

***Alaska Intrastate
Interexchange
Access Charge Manual***

DATED: August 9, 2018

**PUBLISHED BY THE
REGULATORY COMMISSION OF ALASKA**

**ALASKA INTRASTATE INTEREXCHANGE ACCESS CHARGE MANUAL
ADOPTED BY REFERENCE IN 3 AAC 48.440**

ARTICLE

- 000. General (001 - 005).
- 100. Computation of Charges (101 - 119).
- 200. Pass-through of Access Charge Savings (201).
- 300. Apportionment of Net Investment (301 - 311).
- 400. Apportionment of Expenses (401 - 411).
- 500. (Reserved).
- 600. Exchange Carrier Association and Its Functions (601 - 607).
- 700. Revenue Requirement, Supporting Information, and Monitoring (701 - 704).
- 800. Definitions (801).

ARTICLE 000. GENERAL.

SECTION

- 001. Application and purpose.
- 002. (Reserved).
- 003. Annual access charge determination.
- 004. Charges to be filed.
- 005. Customers to be assessed.

001. APPLICATION AND PURPOSE. (a) This Manual establishes rules for access charges for intrastate access services provided by telephone companies.

(b) Charges for such access services shall be computed, assessed, and collected, and revenues from such charges shall be distributed as provided in this Manual. Access service tariffs shall be filed and supported in accordance with the applicable rules of the Commission relating to tariff filings.

(c) Notwithstanding the provisions of this Manual, the costs used to compute access charges are subject to the accounting and ratemaking determinations of the Commission.

(d) Participation in the access charge pool by an ILEC is mandatory until the exit date specified by Commission order. The exit date will be specified in the same order that issues a certificate of public convenience and necessity to the first CLEC to provide local switched access service, through the CLEC's facilities or through unbundled rate elements, in the ILEC's service area. The exit date shall be coordinated by the Commission to coincide with approval or revision of the ILEC's access tariff, the CLEC's access tariff, the Association's revised access tariff, and

the commencement of service by the CLEC utilizing unbundled network elements or its own facilities. Participation by the ILEC in the AECA pool is prohibited on or after the exit date.

(e) Participation by a CLEC in the access charge pool is prohibited.

003. ANNUAL ACCESS CHARGE DETERMINATION. (a) Access charges will be determined annually for pooling companies with a scheduled effective date of April 1. Companies required to withdraw from the pool based on criteria in Section 001 shall, upon leaving the pool, adopt access rates according to the criteria in Sections 101 - 119. In order to determine access charges:

(1) each pooling telephone company is required to submit filings in accordance with Section 701; and

(2) the Association is required to submit filings in accordance with Sections 702 and 703 on behalf of pool members.

(b) The filing of any petitions for rejection, investigation, or suspension of the filings required by Sections 701, 702, and 703, and the filing of any responses to such petitions shall comply with applicable rules relating to practice and procedure.

(c) The Association shall submit the filings described in Sections 702 and 703 on behalf of the local telephone companies in the State of Alaska remaining in the pool. A telephone company may file separate comments on any component of the filings.

(d) The recurring charges for all access elements, except for the Special Access and Equal Access elements, shall be aggregated and averaged for all telephone companies remaining in the pool. The recurring charges for the Special Access and Equal Access elements shall be provided on an individual company basis. All elements, whether aggregated or individualized, shall be set out in the Association tariff.

(e) A nonpooling company shall file a tariff for its applicable access charge elements. Modifications to a nonpooling company tariff must be in accordance with Section 116.

(f) Except as set forth in Section 004(b), the Association tariff and a nonpooling company tariff shall not contain charges in the Billing and Collection category or the Information category.

(g) The Association tariff and individual company tariffs shall include procedures for resolution of disputes by a telephone company, interexchange carrier, or end user customer. If a dispute raised under these procedures is not resolved, a telephone company, interexchange carrier, or end user customer may file a complaint with the Commission under 3 AAC 48.130.

(h) The Association tariff must include rules governing the measurement and reporting of the data necessary for determination of each interexchange carrier's access minutes to be used in calculating the carrier's monthly bulk bill access payments.

004. CHARGES TO BE FILED. (a) The carrier's carrier charges for access service filed with the Commission shall include charges for each of the following elements:

- (1) Essential Network Support;
- (2) Local Switching;
- (3) Common Transport;
- (4) Dedicated Transport;
- (5) Special Access;
- (6) Equal Access; and
- (7) Network Access Fee.

(b) The carrier's carrier charges for access service filed with the Commission shall also include a charge for the White Pages Information subelement of Information services for pooling LECs only.

005. CUSTOMERS TO BE ASSESSED. (a) Charges shall be computed and assessed upon any individual, partnership, association, joint-stock company, trust, corporation, governmental entity, or other entity that orders the services offered under the Association's access tariff or a nonpooling company tariff, including Local Exchange Carrier(s), Interexchange Carrier(s), entities acting as the functional equivalent of either Local Exchange Carrier(s) or Interexchange Carrier(s), whether certificated or otherwise, and End-User(s).

(b) Special access surcharges shall be assessed upon users of exchange facilities that interconnect these facilities by means of intrastate telecommunications to the extent that carrier's

carrier charges are not assessed upon such interconnected usage. As an interim measure pending the development of techniques to measure accurately such interconnected use and to assess such charges on a reasonable and nondiscriminatory basis, telephone companies shall assess special access surcharges upon the closed ends of private line services and WATS or WATS-equivalent services pursuant to the provisions of Section 115.

(c) Essential Network Support charges not otherwise assessed under (a) of this section will be assessed to the Alaska Universal Service Administrative Company (AUSAC) for reimbursement from the Alaska Universal Service Fund (AUSF).

ARTICLE 100. COMPUTATION OF CHARGES.

SECTION

101. General.	110. (Reserved).
102. Price ceilings for nonpooling LECs.	111. Common transport.
103. (Reserved).	112. Dedicated transport.
104. Essential Network Support for nonpooling companies.	113. (Reserved).
105. Essential Network Support for pooling companies.	114. Special access.
106. Local switching.	115. Special access surcharges.
107. Equal access.	116. Modifying rates for nonpooling companies.
108. (Reserved).	117. (Reserved)
109. Network Access Fee.	118. Information services.
	119. Billing and Collection.

101. GENERAL. Charges for each access element shall be computed and assessed as provided in Sections 101 - 119. For nonpooling, incumbent LECs with more than one study area, initial rates and price ceilings shall be computed on a study area basis unless otherwise authorized by the Commission.

