

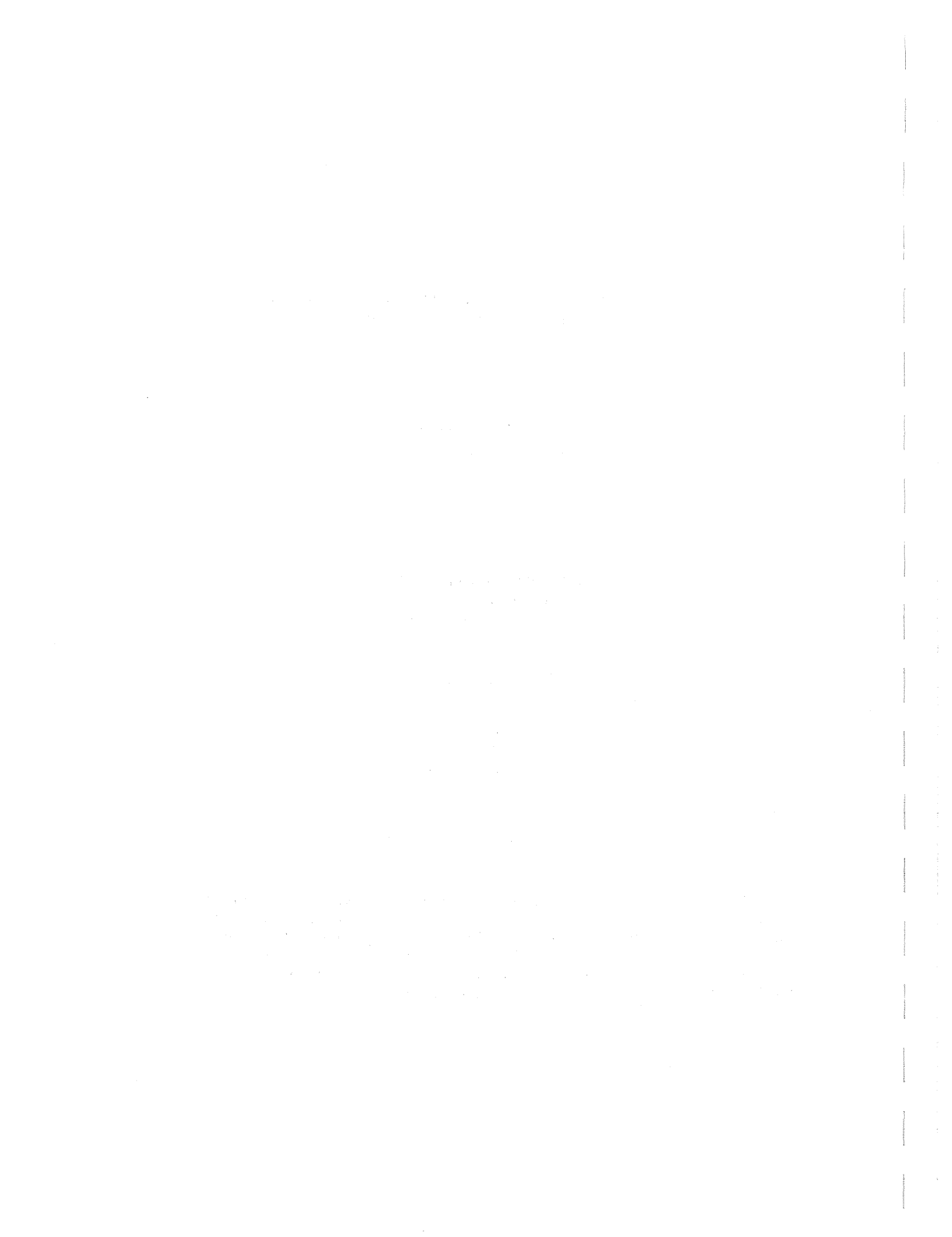
THE NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.:
STRUCTURE AND OPERATION

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EXECUTIVE SUMMARY

The National Exchange Carrier Association (NECA) was formed by telephone industry representatives as a result of the Federal Communications Commission's (FCC) Third Report and Order, FCC CC Docket 78-72,¹ which mandated the creation of an exchange carrier association. The organization was established for the purpose of filing common access charge tariffs, administering access charge revenue pools, and distributing the pool revenues.

All exchange telephone companies are members of NECA. NECA is governed by a Board of Directors composed of representatives of the exchange carrier members. There are five major functional divisions within NECA. They are the Comptrollers Operations; Tariff, Cost, and Regulatory Matters; Industry Relations; Legal; and Administration.

NECA files three tariffs with the FCC. ECA Tariff F.C.C. No. 1 contains rates and regulations for all NECA issuing carrier access services. ECA Tariff F.C.C. No. 2 contains the vertical and horizontal coordinates for all wire centers in the United States, and information on the functional characteristics of each wire center. ECA Tariff F.C.C. No. 3 lists NECA issuing carrier special construction contracts, their rates, and expiration dates.

A lengthy process is involved in developing rates for the numerous access tariff elements. It begins with conducting a past year cost of service study and a projected cost of service study for a future test year, in accordance with FCC procedures. Then baseline revenue requirements are computed and projected demand quantities are estimated. Baseline rates for the individual elements are determined. Finally, the demand response to the new rates is estimated and this is used to adjust the base rates to arrive at final rates for each element. The data needed for the tariff development process comes from existing NECA data, data requests to the exchange carriers, and special studies.

Three revenue pools are administered by NECA--the common line pool (which includes both end-user and carrier common line revenues), the traffic sensitive pool (which includes special access), and the billing and collection pool. Membership in the carrier common line pool is mandatory, and membership in the other two pools is voluntary. NECA settles on a net basis. This means that each carrier bills and

¹MTS/WATS Market Structure, 93 FCC 2d 241 (1983).

collects its own access charge revenues and this amount is then compared to the settlement amount due the carrier. If the company has collected less than the settlement amount, then a positive net balance exists, and a payment is made to the carrier by NECA. If a carrier collects more than the settlement amount then a negative net balance exists, and the carrier pays the excess to NECA. Settlements are made on a monthly basis.

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FOREWORD

The functioning of the National Exchange Carrier Association is of concern to state regulators because of its impact on the regulated local exchange telephone companies. Information in this report as to types of data supplied by local utilities, the timing of cash flows, and tariff development procedures should be useful in state proceedings. As mentioned by the author, information on the structure and organization of NECA may be of particular interest to state PSCs considering creating counterpart statewide pooling organizations.

Douglas N. Jones
Director, NRRI
December 1985

ACKNOWLEDGMENTS

It would not have been possible to compile all of the information in this report without the cooperation of the National Exchange Carrier Association. Sincere appreciation is expressed to those NECA staff members, and especially Mr. Richard A. Straub, who contributed their time and expertise. Thanks go also to several representatives of the telephone industry and in particular, Ms. Nancy Pound, Ohio Bell Telephone Company for their assistance in gathering needed information.

Finally, the author is, as always, impressed with and grateful for the professional manner in which Ms. Jan Hilt and Ms. Karen Myers prepared the report for publication.

CHAPTER 1

INTRODUCTION

Purpose of Report

This report is designed to inform state regulators about the nature and functions of NECA and its role in the telecommunications industry. NECA is a new organization that plays a vital role in the provision of interstate telecommunications services, and its activities impact exchange telephone companies, interexchange companies, customers, and regulatory agencies. Because the organization is new, many questions have arisen concerning its structure, functions, and procedures. The objective of this report is to provide the basic information about NECA activities that is needed to understand the workings of the organization. Only factual information is included; no discussion of regulatory policy issues that may arise from the methods and procedures is contained herein.

Purpose of NECA

NECA was established by telephone industry representatives in response to the Federal Communications Commission's (FCC) Third Report and Order, FCC CC Docket 78-72,¹ which ordered the creation of an exchange carrier association. The organization was established for the purpose of filing common access charge tariffs for exchange carriers, administering access charge revenue pools, and distributing the pool

¹MTS/WATS Market Structure, 93 FCC 2d 241 (1983). (Hereinafter Third Report and Order.)

revenues. Access charges are the system of payments by interexchange companies for the use of exchange company facilities in the origination and termination of interexchange traffic. Access charges are a replacement for the settlements and Division of Revenues processes which have historically been used.

Background

Since local exchange company facilities are needed for the origination and termination of most interstate traffic, part of the cost of the local facilities is assigned to the revenue requirement for interstate services. The separations process is used to allocate local exchange company costs between the interstate jurisdiction and the state jurisdiction, which includes both local service and intrastate toll.

Separations procedures are recommended by a Joint Board composed of both federal and state regulators according to section 410 of the Communications Act. The FCC makes the final determination of separations formulas and procedures. Exchange company costs allocated to the interstate jurisdiction are then assigned to the various elements of access service in accordance with FCC orders. These costs, together with the relevant costs of the interexchange company, comprise the revenue requirements for regulated interstate services.

Historical Procedures

Until recently, the provision of long distance services had been essentially a monopoly market, with AT&T Long Lines providing most interstate services. Rates for the various services were based on a nationwide average of the exchange company costs, resulting in a revenue pool which needed to be distributed among exchange companies.

Revenues were generally collected by AT&T companies and distributed to non-Bell exchange companies in accordance with settlements procedures. The residual was distributed among the Bell Operating Companies (BOCs) and AT&T Long Lines in accordance with Division of Revenues procedures.

Settlements procedures involved contracts between non-Bell exchange companies and the AT&T companies which specified the cost recovery procedures used, in accordance with FCC orders. Exchange companies were classified as either cost companies or average schedule companies. Cost companies received revenues back in relation to their individual company costs. Average schedule companies were companies that did not have individual company cost figures, and therefore used costs determined on the basis of studies done by Bell and the United States Independent Telephone Association (USITA)² of selected sample companies. They received toll revenues based on the average costs of the study areas applied to their individual usage characteristics. Typically, average schedule companies were small companies without the resources to do the necessary detailed cost studies for the separations procedures.

Current Procedures

The advent of competition among toll carriers and the AT&T divestiture created a need to change the existing Division of Revenues/settlements procedures. The divestiture agreement required that the BOCs implement a system of access charges for the use of local facilities by interexchange carriers, designed to achieve non-discriminatory access by all interexchange carriers.

²After the AT&T divestiture the BOCs joined USITA and the organization was renamed the United States Telephone Association (USTA).

The FCC in its CC Docket 78-72 proceedings defined the access charge system to be used by all local exchange carriers (both Bell and non-Bell) in charging for the interstate use of exchange access facilities. Four major categories of access charges were defined in the proceedings. They are: end-user charges, a carrier common line charge, traffic-sensitive carrier charges, and billing and collection charges.

The end-user charges are to be collected from each customer on a per line per month basis. Initially the charges were set at a maximum of \$2.00 per line per month for residential subscribers and a maximum \$4.00 per line per month for business subscribers. The initial end-user charges were designed to recover part of the subscriber loop costs allocated to the interstate jurisdiction and were scheduled to rise in annual increments until the full interstate share of subscriber loop costs was recovered from end users.

Subsequent rulings altered the amount of the end-user charges for residential and single-line business customers and delayed their imposition until June 1, 1985.³ Exchange telephone companies were given the option of filing their own tariffs for the end-user charge or of joining in a common tariff filed by the exchange carrier association.

The carrier common line charge consisted essentially of all costs associated with the interstate share of customer premises equipment and inside wiring, the universal service fund,⁴ and the residual of the

³Currently, the end-user charge is a maximum \$6.00 per line per month for multiline businesses. The residential and single line business charge is initially \$1.00 per line per month and will rise to \$2.00 per line per month in June, 1986.

⁴The Universal Service Fund exists to provide assistance to those exchange companies that have extraordinarily high subscriber loop costs. The Universal Service Fund will be implemented January 1, 1986 along with the beginning of the transition from an interstate allocation based on SPF, to a 25 percent interstate allocation of subscriber loop costs.

subscriber loop costs not recovered from end-user charges. The revenue requirement for these costs are collected on a per minute of use basis from interexchange carriers and the rate is calculated on the basis of the national average of all such costs. The carrier common line charge is a mandatory tariff, i.e., all carriers must join in the tariff filed by the exchange carrier association.

The remaining exchange access costs are often referred to as traffic sensitive access charges. These charges are composed of several elements. Two elements reflect costs associated with use of the local dial switch--the Line Termination and Local Switching elements. Three elements were designated for operator service, the Intercept, Information, and Operator Assistance elements. The Local Transport element is composed of costs associated with other switching and transmission facilities. The remaining two elements are the Billing and Collection element and the Special Access element. As with the end-user tariffs, exchange carriers have the option of filing their own traffic sensitive tariffs or joining in a common tariff filed by the association. However, the stipulation is that, except for the billing and collection element, a carrier which files its own tariff for any one of the remaining traffic sensitive elements must do so for all. Originally, the billing and collection element was included in this stipulation, but a later FCC order⁵ allowed carriers to file their own billing and collection tariff and concur in common tariffs for the other traffic sensitive elements.

NECA was established to file the mandatory and optional common tariffs for access charges and to manage and distribute the resulting revenue pools. The FCC order establishing NECA was released February 28, 1983 to become effective January 1, 1984. Because of the short time period available for organizing and staffing NECA, AT&T was directed to file the initial tariffs.

⁵MTS/WATS Market Structure, 97 FCC 2d 682 (1983).

ECA Ad Hoc Committee

In addition to preparing the initial tariffs, the work of organizing NECA and establishing policies and procedures for operating NECA had to be accomplished before January 1, 1984. The telephone industry organized an ECA Ad Hoc Committee to advise and assist AT&T in the preparation of the initial tariffs and to begin the organizational tasks necessary to have NECA in operation by January 1, 1984. The committee membership was composed of representatives of USITA, Bell Operating Companies, and the Rural Telephone Coalition. The individual members are identified in Table 1-1.

TABLE 1-1
MEMBERS OF THE ECA AD HOC COMMITTEE

USITA	The Rural Coalition*	Bell Operating Companies
J. Naset, General Telephone and Electronics Corp.	D. Cosson, NTCA	T.R. Glenn, Midwest and Far West Regions
B. J. Boritzki, United Telephone Systems, Inc.	E. Copsey, Fidelity Telephone Co.	B. W. Baldwin, Northeast and Mid-Atlantic Regions
W. B. French, Shenandoah Telephone Co.		C. Perkins, Jr., Southeast and US West Regions
		R. A. Harris, Southwest Region

Source: NECA

*The Rural Coalition consists of the National Telephone Cooperative Association (NTCA), the Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO), and the National REA Telephone Association (NREATA).

In a May 9, 1983 letter, the FCC was formally informed of the existence and activities of the Ad Hoc Committee. The FCC in its May 31, 1983 Supplemental Order⁶ authorized the ECA Ad Hoc Committee to conduct elections for the initial ECA Board of Directors and to undertake other activities necessary to establishing a functioning organization by January 1, 1984.

During the months prior to NECA becoming an operational entity, the Ad Hoc Committee performed several important functions. A brief description of some of the key decisions made and actions taken follows.

The headquarters location for NECA was selected and a lease arranged. A draft Certificate of Incorporation and Bylaws were developed for Board approval. The overall organizational structure was determined and appointments at the director and vice-president level were approved. The Ad Hoc Committee also stayed involved in the various facets of tariff preparation and developed procedures for the first Board of Director elections.

Organization of This Report

The information in the following chapters is drawn from public documents and from material supplied by NECA. Chapter 2 contains a description of the organizational structure of NECA and also contains employment and financial information. In chapter 3, the various tariffs filed by NECA are explained. The procedures used to develop access tariffs are described in chapter 4, and chapter 5 contains a description of pooling procedures.

⁶MTS/WATS Market Structure, 94 FCC 2d 852 (1983).



CHAPTER 2

OVERVIEW OF NECA

FCC Rules of Organization

The initial rules for organizing the exchange carrier association were included in the Third Report and Order, FCC Docket 78-72,¹ and in a Supplemental Order,² released May 31, 1983. These FCC imposed regulations governing the exchange carrier association are contained in Part 69, Subpart G, Title 47 of the Code of Federal Regulations.

Currently these rules relate to membership in the organization; functions of the organization; the Board of Directors for the organization; and the computation, billing, collection, and distribution of access charge revenues.

Membership in NECA is limited to those carriers participating in the revenue pool for the carrier common line charge. This includes all local exchange companies since joining in the NECA carrier common line tariff is mandatory. The member companies are classified into three categories.

1. Subset 1 Carriers - Bell Operating Companies (not including Cincinnati Bell Telephone and Southern New England Telephone Companies)
2. Subset 2 Carriers - All other exchange companies with annual revenues of \$40 million or more
3. Subset 3 Carriers - all remaining exchange companies

¹MTS/WATS Market Structure, 93 FCC 2nd 241 (1983).

²MTS/WATS Market Structure, 94 FCC 2nd 852 (1983).

NECA's functions are confined to those activities related to the development and filing of access charges and the collection and distribution of access charge revenues, including involvement in related judicial and regulatory proceedings. Any other activity is prohibited unless prior Commission approval has been granted.

The Board of Directors, which governs the organization, currently (1985) consists of fifteen Directors elected by the member companies. The Board meets on a monthly basis. Directors are elected for one year terms, beginning January 1 of each year. An exception to this rule is the first group of Directors who were to serve from the time of their election (in late 1983) until December 31, 1984. Directors are elected at the annual meeting held in October. For purposes of voting for Board members, all commonly controlled companies are considered one company.

Membership on the Board of Directors in 1984 and 1985 was composed of five members from Subset 1 companies, three from Subset 2 companies, and seven from Subset 3 companies. Table 2-1 contains the names and affiliations of the original members of the Board and also the 1985 Board members.

The NECA Ad Hoc Committee served as the nominating committee for the initial slate of candidates for the Board of Directors and established rules governing the election procedures. Mandatory and suggested qualifications were established for the initial slate of Directors. The mandatory qualifications were as follows:

- The candidate must be an employee or duly elected member of the Board of Directors of an exchange carrier, a holding company of one or more exchange carriers, or a staff support organization owned by one or more exchange carriers.
- The candidate's employee or Board Member relationship with an exchange carrier must be reasonably expected to continue for the specified term of ECA Board membership.
- The candidate should express a willingness to serve as an ECA Board Member for the term specified.

The suggested qualifications are that the candidate should:

- Be officer level (Vice-President or above) of the employing company (preferred), or alternatively the company's highest

TABLE 2-1

BOARD OF DIRECTORS MEMBERSHIP, 1984 AND 1985

Board of Directors - 1984

Chairman of the Board and
Chief Executive Officer
Robert H. Suedaker
President
United Telephone System, Inc.

Vice Chairman of the Board
Warren B. French, Jr.
President and General Manager
Shenandoah Telephone Company

President and
Chief Operating Officer
A. Gray Collins, Jr.
Vice President - Federal Regulatory Matters
Bell Atlantic Management Services, Inc.

Benjamin W. Agee
President and Chairman of the Board
CP National Corporation

Ivo Bauman
President
Mount Angel Telephone Company

John E. Hayes, Jr.
Vice President - Revenues & Public Affairs
Southwestern Bell Telephone Company

Arne Haynes
President
Mashell Telephone Company

Burton K. Katkin
Vice President - Regulatory
NYNEX

James F. Maher
Executive Vice President and Chief
Financial Officer
Mountain Bell Telephone Company

Roland G. Nehring
President and Chairman of the Board
Arizona Telephone Company

Donald A. Paulsen
General Manager
Golden West Telecommunications

Alan W. Pedersen
Vice President - Accounting and Separations
Southern Kansas Telephone Company, Inc.

Alan E. Thomas
Vice President - Regulatory and
External Affairs
Southern Bell Telephone Company

Lawrence C. Ware
General Manager
Garden Valley Telephone Company

Donald W. Weber
Executive Vice President - Telephone
Continental Telecom, Inc.

Board of Directors - 1985

Chairman of the Board and
Chief Executive Officer
Robert H. Suedaker
President
United Telephone System, Inc.

Vice Chairman of the Board
Warren B. French, Jr.
President and General Manager
Shenandoah Telephone Company

Benjamin W. Agee
President and Chairman of the Board
CP National Corporation

Thomas L. Cox
Vice President - Finance
Illinois Bell Telephone Company

Ivo Bauman
President
Mount Angel Telephone Company

A. Gray Collins, Jr.
Vice President - Federal Regulatory Matters
Bell Atlantic Management Services, Inc.

David M. Craig
Vice President - Financial Management
Pacific Telesis

Eleanor G. Haskin
Operational Vice President and Treasurer
Waitfield-Fayston Telephone Company

John E. Hayes, Jr.
Vice President - Revenues and Public Affairs
Southwestern Bell Telephone Company

Arne Haynes
President
Mashell Telephone Company

Roland G. Nehring
President and Chairman of the Board
Arizona Telephone Company

Alan W. Pedersen
Vice President - Accounting and Separations
Southern Kansas Telephone Company, Inc.

Alan E. Thomas
Vice President - Regulatory and
External Affairs
Southern Bell Telephone Company

Lawrence C. Ware
General Manager
Garden Valley Telephone Company

Donald W. Weber
Executive Vice President - Telephone
Continental Telecom, Inc.

Source: NECA, Annual Report, 1984.

non-officer level (e.g., General Manager of a Telephone Cooperative)

- Have substantial, broad experience in the telecommunications industry
- Have knowledge of separations and settlements processes, as well as access services.

While the committee served as a nominating committee for the first slate of candidates, additional candidates could also be submitted by the exchange companies. In the case of Subset 3 Directors, additional candidates needed to have the support of at least 25 Subset 3 carriers.

Each company votes for Directors only from its subset, and casts as many votes as the number of directors from that subset. Each vote of a member company must be cast for a different individual.

In the original FCC order, the composition of the Board membership was to have changed, beginning in 1986. The number of Subset 1 Directors would decrease and the number of Subset 3 directors would increase. This change in Board membership was to reflect the presumption that, in time, the BOC's relative share of the mandatory pool was likely to decrease and, therefore, their interests in pool procedures relative to the interests of the smaller companies would decrease.

Thus, in 1986 and 1987, four Directors would be elected from Subset 1 companies and eight from Subset 3 companies. The Subset 2 companies would continue to elect three Directors.

The composition of the Board membership would change again in 1988. At that time, six Directors would be chosen from among the Subset 1 and Subset 2 companies combined, and nine Directors would be elected by the Subset 3 companies.

On July 16, 1985 Bell Atlantic petitioned the FCC for a waiver to allow the 1985 Board composition to continue until at least 1988. On July 29, 1985 NECA petitioned the FCC for a limited waiver for 1986 that would allow for a Board composed of five Subset 1 Directors, four Subset 2 Directors, and eight Subset 3 directors. Both parties noted that there had not been a significant decline in the BOC share of the carrier common line pool and NECA added that there had also been an

increase in the interests of the Subset 2 and 3 companies in NECA activities. NECA amended its initial petition on August 12, 1985, seeking a 1986 Board composed of five Subset 1 Directors, four Subset 2 Directors, and ten Subset 3 Directors citing that this would allow broader geographic representation and a more complete representation of NECA members' views.

An Order Denying Requests For Waiver and Granting Waiver³ was released September 12, 1985 by the FCC. In this order, the FCC granted a waiver for 1986 and authorized a Board of Directors comprised of five Subset 1 Directors, four Subset 2 Directors, and nine Subset 3 Directors, all with voting privileges, plus one additional member who would vote only in case of a tie. This non-voting member is to be elected by the eighteen voting members and is eligible to serve as Chairman of the Board.⁴ Table 2-2 contains a list of the eighteen members elected to the Board of Directors for 1986. The nineteenth member will be elected when this group meets.

The Board has a number of standing committees which oversee specific facets of NECA operations. A list of those committees and their membership for 1985 is found in table 2-3.

Financial and Employment Information

The FCC stipulated that the costs of operating NECA were to be included in the computation of the carrier common line charge (CCLC)

³MTS/WATS Market Structure, Phase I, NECA Board of Directors.

⁴It should be noted that Beehive Telephone Company petitioned the FCC on October 17, 1984 seeking further rules regarding the membership of the NECA Board of Directors. Beehive is asking that Directors be prohibited from sitting concurrently on the NECA Board and the Boards or committees of other industry groups (except for those of the Director's own company) and that NECA Directors not serve more than one year or one term. On July 31, 1985, Beehive filed with the FCC a petition that clarified the earlier petition and that asked the FCC to seek comments on staggered terms for the Board members. The FCC opened a rule-making proceeding and comments and reply comments have been received. No formal action has yet been taken.

TABLE 2-2

BOARD OF DIRECTORS MEMBERSHIP, 1986

Subset I

A. Gray Collins, Jr. - Bell Atlantic
Thomas L. Cox - Illinois Bell
David M. Craig - Pacific Telesis
John E. Hayes, Jr. - Southwestern Bell
Alan E. Thomas - Southern Bell

Subset II

Benjamin W. Agee - CP National Corporation
W. Bruce Hanks - Century Telephone Enterprises
James L. Johnson - GTE Corporation
Robert H. Snedaker - United Telephone System

Subset III

Ivo Bauman - Mount Angel Telephone Company
Donald E. Bond - Public Service Telephone Company
Warren B. French, Jr. - Shenandoah Telecommunications
Eleanor G. Haskin - Waitsfield-Fayston Telephone Company
Arne Haynes - Mashell Telephone Company
Robert A. McArton - Grand River Mutual Telephone Corporation
Roland G. Nehring - Arizona Telephone Company
Alan W. Pedersen - Southern Kansas Telephone Company
Lawrence C. Ware - Garden Valley Telephone Company

Source: NECA

TABLE 2-3

BOARD OF DIRECTORS STANDING COMMITTEES--1985

1.	<u>Antitrust Treatment Committee</u>	
	Donald W. Weber	(Subset 2) - Chairman
	Alan W. Pedersen	(Subset 3)
	David M. Craig	(Subset 1)
2.	<u>Audit Committee</u>	
	David M. Craig	(Subset 1) - Chairman
	Benjamin W. Agee	(Subset 2)
	Alan W. Pedersen	(Subset 3)
3.	<u>Access Charge Committees*</u>	
3a.	<u>Billing and Collection Tariff Committee</u>	
	Roland G. Nehring	(Subset 3) - Chairman
	Warren B. French, Jr.	(Subset 3)
	Ivo Bauman	(Subset 3)
	Arne Haynes	(Subset 3)
	Alan W. Pedersen	(Subset 3)
	Lawrence C. Ware	(Subset 3)
	Benjamin W. Agee	(Subset 2)
	Donald W. Weber	(Subset 2)
3b.	<u>Traffic Sensitive Tariff Committee</u>	
	Benjamin W. Agee	(Subset 2) - Chairman
	David M. Craig	(Subset 1)
	Donald W. Weber	(Subset 2)
	Ivo Bauman	(Subset 3)
	Warren B. French, Jr.	(Subset 3)
	Eleanor G. Haskin	(Subset 3)
	Arne Haynes	(Subset 3)
	Roland G. Nehring	(Subset 3)
	Alan W. Pedersen	(Subset 3)
	Lawrence C. Ware	(Subset 3)
3c.	<u>End User Tariff Committee</u>	
	Donald W. Weber	(Subset 2)
	Benjamin W. Agee	(Subset 2)
	Ivo Bauman	(Subset 3)
	Warren B. French, Jr.	(Subset 3)
	Eleanor G. Haskin	(Subset 3)
	Arne Haynes	(Subset 3)
	Roland G. Nehring	(Subset 3)
	Alan W. Pedersen	(Subset 3)
	Lawrence C. Ware	(Subset 3)

*Access Charge Committee for Carrier Common Line is a Committee of the Whole

TABLE 2-3--Continued

4.	<u>Budget and Finance Committee</u>	
	Alan W. Pedersen	(Subset 3) - Chairman
	Thomas L. Cox	(Subset 1)
	Donald W. Weber	(Subset 2)
5.	<u>Compensation Committee</u>	
	Alan E. Thomas	(Subset 1) - Chairman
	Donald W. Weber	(Subset 2)
	Roland G. Nehring	(Subset 3)
6.	<u>Election Committee</u>	
	Ivo Bauman	(Subset 3) - Chairman
	Robert H. Snedaker	(Subset 2)
	Alan E. Thomas	(Subset 1)
6a.	<u>Election Nominating Sub-Committees</u>	(established 4/11/84)
	Subset 1:	Alan E. Thomas - Chairman A. Gray Collins, Jr. Thomas L. Cox
	Subset 2:	Robert H. Snedaker - Chairman Benjamin W. Agee Donald W. Weber
	Subset 3:	Ivo Bauman - Chairman Roland G. Nehring Eleanor G. Haskin
7.	<u>Executive Committee</u>	
	Robert H. Snedaker	(Subset 2) - Chairman
	A. Gray Collins, Jr.	(Subset 1)
	John E. Hayes, Jr.	(Subset 1)
	Benjamin W. Agee	(Subset 2)
	Warren B. French	(Subset 3)
	Arne Haynes	(Subset 3)
	Lawrence C. Ware	(Subset 3)
8.	<u>Average Schedule Development Committee</u>	
	Ivo Bauman	(Subset 3) - Chairman
	David M. Craig	(Subset 1)
	Donald W. Weber	(Subset 2)
	Warren B. French, Jr.	(Subset 3)
	Lawrence C. Ware	(Subset 3)
	Eleanor G. Haskin	(Subset 3)
9.	<u>Steering Committee on Lifeline and Universal Service</u>	
	Benjamin W. Agee	(Subset 2) - Chairman
	John E. Hayes	(Subset 1)
	Ivo Bauman	(Subset 3)
	Eleanor G. Haskin	(Subset 3)

Source: NECA

and would be paid out of the CCLC revenue pool before payments to exchange companies. The CCLC tariff did not become effective until May, 1984, which meant that funds for start-up costs of NECA and for operating costs prior to the implementation of access tariffs and the associated pools had to come from another source.

AT&T was the primary source of funds needed during 1983 for establishing NECA, though some monies were provided by exchange companies. Total expenditures for NECA in 1983 were \$5.9 million. NECA funds for January through May, 1984 were obtained from bank loans backed by an AT&T-guaranteed commitment. Short-term borrowing continued after the onset of switched access tariffs and their revenue pools. This borrowing provided funds primarily to meet the ongoing operating expenses whose cash flows did not mesh with the cash flows from the pools.

NECA expenditures in 1983 consisted of \$4.4 million in administrative costs and \$1.5 million in organization and start-up costs. Expenditures in 1984 consisted of \$40.4 million in administrative costs and \$6.3 million for capital expenditures. The capital expenditures were for furniture, computers, other equipment, and leasehold improvements at the headquarter and regional offices. Details of NECA expenditures for non-capital items are contained in table 2-3.

NECA revenue in 1984 came from three sources. Pool reimbursement (\$38,613,000), interest income (\$1,090,000), and other revenue (\$648,000). The "other revenue" is payment to NECA for performing interim BOC pooling under contract prior to the effective date of the NECA tariffs. Appendix A contains additional NECA financial statements.

Depreciation of furniture and equipment is calculated using straight-line depreciation methods over a five year period. Costs of leasehold improvements are amortized on a straight-line basis over the remaining life of the leases. (NECA leases office space and some furniture and equipment for its regional and headquarters offices.) The organizational and start-up costs are amortized over a period of 60

months from the date of incorporation, on a straight-line basis. NECA is subject to state and federal income taxes. Thus far NECA has not had any taxable income, and does have unused investment tax credits equal to \$270,000 which are available until the end of 1999.

TABLE 2-4

NECA EXPENDITURES FOR 1983 AND 1984
(thousands of dollars)

Expense Item	Year Ended December 31, 1984	October 3, 1983 to December 31, 1983
Salaries and Overhead	\$15,367	\$2,044
Data Processing	7,543	16
General Administration	5,109	763
Consultants and Contract		
Labor	3,754	-
Relocation	3,086	915
Interest	1,454	-
Travel	1,147	98
Building Rent	1,085	21
Depreciation and Amortization	806	74
Training and Seminars	226	-
Other	<u>774</u>	<u>527</u>
Total Expenses	\$40,351	\$4,458

Source: Annual Report, National Exchange Carrier Association, Inc., 1984.

At the year end, 1984, 349 people worked at NECA in a full-time capacity, with approximately 140 of these persons employed in the regional offices. Of the total number of NECA staff, 212 are employees of telephone companies and Bellcore, who are on loan from their companies. Of the 212 employees, 83 are from non-Bell companies and 129 are from Bell Operating Companies and Bellcore. Their salaries and benefits are paid by their respective companies who then bill NECA for these costs. The remaining 137 staff members are employees of a personnel firm which bills NECA for their wages, salaries and benefits.

These employees include both professional and clerical staff. In addition to these full time employees, from time to time some people are hired on a contract basis either for specific projects or as temporary secretarial help.

Structural Overview of NECA

NECA was incorporated in Delaware on October 3, 1983 and is organized for non-profit purposes. A set of the NECA by-laws can be found in Appendix B. The NECA headquarters are located in Whippany, New Jersey. There are also seven regional offices across the country. The regional locations are Whippany, New Jersey; Atlanta, Georgia; Chicago, Illinois; St. Louis, Missouri; Denver, Colorado; Omaha, Nebraska; and Concord, California. Figure 2-1 contains a map showing the regional boundaries.

NECA is divided into five functional departments, four of which are headed by Vice-Presidents. They are: Comptrollers Operations; Tariff, Cost and Regulatory Matters; Industry Relations; Legal (General Counsel); and Administration. Figure 2-2 depicts an overview of the NECA organization.

Comptrollers Operations

The Comptrollers department is responsible for all financial matters. It is divided into five major activity areas, each of which is further subdivided. The five major areas are: Data Systems--Operations, Data Systems--Application Systems, Auditing, Treasury Operations, and Financial Results. Appendix C contains detailed organizational charts for the Comptrollers Department.

Data Systems--Operations

The Data Systems--Operations division develops and maintains the data systems used by NECA and is divided into two groups. The

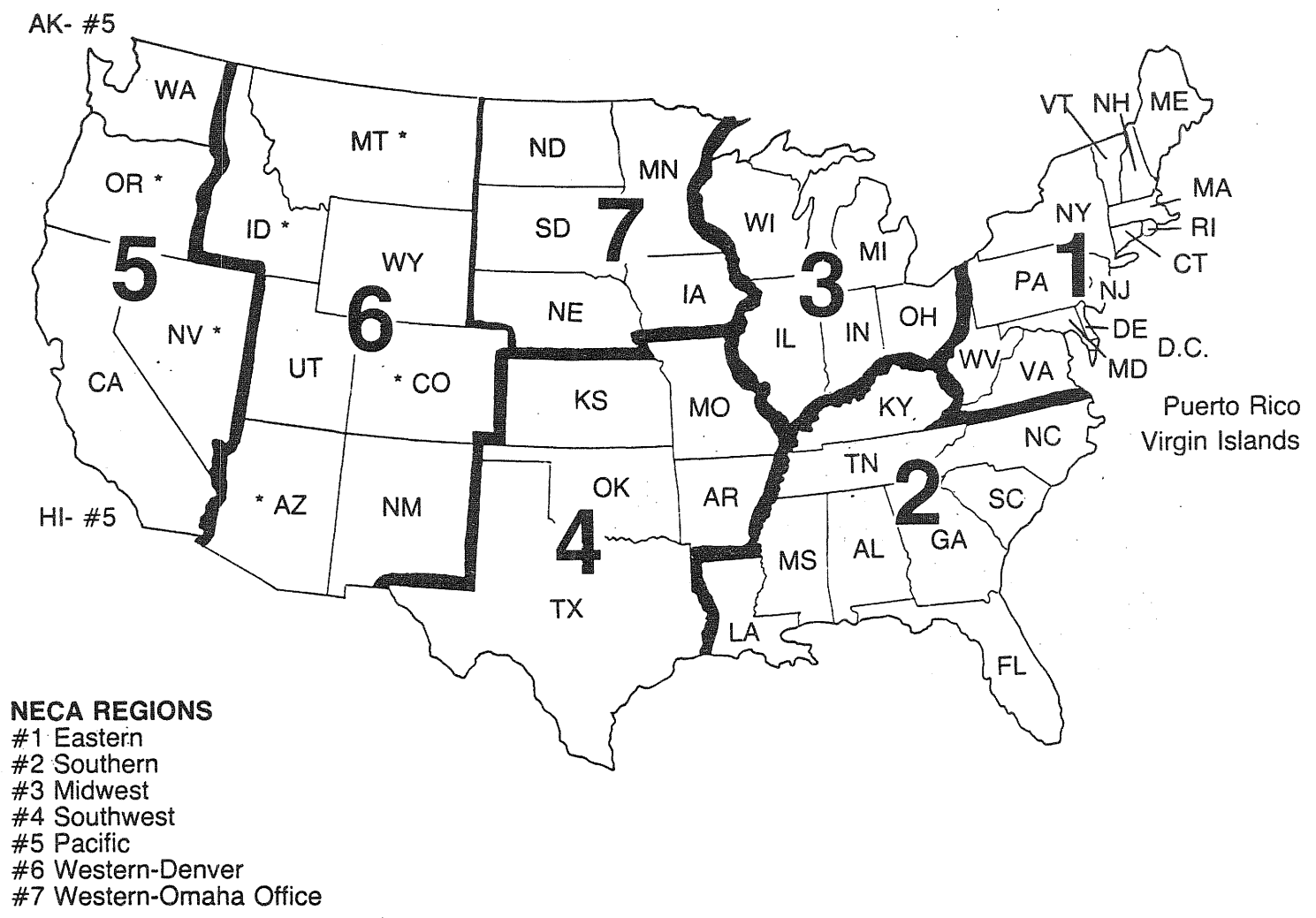


Fig. 2-1. NECA Regional Map

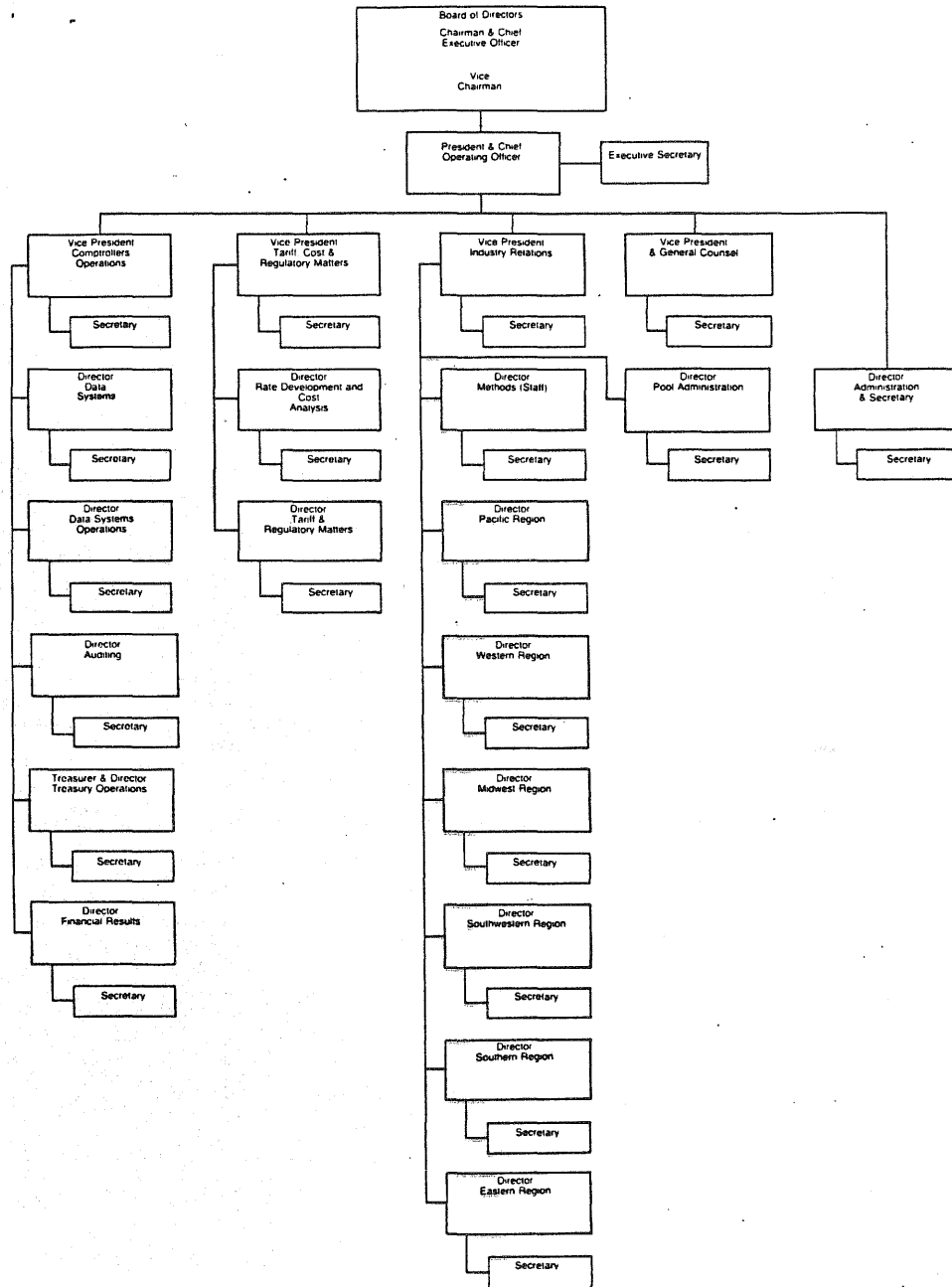


Fig. 2-2. Overview of NECA Organizational Structure

Technical Services group directs the development and maintenance of data base methods and procedures, analyzes data processing and data transmission methods and procedures requirements, administers and coordinates time sharing, maintains operating system and communications network software, and coordinates and directs data systems staff training. The Line Operations group has responsibility for the development and management of data processing and data transmissions facilities, and directs the computer operations and capacity planning.

Data Systems--Application Systems

There are two Applications Systems groups. One works primarily with treasury, accounting and administration, and the other group works with tariffs, rates and costs, and industrial relations activities. The work of both groups includes the development and maintenance of system requirements and system design and the development of all application data systems.

Auditing

The Audit Division consists of three groups--Financial/Operational, Separations and Settlements, and EDP methods. Their function is to develop, implement, and conduct audit activities in their specific area. The Financial/Operational group is responsible for audit coverage of pool administration activities, treasury operations, financial analysis and operating results, and NECA administrative functions.

The Separations/Settlements group audits activities related to rate development and cost analysis, tariffs, and the regional operations including cost studies, traffic methods, average schedules,

However, NECA assumes that regional operations will provide active on-site review procedures and there will be minimal on-site audits at company locations.

The EDP/Methods group audits the project management, the design and implementation, and the documentation of application development. It also audits the activities of the data center including its policies and practices, resource management, data control, environmental security, and disaster recovery. This group also audits operational systems for accuracy, completeness, security, and auditability. The EDP/Methods group provides auditing assistance, consultations, training, and responses to special requests.

Treasury Operations

The Treasury division is primarily responsible for handling cash flows between NECA and the exchange companies. This division consists of two groups: Bank Relations, Temporary Cash Investment (TCI), and Cash Management; and Billing and Accounts Receivable, Risk Management and TCI Support Group. The Bank Relations, Temporary Cash Investment, and Cash Management group handles cash receipts and disbursements, account maintenance, short-term financing, cash flow forecasting, cashiering, interfacing with pool administration and revenue distribution, temporary cash investments, the travel program, the corporate credit card program, and management of the organization budget and variance report.

The Billing and Accounts Receivable group is in charge of such matters as billings and collections from NECA members, the recordkeeping for accounts receivable, accounting journal entries, billing adjustments, late payment charges, overpayment refunds, daily portfolio reports and accounting, issuance of commercial paper notes, short-term financing, temporary cash investments, and custody of financial instruments and securities.

