

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
REVISIONS TO ACCESS TARIFF F.C.C. NO. 5
LOCAL NUMBER PORTABILITY CHARGES
TRANSMITTAL NO. 1137
August 17, 2006

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 Stayton Coop. Telephone Company (Stayton), which has received a bonafide request for number portability. The services provided by Stayton 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, including PBX lines and queried calls were projected over five years. Stayton 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 11.25% since the company is tax exempt.

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 \$156,000. This amount includes switch manufacturer LNP switch upgrade and translation costs.

Beginning year one, expenses recovered by the End User Charge range from \$2,564 to \$6,323 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) operating support system expenses for service order administration, c) troubleshooting, d) order processing, e) training, f) customer

notification, g) LNP implementation and h) consulting expenses. 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.)

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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 Comanche County Tel. Co., Inc. (Comanche), which has received a bonafide request for number portability. The services provided by Comanche 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 and queried calls was projected over five years. Comanche does not currently have PBX lines or ISDN-PRI lines; however, a PBX End User Charge and an ISDN-PRI End User Charge have been calculated for it, at nine times and five times the End User Charge, respectively.

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 \$134,474. This amount includes switch manufacturer LNP switch upgrade and translation costs.

Beginning year one, expenses recovered by the End User Charge range between \$2,420 and \$3,980 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) operating support system expenses for service order administration, c) regional database charges, d) consulting expenses e) legal expenses and f) training expenses. 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 2A. (See Exhibit 2A attached.)

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
REVISIONS TO ACCESS TARIFF F.C.C. NO. 5
LOCAL NUMBER PORTABILITY CHARGES
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August 17, 2006

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 Oklahoma Telephone & Telegraph, Inc. (Oklahoma), which has received a bonafide request for number portability. The services provided by Oklahoma 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 and queried calls was projected over five years. Oklahoma does not currently have PBX lines or ISDN-PRI lines; however, a PBX End User Charge and an ISDN-PRI End User Charge have been calculated at nine times and five times the End User Charge, respectively.

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 \$16,823. This amount includes switch manufacturer LNP switch upgrade and translation costs.

Beginning year one, expenses recovered by the End User Charge range between \$1,150 and \$2,097 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 charges, c) operating support system expenses for service order administration and d) consulting expenses. 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 3A. (See Exhibit 3A attached.)

Local Number Portability - Stayton Coop. Telephone Company (532399)

EXHIBIT 1A

August 17, 2006

End User Charge Rate Development

| LINE | | 0 | 1 | 2 | 3 | 4 | 5 |
|------|--|------------------|---------|---------|---------|---------|---------|
| | Investment | | | | | | |
| 1 | LNP End User Investment | \$156,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | Present Value Factors | 1.0000 | 0.8989 | 0.8080 | 0.7263 | 0.6528 | 0.5868 |
| 3 | Present Value of Investment | \$156,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 | Sum of Present Value of Investment | \$156,000 | | | | | |
| | Expenses | | | | | | |
| 5 | LNP End User Expenses | \$9,746 | \$6,323 | \$2,564 | \$2,917 | \$3,270 | \$3,917 |
| 6 | Present Value of Expenses | \$9,746 | \$5,684 | \$2,072 | \$2,119 | \$2,135 | \$2,299 |
| 7 | Sum of Present Value of Expenses | \$24,053 | | | | | |
| | Access Lines | | | | | | |
| 8 | PBX | | 47 | 47 | 47 | 47 | 47 |
| 9 | ISDN-PRI | | 0 | 0 | 0 | 0 | 0 |
| 10 | Other | | 7,442 | 7,442 | 7,442 | 7,442 | 7,442 |
| 11 | Total Chargeable Lines ¹ | | 7,865 | 7,865 | 7,865 | 7,865 | 7,865 |
| 12 | Present Value of Chargeable Lines | | 7,070 | 6,355 | 5,712 | 5,135 | 4,615 |
| 13 | Sum of Present Value of Chargeable Lines | 28,886 | | | | | |
| 14 | LNP End User Basic Charge ² | \$0.52 | | | | | |
| 15 | LNP End User ISDN-PRI Charge ³ | \$2.60 | | | | | |
| 16 | LNP End User PBX Charge ⁴ | \$4.68 | | | | | |