102. PRICE CEILINGS FOR NONPOOLING LECs. A LEC exiting the pool shall initially compute all charges in Sections 108 - 115 using the most recent company specific access revenue requirement and demand approved by the Commission. The initial rate for a rate element calculated in Sections 104, 106, 107, 111, 112, 114, and 118 for nonpooling LECs will establish a price ceiling for that rate element in the incumbent's study area. The price ceiling applies to the access rates for all LECs providing access service in the incumbent's study area. Modification of rates below the price ceiling is permitted by nonpooling companies in accordance with Section 116.

104. ESSENTIAL NETWORK SUPPORT FOR NONPOOLING COMPANIES. (a) A monthly Essential Network Support (ENS) charge shall be determined each month by dividing the nonpooling company annual ENS by twelve. The Essential Network Support for each nonpooling company is determined pursuant to 3 AAC 53.346.

(b) The monthly ENS billing, as calculated in accordance with subdivision (a), shall be transmitted to the Alaska Universal Service Administrative Company (AUSAC) on a form specified by AUSAC.

105. ESSENTIAL NETWORK SUPPORT FOR POOLING COMPANIES. (a) A monthly ENS charge shall be determined each month by dividing the pooling company annual ENS by twelve. The ENS for each pooling company is determined pursuant to 3 AAC 53.346.

(b) The monthly ENS billing, as calculated in accordance with subdivision (a), shall be transmitted to the AUSAC on a form specified by AUSAC.

106. LOCAL SWITCHING. (a) Charges that are expressed in dollars and cents per access minute of use shall be assessed upon all interexchange carriers that use local exchange switching facilities for the provision of intrastate interexchange services.

(b) For pooling companies, a per minute charge shall be computed by dividing the annual revenue requirement for the Local Switching element of pooling companies by the pooled companies' annual access minutes of use for all intrastate interexchange services that use local exchange switching facilities.

(c) For nonpooling areas, an initial per minute charge shall be computed by dividing the incumbent's revenue requirement for the Local Switching element by the corresponding demand units for that rate element. The access charge revenue requirement and demand units used to compute the initial rate shall be the revenue requirement and demand units most recently approved by the Commission.

107. EQUAL ACCESS. (a) A monthly charge that is expressed in dollars and cents per presubscribed equal access line shall be established and assessed in equal access exchanges upon all interexchange carriers for the presubscribed equal access lines the carrier serves.

(b) A monthly charge per presubscribed equal access line specific to each telephone company providing equal access shall be computed by dividing each telephone company's annual revenue requirement for the Equal Access element by twelve times the annual average number

of presubscribed equal access lines of that telephone company as computed in accordance with Section 701(b)(12).

(c) For nonpooling areas, the initial rate for this rate element shall be the incumbent's most recently approved rate.

109. NETWORK ACCESS FEE. (a) A network access fee (NAF) that is expressed in dollars and cents per line, per account, per arrangement, per circuit, per station, or per trunk per month shall be assessed upon end-users that subscribe to any switched local exchange telephone service, including Centrex service, and pay telephone line service in quantities as shown in the table below:

NAF Line Count Guide			
Service Number	Service	Assessment Unit	NAF(s)
1	One-Party Subscriber	Line	1
2	Lifeline	Account	1
3	Concession	Line	1
4	Temporary Suspension of Service (Vacation Rate)	Line	0.5
5	Two Party Line Bridged in Field	Line	2
6	Two Party Line Bridged in Central Office	Line	2
7	Pay Telephones (customer owned, LEC owned)	Line	1
8	Basic Centrex Central Office	Station	1
9	Regulated wireless exchange service provided by LEC (e.g., Basic Exchange Telephone Radio Systems)	Line	1
10	Mobile Telephone, Pager, or Cellular Lines	Line	0
11	Official Company	Line	0
12	Official Test Lines	Line	0
13	Direct Inward Dial and Direct Outward Dial	Line	1
14	Trunks to Private Branch Exchange or Centrex Equipment Located on the Customer Premises	Trunk	1
15	Off Premises Extension Bridged in Field	Line	0
16	Off Premises Extension Bridged in Central Office and Billed at Residential or Business Line Rate	Line	1

17	Off Premises Extension Bridged in Central Office – Private Line Local Tariff	Line	0
18	Foreign Exchange Service (billed under local tariff)	Line	1
19	Foreign Exchange Service (billed under special access tariff)	Line	0
20	Special Access (e.g., WATS/ 800, Local Private Line)	Line	0
21	Asymmetric Digital Subscriber Line Voice/Data or Symmetric Digital Subscriber Line Voice/Data	Line	0
22	Special Access Symmetric Digital Subscriber Line Data Only (up to 768 kbps)	Line	0
23	Integrated Service Digital Network Basic Rate Interface Arrangement	Arrangement	1
24	Integrated Service Digital Network Primary Rate Interface Arrangement	Arrangement	5
25	Exchange Access Lines to Internet Service Provider (terminating on LEC switch)	Line	1
26	Unbundled Subscriber Lines (counted separately from LEC customer loops)	Line	0
27	Resold Lines		1
28	Special Access High Capacity Circuit – Wideband		0
29	Special Access two-wire voice grade circuit	Circuit	0
30	Special Access four-wire voice grade circuit	Circuit	0
31	Asymmetric Digital Subscriber Line and Symmetric Digital Subscriber Line Data Only (above 768 kbps) - Wideband	Line	0
32	T1/DS1 (a digital transmission link with a total signaling speed of 1.544 Mbps) Channel Service	Trunk	5

(b) Effective on August 1, 2011, the NAF shall be \$3.75 per access line per month.

(c) Beginning on the next anniversary of the date in (b), the NAF shall be \$4.25 per access line per month.

(d) Beginning on the next anniversary of the date in (c), the NAF shall be \$4.75 per access line per month.

(e) Beginning on the next anniversary of the date in (d), the NAF shall be \$5.25 per access line per month.

(f) Beginning on the next anniversary of the date in (e), the NAF shall be \$5.75 per access line per month.

(g) NAF lines shall not exceed the number of lines in service in any reporting period.

(h) Notwithstanding subsections (b) through (g), the Commission may modify the NAF rate by order, after notice and opportunity for hearing, if modification is in the public interest.

111. COMMON TRANSPORT. (a) A charge that is expressed in dollars and cents per access minute shall be assessed upon all interexchange carriers that use switching or transmission facilities that are apportioned to the Common Transport element for purposes of apportioning net investment.

(b) The per minute charge shall be weighted by a distance factor that reflects the airline distance between the Class 5 or end-office switch that serves an end-user and the entry switch.

(c) Charges shall be designed to produce annual revenue that is equal to the annual revenue requirement for the Common Transport element.

112. DEDICATED TRANSPORT. (a) The annual revenue requirement for Dedicated Transport shall be divided into three parts. The revenue requirement shall be apportioned on the basis of relative net investment in the following investment categories:

- (1) interface arrangements;
- (2) voice grade transmission facilities; and
- (3) conditioning arrangements.