Financial Results

The Financial Results division is divided into two groups. The General Accounting group functions as the principal accountant of NECA and directs the development of accounting reporting procedures and accounting classifications. In addition, this group oversees or coordinates the production of NECA financial reports, the NECA general books and related reports.

The Accounts Payable and Budget group is responsible for preparing NECA's operating budget, processing accounts payable, 1099 preparation and other NECA tax filings, and analysis and long range planning for NECA operations.

Tariff, Cost, and Regulatory Matters Department

This department is responsible for collecting the data and developing the rate structure and rates for the access charge tariffs and for preparing, filing, and implementing the tariffs. It is divided into two major areas of activities: rate development and cost analysis, and tariff and regulatory matters--each of which is further divided into several major groups. Appendix D contains detailed organization charts for this division.

Rate Development and Cost Analysis

This division is divided into six groups. One group--Cost Information Systems--collects cost data, manages the cost data base, and develops the procedures for collecting data.

Two groups have responsibility for activities related to revenue requirements. One--Separations and Access Issues--develops cost procedures for defining separations revenue requirements and access

charges. This group also develops procedures and methods for nontraffic sensitive cost allocations and support mechanisms. The other group--Revenue Management--forecasts revenues and demand, develops methods and collects revenue data, manages the revenue and demand data base and analyzes the revenue performance of the pools.

Two additional groups are responsible for rate development. One (the Switched Access Rate Development group) develops end-user, carrier common line, and switched access rates and rate structures. The other (the Special Access and Billing and Collection group) develops rates and rate structures for special access and the billing and collection access elements. Both groups do unit cost studies and rate analyses.

The sixth group--Demand Analysis and Pricing--is concerned with demand analysis and the development of demand models for access services.

Tariff and Regulatory Matters

This division has four functional groups. One group--Tariff Implementation Matters--is responsible for tariff administration, production, and distribution. Its duties include the preparation of the tariffs and transmittal letters, provision of tariff reference material, and provision of any needed explanations and assistance with the tariffs.

The Access Tariff Development group deals with overall project management of access tariffs, rate structure development, and development of guidelines for interpreting tariffs. The Docket Management group manages and monitors docket activity, is responsible for any NECA participation in state regulatory matters, and coordinates NECA responses to regulatory inquiries and complaints.

The fourth group in this division--Implementation and Training--coordinates measurement capabilities and develops measurement surrogates, coordinates changes to billing systems and coordinates access implementation and the dissemination of access information. It

also assists in implementing the rate structure, and coordinates implementation matters.

Industry Relations

The Industry Relations department is responsible for handling relations between NECA and the local exchange companies. It is composed of eight divisions, six of which represent the NECA regional offices. The other divisions are the Methods Division and Pool Administration.

Methods

The Methods division is divided into five groups. There are three Access Review Methods groups that are responsible for activities related to supporting regional review operations, and assisting regional operations in the true-up procedures, the application of new mechanization methods, and maintaining review schedules. These groups also serve as liaison with other NECA departments for cost study methods. One of the groups deals with average schedule companies, one with monthly cost companies, and one with annual cost companies.

The Statistical Support group provides statistical methods for average schedules and provides statistical support to other departments. The Access Operations group serves as overall liaison for operational activities between headquarters and regional offices, provides supervisory and administrative support to methods groups, and produces and updates Industry Relations procedures.

Pool Administration

The Pool Administration division has overall responsibility for the management and distribution of the revenue pools resulting from the access charges. The three major subdivisions have responsibility for settlement operations and analysis, settlement methods, and settlement systems. The Settlement Operations group administers the revenue

pools. This involves coordinating the monthly data gathering, analyzing reported revenue and revenue requirement data, and establishing and administering mechanisms for monitoring and control. The Settlement Methods group is responsible for the development and maintenance of pooling methods and procedures, and for monitoring legislative, judicial, and regulatory activities which may have an impact on revenue distribution. The Settlement Systems group is responsible for the development and maintenance of computer support systems in conjunction with Data Systems.

Regional Operations

The six regional divisions are each divided into one or more operations groups and one or more cost study review groups, which are also known as access review groups. Operations groups are the liaisons between NECA and the exchange companies. They maintain day to day contact with the companies, execute and administer the contracts, and arrange for contract personnel support. The Cost Study or Access Review groups conduct reviews of member companies, negotiate resolutions of questions and disagreements and assist NECA headquarters in conducting special studies.

Detailed organization charts for the Industry Relations department can be found in Appendix E.

Legal Department

The Legal department is headed by a Vice President who is also NECA's General Counsel. This department is not further subdivided into functional groupings. The department provides advice and counsel to NECA and represents NECA in all regulatory and court proceedings. Appendix F contains the organization chart for the Legal department.

Administration

The director of the Administration division also serves as Secretary to NECA. The division is subdivided into three groups --Personnel, Administration, and Support Services. Appendix F contains the organization chart for the Administration division. The Personnel group is responsible for all matters related to staffing such as recruiting, benefits, relocation, career planning, maintaining personnel records and a personnel data base, job evaluations, wage planning administration, and management compensation.

The Administration group handles such matters as Board relations, executive correspondence, staff development, public relations, executive presentations, and planning and coordination of training activities.

Responsibilities of the Support Services group include purchasing, equipment leasing, mail operations, telecommunications, central word processing, internal moving, construction, and records storage.

NECA Participation in Task Forces and Committees

In addition to the various departments and divisions, NECA has established or participated in several task forces and committees to work on special projects or issues. The members of these groups include not only NECA personnel, but also representatives from NECA member companies, USTA, NTCA and Bellcore. There are currently nine such groups.

The Industry Average Schedule Task Force is composed of NECA staff and representatives of USTA, OPASTCO, and NTCA. It was formed to assist in devising changes to average schedule access settlement schedules.

The NECA Personnel Coordinating Committee is charged with developing recommendations regarding personnel policies including such items as staffing, salaries, benefits, and relocations. Its

membership is composed of NECA staff and representatives of USTA, Bellcore, and NECA members.

An advisory group on the Part 69 Allocator is composed of NECA staff and representatives of NECA members. It serves to provide advice to NECA regarding interpreting Part 69 rules for the purpose of ensuring that NECA's procedures conform to these rules.

The Simplification Task Force exists to recommend procedures and changes in procedures that will be helpful to smaller companies in complying with NECA processes. Its members include NECA staff and representatives of USTA, OPASTCO, and NECA member companies.

NECA staff and representatives of member companies participate in the committee on Special Access Rate Development. It serves to coordinate the development of special access rates and cost methodologies.

The Traffic Procedures Work Group is composed of NECA staff and representatives of NECA members. It works to resolve issues related to traffic measurement.

The Traffic Sensitive group participates in the development of traffic sensitive switched access rates and includes both NECA staff and representatives of NECA member companies.

The Billing and Collection Rate Development Group participates in the development of this tariff and includes NECA staff and representatives of NECA members.

The Access Settlement Advisory Group is composed of NECA staff and representatives of USTA, Bellcore, NTCA, and NECA members. It provides advice to NECA on such matters as pooling and cost study reviews.



CHAPTER 3

A DESCRIPTION OF THE NECA TARIFFS

NECA files three tariffs with the FCC.¹ ECA Tariff F.C.C. No. 1 contains the rates and regulations for all access services offered by NECA issuing carriers including the carrier common line, end user, billing and collection, traffic sensitive, and the special access tariffs. ECA Tariff F.C.C. No. 2 contains the vertical and horizontal coordinates of each wire center in the United States. ECA Tariff F.C.C. No. 3 contains information on special construction contracts between issuing carriers and their customers.

ECA Tariff F.C.C. No. 1

There were numerous proceedings related to the first ECA tariff No. 1.² The initial access charge tariff was filed by AT&T on September 30, 1983. In a Memorandum Opinion and Order in CC Docket 83-1145, released December 29, 1983, the FCC suspended the access tariffs until April 3, 1984, to allow for further investigation. An ECA Tariff Order released February 15, 1984 required specific revisions in particular terms and rates. In consequence, NECA filed a revised tariff on March 15, 1984. A Memorandum Opinion and Order, released

¹The material in this chapter is drawn primarily from the tariff filed July 2, 1985 and from sections of tariff No. 2 and tariff No. 3.

²NECA, Access Tariff Chronology, 1985.

March 27, 1984 delayed all access charges until June 13, 1984 and a Tariff Order released April 27, 1984 again ordered changes in specific rates and terms of access services from the filing of March 15. A Cost Order released May 15, 1984 adjusted costs and rates related to switched access, and NECA filed new rates, in compliance with this order, on May 22, 1984. The switched access and billing and collection rates became effective on May 25, 1984.

The special access tariffs also went through a series of revisions before becoming effective. In addition, some access service rates were increased during the period between May 25, 1984 and July 2, 1985.

On July 2, 1985 NECA filed revised access tariffs for the next annual access period, which began October 1, 1985. This filing contained many changes both in rates and tariff provisions. The changes occurred for several reasons. One major factor was a change in membership of the NECA voluntary pools. General, United, Centel, Rochester and all Bell Operating Companies (except Nevada Bell) will not be members of the voluntary pools in the next annual access period. (Appendix G contains a list of NECA members and the pools in which they participate.) One result of this change in pool membership is a decrease in revenue requirements for the traffic sensitive pool from \$4.345 billion to \$395 million. The remaining pool members have operating characteristics that differ from those of the large companies that are no longer participating in the voluntary pools, thus the new filing is designed to reflect the operating characteristics of the smaller companies. For example, the new tariff eliminates some of the existing billing and collection rate elements that are not provided by the remaining members of the billing and collection pool.

The July 1985 tariff filing consists of the tariff itself and several volumes of information. Volume I is the Description and Justification that explains the purpose of the filing, describes revisions to the existing tariff, and gives an overview of the studies done by NECA. Other volumes contain procedures and results for cost of

service studies; descriptions of the development of baseline access element revenue requirements; the development of baseline demand and revenue; the development of common line rates, traffic sensitive rates, and billing and collection rates; and demand analysis procedures.

The tariff, itself, consists of several hundred pages and is divided into fifteen sections. Section 1 simply states the contents of the tariff. Section 2 contains general regulations regarding responsibilities of both telephone companies and customers, the use of the tariff, payment arrangements, and connections. For example, regulations regarding the role of the exchange telephone company describe the scope of telephone company activity; the constraints on liability of the telephone company; the procedures under which facilities will be allocated (i.e. on a first come, first served basis, with the definition of "first come" being on the basis of received time and date stamped by the telephone company on complete and accurate customer orders); and the conditions of installation, termination, maintenance, refusal, and discontinuance of service. This section also includes an extensive set of definitions of terms used in the tariff.

Section 3 of the tariff contains all tariff information on carrier common line access service. This section defines carrier common line access, and distinguishes between premium and nonpremium access. Premium access is defined as switched access service furnished to interexchange providers of MTS/WATS service and switched access service provided in an end office converted to equal access. Non-premium service is switched access in an end office not converted to equal access, that is provided to interexchange carriers that do not offer MTS/WATS.

This section sets forth the rates for carrier common line access and details regulations regarding such items as payment, transitional rates, usage reports, audits, and billing disputes.

Section 4 of the tariff contains the end-user rates and information on end-user access service. It defines end-user access service, defines minimum periods of time for which charges are

applicable; and discusses credits for interruptions in service, temporary suspension of service, and the rate regulations, which include definitions of when multiline charges apply and when single line charges apply.

Section 5 details conditions for ordering switched and special access and the order-related charges. It details the information required on an order, the time intervals related to orders, the ordering options available, regulations regarding additional engineering, and regulations regarding access order service dates and modifications and cancellations. Ordering charges includes charges for changes in service date, changes in design, expedited orders, cancellation of service, and minimum period charges.

Section 6 sets forth regulations and charges for the provision of switched access. The access elements referred to in this section include local transport, local switching, line termination, intercept, directory assistance information surcharge, local business line rates for WATS resold service, and WATS access line optional features. The specific charges depend on whether the switched access is Feature Group A (FGA), Feature Group B (FGB), Feature Group C (FGC), or Feature Group D (FGD). This section includes a full description of the various aspects of each feature group. It also details transmission specifications and nonchargeable optional features for common switching and transport termination, and spells out the obligations of the telephone company and the switched access customer.

Section 7 of the tariff contains the information on special access service. The section describes the seven different types of channels used to provide special access (i.e metallic, telegraph, voice grade, program audio, video, digital data, and high capacity). Information on such rate regulations as minimum periods of use, mileage measurement, moves and shared use is provided, as are general regulations pertaining to such subjects as service configurations, alternate use, special facilities routing, design layout reports, acceptance testing, and ordering options and conditions. This section of the tariff also

contains the description, rate regulations, exemptions and rate for the special access surcharge.

Section 8 of access charge tariff contains the Billing and Collection tariff provisions. There are three major categories of Billing and Collection service: recording service, message billing service, and billing system information service. Recording service involves recording, assembly, and editing of the recorded message details, and providing message details to a customer when they are requested. Message billing service includes both message processing and bill processing service. A customer may order one or both services. Message processing service converts recorded customer call detail into rated messages ready for input either to bill processing service, the customer, or others. Bill processing includes the establishment of end-user accounts, the rendering of end-user bills, the receipt of payment, and related activities. The third major category, billing system information service, involves providing information to a customer about end-user services provided by that customer.

For each of the three major categories of Billing and Collection, a general description of the service is provided along with a description of the responsibilities of both customer and the telephone company, the liability of the telephone company, payment arrangements, audit provisions, and rate regulations. The specific rates and charges for each element are provided, as are the rates for individual case filings.

Section 9 discusses tariff provisions for Directory Assistance service. This includes directory access service to directory assistance locations, and the use of directory access equipment and operators. One directory assistance location will be specified for each numbering plan area code. (These locations are reported in the ECA Tariff F.C.C. No. 2.) The general regulations governing the provision of directory access service, the obligations of the customer, and payment arrangements are found in this section of the tariff, as are the rates and rate regulations.

Section 10 of the tariff is titled Special Federal Government Access Services. It describes the special access services that are provided for use only by federal government agencies or users authorized by the federal government. The section also includes services that are used by state emergency operations centers. These access services are used to provide command and control communications, including communications for national security, emergency preparedness, and Presidential requirements. The services are charged on an individual case basis. The section describes billing arrangements, the types of services provided, and the time intervals for provisions of service, including definitions of emergency service provision.

Section 11 is Special Facilities Routing of Access Service. Special facilities routing applies when the provision of the access service, as ordered by the customer, requires one of more of the following:

1. Two or more services must be provided over not more than two different physical routes
2. The service must be provided in such a manner that the route avoids specified locations
3. Certain voice grade services are provided on cable-only facilities

This tariff section describes the specific services for which each of these conditions apply. The rates and charges for these services will be developed on an individual case basis.

Section 12 is Specialized Service or Arrangements. This section specifies the conditions under which specialized service or arrangements will be provided. These conditions are that the service or arrangements are not offered under other sections of the NECA tariff; are provided within a LATA; are compatible with other telephone company services, facilities, and engineering and maintenance practices; require the type of facilities that are normally used by the telephone company; and the necessary telephone company personnel and capital are available. These specialized services and arrangements are charged on an individual case basis.

Section 13 is Additional Engineering, Additional Labor and Miscellaneous Services. Additional Engineering is provided at a customer's request when:

1. A customer wants additional technical information after the telephone company has provided the normal technical information in the Design Layout Report
2. Additional engineering time is needed for a customized service
3. A customer wants a design change and additional engineering is needed for the engineering review

The rates for additional engineering are classified as either basic time per engineer or overtime per engineer and are charged on the basis of each half hour or fraction thereof.

Additional Labor is labor requested by a customer for overtime installation; overtime maintenance; standby (in excess of one-half hour) for installation acceptance tests or to verify a facility repair; additional testing, maintenance or repair of facilities connecting with facilities of other telephone companies; or additional labor needed to meet a customer's request, and the additional labor is not covered elsewhere in the tariff. The rates are charged on the basis of one-half hour or fraction thereof, and differ according to the type of labor service and whether the labor is basic time, overtime, or premium time. Basic time is regular working hours, overtime is outside of regular working hours but on a regular work day, and premium time is for labor done outside of a regular work day.

Miscellaneous Services include many items. One is Maintenance of Service which applies when a customer reports trouble but no trouble is found, or the trouble is found to be in equipment or facilities not provided by the telephone company.

Restoration Priority tariffs apply when a customer requests the telephone company either to provide or change restoration priority after the initial order for installation of service has been issued.

A Presubscription Charge is imposed for any change in an end-user's selection of an interexchange company, after six months following completion of the end-user allocation process, for end users subject to the allocation process. In the case of end users who make

their own selection, the presubscription charge applies to any change after the initial selection. An interexchange company that cancels its FGD service within two years of the conversion is subject to the presubscription charge for all of its end users. The presubscription charge is levied on a per line or trunk basis and is levied against the end user except for the case in which an interexchange carrier discontinues service.

Standard Jacks are provided to connect registered equipment to services not subject to the registration programs and are used to terminate services provided by the telephone company. This section of the tariff describes and gives the rates for each type of jack.

The Testing Services tariff element applies to testing services requested by a company in addition to those normally provided with access services. They are provided subject to the availability of personnel and equipment. This section details the types of testing available and the tariff rates for each half hour or fraction thereof.

The Protective Connecting Arrangements (PCA) subsection of the tariff lists the types of PCAs and gives their monthly rates and any nonrecurring charges. The PCAs are grandfathered and are offered as long as there is "on-the-shelf availability."

The Miscellaneous Equipment tariff contains the monthly rate for Controller Arrangement which enables a customer to use a remote keyboard terminal to control up to forty-eight transfer functions at a telephone company central office.

Section 14 of the NECA access tariff is entitled Exceptions to Access Service Offerings. This section states that the access services in the tariff are offered subject to availability. In addition it lists five categories of exceptions, all of which are reserved for future use. These are:

1. Services that will not be offered in the operating territory of listed issuing carriers
2. Service offerings that are limited to existing locations and no inside moves, rearrangements, or additions are permitted
3. Service offerings that are limited to existing locations and inside moves and rearrangements are permitted but no additions are allowed

4. Service offerings that are limited to existing locations and inside moves, rearrangements and additions are permitted
5. Service offering that are limited to existing locations and additions are permitted, but inside moves and rearrangements are not permitted

Section 15 is Interface Groups, Transmission Specifications and Channel Interfaces. This section contains an explanation of the interface groups; describes the transmission specifications for the switched access feature groups, the data transmission parameters, and WATS access line specifications; and lists and explains the channel interface codes and network channel codes used by a customer when ordering special access.

ECA Tariff F.C.C. No. 2

Tariff No. 2 lists all wire centers and gives the vertical and horizontal coordinates for each one. This information is used to compute the airline distance between wire centers, which in turn is used to compute rates for those elements of the access charges whose rates are based on airline mileage.

The following steps are performed in order to compute air line mileage:

1. Determine the vertical and horizontal coordinates for each wire center
2. Find the difference between the two vertical coordinates and the two horizontal coordinates
3. Square the difference
4. Add the squares
5. Divide the sum of the squares by 10
6. Take the square route of the number obtained in step 5. (This will be the airline mileage between the two wire centers.)

In addition to identifying the vertical and horizontal coordinates, this tariff also reports the LATA, area code, the first three digits of the local exchange telephone numbers, the identity of the local exchange company, and technical information about each wire center. The technical information available refers to the capabilities

available at the wire center. The list of wire center characteristics identified in Tariff No. 2 is contained in List 3-1.

LIST 3-1

CHARACTERISTICS OF WIRE CENTERS IDENTIFIED IN
ECA TARIFF F.C.C. NO. 2

Feature Group A Office
Feature Group B Office
Feature Group C Office
Feature Group D Office
Metallic Bridging (three premises and series)
Telegraph Bridging (two-wire and four-wire)
Voice Bridging (two-wire and four-wire)
Voice Grade Data Bridging (two-wire and four-wire)
Telephoto Bridging (two-wire and four-wire)
Directory Assistance Location
Telemetry and Alarm Bridging Split Band (Active)
Telemetry and Alarm Bridging Summation (Active)
Telemetry and Alarm Bridging (Passive)
Voice Grade Multiplexing (Voice to Telegraph)
Voice Grade Data Bridging (two-wire and four-wire)
Digital Data Hub (includes DSI to DSO to substrate 2.4,
4.8, 9.6 Multiplexing and Bridging)
Program Audio Bridging
Video Hub Serving Wire Center
Interconnection Point
Toll Station Location
Dataphone Select-a-Station Bridging - Sequential Arrangement
(two-wire and four-wire)
Dataphone Select-a-Station Bridging - Addressable Arrangement
(two-wire and four-wire)
Wideband Analog Multiplexing (Mastergroup to Supergroup)
Wideband Analog Multiplexing (Supergroup to Group)
Wideband Analog Multiplexing (Group to Voice)
Wideband Analog Multiplexing (Group to DSI)
High Capacity Multiplexing (DS4 to DS1)
High Capacity Multiplexing (DS3 to DS1)
High Capacity Multiplexing (DS2 to DS1)
High Capacity Multiplexing (DS1C to DS1)
High Capacity Multiplexing (DS1 to voice)
Customer End User Serving Wire Center
Serving Wire Center for an IC Premise
Special Access Office
Access Tandem Office
WATS Office
International Boundary Point

ECA Tariff F.C.C. No. 3

This tariff is titled Special Construction. It lists and describes the special construction cases and includes the customer name, the name of the telephone company involved, the charge, and the expiration date of the contract. Neither the costs nor revenues of these special construction cases are included in the NECA access tariffs.



CHAPTER 4

NECA PROCEDURES FOR DEVELOPING ACCESS TARIFFS

General Procedures for Tariff Development

Part 61 of the Communications Act contains the FCC filing requirements that apply to the NECA access charge tariff. The filing must include an explanation of any change in rates, any new service rates, the reasons for filing, the basis of ratemaking used, and supporting economic information. Two cost of service studies are required. One is to be for the most recent 12 month period. The second is to be a projected cost of service study for a representative future 12 month period. The filing must also include estimates of the effects of the proposed tariff changes on traffic and revenue for the individual services involved in the change as well as for other services and the overall traffic and revenue. These estimates must cover the same 12 month period used for the projected cost of service study. Working papers underlying the data on costs of service and traffic and revenue effects must also be submitted.

The remaining material in this chapter is drawn from the NECA tariff filing of July 2, 1985. That filing included the proposed access tariff and seven volumes of material describing procedures used by NECA to develop the tariff. The majority of tariff provisions and rates therein became effective October 1, 1985. Minor modifications became effective in October. The FCC indicated a further order designating tariff issues for investigation will be forthcoming.

The development of NECA's access tariff begins with a past year cost of service study and a projected cost of service study. Baseline demand forecasts and revenue requirements are then developed. Baseline rates for individual access charge elements are computed. Studies are

then done to estimate the changes in usage resulting from the new rates. Final test year rates are then computed based on the forecasted demand response.

The data for the various studies comes from existing NECA data and from exchange companies either through data requests, special studies, or from monthly settlement data. For purposes of gathering exchange company data NECA has divided the companies into four groups, with each group supplying different levels of detail regarding access costs and usage.

Group A companies include the Bell Operating Companies, General, United, Centel, and Rochester. These companies are responsible for nearly 90 percent of the common line pool revenue requirement. Except for Nevada Bell, none of these companies will participate in the 1985/86 voluntary pools.

Group B companies consist of Lincoln Telephone, Puerto Rico, TDS, Century, Contel, Alltel, Citizens, CP National, Virgin Islands, and Rochester (that is, three other telephone companies owned by Rochester). These are all annual cost companies and, as a group, they represent about 4 percent of the common line revenue requirements and 38 percent of the 1985-86 traffic sensitive revenue requirements. These companies operate in 120 study areas throughout the country.

Group C is made up of 530 small annual cost companies. Group C companies are responsible for about 3 1/2 percent of the common line pool revenue requirement and 27 percent of the 1985/86 traffic sensitive pool revenue requirement.

Group D consists of the average schedule companies that do not do cost studies. They represent about 2 1/2 percent of the common line revenue requirement and 27 percent of the 1985/86 traffic sensitive revenue requirement.

NECA performs two edit routines on data submitted in response to data requests. The first, called "series 1", is a check on the internal consistency of the data. This process has the objective of identifying keypunch mistakes, format errors, computation errors, and other similar mistakes.

"Series 2" edits involve comparative analyses. For example, historical cost of service data are compared to pool data to determine the reasonableness of growth factors.

A company that unintentionally submits incorrect numbers can resubmit correct values. Data which fails the reasonableness edit or that was not unintentionally submitted incorrectly must be explained by the company.

The Past Year Cost of Service Study

Data regarding historical cost and demand levels were requested from each group. Group A companies supplied actual data at the FCC monitoring plan level of detail for the 10-month period June 1, 1984 to March 31, 1985. NECA used this detailed data to develop ratios for distributing the 12 month (June 1, 1984 to May 31, 1984) aggregate data among the various access elements.

The cost information included expenses, investment, taxes, reserves, and revenues divided into various sub-categories for each access element. The demand data included number of lines of various types, premium access minutes, nonpremium access lines and minutes, and private line surcharge quantities. The rate, billed usage, earned receipts, and NECA settlement amount from the common line pool were also reported for each of these usage factors. Also, the companies supplied data on quantities by feature group for line termination, local switching, intercept, local transport, information, switched non-recurring, and recurring and nonrecurring special access services.

The Group B and C companies, in general, did not have historical cost studies available nor did the average schedule companies (Group D). Therefore, the historical costs and demand for these companies was based largely on monthly settlement data. This consists of information on five categories of financial information (expenses and other taxes, average net investment, income from interest charged construction, income adjustment from federal income tax, and federal income tax credits) for each pool in which the company participated. Also,

premium access minutes, access lines in service, and Billing and Collection (B&C) recorded messages were reported. Twelve months of data for these companies was used.

The historical costs for these companies were allocated among the various access elements on the basis of special studies performed on Group B companies. Eighty-one detailed Part 69 cost studies were done using 1982 separations data. These studies represented 32 percent of the traffic sensitive revenue requirement. (The Group B companies in total represent 38 percent of the traffic sensitive revenue requirement.) NECA has developed the Access Cost System (ACS) Part 69 Allocator program, which was used to run these studies. The ACS Part 69 study requires data on various interstate quantities separated between message and private line services.¹

The companies developed their own input data based on the 1982 studies adjusted to include known changes in cost characteristics. Some special studies were performed to determine these adjustments. The adjustments included:

1. Transferring the outside wire portion of Account 232 (station connections) and reserves to Outside Plant Category 1.33
2. Transferring pay station investment and expenses to Accounts 235 and 607
3. Transferring investment in official station equipment from Account 231 to Account 262
4. Identifying end-user revenue accounting expense and host-remote investment
5. Adjusting customer premises equipment investment and maintenance expense for the phase-out of these items
6. Dividing COE Cat. 8.12, 8.21, 8.23, and 8.3 allocated to common transport between circuit termination and facility functions

The output from the ACS Part 69 study for each company is condensed into the same line items found in the FCC monitoring plan and submitted by the Group A companies. The output, in this format, is called the "1982 NRRI." This data is then used to construct allocation

¹Appendix C, Volume II of the NECA July 2, 1985 tariff filing contains a complete list of input data for the ACS part 69 study.

factors which are used to distribute the past year pooling data among the access elements for the group B companies. Group B companies that did not participate in the ACS study, had their pool data allocated on the basis of the results obtained for those Group B companies that did participate in the ACS study. The Group C pooling data was allocated among access elements on the basis of the summation of results for all Group B companies submitting data for the RRI output. Pooling data for Group D companies was allocated among access elements on the basis of the results obtained for Group C companies.

The individual access element costs for each group of companies was summed to derive the total cost of service per access element for the past year cost of service study.

The Projected Cost of Service Study

NECA collected data from the exchange companies regarding projected cost and demand data for the next access period. As with the past year cost of service study, the level of detail varied among the groups of companies. However, the following assumptions were used by all groups:

1. The phase-down of the Subscriber Plant Factor (SPF) will begin January 1, 1986
2. The Universal Service Fund (USF) will begin January 1, 1986
3. Residential and single-line business end-user charges will begin June 1, 1985
4. AT&T will reduce MTS rates beginning June 1, 1985 to accommodate the reductions in access costs due to the end-user charges
5. The phase-down of CPE costs will continue
6. Feature Group A and B flat rates will be replaced by usage charges beginning January 1, 1986

The cost projections for the USF were provided to each company by NECA. Group A (except Nevada Bell) companies supplied detailed information relative to the common line elements only, since these companies will not participate in the voluntary pools in the next

access period. This data was of the same level of detail as supplied for the historical cost of service study.

The Group B companies supplied pool level detail on projected costs for the years 1985 and 1986, and seasonality factors. The seasonality factors were used to convert the annual data to the test period (i.e., 7 months of 1985 and 5 months of 1986). The aggregate test period data was distributed among the access elements by the historical ratios developed previously, as adjusted for known changes such as the SPF and CPE phase downs and the \$1 end-user charges.

Group C companies provided pool level projected data for 1985 only. Therefore, growth rates for 1986 for these companies were derived from the projected cost data supplied by Group B companies. The projected costs for Group C companies were then distributed among the access elements by use of the historical ratios previously developed for Group B companies.

The average schedule companies (Group D), have their interstate revenue requirements determined on the basis of revenue and demand quantities rather than individual company costs. Therefore, projected costs were not available from them. The projected revenues for each pool were determined by multiplying the projected demand quantities by the current rates. These results were used to compute revenue growth rates for each pool from May 1985 to the test period. These growth rates were, in turn, used to derive projected settlements for the group D companies for the test period. These projected revenue requirements were distributed among access elements on the basis of the results of the distribution among Group C companies.

Development of Baseline Demand Forecasts

Baseline demand forecasts are the projected demand for access services in the test period under the existing traffic sensitive and billing and collection rates. The baseline demand forecasts for common line access service assumed adjustments in common line rates for the \$1

end-user charge and the consequent changes in AT&T MTS rates effective June 1, 1985. They further assumed that nonpremium access would be charged on a usage basis (where measurement of usage is possible) beginning January 1, 1986.

Group A and B Companies

All Group A and B Companies were asked to supply baseline demand forecasts for 1985 and 1986 for common line quantities. These included customer premises terminations, access lines, special access lines subject to the surcharge, interexchange carriers' access lines, foreign exchange (FX) lines, and premium and nonpremium minutes of use (MOU) by feature group. The data was submitted on a study area, annual basis.

Demand quantities for the traffic sensitive and billing and collection access services were submitted only by those Group A and B companies participating in these pools in the next access period. These demand quantities included quantities for local transport, line termination, local switching, directory assistance, nonrecurring charges, and recording, message billing, and billing information services.

The forecasted demand data were checked against two existing sets of data for reasonableness. The end-user demand data (except for special access surcharge data) were checked against existing data for June 1984 through March 1985 which had been collected to support a March 1985 filing for interim common line rates. The NECA pool data were used to check forecasts of total access lines, average monthly common line total MOU, special access surcharge quantities, and average monthly recorded messages.

The companies were asked to supply annual 1985 and 1986 data and seasonality factors that could be used to compute test year forecasts from the annual forecasts. In general, the BOCs supplied only test year data. Therefore seasonality factors were neither needed nor used

for them. For the other Group A and B companies, the seasonality factors consisted of monthly allocation factors for residence and business access lines and premium and nonpremium MOU. These monthly factors were used to compute the test year forecast for demand units directly related to these items. For other demand quantities, such as WATS lines and local transport circuits, where the demand quantities were not directly related to one of the monthly factors, the test year forecasts were made by using a weighted average, i.e., 1985 average demand weighted by seven months and 1986 average demand weighted by five months.

Group C Companies

Group C companies were asked to submit forecasted data for the pools in which they will participate, for fewer types of demand units, and only for 1985. Data was supplied by 508 of the 530 Group C study areas. The 1985 forecasts were converted to the test year on the basis of ratios developed from the Group B data. A small percentage of cost companies (less than 4 percent) did not supply valid demand forecasts. Therefore, the demand forecasts for them were computed by NECA. Average monthly quantities for CCL premium MOU, total access lines, and billing and collection recorded messages were computed from pooling data for July 1984 through March 1985. Growth factors, derived from the 1985 forecasts of the other Group C companies were used to convert these data to annual 1985 forecasts. The forecasts for these three demand items were combined with ratios from the other Group C companies data to derive more detailed demand forecasts and these were, in turn, converted to the test year using the same procedures used for the other Group C companies.

The test period demand quantities for all Group C companies were then expanded to the level of detail existing for Group A and B companies. This was generally done by using ratios developed for the Group B companies. One exception to this procedure relates to equal

access demand quantities. It was assumed that Group C companies would not be offering equal access during the test period, therefore FGD MOU were set equal to zero. Similarly, quantities for directory assistance were set equal to zero since group C companies are not primary providers of directory assistance.

Group D Companies

Sixty-one percent of the average schedule companies supplied usable demand forecasts for the year 1985. These forecasts were for the same demand items requested from Group C companies. The companies also supplied October 1984 actual figures for these demand items. The actual numbers were expanded to an annual basis and used for comparisons with the forecast data to determine the reasonableness of the forecasts. Also, lifeline lines and directory assistance messages were edited for zero values because average schedule companies will not offer these services in the test year.

Forecasts for average schedule companies not submitting usable data, were derived by NECA. The ratio of May 1985 pool revenue to 1985 forecasted demand was computed for each demand item from the aggregate data for responding average schedule companies. Then the May 1985 pool revenues for each nonresponding company was divided by these ratios to get the 1985 demand. The 1985 forecast for all Group D companies was converted to the test period and expanded to the needed level of detail by the same procedures used for Group C companies.

Special Access Demand Forecasts

Group A and B companies participating in the traffic sensitive pool were asked to submit forecasted demand quantities for the test year, for the the following items:

1. Channel terminations, interoffice mileage, interoffice transport, channel mileage terminations (in a serving wire center), and special access lines by type of channel offering

2. Optional features and functions
3. Installations and rearrangements

Edit routines on the data were based on forecasts previously supplied for the March 15, 1985 filing. The test year forecasts were compared with the earlier forecasts to search out any substantial differences. In addition, the acceptable ranges for relationships between items in the test year forecasts were determined from the previous forecast. Significant variations were either explained or corrected.

The Group C and D companies supplied test year forecasts for two items: voice grade special access channel terminations and other special access channel terminations. These numbers were converted to greater levels of detail on the basis of factors computed from the group A and B data. The conversion factors were derived based on the assumption that Group C and D companies offer only metallic, telegraph and voice grade services.

For Group A and B companies not submitting forecasts, NECA determined their special access demand forecasts. These forecasts were made on the basis of the nonrespondent companies' forecasted special access revenue requirements and data from responding companies.

Development of Baseline Revenue Requirements

The test period forecasts of demand for each group of companies was summed for each access element. These amounts were multiplied by the existing access rates for each element to derive the baseline revenue earnings. The projected rate of return was then computed by dividing the projected earnings of each access element by the average net investment.

The results indicated that the allowed rate of return (12.75 percent) would not be earned by the voluntary pools at current rates and that more than the allowed rate of return would be earned at existing rates for the common line pool.

The test year baseline revenue requirement for each access element was computed by summing the investments for each element and determining the dollar amount of return at 12.75 percent. These numbers were, in turn, "grossed up" for federal income taxes. The baseline revenue requirement consists of this number plus the forecasted expenses.

Development of Baseline Rates

Baseline rates are rates developed from the projected costs and demand without any adjustments for changes in demand due to the changes in access rates. These rates, in turn are used in estimating changes in demand.

Common Line Rates

The revenue requirement for common line consists of the costs associated with five items: The universal service fund, customer premises equipment, inside wire, pay telephone, and the base factor portion. The base factor portion (BFP) is the residual of the common line revenue requirement minus USF, CPE, inside wire, and pay telephone costs. It consists of the cost of the interstate share of the loop and drop and block. The common line access service is divided into two categories--end-user and carrier common line access. Costs of the end-user common line access are recovered through an end-user charge and a special access surcharge, assessed against the end users on a flat rate basis. Carrier common line costs are recovered from interexchange carriers either from premium or nonpremium access rates. Premium access rates are charged on a per minute basis. Nonpremium access services are billed at a discount and through December 1985 are collected either as a flat monthly rate for 9000 minutes of use per line or as usage based rates. Beginning January 1, 1986, discounted access charges will be collected on a usage basis only.

End User Rates

The end user access rates are mandated by the FCC. They are \$1 per month per line for residential and single line businesses for the time period June 1, 1985 to May 31, 1986. Centrex lines in place or ordered on or before July 27, 1983 are assessed a \$2.00 per month per line charge. Multiline business are assessed the lesser of \$6.00 per month per line or the full allocation of interstate subscriber loop costs.

Since single line and embedded Centrex rates were determined by the FCC, NECA had only to compute end-user multiline rates for end-user pool members. The BFP revenue requirement was divided by the projected number of access lines for end-user pool members, and this number was divided by 12 to derive a monthly revenue requirement per line. The result was \$6.88 per line per month. Thus, multiline business end-user charges were set at \$6.00 for end-user pool members.

Carrier Common Line Rates

The revenue requirement for carrier common line access is equal to the total common line revenue requirement less revenues from end-user charges and the special access surcharge. The special access surcharge is currently mandated by the FCC to be \$25.00 per month per private line subject to the surcharge.

Since the carrier common line access is a mandatory pool, end-user and surcharge revenues are computed both for members and nonmembers of the end-user pool. The end-user revenues for end-user pool members were obtained by multiplying the projected number of each type of line by the appropriate end-user charge. For nonmembers, a multiline business rate was calculated to be \$4.94 per month. The customer premises termination counts were multiplied by the appropriate

end user charge and then summed to get end-user revenues for non-members of the end-user pool. The total end-user revenues are then adjusted for the FCC lifeline waiver of 50 percent. For the test period this was computed by multiplying the number of lifeline subscribers by 50 cents.

The surcharge revenues were also computed for all companies, both members and nonmembers of the end-user pool. The total of surcharge revenues and end-user revenues was subtracted from the common line revenue requirement.

Development of the common line revenue requirement required several steps. The companies supplied data on the interstate costs associated with CPE, inside wire, pay telephone and subscriber loop. NECA computed the USF costs. The unseparated loop costs for all companies was determined using a 12.75 percent rate of return. Loop costs were supplied by cost companies, and were estimated by NECA for average schedule companies. This was divided by the total number of loops to determine a nationwide average loop cost (\$207.60). The loop cost of each study area was compared with the average to determine which companies were eligible for USF payments and the magnitude of these payments. The amount of USF payment per loop for each study area was multiplied by the number of category 1.33 outside plant working loops (excluding WATS access lines) to determine the amount of USF payment per study area. Since the reduction of SPF and implementation of the USF are to be phased in over eight years, one-eighth of the total USF support was used as the 1986 USF revenue requirement. Five-twelfths of this amount is equal to the test year USF revenue requirement.

The inside wire and CPE costs were allocated between common line and special access services in proportion to the relative number of equivalent lines in use.

In addition to subtracting end-user and special access revenues from the common line revenue requirement, three other adjustments were made to arrive at the carrier common line revenue requirement. Under

FCC orders, the carrier common line revenue requirement was reduced by the BOC's share of what was determined to be excess earnings by AT&T for 1978. This amount, including accrued interest, was determined to be \$121,706,000 for the test year. A second adjustment was the addition of \$69,759,020 to the revenue requirement for antitrust expenses previously ordered removed from the carrier common line costs. The FCC order also said the recovery of the costs would depend on a showing of supporting data. NECA added these costs to the July 2, 1985 filing and included evidence regarding the inclusion of these costs with the filing.

The final adjustment was for NECA expenses. These costs are assessed as part of the carrier common line charge. They totaled \$47,745,000 for the test year and this amount was added to the carrier common line revenue requirement.

The carrier common line revenue requirement is divided by the total of projected premium originating and terminating minutes of use, and 45 percent of nonpremium minutes of use, in order to derive the premium MOU charge. All carriers receiving premium access and carriers using FGA and FGB access in offices that supply equal access are assessed the premium charge.

Interexchange carriers using nonpremium access have the option of paying either a flat rate or usage rate until January 1, 1986. After that date, nonpremium access will be charged on a usage basis only. The nonpremium flat rate is found by multiplying the premium usage charge by 4050 MOU. The nonpremium usage charge is derived by dividing the nonpremium flat charge by 9000 MOU.

Traffic Sensitive Rates

Local Switching

This rate element recovers costs of traffic sensitive category 6 central office equipment (COE). The rate is applied on a per access

minute basis. There are two categories of local switching rates--LS1 and LS2. LS1 recovers costs associated with local dial switching for services other than MTS and WATS. LS2 recovers local dial switching costs for MTS/WATS.

The premium LS2 rate is found by dividing the local switching revenue requirement by the total of projected LS2 premium access minutes plus 65 percent of projected LS1 premium access minutes plus 45 percent of the projected FGA and FGB nonpremium minutes of use. The LS1 premium rate is equal to 65 percent of the LS2 premium rate. The LS1 premium rate is charged for FGA and FGB originating and terminating usage at offices where equal access is available.

The nonpremium flat rate is equal to the LS2 premium rate times 4050 MOU and the nonpremium usage rate equals the flat rate divided by 9000 MOU.

Network Blocking

The network blocking charge is for costs incurred by excessive trunk group blocking on FGD access. The cost arises when a customer who has purchased FGD access exceeds the capacity purchased and therefore causes trunk group blocking. The following steps are involved in calculating this rate:

1. Find the ratio of average set-up time per interstate MTS/WATS call to average holding time per interstate MTS/WATS call
2. Multiply this ratio by the LS2 premium rate per minute to obtain the "set-up" portion of the LS2 premium rate
3. Multiply the set-up portion of the rate by the average holding time minus the average set-up time divided by 2 to yield average conversation time
4. Multiply the conversation time by the set-up portion of the LS2 premium rate per minute

For the July 2, 1985 filing the data for calculating average set-up and holding times were drawn from Nevada Bell data, since Nevada Bell was the only member of the traffic sensitive pool offering FGD access for the test year.

Intercept

The intercept access charge is for the costs of terminating a call at either the exchange company's intercept operator or recorder. The intercept charge is assessed against total access minutes and not just to calls that are intercepted.

The premium intercept rate is equal to the projected revenue requirement divided by the projected premium access MOU plus 45 percent of projected nonpremium MOU. The nonpremium flat charge equals the premium rate times 4050. The nonpremium usage rate equals the flat rate divided by 9000 MOU.

Line Termination

The line termination charge recovers the costs of nontraffic sensitive category 6 COE and is assessed on the basis of access minutes. The premium rate is found by dividing the projected revenue requirement for this element by the total of projected premium MOU and 45 percent of projected nonpremium MOU. The nonpremium flat charge equals the premium charge times 4050 MOU and the nonpremium usage charge equals the nonpremium flat charge divided by 9000 MOU.

Local Transport

This access element recovers the costs of providing switched access between the interexchange company and the exchange company's

switch(es). These costs include:

1. The part of COE allocated to transport
2. Central office circuit equipment (e.g., signalling, transmission functions)
3. Outside plant (including transmission facilities)
4. Secondary allocations of related investment and expenses

With the latest filing NECA proposed a new structure for local transport to more accurately reflect the network configurations of the test year traffic sensitive pool members.

There are two rate elements--the local transport facility charge and the local transport termination charge. The facilities charge is levied on the basis of both usage and distance and is for the costs of extending local transport to the end office or access tandem. The termination charge is usage based only and is to recover the costs of central office switch and circuit termination equipment. These costs are not distance sensitive.

