NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
REVISIONS TO ACCESS TARIFF F.C.C. NO. 5
LOCAL NUMBER PORTABILITY CHARGES
TRANSMITTAL NO. 1181
September 14, 2007

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 Public Service Telephone Company (Public Service), which has received a bonafide request for number portability. The services provided by Public Service 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 trunks and ISDN-PRI lines, and queried calls was projected over five years. The PBX End User Charge and 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 $44,015. This amount includes switch manufacturer LNP switch upgrade and translation costs.

Beginning year one, expenses recovered by the End User Charge range between $12,600 and $25,661 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 administrator charges, and d) consulting costs. 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.)

Local Number Portability - Public Service Telephone Company (220381) **EXHIBIT 1A**

September 14, 2007

End User Charge Rate Development

LINE			Year				
		0	**1**	**2**	**3**	**4**	**5**
	Investment						
1	LNP End User Investment	$44,015	$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	$44,015	$0	$0	$0	$0	$0
4	Sum of Present Value of Investment	**$44,015**					
	Expenses						
5	LNP End User Expenses	$26,831	$24,638	$24,969	$25,310	$25,661	$12,600
6	Present Value of Expenses	$26,831	$21,385	$18,811	$16,551	$14,565	$6,208
7	Sum of Present Value of Expenses	**$104,351**					
	Access Lines						
8	PBX		7	7	8	8	8
9	ISDN-PRI		1	2	2	2	2
10	Other		11,407	10,969	10,770	10,608	10,450
11	Total Chargeable Lines [1]		11,475	11,042	10,852	10,690	10,532
12	Present Value of Chargeable Lines		9,960	8,319	7,096	6,068	5,189
13	Sum of Present Value of Chargeable Lines	36,632					
14	**LNP End User Basic Charge [2]**	**$0.34**					
15	**LNP End User ISDN-PRI Charge [3]**	**$1.70**					
16	**LNP End User PBX Charge [4]**	**$3.06**					

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