ \$22.25)	\$2,758.00

EXHIBIT II

RATE DEVELOPMENT – OC3

Type of Equipment	Equipment Cost	Quantity Used By Circuit	Typical Unloaded Investment	Demand	Weighted Cost %	Weighted Revenue Requirement	Rate Per Month
CHANNEL TERMINATION							
<u>1603 SMX: SWC for CDP</u>							
OC-3 Card in the SMX	\$1,300.00	0.333333	\$433.33				
<u>1603 SMX: CHILLICOTHE'S SWC</u>							
OC-3 Drop Card	\$1,300.00	1.000000	\$1,300.00				
OC-3 Card in the SMX	\$1,300.00	0.333333	\$433.33				
OC-3 Spare Card	\$1,300.00	1.000000	\$1,300.00				
Cost of a SMX Panel	\$2,703.67	1.000000	\$2,703.67				
Low speed OC48 interface card at termination ends	<u>\$13,500.00</u>	0.330000	<u>\$4,455.00</u>				
<i>Total</i>	<u>\$21,404</u>		<u>\$10,625.34</u>	1	2.53%	31,216.79	\$ 2,601.40

In this case, one customer bears the cost of the cards even though there is excess capacity.

CHANNEL MILEAGE							
Panel	\$950.00	1.000000	\$950.00				
Relay Rack	\$182.60	1.000000	\$182.60				
Multiplexing	\$11,252.00	0.500000	\$5,626.00				
Low speed OC48 spare card	\$3,375.00	1.000000	\$3,375.00				
Fiber	<u>\$34,619.00</u>	0.330000	<u>\$11,424.27</u>				
<i>Total [a]</i>	<u>\$50,378.60</u>		<u>\$21,557.87</u>	1	0.73%	6,594.00	\$ 549.50