

Universal Service Fund 2005 Data Collection Instructions

The data requested here is required by FCC rules (47 C.F.R. 36.611) to be submitted annually to NECA. This data is due to NECA by July 31, 2005.

The 2005 Data Collection Form is similar to the one used last year, with your company-provided data for last year printed for reference. Please confirm the Contact Name and Telephone Number on Data Lines (020) and (030) and make any necessary changes. Then, starting on Data Line (060), enter the amounts for the 12-month period ending December 31, 2004, in the spaces provided.

The mechanized USF System will be available beginning June 6, 2005 for direct, online use to enter and analyze your company's data. Data must be entered, edited and range checked, and Released or Special Released by July 31, 2005. If you choose not to use the USF System to enter your data online, please return the completed form via mail or fax to your NECA Regional office by July 31, 2005.

Regardless of the method used to submit data, a Certification statement, included as the last two pages of this Data Collection Form, is required by FCC Rules for all data submissions to NECA (annual, quarterly and any subsequent revisions to the above data submissions). The certification must be signed by the officer or employee responsible for the overall preparation of the data submission. The rural status of the company must be confirmed in Section VII.A. Any data submitted for exchanges acquired by LEC study areas may be certified by completing Section VII.B on the Data Collection Form. Data for multiple LEC study areas of a single holding company may be certified by completing Section VII.C of the Data Collection Form. The certification should be sent to your NECA Regional office by July 31, 2005 to complete the collection process. Please read the sections on **DATA REQUIREMENTS** and **RECONCILIATION REQUIREMENTS** on the next page. These are the guidelines which will be used by NECA to assure your data is in conformance with FCC rules and consistent with data used for separations purposes.

Each line on the Data Collection Form includes a Data Line reference number; a description of the information being requested; Latest View 2004-1 Amount supplied for comparison; a duplicate Data Line reference number; an Enter 2005-1 Amount field and a Data Source reference area. Example:

<u>Data Line</u>	<u>Description</u>	<u>Latest View 2004 Amount</u>	<u>Data Line</u>	<u>Enter 2005 Amount</u>	<u>Data Source</u>
(250)	Circuit Equip. Category 4.13	8,710	(250)	_____	_____

The Data Line descriptions included in these Instructions follow a similar format. Data Line numbers and descriptions are provided followed by a brief explanation of the type and often the possible source of the data to be entered. Reference to applicable parts of FCC rules are provided in brackets.

Please contact your NECA Regional Office with any questions regarding the Data Collection Form or these Instructions.

NON-REGULATED ACTIVITIES MUST BE EXCLUDED FROM AMOUNTS REPORTED FOR USF PURPOSES.

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DATA REQUIREMENTS

Data required for this submission must be unseparated regulated amounts (i.e., combined state and interstate), actual or calculated amounts as of the end-of-period and must be in accordance with FCC Rules. Preliminary or estimated amounts must be revised and reported to NECA when finalized data is available.

Data must be representative of the regulated telephone operations only, as authorized by the FCC, for the 12-month USF Data Collection Period (Data Line 040) for which it is being submitted. Investment, expenses, taxes, benefits and rents, etc., associated with non-regulated operations and costs associated with plant leased to other entities must be excluded. The non-regulated portion of accounts used for both regulated and non-regulated activity, e.g., motor vehicle, plant maintenance, benefits and rents, etc., must be excluded.

Pursuant to section 36.611 of the FCC's rules, rural telephone companies that acquire exchanges from another incumbent local exchange carrier, and merge the acquired exchanges into existing study areas, must provide separate data collection forms for the acquired and existing exchanges. Companies that acquire exchanges from competitive local exchange carriers should maintain separate data records for the acquired and existing exchanges pending further clarification from the FCC.

A cost study used for developing categorization factors for USF purposes must be representative of the period for which Part 32 data is being reported. If a preliminary or prior period cost study is used, USF data must be revised and reported to NECA when the finalized current period study is available. If cost study data is not available for voluntary updates, the data reported for use in developing categorization factors must be representative of the period for which Part 32 data is being reported and include the normal adjustments that would be used for the cost study (e.g., spreading of power and common equipment, exclusion of non-regulated costs, any other appropriate cost study adjustments).

