

(6) Unseparated gross telecommunications plant investment. This amount shall be calculated using the simple average beginning of year and end of year for the respective study periods.

(7) Unseparated accumulated depreciation and noncurrent deferred federal income taxes attributable to total unseparated telecommunications plant investment. This amount shall be calculated using the simple average beginning of year and end of year for the respective study periods.

(8) The number of working Exchange Line C&WF excluding wideband and used jointly for exchange and message telecommunications service, excluding WATS closed end access and TWX service, but including subscriber lines of C&WF associated with pay telephones in Category 1. This amount shall be calculated using the simple average beginning of year and end of year for the respective study periods.

**§ 36.612 Updating information submitted to the National Exchange Carrier Association.**

(a) Any telecommunications company may update estimated information submitted to the National Exchange Carrier Association pursuant to § 36.611(a)(1) through (a)(8) one or more times annually on a rolling year basis. Carriers wishing to update the current year data files on the previous June 30th or the next calendar year data filed June 30th may:

(1) submit estimated data covering the current calendar year or the next calendar year no later than September 30th of that year;

(1) submit estimated data covering the current calendar year or the next calendar year no later than December 30th of that year; and/or

(3) submit estimated data on the previous calendar year or the current calendar year no later than March 30th of the existing year.

**§ 36.613 Submission of information by the National Exchange Carrier Association.**

(a) On September 1 of each year after 1987, the National Exchange Carrier Association shall file with the Commission the information listed below. Information filed with the Commission shall be compiled from information provided to the Association by telephone companies pursuant to § 36.611.

(1) The unseparated loop cost for each study area and a nationwide-average unseparated loop cost.

(2) The annual amount of the high cost expense adjustment for each study area, and the total nationwide amount of the expense adjustment.

(3) The dollar amount and percentage of the increase in the nationwide average unseparated loop cost, as well as the dollar amount and percentage increase for each study area, for the previous 5 years, or the number of years NECA has been receiving information under § 36.611, whichever is the shorter time period.

## CALCULATION OF LOOP COSTS FOR EXPENSE ADJUSTMENT

### § 36.621 Study area total unseparated loop cost.

(a) For the purpose of calculating the expense adjustment, the study area total unseparated loop cost equals the sum of the following:

(1) Return component for net unseparated Exchange Line C&WF subcategory 1.3 investment and Exchange Line CO Circuit Equipment Category 4.13 investment. This amount is calculated by deducting the accumulated depreciation and noncurrent deferred federal income taxes attributable to C&WF subcategory 1.3 investment and exchange line Category 4.13 circuit investment reported pursuant to § 36.611(a)(2) from the gross investment in Exchange Line C&WF subcategory 1.3 and CO Category 4.13 reported pursuant to § 36.611(a)(1) to obtain the net unseparated C&WF subcategory 1.3 investment, and CO Category 4.13 investment. The net unseparated C&WF subcategory 1.3 investment and CO Category 4.13 investment is multiplied by the study area's authorized interstate rate of return.

(2) Depreciation expense attributable to C&WF subcategory 1.3 investment, and CO Category 4.13 investment as reported in § 36.611(a)(3).

(3) Maintenance expense attributable to C&WF subcategory 1.3 investment, and CO Category 4.13 investment as reported in § 36.611(a)(4).

(4)\* Corporate Operations Expenses, Operating taxes and the benefits and rent portions of operating expenses, as reported in § 36.611(a)(5) attributable to investment in CW&F Category 1.3 and COE Category 4.13. This amount is calculated by multiplying the total amount of these expenses and taxes by the ratio of the unseparated gross exchange plant investment in C&WF Category 1.3 and COE Category 4.13, as reported in § 36.611(a)(1), to the unseparated gross telecommunications plant investment, as reported in § 36.611(a)(6). (R-5)

### § 36.622 National and study area average unseparated loop costs.

(a) National Average Unseparated Loop Cost per Working Loop. Except as provided in paragraph (c) of this section, this is equal to the sum of the Loop Costs for each study area in the country as calculated pursuant to § 36.621(a) divided by the sum of the working loops reported in § 36.611(a)(8) for each study area in the country. The national average unseparated loop cost per working loop shall be calculated by the National Exchange Carrier Association.

(1) The National Average Unseparated Loop Cost per Working Loop shall be recalculated by the National Exchange Carrier Association to reflect the optional September, December and March update filings.

(2) Each new nationwide average shall be used in determining the additional interstate expense allocation for companies which made filings by the most recent filing date.

(3) The calculation of a new national average to reflect the update filings shall not affect the amount of the additional interstate expense allocation for companies which did not make an update filing by the most recent filing date.

(b) Study Area Average Unseparated Loop Cost Per Working Loop. This is equal to the unseparated loop costs for the study area as calculated pursuant to § 36.621(a) divided by the number of working loops reported in § 36.611(a)(8) for the study area.

(1) If a company elects to update the data which it has filed with the National Exchange Carrier Association as provided in § 36.612(a), the study area average unseparated loop cost per working loop and the amount of its additional interstate expense allocation shall be recalculated to reflect the updated data.

**CALCULATION OF EXPENSE ADJUSTMENT -  
ADDITIONAL INTERSTATE EXPENSE ALLOCATION**

**§ 36.631 Expense adjustment.**

(c) Beginning January 1, 1998, for rural study areas reporting 200,000 or fewer working loops pursuant to § 36.611(a)(8), the expense adjustment (additional interstate expense allocation) is equal to the sum of the following:

(1) Sixty-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to § 36.622(b) in excess of 115 percent of the national average for this cost but not greater than 150 percent of the national average for this cost as calculated pursuant to § 36.622(a) multiplied by the number of working loops reported in § 36.611(a)(8) for the study area.