(b) Appropriate subelements shall be established for the use of interface arrangements. Charges for such subelements shall be assessed and computed as follows:

(1) such charges shall be assessed upon all interexchange carriers for the interface arrangements they use to provide intrastate services;

(2) charges for all such subelements shall be designed to produce total annual revenues that are equal to the portion of the annual revenue requirement for Dedicated Transport that has been apportioned to the interface arrangements subelements; and

(3) charges for individual subelements shall be designed to reflect cost differences among such subelements in a manner that complies with applicable Commission rules or decisions.

(c) A charge for the use of voice grade transmission facilities shall be assessed upon interexchange carriers that use such facilities to provide intrastate services. Such charges shall be expressed in dollars and cents per unit of capacity. Total units of capacity provided to an interexchange carrier shall be measured by ascertaining the number of conversations that could be transmitted simultaneously without producing blocking in the dedicated transport facilities. The capacity unit charge for carriers that offer MTS shall be weighted by a distance factor that reflects the airline distance between the entry switch and the interexchange facility. The capacity unit charge for other carriers shall be weighted by a distance factor that reflects the lesser or least of the airline distance between the entry switch and such carrier's interexchange facility or the airline distance between the entry switch and any interexchange facility of carriers that offer MTS that is located within five miles of such carrier's interexchange facility.

(d) Appropriate subelements shall be established for the use of conditioning arrangements. Charges for such subelements shall be assessed and computed as follows:

(1) such charges shall be assessed upon all interexchange carriers that use conditioning arrangements in their provision of intrastate services;

(2) charges for all such subelements shall be designed to produce total annual revenues that are equal to the portion of the annual revenue requirement for Dedicated Transport that has been apportioned to the conditioning arrangements subelements; and

(3) charges for individual subelements shall be designed to reflect cost differences among such subelements in a manner that complies with applicable Commission rules or decisions.

114. SPECIAL ACCESS. (a) Appropriate subelements shall be established for each telephone company for the use of equipment or facilities that it assigns to the Special Access element for the purposes of apportioning net investment.

(b) Charges specific to each telephone company shall be designed to produce total annual revenue that is equal to the telephone company's annual revenue requirement for the Special Access element.

(c) Charges for the individual subelements shall be assessed upon all customers that use the equipment or facilities that are included within such subelement.

(d) Charges for individual subelements shall be designed to reflect cost differences among subelements in a manner that complies with applicable Commission rules or decisions.

(e) A telephone company that does not have adequate historical records upon which to develop costs for nonrecurring rate elements that are of an incremental nature may employ the rates offered under its authorized interstate access tariff.

115. SPECIAL ACCESS SURCHARGES. (a) Pending the development of techniques to measure accurately usage of exchange facilities that are interconnected by users by means of intrastate toll telecommunications, a surcharge that is expressed in dollars and cents per line termination per month shall be assessed upon users that subscribe to private line services or WATS or WATS-equivalent services that are not exempt from assessment pursuant to (e) of this section.

(b) Such surcharge shall be computed to reflect a reasonable approximation of the carrier usage charges that would have been paid for average intrastate usage of common lines, end office facilities, and transport facilities, attributable to each special access line termination that is not exempt from assessment pursuant to (e) of this section.

(c) If the Association is unable to estimate such average usage, the surcharge shall be \$25 per line termination per month.

(d) The Association may propose reasonable and nondiscriminatory end-user surcharges to be filed in the state access tariff and to be applied to the use of exchange facilities, which are interconnected by users by means of intrastate telecommunications that are not provided by the telephone company and that are not exempt from assessment pursuant to (e) of this section. If the Association wishes to avail itself of this option, it must undertake to use reasonable efforts to identify such means of intrastate telecommunications and to assess end-user surcharges in a reasonable and nondiscriminatory manner.

(e) No special access surcharges shall be assessed for any of the following terminations:

- (1) the open end termination in a telephone company switch of an FX line, including CCSA and CCSA-equivalent ONALs;
- (2) any termination of an analog channel that is used for radio or television program transmission;
- (3) any termination of a line that is used for telex service;
- (4) any termination of a line that by nature of its operating characteristics could not make use of common lines;
- (5) any termination of a line that is subject to carrier usage charges pursuant to Section 005(a); and
- (6) any termination of a line that the customer certifies to the telephone company is not connected to a PBX or other device capable of interconnecting a local exchange subscriber line with the private line or WATS or WATS-equivalent access line.

116. MODIFYING RATES FOR NONPOOLING COMPANIES. (a) Unless permitted by the Commission pursuant to the procedure established in Section 104(f), the access charge rates of a nonpooling LEC must be averaged throughout the LEC's study area.

(b) A nonpooling LEC is authorized to modify access charge rates without approval of the Commission provided the modification remains below the authorized rate cap and is otherwise consistent with the provisions of this Manual. A modification of access rates must be consistent with (a) of this section unless the Commission has authorized the access rates to be deaveraged. A nonpooling LEC must maintain a current tariff and all special contracts on file with the Commission and must submit a tariff filing in accordance with 3 AAC 48.220 and 3 AAC 48.270 at least 45 days before the effective date of a tariff change or special contract. A tariff revision to increase access charge rates above the price ceilings established in accordance with Sections 104 - 117 must include all of the supporting information set out in Sections 701 and 702 of the Manual. The CCL rate cap of a carrier of last resort is not subject to revision pursuant to this subsection.

118. INFORMATION SERVICES. (a) The annual revenue requirement for Information services shall be divided into two parts. The first part, designated White Pages, shall be the portion of Account 6622, Number Services, attributable to publishing the alphabetical and foreign

exchange listings in the white pages of telephone directories. The second part shall be all other Information services costs.

(b) A charge for the White Pages Information subelement that is expressed in dollars and cents per one hundred minutes of use shall be assessed upon all interexchange carriers that use local exchange switching services for the provision of intrastate services.

(c) Except as set out in (a) and (b) of this section, Information services shall be offered to all interexchange carriers if such service is offered to any interexchange carrier. Reasonable and nondiscriminatory charges shall be assessed upon all carriers using such services. The charges shall be based on reasonable and nondiscriminatory contracts for a transition period to be determined by Commission order.

119. BILLING AND COLLECTION. Billing and Collection service shall be offered to all interexchange carriers if such a service is offered to any interexchange carrier. Reasonable and nondiscriminatory charges shall be assessed upon all carriers using such service. The charges for Billing and Collection service shall be based on reasonable and nondiscriminatory contracts.

ARTICLE 200. PASS-THROUGH OF ACCESS CHARGE SAVINGS.