Some Data Line entries are for specific subaccounts. For example, Account 3100 (2210) on Data Line (260) is the amount of Account 3100, Accumulated Depreciation, attributable to Central Office Switching Equipment, Account 2210.

RECONCILIATION REQUIREMENTS

The USF mandatory Annual Data Collection (year end) and Voluntary Updates (12-month periods ending March 31, June 30 and September 30) will be reconciled to corresponding financial data when it becomes available (i.e., finalized financial records, ARMIS reports, etc.) for all study areas involved in the USF process. In order to achieve the objective of ensuring that these reconciliations are completed in a consistent manner, a set of reconciliation guidelines has been developed.

These guidelines require that any adjustments necessary to bring data into compliance with FCC Rules (subject to separations) should be reflected in the USF Annual Data Collection data and will be the basis of reconciliation to year-end financials underlying cost studies or ARMIS. Voluntary updates must be reconciled to period-ending company financial data. Information submitted by the company as part of the normal Cost Study Documentation requirements or its equivalent will be used by NECA staff in completing the reconciliation, wherever possible. If the cost study or ARMIS is revised, then for USF data to remain consistent, appropriate USF adjustments must be reported to NECA. In cases where the reconciliation involves non-calendar-year fiscal companies, the data would involve comparison of information that encompasses amounts representing year-end amounts or equivalents for the USF period under review.

This reconciliation is intended to ensure that various financial information, based on the same source (company financials) although provided at different times to different users, is consistent and fully complies with FCC rules. In all cases the EC will be notified of USF reconciliation data changes affecting their

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company.

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I. EXCHANGE CARRIER/DATA IDENTIFICATION

These Data Lines contain pre-printed information for your company and the Data Period. Please verify and correct if necessary.

(010) Exchange Carrier Study Area Code.

(020) Contact Name: Person NECA should contact for questions about this data.

(030) Contact Telephone Number: Number of the person identified in Data Line (020).

(040) USF Data Collection Period: USF Data Periods codes are described below:

2005-1 Annual Data Collection - 12 months ending December 31, 2004

If you are submitting data for a Voluntary Update, cross out the pre-printed code and enter one of the following:

2005-2 12 months ending March 31, 2005 (Due to NECA September 30, 2005)

2005-3 12 months ending June 30, 2005 (Due to NECA December 30, 2005)

2005-4 12 months ending September 30, 2005 (Due to NECA March 30, 2006)

II. WORKING LOOPS

Working loops reported for USF must be as of the end-of-period identified on Data Line (040). Do not use average number of loops from cost studies, access line counts, presubscribed line counts or estimates.

Note: USF Working Loops are compared for reasonableness to Access Lines in Service as reported to the NECA Common Line pool for participants.

Refer to the *Loop Count Guide* for further information.

(060) Total Loops: Enter the count of total Loops defined as Exchange Line Cable and Wire Facilities Subcategories 1.1 through 1.3. [Part 36.154 (a)]

(070) Category 1.3 Loops: Enter the count of Category 1.3 Loops excluding Category 1.3 TWX (Teletypewriter Exchange service) loops. [Part 36.154 (a)]

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III. INVESTMENT, PLANT OPERATIONS EXPENSE AND TAXES

Net Plant Investment

- (160) Account 2001 - Telecommunication Plant in Service
[Part 32.2001]
- (170) Account 1220 - Material and Supplies
[Part 32.1220]
- (190) Account 3100 - Accumulated Depreciation
[Part 32.3100]
- (195) Account 3400 - Accumulated Amortization - Tangible
[Part 32.3400]
- (210) Account 4340 - Net Non-current Deferred Operating Income Taxes
[Part 32.4340]

Note: Net Non-current Deferred Operating Income Taxes associated with the use of accelerated depreciation should be included in the amount reported for Account 4340 in the USF data collection.