A special study was done to allocate the revenue requirement between the two elements. Nine companies and holding companies representing nearly 43 percent of the revenue requirement of the traffic sensitive pool supplied information. These data were used to develop ratios for assigning category 8 COE between the two rate elements. The remaining cost items were either directly assigned or were assigned using Part 67 and Part 69 methods.

Additional data were gathered from the companies to project the demand for each rate element. This data consists of local transport miles, premium and nonpremium MOU, and directory assistance MOU by end office or access tandem for each of the following (where applicable):

1. Interexchange company point of presence
2. Meet point - (where 2 or more exchange companies participate in providing local transport)
3. Directory assistance location

Development of rates for these two elements involved several steps. The transport termination rate is charged at one-half the rate

when a "meet point" is involved and at the full rate when one exchange company provides the entire local transport service. Therefore weighted MOU were needed for the rate calculations. The companies participating in the special study reported the transport miles and also identified each route as either a meet point or not. The total reported minutes were then weighted by the relative proportion of meet point to non-meet point routes. For other companies it was assumed that no interexchange carrier point of presence (POP) was located in their service area and therefore all their minutes were weighted at one-half (the weight value for meet point routes). Transport termination MOU were then derived by summing local transport weighted MOU, directory assistance weighted transport MOU, and 45 percent of local transport weighted nonpremium circuit MOU.

To compute the transport termination rate, projected revenues from switched access nonrecurring and presubscription charges were deducted from the projected revenue requirements. This was then divided by the termination MOU to derive the premium rate per MOU for local transport termination. The nonpremium usage and flat rates were developed by applying a 45 percent discount.

The local transport facilities premium rate is found by dividing the revenue requirement by the sum of premium minute miles plus directory assistance minute miles plus 45 percent of nonpremium minute miles. The nonpremium rates are calculated at a 45 percent discount. Each category of minute miles is equal to the number of local transport minutes for that category times the number of circuits times the respective length of the circuits.

Minimum Monthly Usage Charge

The Minimum Monthly Usage Charge (MMUC) is assessed to the total number of busy hour minutes of capacity supplied to an interexchange carrier, and is assessed only if the monthly usage falls below the minimum. Its purpose is to prevent a carrier from ordering excess

capacity requiring added investment by the local company, whose costs would not be recovered if the capacity were unused. The MMUC is based on a combination of the local transport facilities and termination rates, and three levels of the MMUC are computed.

Premium switched access ordered on a per line or trunk basis has a MMUC equal to the sum of the premium termination charge per minute of use times 3000, and the number of circuit miles involved times the mile premium facilities charge times 3000.² Three thousand is determined to be the minimum MOU per circuit.

Premium switched access ordered on the basis of Busy Hour Minute of Capacity (BHMC) has a MMUC equal to the premium MMUC per line or trunk divided by thirty. The NECA tariff defines 30 BHMC as being equal to one circuit.

Nonpremium switched access is ordered only on the basis of trunks of lines. Therefore the nonpremium MMUC is equal to the sum of the nonpremium termination charge per minute of use times 3000, and the number of circuit miles involved times the mile nonpremium facilities charge times 3000.

Local Transport - Nonrecurring

This nonrecurring charge (NRC) is for costs associated with installation and service rearrangement and is collected on a per line or trunk basis. It includes costs of the service order procedures, design and assignment of facilities, installation and testing of circuits and equipment, and procedures for billing for these switched access services. NECA directed a special study to identify these costs. Several large companies in the traffic sensitive pool participated in the study. The work functions associated with service ordering and service provisioning were identified, along with the average time required for each function. The costs for disconnection

²MMUCpremium = (premium termination MOU charge X 3000) + No. of circuit miles (mile premium facilities charge x 3000)

of switched access service were also identified and added to the costs of installations, since there is no disconnection charge.

The resulting costs for the NRC were significantly higher than the current charge (\$714.79 vs. \$34.91). Therefore NECA's tariff proposed a four year phase-in, with the test year's rate being equal to the current rate plus 25 percent of the difference between the current rate and the full cost.

Presubscription Nonrecurring Rate

This charge is imposed to recover the costs of processing changes in an end-user's choice of interexchange carrier. It applies only to equal access areas and is collected only for changes after the end user has made an initial choice or after 6 months following equal access conversion for end users who failed to choose an interexchange carrier.

Nevada Bell is the only test year traffic sensitive pool member offering equal access in the test year. Therefore, the rate is based on Nevada Bell costs as determined by a special study. The special study identified the work functions, average work time per function, and average labor rates per function.

Directory Assistance

There are three components of directory assistance charges. A charge per message is levied to recover the costs of providing directory assistance. A charge based on access MOU is levied for Account 649 costs (directory expenses), and a charge per message is levied for local transport costs.

Only exchange companies that are direct providers of directory assistance can levy the directory assistance charge. The local company must designate one location for each Numbering Plan Area Code (NPA) as the provider of directory assistance for that NPA.

The message rate for directory assistance is determined by dividing the projected revenue requirement by the projected number of directory assistance messages. The MOU charge has both premium and nonpremium rates. The premium rate is found by dividing the projected directory expense revenue requirement by projected premium access MOU plus 45 percent of projected nonpremium access MOU. The nonpremium flat rate equals the projected premium rate times 4050 minutes, and the nonpremium usage rate equals the nonpremium flat rate divided by 9000 MOU.

The directory assistance transport rate is based on the local transport rate for the transport facilities between the directory assistance location and the interexchange company's servicing wire center. It is calculated on a minutes of use basis and then converted to a message rate for charging purposes.

Miscellaneous Charges

There are six types of tariff provisions in this category. They are rates and regulations for design change; service date change; miscellaneous service order; additional engineering, labor, maintenance, and restoration priority; additional testing; and standard jacks and protective connecting arrangements.

The Design Change charge, a one time charge, covers the costs of such items as addition or deletion of optional features and functions, changes in type of transport termination, or type of channel interface or interface group, or technical specification package. The costs were determined from a special study which identified the work functions, average labor time, and fully assigned labor rate. The final cost per design charge was found to be \$148.97. This was significantly higher than the existing charge (\$26.21). Therefore, the NECA tariff proposed a four year phase-in, and the proposed rate is equal to \$26.21 plus 25 percent of the difference between the current rate and the full cost.

The Service Date Change charge is to cover the cost of such activities as the issuance of an additional service order and updating company records. Again, a special study was performed to identify specific functions, average work time, and labor rates. The full cost for this service was also significantly higher than the current rate (\$64.39 vs. \$26.21) and NECA proposed a four year phase-in.

The Miscellaneous Service Order charge recovers costs which had previously been included in rates for other tariff elements. Separating out the costs of preparing and distributing service orders prevents overcharging interexchange carriers when multiple services are simultaneously ordered. The costs for this rate element were based on the costs identified for the service ordering component of the Service Date Change charge.

The Additional Engineering charge is levied either when technical information is requested after the exchange company has supplied the normal information contained in a Design Layout Report or when the interexchange company wants customized service. The Additional Labor Charge applies when an interexchange company (IXC) requests overtime installation; overtime repair; standby testing, maintenance or repair of facilities connecting to facilities of other exchange companies (in addition to normal effort); and labor cost in conjunction with a specific request for labor not covered by any other section of the tariff. The Maintenance of Service charge is applied when an IXC reports trouble and no trouble is found or when the trouble is in equipment not supplied by the exchange company.

The rates for these three charges are billed in half-hour increments and were computed from labor costs supplied by companies and weighted by the number of access lines in service for each company. The rates are categorized as basic, overtime, and premium labor. Basic labor is work done during normal hours, overtime is work done on normal workdays but outside normal work hours, and premium labor is work done outside normal work days. The rates of the Additional Engineering charge and the Maintenance of Service charge are assessed at one-half the hourly rate of the basic, overtime and premium labor. The

Additional Labor rates are further categorized as rates for stand-by; testing and maintenance with other exchange companies, or other labor; and installation and repair. The Restoration Priority Charge is levied only when an IXC adds or changes the restoration priority on an existing service. There is no charge for restoration priority if requested when a service is ordered. The costs were derived by identifying the work functions, average labor time, and labor rates.

The Additional Testing charge is applied for testing requested in addition to routine scheduled tests. The costs of routine scheduled tests are part of the basic switched access rates. There are three classifications for additional testing rates. They are automatic testing, cooperative testing, and manual testing.

The test year automatic testing rate was developed by disaggregating the investment component from the 1984 rate, applying a growth factor, and then adding the relevant costs. The rates for cooperative and manual additional testing were developed from maintenance, installation, and repair labor rates.

The test year rates for Standard Jacks and Protective Connecting Arrangements are proposed to be the same as the existing rates. NECA was unable to gather sufficient data to provide cost support for new rates for jacks. The aggregate forecast demand for jacks is less than five per pool participant.

Special Access

There are several rates for special access. In addition to rates for associated inside wiring and CPE, there are four major categories--channel termination, channel mileage termination, channel mileage facility, and optional features and functions. Each of these four categories of rates applies to the different categories of channel offering--metallic, telegraph, voice grade, program audio, video, digital data, and high capacity.

The revenue requirement used to develop these rates was the total special access revenue requirement less the revenue requirements for special access inside wiring and special access CPE. This residual revenue requirement was then distributed between channel termination and channel mileage services on the basis of the special access investment in Account 100.1 using historical cost study relationships. This resulted in separate revenue requirements for channel termination, channel mileage outside plant, and channel mileage central office equipment. The channel mileage COE revenue requirement was then divided between channel mileage termination and channel mileage facility revenue requirements. This was done using information from the local transport special study which illustrated the relationship between termination and transport. The channel mileage facility portion of COE was added to channel mileage outside plant to get the total channel mileage facility revenue requirement. The remaining channel mileage COE revenue requirement is equal to the channel mileage termination revenue requirement.

The next step in special access rate development was to separate out revenue requirements for nonrecurring charges and optional features and functions from the channel mileage termination revenue requirement. This was done by multiplying existing rates³ for these two categories of special access service by the projected demand for NRC and optional features and functions. The total projected revenue was subtracted from the channel mileage termination revenue requirement, and the residual was the final revenue requirement for channel mileage termination.

The next stage of the rate development process for special access tariffs was to distribute the three major revenue requirements--channel termination (CT), channel mileage termination (CMT), and channel mileage facility (CMF) among the various types of special access (metallic, telegraph, etc.). NECA's objective was to maintain the same rate relationship among types of special access for the test year as

³NECA did not propose changes in the existing rates for the NRC and optional features and functions.

exists in current rates. However, due to the change in membership for the traffic sensitive pool in 1985, some adjustments were needed in the rate relationships in order to reflect the characteristics of the test year pool members.

The current channel termination rates reflect the relative demand for access connections (ACs) and special access lines (SALs). The relative demand for ACs and SALs is different for test year members in that the majority of channel terminations are SALs which are more costly than ACs. Thus, new relative costs and demands were developed for two- and four-wire ACs and SALs. This information was used to develop the degree of change in rate relationships for channel termination.

The adjustments to the channel mileage rate relationships were needed because of a change in rate structure for these two charges. The existing channel mileage charge is levied on the basis of mileage bands and has a flat charge per band plus a charge per mile for each band. The new rates have no mileage bands and the flat rate is charged per termination. This flat rate is the channel mileage termination rate discussed earlier. The channel mileage facility charge is collected on a per mile basis.

Billing and Collection Rates

The new Billing and Collection tariff filed by NECA eliminates some rate elements previously used, so as to be more representative of the test year members of the Billing and Collection pool. One new element--message toll sample--has been added. This element is to cover the costs of providing an IXC with a sample of the exchange company's processed messages. The other elements of the tariff recover costs associated with providing end-user billing service.

The Part 69 rules allocate interstate billing and collection investment and expenses to one access cost element. Therefore, this

amount must be disaggregated to the various component elements of this service. Initially the forecasted revenue requirement was divided into two categories--"recording" and "message-other"--by using historical characteristics of Group B companies. The recording category includes the costs of central office equipment used for identification, recording, and timing of customer dialed traffic. The message-other category includes the costs of processing, rating, rendering customer bills, and all other Billing and Collection costs.

These two categories were then further disaggregated to develop the costs for the numerous individual elements of Billing and Collection. To disaggregate these costs, the various elements were grouped into functional categories. These groupings were service ordering, message processing, bill processing, inquiry, bill rendering, bill information, program development, and data transmission. Several large companies were asked to develop unit costs for these functional categories. The unit cost data and the corresponding demand data were used to develop distributive ratios for allocating the total B & C revenue requirement among the various elements. These individual revenue requirements were then divided by their respective forecasted demand to determine the individual rates.

Development of Final Rates

Having determined the baseline rates for each tariff element, NECA then analyzed the potential demand response to the proposed new rates. This was done so that the proposed rates could be adjusted for any demand response and therefore enable the pool members to recover the projected revenue requirements.

The first step in the process was to calculate the amount of change between the existing and proposed rates. These amounts were then used to estimate changes in end-to-end service prices for the customers. To do this, Group A companies were asked to apply the

proposed NECA carrier common line rate and their own proposed traffic sensitive rates and estimate changes in access rates for six services (average switched MTS, OCC, and WATS minutes of use and the average configuration of a voice grade private line, FX open end, and FX closed end). NECA then used the percent changes in access rates supplied by Group A companies to compute nationwide changes in service prices.

The estimated changes in price for AT&T's MTS and WATS services were small, and the NECA study assumed that OCCs would match any change in price by AT&T. However, NECA assumed that AT&T would not reduce its service prices in response to the change in the CCL rate. Since AT&T was not earning its authorized rate of return for the first four months of 1985, NECA concluded that the savings from the proposed reduced CCL charge would not be sufficient to yield excess earnings and therefore AT&T would not reduce its rates. Since NECA assumed the OCCs would match AT&T price changes, NECA assumed there would be no demand response for MTS, OCC and WATS minutes of use. NECA calculated no demand response for private line service, in part because of the FCC's earlier conclusions that given the volatility of the private line market, demand response is uncertain. Since NECA estimated no change in service rates as a result of the proposed access rates, it also assumed a zero value for incremental bypass.

Since NECA assumed no demand response to the proposed rates for access service, the baseline rates for each element became the final requested rates for the next access period.



CHAPTER 5

POOL ADMINISTRATION AND PROCEDURES

NECA administers three revenue pools--the common line revenue pool, the traffic sensitive revenue pool, and the billing and collection revenue pool. Appendix H contains a copy of the agreement that exists between NECA and its cost company members that governs the pool procedures. Appendix I contains a copy of the agreement between NECA and the average schedule companies. The FCC ordered that all access charges were to be billed monthly, and originally ordered NECA to bill and collect the carrier common line charges while the exchange companies should bill and collect all other carrier access charges and the end-user charges. NECA requested and received a one year waiver of the requirement to bill and collect the common line access charges and instead asked to settle on a net basis. The waiver expired in June 1985, and an extension of the waiver was granted until a permanent rule change could be considered. NECA sought the waiver to avoid the high cost involved in duplicating the billing arrangements in place at the exchange companies and to avoid the costs of borrowing needed to meet the increased cash flow requirements that would arise if NECA did not settle on a net basis.

Settling on a net basis means, essentially, that each exchange carrier bills and collects its own access charge revenues, and this amount is then compared to the settlement amount due that carrier. If the carrier has collected less than the settlement amount, then a positive net balance exists, and NECA pays the amount of this positive net balance to the exchange carrier. If a negative net balance exists, the carrier has collected access revenues in excess of its settlement amount, and the exchange carrier pays this excess amount to NECA. In 1984, a total of \$7.5 billion in access charge revenues was pooled, and net billings amounted to \$847.5 million.

The settlement amounts for cost companies are determined after NECA costs have been deducted from the common line pool and after settlements for average schedule companies have been deducted from each pool. For each company, the settlement amount and net balance is computed separately for each pool and then combined to get a single amount for determining the direction and amount of cash flows between NECA and the exchange company.

The settlement amount for each cost company from each pool consists of an amount which is equal to the expenses and taxes associated with the access service and a share of the pool "residue." The pool residue is that amount remaining after deducting settlements to average schedule companies and the expenses and taxes of the cost companies. In the case of the common line pool, the NECA expenses are also deducted before calculating the pool residue. The pool residue is allocated among cost companies in proportion to each cost company's share of the net investment assigned to the pooled services. The residue ratios for 1984 were 10.88% for the Common Line pool, 12.01% for the Traffic Sensitive pool and 6.36% for the Billing and Collection pool.¹ These residue ratios used for pool revenue distributions are nearly synonymous with a rate of return for each pool as an aggregate. However, they do not represent the realized rate of return for any individual pool participant. This is due to timing differences related to accounting entries, separations studies, and NECA's retroactive adjustment period.

In the case of the common line pool, the total settlement amount computed includes both carrier common line and end-user elements for all companies, including those which file their own end-user tariffs. The carrier common line portion of the settlement is computed by first setting end-user revenue requirements equal to end-user revenues and deducting this amount from the total settlement computed for a company for the common line pool. This remainder is the carrier common line settlement amount from which each company's carrier common line

¹NECA Annual Report, 1984.

expenses and taxes are then deducted. Thus all carriers are required to report end-user revenues until these revenues fully recover a company's base factor portion revenue requirement. When this occurs, the company will cease to report end-user revenue data and base factor portion expenses and investment data to NECA.

The NECA settlement procedures are designed with the objective of maintaining consistency with the procedures used in the separations and settlements processes in existence until 1984. This means that the pool data requirements are based on the jurisdictional separations of the NARUC-FCC Separations Manual. A basic principle of the data requirements is that when revenue data are to be reported to the pool, then the costs of the associated service must also be reported. Conversely, when the costs of a service are to be reported then the associated revenues must also be reported. Exchange companies that have non-tariffed contracts with customers must insure that neither the costs nor revenues of these contract services are reported.

All data submitted by the exchange companies are subject to review by NECA. Each exchange company is responsible for establishing procedures to analyze the pool data including trending the data, and comparing the data with previous months' data and with budgeted data. In addition, each company is responsible for seeing that pool data are reported in the proper format and within the NECA established time schedules.

Cost Companies

Required pool data are to be reported each month by each cost company for each study area on Form EC1050, a copy of which is found in figure 5-1. This filing is referred to as the data month estimate (DME), or Form EC1050 Data Type 1.

In addition, the companies file Data Month Adjustments (DMA), Form EC1050 Data Type 2, and Retroactive Adjustments (RA), Form EC1050 Data Type 3.

DMA reports contain adjusted demand and revenue estimates to reflect booked revenues. These must be filed within two months. The DMA includes adjustments to access minutes, access lines in service, and billing and collection messages. In addition, those cost companies that do monthly separations studies must file a DMA within three months, which shows the adjustment necessary to reflect actual investment and expenses. Any intermediate data month adjustments must be reported to NECA before reporting any adjustments based on actual data, whenever the company is aware of facts that will improve earlier estimates.

Cost companies which do quarterly, semi-annual, or annual separations studies file an RA report to reflect actual expenses, and investment. Companies performing quarterly studies must file an RA report not later than three months following the study period. Companies doing annual or semi-annual separations studies must report retroactive adjustments not later than seven months following the study period.

DMA and RA submissions are used to report major changes in data. Minor adjustments may be accumulated into a single report. The NECA definition of a minor adjustment is found in Table 5-1.

TABLE 5-1

NECA DEFINITIONS OF MINOR ADJUSTMENTS

<u>EC1050 Line Items</u>	<u>Pool Threshold (+ or -) Per Line Item</u>		
	<u>Common Line</u>	<u>Special or Switched Traffic Sensitive</u>	<u>Billing & Collection</u>
Revenue, Uncollectibles, Exp. & Other Taxes, Income from IDC, Income Adj. for FIT and Tax Credits	\$25,000	\$10,000	\$ 1,000
Average Net Investment	\$100,000	\$40,000	\$ 4,000

Source: NECA Cost Company Pool Administration Procedures.

The NECA settlement statement, Form EC3050, is mailed to each exchange company on the third workday of the month following the data month. The settlement cash flows occur the month following the data month. Table 5-2 contains settlement due dates for 1985 and 1986. Payments from NECA to a carrier are made via electronic funds transfer on the due date. Where a carrier will not accept electronic funds transfer or where such a procedure cannot be used, payment is by check mailed two business days before the due date.

Payments to NECA of amounts greater than \$50,000 are wired directly to NECA's bank account on the due date. Payments of \$50,000 or less are to be paid by check to a designated lock-box. The check is to be mailed two business days before the due date. Amounts due to NECA are billed by the sixth working day of the month.

Late payment penalties can be assessed against an exchange carrier, and these amounts will be applied against NECA's administrative costs. For 1984, late payments averaged 0.2 percent of the total amounts owed.

Average Schedule Companies

Historically, settlement payments to the average schedule companies were distributed essentially on the basis of usage measures. The estimated costs for these companies were classified into four groups. Schedule A represented the local exchange costs of originating and terminating interstate MTS/WATS traffic; Schedule B represented the costs of toll operating, automatic ticketing, automatic number identification, and intertoll dial switching equipment; Schedule C represented line-haul costs, that is the provision of interexchange facilities; and the Special Services Schedule represented private line costs.

Settlements for A functions were distributed on the basis of messages and revenues. B function settlements were distributed on the basis of messages and circuits. The distribution of C function

TABLE 5-2

NECA SETTLEMENT SCHEDULE FOR 1985/1986

DATA MONTH	POOLING INPUT May Begin As Early As The 5th Workday Of The Data Month*	MAILED POOLING INPUT DUE TO NECA REGIONAL OFFICES On 5th From Last Workday Of Data Month*	DATA TERMINAL POOLING INPUT DUE TO NECA HEADQUARTERS On 3rd From Last Workday Of Data Month*	SETTLEMENT STATEMENTS FROM NECA On 3rd Work- Day of Following Month*	SETTLEMENT CASH FLOW	
					TO NECA BY	FROM NECA BY
<u>1985</u>						
June	June 7	June 24	June 26	July 3	July 26	July 31
July	July 8	July 25	July 29	Aug. 5	Aug. 27	Aug. 30
Aug.	Aug. 7	Aug. 26	Aug. 28	Sept. 5	Sept. 25	Sept. 30
Sept.	Sept. 9	Sept. 24	Sept. 26	Oct. 3	Oct. 28	Oct. 31
Oct.	Oct. 7	Oct. 25	Oct. 29	Nov. 5	Nov. 22	Nov. 27
Nov.	Nov. 7	Nov. 21	Nov. 25	Dec. 4	Dec. 26	Dec. 31
Dec.	Dec. 6	Dec. 24	Dec. 27	Jan. 6	Jan. 28	Jan. 31
<u>1986</u>						
Jan.	Jan. 8	Jan. 27	Jan. 29	Feb. 5	Feb. 25	Feb. 28
Feb.	Feb. 7	Feb. 24	Feb. 26	March 5	March 26	March 31
March	March 7	March 25	March 27	April 3	April 25	April 30
April	April 7	April 24	April 28	May 5	May 27	May 30
May	May 7	May 23	May 28	June 4	June 25	June 30

* Workdays based on NECA Headquarters Holidays

Source: NECA, Cost Company Pool Administration Procedures

settlements was done on the basis of circuit and route miles. The settlement schedule also included a small exchange factor to take into account that toll costs per unit were higher for very small companies.

With the implementation of access charges the existing schedules were disaggregated to some extent and realigned so as to be consistent with the access charge elements. The distribution vehicles remained essentially the same. The average schedule formulas were based on 1979-1981 data to which a growth factor was applied. The growth factor was developed from cost company data.

A NECA/Industry Task Force has been studying the average schedules formulas and has proposed revisions for the purpose of bringing them more in line with the access charge environment. Two major objectives were to replace the usage based distribution with a cost related system and to make the settlements more reflective of the access costs incurred by the exchange companies.

The proposed new schedules were developed from total company costs of selected average schedule companies. The allocation of these costs to the interstate jurisdiction was done on the basis of factors developed from cost companies with similar characteristics. Under the proposed new formula, common line settlements would be distributed on the basis of number of access lines, traffic sensitive settlements would be on the basis of access minutes, and billing and collection settlements would be on the basis of billing and collection messages. The settlement formulas would continue to include a factor for recognizing the higher unit costs of very small companies.

The NECA proposed modifications in average schedules was submitted to the FCC September 17, 1985, with a June 1, 1986 proposed date of implementation. The FCC has established a comment and reply cycle for evaluating the proposed average schedule modifications.

CHAPTER 6

POSTSCRIPT

The operations of the National Exchange Carrier Association are important to state regulators because of their impact on the regulated local exchange telephone companies. The carrier common line element of the NECA access tariff affects all exchange companies, since participation in the filing of this tariff element is mandatory. The traffic sensitive and billing and collection elements of the NECA tariff, since they are optional common tariffs, impact only those exchange companies that join in the NECA filing for these elements. The accuracy of the projected costs and demand quantities used by NECA to calculate the rates for the tariff elements will determine the extent to which the individual companies achieve their allowed interstate rate of return.

The local exchange companies are also impacted in at least two other ways. One, the flow of funds between NECA and its members can affect the cash flow position of the individual companies. Two, the costs of operating NECA are added to the revenue requirement for the carrier common line access element, thus increasing its rate. To the extent that this affects the volume of interstate traffic, the interstate access revenues of the local companies are affected.

It is hoped that the information in this report regarding the types of data supplied by local companies, the timing of cash payments, and the tariff development procedures will be useful in various state regulatory proceedings. Information on the structure and organization of NECA may be of interest to those state commissions that are considering establishing a statewide pooling organization for intrastate

access services. Finally, those states that mirror the NECA access charge for intrastate toll access will be interested in the procedures used in developing the NECA tariffs.

This report was initiated for the purpose of providing a useful reference about NECA, its structure and operations. Over time the details of the NECA organization and procedures may change. However, it seems likely that as long as the functions and scope of NECA activities remain the same, the basic structure and types of procedures will remain more or less as they are now. Useful references for tracking any future changes include the NECA Annual Report; "Newsbrief," a newsletter sent by NECA to all member companies; and the volumes of supporting material--in particular the Description and Justification--submitted with FCC filings.

APPENDIX A

THE NECA BYLAWS

This appendix contains a set of the bylaws of the National Exchange Carrier Association.

BY-LAWS
OF
NATIONAL EXCHANGE CARRIER ASSOCIATION

(As amended September 12, 1985)

Article I

The Members

Section 1.1. Members. All telephone companies, as defined in Part 69 of the Rules of the Federal Communications Commission in effect on the date of incorporation of the Corporation, October 3, 1983, that participate in the distribution of revenues collected by the Corporation in respect of the use of local exchange facilities for the provision of interstate or foreign telecommunications services shall be deemed to be members of the Corporation. No other person shall be entitled to become a member of the Corporation. The membership shall consist of three subsets of members as specified in Section 1.2 below.

Section 1.2. Categorization of Members in Subsets for Certain Purposes. The members of the Corporation shall be divided into three subsets. The first subset shall consist of all those telephone companies that were Bell System Operating Companies on the date of incorporation of the Corporation, other than Cincinnati Bell, Inc., and Southern New England Telephone Company. The second subset shall consist of all other telephone companies with annual operating revenues in excess of forty million dollars. The third subset shall consist of all other telephone companies. All commonly controlled companies, as defined in Section 1.3 below, shall be deemed to be one company for purposes of this section and for such other purposes as are specified in these By-laws.

Section 1.3. Definition of Common Control. Two or more members shall be deemed to be "commonly controlled" for purposes of the provisions of the Certificate of Incorporation and By-laws of the Corporation when the power to direct or cause the direction of the management and policies of such members, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement with, one or more other companies, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract, or any other direct or indirect means, is possessed, directly or indirectly, by the same person(s) or entity(ies).

Article II

Meetings of Members

Section 2.1. Time and Place. The annual meeting of the members for the election of directors and for any other proper business, and all special meetings of members for that or for any other purpose, may be held at such time (subject to Section 2.2 hereof) and place within or without the State of Delaware as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof.

Section 2.2. Annual Meetings. There will be an annual meeting of members at such time as shall be fixed from time to time by the Board of Directors.

Section 2.3. Special Meetings. Special meetings of the members, for any purpose or purposes, may be called at any time by a majority of the voting directors of the Board of Directors or by the Chairman, and shall be called by the Chairman or the Secretary at the request in writing of a majority of the board or at the request in writing of the majority of members. Any such request shall state the purpose or purposes of the proposed meeting. Whenever a special meeting shall be called by request of the members as described above, such meeting must be held not more than thirty (30) days after the making of the request. Business transacted at a special meeting shall be confined to the purposes stated in the notice, except upon the unanimous consent of all the members entitled to such notice.

Section 2.4. Notice. Written notice of the place, date, and hour of any annual or special meeting of the members shall be given personally or by mail, telegram, telex, or telecopier to each member entitled to vote thereat, not less than ten (10) nor more than sixty (60) days prior to the meeting except that where the matter to be acted on is a merger or consolidation of the Corporation or a sale, lease or exchange of all or substantially all of its assets, such notice shall be given not less than twenty (20) nor more than sixty (60) days prior to such meeting.

The notice of any meeting shall state, in addition, the purpose or purposes for which the meeting is called and, if a special meeting, by or at whose direction it is being called.

When a meeting is adjourned to another time or place, for any reason other than because of the absence of a quorum it shall not be necessary to give any notice of the adjourned meeting if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted at the original meeting. However, if the adjournment is for more than thirty (30) days, or if after

adjournment the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each member of record entitled to vote at the meeting.

Section 2.5. Effect of Failure to Hold Elections of Directors. If the election of the Board of Directors is not held on the day designated pursuant to these By-laws, the Board of Directors shall cause the election to be held as soon thereafter as convenient. The failure to hold such an election at the designated time shall not work any forfeiture or dissolution of the Corporation, but the Court of Chancery of the State of Delaware may summarily order such an election to be held upon application of any member of the Corporation. At any election pursuant to such order the persons entitled to vote in such election who shall be present at such meeting, either in person or by proxy, shall constitute a quorum for such meeting notwithstanding any provision of the Certificate of Incorporation of the By-laws of the Corporation to the contrary.

Section 2.6. Membership List. The Secretary of the Corporation shall prepare and make, at least ten (10) days before every meeting of members, a complete list of the members entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each member. Such list shall be open to examination by any member, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any member who is present.

Section 2.7. Inspectors of Election. Inspectors of election shall be appointed by the Board of Directors to act at any meeting of members at which any election is held. The inspectors of election shall examine proxies, pass upon their regularity, receive the votes and act as tellers, and perform any other duties which the Chairman may require of them at said meeting.

Section 2.8. Quorum. The presence, in person or by proxy, of one-third of the members shall constitute a quorum at all meetings of the members for the transaction of business. In case a quorum shall not be present at any meeting, a majority of the members entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting to some future time not less than eight (8) nor more than twenty (20) days later, and the Secretary shall thereupon give at least five (5) days' notice by mail to each member entitled to vote who was absent from such meeting. At any such adjourned meeting at which the requisite number of members entitled to vote shall be represented, any business may be transacted which might have been

transacted at the meeting as originally noticed. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any members.

For the purposes of this section, all commonly controlled companies, as defined in Section 1.3 above, shall be deemed to be one member.

Section 2.9. Voting Rights. (a) At all elections of voting directors of the Corporation, each member shall be entitled to cast, in person or by proxy, as many votes as shall equal the number of directors that the subset to which such member belongs is entitled to elect. The subsets of the membership are defined in Section 1.2 above. A member may vote only for directors nominated to represent the subset to which such member belongs. A member may not cast more than one vote for a single director. Directors shall be elected by plurality vote of the subset concerned. In the event all the available director positions cannot be filled by plurality vote because of a tie vote among certain of the nominees, there shall be a run-off election among the nominees who received the tied votes for the remaining positions.

(b) As to all other matters voted upon by the members, each member of the Corporation, in connection with any annual or special meeting of members or any request for members' action by written consent, shall be entitled to cast one vote at such meeting, in person or by proxy or by written consent. Except as otherwise specifically provided in Article IX of these By-laws, the approval of no less than a majority of each and every subset of members present in person or by proxy shall be required in order to take membership action.

(c) For purposes of this Section 2.9 and all other sections of these By-laws providing for membership vote, all commonly controlled companies, as defined in Section 1.3 above, shall be deemed to be one member.

Section 2.10. Record Date. For the purpose of determining the members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting or for the purpose of any other action affecting the interests of members, the Board of Directors may fix, in advance, a record date. Such date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. In each such case, except as otherwise provided by law, only such persons as shall be members of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to express such consent or dissent or otherwise to be recognized as members.

Section 6.8. Duties of the President. The President shall be the chief operating officer of the Corporation. He shall have general and active management of the Corporation, and shall assist in seeing that all resolutions and orders of the Board of Directors and the Executive Committee and the Chairman of the Board are implemented. He shall present at each annual meeting of the members and Board of Directors a report of the condition of the activities of the Corporation. The President shall also perform such additional duties as may be prescribed by the Board of Directors or the Chairman.

Section 6.9. Duties of Vice-Presidents. Each Vice-President shall have such powers, duties and responsibilities as the Board of Directors or the President may prescribe.

Section 6.10. Duties of Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors or the President, taking proper vouchers for such disbursements, and shall render to the Board of Directors and the President, at the board's regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial activities of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed from time to time) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control pertaining to the business of the Corporation. He shall at all times exhibit his books of account to any director of the Corporation upon application at the office of the Corporation during business hours and shall further perform all other duties incident to the office of Treasurer, and such other duties as may be prescribed by the Board of Directors.

Section 6.11. Duties of Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the members and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform, or cause to be performed, like duties for any committees of the Board of Directors. He shall give, or cause to be given, notice of all meetings of the members and meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he shall be. He shall have custody of the Seal of the Corporation and he or a properly authorized Assistant Secretary shall have authority to affix the same to any instrument requiring it when

so authorized, and when so affixed it may be attested by his signature or by the signature of such properly authorized Assistant Secretary. The Board of Directors may give general authority to any other office to affix the Seal of the Corporation and to attest the affixing by his signature. He shall maintain and present the membership records as prescribed in Section 2.6 of these By-laws and such other books and records as the Board of Directors may direct and shall perform all other duties incident to the office of Secretary, and such other duties as may be prescribed by the Board of Directors.

Article VII

Notices

Section 7.1. Form; Delivery. Notices to directors and members shall be in writing and may be delivered personally or by mail, telegram, telex or telecopier; provided, however, that if the notice period is less than five (5) days, any such notice shall be delivered personally or by telegram, telex or telecopier. Notice by mail shall be deemed to be given at the time when deposited in the United States mail, postage prepaid, and directed to directors or members at their addresses appearing on the records of the Corporation.

Section 7.2. Waiver. Whenever a notice is required to be given by any law or these By-laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to such notice. Attendance of a person at a meeting of members, directors or any committee of directors, as the case may be, shall constitute a waiver of notice of such meeting, except where the person at the beginning of the meeting indicates that he or she is attending for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of members, directors or committee of directors, need be specified in any written waiver of notice.

Article VIII

General Provisions

Section 8.1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 8.2. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January in each year and end on the last day of December in each year.

Section 8.3. Seal. The Seal of the Corporation shall be circular in form and bear the name of the Corporation, and the year of its incorporation. The Seal may be used by causing it to be impressed directly on the instrument or writing to be sealed or upon adhesive substance affixed thereto. The Seal on any corporate obligation for the payment of money may be a facsimile, engraved or printed.

Section 8.4. Contested Election of Directors or Appointment of Officers; Proceedings to Determine Validity. Upon application of any member or director of the Corporation, the Court of Chancery of the State of Delaware may hear and determine the validity of any election of any director or officer of the Corporation, and the right of any person to hold such office, and, in case any such office is claimed by more than one person, may determine the person entitled thereto, all in accordance with Section 225 and 227 of the Delaware General Corporation Law.

Section 8.5. Indemnification. The Corporation shall (a) indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation, or was a member of the ad hoc steering committee that preceded the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, and (b) indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was director or officer of the Corporation, or was a member of the ad hoc steering committee that preceded the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any such action, suit or proceeding, in each case to the fullest extent permissible under Section 145(a) through (e) of the Delaware General Corporation Law or the indemnification provisions of any successor statute. The foregoing right of indemnification shall in no way be exclusive of any other rights of indemnification to which any such person may be entitled under any By-law, agreement, vote of members, or disinterested directors or otherwise, and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 8.6. Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the

Corporation, or was a member of the ad hoc steering committee that preceded the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, to the full extent allowable under Section 145(g) of the Delaware General Corporation Law.

Article IX

Dissolution

Section 9.1. Dissolution; Procedure. If it should be deemed advisable in the judgment of the Board of Directors of the Corporation that the Corporation should be dissolved, the board, after the adoption of a resolution to dissolve the Corporation by a majority of the whole board at any meeting called for that purpose, shall cause notice to be mailed to each member entitled to vote thereon of the adoption of the resolution recommending the dissolution of the Corporation and of a meeting of members to take action upon the resolution.

At the meeting, a vote shall be taken for and against the proposed dissolution. If a majority of the members of the Corporation entitled to vote thereon shall vote for the proposed dissolution, a certificate stating that the dissolution has been authorized in accordance with the provisions of the Delaware General Corporation Law and setting forth the names and residences of the directors and officers shall be executed, acknowledged, and filed, and shall become effective in accordance with such law. Upon such certificate becoming effective in accordance with the Delaware General Corporation Law, the Corporation shall be dissolved.

Whenever all the members entitled to vote on a dissolution shall consent in writing, either in person or by duly authorized attorney, to a dissolution, no meeting of directors or members shall be necessary.

Article X

Amendments

Section 10.1. Amendment of By-Laws. These By-laws may be altered, amended, or repealed and new By-laws may be adopted by action of the membership or of the Board of Directors.

Section 10.2. Amendment of Certificate of Incorporation. The Board of Directors may adopt a resolution setting forth a proposed amendment to the Certificate of Incorporation and declaring its advisability. If, at a subsequent meeting held on notice stating the purpose thereof, not earlier than fifteen (15) days and not later than sixty (60) days from the meeting at which such resolution was passed, a majority of the entire Board of Directors shall vote in favor of

such amendment, a certificate thereof shall be executed, acknowledged, filed, recorded, and shall become effective in accordance with the Delaware General Corporation Law.

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APPENDIX B

FINANCIAL STATEMENTS OF NECA

This appendix contains three NECA financial statements: the Statements of Financial Position as of December 31, 1984 and 1983; Results of Operations for 1984 and 1983; and the Statement of Changes in Cash for 1984 and 1983. Notes explaining various items in the financial statements are also included. All material in this appendix is from the NECA Annual Report, 1984.

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 1984 AND 1983
(Thousands of Dollars)

ASSETS	<u>1984</u>	<u>1983</u>
CURRENT ASSETS		
Cash	\$ 55	—
Expenses to be reimbursed by pool members - Note 3	9,047	\$ 4,458
Other	<u>263</u>	<u>2</u>
	9,365	4,460
 FIXED ASSETS - Note 2		
Furniture and equipment	5,436	—
Leasehold improvements	856	—
Less accumulated depreciation and amortization	<u>(506)</u>	<u>—</u>
	5,786	—
OTHER ASSETS — Note 4	<u>1,123</u>	<u>1,402</u>
TOTAL ASSETS	<u><u>\$16,274</u></u>	<u><u>\$ 5,862</u></u>
 LIABILITIES		
Due to banks - Note 5	\$ 9,210	—
Payable to sponsoring member companies	4,542	\$ 5,804
Accounts payable and accrued expenses	2,270	1
Payable to other sponsoring companies	<u>252</u>	<u>57</u>
COMMITMENTS AND OTHER COMMENTS - Note 6		
TOTAL LIABILITIES	<u><u>\$16,274</u></u>	<u><u>\$ 5,862</u></u>

The accompanying notes are an integral part of the financial statements.

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
RESULTS OF OPERATIONS
(Thousands of Dollars)

	Year Ended December 31, <u>1984</u>	October 3, 1983 (Date of Incorporation) to December 31, <u>1983</u>
REVENUE - Note 1		
Pool reimbursement	\$38,613	\$ 4,458
Interest income	1,090	—
Other revenue	<u>648</u>	<u>—</u>
TOTAL REVENUE	40,351	4,458
EXPENSES		
Salaries and overhead	15,367	2,044
Data processing	7,543	16
General administration	5,109	763
Consultants and contract labor	3,754	—
Relocation	3,086	915
Interest	1,454	—
Travel	1,147	98
Building rent	1,085	21
Depreciation and amortization	806	74
Training and seminars	226	—
Other	<u>774</u>	<u>527</u>
TOTAL EXPENSES	<u>40,351</u>	<u>4,458</u>
NET RESULT	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of the financial statements.

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
STATEMENTS OF CHANGES IN CASH
(Thousands of Dollars)

	Year Ended December 31, 1984	October 3, 1983 (Date of Incorporation) to December 31, 1983
	<u>1984</u>	<u>1983</u>
SOURCES OF CASH		
Billing to members for pool settlement	\$843,071	\$ 4,458
Payments to members for pool settlement	<u>(804,458)</u>	<u>—</u>
	38,613	4,458
Less: Increase in settlement receivable - Note 3	<u>(4,589)</u>	<u>(4,458)</u>
	34,024	—
Short-term debt	5,562	—
Interest income	1,090	—
Other revenue	<u>648</u>	<u>—</u>
	41,324	—
APPLICATIONS OF CASH		
Operating Expenses	40,351	4,458
Items not currently requiring cash:		
Increase in accounts payable and accrued expenses	(2,269)	(1)
(Increase) decrease in amounts payable to sponsoring members	1,262	(5,804)
Increase in amounts payable to other sponsoring companies	(195)	(57)
Depreciation and amortization	(806)	(74)
Checks not cleared by bank - Note 5	<u>(3,648)</u>	<u>—</u>
	34,695	(1,478)
Purchase of fixed assets	6,292	—
Increase in other assets	21	1,476
Increase in prepaid expenses	<u>261</u>	<u>2</u>
	41,269	—
INCREASE IN CASH	<u>\$ 55</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of the financial statements.

**NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 — GENERAL

The National Exchange Carrier Association, Inc. (NECA) was formed at the direction of the Federal Communications Commission (FCC) to develop, file, and support interstate access tariffs, to maximize the members' opportunity to obtain the authorized rate of return, to administer the pooling of the resulting interstate access revenues, and to distribute the revenues to local telephone exchange companies. NECA was incorporated on October 3, 1983. Membership in NECA is mandated by the FCC and no shares of stock are issued.

Certain costs incurred on behalf of NECA prior to incorporation, as well as costs incurred prior to the imposition of interstate access charges, were funded by American Telephone & Telegraph, member companies and bank loans.

NECA administers three pools, (common line pool, traffic sensitive pool and the billing and collection pool) for which it settles with members monthly. NECA recovers its expenses through the pooling and settlement process by deducting such amounts from the interstate carrier common line revenues prior to distribution. NECA recognizes revenue during the month it incurs expenses so it has no net income or loss. At the conclusion of the monthly pooling and settlement process, each member either owes monies to the pool or is due monies from the pool. The cash flows involving these amounts take place toward the end of the following month, with the receipt of monies due the pool preceding the disbursement to members who are recipients.

NOTE 2 — ACCOUNTING POLICIES

Fixed Assets — Fixed assets are carried at cost. Depreciation of furniture and equipment is calculated on a straight-line basis over the estimated useful lives of those assets (5 years). Amortization of leasehold improvements is calculated on a straight-line basis over the remaining period of the respective leases. Maintenance and repairs are charged to operations as incurred.