SECTION

201. Pass-through.

201. PASS-THROUGH. To the extent an IXC passes through savings resulting from the adoption of a NAF, as provided for in Sections 109(b) and (c), in the form of long distance rate reductions, those reductions shall be reasonably distributed to all customer classes, including residential customers, business customers, basic calling plan customers, and optional calling plan customers.

ARTICLE 300. APPORTIONMENT OF NET INVESTMENT.

SECTION

- | | |
|---|---------------------------------|
| 301. General. | 306. Central office equipment. |
| 302. Net investment. | 307. General support facilities |
| 303. (Reserved). | 308. Equal access investment |
| 304. Subscriber line cable and wire facilities. | 309. Other investment. |
| 305. Carrier cable and wire facilities. | 310. Capital leases. |
| | 311. Return on investment. |

301. GENERAL. For purposes of computing annual revenue requirements for access elements, net investment as defined in Section 801(y) shall be apportioned among the Interexchange category, the Billing and Collection category, the Information category, and access elements as provided in Sections 300 - 310. Expenses shall be apportioned as provided in Sections 400 - 411. Net investment and expense apportioned to the Special Access and Equal Access elements shall remain segregated by telephone company.

302. NET INVESTMENT. (a) Investment in Accounts 2001, 1220, and Class B Rural Telephone Bank Stock booked in Account 1402 shall be apportioned among the Interexchange category, Billing and Collection category, Information category, and appropriate access elements as provided in Sections 303 - 309.

(b) Investment in Account 2003 shall be apportioned on the basis of the total investment in Account 2001, Telecommunications Plant in Service.

304. SUBSCRIBER LINE CABLE AND WIRE FACILITIES. (a) Investment in intrastate private lines and intrastate WATS access lines shall be assigned to the Special Access element.

305. CARRIER CABLE AND WIRE FACILITIES (C&WF). (a) Carrier C&WF that is not used for "origination" or "termination" as defined in Sections 801(aa) and (bb) shall be assigned to the Interexchange category.

(b) Carrier C&WF, other than WATS or WATS-equivalent access lines, not assigned pursuant to (a) of this section that is used for interexchange services that use switching facilities for origination and termination that are also used for local exchange telephone service shall be apportioned between the Dedicated Transport and Common Transport elements. Such C&WF shall be assigned to the Dedicated Transport element if it is used exclusively for the interexchange services of a particular carrier.

(c) All carrier C&WF that is not apportioned pursuant to (a) and (b) of this section shall be assigned to the Special Access element.

306. CENTRAL OFFICE EQUIPMENT (COE). (a) The Separations Manual categories shall be used for purposes of apportioning investment in such equipment except that any COE attributable to a Dedicated Transport subelement shall be assigned to the Dedicated Transport element.

(b) COE Category 1 (operator system equipment) shall be apportioned among the Interexchange category, the Information category, and the access elements as follows: Category 1 that is used for intercept services shall be assigned to the Local Switching element. Category 1 that is used for directory assistance shall be assigned to the Information category. Category 1 other than service observation boards that is not assigned to the Information category and is not used for intercept services shall be assigned to the Interexchange category. Service observation boards shall be apportioned among the Interexchange and Information categories and the Common Transport and Local Switching access elements based on the remaining combined investment in COE Category 1, Category 2, and Category 3.

(c) COE Category 2 (tandem switching equipment) that is deemed to be exchange equipment by the Commission shall be assigned to the Common Transport element. All other COE Category 2 shall be assigned to the Interexchange category.

(d) COE Category 3 (local switching equipment) shall be assigned to the Local Switching element except as provided in (a) of this section.

(e) COE Category 4 (circuit equipment) shall be apportioned among the Interexchange category and the Dedicated Transport, Common Transport, and Special Access elements. COE Category 4 shall be apportioned in the same proportions as the associated C&WF.

307. GENERAL SUPPORT FACILITIES. General support facilities investment shall be apportioned among the Interexchange category, the Billing and Collection category, the Information category, and the Local Switching, Common Transport, Dedicated Transport, and Special Access elements on the basis of COE, IOT, and C&WF, combined.

308. EQUAL ACCESS INVESTMENT. Equal access investment shall be assigned to the Equal Access element.

309. OTHER INVESTMENT. Investment that is not apportioned pursuant to Sections 302 - 308 shall be apportioned among the Interexchange category, the Billing and Collection category, the Information category, and access elements in the same proportions as the combined investment that is apportioned pursuant to Sections 303 - 308.

310. CAPITAL LEASES. Capital leases in Account 2680 shall be directly assigned to the appropriate Interexchange category, Information category, or access elements consistent with the treatment prescribed for similar plant costs or shall be apportioned in the same manner as Account 2001.

311. RETURN ON INVESTMENT. The allowed rate of return on net investment as determined in Sections 301 - 310 shall be established by order of the Commission.

ARTICLE 400. APPORTIONMENT OF EXPENSES.

SECTION

- | | |
|---|--|
| 401. Direct expenses. | 407. Revenue accounting expenses (Account 6620). |
| 402. Operating taxes (Account 7200). | 408. All other customer services expenses (Account 6620). |
| 403. Marketing expense (Account 6610). | 409. Corporate operations expenses (Accounts 6710 and 6720). |
| 404. Telephone operator services expenses (Account 6620). | 410. Equal access expenses. |
| 405. Published directory expenses (Account 6620). | 411. Other expenses. |
| 406. Local business office expenses (Account 6620). | |

401. DIRECT EXPENSES. (a) Plant specific operations expenses in Accounts 6110 and 6120 shall be apportioned among the Interexchange category, the Billing and Collection category, and appropriate access elements on the following basis:

(1) Account 6110 - Apportion on the basis of other investment pursuant to Section 309.

(2) Account 6120 - Apportion on the basis of general and support facilities investment pursuant to Section 307.

(b) Plant specific operations expenses in Accounts 6210, 6220, and 6230 shall be apportioned among the Interexchange category, Information category, and access elements on the basis of the apportionment of the total COE investment.

(c) Plant specific operations expenses in Accounts 6310 and 6410 shall be assigned to the appropriate investment category and shall be apportioned among the Interexchange category, Information category, and access elements in the same proportions as the total associated investment.

(d) Plant nonspecific operations expenses in Accounts 6510 and 6530 shall be apportioned among the Interexchange category, the Billing and Collection category, the Information category, and access elements in the same proportions as the combined investment in COE, IOT, and C&WF apportioned to each element and category.

(e) Plant nonspecific operations expenses in Account 6540 shall be assigned to the Interexchange category.

(f) Plant nonspecific operations expenses in Account 6560 shall be apportioned among the Interexchange category, the Billing and Collection category, the Information category, and access elements in the same proportion as the associated investment.