- (220) Net Plant Investment -
Sum of Data Lines (160) + (170) minus Data Lines (190) through (210)

Selected Plant Accounts

- (230) Account 2210 - Central Office Switching Equipment
[Part 32.2210]
- (235) Account 2220 - Operator System Equipment
[Part 32.2220]
- (240) Account 2230 - Central Office Transmission Equipment
[Part 32.2230]
- (245) Total Central Office Equipment
Sum of Data Lines (230) through (240)

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Selected Plant Accounts – Continued

(250) Circuit Equipment - Category 4.13
[Part 36.126]

Enter the investment in Central Office Equipment Category 4.13 including power and common equipment. Development of this amount must be consistent with Responsible Accounting Officer Letter 21, dated September 8, 1992. If the end-of-period investment is not directly available, there are two alternative methods, described below, that can be used for obtaining this amount. If preliminary or estimated data is used, the amount must be revised and reported to NECA when the finalized data is available.

Method 1 - Part 36 Study

1. $\frac{\text{Cat 4.13 incl. power and common (Cost Study)}}{\text{Total Central Office Equipment (Cost Study)}} = \text{Ratio}[\text{.xxxxxx}]$
2. Ratio (Step 1) x Data Line (245) = Data Line (250)

Method 2 - Continuing Property Records For End-of-Period

If the CPR end-of-period coincides with the USF end-of-period, complete only Steps 1 and 2 below and enter the sum on Data Line (250).

If the CPR end-of-period is different from USF end-of-period, then complete Steps 1 through 4 below:

1. Determine the investment in Category 4.13 from the CPR, excluding power and common equipment.
2. Determine the amount of power and common equipment assigned to Category 4.13. [Part 36.121(c)(1)]
3. $\frac{\text{Step 1} + \text{Step 2}}{\text{Account 2230 (CPR end-of-period)}} = \text{Ratio}[\text{.xxxxxx}]$
4. Ratio (Step 3) x Data Line (240) = Data Line (250)

Enter method used in Data Source column for Data Line (250) and retain all work papers.

(255) Account 2410 - Cable and Wire Facilities - Total
[Part 32.2410]

(260) Account 3100 (2210) - Accumulated Depreciation - Central Office Switching Equipment
[Part 32.3100]

(265) Account 3100 (2220) Accumulated Depreciation - Operator System Equipment
[Part 32.3100]

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Selected Plant Accounts - Continued

- (270) Account 3100 (2230) - Accumulated Depreciation - Central Office Transmission Equipment
[Part 32.3100]
- (275) Account 3100 (2210 through 2230) - Total Accumulated Depreciation -
Central Office Equipment
Sum of Data Lines (260) through (270)
- (280) Account 3100 (2410) - Accumulated Depreciation - Cable and Wire Facilities
[Part 32.3100]
- (310) Account 4340 (2210) - Net Non-current Deferred Operating Income Taxes -
Central Office Switching Equipment
[Part 32.4340]
- (315) Account 4340 (2220) - Net Non-current Deferred Operating Income Taxes -
Operator System Equipment
[Part 32.4340]
- (320) Account 4340 (2230) - Net Non-current Deferred Operating Income Taxes -
Central Office Transmission Equipment
[Part 32.4340]
- (325) Account 4340 (2210 through 2230) - Net Non-current Deferred Operating Income
Taxes - Central Office Equipment
Sum of Data Lines (310) through (320)
- (330) Account 4340 (2410) - Net Non-current Deferred Operating Income Taxes -
Cable and Wire Facilities
[Part 32.4340]

Plant Specific Operations Expense

- (335) Account 6110 - Network Support Expense - Total
[Part 32.6110]
- (340) Account 6110 - Benefits - Network Support Expense
The amount of Benefits included in Account 6110
- (345) Account 6110 - Rents - Network Support Expense
The amount of Rents included in Account 6110
- (350) Account 6120 - General Support Expense - Total
[Part 32.6120]

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Plant Specific Operations Expense - Continued

