

APPENDIX D

DESCRIPTION OF METHODOLOGY FOR ESTIMATING EXPENSES

1. Data Sources used in Regression Analysis. The use of multiple variables in the estimation process required that various data sources be used to determine the common support service expense model inputs. Because the reporting requirements and number of company study areas were different among the reports used, it was necessary to reconcile the data for 1998 expenses, access lines, and dial equipment minutes, as described below.

1998 Expenses

Data Source: ARMIS, 43-03 Report, "Total Regulated" Column.

Study Areas (SAs) reconciled:

Total SAs from ARMIS 43-03 Report: 125

Less:

SAs combined to agree with access line data in ARMIS 43-08: (8)

Study Area(s) Combined with

MSID	PNID
COCA	GTCA
COTX	GTTX
PRCC	PRSA
COIL	GTIL
COIN	GTIN
COMO	GTMO
CONC	GTNC

SAs removed (not in NECA Tier I reporting): (1)
GTGO

SAs removed (certified rural): (36)
(GTAR, COAZ, GNCA, ALGC, COIA, COSI, GTIA, GTID, GLIL, GLIN, UTIN, COKY, GLMI, COCM, COEM, UTMO, ALNC, GTNE, UTNJ, CONM, GTNM, CONV, CTRH, CTUP, CTWC, ALWR, UTNW, ALPA, COPA, COQS, UTPA, COSC, UTTX, COVA, GTVA, COWA)

SAs used in analysis: 80

Access Lines

Data Source: ARMIS, 43-08 Report, Table III,
Column (dj) "Total Switched Access Lines", and
Column (dm) "Total Access Lines (Switched and Special)"

Study Areas (SAs) reconciled:

Total SAs from ARMIS 43-08 Report:: 116

Less:

SAs combined to agree with ARMIS expense data and
NECA usage data: (7)

Study Area(s) Combined with
NYNY (Conn) NYNY (New York)
CBTC (IN & KY) CBTC (Ohio)
LTNE (IA & KS) LTNE (Nebraska)
UTIM (VA) UTIM (Tenn)
PRCC PRPR

SAs removed (not in NECA Tier I reporting): (2)
(COTM, CWTC)

SAs removed (certified rural) (27)
[GTSW(Ar & Nm), GTGC(Az & Nv), GTNW (Ca & Id),
ALGC, GTMD(Ia & Ne), GTSO(Il & Va), COSO (Mi & In),
UTIN, UTMO(Ia, Ks & Mo), ALNC, UTNJ, COWW, CTNY,
ALWR, UTNW(Or & Wa), ALPA, UTPA, UTTX]

SAs used in analysis: 80

Dial Equipment Minutes

Data Source: NECA filed statistics on network usage by carrier

Study Areas reconciled:

Total SAs per NECA data filing: 131

Less:

SAs combined to agree with access line data: (10)

Study Area(s) Combined with:

COCA	GTCA
MSID	PNID
CBTC (KY)	CBTC (Ohio)
PRCC	PRPR
COTX	GTTX
COIL	GTIL
COIN	GTIN
COMO	GTMO
CONC	GTNC
UTIN(Va)	UTIN(Tn)

SAs removed (not in ARMIS reporting): (4)

(GA Alltel Telecom, Micronesian Tel, GTE No. Inc. - MN,
Citizens Utilities DBA Citizens of Tennessee)

SAs removed (certified rural) (37)

[GTSW(Ar), COAZ, GNCA, COIA, COSI, GTIA,
GTNW (Id), ALGC, GTSO(Il & Va), COKY, COCM,
COEM, COSO (Mi & In), UTIN, UTMO, GTNE,
CONM, GTNM, CONV, CTUP, CTWC, CTRH, ALNC,
UTNJ, ALWR, ALPA, COPA, COQS, UTPA, COSC,
UTNW(Or & Wa), UTTX, COVA, COWA]

SAs used in analysis: 80