402. OPERATING TAXES (ACCOUNT 7200). (a) Federal and state income taxes, local income taxes, and state and local gross receipts or gross earnings taxes that are collected in lieu of a corporate income tax shall be apportioned among the Interexchange category, the Billing and Collection category, the Information category, and all access elements based on the approximate net taxable income on which the tax is levied (positive or negative) applicable to each element and category.

(b) All other operating taxes shall be apportioned among the Interexchange category, the Billing and Collection category, the Information category, and all access elements in the same manner as the investment apportioned to each element and category pursuant to Section 309.

403. MARKETING EXPENSE (ACCOUNT 6610). Marketing expense shall be apportioned among the Interexchange category, Information category, and all access elements in the same proportions as the combined investment that is apportioned pursuant to Section 309.

404. TELEPHONE OPERATOR SERVICES EXPENSES (ACCOUNT 6620). Telephone operator services expenses shall be apportioned among the Interexchange category, the Information category, and the Local Switching element based on the relative number of weighted standard work seconds. For those companies that contract with another company for the provision of these services, the expenses incurred shall be directly assigned among the

Interexchange category, the Information category, and the Local Switching element on the basis of the bill rendered for the services provided.

405. PUBLISHED DIRECTORY EXPENSES (ACCOUNT 6620). Published directory expenses shall be assigned to the Information category.

406. LOCAL BUSINESS OFFICE EXPENSES (ACCOUNT 6620). Local business office expenses shall be assigned as follows:

(1) end-user service order processing expenses attributable to presubscription shall be apportioned between the Local Switching and Transport elements in the same proportion as the investment apportioned to those elements pursuant to Section 309;

(2) end-user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own intrastate private line and special access shall be assigned to the Special Access element;

(3) end-user service order processing, payment and collection, and billing inquiry expenses attributable to intrastate private line service offered by an interexchange carrier shall be assigned to the Billing and Collection category;

(4) end-user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own intrastate message toll service shall be assigned to the Interexchange category. End-user service order processing, payment and collection, and billing inquiry expenses attributable to intrastate message toll service offered by an interexchange carrier shall be assigned to the Billing and Collection category;

(5) end-user service order processing, payment and collection, and billing inquiry expenses attributable to TWX service shall be assigned to the Special Access element;

(6) interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to private lines and special access shall be assigned to the Special Access element;

(7) interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to intrastate switched access and message toll, shall be

apportioned between the Local Switching and Transport elements in the same proportion as the investment apportioned to those elements pursuant to Section 309; and

(8) interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to billing and collection service shall be assigned to the Billing and Collection category.

407. REVENUE ACCOUNTING EXPENSES (ACCOUNT 6620). (a) Revenue Accounting Expenses that are attributable to carrier's carrier access billing and collecting expense shall be apportioned among the Information category and all access elements. Such expenses shall be apportioned in the same proportion as the combined investment in COE, C&WF, and IOT apportioned to those elements.

(b) All other Revenue Accounting Expenses shall be assigned to the Billing and Collection category.

408. ALL OTHER CUSTOMER SERVICES EXPENSES (ACCOUNT 6620). All other customer services expenses shall be apportioned among the Interexchange category, the Billing and Collection category, the Information category, and all access elements based on the combined expenses in Sections 404 - 407.

409. CORPORATE OPERATIONS EXPENSES (ACCOUNTS 6710 AND 6720). All corporate operations expenses shall be apportioned among the Interexchange category, the Billing and Collection category, the Information category, and all access elements in accordance with the Big Three Expense Factor as defined in Section 801(f).

410. EQUAL ACCESS EXPENSES. Equal access expenses shall be assigned to the Equal Access element.

411. OTHER EXPENSES. Expenses that are not apportioned pursuant to Sections 401 - 410 shall be apportioned among the Interexchange category, the Information category, and all access elements in the same manner as in Section 309.

ARTICLE 600. EXCHANGE CARRIER ASSOCIATION AND ITS FUNCTIONS.

SECTION

- | | |
|--|--|
| 601. Exchange Carrier Association. | 605. Reporting and distribution of access revenues. |
| 602. Board of Directors. | 606. Computation of average schedule company payments. |
| 603. Association functions. | 607. Disbursement of pool residue. |
| 604. Billing and collection of access charges. | |

601. EXCHANGE CARRIER ASSOCIATION. (a) An Association shall be established in order to prepare and file access charge tariffs on behalf of all telephone companies remaining in the pool.

(b) All telephone companies remaining in the pool shall be deemed to be members of the Association.

602. BOARD OF DIRECTORS. (a) For the purposes of this section, the Association shall be divided into three tiers:

(1) the first ("Tier A") shall consist of pooling Association members with an intrastate access charge revenue requirement of more than \$1 million;

(2) the second tier ("Tier B") shall consist of pooling Association members not included in Tier A;

(3) the third tier ("Tier C") shall consist of non-pooling AECA members which utilize the Association tariff or the Association's administrative services; and

(4) Association members with common ownership in excess of 50 percent shall be limited to a single membership under this section.

(b) There shall be 7 directors of the Association.

(c) Each Association member in Tier A shall designate a director to the board who shall serve in office until the Association member designates a successor.

(d) One board director shall be elected by the Association members in Tier C, who shall be entitled to one vote and who shall serve a three-year term.

(e) The remaining board directors (not either appointed by Tier A Association members, or elected by Tier C Association members) shall be elected by Association members in Tier B. Each Tier B director is entitled to one vote and shall serve a three-year term except that for the initial election, one Tier B director shall be elected for a one-year term, and two directors shall be elected for two-year terms.

(f) Any director representing a Tier A member is entitled to 1 vote.

(g) A majority of votes cast by a quorum of directors is required for decisions on all issues.

603. ASSOCIATION FUNCTIONS. (a) The Association shall not engage in any activity that is not related to the preparation of the Association's access tariff or the collection and distribution of the Association's access charge revenues unless such activity is expressly authorized by order of the Commission.

(b) Participation in Commission or court proceedings relating to the Association's access charge tariff, the billing and collection of the Association's access charges, or the distribution of the Association's access charge revenues shall be deemed to be authorized Association activities.

(c) The Association shall also prepare, file, and modify as necessary an access charge tariff for members of the pool containing terms and conditions for access service in accordance with the Commission's rules.