- (355) Account 6120 - Benefits - General Support Expense
The amount of Benefits included in Account 6120
- (360) Account 6120 - Rents - General Support Expense
The amount of Rents included in Account 6120
- (365) Account 6210 - Central Office Switching Expense - Total
[Part 32.6210]
- (370) Account 6210 - Benefits - Central Office Switching Expense
The amount of Benefits included in Account 6210
- (375) Account 6210 - Rents - Central Office Switching Expense
The amount of Rents included in Account 6210
- (380) Account 6220 - Operator Systems Expense - Total
[Part 32.6220]
- (385) Account 6220 - Benefits - Operator Systems Expense
The amount of Benefits included in Account 6220
- (390) Account 6220 - Rents - Operator Systems Expense
The amount of Rents included in Account 6220
- (395) Account 6230 - Central Office Transmission Expense - Total
[Part 32.6230]
- (400) Account 6230 - Benefits - Central Office Transmission Expense
The amount of Benefits included in Account 6230
- (405) Account 6230 - Rents - Central Office Transmission Expense
The amount of Rents included in Account 6230
- (410) Accounts 6210-6230 - Central Office Expense - Total
Sum of Data Lines (365) + (380) + (395)
- (430) Account 6410 - Cable and Wire Facilities Expense - Total
[Part 32.6410]
- (435) Account 6410 - Benefits - Cable and Wire Facilities Expense
The amount of Benefits included in Account 6410
- (440) Account 6410 - Rents - Cable and Wire Facilities Expense
The amount of Rents included in Account 6410

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Plant Specific Operations Expense - Continued

- (445) Total Plant Specific Expense -
Sum of Data Lines (335) + (350) + (365) + (380) + (395) + (430)

Plant Nonspecific Operations Expense

- (450) Account 6530 - Network Operations Expense - Total
[Part 32.6530]
- (455) Account 6530 - Benefits - Network Operations Expense
The amount of Benefits included in Account 6530

Depreciation and Amortization Expense

- (510) Account 6560 (2210) - Depreciation and Amortization Expense -
Central Office Switching Equipment
[Part 32.6560]
- (515) Account 6560 (2220) - Depreciation and Amortization Expense -
Operator System Equipment
[Part 32.6560]
- (520) Account 6560 (2230) - Depreciation and Amortization Expense -
Central Office Transmission Equipment
[Part 32.6560]
- (525) Account 6560 (2210 through 2230) - Depreciation and Amortization -
Central Office Equipment
Sum of Data Lines (510) through (520)
- (530) Account 6560 (2410) - Depreciation and Amortization Expense -
Cable and Wire Facilities
[Part 32.6560]

Corporate Operations Expense

- (535) Account 6710 - Executive and Planning Expense - Total
[Part 32.6710] (Note: Account 6710 was eliminated 1/1/2003.)
- (540) Account 6710 - Benefits - Executive and Planning Expense
The amount of Benefits included in Account 6710
(Note: Account 6710 was eliminated 1/1/2003.)
- (550) Account 6720 - General and Administrative Expense - Total
[Part 32.6720]

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Corporate Operations Expense – Continued

- (555) Account 6720 - Benefits - General and Administrative Expense
The amount of Benefits included in Account 6720
- (565) Total Corporate Operations Expense
Sum of Data Lines (535) + (550)

Other Expense and Revenues

- (600) Benefits - The Benefits Portion included in all Plant Specific Operations Expense, Plant Non-specific Operations Expense, Customers Operation Expense and Corporate Operations Expense.

Note: Include the following accounts in the total reported for Data Line (600):

Account 6110 - Benefits - Network Support Expense [Data Line (340)]
Account 6120 - Benefits - General Support Expense [Data Line (355)]
Account 6210 - Benefits - Central Office Switching Expense [Data Line (370)]
Account 6220 - Benefits - Operator Systems Expense [Data Line (385)]
Account 6230 - Benefits - Central Office Expense - Transmission Equipment [Data Line (400)]
Account 6310 - Benefits - Information Orig/Term Expense [Not separately reported in Data Collection]
Account 6410 - Benefits - Cable and Wire Facilities Expense [Data Line (435)]
Account 6510 - Benefits - Other Property Plant and Equipment Expense [Not separately reported]
Account 6530 - Benefits - Network Operations Expense [Data Line (455)]
Account 6540 - Benefits - Access Expense [Not separately reported in Data Collection]
Account 6610 - Benefits - Marketing Expense [Not separately reported in Data Collection]
Account 6620 - Benefits - Service Expense [Not separately reported in Data Collection]
Account 6710 - Benefits - Executive and Planning Expense [Data Line (540)]
(Note: Account 6710 was eliminated 1/1/2003.)
Account 6720 - Benefits - General and Administrative Expense [Data Line (555)]

Other Expense and Revenues

- (610) Rents - The Rents portion included in all Plant Specific Operations Expense.