(2) Seventy-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to § 36.622(b) in excess of 150 percent of the national average for this cost as calculated pursuant to § 36.622(a) multiplied by the number of working loops reported in § 36.611(a)(8) for the study area.

(d) Beginning January 1, 1998, for rural study areas reporting more than 200,000 working loops pursuant to § 36.611(a)(8), the expense adjustment (additional interstate expense allocation) is equal to the sum of the following:

(1) Ten percent of the study area average unseparated loop cost per working loop as calculated pursuant to § 36.622(b) in excess of 115 percent of the national average for this cost but not greater than 160 percent of the national average for this cost as calculated pursuant to § 36.622(a) multiplied by the number of working loops reported in § 36.611(a)(8) for the study area.

(2) Thirty percent of the study area average unseparated loop cost per working loop as calculated pursuant to § 36.622(b) in excess of 160 percent of the national average for this cost but not greater than 200 percent of the national average for this cost as calculated pursuant to § 36.622(a) multiplied by the number of working loops reported in § 36.611(a)(8) for the study area.

(3) Sixty percent of the study area average unseparated loop cost per working loop as calculated pursuant to § 36.622(b) in excess of 200 percent of the national average for this cost but not greater than 250 percent of the national average for this cost as calculated pursuant to § 36.622(a) multiplied by the number of working loops reported in § 36.611(a)(8) for the study area.

(4) Seventy-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to § 36.622(b) in excess of 250 percent of the national average for this cost as calculated pursuant to § 36.622(a) multiplied by the number of working loops reported in § 36.611(a)(8) for the study area.

**TRANSITIONAL EXPENSE ADJUSTMENT**

**§ 36.641 Transition.**

(a) For rural companies the expense adjustment for 1998 and subsequent years shall be the amount computed in accordance with § 36.631.

(b) For non-rural companies the expense adjustments shall be calculated following the same formulas as rural companies as described in § 36.631. This amount shall be frozen for a period of 4 years, then eliminated.

## **Companies Represented by GVNW's Reply Comments**

1. Albion Telephone Company
2. Arctic Slope Telephone Association Cooperative
3. Baca Valley Telephone Company, Inc.
4. Beaver Creek Cooperative Telephone Company
5. Blackfoot Telephone Cooperative
6. Bush-Tell, Inc.
7. Cambridge Telephone Company, Inc.
8. Canby Telephone Association
9. Cascade Utilities, Inc.
10. Cass County Telephone Company
11. Central Montana Communications, Inc.
12. Central Scott Telephone
13. Churchill County Telephone and Telegraph System
14. Clear Creek Mutual Telephone Company
15. Colton Telephone Company
16. Cordova Telephone Cooperative
17. Cowiche Telephone Cooperative
18. C-R Telephone Company
19. Dell Telephone Cooperative - NM
20. Dell Telephone Cooperative - TX
21. Dubois Telephone Exchange, Inc.
22. East Ascension Telephone Company
23. Egyptian Telephone Cooperative
24. El Paso County Telephone Company
25. Ellensburg Telephone Company
26. Emery Telephone
27. Farmer Mutual Telephone Company, Ltd.
28. Gervais Telephone Company
29. Hardy Telephone Company, Inc.
30. Harrisonville Telephone Company
31. Helix Telephone Company
32. Home Telephone Company
33. Humboldt Telephone Company
34. InterBel Telephone Cooperative
35. Interior Telephone Company
36. Kalona Telephone Company

37. Kingdom Telephone Company
38. Le-Ru Telephone Company
39. Lincoln County Telephone System, Inc.
40. Matanuska Telephone Association, Inc.
41. Midvale Telephone Exchange, Inc.
42. Molalla Telephone Company
43. Monitor Cooperative Telephone Company
44. Monroe Telephone Company
45. Montrose Mutual Telephone Company
46. Mt. Angel Telephone Company
47. Mukluk Telephone Company
48. Nehalem Telephone and Telegraph Company
49. Nemont Telephone Cooperative, Inc.
50. North-State Telephone Company
51. Oregon Telephone Corporation
52. Oregon-Idaho Utilities, Inc.
53. OTZ Telephone Cooperative, Inc.
54. Peetz Telephone Cooperative, Inc.
55. Peoples Telephone Company
56. Pierce Telephone Company
57. Pine Telephone System, Inc.
58. Pine Drive Telephone
59. Pioneer Telephone Cooperative
60. The Ponderosa Telephone Company
61. Price County Telephone Company
62. Project Telephone Company
63. RT Communications
64. Range Telephone Cooperative - MT
65. Range Telephone Cooperative - WY
66. Rio Virgin Telephone Company
67. Roggen Telephone Cooperative Association
68. Roome Telecommunications, Inc.
69. Roosevelt County Rural Telephone Cooperative
70. Rural Telephone Company
71. S & A Telephone Company
72. Shawnee Telephone Company
73. Sierra Telephone Company
74. Siskiyou Telephone Company
75. Southern Montana Telephone Company
76. Stayton Cooperative Telephone Company
77. Stoneham Cooperative Telephone Corporation
78. Table Top Telephone Company
79. Tonica Telephone Company
80. Trans-Cascades Telephone Company
81. Triangle Telephone Cooperative, Inc.

82. United Utilities, Inc.
83. Valley Telephone Cooperative, Inc.
84. Wahkiakum West Telephone Company
85. West River Telecommunications Cooperative
86. Willard Telephone Company
87. Yelm Telephone Company