(d) The Association shall divide the expenses of its operations into three categories. The first category (Category I Expenses) consists of expenses associated with preparing, defending, and modifying Association tariff provisions related to the pooling companies; expenses associated with the administration of pooled receipts and distributions of exchange carrier revenues resulting from the Association tariff; expenses associated with Association functions pursuant to (c) of this section; and those expenses that pertain to Commission proceedings involving pooling company matters set forth in this Manual. The second category (Category II Expenses) consists of expenses associated with Association tariff provisions related to nonpooling companies subject to the following clarification. Category II Expenses include expenses associated with preparing, defending, and modifying Association tariff provisions related to nonpooling companies, except for expenses associated with defending the nonpooling company rate section of the Association tariff. The third category (Category III Expenses) consists of all other Association expenses. When an Association function or action benefits both pooling and nonpooling companies, the

expenses associated with that function must be allocated between Category I and Category II Expenses in the same proportion as the number of pooling companies to nonpooling companies. Category I expenses shall be allocated to the Essential Network Support, Local Switching, Common Transport, and Dedicated Transport access charge elements by utilizing the ratio of the revenue requirement for each element to the revenue requirement for all of those elements for all telephone companies participating in the Association's access charge pool.

(e) Category I expenses shall be included in determination of pooling company access charge rates in accordance with the revenue requirement assignment in (d) of this section. Category II expenses must be paid by nonpooling companies in accordance with the provisions of the Association tariff.

(f) A company that does not participate in the Association cost pool may with Commission approval participate in the terms and conditions section of the Association's access tariff, with the Association's tariff identifying the company's specific access rates that apply. Responsibility for defending changes to the company-specific rates rests with the nonpooling company.

604. BILLING AND COLLECTION OF ACCESS CHARGES. (a) The Association shall bill and collect access charges as agent for its access charge pool member telephone companies, with the exception of charges for Special Access and Equal Access. Each telephone company shall bill and collect its specific charges for Special Access and Equal Access, and the revenue from charges for Special Access and Equal Access must not be included in pooled revenues distributed pursuant to Section 605. Each telephone company shall be individually responsible for profits or losses associated with charges for Special Access and Equal Access. Each nonpooling telephone company that participates in the terms and conditions section of the Association tariff shall bill and collect its company-specific access charge rates and shall be individually responsible for profits or losses associated with charges for its access rates. Provided that it fulfills its forgoing obligations, a nonpooling telephone company may subcontract, to the Association or to any other qualified third party provider, on an arm's length basis, billing and collection functions performed for and under the supervision of the telephone company.

(b) For pooling and nonpooling companies, all access charges shall be billed monthly and in accordance with a tariff approved by the Commission.

605. REPORTING AND DISTRIBUTION OF ACCESS REVENUES. (a) For pool members, access demand units, except for Special Access and Equal Access demand units,

shall be reported monthly by telephone companies to the Association for computation of monthly pool revenue distributions in accordance with Sections 600 - 607. For pool members, demand units and revenue associated with Special Access and Equal Access shall also be reported by telephone companies to the Association but may not be used in the computation of pool revenue distributions.

(b) Association expenses incurred during the month that are allowable access charge expenses shall be reimbursed before any other funds are disbursed.

(c) Except as provided in (b) of this section, payments to average schedule companies that are computed in accordance with Section 606 shall be disbursed before any other funds are disbursed. A telephone company that participates in the National Exchange Carrier Association, Inc., as an average schedule company shall be deemed to be an average schedule company for purposes of this Manual.

(d) The residue shall be disbursed to all remaining pool telephone companies that are not average schedule companies in accordance with Section 607.

606. COMPUTATION OF AVERAGE SCHEDULE COMPANY PAYMENTS. (a) Payments shall be made in accordance with a formula approved or modified by the Commission. Such formula shall be designed to produce disbursements to an average schedule company that simulate the disbursements that would be received pursuant to Section 607 by a company that is representative of average schedule companies.

(b) The Association shall submit a proposed revision of the formula with each annual access charge tariff filing or certify that a majority of the directors of the Association believe that no revisions are warranted for the next year.

607. DISBURSEMENT OF POOL RESIDUE. (a) The residual pool revenues shall be distributed to pool members that are not average schedule companies in the following order:

(1) Essential Network Support for each telephone company.

(2) The expense portion of each telephone company's revenue requirement for the Local Switching, Common Transport, and Dedicated Transport elements and White Pages Information subelement.

(3) The return portion of each telephone company's revenue requirement for the Local Switching, Common Transport, and Dedicated Transport elements and White Pages Information subelement.

(b) For the purpose of distributing revenues under (a)(2) and (a)(3) of this section, separate distribution ratios shall be calculated for each element by telephone company as follows

(1) the expense ratio shall be based on a formula the numerator of which is the telephone company's expense revenue requirement for each element and the denominator of which is the total of all expense revenue requirements for that element for all telephone companies except average schedule companies; and

(2) the return ratio shall be based on a formula the numerator of which is the telephone company's return revenue requirement for each element and the denominator of which is the total of all return revenue requirements for that element for all telephone companies except average schedule companies.

(c) For distribution of pool revenues attributable to the Local Switching, Common Transport, and Dedicated Transport elements and White Pages Information subelement, the expense ratio shall be used until the total expense revenue requirement for these access charge elements has been paid, and the return ratio shall be used for the remainder of the access charge year.

(d) The distribution ratios established by (b) of this section are subject to approval by the Commission.

**ARTICLE 700. REVENUE REQUIREMENT, SUPPORTING INFORMATION, AND
MONITORING.**

SECTION

- 701. Annual filings by individual pooling companies.
- 702. Annual filings by Exchange Carrier Association for pooling companies.
- 703. Final access charge computation and submission for pooling companies.
- 704. Monitoring reports for pooling companies.
- 705. Annual filings by nonpooling companies.
- 706. Recordkeeping.

701. ANNUAL FILINGS BY INDIVIDUAL POOLING COMPANIES. (a) Unless otherwise ordered by the Commission, 3 AAC 48.275(a) does not apply to the development and support of access charges.

(b) The Commission shall establish by order a filing schedule for submission of the information required by this section. Absent good cause, the filing schedule shall begin no later than October 1 and shall conclude by April 1. Each telephone company remaining in the pool, except for average schedule companies, shall submit in alternating years, unless directed otherwise, the following information in support of its access charge revenue requirement:

(1) an audited financial statement, including balance sheet, income statement (historical results of operation), auditor's opinion, and footnotes for the year prior to the year in which the filing is made. If no audited statement is available, the company shall submit an unaudited financial statement and an affidavit explaining why an audited statement is not available;

(2) historical expenses and net investment (rate base) by account designations under 3 AAC 48.277(a)(1) and (2);

(3) for each pro forma adjustment to historical expenses or rate base, a schedule showing the computation of the adjustment and the changes to each account and the changes in total and a narrative description that fully supports the reason for the adjustment and explains the method used to compute the adjustment;

(4) a schedule of adjustments showing all items other than those in (b)(3) of this section that are necessary to reconcile the jurisdictional cost separations study required by (b)(9) of this section to the historical cost information provided under (b)(1) - (3) of this section;