Organizational and start-up costs — Organizational and start-up costs, incurred principally in 1983, have been capitalized. Amortization is calculated on a straight-line basis over 60 months from the date of incorporation. As amortization occurs, the amount is reimbursed by members.

NOTE 3 — EXPENSES TO BE REIMBURSED BY POOL MEMBERS

This caption consists of the following:

	1984 <u>(000's)</u>	1983 <u>(000's)</u>
Receivable - pool members	\$139,301	\$4,458
Payable - pool members	<u>(130,254)</u>	<u>—</u>
	<u>\$ 9,047</u>	<u>\$4,458</u>

NOTE 4 — OTHER ASSETS

This caption consists of the following:

	1984 <u>(000's)</u>	1983 <u>(000's)</u>
Organizational and start-up costs	\$1,497	\$1,476
Accumulated amortization	<u>(374)</u>	<u>(74)</u>
	<u>\$1,123</u>	<u>\$1,402</u>

NOTE 5 — DUE TO BANKS

At December 31, 1984, this caption consists of:

	Amount (000's)
Notes payable	\$5,562
Checks not cleared by banks	<u>3,648</u>
	<u>\$9,210</u>

NECA has an arrangement with its banks under which it transfers to the banks daily funds required to pay checks that cleared the bank. Accordingly, at any point in time there are checks which have been issued but have not yet reached the paying bank. When such checks are paid by the banks, NECA will transfer funds to cover the checks.

Notes payable at December 31, 1984 consist of short-term bank loans bearing interest based on the federal funds rate. The borrowing rate averaged 8.62% during the month of December and 10.19% during the year 1984. These loans are generally made in the form of demand notes under lines of credit established as part of NECA's banking arrangements. NECA had unused lines of bank credit of \$254 million at December 31, 1984.

NOTE 6 — COMMITMENTS AND OTHER COMMENTS

NECA leases furniture, equipment and office space in Whippany, New Jersey and in regional office locations. Obligations to make future minimum lease payments under noncancellable operating leases (without providing for escalation clauses, the effect of which is not expected to be significant) are (in thousands): \$1,620; \$1,700; \$1,509; and \$938 for the years 1985 through 1988 respectively and \$354 thereafter. Rental expense relating to premises and equipment, including payments under month to month leases, amounted to \$2,113,000 in 1984 and \$21,000 in 1983.

NECA is incorporated in Delaware as a nonprofit corporation subject to federal and state income taxes. NECA has had no taxable income since incorporation. There are unused investment tax credits of \$270,000 available through the year 1999.

During 1984, NECA staff members remained on the payroll of their respective sponsoring companies and continued to participate in employee benefit plans and programs of such companies. NECA is billed at cost by sponsoring companies for services of staff members and it does not maintain its own pension or benefit plans. Merit pay awards, which are not expected to be material, are recognized when paid.

Auditor's Report

We have examined the statements of financial position of the National Exchange Carrier Association, Inc. as of December 31, 1984 and 1983, and the related statements of results of operations and changes in cash for the year ended December 31, 1984 and for the period from October 3, 1983 (Date of Incorporation) to December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the National Exchange Carrier Association, Inc. at December 31, 1984 and 1983 and the results of its operations and changes in its cash for the year ended December 31, 1984 and the period from October 3, 1983 (Date of Incorporation) to December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

APPENDIX C

ORGANIZATIONAL STRUCTURE OF NECA'S COMPTROLLER'S OPERATIONS DEPARTMENT

This appendix contains a detailed organizational chart for the Comptroller's Operations Department, and detailed organizational charts for each division of the Comptroller's Operations Department.

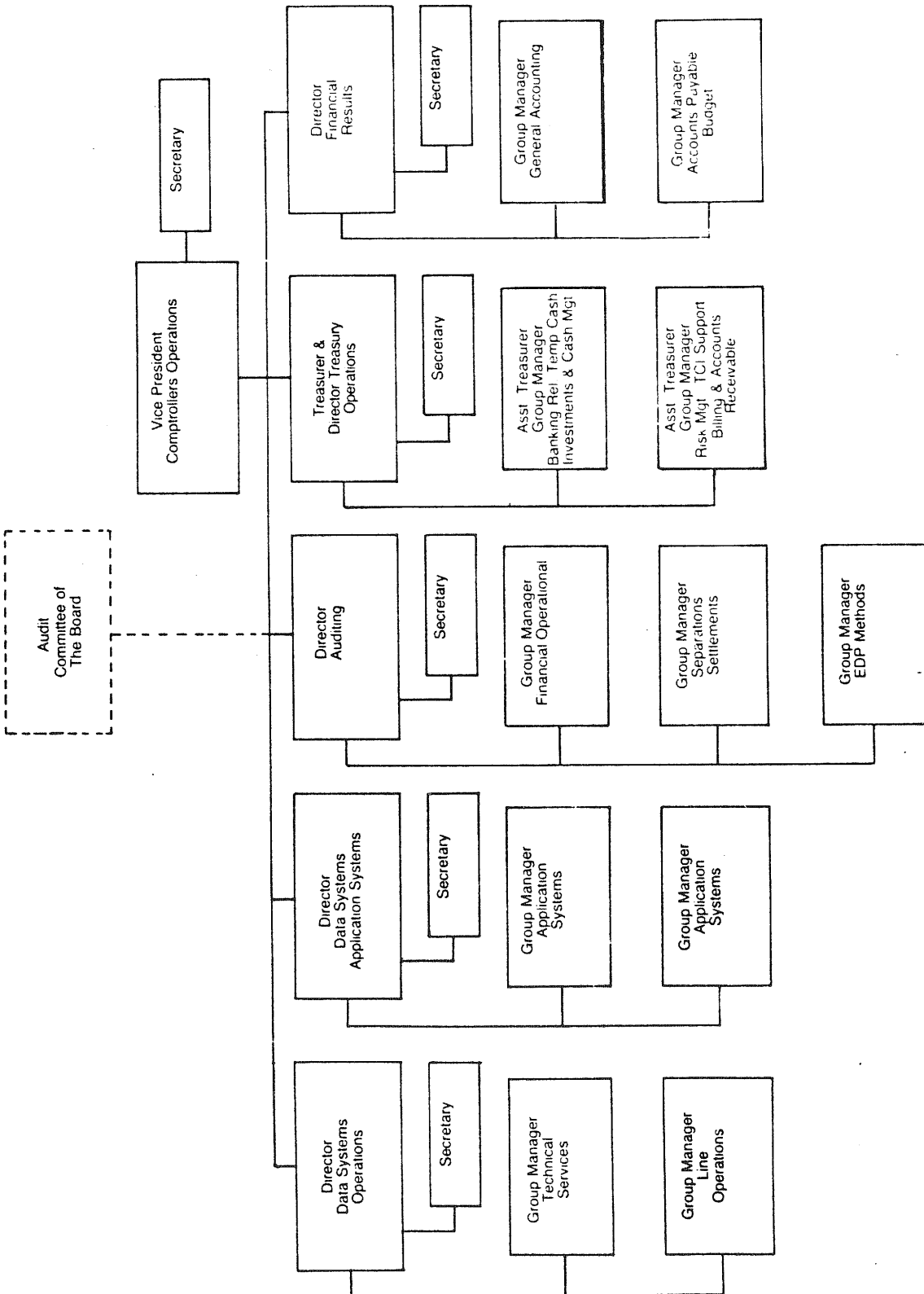


Fig. C-1. Organizational Chart for Comptroller's Operations Department

Audit Committee of The Board

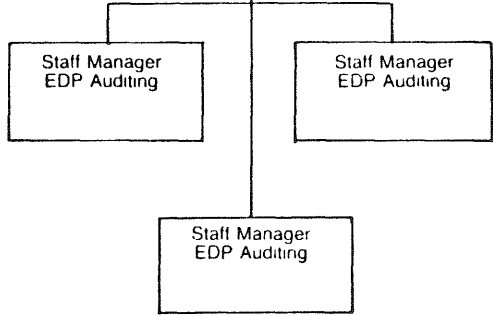
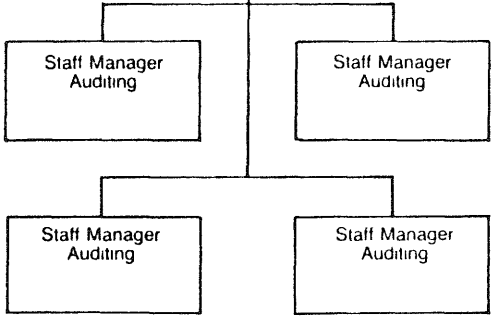
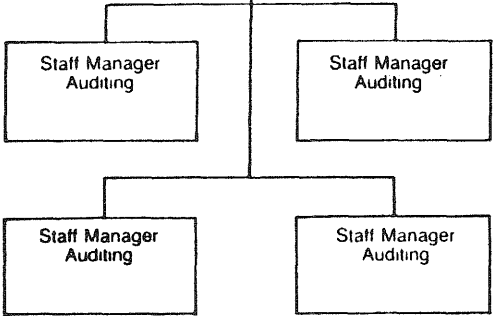
Director Auditing

Secretary

Group Manager Auditing - Financial/Operational

Group Manager Auditing - Separations/Settlements

Group Manager Auditing - EDP Methods



Develop, Implement And Conduct A Comprehensive Practical Program Of Audit In The Following Areas.

- Pool Administration Functions
 - Settlement Operations
 - Settlement Systems
 - Settlement Methods
 - Carrier Billing And Collecting
- Treasury Operations
 - Banking Relations
 - Voucher Billing Operations
 - Cash Management
- Financial Analysis And Operating Results
 - Earnings Management
 - General Books Accounting
 - Financial Reports Analysis
- Administrative Functions
 - Staffing Benefits
 - Budget Operations
 - Administration Services
 - Facilities Operations
- Training
- Special Requests

(1 N/M)

- Rate Development And Cost Analyses
 - Data Base Methods And Costing Systems
 - Cost Analyses And Special Studies
 - Demand Development
 - Demand Response And Pricing
 - Traffic Sensitive Rate And Cost Analyses
 - Common Line Cost And Rate Development
- Tariffs Regulatory And Implementation Matters
 - Tariff Development And Regulatory
 - Tariff Administration
 - Docket Planning
 - Access Implementation Matters
 - Access Implementation Coordination
- On Site Examinations Of Exchange Carrier Members As Requested
- Regional Operations
 - Cost Study Methods
 - Traffic Methods
 - Mechanization Methods
 - Average Schedules
 - Review Team Activities
- Training
- Special Request

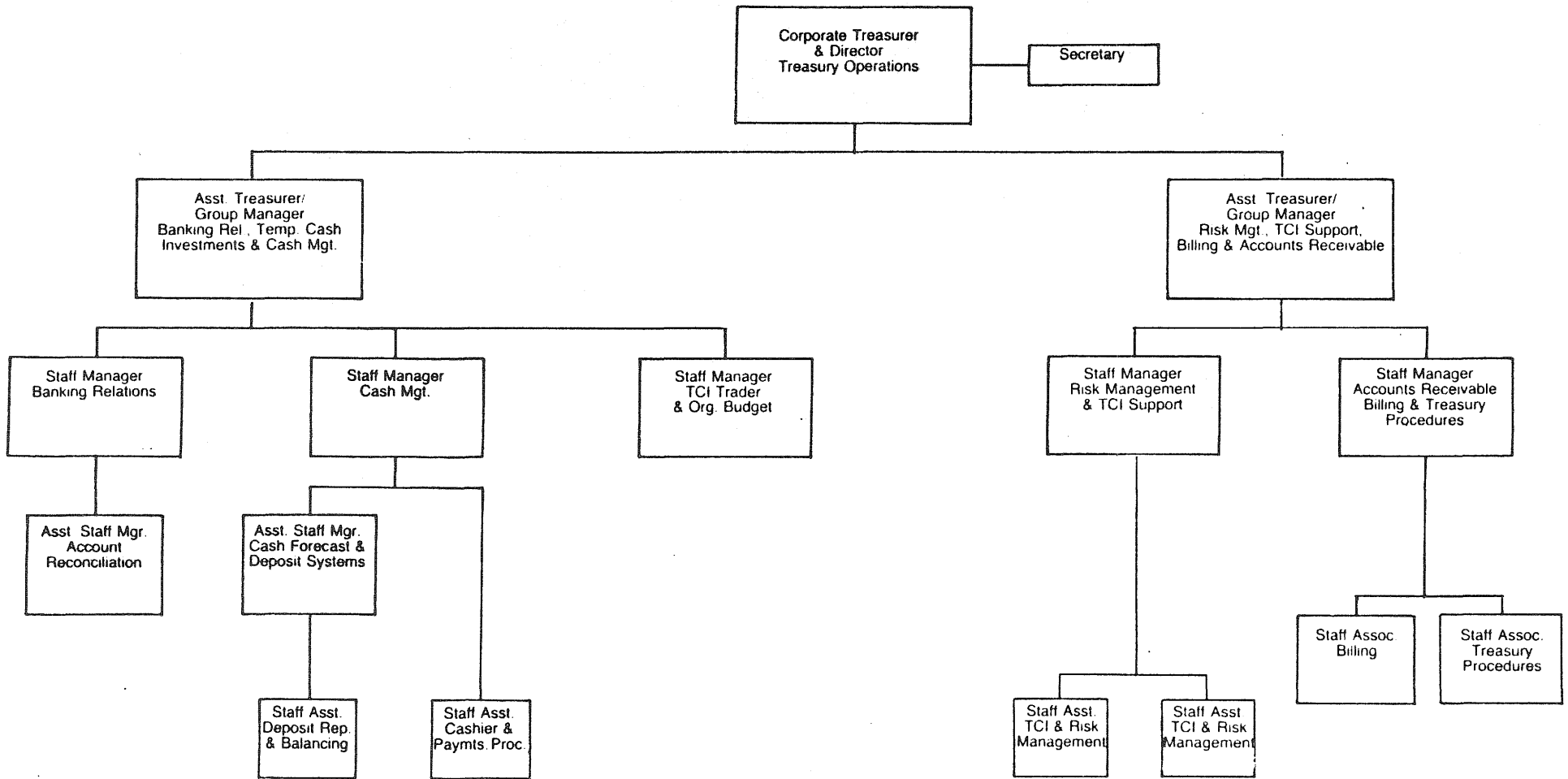
(1 N/M)

- Application Development
 - Project Management
 - Design Implementation
 - Documentation
- Operational Systems
 - Accuracy
 - Completeness
 - Security
 - Auditability
- Data Center Activities
 - Policies and Practices
 - Resource Management
 - Data Control
 - Environmental Security
 - Systems Maintenance
 - Technical Support
 - Disaster Recovery
- Auditing Assistance
 - Computer Based Testing
 - Consultations
 - Review Investigations
- Training
- Special Requests

ASSUMPTIONS: Regional Operations Will Be Established And Provide An Active On Site Review Effort
There Will Be Minimal On Site Auditing At The Exchange Members Locations

10/31/85

Fig. C-3. Organizational Chart for Auditing Division



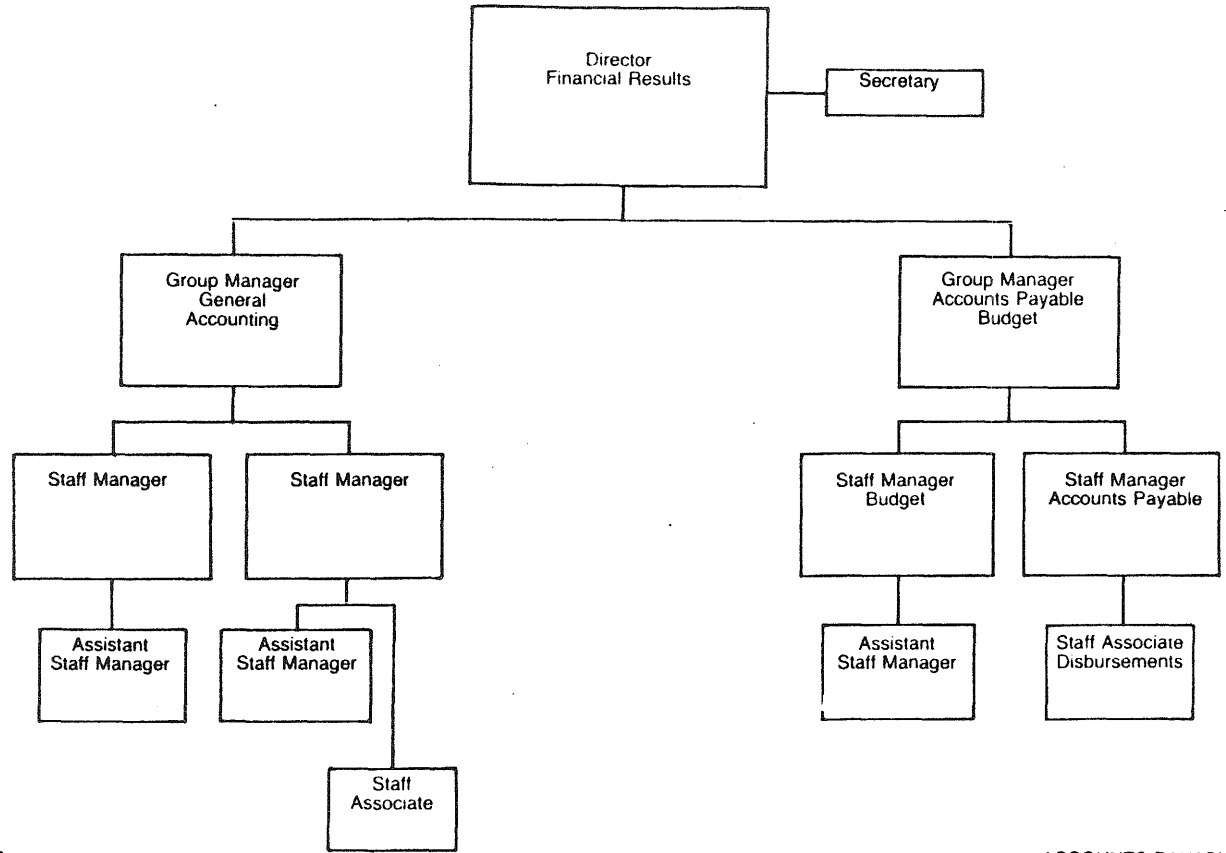
- ▶ Bank Analysis, Account Maintenance, Bank Compensation And Check Reconciliation
- ▶ Cash Forecast
- ▶ Cash Receipts & Disbursements, Wire Transfers, ACH Transfers
- ▶ Cashiering
- ▶ Cash Book And Other Acctg. Records And Journal Entries
- ▶ Maintenance Of Signing Delegations
- ▶ Pool Administration Interface
- ▶ NECA Member Interface On Banking Arrangements & Settlements (Revenue Distribution) Problems
- ▶ Banking Structure And Relations
- ▶ Short Term Financing
- ▶ Banking & Cash Management Practices

- Travel Program Incl. Rental Car Agreements
- Manage Am. Express Corp. Credit Card Program
- Temporary Cash Investments
- Mtce. Of Authorized Investments Guidelines
- Dealer Interface
- Management Of Organization Budget & Variance Report

- Custody Bank Management
- Risk Management Program & Procedures
- Maintenance Of Investment Authorizations
- Mtce. Of Fiduciary Type Risk Coverage And Related Broker Interface
- Issuance Of Commercial Paper Notes
- Short Term Financing
- TCI & Risk Management Practices
- Daily Portfolio Reports & Accounting
- Custody Confirmation And Reporting Procedures
- Coordination, Development & Ongoing Maintenance Of Corporate Disaster Plan
- Investment Bank Dealer Interface On Collateral

- Post Settlement Processing System, Project Management
- NECA Billing To Members
- Accts. Receivable Recordkeeping
- Receivables Analysis
- Accounting Journal Entries
- Pool Administration Interface
- Billing And Collection
- Billing Adjustments, Late Payment Charges & Overpayment Refunds
- Custody Of Financial Instruments And Securities & Practices (e.g. check stock)
- Billing, Receivable, Late Payment Policies, Procedures & Practices
- Ind. Ref. Billing Interface (1 N M)

Fig. C-4. Organizational Chart for Treasury Operations Division



GENERAL ACCOUNTING

- Functions As The Principal Accountant Of The NECA.
- Directs the Development Of Methods and Procedures For Accounting And Reports Generation.
- Directs The Development Of Accounting Classifications For The NECA.
- Prepare Federal And State Tax And Information Returns
- Oversees The Production Of The NECA General Books And Related Financial And Analytical Reports.
- Coordinates Liaison With Pool Administration, Auditing, Rate And Cost Development, And Personnel Administration Divisions.
- Coordinates Preparation Of All NECA Financial Reports.
- Maintains Liaison With Federal And State Regulatory Bodies Along With Member Associations As Related To NECA Accounting Matters (4 N/M)

ACCOUNTS PAYABLE: BUDGET

- Coordinates Preparation of NECA Operating Budget.
- Coordinates Liaison With Member Companies For All NECA Related Expenses.
- Accounts Payable Processing
- 1099 Preparation
- Sales Tax
- Analysis
- Long Range Planning (2 N/M)

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Fig. C-5. Organizational Chart for Financial Results Division

APPENDIX D

ORGANIZATIONAL STRUCTURE OF NECA'S DEPARTMENT OF
TARIFF, COST AND REGULATORY MATTERS

This appendix contains detailed organizational charts for the NECA
Tariff, Cost and Regulatory Matters Department and for the two
divisions of this department.

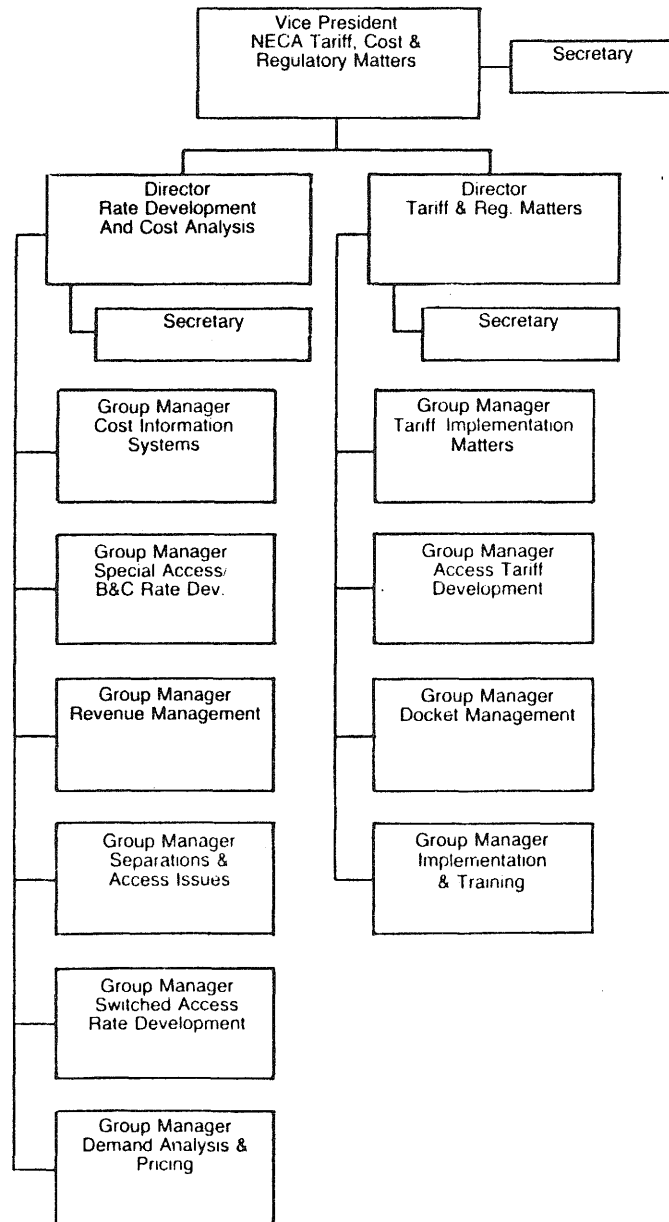
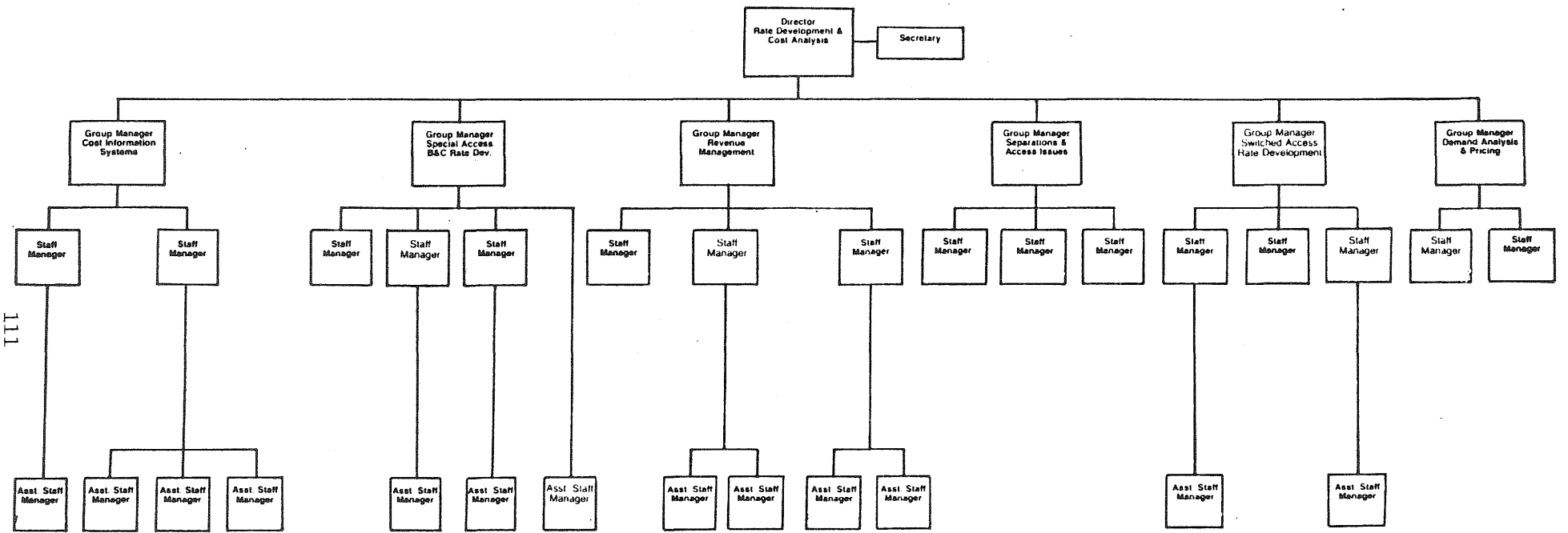


Fig. D-1. Organizational Chart for Tariff, Cost and Regulatory Matters Department



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- Develops Procedures To Collect Data From Exchange Carriers
- Collects Data & Manages Cost Data Base
- Develop Mechanized Systems To Produce Access Service * Earnings Reports, And Cost Analysis
- Develops Mechanized Tools For Part 67 & Part 69 Cost Allocations And Revenues Requirement Projections
- Projects And Tracks Revenue Requirements
- Maintenance of ACS & Part 67 Programs & Studies (1 N/M)

- Develop Rates And Rate Structures For Special Access And Billing And Collection Services
- Performs Unit Cost Studies And Rate Analyses
- Develops Methods And Mechanized Systems For Unit Cost Analyses

- Forecast And Tracks Revenues & Demand
- Develops Methods And Collects Revenue Data
- Manages Revenue Demand Data Base & Analyses Revenue Performance Of Pools

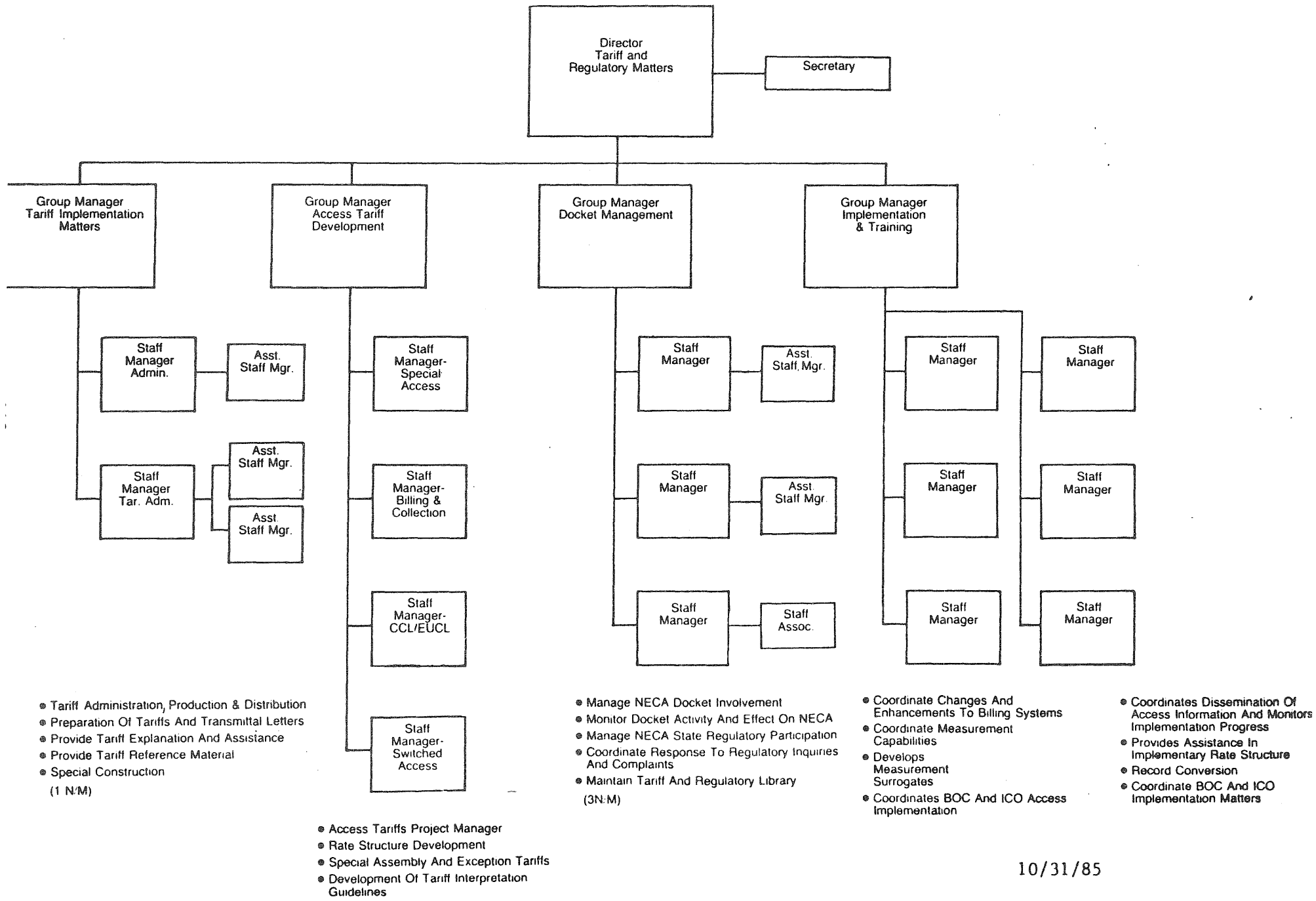
- Develops And Maintains Part 67 & Part 69 Cost Procedures And Methods
- Federal Regulatory & Industry Liaison For Cost Allocation Procedures
- Develops And Maintains Procedures And Methods For NTS Cost Allocations And Support Mechanisms
- Participates in Industry Task Forces
- Special Projects

- Develops Rates And Rate Structures For Switched, End User, And Carrier Common Line
- Performs Unit Cost Studies And Rate Analyses
- Develops Methods And Mechanized Systems For Unit Cost Analyses (2 N/M)

- Develops Demand Models For Access Services
- Estimates Demand Response To Pricing Options

10/31/85

Fig. D-2. Organizational Chart for Rate Development and Cost Analysis Division



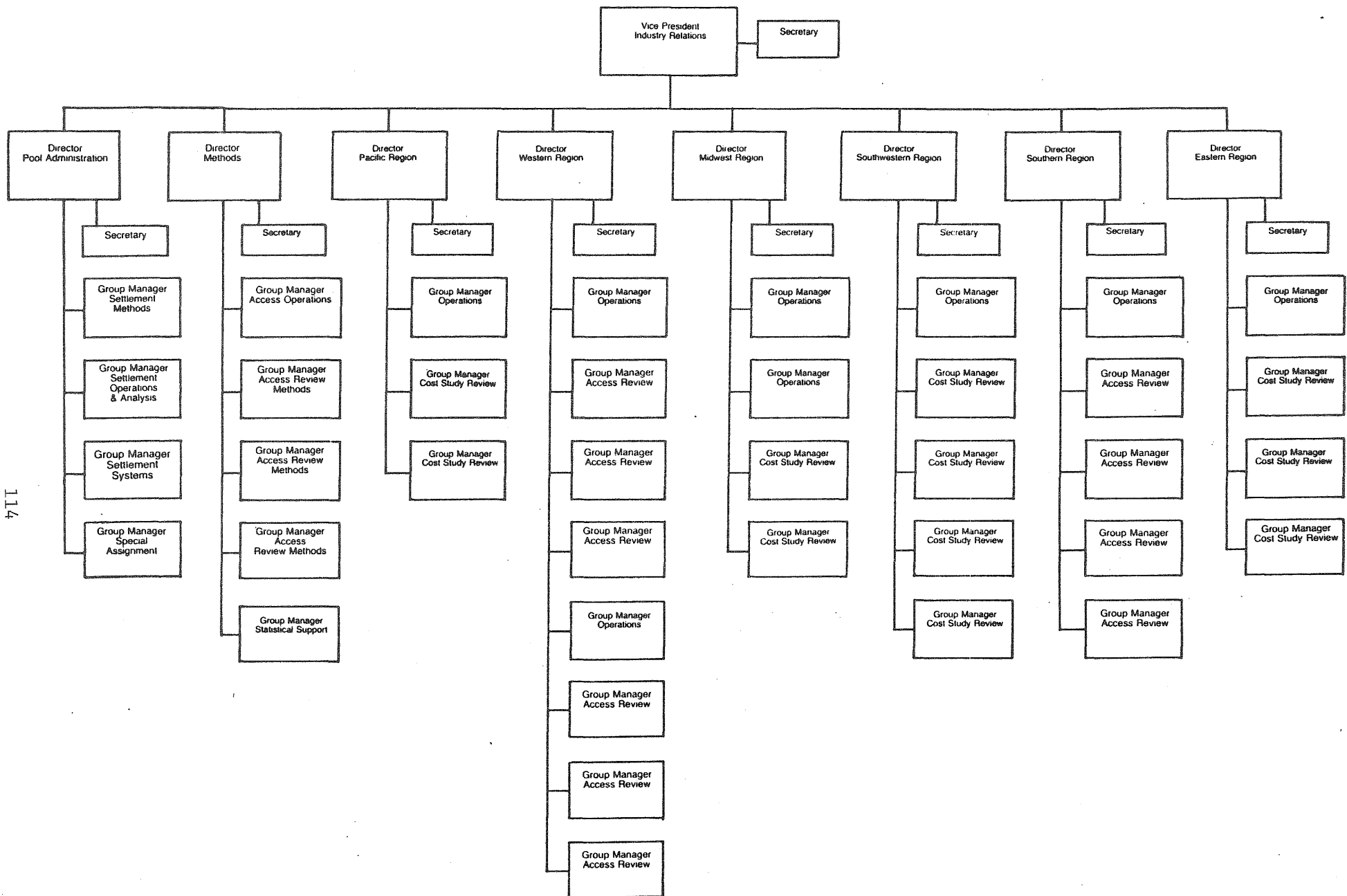
10/31/85

Fig. D-3. Organizational Chart for Tariff and Regulatory Matters Division

APPENDIX E

ORGANIZATIONAL STRUCTURE OF NECA'S INDUSTRY RELATIONS DEPARTMENT

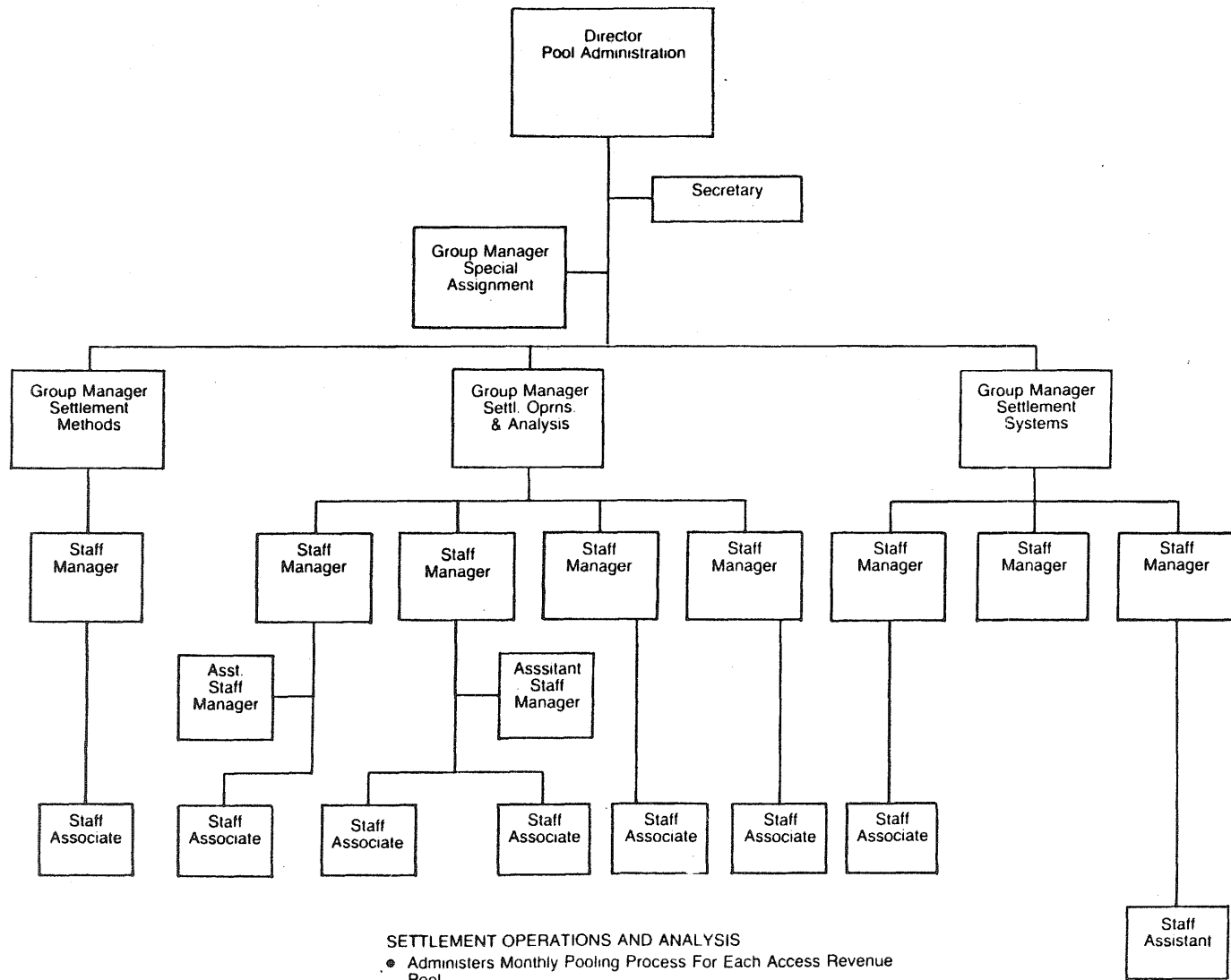
This appendix contains detailed organizational charts of the Industry Relations Department and for each of its eight divisions.



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Fig. E-1. Organizational Chart for Industry Relations Department

10/31/85



SETTLEMENT METHODS

- Directs Development Of Access Revenue Pooling Methods And Procedures.
- Liases With Appropriate Staff Support Organizations. I.E., Systems, Financial Reports, NECA Regions, Etc.
- Provides Interpretation And Guidance Regarding NECA Policies Associated With NECA Pooling Procedures
- Serves As Section Representatives On All NECA Docket Project Teams.
- Serves As Section Liaison With NECA Tariff Implementation Group.

(1 N.M.)

SETTLEMENT OPERATIONS AND ANALYSIS

- Administers Monthly Pooling Process For Each Access Revenue Pool.
- Coordinates Monthly Data Gathering Process With NECA Regional Offices, BOCs And Larger ICO Accounting Offices.
- Establishes And Administers Monitoring And Control Mechanisms.
- Analyzes Reported Revenue And Revenue Requirements Data For Accuracy, Completeness And Reasonableness
- Coordinates With Staff Support Organizations The Development And Maintenance Of Pooling Procedures.
- Coordinates With Treasury Operations Development And Issuance Of NECA Monthly Settlement Statements.
- Administers The Settlement Forecast Data Base.
- Conducts Analysis Of Forecast Data For Accuracy, Completeness And Reasonableness.
- Conducts Post Settlement Reviews Of Reported Pool Data.

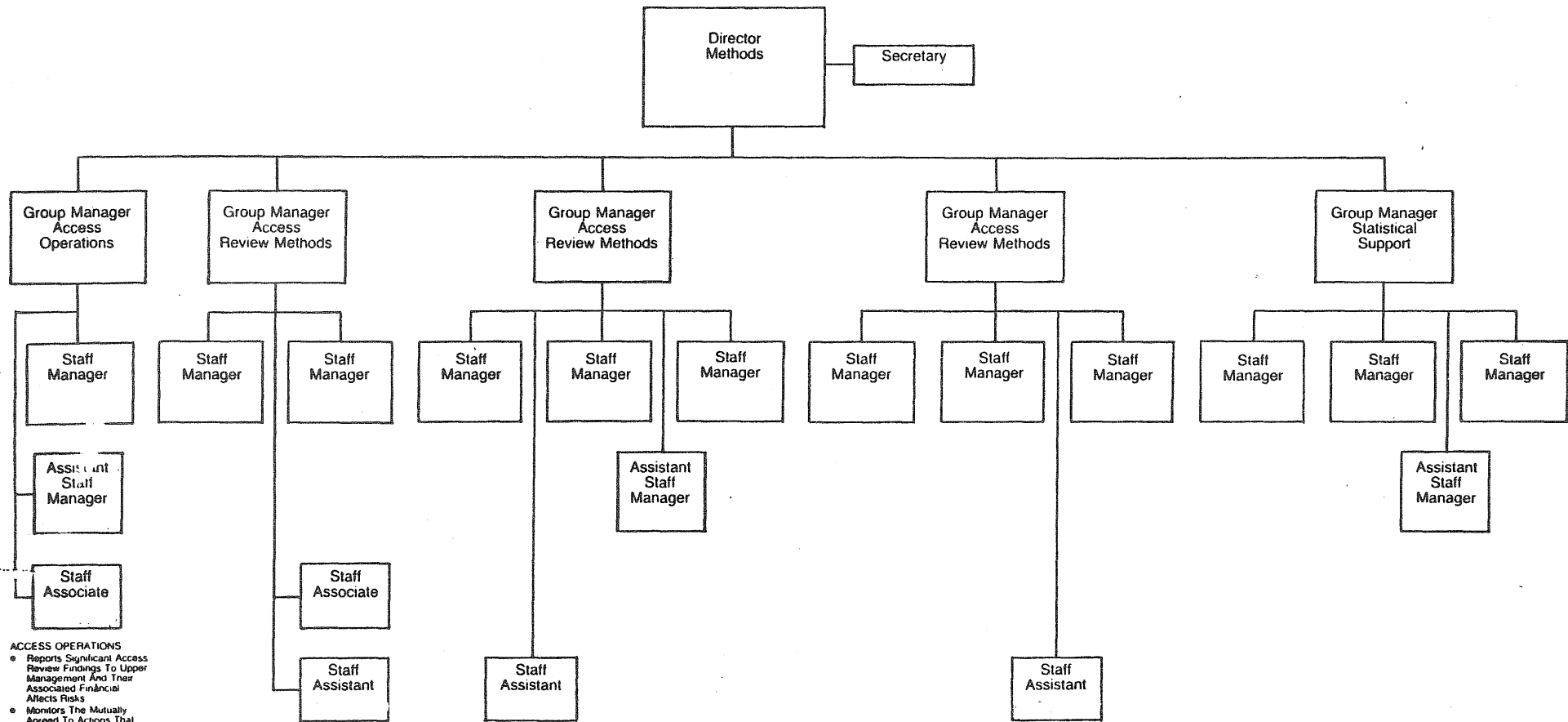
(5 N.M.)