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 - Comanche County Tel. Co., Inc. (442060)

EXHIBIT 2A

August 17, 2006

End User Charge Rate Development

| LINE | | 0 | 1 | 2 | 3 | 4 | 5 |
|------|--|------------------|---------|---------|---------|---------|---------|
| | Investment | | | | | | |
| 1 | LNP End User Investment | \$134,474 | \$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 | \$134,474 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 | Sum of Present Value of Investment | \$134,474 | | | | | |
| | Expenses | | | | | | |
| 5 | LNP End User Expenses | \$3,081 | \$3,230 | \$3,480 | \$3,730 | \$3,980 | \$2,420 |
| 6 | Present Value of Expenses | \$3,081 | \$2,804 | \$2,622 | \$2,439 | \$2,259 | \$1,192 |
| 7 | Sum of Present Value of Expenses | \$14,397 | | | | | |
| | Access Lines | | | | | | |
| 8 | PBX | | 0 | 0 | 0 | 0 | 0 |
| 9 | ISDN-PRI | | 0 | 0 | 0 | 0 | 0 |
| 10 | Other | | 5,129 | 5,015 | 4,901 | 4,787 | 4,673 |
| 11 | Total Chargeable Lines ¹ | | 5,129 | 5,015 | 4,901 | 4,787 | 4,673 |
| 12 | Present Value of Chargeable Lines | | 4,452 | 3,778 | 3,205 | 2,717 | 2,302 |
| 13 | Sum of Present Value of Chargeable Lines | 16,454 | | | | | |
| 14 | LNP End User Basic Charge ² | \$0.75 | | | | | |
| 15 | LNP End User ISDN-PRI Charge ³ | \$3.75 | | | | | |
| 16 | LNP End User PBX Charge ⁴ | \$6.75 | | | | | |

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 - Oklahoma Telephone & Telegraph, Inc. (432013)

EXHIBIT 3A

August 17, 2006

End User Charge Rate Development

| LINE | | Year | | | | | |
|------|--|-----------------|---------|---------|---------|---------|---------|
| | | 0 | 1 | 2 | 3 | 4 | 5 |
| | Investment | | | | | | |
| 1 | LNP End User Investment | \$16,823 | \$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 | \$16,823 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 | Sum of Present Value of Investment | \$16,823 | | | | | |
| | Expenses | | | | | | |
| 5 | LNP End User Expenses | \$1,001 | \$1,150 | \$1,465 | \$1,781 | \$2,097 | \$1,617 |
| 6 | Present Value of Expenses | \$1,001 | \$998 | \$1,104 | \$1,165 | \$1,190 | \$797 |
| 7 | Sum of Present Value of Expenses | \$6,254 | | | | | |
| | Access Lines | | | | | | |
| 8 | PBX | | 0 | 0 | 0 | 0 | 0 |
| 9 | ISDN-PRI | | 0 | 0 | 0 | 0 | 0 |
| 10 | Other | | 2,074 | 2,040 | 2,006 | 1,972 | 1,938 |
| 11 | Total Chargeable Lines ¹ | | 2,074 | 2,040 | 2,006 | 1,972 | 1,938 |
| 12 | Present Value of Chargeable Lines | | 1,800 | 1,537 | 1,312 | 1,119 | 955 |
| 13 | Sum of Present Value of Chargeable Lines | 6,723 | | | | | |
| 14 | LNP End User Basic Charge ² | \$0.29 | | | | | |
| 15 | LNP End User ISDN-PRI Charge ³ | \$1.45 | | | | | |
| 16 | LNP End User PBX Charge ⁴ | \$2.61 | | | | | |

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