(5) computation of the pro forma provision for income taxes;

(6) computation of the pro forma cash working capital requirement, based on a 15-day allowance applied to cash operating expenses, including only Plant Specific Operating Expenses, Plant Nonspecific Operating Expenses less Account 6560, Customer Operations Expenses, and Corporate Operations Expenses;

(7) a summary schedule listing all pro forma and reconciling adjustments by account designation, with each adjustment referenced to the individual schedule required by (b)(3) and (b)(4) of this section and with separate totals for expenses and rate base for each column in the schedule and with a column showing the total of all pro forma and reconciling adjustments;

(8) a summary schedule, by account designation, with a column showing the historical year-end balances that can be reconciled to the historical financial statements, a column listing the total pro forma and reconciling adjustments, a column showing the adjusted totals by account, thus arriving at the adjusted total company pro forma totals by account designation, and with all columns in the schedule including totals;

(9) a "six-way" jurisdictional cost separations study that separates the expenses and rate base in accordance with 3 AAC 48.430, including a summary of the results of the jurisdictional cost separations study by account designations under 3 AAC 48.277(a)(1) and (2);

(10) a study showing intrastate expenses and rate base components apportioned to each access charge element and category in conformance with this Manual to determine a revenue requirement per element or category;

(11) a fluctuation analysis on an individual account basis for all operating expense and operating tax accounts in a format that shows the account number and title, year-end balances for the prior year and the year prior to that, the dollar difference between the two years, and the percent difference between the two years. Fluctuations that exceed 10 percent and that exceed \$25,000 for any company with total revenues of greater than \$10,000,000; \$10,000 for any company with total revenues of \$5,000,000 to \$10,000,000; and \$2,500 for any company with total revenues of less than \$5,000,000, must be explained. Unusual or significant events that occurred during the test year should be described in the fluctuation analysis;

(12) proposed rates for Special Access, including subelements, and Equal Access, together with schedules supporting the development of those rates; demand units for Special Access and Equal Access shall be a monthly average computed using the actual units for the first six months of the year and the projected units for the remaining six months of the year; and

(13) prefiled testimony, in narrative or question and answer format, adopting all of the schedules required by this section, and to the extent not explained in the schedules themselves, supporting and explaining the filing. Each filing must include, either in supporting schedules or in the prefiled testimony, a description of nonregulated activities, the dollar value of the activities, where the activities are shown on financial schedules, and any management activity by company management of other companies; a description of the method used to assign and allocate costs to nonregulated activities; a description of affiliated interest transactions; a description of unusual or significant events that occurred during the test year or subsequent to the test year before the filing; a description of any new accounting standards that differ materially from prior filings; and a description of and justification for any noncost based treatment of Special Access charges.

(c) Pro forma adjustments shall be made to reflect the applicable law and regulations, policies, and orders of the Commission. Pro forma adjustments may be made to normalize historical results of operation and to reflect significant facts affecting the revenue requirement computation. Pro forma rate base and depreciation shall be based on the simple average of the prior year-end and projected year-end plant balances. Rate of return, for filing purposes, shall be the rate of return granted in the prior year's access charge proceeding.

702. ANNUAL FILINGS BY EXCHANGE CARRIER ASSOCIATION. (a) The Commission shall establish by order a filing schedule for submission of the information required by this section. Absent good cause, the filing schedule must begin no later than October 1 and must conclude by April 1. Each year and in accordance with the Commission's scheduling order, the Association shall submit the following information:

(1) supporting information for the Category I and Category II expenses of its operations as defined in Section 603(d), and supporting information for rates for recovery of Category II expenses;

(2) supporting information for payments made, or to be made, to average schedule companies in accordance with Section 606;

(3) prefiled testimony in support of the information required by (a)(1) and (a)(2) of this section; and

(4) revenue requirement data for the average schedule companies.

(b) By dates specified in the scheduling order, the Association shall submit the following information for pooling companies related to access charge demand:

(1) demand units for each telephone company by month, and totals for all companies, for the Local Switching, Common Transport, and Dedicated Transport elements,

(A) demand for an individual company shall be updated in alternate years;

(B) in a year when a company files revenue requirement data in accordance with Section 701, the demand data for that company shall be updated to include actual demand from December 20 of the prior year to December 19 of the year when the Section 701 data was filed; however, if actual demand is not available, a projection of demand may be proposed;

(C) in a year when a company does not file revenue requirement data, the company's last approved demand estimate will be used for purposes of developing access charge rates unless otherwise directed by the Commission; and

(2) prefiled testimony in support of the demand unit computations, including full explanation and documentation of any projection method used by each company.

703. FINAL ACCESS CHARGE COMPUTATION AND SUBMISSION FOR POOLING COMPANIES. Within 15 days after resolution of issues arising from filings made pursuant to Sections 701 and 702, or on such other date as ordered by the Commission, the Association shall submit supporting information for access charges computed as follows:

(a) For each telephone company, the intrastate expenses and rate base components determined for each telephone company, apportioned to each access charge element and category in conformance with this Manual to determine a revenue requirement per element or category per telephone company. The rate of return used to determine each pooling company's revenue requirement shall be established by the Association such that the overall pooled rate of return equals the rate of return determined by the Commission pursuant to Section 311.

(b) The revenue requirement of the average schedule companies calculated in accordance with Section 606 shall be allocated to the Essential Network Support, Local Switching, Common Transport, and Dedicated Transport access charge elements by utilizing the ratio of the revenue requirement for each element to the total statewide revenue requirement for those elements for all telephone companies except average schedule companies.

(c) The revenue requirement per access charge element per telephone company determined in (a) of this section shall be combined into a pool revenue requirement per element for all companies remaining in the pool.

(d) The Category I expenses of the Association shall be apportioned to access charge elements in conformance with Section 603(d) and added to the amounts in (b) of this section for a total pool revenue requirement for the Essential Network Support, Local Switching, Common Transport, and Dedicated Transport elements.

(e) The approved total demand units per element for the pool for the Local Switching, Common Transport, and Dedicated Transport elements shall be shown.

(f) The pool revenue requirement for the Local Switching, Common Transport, Dedicated Transport elements, and White Pages Information subelement shall be divided by the pool demand units for each element or subelement to produce the related access charges per demand unit.

(g) The revenue requirement for the Special Access and Equal Access elements shall be used to develop appropriate access charges for individual telephone companies.

(h) Category II expenses of the Association must be used to develop appropriate rates for individual nonpooling companies that adopt the terms and conditions section of the Association tariff.

(i) Revised tariff sheets must be filed to implement the access charges computed in accordance with this section.