SETTLEMENT SYSTEMS

- Directs The Development And Continued Maintenance Of NECA Mechanized Pooling Operations.
- Coordinates The Mechanized Development Of Specifications For Provision And Retrieval Of Access Service Revenue Data.
- Liases With The Data Systems Division In Design, Procurement And Placement Of Information Systems Hardware, Terminal Devices And Transmission.
- Coordinates And Arranges For Achieving Pooling Operational Needs With Other Parties Such As BOCs, Larger ICOs, Consultants And NECA Regional Operations.

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Fig. E-2. Organizational Chart for Pool Administration Division



- ACCESS OPERATIONS**
- Reports Significant Access Review Findings To Upper Management And Their Associated Financial Affects Risks
 - Monitors The Mutually Agreed To Actions That Are Requested To Address The Major Findings
 - Maintains A Master Schedule Of All Access Reviews And The Associated Resources Expended To Complete The Reviews
 - Coordinates The Activities Required To Effectuate For NECA's Purposes The Mergers/Acquisitions NECA Members
 - Provides The Supervisory And Admin Support To IR Methods
 - Produces And Updates The IR Procedures
 - Coordinates The IR Efforts In Preparing Distributing And Admin The Contract W/ECs
 - Serves As Overall Liaison For Operational Activities Between Hdqts & Reg Offices & Other Hdqts. Depts
 - Coordinates The Technical Trng Fg IR Dept
 - Maintains EC Master File

- ACCESS REVIEW METHODS AVERAGE SCHEDULE COMPANIES**
- Responsible For The Staff Activities Related To The Support Of The Regional Average Schedule Review Operations
 - Assists Region In The Maintenance Of Review Schedules True Up Procedures And The Application Of Mechanization Processes
 - Acts As Liaison With The Other NECA Depts For Average Schedule Methods
 - Responsible For Average Schedule Revisions Consistent With Part 31 Part 67 And Part 69 Procedures
 - Acts As Liaison With Industry Groups On Average Schedule Matters

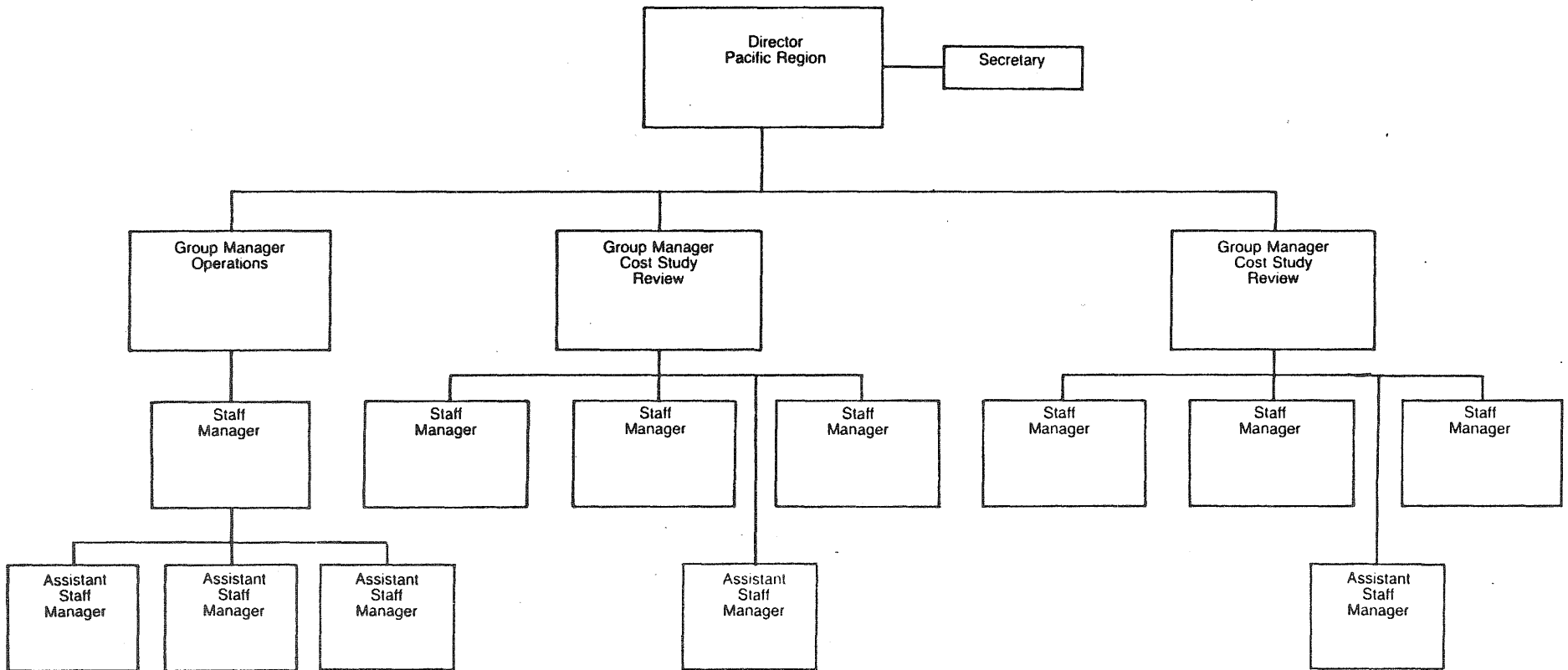
- ACCESS REVIEW METHODS MONTHLY COMPANIES**
- Responsible For The Staff Activities Related To The Support Of The Regional Cost Study Review Operations Consistent With Part 31 Part 67 And Part 69
 - Assists Region In The Maintenance Of Review Schedules And The Application Of Mechanization Processes
 - Responsible For The Staff Activities Related To The Support Of The CABS Review Function
 - Acts As Liaison With Other NECA Depts For Cost Study Methods
 - Universal Service Fund Activities
 - Overall Maintenance Of Access Review Manual

- ACCESS REVIEW METHODS ANNUAL COMPANIES**
- Responsible For The Staff Activities Related To The Support Of Regional Cost Study Review Operations Consistent With Part 31 Part 67 And Part 69
 - Assists Regions In The Maintenance Of Review Schedules True Up Procedures And The Application Of New Mechanization Processes
 - Acts As Liaison With The Other NECA Depts For Cost Study Methods

- STATISTICAL SUPPORT**
- Provides Statistical Methods For Average Schedules
 - Develops Statistical Methods Of Mechanized Procedures For Cost Study Reviews
 - Provides Statistical Support To Other Departments, Including Tariff Development And Pool Administration
 - Develops Statistical Methods And Mechanized Procedures To Coordinate Review, Tariff And Pooling Data Communications

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Fig. E-3. Organizational Chart for Methods Division



OPERATIONS

- Maintains Day-To-Day Contact With Member Companies
- Executes and Administers Contracts With Member Companies
- Performs Intermediate Collection & Reporting Of Monthly Revenue & Settlement Data
- Liaison Between NECA and Member Companies
- Arranges For Contract Personnel Support (4N M)

COST STUDY REVIEWS

- Conducts Reviews Of Cost Study Companies
- Negotiates Resolution Of Any Dispute
- Assists Headquarters in Conducting Special Studies
- Arranges For Contract Personnel Support (1N M)

Fig. E-4. Organizational Chart for Pacific Region Division

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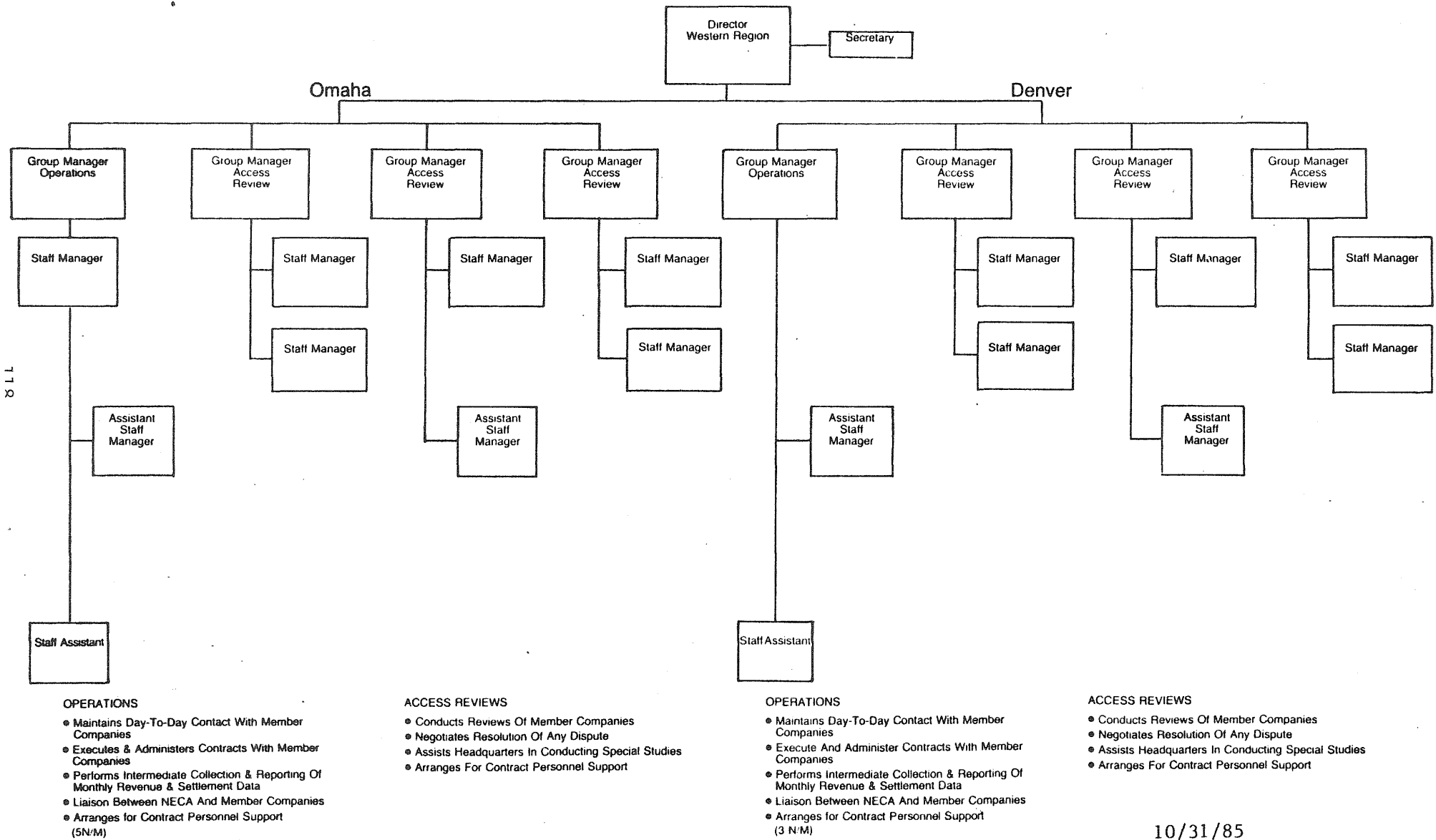
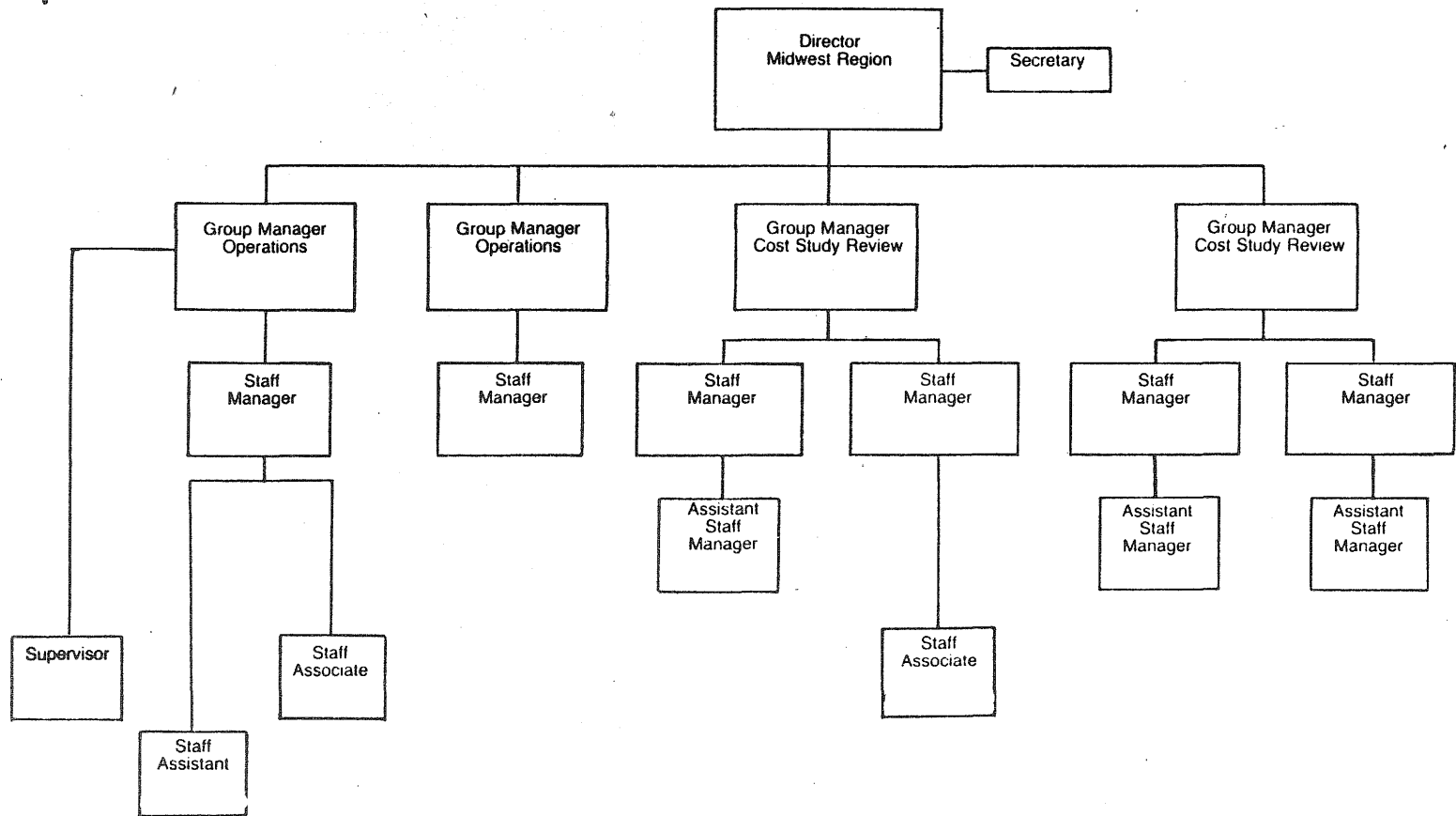


Fig. E-5. Organizational Chart for Western Region Division



OPERATIONS

- Maintains Day-To-Day Contact With Member Companies
- Executes & Administers Contracts With Member Companies
- Performs Intermediate Collection & Reporting Of Monthly Revenue & Settlement Data
- Liaison Between NECA And Member Companies
- Arranges for Contract Personnel Support

(2 N/M)

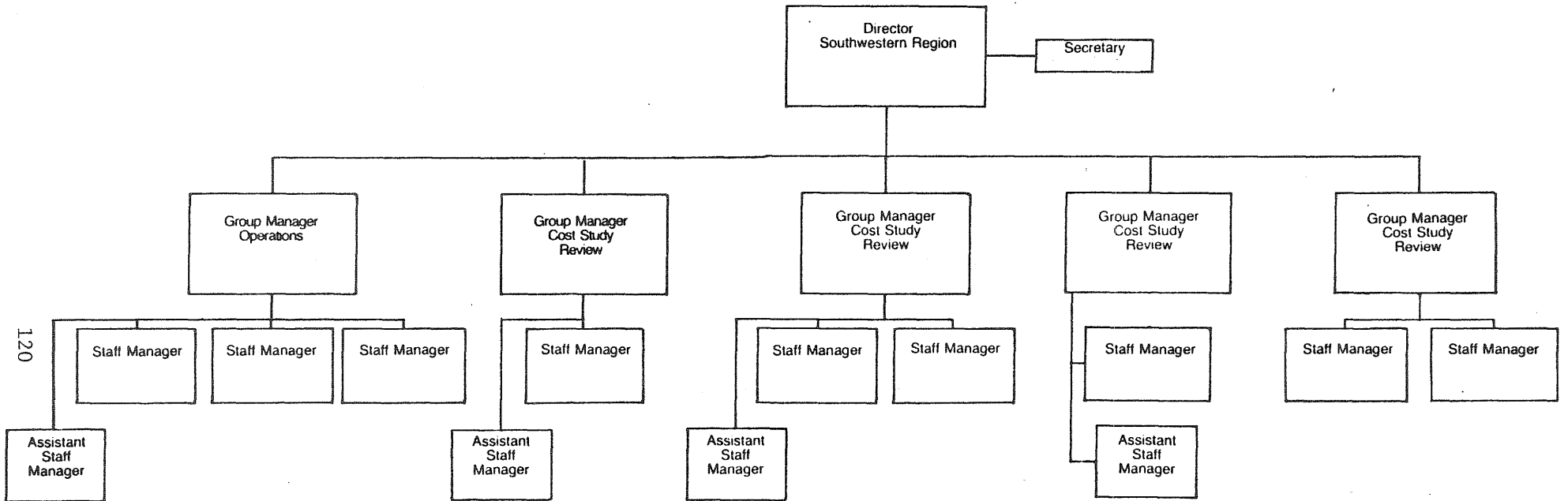
COST STUDY REVIEWS

- Conducts Reviews Of Cost Study Companies
- Negotiates Resolution Of Any Dispute
- Assists Headquarters In Conducting Special Studies
- Arranges For Contract Personnel Support

(4 N/M)

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Fig. E-6. Organizational Chart for Midwest Region Division



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OPERATIONS

- Maintains Day-To-Day Contact With Member Companies
- Executes & Administers Contracts With Member Companies
- Performs Intermediate Collection & Reporting Of Monthly Revenue & Settlement Data
- Liaison Between NECA And Member Companies
- Arranges for Contract Personnel Support

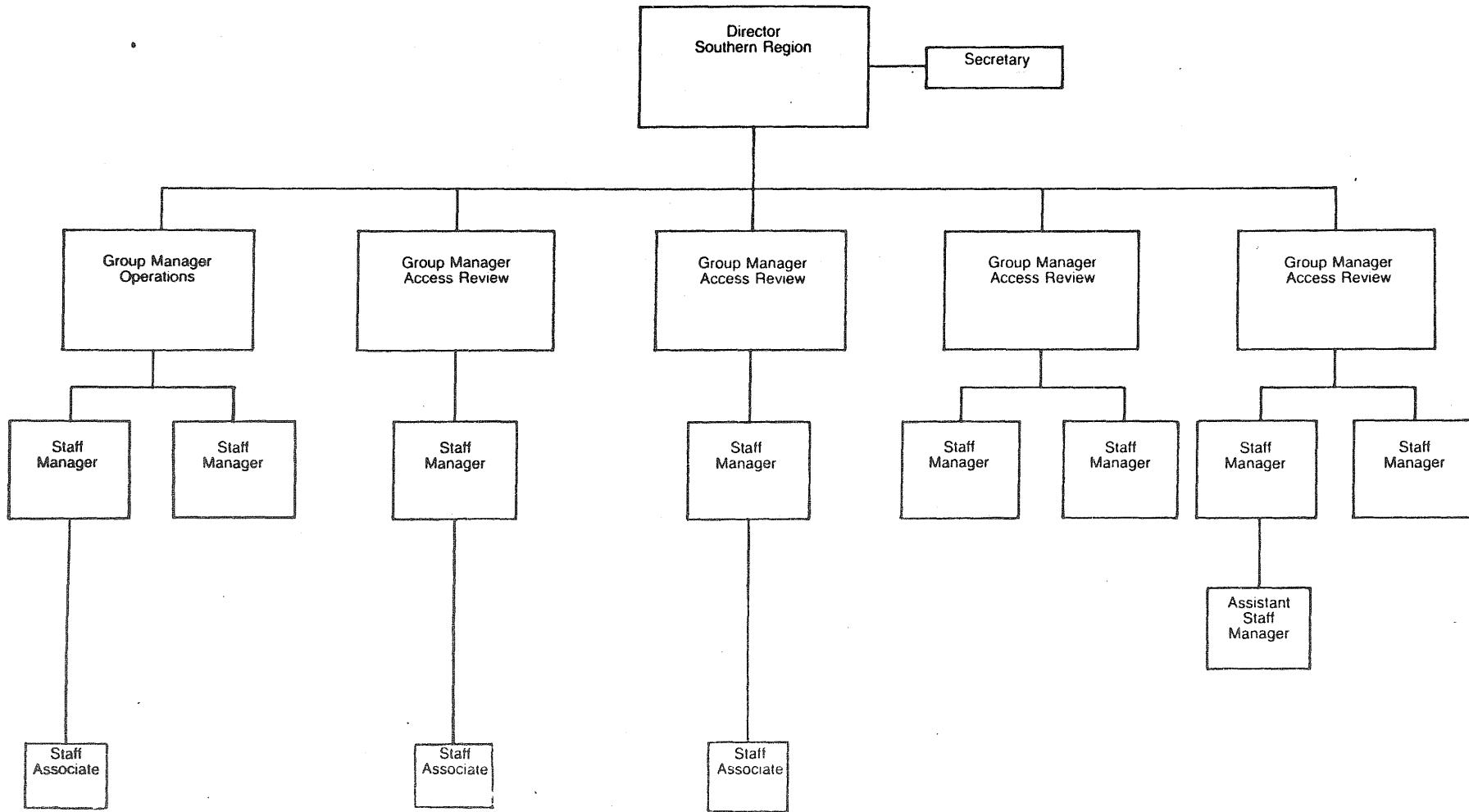
(6N/M)

COST STUDY REVIEWS

- Conducts Reviews Of Cost Study Companies
- Negotiates Resolution Of Any Dispute
- Assists Headquarters In Conducting Special Studies
- Arranges For Contract Personnel Support

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Fig. E-7. Organizational Chart for Southwestern Region Division



OPERATIONS

- Maintains Day-To-Day Contact With Member Companies
- Executes & Administers Contracts With Member Companies
- Performs Intermediate Collection & Reporting Of Monthly Revenue & Settlement Data
- Arranges For Contract Personnel Support
- Liaison Between NECA And Member Companies (5N M)

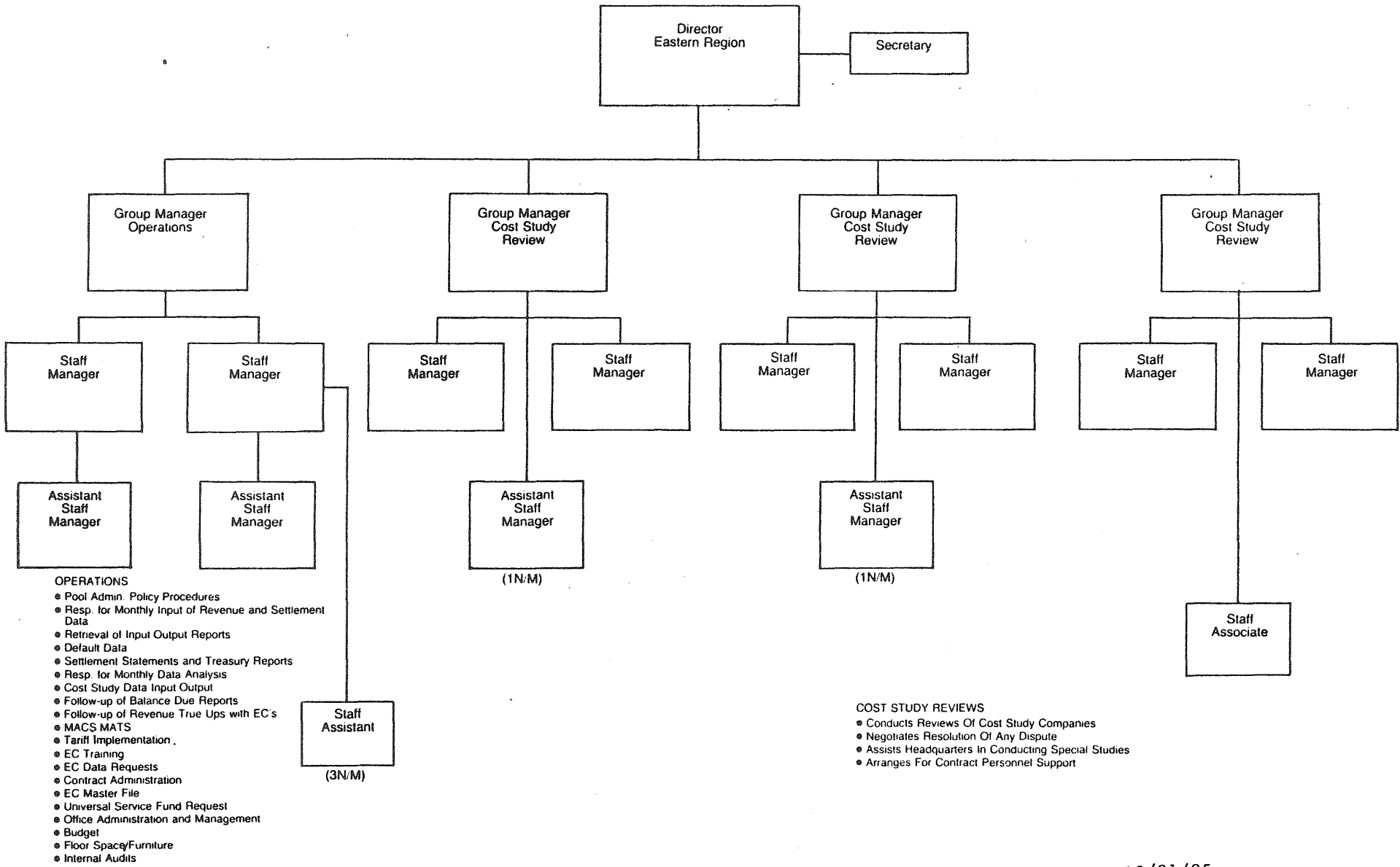
ACCESS REVIEWS

- Maintains Day-To-Day Contact With Member Companies
- Conducts Access Reviews of Companies
- Negotiates Resolution Of Any Dispute
- Assists Headquarters In Conducting Special Studies
- Arranges For Contract Personnel Support
- Liaison Between NECA And Member Companies

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Fig. E-8. Organizational Chart for Southern Region Division

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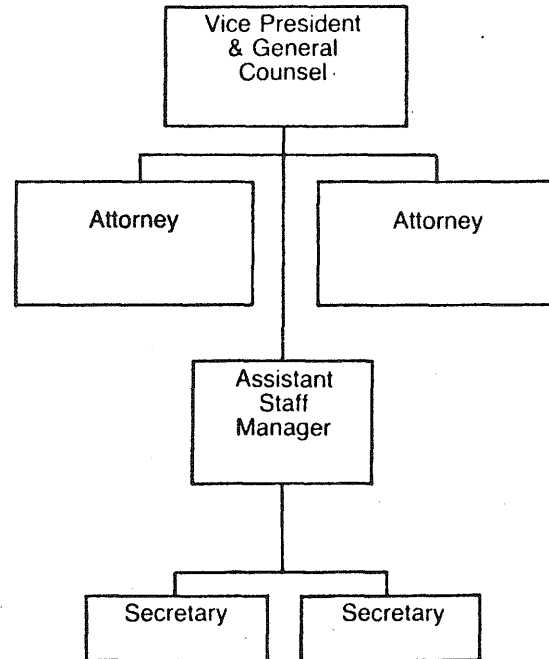
10/31/85

Fig. E-9. Organizational Chart for Eastern Region Division

APPENDIX F

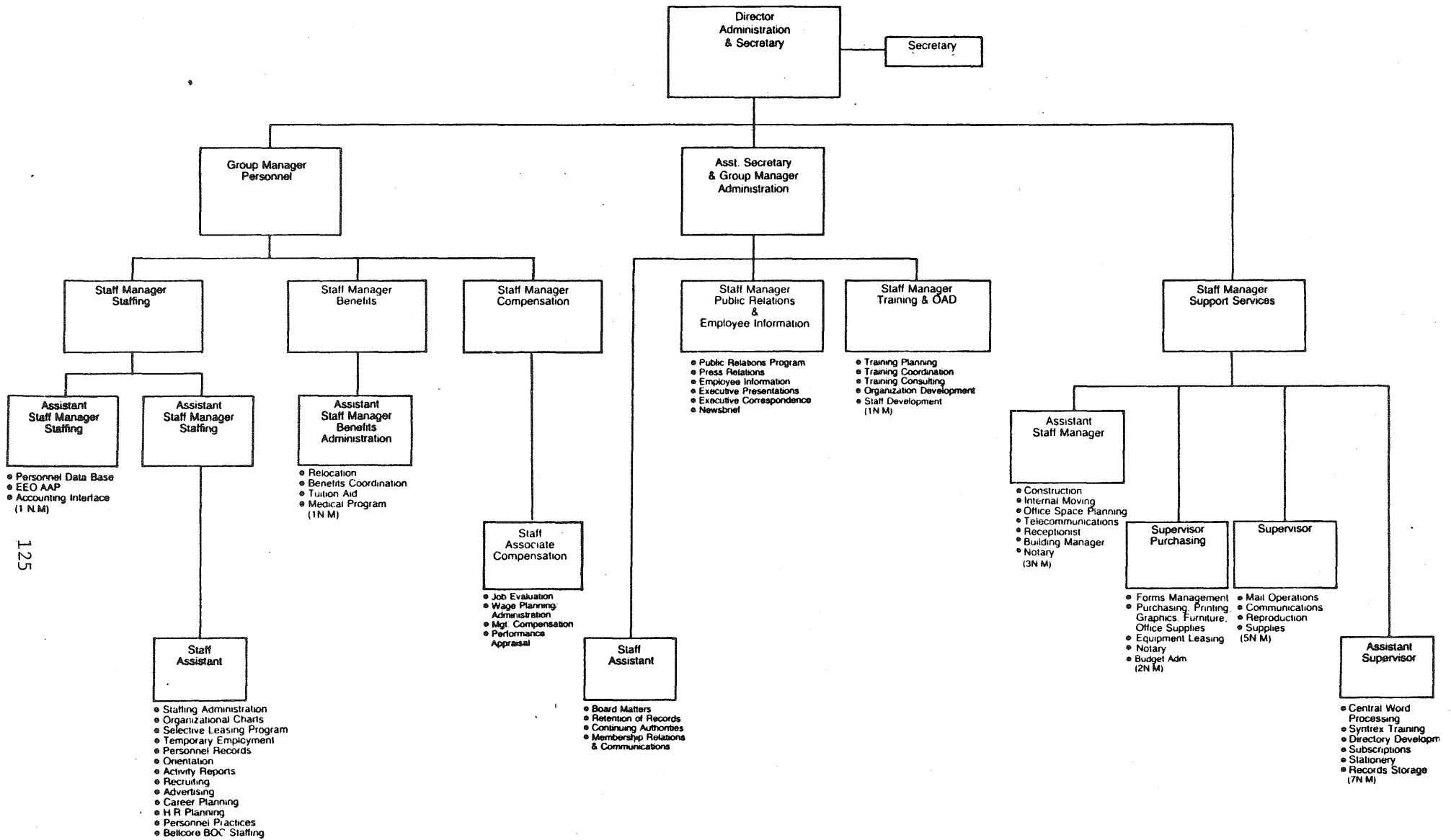
ORGANIZATIONAL STRUCTURE OF NECA'S LEGAL DEPARTMENT
AND ADMINISTRATION DIVISION

This appendix contains the detailed organizational charts for
NECA's Legal department and for the Administration division.



- Provide Advice & Counsel To All NECA Organizations
- Represents NECA In All Regulatory And Court Proceedings

Fig. F-1. Organizational Chart for Legal Department



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Fig. F-2. Organizational Chart for Administration Division

APPENDIX G

NECA MEMBERSHIP

This appendix contains a list of the NECA members. The appendix indicates those companies that participate in the optional NECA tariff elements for the end-user, traffic sensitive, and billing and collection access services. All companies are participating in the NECA tariff element for the carrier common line charge. The companies are classified according to Group A, B, C, and D. This refers to the groupings used by NECA for designating the level of detail for data supplied by the companies for the development of the NECA tariffs. (See chapter 4 for a fuller description of the groupings.) This list is taken from Volume I of the material filed with the FCC on July 2, 1985. This list is current for the access period, beginning October 1, 1985.

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET ---	END USER ---	TRAFFIC SENSITIVE -----	BILLING & COLLECTION -----
GROUP A -----				
SOUTHERN NEW ENGLAND TEL.	2			
OHIO BELL TEL CO	1			
MICHIGAN BELL TEL CO	1			
INDIANA BELL TEL CO	1			
WISCONSIN BELL	1			
ILLINOIS BELL TEL CO	1			
NEW JERSEY BELL	1			
BELL OF PENNSYLVANIA	1			
C & P TELEPHONE COMPANY OF MARYLAND	1			
C & P TELEPHONE COMPANY OF VIRGINIA	1			
C & P TELEPHONE COMPANY OF W VA	1			
DIAMOND STATE TEL. CO.	1			
C & P TELEPHONE COMPANY OF WA, DC	1			
SOUTHERN BELL-FLORIDA	1			
SOUTHERN BELL-GEORGIA	1			
SOUTHERN BELL-NORTH CAROLINA	1			
SOUTHERN BELL-SOUTH CAROLINA	1			
SOUTH CENTRAL BELL-AL	1			
SOUTH CENTRAL BELL-KENTUCKY	1			
SOUTH CENTRAL BELL-LOUISIANA	1			
SOUTH CENTRAL BELL-MISSISSIPPI	1			
SOUTH CENTRAL BELL-TENNESSEE	1			
NEW ENGLAND TEL.-MAINE	1			
NEW ENGLAND TEL.-MA	1			
NEW ENGLAND TEL.-NH	1			
NEW ENGLAND TEL.-VT	1			
NEW YORK TELEPHONE	1			
NEW ENGLAND TEL.-RI	1			
PACIFIC BELL	1			
NEVADA BELL	1			
SOUTHWESTERN BELL-ARKANSAS	1			
SOUTHWESTERN BELL-KANSAS	1			
SOUTHWESTERN BELL-MISSOURI	1			
SOUTHWESTERN BELL-OKLAHOMA	1			
SOUTHWESTERN BELL-TEXAS	1			
NORTHWESTERN BELL-IOWA	1			
NORTHWESTERN BELL-MINNESOTA	1			
NORTHWESTERN BELL-NEBRASKA	1			
NORTHWESTERN BELL-NORTH DAKOTA	1			
NORTHWESTERN BELL-SOUTH DAKOTA	1			
MOUNTAIN BELL-ARIZONA	1			
MOUNTAIN BELL-COLORADO	1			
MOUNTAIN BELL-IDAHO	1			
PACIFIC NORTHWEST BELL-IDAHO	1			
MOUNTAIN BELL-MONTANA	1			
MOUNTAIN BELL-NEW MEXICO	1			
MOUNTAIN BELL-UTAH	1			

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
	----	----	-----	-----
GROUP A				

MOUNTAIN BELL-WYOMING				1
PACIFIC NORTHWEST BELL-WASHINGTON				1
PACIFIC NORTHWEST BELL-OREGON				1
CINCINNATI BELL-KENTUCKY				2
CINCINNATI BELL-OHIO				2
GENERAL TEL CO OF PENNSYLVANIA				2
GTC OF THE SE - VIRGINIA				2
GTC OF THE SE - WEST VIRGINIA				2
GENERAL TEL CO OF FLORIDA				2
GTC OF THE SE - GEORGIA				2
GTC OF THE SE - NORTH CAROLINA				2
GTC OF THE SE - SOUTH CAROLINA				2
GTC OF THE SE - ALABAMA				2
GENERAL TEL CO OF KENTUCKY				2
GTC OF THE SE - TENNESSEE				2
GENERAL TEL OF OHIO				2
GENERAL TEL CO OF MICHIGAN				2
GENERAL TEL CO OF IN INC				2
GENERAL TEL CO OF WISCONSIN				2
GENERAL TEL CO OF ILLINOIS				2
GTC OF THE MW - IOWA				2
GTC OF THE MW - MINNESOTA				2
GTC OF THE MW - NEBRASKA				2
GTC OF THE SW - ARKANSAS				2
GTC OF THE MW - MISSOURI				2
GTC OF THE SW - OKLAHOMA				2
GTC OF THE SW - TEXAS				2
GTC OF THE NW - IDAHO				2
GTC OF THE NW - MONTANA				2
GTC OF THE SW - NEW MEXICO				2
GTC OF THE NW - WASHINGTON				2
GTC OF THE NW - OREGON				2
GENERAL TEL CO OF CALIFORNIA				2
WEST COAST TEL. CO. OF CALIFORNIA				2
GENERAL TELEPHONE COMPANY OF ALASKA				2
HAWAIIAN TELEPHONE COMPANY				2
UNITED-SUSSEX TELEPHONE COMPANY				2
HILLSBOROUGH & MONTGOMERY TEL CO				2
NEW JERSEY TELEPHONE COMPANY				2
UNITED TELEPHONE COMPANY OF NJ				2
WEST JERSEY TELEPHONE COMPANY				2
UNITED TELEPHONE COMPANY OF PA				2
UNITED INTER-MOUNTAIN TELEPHONE CO-VA				2
UNITED TELEPHONE CO. OF FLORIDA				2
CAROLINA TELEPHONE & TEL. CO.				2
UNITED TELEPHONE CO. OF THE CAROLINAS				2
UNITED INTER-MOUNTAIN TEL. COMPANY-TN				2
UNITED TELEPHONE CO. OF OHIO				2

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET ---	END USER ---	TRAFFIC SENSITIVE -----	BILLING & COLLECTION -----
<u>GROUP A</u>				
UNITED TELEPHONE CO. OF INDIANA INC.	2			
UNITED TELEPHONE CO. OF IOWA	2			
UNITED TELEPHONE CO OF MINN	2			
UNITED TELEPHONE CO. OF THE WEST-NE	2			
UNITED TELEPHONE CO. OF ARK. INC.	2			
UNITED TELEPHONE CO OF KS	2			
UNITED TELEPHONE CO. OF MISSOURI	2			
UNITED TELEPHONE CO. OF TEXAS INC.	2			
PALO PINTO TELEPHONE COMPANY	2			
UNITED TELEPHONE CO. OF THE WEST-WY	2			
UNITED TELEPHONE CO OF THE NW - WA	2			
UNITED TELEPHONE CO OF THE NW - OR	2			
CENTRAL TELEPHONE COMPANY OF VA	2			
CENTRAL TELEPHONE COMPANY OF FLORIDA	2			
CENTRAL TELEPHONE COMPANY - NC	2			
CENTRAL TELEPHONE COMPANY OF OHIO	2			
CENTRAL TEL. CO. OF IL	2			
CENTRAL TELEPHONE COMPANY - MN	2			
CENTRAL TELEPHONE COMPANY OF TEXAS	2			
CENTRAL TELEPHONE COMPANY - NEVADA	2			
ROCHESTER TELEPHONE CORPORATION	2			

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
	---	---	-----	-----
GROUP B				
THE LINCOLN TEL. & TELE. CO.	2	X	X	X
PUERTO RICO TEL. CO.	2	X	X	X
VIRGIN ISLANDS TELEPHONE CORPORATION	3	X	X	X
CONTINENTAL TEL. CO OF MAINE	2	X	X	
CONTINENTAL TEL. CO. OF NH, INC.	2	X	X	
CONTINENTAL TEL CO OF VT, INC.	2	X	X	
CONTINENTAL TEL CO OF NY, INC.	2	X	X	
RED HOOK TELEPHONE COMPANY	2	X	X	
WESTERN COUNTIES TELEPHONE CO.	2	X	X	
CONTINENTAL TELEPHONE CO OF PA	2	X	X	
QUAKER STATE TELEPHONE COMPANY	2	X	X	
CONTINENTAL TELEPHONE CO OF VA	2	X		
WEST VIRGINIA TELEPHONE COMPANY	2	X	X	
CONTINENTAL TEL CO OF THE SOUTH - FL	2	X	X	
CONTINENTAL TEL CO OF THE SOUTH-GA	2	X	X	
CONTINENTAL TELEPHONE CO OF N.C.	2	X		
CONTINENTAL TELEPHONE CO OF S.C.	2	X	X	
CONTINENTAL TEL CO OF THE SOUTH - AL	2	X	X	
CONTINENTAL TELEPHONE CO OF KENTUCKY	2	X	X	
CONTINENTAL TELEPHONE CO OF MICHIGAN	2	X	X	X
CONTINENTAL TELEPHONE CO OF IN, INC.	2	X	X	
CONTINENTAL TELEPHONE CO OF ILLINOIS	2	X		
CONTINENTAL TELEPHONE CO. OF IOWA	2	X		
CONTINENTAL TEL CO OF MN, INC.	2	X		
NORTH DAKOTA TELEPHONE COMPANY	2	X		
BISON STATE TELEPHONE COMPANY	2	X	X	
CONTEL OF ARKANSAS	2	X		
KANSAS STATE TELEPHONE COMPANY	2	X	X	X
CONTINENTAL TELEPHONE CO OF KS, INC.	2	X		
CONTINENTAL TELEPHONE CO OF MISSOURI	2	X		
CONTINENTAL TELEPHONE CO OF TEXAS	2	X		
CONTEL OF THE WEST - ARIZONA	2	X	X	
CONTEL OF CALIFORNIA - ARIZONA	2	X		
CONTEL OF THE WEST - IDAHO	2	X	X	
CONTEL OF THE WEST - NEW MEXICO	2	X	X	
CONTEL OF THE WEST - UTAH	2	X	X	
CONTEL OF THE NORTHWEST INC.- WA	2	X	X	
CONTEL OF THE NORTHWEST INC.- OR	2	X	X	
CONTEL OF CALIFORNIA - CALIFORNIA	2	X		
CONTEL OF CALIFORNIA - NEVADA	2	X		
GLACIER STATE TELEPHONE COMPANY	2	X	X	X
JUNEAU & DOUGLAS TELEPHONE COMPANY	2	X	X	X
CLYMER TEL. CO.	2	X	X	X
ALLTEL NEW YORK INC.- FULTON	2	X	X	X
ALLTEL NEW YORK INC. - JAMESTOWN	2	X	X	X
ALLTEL NY INC. - RED JACKET	2	X	X	X
MOUNTAIN STATE TELEPHONE CO.	2	X	X	X
ALLTEL FLORIDA INC.	2	X	X	X