Note: Include the following accounts in the total reported for Data Line (610):

Account 6110 - Rents - Network Support Expense [Data Line (345)]
Account 6120 - Rents - General Support Expense [Data Line (360)]
Account 6210 - Rents - Central Office Switching Expense [Data Line (375)]
Account 6220 - Rents - Operator Systems Expense [Data Line (390)]
Account 6230 - Rents - Central Office Expense - Transmission Equipment [Data Line (405)]
Account 6310 - Rents - Information Orig/Term Expense [Not separately reported in Data Collection]
Account 6410 - Rents - Cable and Wire Facilities Expense [Data Line (440)]

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Operating Taxes

- (650) Account 7200 - Operating Taxes
Include the sum of all Account 72xx subaccounts.
[Part 32.7200]

IV. PART 36 - COST SEPARATIONS STUDY DATA

- (700) Cost Study Average Investment in Cable and Wire Facilities
Enter the average investment in Account 2410.

Note: If the amount reported on Data Line (700) is greater than the amount reported on Data Line (255), enter an explanation in Section VI.

- (710) Cost Study Average in Cable and Wire Facilities - Category 1 -
Exchange Line Cable and Wire Facilities excluding Wideband
Enter the average investment assigned to Exchange Line Cable and Wire Facilities excluding Wideband - Category 1 (total Categories 1.1 through 1.3). Development of this amount must be consistent with Responsible Accounting Officer Letter 21, dated September 8, 1992.
[Part 36.152(a)(1)]

Note: If the amount reported on Data Line (710) is equal to the amount reported on Data Line (700), documentation may be required to support the position that all C&WF is Exchange Line C&WF excluding Wideband - Category 1.

Enter the Cost Study Period represented in the Data Source column.

V. AMORTIZABLE TANGIBLE ASSETS

Complete this section if a portion of a study area's unseparated Exchange Line Cable & Wire Facilities, Category 1 or Exchange Line Central Office Equipment, Category 4.13 has been acquired under a capital lease.

- (800) Account 2680 - Amortizable Tangible Assets
[Part 32.2680]

- (805) Account 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment

Enter amount for equipment acquired under a capital lease (Account 2681). The type of equipment, if owned, would be booked to Account 2230.
[Part 32.2680, Part 32.2681]

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- (810) Account 2680 (2230) Amortizable Tangible Assets - Central Office Transmission Equipment Assigned to Category 4.13

Enter amount for equipment assigned to Category 4.13, acquired under a capital lease (Account 2681). The type of equipment, if owned, would be booked to Account 2230 and assigned to Category 4.13 in the Part 36 Cost Study.

[Part 32.2680, Part 32.2681]

- (815) Account 2680 (2410) Amortizable Tangible Assets - Cable & Wire Facilities

Enter amount for equipment acquired under a capital lease (Account 2681). This type of facility, if owned, would be booked to Account 2410.

[Part 32.2680, Part 32.2681]

- (820) Account 2680 (2410) - Amortizable Tangible Assets - Cable & Wire Facilities Assigned to Category 1

Enter amount for equipment assigned to Category 1 and acquired under a capital lease (Account 2681). This type of facility, if owned, would be booked to Account 2410 and assigned to Category 1 in the Part 36 Cost Study.

[Part 32.2680, Part 32.2681]

- (830) Account 6560 (2680) Depreciation and Amortization Expense - Amortizable Tangible Assets

[Part 32.6560]

VI. COMMENTS/SIGNIFICANT CHANGE EXPLANATIONS

Use this section on the Data Collection Form to explain any significant changes from previous data collections. Additional pages may be attached if required. Comments will be required whenever the data requires special release instead of normal release into the USF System. Note: completion of this section may reduce the need for NECA-initiated contact for explanations of variances.

VII. CERTIFICATION

FCC rules require exchange carriers to provide a certification statement together with all USF data submissions (annual, quarterly and any subsequent revisions to the above data submissions). It must be signed by the officer or employee responsible for the overall preparation of the data submission. (Ref. Part 69 of FCC Rules, 47 C.F.R. Section 69.601(c)).

If you enter data electronically using the USF System, you must complete this certification and mail/fax it to your NECA Regional Office immediately after your data has been Released or Special Released. USF data submissions cannot be processed by NECA until the USF Certification Form has been received.

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