NECA POUL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
	----	----	-----	-----
GROUP B				
ALLTEL CAROLINA INC. - NORTH	2	X	X	X
ALLTEL OHIO INC - WESTERN OHIO	2	X	X	X
ALLTEL MICHIGAN INC.	2	X	X	X
ALLTEL ILLINOIS INC.	2			
ALLTEL ARKANSAS, INC.	2	X	X	X
ALLIED UTILITIES CORPORATION	2	X	X	X
ALLTEL MISSOURI INC.	2	X	X	X
ALLTEL OKLAHOMA, INC.	2	X	X	X
OKLAHOMA ALLIED TELEPHONE COMPANY	2	X	X	X
ALLTEL TEXAS INC.	2	X	X	X
BUTLER TELEPHONE CO. INC.	2	X	X	
ATHENS TELEPHONE COMPANY	2	X	X	
CENTRAL LOUISIANA TELEPHONE COMPANY	2	X	X	
COASTAL TELEPHONE & ELECTRONICS CORP.	2	X	X	
CADDOAN TELEPHONE COMPANY	2	X	X	
EVANGELINE TELEPHONE COMPANY	2	X	X	
NORTHWEST LOUISIANA TEL. CO. INC.	2	X	X	
PLAIN DEALING TELEPHONE COMPANY	2	X	X	
CENTURY TELEPHONE COMPANY INC.	2	X	X	
LOUISIANA WESTERN TELEPHONE COMPANY	2	X	X	
UNITED TELEPHONE COMPANY OF LOUISIANA	2	X	X	
CENTURY TELEPHONE OF WISCONSIN INC.	2	X	X	
LIBERTY TEL. & COMMUNICATIONS INC.	2	X	X	
MOUNTAIN HOME TELEPHONE COMPANY INC.	2	X	X	
UNION TELEPHONE COMPANY INC.	2	X	X	
CARTER COUNTY TELEPHONE CO.	2	X	X	X
HARTLAND & ST. ALBANS TEL. CO.	2	X	X	X
SOMERSET TEL. CO.	2	X	X	X
WARREN TEL. CO.	2	X	X	X
WEST PENOBSCOT TEL. & TEL. CO.	2	X	X	X
KEARSARGE TEL. CO.	2	X	X	X
MERIDEN TEL. CO.	2	X	X	X
LUDLOW TEL. CO.	2	X	X	X
NORTHFIELD TEL. CO.	2	X	X	X
PERKINSVILLE TEL. CO.	2	X	X	X
EDWARDS TELEPHONE CO. INC.	2	X	X	X
SUGAR VALLEY TELEPHONE COMPANY	2	X	X	X
AMELIA TEL. CORP.	2	X	X	X
QUINCY TELEPHONE CO-FL DIV.	2	X	X	X
QUINCY TELEPHONE CO-GA DIV.	2	X	X	X
BARNARDSVILLE TELEPHONE COMPANY	2	X	X	X
MCCLELLANVILLE TEL. CO. INC.	2	X	X	X
WILLISTON TELEPHONE COMPANY	2	X	X	X
PEOPLES TELEPHONE COMPANY	2	X	X	X
TENNESSEE TELEPHONE COMPANY	2	X	X	X
CONTINENTAL TELEPHONE CO OF OHIO	2	X	X	X
FRYETTEVILLE TELEPHONE COMPANY	2	X	X	X
CLAYTON TELEPHONE COMPANY	2	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
	---	---	-----	-----
GROUP 8				

HICKORY TELEPHONE COMPANY	2	X	X	X
ELNORA TELEPHONE COMPANY INC.	2	X	X	X
HOME TELEPHONE COMPANY INC.	2	X	X	X
BADGER STATE TELEPHONE CO INC.	2	X	X	X
BONDUEL TELEPHONE COMPANY	2	X	X	X
BURLINGTON BRIGHTON & WHEATLAND TEL	2	X	X	X
CENTRAL STATE TELEPHONE COMPANY	2	X	X	X
DODGE COUNTY TELEPHONE COMPANY	2	X	X	X
FENNIMORE TELEPHONE COMPANY	2	X	X	X
GREENWOOD TELEPHONE CO INC.	2	X	X	X
MIDWAY TELEPHONE COMPANY	2	X	X	X
MOSEL & CENTERVILLE TELEPHONE CO	2	X	X	X
MOUNT VERNON TELEPHONE COMPANY	2	X	X	X
ROCK RIVER TELEPHONE COMPANY	2	X	X	X
SCANDINAVIA TELEPHONE COMPANY	2	X	X	X
STUCKBRIDGE & SHERWOOD TEL. CO.	2	X	X	X
VALDERS TELEPHONE COMPANY	2	X	X	X
MID STATE TELEPHONE COMPANY	2	X	X	X
OKLAHOMA COMMUNICATION SYSTEMS INC.	2	X	X	X
TROY TELEPHONE COMPANY	2	X	X	X
ASOTIN TELEPHONE COMPANY - WA	2	X	X	X
HOME TELEPHONE COMPANY	2	X	X	X
ASOTIN TELEPHONE COMPANY - OREGON	2	X	X	X
ROMAIN TELEPHONE COMPANY	2	X	X	X
TEXAS-MIDLAND TELEPHONE COMPANY	2	X	X	X
TRINITY VALLEY TELEPHONE COMPANY INC.	2	X	X	X
NAVAJO COMMUNICATIONS CO. INC.- AZ	2	X	X	X
NAVAJO COMMUNICATIONS CO INC.-NM	2	X	X	X
NAVAJO COMMUNICATIONS COMPANY - UT	2	X	X	X
C P NATIONAL CORP. - OREGON	2	X	X	X
C P NATIONAL CORP. - CALIFORNIA	2	X	X	X
TUOLUMNE TELEPHONE COMPANY	2	X	X	X
C P NATIONAL CORP. - NEVADA	2	X	X	X
CITIZENS UTILITIES RURAL COMPANY INC.	2	X	X	X
CITIZENS UTILITIES CO. OF CALIF.	2	X	X	X
AU SABLE VALLEY TEL. CO. INC.	2	X	X	X
HIGHLAND TELEPHONE CO.	2		X	X
SYLVAN LAKE TELEPHONE COMPANY	2		X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION

GROUP C				

ACE TELEPHONE ASSOCIATION - MN	3	X	X	X
ACE TELEPHONE ASSOCIATION- IOWA	3	X	X	X
ACE TELEPHONE CO. OF MI INC.	3	X	X	X
ADDISON HOME TEL. CO.	3	X	X	X
ALBION TEL. CO. INC.	3	X	X	X
ALMA TELEPHONE CO INC - GEORGIA	3	X	X	X
ALTO TELEPHONE COMPANY	3	X	X	
AMERY TELEPHONE COMPANY	3	X	X	X
AMHERST TELEPHONE COMPANY	3	X	X	X
ANCHORAGE TELEPHONE UTILITY	2	X		
ARAPAHOE TELEPHONE COMPANY	3	X	X	X
ARCTIC SLOPE TEL. ASSOCIATION COOP. INC.	3	X	X	X
ARIZONA TEL. CO.	3	X	X	X
ARMSTRONG TELEPHONE COMPANY OF MD	3	X	X	X
ARROWHEAD COMMUNICATIONS CORP.	3	X	X	X
ARVIG TELEPHONE COMPANY	3	X	X	
ASSARIA TELEPHONE EXCHANGE INC.	3	X	X	X
ATLANTIC TELEPHONE MEMB. CORP.	3	X	X	X
AYRSHIRE FMRS. MUT. TEL. CO.	3			
BACA VALLEY TEL. CO.	3	X	X	X
BAY SPRINGS TELEPHONE COMPANY INC.	3			
BAYLAND TELEPHONE INC.	3	X	X	X
BEAVER CREEK COOPERATIVE TEL. CO.	3	X	X	X
BEK TELEPHONE MUTUAL AID CORP.	3	X	X	X
BENKELMAN TELEPHONE COMPANY INC.	3	X	X	X
BERKSHIRE TEL. CO.	3	X	X	X
BERNARD TELEPHONE COMPANY INC.	3	X	X	X
BIG BEND TELEPHONE COMPANY INC.	3	X	X	X
BIG SANDY TELECOM INC.	3	X	X	X
BIJOU TEL COOPERATIVE ASSOC. INC	3	X	X	X
BLACKDUCK TELEPHONE COMPANY	3	X	X	X
BLACKFOOT TEL. COOPERATIVE INC.	3	X	X	X
BLAIR TELEPHONE COMPANY	3	X	X	
BLANCA TELEPHONE CO.	3	X	X	X
BLANCHARD TELEPHONE ASSOC. INC.	3	X	X	X
BLOOMINGDALE TELEPHONE COMPANY	3	X	X	X
BLUE VALLEY TELEPHONE COMPANY INC.	3	X	X	X
BLUFFTON TEL. & APPL. CO. INC.	3	X	X	X
BOURBEUSE TELEPHONE COMPANY	3			
BRANTLEY TELEPHONE COMPANY INC.	3	X	X	X
BRAZORIA TEL. CO.	3	X	X	X
BRAZOS TELEPHONE COOPERATIVE INC.	3	X	X	X
BRIDGEWATER TELEPHONE COMPANY	3	X	X	
BRISTOL BAY TEL. COOP. INC.	3	X	X	X
BROOKINGS-LAKE TELEPHONE COMPANY	3	X	X	X
BROOKLYN MUTUAL TELEPHONE COMPANY	3	X	X	X
BRUCE TELEPHONE COMPANY, INC. - WI	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP C				

BUSH-TELL INC.	3	X	X	X
C C & S TELCO INC.- OHIO	3	X	X	X
C-R TELEPHONE COMPANY	3			
C.C. & S TELCO, INC. - MICHIGAN	3	X	X	X
CALAVERAS TELEPHONE COMPANY	3	X	X	X
CALIFORNIA-OREGON TELEPHONE CO	3	X	X	X
CAMBRIDGE TEL. CO., INC.-ID	3	X	X	X
CAMDEN TEL & TEL CO INC - GEORGIA	3	X	X	X
CAMERON TEL. CO.- LA	3	X	X	X
CAMERON TELEPHONE COMPANY - TEXAS	3	X	X	X
CANADIAN VALLEY TELEPHONE CO.	3	X	X	X
CANBY TELEPHONE ASSOCIATION	3		X	X
CAP ROCK TELEPHONE COMPANY INC.	3	X	X	X
CAPAY VALLEY TEL. SYSTEM INC.	3	X	X	X
CARNEGIE TELEPHONE CO. INC.	3	X	X	X
CARR TELEPHONE COMPANY	3	X	X	X
CASCADE UTILITIES INC.	3	X	X	X
CASCO TELEPHONE COMPANY	3	X	X	X
CENCOM OF WISCONSIN INC.	2	X	X	X
CENTRAL ARKANSAS TEL. COOP INC.	3	X	X	X
CENTRAL OKLAHOMA TELEPHONE CO.	3	X	X	X
CENTRAL TEXAS TELEPHONE CO-UP. INC.	3	X	X	X
CENTRAL UTAH TEL. INC.	3	X	X	X
CHAMPLAIN TEL. CO.	3	X	X	
CHATHAM TELEPHONE COMPANY - LA	3	X	X	X
CHATHAM TELEPHONE COMPANY - MI	3	X	X	X
CHAUTAQUA & ERIE TEL. CORP.	3	X	X	X
CHAZY & WESTPORT TEL. CORP.	3	X	X	X
CHEQUAMEGON TELEPHONE COOP INC.	3	X	X	X
CHEROKEE TELEPHONE CO.	3	X	X	X
CHEYENNE RIVER SIOUX TRIBAL TEL AUTH	3	X	X	X
CHIBARDUN TELEPHONE COOP INC.	3	X	X	X
CHICKASAW TELEPHONE CO.	3	X	X	X
CHILLICOTHE TELEPHONE COMPANY	3	X	X	X
CHINA TEL. CO.	3	X	X	X
CHIPPEWA COUNTY TELEPHONE COMPANY	3	X	X	X
CHOUTEAU TELEPHONE CO.	3	X	X	X
CHURCHILL CO. TEL. & TEL. SYSTEM	3	X	X	X
CITIZENS TEL. CO OF HAMMOND, NY	3	X	X	X
CITIZENS TELEPHONE CO - MISSOURI	3			
CITIZENS TELEPHONE CO INC - GEORGIA	3	X	X	X
CITIZENS TELEPHONE COMPANY - NC	3	X	X	X
CLARKS TELEPHONE COMPANY	3	X	X	X
CLAY CTY RURAL TEL. COOP. INC.	3	X	X	X
CLEAR CREEK MUTUAL TELEPHONE CO.	3	X	X	X
COASTAL UTILITIES INC	3	X	X	X
COLEMAN COUNTY TELEPHONE CO-UP. INC.	3	X	X	X
COLMESNEIL TELEPHONE COMPANY	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP C				

COLORADO VALLEY TELEPHONE CO-OP. INC.	3	X	X	X
COLTON TELEPHONE COMPANY	3	X	X	X
COLUMBINE TELEPHONE COMPANY	3	X	X	X
COMANCHE COUNTY TEL COMPANY INC.	3	X	X	X
CONROE TELEPHONE COMPANY	3	X	X	
CONSOLIDATED TELCO, INC.	3	X	X	X
CONSOLIDATED TELEPHONE COMPANY- MN	3	X	X	X
CONSOLIDATED TELEPHONE COOPERATIVE	3	X	X	X
CONTINENTAL TELEPHONE CO OF NEBRASKA	2	X	X	X
COPPER VALLEY TEL. COOP. INC.	3	X	X	X
CORDOVA TELEPHONE COOPERATIVE	3	X	X	X
COWICHE TELEPHONE CO. INC.	3	X	X	X
COZAG TELEPHONE COMPANY	3	X	X	X
CRANDON TELEPHONE COMPANY	3	X	X	X
CRAW-KAN TELEPHONE COOP INC- KS	3	X	X	X
CROSS TELEPHONE CO.	3	X	X	
CROSSLAKE TELEPHONE COMPANY	3	X	X	X
CROWN POINT TELEPHONE CORPORATION	3	X	X	X
CUNNINGHAM TELEPHONE CO. INC.	3	X	X	
CURTIS TELEPHONE COMPANY	3	X	X	X
CUSTER TEL. COOPERATIVE INC.	3	X	X	X
DAKOTA CENTRAL RURAL TEL COOP ASSN	3	X	X	X
DALTON TEL. CO., INC.	3	X	X	X
DARIEN TELEPHONE CO. INC.	3	X	X	X
DECATUR TELEPHONE CO INC - MS	3	X	X	X
DEER RIVER TELEPHONE CO.	3	X	X	X
DELHI TELEPHONE COMPANY	3	X	X	X
DELL TELEPHONE CO-OP. INC.	3	X	X	X
DELL TELEPHONE CO-OP. INC.-NM	3	X	X	X
DELTA COUNTY TELE-COOP INC.	3	X	X	X
DELTA TELEPHONE COMPANY INC.	3	X	X	X
DICKEY RURAL TEL COOP.	3	X	X	X
DILLER TELEPHONE COMPANY	3	X	X	X
DOBSON TELEPHONE CO.	3	X	X	X
DUBOIS TELEPHONE EXCHANGE INC.	3	X	X	X
DUCOR TELEPHONE COMPANY	3	X	X	X
DUNKERTON TELEPHONE COOP., INC.	3	X	X	X
DUNKIRK AND FREDONIA TEL. CO.	3		X	X
E. RITTER TELEPHONE COMPANY	3	X	X	X
E.N.M.R. TEL COOP. INC.-NM	3	X	X	X
E.N.M.R. TEL. COOP., INC.-TX	3	X	X	X
EAGLE TELECOMMUNICATIONS INC.	3			
EAGLE VALLEY TELEPHONE COMPANY	3	X	X	X
EAST ASCENSION TELEPHONE COMPANY	3			
EAST OTTER TAIL TELEPHONE CO.	3	X	X	X
EASTERN MISSOURI TELEPHONE CO.	3	X	X	X
EASTERN NEBRASKA TELEPHONE COMPANY	3	X	X	
EASTERN SLOPE RURAL TEL ASSN INC	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP C				

EASTEX TELEPHONE COOPERATIVE INC.	3	X	X	X
EGYPTIAN TELEPHONE COOPERATIVE ASSN.	3			
EL PASO COUNTY MUTUAL TEL CO	3	X	X	X
EL PASO TELEPHONE COMPANY	3			
ELIZABETH TELEPHONE COMPANY INC	3	X	X	X
ELKHART TELEPHONE COMPANY INC.	3			
ELLENSBURG TELEPHONE COMPANY	3	X	X	X
ELLIJAY TEL. CO.	3	X	X	X
EMERY COUNTY FARMERS UNION TEL ASSN	3	X	X	X
EMILY COOPERATIVE TELEPHONE CO.	3	X	X	X
EMPIRE TELEPHONE CORP - NEW YORK	3	X	X	X
ETEX TELEPHONE COOPERATIVE INC.	3	X	X	X
EVANS TELEPHONE COMPANY	3	X	X	X
FAIRBANKS MUNICIPAL UTILITIES SYSTEM	3	X	X	X
FARMERS MUTUAL TEL CO - COLORADO	3	X	X	X
FARMERS TEL COOP INC - SC	3	X	X	X
FIDELITY TELEPHONE COMPANY	3			
FIVE AREA TELEPHONE CO-OP. INC.	3	X	X	X
FLORALA TELEPHONE COMPANY- FLORIDA	3	X	X	X
FOOTVILLE TELEPHONE COMPANY	3	X	X	X
FORESTHILL TELEPHONE COMPANY	3	X	X	X
FORT BEND TELEPHONE COMPANY	3	X	X	X
FRANKLIN TELEPHONE COMPANY INC - MS	3	X	X	X
GANAUD TELEPHONE COMPANY INC.	3	X	X	X
GARDEN VALLEY TELEPHONE COMPANY	3	X	X	X
GEM STATE UTILITIES CORP-ID	2			
GEM STATE UTILITIES CORP-NV	2			
GERMANTOWN TELEPHONE CO INC.	3	X	X	X
GLENWOOD TELEPHONE MEMBERSHIP CORP.	3	X	X	X
GOLDEN BELT TELEPHONE ASSN. INC.	3	X	X	X
GOLDEN WEST TEL. CUOP., INC	3	X	X	X
GOODMAN TEL. CO.	3	X	X	X
GRACEBA TOTAL COMMUNICATIONS	3	X	X	X
GRANADA TEL. CO.	3	X	X	X
GRAND RIVER MUTUAL TEL CORP - IA	3	X	X	X
GRAND RIVER MUTUAL TEL CORP - MO	3	X	X	X
GRAND TELEPHONE CO. INC.	3	X	X	X
GRANITE STATE TEL. CO.	3	X	X	X
GREAT PLAINS COMMUNICATIONS, INC.	3	X		
GRIDLEY TELEPHONE COMPANY	3			
GROVE HILL TEL. CORP.	3	X	X	X
GUADALUPE VALLEY TEL CO-OP. INC.	3	X	X	X
GULF TEL. CO.- FL	3	X	X	X
GULF TELEPHONE COMPANY - ALABAMA	3	X	X	X
H & B COMMUNICATIONS INC.	3	X	X	
HAGER CITY TELEPHONE COMPANY	3	X	X	X
HALSTAD TELEPHONE COMPANY	3	X	X	X
HAMPDEN TEL. CO.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	<u>SUB</u> <u>SET</u>	<u>END</u> <u>USER</u>	<u>TRAFFIC</u> <u>SENSITIVE</u>	<u>BILLING &</u> <u>COLLECTION</u>
GROUP C				
HANCOCK TELEPHONE COMPANY - NY	3	X	X	X
HAPPY VALLEY TELEPHONE COMPANY	3	X	X	X
HARDY TELEPHONE COMPANY	3	X	X	X
HARGRAY TEL. CO. INC.	3	X	X	X
HARTMAN TELEPHONE EXCHANGES INC.	3	X	X	X
HAT ISLAND TELEPHONE COMPANY	3	X	X	X
HAVILAND TELEPHONE COMPANY INC.	3	X	X	X
HAXTUN TELEPHONE COMPANY	2	X	X	X
HEADWATERS TEL. CO.	3	X	X	X
HEINS TELEPHONE COMPANY	3		X	X
HELIX TELEPHONE COMPANY	3	X	X	X
HEMINGFORD COOP. TELEPHONE COMPANY	3	X	X	X
HERSHEY COOPERATIVE TELEPHONE CO	3	X	X	X
HIAWATHA TELEPHONE COMPANY	3	X	X	X
HILL COUNTRY TELEPHONE CO-OP. INC.	3	X	X	X
HILLSBORO TELEPHONE COMPANY INC.	3	X	X	X
HINTON TELEPHONE CO.	3	X	X	X
HOME TELEPHONE COMPANY INC.	3	X	X	X
HOOD CANAL TELEPHONE COMPANY	3	X	X	X
HOPPER TEL. COMPANY INC.	3	X	X	X
HORNITOS TELEPHONE EXCHANGE	3	X	X	X
HORRY TEL. COOP. INC.	3	X	X	X
HUGHES TELEPHONE COMPANY	3	X	X	X
ILLINOIS CONSOLIDATED TELEPHONE COMPANY	2			
INDIANHEAD TEL. CO.	3	X	X	X
INDIANTOWN TELEPHONE SYSTEM	3	X	X	X
INDUSTRY TELEPHONE COMPANY	3	X	X	X
INLAND TEL. CO.	3			
INLAND TELEPHONE COMPANY - ID	3	X	X	X
INLAND TELEPHONE COMPANY - IA	3	X	X	X
INTER-COMMUNITY TELEPHONE COMPANY	3	X	X	X
INTERBEL TEL. COOPERATIVE INC.	3	X	X	X
INTERIOR TELEPHONE COMPANY INC.	3	X	X	X
INTERSTATE TELEPHONE COMPANY	3	X	X	X
J. B. N. TELEPHONE COMPANY INC.	3	X	X	X
JETMORE TEL. CO.	3	X	X	X
JOHNSON TELEPHONE COMPANY	3	X	X	X
K & M TELEPHONE COMPANY INC.	3			
KALAMA TELEPHONE COMPANY	3	X	X	X
KALONA COOP TELEPHONE COMPANY	3			
KAMAS-WOODLAND TEL. CO.	3	X	X	X
KANOKLA TELEPHONE ASSN. INC. - OK	3	X	X	X
KENNEBEC TELEPHONE COMPANY	3	X	X	X
KERMAN TELEPHONE COMPANY	3			
KERRVILLE TELEPHONE COMPANY	3	X	X	X
KETCHIKAN PUBLIC UTILITIES	3	X	X	X
KEYSTONE-ARTHUR TELEPHONE COMPANY	3	X	X	X
KINGDOM TELEPHONE COMPANY	3	X	X	X

NECA PUDL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP C				
LA JICARITA RURAL TEL. COOP. INC.	3	X	X	X
LA WARD TELEPHONE EXCHANGE INC.	3	X	X	X
LACKAWAXEN TELEPHONE COMPANY	3	X	X	X
LAFOURCHE TEL. CO.	3	X	X	
LAKE DALLAS TELEPHONE COMPANY	3	X	X	X
LAKE TELEPHONE COMPANY	3	X	X	X
LAKEDALE TELEPHONE COMPANY	3	X	X	
LAKESHORE TELEPHONE COMPANY	3	X	X	X
LAKESIDE TEL. CO.	3			
LARSEN-READFIELD TEL. CO.	3	X	X	X
LATHROP TELEPHONE COMPANY	3	X	X	X
LEACO RURAL TEL. COOPERATIVE INC.	3	X	X	X
LEAF RIVER VALLEY TELEPHONE COMPANY	3	X		
LEMONWEIR VALLEY TEL. CO.	3	X	X	X
LEWIS RIVER TELEPHONE COMPANY INC.	3	X	X	X
LINCOLN COUNTY TELEPHONE SYSTEM INC.	3	X	X	X
LINCOLN TEL. CO. INC.	3	X	X	X
LIVINGSTON TEL. CO. OF CA	3			
LOST NATION - ELWOOD TEL. CO.	3	X	X	X
LUFKIN TELEPHONE EXCHANGE INC.	3	X	X	
MADELIA TELEPHONE COMPANY	3	X	X	X
MADISON COUNTY TEL. CO. INC.	3	X	X	X
MADISON TEL. CO. INC. - KS	3	X	X	X
MALHEUR HOME TELEPHONE COMPANY	1		X	
MANAWA TELEPHONE COMPANY	3	X	X	
MARGARETVILLE TEL. CO. INC.	3	X	X	X
MARQUETTE-ADAMS TEL. COOP. INC.	3	X	X	X
MASHELL TELEPHONE COMPANY INC.	3	X	X	X
MATANUSKA TEL. ASSOCIATION, INC.	3	X		
MCCOOK COOPERATIVE TELEPHONE CO.	3	X	X	X
MCCLOUD TELEPHONE CO.	3	X	X	X
MEDICINE BOW TEL. CO. INC.	3	X	X	X
MERRIMACK COUNTY TEL. CO.	3	X	X	
MID-AMERICA TEL., INC.	3	X	X	X
MID-MISSOURI TELEPHONE CO.	3	X	X	X
MID-PLAINS RURAL TEL. CO-OP. INC.	3	X	X	X
MID-RIVERS TEL. COOPERATIVE INC.	3	X	X	X
MIDDLEBURGH TELEPHONE CO.	3	X	X	X
MIDLAND TELEPHONE COMPANY	3			
MIDSTATE TELEPHONE COMPANY	3	X	X	X
MIDSTATE TELEPHONE COMPANY	3	X	X	X
MIDVALE TEL. EXCH. INC.	3	X	X	X
MIDWAY TELEPHONE COMPANY	3	X	X	X
MILLER TELEPHONE COMPANY - MO	3	X	X	X
MILLINGTON TELEPHONE COMPANY INC.	3	X	X	X
MILLYN TELEPHONE CO. INC	3	X	X	X
MILLTOWN MUTUAL TELEPHONE COMPANY	3	X	X	X
MISSOURI TELEPHONE COMPANY	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP C				
MO-KAN DIAL, INC.- KS	3	X	X	X
MO-KAN DIAL, INC.- MO	3	X	X	X
MOAPA VALLEY TELEPHONE COMPANY	3	X	X	X
MOLALLA TELEPHONE COMPANY	3	X	X	X
MONROE COUNTY TELEPHONE COMPANY	3	X	X	X
MONROE TELEPHONE COMPANY	3	X	X	X
MONROEVILLE TELEPHONE COMPANY	3	X	X	X
MOULTRIE INDEPENDENT TELEPHONE COMPANY	3			
MOUNDRIDGE TEL. CO.	3	X	X	X
MOUNT HOREB TELEPHONE COMPANY	3	X	X	X
MUENSTER TELEPHONE CORP. OF TEXAS	3	X	X	X
MUKLUK TEL. COMPANY, INC.	3	X	X	X
MURDOCKSVILLE IND. TEL. CO.	3	X	X	X
NATIONAL TEL. CO. OF AL	3	X	X	X
NEBRASKA CENTRAL TELEPHONE COMPANY	3	X	X	X
NEHALEM TELEPHONE AND TELEGRAPH	3	X	X	X
NEMONT TELEPHONE COOP.- MONTANA	3	X	X	X
NEVADA TELEPHONE-TELEGRAPH COMPANY	3	X	X	X
NEW PARIS TELEPHONE INC.	3	X	X	X
NEW ULM RURAL TELEPHONE COMPANY	3	X	X	X
NEWPORT TELEPHONE CO. INC.	3	X	X	X
NIAGARA TELEPHONE COMPANY	3	X	X	X
NICHOLVILLE TEL. CO. INC.	3	X	X	X
NORMAN COUNTY TELEPHONE CO. INC.	3	X	X	X
NORTH PENN TELEPHONE COMPANY	3	X	X	X
NORTH STATE TELEPHONE COMPANY - OR	3	X	X	X
NORTH-WEST TELEPHONE COMPANY	3	X	X	X
NORTHEAST FLORIDA TEL. CO., INC.	3	X	X	X
NORTHEAST LOUISIANA TEL. CO. INC.	3	X	X	X
NORTHEAST MISSOURI RURAL TEL. CO.	3	X	X	X
NORTHEAST NEBRASKA TELEPHONE COMPANY	3	X	X	X
NORTHERN ARKANSAS TEL. CO., INC.	3	X	X	X
NORTHERN TEL. COOP INC.- MT	3	X	X	X
NORTHLAND TELEPHONE COMPANY	3	X	X	X
NORTHWEST MUTUAL AID TELEPHONE CORP.	3	X	X	X
NORTHWESTERN TELEPHONE SYSTEMS, INC.	2			
NOKAPATER TEL. CO., INC.	3	X	X	X
NUCLA-NATURITA TEL. CO.	3	X	X	X
NUNN TEL. COMPANY	3	X	X	X
NUSHAGAK TELEPHONE COOPERATIVE, INC.	3	X	X	X
OGDEN TELEPHONE COMPANY - NY	3			
OKLAHOMA TELEPHONE & TELEGRAPH INC.	3	X	X	X
ONEIDA COUNTY RURAL TEL. CO.	3	X	X	X
ONTONAGON COUNTY TELEPHONE CO.	3	X	X	X
ORCHARD FARM TELEPHONE COMPANY	3			
OREGON TELEPHONE CORPORATION	3	X	X	X
ORWELL TELEPHONE COMPANY	3	X	X	X
OTZ TELEPHONE COOPERATIVE, INC.	3	X	X	X

NECA POUL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP C				
PANHANDLE TELEPHONE COOPERATIVE INC.	3	X	X	X
PAUL BUNYAN RURAL TEL. COOP.	3	X	X	X
PEEPLS TELEPHONE COMPANY	3	X	X	X
PEETZ COOP. TEL. CO.	3	X	X	X
PENASCO VALLEY TEL. COOPERATIVE INC.	3	X	X	X
PENINSULA TEL. AND TELE. CO.-WA	3	X	X	X
PEOPLES MUTUAL TEL. CO.-KS	3	X	X	X
PEOPLES TELEPHONE CO OF RANDOLPH	3	X	X	X
PEOPLES TELEPHONE COOPERATIVE - TX	3	X	X	X
PERRY-SPENCER RURAL TEL. COOP. INC.	3	X	X	X
PETERSBURG TELEPHONE COMPANY	3	X	X	X
PHILLIPS COUNTY TEL. CO.	3			
PIERCE TELEPHONE COMPANY	3	X	X	X
PIGEON TELEPHONE COMPANY	3	X	X	X
PINE BELT TELEPHONE COMPANY	3	X	X	X
PINELAND TELEPHONE COOP INC.	3		X	X
PINNACLES TELEPHONE COMPANY	3	X	X	X
PIONEER TEL. COOP. INC.	3			
PIONEER TELEPHONE COMPANY	3	X	X	X
PIONEER TELEPHONE COOPERATIVE	3	X	X	X
PLAINS COOPERATIVE TEL. ASSOC. INC.	3	X	X	X
PLANT TEL. & POWER CO. INC.	3	X	X	X
PLATTEVILLE TELEPHONE COMPANY	3	X	X	X
POKA-LAMBRO RURAL TEL. CO-OP. INC.	3	X	X	X
POLAR COMMUNICATIONS MUTUAL AID CORP	3	X	X	X
POND BRANCH TEL. CO. INC.	3	X	X	X
PORT BYRON TELEPHONE COMPANY	3	X	X	X
POTTAWATOMIE TELEPHONE CO.	3	X	X	X
PRAIRIE TEL. CO.	3			
PRESCOTT TELEPHONE & TELEGRAPH CO	3	X	X	X
PRICE COUNTY TELEPHONE COMPANY	3	X	X	X
PROJECT MUTUAL TEL. COOP. ASSN.	3	X	X	X
PROJECT TEL. CO.	3	X	X	X
PUBLIC SERVICE TELEPHONE CO.	3	X	X	X
PUERTO RICO COMMUNICATION AUTHORITY	3	X	X	X
PULASKI-WHITE RURAL TEL. COOP. INC.	3	X	X	X
RAGLAND TEL. CO.	3	X	X	X
RAINBOW TEL COOPERATIVE ASSN INC.	3	X	X	X
RANGE TEL. COOP INC.-MT	3	X	X	X
RANGE TEL. COOPERATIVE INC.	3	X	X	X
RESERVATION TELEPHONE COOPERATIVE	3	X	X	X
RHINELANDER TEL. CO.	3	X	X	X
RIB LAKE TELEPHONE COMPANY	3	X	X	X
RINGGOLD TEL. CO.,INC.	3	X	X	X
RIO VIRGIN TELEPHONE COMPANY	3	X	X	X
RIVIERA TELEPHONE COMPANY INC.	3	X	X	X
ROANCKE & BOTETOURT TEL. CO.	3	X	X	X
ROCK COUNTY TEL. CO.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP C				
ROCKLAND TEL. CO., INC.	3	X	X	X
RODEO TELEPHONE INC.	3	X	X	X
ROOSEVELT COUNTY RURAL TEL. COOP., INC.	3	X	X	X
ROSEVILLE TELEPHONE COMPANY	3	X	X	X
RTI/HALSEY TEL. CO.	3	X	X	X
RURAL TEL. SERVICE CO., INC.	3	X	X	X
S & A TEL. CO., INC.	3	X	X	X
S & T TEL. COOP. ASSN.	3	X	X	
SANBORN TEL. COOP.	3	X	X	X
SANTA ROSA TEL. COOP., INC.	3	X	X	X
SANTA ROSA TELEPHONE COOP. INC.	3	X	X	X
SCIO MUTUAL TEL. CO.	3	X	X	X
SENECA TEL. CO.	3	X	X	X
SENECA-GORHAM TEL. CORP.	3			
SHELL LAKE TEL. CO.	3	X	X	X
SHERBURNE COUNTY RURAL TEL. CO.	3	X	X	X
SIERRA TEL. CO., INC.	3			
SILVER STAR TEL. CO. INC.-ID	3	X	X	X
SILVER STAR TEL. CO.- WY	3	X	X	X
SIREN TELEPHONE CO., INC.	3	X	X	X
SITKA TELEPHONE COMPANY	2			
SKYLINE TELECOM	3	X	X	X
SLEDGE TEL. CO., INC.	3	X	X	X
SLEEPY EYE TEL. CO.	3	X	X	X
SOLOM SPRINGS TEL. CO.	3	X	X	X
SOURIS RIVER TEL. MUTUAL AID CORP.	3	X	X	X
SOUTH ARKANSAS TEL. CO., INC.	3	X	X	X
SOUTH CENTRAL TEL. ASSN. INC.-KS	3	X	X	X
SOUTH CENTRAL TEL. ASSN., INC.-OK	3	X	X	X
SOUTH CENTRAL UTAH TEL. ASSN. INC.	3	X	X	X
SOUTH PLAINS TEL. COOP., INC.	3	X	X	X
SOUTHEAST NEBRASKA TEL. CO.	3	X	X	X
SOUTHEAST TEL. CO. OF WIS., INC.	3	X	X	X
SOUTHERN KANSAS TEL. CO., INC.	3	X	X	X
SOUTHERN MONTANA TEL. CO.	3	X	X	X
SOUTHLAND TEL. CO.-AL	3	X	X	X
SOUTHLAND TELEPHONE COMPANY-FL	3	X	X	X
SOUTHWEST ARKANSAS TEL. COOP. INC.	3	X	X	X
SOUTHWEST TEXAS TELEPHONE COMPANY	3	X	X	X
SPRINGPORT TEL. CO.	3	X	X	X
ST. JOHN TEL. CO.	3	X	X	X
ST. JOSEPH TEL. AND TELE. CO.	3	X	X	X
STANDARD TEL. CO.	3	X	X	X
STANDISH TEL. CO.	3	X	X	X
STANTON TEL. CO., INC.	3	X	X	X
STAR TEL. MEMO. CORP.	3	X	X	X
STARBUCK TEL. CO.	3	X	X	X
STAYTON COOP. TEL CO	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP C				
STOUTLAND & WHEELING TEL. COS.	3	X	X	X
STRASBURG TEL. CO.	3			
SUGAR LAND TEL. CO.	3	X	X	X
SULLY BUTTES TELEPHONE COOP. INC.	3	X	X	X
SUNFLOWER TEL. CO., INC.	3	X	X	X
SUNFLOWER TELEPHONE CO., INC. - CO	3	X	X	X
SWEENEY-OLD OCEAN TEL. CO.	3	X	X	X
TACONIC TEL. CORP.	3	X	X	X
TAYLOR TEL. CO-OP., INC.	3	X	X	X
TELEPHONE UTILITIES OF ALASKA	2			
TELEPHONE UTILITIES OF OREGON INC.	2			
TELEPHONE UTILITIES OF WA INC.	2			
TENINO TEL. CO.	3	X	X	X
THE CONCORD TELEPHONE COMPANY	3		X	X
THE KANOKLA TEL. ASSOC. INC.- KS	3	X	X	X
THE PONDEROSA TELEPHONE COMPANY	3	X	X	X
THE RYE TELEPHONE CO. INC.	3	X	X	X
THE SISKIYOU TEL. CO.	3	X	X	X
THE VOLCANO TELEPHONE COMPANY	3	X	X	X
THE WHEAT STATE TEL. CO. INC.	3	X	X	X
THORP TELEPHONE COMPANY	3	X	X	X
THREE RIVER TELCO	3	X	X	X
TOLEDO TELEPHONE COMPANY INC.	3	X	X	
TOPSHAM TEL. CO., INC.	3	X	X	X
TOTAH TELEPHONE CO. INC.	3	X	X	X
TOTAH TELEPHONE CO. INC.	3	X	X	
TRANS-CASCADES TELEPHONE COMPANY	3	X	X	X
TRI-COUNTY TEL. ASSN. INC.-KS	3	X	X	X
TRI-COUNTY TEL. CO. INC.-AR	3	X	X	X
TRI-COUNTY TEL. CO. INC.-IN	3	X	X	X
TRIANGLE TEL. COOPERATIVE ASSN. INC.	3	X	X	X
TURTLE LAKE TELEPHONE CO INC.	3	X	X	X
TWIN LAKES TEL. COOP. CORP.	3	X	X	X
TWIN VALLEY TEL. INC.-KS	3	X	X	X
TWIN VALLEY-ULEN TEL CO INC.	3	X	X	X
TWINING TELEPHONE COMPANY	3	X	X	X
UINTAH BASIN TEL. ASSN. INC.	3	X	X	X
UNION RIVER TEL. CO.	3	X	X	X
UNION TELEPHONE CO.	3			
UNITED FARMERS TELEPHONE COMPANY	3	X	X	X
UNITED TELEPHONE MUTUAL AID CORP.	3	X	X	X
UNITED TELEQUIPMENT CORP.	3	X	X	X
UNITED UTILITIES INC.	3	X	X	X
UNITY TEL. CO.	3	X	X	X
UNIVERSAL TEL CO OF SOUTHWEST - AZ	3	X	X	X
UNIVERSAL TEL CO OF SOUTHWEST- NM	3	X	X	X
UNIVERSAL TEL. CO. OF COLORADO	3	X	X	X
UNIVERSAL TEL. CO. OF NORTHERN WIS. INC	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
GROUP C				
UPPER PENINSULA TEL. CO.	3	X	X	X
URBAN TELEPHONE CORPORATION	3		X	X
UTAH-WYOMING TELECOM - UT	3	X	X	X
UTAH-WYOMING TELECOM WY	3	X	X	X
VALLEY RURAL TEL. COOP. ASSN.-MT	3	X	X	X
VALLEY TEL. CO.-GA	3	X	X	X
VALLEY TEL. CO.-WY	3	X	X	X
VALLEY TELEPHONE CO-OP. INC.-TX	3	X	X	X
VALLEY TELEPHONE COOPERATIVE INC-AZ	3	X	X	X
VALLEY TELEPHONE COOPERATIVE INC-NM	3	X	X	X
VALLEY VIEW TEL. CO.-TX	3	X	X	X
VALLIANT TELEPHONE COMPANY	3	X	X	X
VENUS TELEPHONE CORPORATION	3	X	X	X
VERNON TELEPHONE COMPANY INC.	3	X	X	X
VIROGUA TELEPHONE COMPANY	3	X	X	X
VISTA-UNITED TELECOMMUNICATIONSSYSTEMS	3	X	X	X
WAITSFIELD/FAYSTON TEL. CO.	3	X	X	
WALDRON TELEPHONE COMPANY	3	X	X	X
WALNUT HILL TELEPHONE COMPANY	3			
WAMEGO TELEPHONE COMPANY INC.	3	X	X	X
WARWICK VALLEY TEL. CO.-NJ	3	X	X	X
WARWICK VALLEY TEL. CO.-NY	3	X	X	X
WAUNETA TEL. CO.	3	X	X	X
WAVERLY HALL TEL. CO., INC.	3	X	X	X
WEBB-DICKENS TELEPHONE CORPORATION	3			
WELLMAN COOP TELEPHONE ASSN.	3	X	X	X
WES-TEX TELEPHONE CO-OP.	3	X	X	X
WEST RIVER COOPERATIVE TEL. CO.	3	X	X	X
WEST RIVER MUTUAL AID TELEPHONE CORP	3			
WEST TEXAS RURAL TEL. CO-OP. INC.	3	X	X	X
WESTERN NEW MEXICO TEL. CO., INC.	3	X	X	X
WESTERN WAHKIAKUM COUNTY TEL COMPANY	3	X	X	X
WESTPHALIA TELEPHONE COMPANY	3	X	X	X
WHEELING TELEPHONE COMPANY	3	X	X	X
WHIDBEY TEL. CO.	3	X	X	X
WIGGINS TEL. ASSOC.	3	X	X	X
WILKES TEL & ELECTRIC CO.	3	X	X	X
WILKES TELEPHONE MEMB. CORP.	3	X	X	X
WILSON TELEPHONE COMPANY INC.	3	X	X	X
WITTENBERG TELEPHONE COMPANY	3	X	X	X
WOLVERINE TELEPHONE COMPANY	3	X	X	X
WOOD COUNTY TELEPHONE COMPANY	3		X	X
WYOMING TELEPHONE CO. INC.	3			
XIT RURAL TELEPHONE CO-OP. INC.	3	X	X	X
YELCOT TEL. CO., INC.	3	X	X	X
YELL COUNTY TELEPHONE COMPANY	3	X	X	X
YELM TELEPHONE COMPANY	3	X	X	X
YEOMAN TELEPHONE COMPANY INC.	3	X	X	X

NECA PDDL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP C				

YUKON TELEPHONE COMPANY, INC.	3	X	X	X
ZENDA TELEPHONE COMPANY INC.	3	X	X	X
3-RIVERS TEL. COOPERATIVE INC.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
GROUP D				
ABSARAKA COOP TELEPHONE CO.	3	X	X	X
ACKERMAN TELEPHONE COMPANY INC.	3	X	X	X
ADAMS TELEPHONE COOPERATIVE	3	X	X	X
ADAMSVILLE TELEPHONE COMPANY INC.	2	X	X	
AGATE TELEPHONE CO.	3	X	X	X
AK TELEPHONE COMPANY	3	X	X	X
ALBANY MUTUAL TELEPHONE ASSN. INC.	3	X	X	X
ALENCO COMMUNICATIONS, INC.	3	X	X	X
ALHAMBRA-GRANTFORK TELEPHONE COMPANY	3	X	X	X
ALLENDALE TELEPHONE COMPANY	3	X	X	X
ALLTEL CAROLINA INC. - SOUTH	2	X	X	X
ALLTEL GEORGIA INC.	2	X	X	X
ALLTEL INDIANA INC.	2	X	X	X
ALLTEL KENTUCKY, INC.	2	X	X	X
ALLTEL MISSISSIPPI INC.	2	X	X	X
ALLTEL OHIO INC - NEWARK	2	X	X	X
ALLTEL PENNSYLVANIA INC.	2	X	X	X
ALLTEL SOUTH CAROLINA INC.	2	X	X	X
ALLTEL TENNESSEE INC.	2	X	X	X
ALMA TELEPHONE COMPANY	3	X	X	X
AMANA SOCIETY SERVICE CO. TEL. DIV.	3	X	X	X
ANDREW TELEPHONE CO. INC.	3	X	X	X
ARCADIA TEL. CO.	2	X	X	X
ARCADIA TELEPHONE COOP	3	X	X	X
ARDMORE TELEPHONE COMPANY INC.	3	X	X	
ARMOUR INDEPENDENT TELEPHONE CO.	3	X	X	X
ARMSTRONG TELEPHONE COMPANY - W. VA	3	X	X	X
ARTHUR MUTUAL TELEPHONE COMPANY	3	X	X	X
ATKINS TELEPHONE COMPANY	3	X	X	X
ATLAS TELEPHONE CO.	3	X	X	X
AU GRES TELEPHONE COMPANY	2	X	X	X
AUGUSTA TEL. CO.	2	X	X	X
AYERSVILLE TELEPHONE COMPANY	3	X	X	X
BALDWIN TEL. EXCHANGE	3	X	X	X
BALDWIN-NASHVILLE TELEPHONE CO. INC.	3	X	X	X
BALLARD RURAL TEL. COOP. CORP. INC.	3	X	X	X
BALTIC COOPERATIVE TELEPHONE CO.	3	X	X	X
BARAGA TELEPHONE COMPANY	3	X	X	X
BARNES CITY COOP TELEPHONE CO.	3	X	X	X
BARRY COUNTY TELEPHONE COMPANY	3	X	X	X
SASCOM MUTUAL TELEPHONE COMPANY	3	X	X	X
BEALLSVILLE TELEPHONE COMPANY	3	X	X	X
BEEHIVE TELEPHONE COMPANY	3	X	X	X
BEGGS TELEPHONE COMPANY	3	X	X	X
BELMONT TELEPHONE COMPANY	3	X	X	X
BEN LOMAND RURAL TEL. COOP. INC.	3	X	X	X
BENTLEYVILLE TEL. CO.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET ---	END USER ---	TRAFFIC SENSITIVE -----	BILLING & COLLECTION -----
GROUP D				
BENTON COOPERATIVE TELEPHONE CO.	3	X	X	X
BENTON RIDGE TELEPHONE COMPANY	3	X	X	X
BERESFORD MUNICIPAL TEL. CO.	3	X	X	X
BERGEN TELEPHONE COMPANY	3	X	X	X
BETTLES TEL. CO. INC.	3	X	X	X
BIG RUN TELEPHONE COMPANY	2	X	X	X
BIXBY TELEPHONE CO.	3	X	X	X
BLACK EARTH TELEPHONE COMPANY	2	X	X	X
BLEDSoE TELEPHONE COOPERATIVE	3	X	X	X
BLOOMER TELEPHONE COMPANY	3	X	X	X
BLOOMINGDALE HOME TEL. CO. INC.	3	X	X	X
BLOSSOM TELEPHONE COMPANY	3	X	X	X
BLOUNTSVILLE TEL. COMPANY INC.	3	X	X	X
BLUE EARTH VALLEY TELEPHONE CO.	3	X	X	X
BLUE RIDGE TELEPHONE COMPANY	3	X	X	X
BLUFFDALE TELEPHONE COMPANY	3	X	X	X
BRANDENBURG TELEPHONE COMPANY	3	X	X	X
BREDA TELEPHONE COOPERATIVE	3	X	X	X
BREEZEWOOD TELEPHONE COMPANY	3	X	X	X
BRETTON WOODS TEL. CO.	3	X	X	X
BRINDLEE MOUNTAIN TEL. COMPANY	3	X	X	X
BROOKVILLE TELEPHONE COMPANY	2	X	X	X
BRUCE TELEPHONE COMPANY - MS	3	X	X	X
BRYANT POND TEL. CO.	3	X	X	X
BUCKLAND MUTUAL TELEPHONE COMPANY	3	X	X	X
BUFFALO VALLEY TELEPHONE COMPANY	3	X	X	X
BUGGS ISLAND TELEPHONE COOP.	3	X	X	X
BULLDOCH COUNTY RURAL TEL. COOP INC.	3	X	X	X
BURKE'S GARDEN TELEPHONE COMPANY INC.	3	X	X	X
BUTLER-BREMER MUT. TELEPHONE COMPANY	3	X	X	X
BYERS AND PETROLIA TELEPHONE CO.	3	X	X	X
C-M-L TEL COOP ASSN OF MERIDEN IA	3	X	X	X
CALHOUN CITY TEL. COMPANY INC.	2	X	X	X
CALLAWAY TELEPHONE EXCHANGE	3	X	X	X
CAMBRIDGE TELEPHONE COMPANY - IL	3	X	X	X
CAMBRIDGE TELEPHONE COMPANY - NE	3	X	X	X
CAMDEN TELEPHONE CO INC - INDIANA	3	X	X	X
CAMPTI-PLEASANT HILL TEL. COMPANY	3	X	X	X
CANNON VALLEY TELECOM, INC.	3	X	X	X
CANTON TELEPHONE COMPANY	3	X	X	X
CASCADE TELEPHONE COMPANY	3	X	X	X
CASEY MUTUAL TELEPHONE CO.	3	X	X	X
CASS COUNTY TELEPHONE COMPANY	3	X	X	X
CASSADAGA TEL. CORP.	3	X	X	X
CASTLEBERRY TEL. COMPANY INC.	3	X	X	X
CENTER JUNCTION TEL. CO., INC.	3	X	X	X
CENTERVILLE TELEPHONE COMPANY	3	X	X	X
CENTRAL INDIANA TELEPHONE CO. INC.	2	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
<u>GROUP D</u>				
CENTRAL SCOTT TELEPHONE	3	X	X	X
CENTRAL TEL. CO. OF MO	2	X	X	X
CENTRAL TELEPHONE COMPANY	2	X	X	X
CENTRAL TELEPHONE COMPANY - IOWA	2	X	X	X
CENTURY TELEPHONE OF IDAHO	2	X	X	
CENTURY TELEPHONE OF TEXAS, INC.	2	X	X	X
CHANDLERVILLE TEL. CO.	3	X	X	X
CHARITON VALLEY TELEPHONE CO.	3	X	X	X
CHESNEE TELEPHONE COMPANY	3	X	X	X
CHESTER TELEPHONE COMPANY- IOWA	3	X	X	X
CHESTER TELEPHONE COMPANY- SC	3	X	X	X
CHICHESTER TEL. CO.	3	X	X	X
CHICKAMAUGA TEL. CORP.	3	X	X	
CHOCTAW TELEPHONE COMPANY	3	X	X	X
CHUGWATER TELEPHONE COMPANY	3	X	X	X
CIMARRON TEL. CO.	3	X	X	X
CIRCLE UTILITIES	3	X	X	X
CITIZEN'S TEL CO, INC. FAIRMOUNT, IN	3	X	X	X
CITIZENS TEL CO OF KECKSBURG	3	X	X	X
CITIZENS TELEPHONE COOP - VIRGINIA	3	X	X	X
CITIZENS TELEPHONE COOP INC - WI	3	X	X	X
CITIZENS TELEPHONE CORP - WARREN	3	X	X	X
CITIZENS UTILITIES CO. OF PA	2	X	X	X
CITY OF BARNESVILLE TELEPHONE CO	3	X	X	X
CITY OF BROOKINGS MUNICIPAL TEL. DEPT.	3	X	X	X
CITY OF FAITH MUNICIPAL TEL CO	3	X	X	X
CLAIBORNE TELEPHONE COMPANY INC.	2	X	X	
CLARA CITY TELEPHONE EXCH. CO.	3	X	X	X
CLARENCE TELEPHONE COMPANY INC.	3	X	X	X
CLARKSVILLE MUTUAL TELEPHONE COMPANY	3	X	X	X
CLEAR LAKE INDP TELEPHONE CO	3	X	X	X
CLEAR LAKE TELEPHONE CO INC - WI	3	X	X	X
CLEMENTS TELEPHONE COMPANY	3	X	X	X
CLEVELAND CTY TEL. CO.	3	X	X	X
CLIFTON FORGE WAYNESBORO TEL CO	3	X	X	X
CLIMAX TELEPHONE COMPANY	3	X	X	X
COBBOSSEECONTEE TEL. CO.	3	X	X	X
COCHRANE COOPERATIVE TELEPHONE CO	3	X	X	X
CULO TELEPHONE COMPANY	3	X	X	X
COLUMBUS GROVE TELEPHONE COMPANY	3	X	X	X
COLUMBUS TELEPHONE COMPANY	3	X	X	
COMMONWEALTH TELEPHONE COMPANY	2	X	X	X
COMMUNICATIONS CORP OF INDIANA	2	X	X	X
COMMUNITY SERVICE TEL. CO.	3	X	X	X
COMMUNITY TELEPHONE COMPANY	3	X	X	X
CONCORD TEL. EXCHANGE INC.	2	X	X	X
CONNEAUT TELEPHONE COMPANY	3	X	X	X
CONSOLIDATED TELEPHONE COMPANY- NE	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP D				

COON CREEK TELEPHONE COMPANY	3	X	X	X
COON VALLEY COOP TEL. ASSN. INC.	3	X	X	X
COON VALLEY FARMERS TELEPHONE CO.	3	X	X	X
COOPERATIVE TELEPHONE COMPANY	3	X	X	X
COOPERATIVE TELEPHONE EXCHANGE	3	X	X	X
COOPERSBURG TELEPHONE COMPANY	3	X	X	X
CORN BELT TELEPHONE COMPANY	3	X	X	X
COUNCIL GROVE TEL. CO.	3	X	X	X
CRAIG TELEPHONE COMPANY	3	X	X	X
CRAIGVILLE TELEPHONE CO INC.	3	X	X	X
CRAW-KAN TELEPHONE COOP INC - MO	3	X	X	X
CROCKETT TEL., INC.	3	X	X	X
CROSSVILLE TELEPHONE COMPANY	3	X	X	X
CUBA CITY TEL. EXCH. CO.	3	X	X	X
CUMBERLAND TEL. CO.	3	X	X	X
CUMBY TELEPHONE COOPERATIVE INC.	3	X	X	X
DAKOTA COOP TELECOMMUNICATIONS CO INC	3	X	X	X
DANUBE TELEPHONE COMPANY	3	X	X	X
DANVILLE MUT. TELEPHONE COMPANY	3	X	X	X
DAVISS-MARTIN CTY RURAL TEL CORP	3	X	X	X
DECATUR TELEPHONE CO INC - ARKANSAS	3	X	X	X
DEEP RIVER MUT. TELEPHONE COMPANY	3	X	X	X
DEERFIELD FARMERS TELEPHONE COMPANY	3	X	X	X
DEFIANCE TELEPHONE COMPANY	3	X	X	X
DEKALB TELEPHONE COOP, INC.	3	X	X	X
DELAVAN TELEPHONE COMPANY	3	X	X	X
DELCAMBRE TELEPHONE COMPANY	3	X	X	X
DENVER AND EPHRATA TEL. & TEL. CO.	3	X	X	X
DEPOSIT TELEPHONE CO. INC.	3	X	X	X
DEPUÉ TELEPHONE COMPANY	3	X	X	X
DEUEL TEL. COOPERATIVE ASSN.-MN	3	X	X	X
DEUEL TEL. COOPERATIVE ASSN.-SD	3	X	X	X
DICKEYVILLE TELEPHONE CO.	3	X	X	X
DIXON TELEPHONE COMPANY	3	X	X	X
DIXVILLE TEL. CO.	3	X	X	X
DOYLESTOWN TELEPHONE COMPANY	3	X	X	X
DRENTHE TELEPHONE COMPANY	3	X	X	X
DRUMMOND ISLAND TELEPHONE COMPANY	3	X	X	X
DUMONT TELEPHONE COMPANY	3	X	X	X
DUNBARTON TEL. CO.	3	X	X	X
DUNNELL TELEPHONE COMPANY INC.	3	X	X	X
DUD COUNTY TEL. COOP. INC.	3	X	X	X
EAGLE TELEPHONE SYSTEM INC.	3	X	X	X
EARLING MUTUAL TELEPHONE CO	3	X	X	X
EAST BUCHANAN TELEPHONE COOP	3	X	X	X
EASTON TELEPHONE COMPANY	3	X	X	X
ECKLES TELEPHONE COMPANY	3	X	X	X
EDEN VALLEY TEL. CO.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP D				

ELBERFELD TELEPHONE COMPANY	2	X	X	X
ELECTRA TELEPHONE COMPANY	3	X	X	X
ELLERBE TELEPHONE COMPANY	3	X	X	X
ELLINGTON TELEPHONE COMPANY	3	X	X	X
ELLSWORTH COOP TELEPHONE ASSN.	3	X	X	X
ELMORE COOSA TELEPHONE COMPANY INC.	2	X	X	X
ELSIE MUTUAL TELEPHONE COMPANY	3	X	X	X
ELYRIA TELEPHONE COMPANY	2	X	X	X
EMPIRE TELEPHONE COMPANY - GEORGIA	2	X	X	X
ENGLEWOOD TELEPHONE COMPANY	3	X	X	X
ENDON VALLEY TELEPHONE COMPANY	2	X	X	X
ENTERPRISE TELEPHONE COMPANY	3	X	X	X
EQUALITY TELEPHONE COMPANY INC.	3	X	X	X
EUSTIS TELEPHONE EXCHANGE INC.	3	X	X	X
EXTENSION TELEPHONE ASSOCIATION	3	X	X	X
FAIRMOUNT TELEPHONE CO. INC.	3	X	X	X
FAIRWATER-BRANDON-ALTO TEL. CO.	3	X	X	X
FARBER TELEPHONE COMPANY	3	X	X	X
FARMERS & BUSINESSMEN'S TEL. CO.	3	X	X	X
FARMERS & MERCHANTS MUTUAL TEL. CO.	3	X	X	X
FARMERS COOP TELEPHONE CO - DYSART	3	X	X	X
FARMERS IND. TELEPHONE COMPANY - WI	3	X	X	X
FARMERS MUTUAL COOP TEL CO - HARLAN	3	X	X	X
FARMERS MUTUAL COOP TEL CO - MOULTON	3	X	X	X
FARMERS MUTUAL TEL CO - BELLINGHAM	3	X	X	X
FARMERS MUTUAL TEL CO - JESUP	3	X	X	X
FARMERS MUTUAL TEL CO - NORA SPRINGS	3	X	X	X
FARMERS MUTUAL TEL CO - OKOLONA, OH	3	X	X	X
FARMERS MUTUAL TEL CO - SHELLSBURG	3	X	X	X
FARMERS MUTUAL TEL CO - STANTON	3	X	X	X
FARMERS MUTUAL TEL CO OF CHAPIN	3	X	X	X
FARMERS MUTUAL TEL CO, LTD. - ID	3	X	X	X
FARMERS TEL COOP INC - ALABAMA	3	X	X	X
FARMERS TEL. CO. - RICEVILLE	3	X	X	X
FARMERS TELEPHONE COMPANY - WI	3	X	X	X
FARMERS TELEPHONE COMPANY - BATAVIA	3	X	X	X
FARMERS TELEPHONE COMPANY - ESSEX	3	X	X	X
FEDERATED TELEPHONE COOPERATIVE	3	X	X	X
FELTON TELEPHONE EXCHANGE INC.	3	X	X	X
FENTON CO-OP TELEPHONE COMPANY	3	X	X	X
FILER MUTUAL TEL. CO.	3	X	X	X
FLAT ROCK MUTUAL TELEPHONE COMPANY	3	X	X	X
FOOTHILLS RURAL TEL. COOP. CORP. INC.	3	X	X	X
FORESTVILLE TEL. CO. INC.	3	X	X	X
FORT ATKINSON TELEPHONE COMPANY	3	X	X	X
FURT JENNINGS TELEPHONE COMPANY	3	X	X	X
FORT MILL TELEPHONE COMPANY	3	X	X	X
FRANKLIN TEL. CO. - VT	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP D				
FRUITDALE TEL. CO.	3	X	X	X
FULTON TELEPHONE COMPANY INC.	3	X	X	
GARDONVILLE COOPERATIVE TEL. ASSN.	3	X	X	X
GEETINGSVILLE TELEPHONE CO INC.	3	X	X	X
GENESEO TELEPHONE COMPANY	3	X	X	X
GEORGETOWN TELE. CO., INC.	3	X	X	X
GEORGIA TELEPHONE CORPORATION	3	X	X	X
GERMANTOWN INDEPENDENT TEL. CO.	3	X	X	
GERVAIS TELEPHONE COMPANY	3	X	X	X
GILBY TELEPHONE COMPANY	3	X	X	X
GLASFORD TELEPHONE COMPANY	3	X	X	X
GLEN ALLAN TELEPHONE COMPANY INC.	3	X	X	X
GLENWOOD TEL. CO. INC.	3	X	X	X
GOLDFIELD TEL. CO.	3	X	X	X
GORHAM TELEPHONE COMPANY INC.	3	X	X	X
GOSHEN TELEPHONE COMPANY	3	X	X	X
GRAFTON TELEPHONE COMPANY	3	X	X	
GRANBY TEL CO - MISSOURI	3	X	X	X
GRANBY TEL. & TELE. CO-MA	3	X	X	X
GRAND MOUND COOP TELEPHONE ASSN.	3	X	X	X
GRANDVIEW MUTUAL TELEPHONE COMPANY	3	X	X	X
GREEN HILLS TELEPHONE CORP.	3	X	X	X
GRIGGS COUNTY TELEPHONE COMPANY	3	X	X	X
GRISWOLD CO-OP TELEPHONE COMPANY	3	X	X	X
GUNNISON TEL. CO.	3	X	X	X
HADLEY TELEPHONE COMPANY, INC.	2	X	X	X
HAMILTON COUNTY TELEPHONE COOP.	3	X	X	X
HAMILTON TELEPHONE COMPANY	3	X	X	X
HANCOCK RURAL TELEPHONE CORP.	3	X	X	X
HANCOCK TELEPHONE COMPANY - MN	3	X	X	X
HANSON COUNTY TELEPHONE COMPANY	3	X	X	X
HARDIN COUNTY TELEPHONE COMPANY	3	X	X	X
HARLAN TELEPHONE COMPANY	3	X	X	X
HARMONY TELEPHONE COMPANY	3	X	X	X
HAROLD TELEPHONE CO INC.	3	X	X	X
HARRISONVILLE TELEPHONE COMPANY	3	X	X	X
HART COUNTY TELEPHONE COMPANY	3	X	X	X
HARTINGTON TEL. CO.	3	X	X	X
HAWKEYE TELEPHONE COMPANY	3	X	X	X
HAWKINSVILLE TELEPHONE CO.	3	X	X	X
HAYNEVILLE TEL. COMPANY INC.	3	X	X	X
HEART OF IOWA TELEPHONE COOP	3	X	X	X
HEATH SPRINGS TEL. CO.	3	X	X	X
HENDERSON CO-OP TELEPHONE COMPANY	3	X	X	X
HENRY COUNTY TEL. CO.	3	X	X	X
HICKORY TELEPHONE COMPANY	3	X	X	X
HIGHLAND TEL COOP - VIRGINIA	3	X	X	X
HIGHLAND TEL COOP INC - TENNESSEE	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP D				
HILLS TEL. CO., INC. - IA	3	X	X	X
HILLS TELEPHONE CO. INC. - MN	3	X	X	X
HOHMAN TELEPHONE COMPANY	3	X	X	X
HOLWAY TELEPHONE COMPANY	2	X	X	
HOME TEL. CO. - MN	3	X	X	X
HOME TEL. CO. OF NE	3	X	X	X
HOME TELEPHONE COMPANY - ST JACOB	3	X	X	X
HOME TELEPHONE COMPANY INC - SC	3	X	X	X
HOME TELEPHONE COMPANY OF PITTSBORG INC	2	X	X	X
HOME TELEPHONE COMPANY - OLIVE BRANCH	2	X	X	
HOOPER TELEPHONE COMPANY	3	X	X	X
HOSPERS TELEPHONE EXCHANGE INC.	3	X	X	X
HOT SPRINGS TEL. CO.	3	X	X	X
HUBBARD COOP TEL. ASSN.	3	X	X	X
HUMPHREY'S COUNTY TEL. COMPANY	3	X	X	X
HUNTINGDON & CENTER CTY. TEL. CO.	2	X	X	X
HUTCHINSON TELEPHONE COMPANY	3	X	X	
HUXLEY COOP TELEPHONE COMPANY	3	X	X	X
IAMD TELEPHONE COMPANY - MO	3	X	X	X
IAMD TELEPHONE COMPANY - IA	3	X	X	X
INTERSTATE 35 TELEPHONE COMPANY	3	X	X	
IRONTON TELEPHONE COMPANY	3	X	X	X
ISLAND TEL. CO.	3	X	X	X
ISLAND TELEPHONE COMPANY	3	X	X	X
JAMES VALLEY COOPERATIVE TEL CO	3	X	X	X
JEFFERSON TELEPHONE COMPANY - SD	3	X	X	X
JEFFERSON TELEPHONE COMPANY - IA	3	X	X	X
JORDAN SOLDIER VAL COOP TEL. CO.	3	X	X	X
K M P TELEPHONE COMPANY	3	X	X	X
KADOKA TELEPHONE COMPANY	3	X	X	X
KALEVA TELEPHONE COMPANY	3	X	X	X
KALIDA TELEPHONE CO. INC.	3	X	X	X
KAPLAN TELEPHONE COMPANY	3	X	X	X
KASSON & MANTORVILLE TEL. CO.	3	X	X	X
KEYSTONE FRMS. COOP TELEPHONE CO	3	X	X	X
KINGSLEY TELEPHONE COMPANY	3	X	X	X
KINSMAN MUTUAL TELEPHONE COMPANY	3	X	X	X
KLM TEL. CO.	3	X	X	X
KNIPPA TELEPHONE COMPANY	3	X	X	X
LA HARPE TELEPHONE COMPANY INC.	3	X	X	X
LA MOTTE TELEPHONE CO.	3	X	X	X
LA PORTE CITY TELEPHONE COMPANY	3	X	X	X
LA VALLE TELEPHONE COOPERATIVE	3	X	X	X
LAHARPE TELEPHONE COMPANY	3	X	X	X
LAKEFIELD TELEPHONE COMPANY	3	X	X	X
LAKWOOD RURAL TELEPHONE COMPANY	3	X	X	X
LAMAR COUNTY TEL. COMPANY	3	X	X	X
LANCASTER TEL. CO.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP D				
LAUREL HIGHLAND TELEPHONE COMPANY	3	X	X	X
LAUREL TELEPHONE COMPANY INC.	3	X	X	X
LAVACA TELEPHONE CO.	3	X	X	X
LE-RU TELEPHONE COMPANY	3	X	X	X
LEEDS TELEPHONE COMPANY	2	X	X	X
LEHIGH VALLEY COOP TEL. ASSN.	3	X	X	X
LENNON TELEPHONE COMPANY	3	X	X	X
LEONORE MUTUAL TELEPHONE COMPANY	3	X	X	X
LESLIE COUNTY TEL. CO. INC.	3	X	X	X
LEWISBERRY TELEPHONE COMPANY	2	X	X	X
LEWISPORT TEL. CO. INC.	3	X	X	X
LEXINGTON TELEPHONE COMPANY	3	X	X	X
LIBERTY CENTER TELEPHONE COMPANY	3	X	X	X
LIGONIER TELEPHONE COMPANY INC.	3	X	X	X
LINCOLNVILLE TEL. CO.	3	X	X	X
LIPAN TELEPHONE COMPANY	3	X	X	X
LISMORE COOPERATIVE TELEPHONE CO.	3	X	X	X
LIVINGSTON TELEPHONE COMPANY	3	X	X	X
LOCKHART POWER COMPANY	3	X	X	X
LOGAN COUNTY RURAL TEL COOP CORP INC.	3	X	X	X
LONE ROCK CO-OP TELEPHONE CO	3	X	X	X
LONSDALE TELEPHONE COMPANY	3	X	X	X
LORETTO TELEPHONE COMPANY INC.	3	X	X	X
LOWRY TELEPHONE COMPANY	3	X	X	X
LUCK TELEPHONE COMPANY	3	X	X	X
LYNNVILLE COMM. TEL. CO. INC.	3	X	X	X
MABEL COOPERATIVE TELEPHONE CO.	3	X	X	X
MADELINE ISLAND TEL. CO.	3	X	X	X
MADISON TELEPHONE COMPANY- IL	3	X	X	X
MAGAZINE TELEPHONE COMPANY	3	X	X	X
MAHANOY & MAHANTANGU TEL. CO.	3	X	X	X
MANCHESTER-HARTLAND TELEPHONE CO.	3	X	X	X
MANILLA TELEPHONE COMPANY	3	X	X	X
MANKATO CITIZENS TELEPHONE CO.	3	X	X	X
MANLEY UTILITY COMPANY INC.	3	X	X	X
MANTI TELEPHONE COMPANY	3	X	X	X
MAPLE TELEPHONE COOP INC.	3	X	X	X
MARIANNA - SCENERY HILL TEL. CO.	3	X	X	X
MARK TWAIN RURAL TELEPHONE CO.	3	X	X	X
MARNE & ELK HORN TELEPHONE CO	3	X	X	X
MARSEILLES TEL. CO. OF MARS.	3	X	X	X
MARTELLE COOP TELEPHONE ASSN	3	X	X	X
MASSENA TELEPHONE COMPANY	3	X	X	X
MAZEPPA TELEPHONE COMPANY	3	X	X	X
MCCLURE TELEPHONE COMPANY	3	X	X	X
MCDANIEL TELEPHONE COMPANY	3	X	X	X
MCDONALD COUNTY TELEPHONE CO.	3	X	X	X
MCDONOUGH TELEPHONE COOPERATIVE INC.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET ---	END USER ---	TRAFFIC SENSITIVE -----	BILLING & COLLECTION -----
GROUP D				
MCNABB TELEPHONE COMPANY	3	X	X	X
MEBANE HOME TELEPHONE CO.	3	X	X	X
MECHANICSVILLE TELEPHONE COMPANY	3	X	X	X
MEDIAPOLIS TELEPHONE COMPANY	3	X	X	X
MEDICINE PARK TELEPHONE CO.	3	X	X	X
MELROSE TELEPHONE COMPANY	3	X	X	X
MERCHANTS & FARMERS TELEPHONE CO	3	X	X	X
METAMORA TELEPHONE COMPANY	3	X	X	X
MID CENTURY TEL. COOP. INC.	3	X	X	X
MID-COMMUNICATIONS INC.	3	X	X	X
MID-IOWA TELEPHONE CO.	3	X	X	X
MID-PLAINS TELEPHONE INC.	3	X	X	X
MID-SOUTH TEL. COMPANY INC.	3	X	X	X
MIDDLE POINT HOME TELEPHONE COMPANY	3	X	X	X
MIDWAY MUTUAL TELEPHONE COMPANY	2	X	X	X
MIDWEST TEL. CO.	3	X	X	X
MILES COOP TEL. ASSN.	3	X	X	X
MILLER TELEPHONE COMPANY- IA	3	X	X	X
MINBURN TELEPHONE COMPANY	3	X	X	X
MINERVA VALLEY TELEPHONE CO. INC.	3	X	X	X
MINFORD TELEPHONE COMPANY INC.	3	X	X	X
MINNESOTA LAKE TELEPHONE COMPANY	3	X	X	X
MINNESOTA VALLEY TEL. CO. INC.	3	X	X	X
MISSISSIPPI TEL. CORP.	3	X	X	X
MISSISSIPPI TELEPHONE & COMMUN. INC.	2	X	X	X
MODERN COOP TELEPHONE COMPANY	3	X	X	X
MON-CRE TEL. COOP. INC.	3	X	X	X
MONDOVI TELEPHONE COMPANY	3	X	X	X
MONITOR COOPERATIVE TELEPHONE CO	3	X	X	X
MONON TELEPHONE CO. INC.	3	X	X	X
MONROVIA TEL. CORP.	3	X	X	X
MONTUZUMA MUTUAL TELEPHONE COMPANY	3	X	X	X
MONTROSE MUTUAL TELEPHONE COMPANY	3	X	X	X
MOORE & LIBERTY TELEPHONE COMPANY	3	X	X	X
MORLEY TELEPHONE COMPANY	3	X	X	X
MOSINEE TEL. CO.	3	X	X	X
MOUNDVILLE TELEPHONE COMPANY	3	X	X	X
MOUNTAIN GROVE-WILLIAMSVILLE TEL. CO.	3	X	X	X
MOUNTAIN RURAL TEL. COOP. CORP. INC.	3	X	X	X
MOUNTAIN VIEW TELEPHONE COMPANY	3	X	X	X
MT. ANGEL TELEPHONE COMPANY	3	X	X	X
MT. PULASKI TELEPHONE & ELECTRIC CO.	3	X	X	X
MT. RUSHMORE TEL. CO.	3	X	X	X
MUDLAKE TEL. COOP. INC. ASSOC.	3	X	X	X
MULBERRY COOP. TELEPHONE CO INC.	3	X	X	X
MURRAYSVILLE TELEPHONE COMPANY	2	X	X	X
MUSTANG TELEPHONE COMPANY	2	X	X	X
MUTUAL TEL. CO.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION

GROUP D				

MUTUAL TEL. CO. OF MORNING SUN	3	X	X	X
MUTUAL TELEPHONE COMPANY	3	X	X	X
MYRTLE TELEPHONE COMPANY INC.	2	X	X	
NATIONAL UTILITIES INC.	3	X	X	X
NELSON TELEPHONE COOPERATIVE	3	X	X	X
NELSON-BALL GROUND TEL. CO.	3	X	X	X
NEMONT TELEPHONE COOPERATIVE - ND	3	X	X	X
NEW FLORENCE TELEPHONE CO.	3	X	X	X
NEW HOPE TEL. COOP. INC. - AL	3	X	X	X
NEW HOPE TELEPHONE COMPANY - VA	3	X	X	X
NEW LISBON TELEPHONE COMPANY INC.	3	X	X	X
NEW LONDON TEL. CO.	3	X	X	X
NEW WINDSOR TELEPHONE COMPANY	3	X	X	X
NOONAN FARMERS TELEPHONE COMPANY	3	X	X	X
NORTH CENTRAL RURAL TEL. COOP., INC.	3	X	X	X
NORTH CENTRAL TELEPHONE COMPANY - IA	3	X	X	X
NORTH COUNTRY TELEPHONE COMPANY	3	X	X	X
NORTH ENGLISH COOP TEL. COMPANY	3	X	X	X
NORTH PITTSBURGH TEL. CO.	3	X	X	X
NORTH RIVER TELEPHONE COOPERATIVE	3	X	X	X
NORTH STATE TELEPHONE CO. - NC	3	X	X	X
NORTHEAST IOWA TELEPHONE CO.	3	X	X	X
NORTHEAST TEL. CO.	3	X	X	X
NORTHERN IOWA TELEPHONE COMPANY	3	X	X	X
NORTHERN STATES POWER CO. TEL DEPT.	3	X	X	
NORTHERN TELEPHONE COMPANY OF MN	3	X	X	X
NORTHWEST IOWA TEL CO INC	3	X	X	
NORTHWEST TEL. COOP	3	X	X	X
NORTHWESTERN INDIANA TEL. CO. INC.	3	X	X	X
NORWAY RURAL TELEPHONE COMPANY	3	X	X	X
NORWAY TELEPHONE CO. INC.	3	X	X	X
NOVY'S TELEPHONE COMPANY	3	X	X	X
OAKMAN TEL. COMPANY INC.	2	X	X	X
OAKWOOD MUTUAL TELEPHONE COMPANY	3	X	X	X
ODIN TELEPHONE EXCHANGE INC.	3	X	X	
ODON TEL. CO.	3	X	X	X
OGDEN MUTUAL TELEPHONE COMPANY	3	X	X	X
OGDEN TELEPHONE COMPANY - IA	3	X	X	X
OKLAHOMA WESTERN TELEPHONE CO.	3	X	X	X
OLIN TELEPHONE CO INC.	3	X	X	X
ONEIDA TELEPHONE EXCHANGE	3	X	X	X
ONEONTA TEL. COMPANY INC.	3	X	X	X
ONSLow COOP TELEPHONE ASSN.	3	X	X	X
ONTARIO TEL CO INC	3	X	X	X
OODTEXAH-COLLEGE DALE TEL. CO.	3	X	X	
ORAN MUTUAL TELEPHONE COMPANY	3	X	X	X
OREGON FARMERS MUTUAL TEL. CO.	3	X	X	X
ORION TELEPHONE EXCHANGE ASSOCIATION	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
GROUP D				
DRISKANY FALLS TELEPHONE CORP.	3	X	X	X
OSAKIS TELEPHONE COMPANY	3	X	X	X
OSWAYO RIVER TELEPHONE COMPANY	3	X	X	X
OTTO TELEPHONE COMPANY	3	X	X	X
OXFORD COUNTY TEL. & TELE. CO.	3	X	X	X
PALMER MUTUAL TELEPHONE CO.	3	X	X	X
PALMERTON TELEPHONE COMPANY	3	X	X	X
PALMETTO RURAL TEL. COOP., INC.	3	X	X	X
PALO COOP TEL. ASSN.	3	X	X	X
PANDORA COOP TEL. ASSN. INC.	3	X	X	X
PARK REGION MUTUAL TEL. CO.	3	X	X	X
PATTERSONVILLE TEL CO - NEW YORK	3	X	X	X
PATTERSONVILLE TELEPHONE CO - OHIO	3	X	X	X
PEACE VALLEY TELEPHONE CO.	3	X	X	X
PEMBROKE TELEPHONE CO. INC.	3	X	X	X
PEMBROKE TELEPHONE COOPERATIVE	3	X	X	X
PENINSULA TELEPHONE COMPANY - MI	3	X	X	X
PENNSYLVANIA TELEPHONE COMPANY	3	X	X	X
PEOPLES MUTUAL TEL CO - VA	3	X	X	X
PEOPLES RURAL TEL. COOP. CORP.	3	X	X	X
PEOPLES TEL. CO. INC.	3	X	X	X
PEOPLES TELEPHONE COMPANY - IA	3	X	X	X
PEOPLES TELEPHONE COMPANY - MN	3	X	X	X
PEOPLES TELEPHONE COMPANY - OR	3	X	X	X
PEOPLES TELEPHONE COMPANY (MT HOPE)	2	X	X	X
PERCO TELEPHONE COMPANY	3	X	X	X
PIEDMONT RURAL TEL. COOP.	3	X	X	X
PIEDMONT TELEPHONE MEMB. CORP.	3	X	X	X
PINE DRIVE TEL. CO.	3	X	X	X
PINE ISLAND TELEPHONE COMPANY	3	X	X	X
PINE TELEPHONE CO INC - OK	3	X	X	X
PINE TELEPHONE SYSTEM INC. - OR	3	X	X	X
PINE TREE TEL. & TELE. CO.	3	X	X	X
PINEVILLE TELEPHONE CO.	3	X	X	X
PIONEER TELEPHONE ASSOCIATION INC.	3	X	X	X
PLAINVIEW TELEPHONE COMPANY INC.	3	X	X	X
PLANTERS RURAL TEL. COOP INC.	3	X	X	X
POSEYVILLE TELEPHONE CO INC.	3	X	X	X
POSTVILLE TELEPHONE COMPANY	3	X	X	X
POTLATCH TELEPHONE COMPANY INC.	3	X	X	X
PRAIRIE GROVE TELEPHONE COMPANY	3	X	X	X
PRAIRIE TELEPHONE COMPANY INC.	3	X	X	X
PRAIRIEBURG TELEPHONE COMPANY INC.	3	X	X	X
PRESTON TELEPHONE COMPANY	3	X	X	X
PRINCETON TELEPHONE COMPANY	3	X	X	X
PROGRESSIVE RURAL TEL. COOP INC.	3	X	X	X
PYMATUNING IND. TELEPHONE COMPANY	3	X	X	X
RADCLIFFE TELEPHONE CO INC.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP D				

RANDOLPH TEL. CO.	3	X	X	X
RANDOLPH TELEPHONE MEMB. CORP.	3	X	X	X
READLYN TELEPHONE COMPANY	3	X	X	X
RED RIVER RURAL TEL. ASSN.	3	X	X	X
REDFIELD TELEPHONE COMPANY INC.	2	X	X	
REDWOOD COUNTY TEL. CO.	3	X	X	X
RESERVE TELEPHONE COMPANY	3	X	X	X
REYNOLDS TELEPHONE COMPANY	3	X	X	X
RICE BELT TEL. CO., INC.	3	X	X	X
RICHLAND-GRANT TEL. COOP. INC.	3	X	X	X
RICHMOND TEL. CO.	3	X	X	X
RICO TEL. CO.	3	X	X	X
RIDGE TEL. CO. INC.	3	X	X	X
RIDGEVILLE TELEPHONE COMPANY	3	X	X	X
RIDGEWAY TEL. CO.	3	X	X	X
RINGGOLD TEL. COMPANY	3	X	X	X
RINGSTED TELEPHONE COMPANY	3	X	X	X
RIVER VALLEY TEL. COOP.	3	X	X	X
ROANOKE TEL. CO. INC.	3	X	X	X
ROBERTS COUNTY TEL. COOP. ASSN.	3	X	X	X
ROCHESTER TELEPHONE CO. INC.	3	X	X	X
ROCK DELL TEL. CO.	3	X	X	X
ROCK HILL TEL. CO.	3	X	X	X
ROCK PORT TEL. CO.	3	X	X	X
ROCKWELL COOP TELEPHONE ASSN.	3	X	X	X
ROGGEN TELEPHONE COOPERATIVE CO.	3	X	X	X
RONAN TEL. CO.	3	X	X	X
ROTHSAY TELEPHONE COMPANY INC.	3	X	X	X
ROYAL TEL. CO.	3	X	X	X
RUNESTONE TEL. ASSN.	3	X	X	X
RURAL TEL. CO.	3	X	X	X
RUTHVEN TEL. EXCH. CO.	3	X	X	X
S & W TEL. CO., INC.	3	X	X	X
SAC COUNTY MUTUAL TEL. CO.	3	X	X	X
SACO RIVER TEL. & TELE. CO.	3	X	X	X
SACRED HEART TEL. CO.	3	X	X	X
SALEM TEL. CO.	3	X	X	X
SALINA-SPAVINAW TEL. CO., INC.	3	X	X	X
SALUDA MOUNTAIN TEL. CO.	3	X	X	X
SAN MARCOS TEL. CO., INC.	3	X	X	X
SAND CREEK TEL. CO.	3	X	X	X
SANDHILL TEL. COOP., INC.	3	X	X	X
SANDHILL TELEPHONE COMPANY	2	X	X	X
SCHALLER TEL. CO.	3	X	X	
SCHUYLER TELEPHONE COMPANY	3	X	X	
SCOTT COUNTY TEL. COOP. INC.	3	X	X	X
SCOTT RICE TEL. CO.	3	X	X	X
SCRANTON TEL. CO.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
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GROUP D				
SEARSBORO TEL. CO.	3	X	X	X
SERVICE TELEPHONE COMPANY	2	X	X	X
SHARON TEL. CO.	3	X	X	X
SHARON TEL. CO.	3	X	X	X
SHELL ROCK TEL. CO.	3	X	X	
SHENANDOAH TEL. CO.	3	X	X	X
SHERWOOD MUTUAL TEL. ASSOC.	3	X	X	X
SHERWOOD TEL. CO., INC.	3	X	X	X
SHIAWASSEE TELEPHONE COMPANY	2	X	X	X
SHIDLER TEL. CO.	3	X	X	X
SHOREHAM TEL. CO.	3	X	X	X
SIoux VALLEY TELEPHONE COMPANY	3	X	X	X
SKYLINE TEL. MEMB. CORP.	3	X	X	X
SMITHVILLE TEL. CO.	3	X	X	X
SMITHVILLE TEL. CO., INC.	3	X	X	X
SODTOWN TEL. CO.	3	X	X	X
SOMERSET TEL. CO., INC.	3	X	X	X
SOUTH CANAAN TEL. CO.	3	X	X	X
SOUTH CENTRAL RURAL TEL. COOP. CORP. INC.	3	X	X	X
SOUTH SLOPE COOP TEL. CO.	3	X	X	X
SOUTHEASTERN IND. RURAL TEL. COOP INC.	3	X	X	X
SOUTHWEST OKLAHOMA TEL. CO.	3	X	X	X
SOUTHWEST TEL. EXCH., INC.	3	X	X	
SOUTHWESTERN TEL. CO.	3	X	X	X
SPLITROCK TELECOMMUNICATIONS	3	X	X	X
SPRING GROVE COOP TEL CO	3	X	X	X
SPRING VALLEY TEL. CO., INC.	3	X	X	X
SPRINGVILLE COOP TEL. ASSN.	3	X	X	X
SPRUCE KNOB SENECA ROCKS TEL., INC.	3	X	X	X
ST. CROIX TEL. CO.	3	X	X	X
ST. MATTHEWS TEL. CO.	3	X	X	X
ST. PAUL COOP. TEL. ASSN.	3	X	X	X
ST. STEPHEN TELEPHONE COMPANY	2	X	X	X
STAR TEL. CO., INC.	3	X	X	X
STATE LONG DISTANCE TEL. CO.	3	X	X	X
STATE TEL. CO.	3	X	X	X
STATESBORO TEL. CO.	3	X	X	X
STEELVILLE TEL. EXCH. INC.	3	X	X	X
STELLE TEL. CO.	3	X	X	X
STOCKHOLM-STRANDBURG TEL. CO.	3	X	X	X
STRATFORD MUTUAL TEL. CO.	3	X	X	X
SULLIVAN TEL. CO.	3	X	X	X
SULLY TEL. ASSOC.	3	X	X	X
SUMMIT TEL & TEL CO OF ALASKA	3	X	X	X
SUNMAN TEL. CO. INC.	3	X	X	X
SUPERIOR TEL. COOP.	3	X	X	X
SURRY TEL. MEMB. CORP.	3	X	X	X
SWAYZEE TEL. CO. INC.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
	---	---	-----	-----
GROUP D				
SWEETSER RURAL TEL. CO. INC.	3	X	X	X
SWISHER TEL. CO.	3	X	X	X
SYCAMORE TELEPHONE COMPANY	3	X	X	X
TATUM TEL. CO.	3	X	X	X
TELEPHONE SERVICE COMPANY	3	X	X	X
TELLICO TEL. CO., INC.	3	X	X	X
TEMPLETON TELEPHONE COMPANY	3	X	X	X
TENNEY TEL. CO.	3	X	X	X
TERRAL TEL. CO.	3	X	X	X
TERRIL TELEPHONE COMPANY	3	X	X	X
THACKER/GRIGSBY TEL. CO., INC.	3	X	X	X
THE BURT TELEPHONE COMPANY	3	X	X	X
THE CHAMPAIGN TELEPHONE COMPANY	3	X	X	X
THE CITIZENS MUTUAL TELEPHONE COMPANY	3	X	X	X
THE CONESTOGA TEL. AND TEL. CO.	3	X	X	X
THE FISHERS ISLAND TEL. CO.	3	X	X	X
THE GLANDORF TELEPHONE CO. INC.	3	X	X	X
THE NEW KNOXVILLE TELEPHONE COMPANY	3	X	X	X
THE NORTH EASTERN PA. TEL. CO.	3	X	X	X
THE NOVA TELEPHONE COMPANY	3	X	X	X
THE OTTOVILLE MUTUAL TEL. COMPANY	3	X	X	X
THE RITCHIE TELEPHONE COMPANY	3	X	X	X
THE STONEHAM COOPERATIVE TEL. CO.	3	X	X	X
THE WOODBURY TEL. CO.	3	X	X	X
THORNTOWN TELEPHONE CO. INC.	3	X	X	X
TIPTON TELEPHONE COMPANY INC.	3	X	X	X
TITONKA TELEPHONE COMPANY	3	X	X	X
TONICA TELEPHONE COMPANY	3	X	X	X
TOWNSHIP TELEPHONE COMPANY INC.	3	X	X	X
TRENTON TELEPHONE COMPANY	3	X	X	X
TRI-COUNTY MUTUAL TEL. CO.-SD	3	X	X	X
TRI-COUNTY TEL. ASSN. INC.-WY	3	X	X	X
TRI-COUNTY TEL. CO. INC.-TX	3	X	X	X
TRI-COUNTY TEL. COOP. INC.-WI	3	X	X	X
TRI-COUNTY TEL. MEMB. CORP.-NC	3	X	X	X
TRUMANSBURG HOME TELEPHONE COMPANY	3	X	X	X
UNION SPRINGS TEL. COMPANY	3	X	X	X
UNION TEL. CO.	3	X	X	X
UNION TELEPHONE COMPANY	3	X	X	X
UNION TELEPHONE COMPANY	3	X	X	X
UNIONTOWN TELEPHONE CO. INC.	2	X	X	X
UNITED TEL. CO.-TN	3	X	X	X
UNITED TELEPHONE ASSN. INC.	3	X	X	X
UPSALA COOPERATIVE TELEPHONE ASSN.	3	X	X	X
VALLEY TEL. CO.-MN	3	X	X	X
VALLEY TEL. COOP. ASSN., INC.	3	X	X	X
VAN BUREN TELEPHONE CO INC.	3	X	X	X
VAN HURNE COOP TELEPHONE CO.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION

GROUP D				

VANLUE TELEPHONE COMPANY	3	X	X	X
VAUGHNSVILLE TELEPHONE COMPANY	3	X	X	X
VENTURA TELEPHONE CO. INC.	3	X	X	X
VERNON TELEPHONE COOP	3	X	X	X
VILLISCA FARMERS TELEPHONE CO.	3	X	X	X
VIOLA HOME TELEPHONE COMPANY	3	X	X	X
VIRGINIA HOT SPRINGS TEL. CO.	3	X	X	X
VIVIAN TELEPHONE COMPANY	3	X	X	X
WABASH MUTUAL TELEPHONE COMPANY	3	X	X	X
WABASH TELEPHONE COOPERATIVE INC.	3	X	X	X
WADESVILLE TELEPHONE COMPANY INC.	3	X	X	X
WALKER COUNTY TELEPHONE COMPANY	3	X	X	X
WALNUT TELEPHONE COMPANY	3	X	X	X
WAR TELEPHONE COMPANY	2	X	X	X
WASH. CTY. RURAL TEL. COOP. INC.	3	X	X	X
WATERWOOD COMMUNICATIONS INC.	3	X	X	X
WAUNAKEE TELEPHONE COMPANY	2	X	X	X
WAYSIDE TELEPHONE COMPANY	3	X	X	X
WEBSTER COUNTY TELEPHONE COMPANY	2	X	X	X
WEBSTER-CALHOUN COOP TELEPHONE ASSN.	3	X	X	X
WEST BRANCH TELEPHONE COMPANY	3	X	X	X
WEST CAROLINA RURAL TEL. COOP.	3	X	X	X
WEST CENTRAL TELEPHONE ASSN.	3	X	X	X
WEST IOWA TELEPHONE COMPANY	3	X	X	X
WEST KY. RURAL TEL. COOP. CORP. INC.	3	X	X	X
WEST LIBERTY TELEPHONE COMPANY	3	X	X	X
WEST POINT TELEPHONE CO. INC.	3	X	X	X
WEST SIDE TELEPHONE COMPANY-PA	3	X	X	X
WEST SIDE TELEPHONE COMPANY-WV	3	X	X	X
WEST TENNESSEE TEL. CO., INC.	3	X	X	X
WEST WISCONSIN TEL COOP INC.	3	X	X	X
WESTERN IOWA TELEPHONE ASSN.	3	X	X	X
WESTERN RESERVE TELEPHONE COMPANY	2	X	X	X
WESTERN TELEPHONE COMPANY	3	X	X	X
WESTERN TELEPHONE COMPANY	3	X	X	X
WESTSIDE INDP. TELEPHONE COMPANY	3	X	X	X
WHITTIER TELEPHONE COMPANY	3	X	X	X
WIKSTROM TELEPHONE COMPANY INC.	3	X	X	X
WILKINSON COUNTY TEL. CO. INC.	3	X	X	X
WILLARD TEL. CO.	3	X	X	X
WILTON TEL. CO.- NH	3	X	X	X
WILTON TELEPHONE COMPANY	3	X	X	X
WINN TELEPHONE COMPANY	3	X	X	X
WINNEBAGO COOP TELEPHONE ASSN - IA	3	X	X	X
WINNEBAGO COOP TELEPHONE ASSOC - MN	3	X	X	X
WINSTED TELEPHONE COMPANY	3	X	X	X
WINTHROP TEL. CO.	3	X	X	X
WOLVERTON TEL. CO.	3	X	X	X

NECA POOL PARTICIPANTS
FOR PROSPECTIVE TEST YEAR

	SUB SET	END USER	TRAFFIC SENSITIVE	BILLING & COLLECTION
	---	---	-----	-----
GROUP D				

WOLVERTON TELEPHONE COMPANY	3	X	X	X
WOODHULL COMMUNITY TELEPHONE COMPANY	3	X	X	X
WOODSTOCK TELEPHONE COMPANY	3	X	X	X
WOODWARD MUTUAL TELEPHONE CO.	3	X	X	X
WOOLSTOCK MUT. TELEPHONE ASSN.	3	X	X	X
WYANDOTTE TELEPHONE COMPANY	2	X	X	
WYOMING MUTUAL TELEPHONE COMPANY	3	X	X	X
YADKIN VALLEY TEL. MEMB. CORP.	3	X	X	X
YATES CITY TELEPHONE COMPANY	3	X	X	X
YORK TELEPHONE COMPANY	3	X	X	X
YORKVILLE TELEPHONE COOPERATIVE INC.	3	X	X	X
YUKON-WALTZ TELEPHONE COMPANY	3	X	X	X
ZUMBROTA TELEPHONE COMPANY	3	X	X	X

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that this is crucial for ensuring the integrity of the financial statements and for providing a clear audit trail.

2. The second part of the document outlines the various methods used to collect and analyze data. It includes a detailed description of the sampling process and the statistical techniques employed to ensure the reliability of the results.

3. The third part of the document provides a comprehensive overview of the findings of the study. It highlights the key areas where significant differences were observed and discusses the potential reasons for these variations.

4. The final part of the document offers conclusions and recommendations based on the research findings. It suggests several strategies to improve the efficiency and accuracy of the data collection process and to address the identified issues.

5. The document also includes a section on the limitations of the study. It acknowledges that while the research provides valuable insights, there are certain constraints that may affect the generalizability of the findings.

6. Finally, the document concludes with a summary of the overall objectives and the significance of the research. It reiterates the importance of the findings and the need for further research in this area.

7. The document is supported by several appendices, including a list of references, a glossary of terms, and a detailed list of abbreviations used throughout the text.

APPENDIX H

NECA MEMBER CONTRACT FOR COST COMPANIES

This appendix contains a copy of the agreement between NECA and its cost company members that governs the pooling procedures.

AGREEMENT FOR THE DISTRIBUTION
OF
INTERSTATE ACCESS REVENUES
(Cost Companies)

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This Agreement, effective as of October 1, 1985 between the National Exchange Carrier Association, Inc., herein called the Association, a non-profit corporation organized under the laws of the State of Delaware, and _____, herein called the Exchange Carrier, sets forth the terms and conditions for participation by the Exchange Carrier in certain interstate access service revenue pooling and distribution arrangements.

WHEREAS, exchange carriers and the Association were ordered by the Federal Communications Commission (herein FCC) in CC Docket No. 78-72 to file interstate exchange access tariffs in compliance with Part 69 of the FCC's Rules; and

WHEREAS, the FCC, in its orders in CC Docket No. 78-72 provided for common access tariff arrangements among exchange carriers and required all exchange carriers to participate in the Carrier Common Line Pool (mandatory pool) and permitted exchange carriers to participate in pools for End User, Traffic Sensitive access elements, and Billing and Collection access elements (herein voluntary pools); and

WHEREAS, the FCC mandated the establishment of the Association to administer the mandatory and voluntary pools associated with the interstate access tariffs; and

WHEREAS, all exchange carriers are members of the Association; and

WHEREAS, the fundamental requirement for administering the mandatory and voluntary pools is the FCC-ordered distribution of revenues among the members of the Association; and

WHEREAS, the establishment of uniform pooling methodology and administrative guidelines is essential to the FCC-ordered distribution of revenues among exchange carriers and to assure the appropriate flow of funds among exchange carriers; and

WHEREAS, it is to the benefit of exchange carriers for the Association to effectuate payments among exchange carriers on a monthly basis; and that such payments should recover for each Exchange Carrier its monthly interstate access expenses and provide a common return by pool on its interstate access investment;

NOW THEREFORE, in consideration of the mutual covenants, agreements and undertakings set forth herein the parties agree as follows:

SECTION I

SCOPE OF THE AGREEMENT

This Agreement describes terms and conditions for the pooling and distribution of the interstate access revenues for the pool(s) in which the Exchange Carrier participates and as provided in Part 69 of Title 47 of the Code of Federal Regulations and as agreed to by both parties in this Agreement.

SECTION II

COMPLIANCE WITH FCC RULES AND REGULATIONS

With respect to all matters covered by this Agreement, the Exchange Carrier and Association shall comply with all applicable FCC Orders, Rules and Regulations, as may be modified from time to time by the FCC.

SECTION III

RESPONSIBILITIES OF PARTIES

A. Exchange Carrier

1. Reporting of Data for Revenue Distribution

The Exchange Carrier shall be responsible for the gathering, accuracy and reporting of all data in such form and at such times as may be reasonably required by the Association for purposes of effectuating monthly revenue distributions. The Exchange Carrier agrees to make available additional supporting documentation as may be reasonably required by the Association to resolve questions concerning reported data.

2. Bank Account Information

The Exchange Carrier agrees to provide information as necessary to the Treasurer of the Association with regard to the Exchange Carrier's bank and account into which payments are to be made to the Exchange Carrier. Such information shall be treated as proprietary information as stipulated in Section VIII of this Agreement.

B. Association

1. Tariff Filing

To the extent the Exchange carrier participates in common tariff arrangements filed by the Association, the Association will monitor revenues, revenue requirements, and usage data related to Association filed tariffs. Should any change in circumstances warrant, the Association will take appropriate action, which would include consideration of tariff revisions to reflect changed conditions.

2. Settlement

The Association shall prepare and furnish to each Exchange Carrier a monthly settlement statement detailing the net amount due to or due from the Exchange Carrier and will effect required cash flows in accordance with Schedules published by the Association. The current schedule is set forth in Attachment I. The Association shall provide at least sixty (60) days notice prior to the date upon which any modification to this or any subsequent schedule takes effect. The method of payment by the Exchange Carrier to the Association, or from the Association to the Exchange Carrier, shall occur in accordance with Section V.

Notwithstanding any other provision in Sections IV, V, and IX of this Agreement, the Association's obligation to make payments under this Agreement and the timing of such payments is limited to the funds received by the Association, less reimbursement for Association expenses, from all members of the Association.

3. Cash Flow Contingency

To the extent that funds available to the Association, including borrowings, for making payment to exchange carriers are insufficient to satisfy net amounts due exchange carriers, the Association shall, in a manner consistent with the FCC's Rules and Regulations, distribute a pro-rata share of available funds to exchange carriers. If such distribution is made, the Exchange Carrier's pro-rata share shall be computed by determining the ratio of funds available to the total net amount due exchange carriers, and then applying this ratio against the individual Exchange Carrier's net amount due. Remaining balances of net amounts due the

Exchange Carrier resulting from this calculation shall be reflected in the following data month's cash flow calculation.

SECTION IV

REVENUE SETTLEMENTS PROCESS

A. The term "settlement", as used herein, shall mean the reimbursement of expenses, taxes, and share of residue for each pool in which the Exchange Carrier participates from the available pooled revenues after deducting Net Realized Uncollectibles. The term "net balance" represents the required cash flow between the Association and the Exchange Carrier and is determined by deducting the revenues earned and reported by the Exchange Carrier, from the settlement due the Exchange Carrier. If as a result of this calculation the Exchange Carrier has a negative net balance, i.e., owes money to the pool, the Association shall render a bill for that amount to the Exchange Carrier. If the Exchange Carrier has a positive net balance, i.e., due money from the pool, the Association shall disburse that amount to the Exchange Carrier, except as otherwise provided for in this Agreement.

B. In computing Exchange Carrier settlements and net balances, the Association shall:

1. Calculate access service settlements and net balances for each Exchange Carrier settling on the basis of nationwide "average schedules" using the formula as approved by the FCC.

2. Develop access service settlements for each Exchange Carrier settling on an individual cost basis (cost company). These settlements and net balances for each cost company shall be computed

individually for each access pool in which the Exchange Carrier participates. After first deducting Association expenses in a manner consistent with the FCC's Rules and Regulations and, secondly, after average schedule companies settlements have been determined for each of the access pools, cost company settlements will then be determined as follows:

a. For non-traffic sensitive "common line" (CL) revenue requirements, a total settlement representing both carrier common line and end user elements is computed which reimburses the Exchange Carrier for its operating expenses and taxes and provides the Exchange Carrier with its share of the remaining CL pooled revenue ("residue") based on its share of the net investment devoted to the common line elements. Subsequent to the calculation of the Exchange Carriers total common line settlement, individual amounts are calculated for the carrier common line and end user elements by equating the end user revenue requirement to the Exchange Carrier's end user revenues, and then deducting such end user revenue requirement from the total common line settlement to derive the carrier common line settlement. The Exchange Carrier is required to report to the Association end user revenues, provided however, that if the Exchange Carrier files its own end user tariff, it shall not report either the end user revenues or base factor portion investment and expenses when it certifies in writing to the Association that its end user revenues fully recover its base factor revenue requirement (i.e., zero residual). Such certification shall be in the form of a letter to the NECA Pool Administrator from a duly authorized officer of the Exchange Carrier.

b. If the Exchange Carrier participates in the traffic sensitive pool, a settlement is computed which reimburses the Exchange Carrier for its operating expenses and taxes and provides the Exchange Carrier with its share of the remaining pooled revenues ("residue") based on its share of the net investment devoted to traffic sensitive pooled services.

c. If the Exchange Carrier participates in the billing and collection pool, a settlement is computed which reimburses the Exchange Carrier for its operating expenses and taxes and provides the Exchange Carrier with its share of the remaining pooled revenues ("residue") based on its share of the net investment devoted to billing and collection pooled services.

3. Render invoices to exchange carriers having negative net balances and distribute revenues to exchange carriers having positive net balances according to the schedules published by the Association, as referenced in Section III,B,2.

4. Reflect retroactive adjustments to pooling data reported by exchange carriers or the Association in order to true up and/or correct previously computed settlements for up to 24 months following the data month to which the adjustment applies.

SECTION V

TREASURY OPERATIONS

Revenue billing, collections, and disbursements shall occur in accordance with the following and on the dates specified in Attachment I:

A. Billing Statements:

Billing statements shall be rendered to the Exchange Carrier by the Association on the sixth workday of the month following the data month. These statements shall reflect the amount billed the previous month, any collections or billing adjustments, any late payment charges, the current data month net balance, and the total amount due the Association. Any collections received by the Association after the third workday will not be reflected on the current billing statement.

B. Collections:

1. Payments due the Association of greater than \$50,000 shall be made by wire transfer or electronic funds transfer directly to the Association's bank account on the fourth from last workday of the month following the data month. (See Attachment I). If this due date is a local bank holiday, funds shall be wire transferred or electronic funds transferred on the prior workday.

2. Payments of \$50,000 or less may be paid via check and mailed in time to arrive at the Association's designated lockbox location no later than the fourth from last workday of the month following the data month. (See Attachment I).

3. A late payment charge may be assessed by the Association to the Exchange Carrier for a delinquent payment. The late factor shall be the average interest rate (in decimal value) which the Association experienced for borrowing during the period in which the payment was delinquent, applied for the number of days from the payment due date up to and including the date that the payment is actually received by the Association.

Any such late payment penalties collected by the Association shall be used to offset the borrowing costs occasioned by that late payment.

C. Disbursements:

1. Payments due to the Exchange Carrier will be made via electronic funds transfer on the last workday of the month following the data month.

2. If the receiving Exchange Carrier specifically refuses to accept electronic funds transfer or if electronic funds transfer to an Exchange Carrier is technically not feasible, payment will be made by check mailed two business days in advance of the due date.

SECTION VI

FIDUCIARY POSSESSION OF MONIES

A. All revenues collected and held by the Association, including appreciation and interest derived from such amounts, are held by the Association in a fiduciary capacity on behalf of the parties having an interest in such monies. Parties having an interest in such monies are the members of the Association, and the Association for its operating costs.

B. All monies received by the Association and investment instruments in which such monies may be invested shall be held in the possession of the Association or in an account in the Association's name. Any such bank account(s) shall be a special purpose account(s) which shall contain only amounts related to pooled revenues and appreciation and interest derived from such amounts and investment instruments representing investments of

such amounts, and shall be used only as set forth in the next paragraph.

C. Monies held by the Association shall be used first to pay, on a current monthly basis, the Association's expenses, including all amounts the Association requires to pay in interest and principal on borrowings incurred by the Association in order to effectuate revenue distributions to members and/or to finance Association operations, and second, to distribute revenues to the Exchange Carrier as otherwise provided herein.

SECTION VII

AUDITS AND REVIEWS

The Exchange Carrier and the Association shall maintain adequate records of its transactions relative to the Agreement. Such records shall be subject to examination by the Association to the extent necessary to verify the accuracy and reasonableness of the revenues and the investment, expenses and taxes underlying the compensation amounts. The examination shall require access to the Exchange Carrier's records, properties and personnel that are reasonably necessary and relevant to the pool(s) participated in by the Exchange Carrier.

The Exchange Carrier shall at its own expense have the right to perform audits and reviews of the Association's records necessary to verify the accuracy and reasonableness of its compensation. The Exchange Carrier shall have access to such records, properties and personnel that are reasonably necessary and relevant to the pool(s) participated in by the Exchange Carrier, provided however, that the

Exchange Carrier shall not be permitted access to proprietary information of another member of the Association.

Adequate written notice shall be given to the Exchange Carrier or Association for any on-premises examination of records or amounts. Record retention for all matters applicable to the audits and reviews should be in conformance with FCC Rules and Regulations.

SECTION VIII

PROPRIETARY INFORMATION

Any information disclosed by the Exchange Carrier to the Association pursuant to this Agreement shall be used by the Association solely for the purposes of administering and otherwise implementing the terms of this Agreement. Information relating to the distribution of pooled access charge revenues provided under this Agreement shall be held in confidence by the Association and its employees, contractors or agents. Except as provided for in Section VII of this agreement, the Association shall not disseminate or release material furnished by an Exchange Carrier containing company specific information to other than its employees, contractors or agents, unless otherwise agreed upon in writing. However, nothing in this Section shall require the Association to keep confidential any information which is publicly available.

In addition, the Association agrees to give notice to the Exchange Carrier of any demands to disclose or provide any company specific information provided to the Association in conjunction with distribution of pooled access charge revenues under lawful process, unless lawfully restrained from doing so, prior to disclosing or

furnishing such information, and agrees to cooperate in seeking reasonable protective arrangements requested by the Exchange Carrier. In addition, the Association may disclose or provide information of an Exchange Carrier required under lawful order by a government agency having requisite jurisdiction; provided that the Association agrees to use its best efforts to obtain protective arrangements satisfactory to the Exchange Carrier owning the information; and provided further that the Exchange Carrier owning the information may not unreasonably withhold approval of the protective arrangements.

SECTION IX

NON-COMPLIANCE

In addition to all other remedies provided for in this Agreement or in law:

1. A failure by the Exchange Carrier to remit any funds due the Association under this Agreement shall result in an assessment of a late payment charge and adjustments to subsequent settlement cash flow to the Exchange Carrier.

2. Failure by the Exchange Carrier to report pooling data as specified in Sections III and IV shall result in the Association using for settlement computation and revenue distribution purposes, at its option, either 1) the Exchange Carrier's forecast, or 2) data which the Association has estimated on behalf of the Exchange Carrier or 3) actual historical settlement data of the Exchange Carrier. Should the Exchange Carrier fail to report any required monthly pooling data for three (3) data months, net amounts due the

Exchange Carrier from the Association may be withheld until all required past due pooling data is reported.

SECTION X

DISPUTE RESOLUTION

While it is the intention of the parties to informally resolve disputes arising hereinunder, the parties reserve their rights and remedies in law to institute any appropriate proceeding(s) to resolve disputes.

SECTION XI

MISCELLANEOUS PROVISIONS

A. Amendments

Except as required by Order of the FCC, this Agreement may not be modified without the written consent of the Exchange Carrier and the Association Board of Directors.

B. Assignment

This Agreement may not be assigned or transferred by either party without the written consent of the other party, which shall not be unreasonably withheld.

C. Entire Agreement

This Agreement, including the Attachment hereto, constitutes the entire agreement among the parties with respect to the subject matter contained herein.

D. Successors and Assigns

This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, successors, legal representatives and assigns.

E. Waiver

No waiver of any breach or default of this Agreement by either party hereto shall be considered to be a waiver of any other breach or default of the Agreement.

F. Notices

All notices hereunder shall be deemed to have been duly given when made in writing and delivered in person or deposited in the United States certified mail postage prepaid, return receipt requested. The addresses set forth below for the respective parties shall be the places where notices shall be sent, unless written notice of a change of address is given.

NECA

National Exchange Carrier Association, Inc.
c/o NECA Director - Pool Administration
100 So. Jefferson Road
Whippany, NJ 07981

Exchange Carrier

Name: _____

Address: _____

G. Severability

If any of the provisions of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions and rights and obligations of the parties shall be construed and enforced accordingly.

H. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

I. Caption Headings

The headings in this Agreement are for convenience only and shall not be construed to define or limit any of the terms herein or affect the meaning or interpretation of this Agreement.

J. Force Majeure

Neither Party shall be held liable for any delay or failure in performance of any part of this agreement from any cause beyond its control or without its fault or negligence such as acts of God, acts of civil or military authorities, war or unusually severe weather conditions.

K. Prior Agreements

This Agreement supersedes all prior Agreements for the distribution of access revenues. Further, all retroactive adjustments to settlements made pursuant to the 1984/1985 Agreement

For The Distribution of Interstate Access Revenues shall be governed by the provisions of this Agreement.

SECTION XII

TERMINATION

This Agreement shall be effective for the next access period, and shall renew automatically thereafter for each subsequent access period unless either party to the Agreement provides the other with written notification of its intention to terminate the Agreement by not later than 90 days prior to the expiration of the access period then in effect. As used herein, an access period shall coincide with the period in which an Exchange Carrier may enter or exit association common tariff arrangements in accordance with Section 69.3 of the FCC's Rules.

Notwithstanding termination of this Agreement, the Exchange Carrier and the Association shall continue to be bound by the terms of this Agreement for all adjustments relative to the Revenue Settlements Process as specified in Section IV.

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed in duplicate on their behalf this _____ day of _____ 19__.

Company: National Exchange Carrier Association, Inc.

By: _____

Title: _____

Company: _____

By: _____

Title: _____

NECA SETTLEMENT SCHEDULE FOR 1985/1986

<u>DATA MONTH</u>	<u>POOLING INPUT May Begin As Early As The 5th Workday Of The Data Month*</u>	<u>MAILED POOLING INPUT DUE TO NECA REGIONAL OFFICES On 5th From Last Workday Of Data Month*</u>	<u>DATA TERMINAL POOLING INPUT DUE TO NECA HEADQUARTERS On 3rd From Last Workday Of Data Month*</u>	<u>SETTLEMENT STATEMENTS FROM NECA On 3rd Work- Day of Following Month*</u>	<u>SETTLEMENT CASH FLOW</u>	
					<u>TO NECA BY</u>	<u>FROM NECA BY</u>
<u>1985</u>						
June	June 7	June 24	June 26	July 3	July 26	July 31
July	July 8	July 25	July 29	Aug. 5	Aug. 27	Aug. 30
Aug.	Aug. 7	Aug. 26	Aug. 28	Sept. 5	Sept. 25	Sept. 30
Sept.	Sept. 9	Sept. 24	Sept. 26	Oct. 3	Oct. 28	Oct. 31
Oct.	Oct. 7	Oct. 25	Oct. 29	Nov. 5	Nov. 22	Nov. 27
Nov.	Nov. 7	Nov. 21	Nov. 25	Dec. 4	Dec. 26	Dec. 31
Dec.	Dec. 6	Dec. 24	Dec. 27	Jan. 6	Jan. 28	Jan. 31
<u>1986</u>						
Jan.	Jan. 8	Jan. 27	Jan. 29	Feb. 5	Feb. 25	Feb. 28
Feb.	Feb. 7	Feb. 24	Feb. 26	March 5	March 26	March 31
March	March 7	March 25	March 27	April 3	April 25	April 30
April	April 7	April 24	April 28	May 5	May 27	May 30
May	May 7	May 23	May 28	June 4	June 25	June 30

* Workdays based on NECA Headquarters Holidays

Section 1: Introduction

The first part of the document discusses the importance of maintaining accurate records and the role of the committee in overseeing these processes. It highlights the need for transparency and accountability in all financial transactions.

The second part of the document details the specific procedures for reporting and auditing, ensuring that all data is properly documented and reviewed.

The third part of the document outlines the responsibilities of the various departments involved in the process, from data collection to final reporting.

The fourth part of the document provides a summary of the key findings and recommendations, emphasizing the need for continuous improvement and regular communication.

The fifth part of the document discusses the challenges faced during the process and the strategies used to overcome them, providing valuable insights for future projects.

The sixth part of the document concludes with a final statement of appreciation for the support and cooperation of all stakeholders throughout the project.

The seventh part of the document includes a list of references and sources used in the research, ensuring the credibility and accuracy of the information presented.

The eighth part of the document provides a detailed breakdown of the budget and financial resources, showing how funds were allocated and spent.

The ninth part of the document discusses the impact of the project on the organization and the broader community, highlighting the positive outcomes achieved.

The tenth part of the document includes a final summary and a call to action, encouraging all members to continue their commitment to excellence and integrity.

APPENDIX I

NECA MEMBER CONTRACT FOR AVERAGE SCHEDULE COMPANIES

This appendix contains a copy of the agreement between NECA and its average schedule members that governs the pooling procedures.

AGREEMENT FOR THE DISTRIBUTION
OF
INTERSTATE ACCESS REVENUES
(Average Schedule Companies)

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This Agreement, effective as of October 1, 1985 between the National Exchange Carrier Association, Inc., herein called the Association, a non-profit corporation organized under the laws of the State of Delaware, and _____, herein called the Exchange Carrier, sets forth the terms and conditions for participation by the Exchange Carrier in certain interstate access service revenue pooling and distribution arrangements.

WHEREAS, Exchange Carriers and the Association were ordered by the Federal Communications Commission (herein FCC) in CC Docket No. 78-72 to file interstate exchange access tariffs in compliance with Part 69 of the FCC's Rules; and

WHEREAS, the FCC, in its orders in CC Docket No. 78-72 provided for common access tariff arrangements among exchange carriers and required all average schedule exchange carriers to participate in the Carrier Common Line, End User and Traffic Sensitive access elements, and permitted participation in the Billing and Collection access elements; and

WHEREAS, the FCC mandated the establishment of the Association to administer the mandatory and voluntary pools associated with the interstate access tariffs; and

WHEREAS, all exchange carriers are members of the Association; and

WHEREAS, the fundamental requirement for administering the mandatory and voluntary pools is the FCC-ordered distribution of revenues among the members of the Association; and

WHEREAS, the establishment of uniform pooling methodology and administrative guidelines is essential to the FCC-ordered distribution of revenues among exchange carriers and to assure the appropriate flow of funds among exchange carriers; and

WHEREAS, it is to the benefit of exchange carriers for the Association to effectuate payments among exchange carriers on a monthly basis; and that such payments to average schedule exchange carriers should be made in accordance with an average schedule formula approved by the FCC;

NOW THEREFORE, in consideration of the mutual covenants, agreements and undertakings set forth herein the parties agree as follows:

SECTION I

SCOPE OF THE AGREEMENT

This Agreement describes terms and conditions for the pooling and distribution of the interstate access revenues for the pool(s) in which the Exchange Carrier participates and as provided in Part 69 of Title 47 of the Code of Federal Regulations and as agreed to by both parties in this Agreement.

SECTION II

COMPLIANCE WITH FCC RULES AND REGULATIONS

With respect to all matters covered by this Agreement, the Exchange Carrier and Association shall comply with all applicable FCC Orders, Rules and Regulations, as may be modified from time to time by the FCC.

SECTION III

RESPONSIBILITIES OF PARTIES

A. Exchange Carrier

1. Reporting of Data for Revenue Distribution

The Exchange Carrier shall be responsible for the gathering, accuracy and reporting of all data in such form and at such times as may be reasonably required by the Association for purposes of effectuating monthly revenue distributions. The Exchange Carrier agrees to make available additional supporting documentation as may be reasonably required by the Association to resolve questions concerning reported data.

2. Bank Account Information

The Exchange Carrier agrees to provide information as necessary to the Treasurer of the Association with regard to the Exchange Carrier's bank and account into which payments are to be made to the Exchange Carrier. Such information shall be treated as proprietary information as stipulated in Section VIII of this Agreement.

B. Association

1. Tariff Filing

To the extent the Exchange Carrier participates in common tariff arrangements filed by the Association, the Association will monitor revenues, revenue requirements, and usage data related to Association filed tariffs. Should any change in circumstances warrant, the Association will take appropriate action, which would include consideration of tariff revisions to reflect changed conditions.

2. Settlement

The Association shall prepare and furnish to each Exchange Carrier a monthly settlement statement detailing the net amount due to or due from the Exchange Carrier and will effect required cash flows in accordance with Schedules published by the Association. The current schedule is set forth in Attachment I. The Association shall provide at least sixty (60) days notice prior to the date upon which any modification to this or any subsequent schedule takes effect. The method of payment by the Exchange Carrier to the Association, or from the Association to the Exchange Carrier, shall occur in accordance with Section V.

Notwithstanding any other provision in Sections IV, V, and IX of this Agreement, the Association's obligation to make payments under this Agreement and the timing of such payments is limited to the funds received by the Association, less reimbursement for Association expenses, from all members of the Association.

3. Cash Flow Contingency

To the extent that funds available to the Association, including borrowings, for making payment to exchange carriers are insufficient to satisfy net amounts due exchange carriers, the Association shall, in a manner consistent with the FCC's Rules and Regulations, distribute a pro-rata share of available funds to exchange carriers. If such distribution is made, the Exchange Carrier's pro-rata share shall be computed by determining the ratio of funds available to the total net amount due exchange carriers, and then applying this ratio against the individual Exchange Carrier's net amount due. Remaining balances of net amounts due the

Exchange Carrier resulting from this calculation shall be reflected in the following data month's cash flow calculation.

SECTION IV

REVENUE SETTLEMENTS PROCESS

A. The term "settlement", as used herein, shall for average schedule companies mean an approximate reimbursement of expenses, taxes, and share of residue for each pool in which the Exchange Carrier participates, based upon a set of formulas or tables, from the available pooled revenues after deducting Net Realized Uncollectibles. The term "net balance" represents the required cash flow between the Association and the Exchange Carrier and is determined by deducting the revenues earned and reported by the Exchange Carrier from the settlement due the Exchange Carrier. If as a result of this calculation the Exchange Carrier has a negative net balance, i.e., owes money to the pool, the Association shall render a bill for that amount to the Exchange Carrier. If the Exchange Carrier has a positive net balance, i.e., due money from the pool, the Association shall disburse that amount to the Exchange Carrier, except as otherwise provided for in this Agreement.

B. In computing Exchange Carrier settlements and net balances, the Association shall:

1.) Calculate access service settlements and net balances for each Exchange Carrier settling on the basis of nationwide "average schedules" using the formula as approved by the FCC pursuant to Section 69.606 of its Rules. These settlements and net balances for

each Exchange Carrier shall be computed individually for each access pool in which the Exchange Carrier participates.

2.) Render invoices to exchange carriers having negative net balances and distribute revenues to exchange carriers having positive net balances according to the schedules published by the Association, as referenced in Section III,B,2.

3.) Reflect retroactive adjustments to pooling data reported by exchange carriers or the Association in order to true up and/or correct previously computed settlements for up to 24 months following the data month to which the adjustments apply.

4.) Adjustments to amounts paid to or due from any Exchange Carrier settling on average schedules shall be calculated by reference to the average schedule in effect coincident with the data month against which such adjustment is being claimed.

SECTION V

TREASURY OPERATIONS

Revenue billing, collections, and disbursements shall occur in accordance with the following and on the dates specified in Attachment I:

A. Billing Statements:

Billing statements shall be rendered to the Exchange Carrier by the Association on the sixth workday of the month following the data month. These statements shall reflect the amount billed the previous month, any collections or billing adjustments, any late payment charges, the current data month net balance, and the total amount due the Association. Any collections received by the

Association after the third workday will not be reflected on the current billing statement.

B. Collections:

1. Payments due the Association of greater than \$50,000 shall be made by wire transfer or electronic funds transfer directly to the Association's bank account on the fourth from last workday of the month following the data month. (See Attachment I). If this due date is a local bank holiday, funds shall be wire transferred or electronic funds transferred on the prior workday.

2. Payments of \$50,000 or less may be paid via check and mailed in time to arrive at the Association's designated lockbox location no later than the fourth from last workday of the month following the data month. (See Attachment I).

3. A late payment charge may be assessed by the Association to the Exchange Carrier for a delinquent payment. The late factor shall be the average interest rate (in decimal value) which the Association experienced for borrowing during the period in which the payment was delinquent, applied for the number of days from the payment due date up to and including the date that the payment is actually received by the Association.

Any such late payment penalties collected by the Association shall be used to offset the borrowing costs occasioned by that late payment.

C. Disbursements:

1. Payments due to the Exchange Carrier will be made via electronic funds transfer on the last workday of the month following the data month, consistent with Schedule I.

2. If the receiving Exchange Carrier specifically refuses to accept electronic funds transfer or if electronic funds transfer to an Exchange Carrier is technically not feasible, payment will be made by check mailed two business days in advance of the due date, consistent with Schedule I.

SECTION VI

FIDUCIARY POSSESSION OF MONIES

A. All revenues collected and held by the Association, including appreciation and interest derived from such amounts, are held by the Association in a fiduciary capacity on behalf of the parties having an interest in such monies. Parties having an interest in such monies are the members of the Association, and the Association for its operating costs.

B. All monies received by the Association and investment instruments in which such monies may be invested shall be held in the possession of the Association or in an account in the Association's name. Any such bank account(s) shall be a special purpose account(s) which shall contain only amounts related to pooled revenues and appreciation and interest derived from such amounts and investment instruments representing investments of such amounts, and shall be used only as set forth in the next paragraph.

C. Monies held by the Association shall be used first to pay, on a current monthly basis, the Association's expenses, including all amounts the Association requires to pay in interest and principal on borrowings incurred by the Association in order to effectuate revenue distributions to members and/or to finance Association operations, and second, to distribute revenues to the Exchange Carrier as otherwise provided herein.

SECTION VII

AUDITS AND REVIEWS

The Exchange Carrier and the Association shall maintain adequate records of its transactions relative to the Agreement. Such records shall be subject to examination by the Association to the extent necessary to verify the accuracy and reasonableness of data underlying the compensation amounts. The examination may require access to the Exchange Carrier's records, properties and personnel that are reasonably necessary and relevant to the pool(s) participated in by the Exchange Carrier.

The Exchange Carrier shall at its own expense have the right to perform audits and reviews of the Association's records necessary to verify the accuracy and reasonableness of its compensation. The Exchange Carrier shall have access to such records, properties and personnel that are reasonably necessary and relevant to the pool(s) participated in by the Exchange Carrier, provided however, that the Exchange Carrier shall not be permitted access to proprietary information of another member of the Association.

Adequate written notice shall be given to the Exchange Carrier or Association for any on-premises examination of records or amounts. Record retention for all matters applicable to the audits and reviews should be in conformance with FCC Rules and Regulations.

SECTION VIII

PROPRIETARY INFORMATION

Any information disclosed by the Exchange Carrier to the Association pursuant to this Agreement shall be used by the Association solely for the purposes of administering and otherwise implementing the terms of this Agreement. Information relating to the distribution of pooled access charge revenues provided under this Agreement shall be held in confidence by the Association and its employees, contractors or agents. Except as provided for in Section VII of this agreement, the Association shall not disseminate or release material furnished by an Exchange Carrier containing company specific information to other than its employees, contractors or agents, unless otherwise agreed upon in writing. However, nothing in this Section shall require the Association to keep confidential any information which is publicly available or which the Exchange Carrier makes publicly available.

In addition, the Association agrees to give notice to the Exchange Carrier of any demands to disclose or provide any company specific information provided to the Association in conjunction with distribution of pooled access charge revenues under lawful process, unless lawfully restrained from doing so, prior to disclosing or furnishing such information, and agrees to cooperate in seeking

reasonable protective arrangements requested by the Exchange Carrier. In addition, the Association may disclose or provide information of an Exchange Carrier required under lawful order by a government agency having jurisdiction over; provided that the Association agrees to use its best efforts to obtain protective arrangements satisfactory to the Exchange Carrier owning the information; and provided further that the Exchange Carrier owning the information may not unreasonably withhold approval of the protective arrangements.

SECTION IX

NON-COMPLIANCE

In addition to all other remedies provided for in this Agreement or in law:

1. A failure by the Exchange Carrier to remit any funds due the Association under this Agreement shall result in an assessment of a late payment charge and adjustments to subsequent settlement cash flow to the Exchange Carrier.
2. Failure by the Exchange Carrier to report pooling data as specified in Sections III and IV shall result in the Association using for settlement computation and revenue distribution purposes, at its option, either 1) the Exchange Carrier's forecast, or 2) data which the Association has estimated on behalf of the Exchange Carrier or 3) actual historical settlement data of the Exchange Carrier. Should the Exchange Carrier fail to report any required monthly pooling data for three (3) data months, net amounts due the

Exchange Carrier from the Association may be withheld until all required past due pooling data is reported.

SECTION X

DISPUTE RESOLUTION

While it is the intention of the parties to informally resolve disputes arising hereinunder, the parties reserve their rights and remedies in law to institute any appropriate proceeding(s) to resolve disputes.

SECTION XI

MISCELLANEOUS PROVISIONS

A. Amendments

Except as required by Order of the FCC, this Agreement may not be modified without the written consent of the Exchange Carrier and the Association Board of Directors.

B. Assignment

This Agreement may not be assigned or transferred by either party without the written consent of the other party, which shall not be unreasonably withheld.

C. Entire Agreement

This Agreement, including the Attachment hereto, constitutes the entire agreement among the parties with respect to the subject matter contained herein.

D. Successors and Assigns

This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, successors, legal representatives and assigns.

E. Waiver

No waiver of any breach or default of this Agreement by either party hereto shall be considered to be a waiver of any other breach or default of the Agreement.

F. Notices

All notices hereunder shall be deemed to have been duly given when made in writing and delivered in person or deposited in the United States certified mail postage prepaid, return receipt requested. The addresses set forth below for the respective parties shall be the places where notices shall be sent, unless written notice of a change of address is given.

NECA

National Exchange Carrier Association, Inc.
c/o NECA Director - Pool Administration
100 So. Jefferson Road
Whippany, NJ 07981

Exchange Carrier

Name: _____

Address: _____

G. Severability

If any of the provisions of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not

invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions and rights and obligations of the parties shall be construed and enforced accordingly.

H. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

I. Caption Headings

The headings in this Agreement are for convenience only and shall not be construed to define or limit any of the terms herein or affect the meaning or interpretation of this Agreement.

J. Force Majeure

Neither Party shall be held liable for any delay or failure in performance of any part of this agreement from any cause beyond its control or without its fault or negligence such as acts of God, acts of civil or military authorities, war or unusually severe weather conditions.

K. Prior Agreements

This Agreement supersedes all prior Agreements for the distribution of interstate access revenues. Further, all retroactive adjustments to settlements made pursuant to the 1984/1985 Agreement For The Distribution of Interstate Access Revenues shall be governed by the provisions of this Agreement.

SECTION XII

TERMINATION

This Agreement shall be effective for the current access period, and shall renew automatically thereafter for each subsequent access period unless either party to the Agreement provides the other with written notification of its intention to terminate the Agreement by not later than 90 days prior to the expiration of the access period then in effect. As used herein, an access period shall coincide with the period in which an Exchange Carrier may enter or exit association common tariff arrangements in accordance with Section 69.3 of the FCC Rules.

Notwithstanding termination of this Agreement, the Exchange Carrier and the Association shall continue to be bound by the terms of this Agreement for all adjustments relative to the Revenue Settlements Process as specified in Section IV.

IN WITNESS WHEREOF, the parties have caused the Agreement
to be executed in duplicate on their behalf this _____
day of _____ 19__.

Company: National Exchange Carrier Association, Inc.

By: _____

Title: _____

Company: _____

By: _____

Title: _____

NECA SETTLEMENT SCHEDULE FOR 1985/1986

DATA MONTH	POOLING INPUT May Begin As Early As The 5th WorkDay Of The Data Month*	MAILED	DATA TERMINAL	SETTLEMENT	SETTLEMENT	
		POOLING INPUT DUE TO NECA REGIONAL OFFICES On The 12th WorkDay Of The Data Month*	POOLING INPUT DUE TO NECA HEADQUARTERS On The 14th WorkDay Of The Data Month*	STATEMENTS FROM NECA On 3rd Work- Day of Following Month*	TO NECA BY	FROM NECA BY
<u>1985</u>						
June	June 7	June 18	June 20	July 3	July 26	July 31
July	July 8	July 17	July 19	Aug. 5	Aug. 27	Aug. 30
Aug.	Aug. 7	Aug. 16	Aug. 20	Sept. 5	Sept. 25	Sept. 30
Sept.	Sept. 9	Sept. 18	Sept. 20	Oct. 3	Oct. 28	Oct. 31
Oct.	Oct. 7	Oct. 17	Oct. 21	Nov. 5	Nov. 22	Nov. 27
Nov.	Nov. 7	Nov. 18	Nov. 20	Dec. 4	Dec. 26	Dec. 31
Dec.	Dec. 6	Dec. 17	Dec. 19	Jan. 6	Jan. 28	Jan. 31
<u>1986</u>						
Jan.	Jan. 8	Jan. 17	Jan. 21	Feb. 5	Feb. 25	Feb. 28
Feb.	Feb. 7	Feb. 19	Feb. 21	March 5	March 26	March 31
March	March 7	March 18	March 20	April 3	April 25	April 30
April	April 7	April 16	April 18	May 5	May 27	May 30
May	May 7	May 16	May 20	June 4	June 25	June 30

* Workdays based on NECA Headquarters Holidays