704. MONITORING REPORTS FOR POOLING COMPANIES. (a) The Association shall file biannual monitoring reports by October 1 for the first six months of the year and by April 1 for the second six months of the year. The information must also be posted to the Association's website in a format capable of being read by or converted to a commonly used spreadsheet format such as Microsoft Excel.

(b) The monitoring reports must contain the following information for the six-month reporting period:

(1) actual demand units per telephone company for the Essential Network Support, Network Access Fee, Local Switching, Common Transport, Dedicated Transport, Special Access, and Equal Access elements and White Pages Information subelement for all pooling companies;

(2) pool access charge revenues per access charge element;

(3) Special Access and Equal Access revenues per telephone company; and

(4) Essential Network Support provided by the AUSF.

(c) The monitoring report for April 1 shall also contain the following information for the previous twelve-month reporting period:

(1) the retail minutes (excluding switched minutes on private lines) by interexchange carrier, showing percent market share (as measured by relative percentage of all retail minutes); and

(2) the total market share for all carriers with *de minimis* status registered under 3 AAC 52.361.

705. ANNUAL FILINGS BY NONPOOLING COMPANIES. No later than July 15 of each year, each nonpooling telephone company shall submit on a form provided by the Commission, the following information: revenue, demand units, and rates charged to customers by month for Essential Network Support and NAF, Local Switching, Common Transport, and Dedicated Transport elements for the preceding 18 months, with year-end totals for the previous calendar year and year-to-date totals for the current calendar year. The information shall be disaggregated by exchange (and exchange zone, if necessary) if the corresponding rate elements have been deaveraged. The information must also be posted to the carrier's website in a format capable of being read by or converted to a commonly used spreadsheet format such as Microsoft Excel.

706. RECORDKEEPING. (a) IXC's shall maintain annual records of intrastate revenue and billed minutes, and optionally, records of infrastructure investment, for annual periods beginning on April 1, 2004 through March 31, 2005, and for the next four years thereafter. The revenue and billed minutes shall be disaggregated by the following customer classes:

(1) residential and business basic rates;

(2) residential calling plans and promotions;

- (3) business calling plans and promotions; and
- (4) all other revenues.

(b) The Commission may require reseller IXCs to provide average cost per minute data in lieu of, or in addition to, the information required by (a) of this section.

ARTICLE 800. DEFINITIONS.

SECTION

801. Definitions.

801. DEFINITIONS. Unless the context indicates otherwise, in this Manual

(a) "Access Minutes" or "Access Minutes of Use" is that usage of exchange facilities in intrastate toll service for the purpose of calculating chargeable usage. On the originating end of an intrastate interexchange toll call, usage is to be measured from the time the originating end-user's call is delivered by the telephone company and acknowledged as received by the interexchange carrier's facilities connected with the originating exchange. On the terminating end of an interexchange intrastate toll call, usage is to be measured from the time the call is received by the end-user in the terminating exchange. Timing of usage at both the originating and terminating end of an intrastate interexchange call shall terminate when the calling or called party disconnects, whichever event is recognized first in the originating and terminating end exchanges, as applicable;

(b) "Access Service" includes services and facilities provided for the origination or termination of any intrastate toll telecommunication;

(c) "Annual revenue requirement" means the sum of the return component and the expense component;

(d) "Association" means the telephone company exchange carriers' Association described in Section 600;

(e) "Big Three Expenses" are the combined expense groups comprising: plant specific operations expenses, Accounts 6110, 6120, 6210, 6220, 6230, 6310, and 6410; plant nonspecific operations expenses, Accounts 6510, 6530, and 6540; and customer operations expenses, Accounts 6610 and 6620;

(f) "Big Three Expense Factors" are the ratios of the sum of Big Three Expenses apportioned to each element or category to the combined Big Three Expenses;

(g) "Cable and Wire Facilities" or "C&WF" includes all equipment or facilities that are described as cable and wire facilities in the Separations Manual and included in Account 2410;

(h) "Carrier Cable and Wire Facilities" means all cable and wire facilities that are not subscriber line cable and wire facilities;

(i) "Central Office Equipment" or "COE" includes all equipment or facilities that are described as central office equipment in the Separations Manual and included in Accounts 2210, 2220, and 2230;

(j) "Competitive Local Exchange Carrier" or "CLEC" means a carrier, other than the ILEC, which is certificated by the Commission to provide local exchange service in the ILEC's service area;

(k) "Corporate Operations Expenses" include executive and planning expenses in Account 6710 and general and administrative expenses in Account 6720;

(l) "Customer Operations Expenses" include marketing and services expenses in Accounts 6610 and 6620, respectively;

(m) "Direct Expenses" means expenses that are attributable to a particular category or categories of tangible investment described in Sections 300 - 310 and include

(1) plant specific operations expenses in Accounts 6110, 6120, 6210, 6220, 6230, 6310, and 6410; and

(2) plant nonspecific operations expenses in Accounts 6510, 6530, 6540, and 6560;

(n) "End-user" means any customer of an intrastate telecommunications service that is not a carrier except that a carrier other than a telephone company shall be deemed to be an "end-user" when the carrier uses a telecommunications service for administrative purposes and a person or entity that offers telecommunications services exclusively as a reseller shall be deemed to be an "end-user" if all resale transmissions offered by such reseller originate on the premises

of such reseller; (o) "Entry Switch" means the telephone company switch in which a transport line or trunk terminates;

(p) "Equal Access Investment" and "Equal Access Expenses" mean equal access investment and expenses as defined for purposes of the Separations Manual;

(q) "Expense Component" means the total expenses and income charges for an annual period that are attributable to a particular element or category;

(r) "Expenses" include allowable expenses as defined in 3 AAC 48.277(a)(1)-(4), apportioned to intrastate toll services pursuant to the Separations Manual and allowable income charges apportioned to intrastate toll services pursuant to the Separations Manual;

(s) "General Support Facilities" include buildings, land, vehicles, aircraft, work equipment, furniture, office equipment, and general purpose computers as described in the Separations Manual and included in Account 2110;

(t) "Incumbent Local Exchange Carrier" or "ILEC" means the telephone utility, or its successor, certificated to provide local exchange telephone service within its service area as of February 8, 1996, or a local exchange carrier designated by the Commission as the incumbent.

(u) "Information Origination/Termination Equipment" or "IOT" includes all equipment or facilities that are described as information origination/termination equipment in the Separations Manual and in Account 2310 except information origination/termination equipment that is used by telephone companies in their own operations;

(v) "Interexchange" or the "Interexchange category" includes services or facilities provided as an integral part of intrastate telecommunications that is not described as "access service" for purposes of this Manual;

(w) "Line" or "Trunk" includes, but is not limited to, transmission media such as radio, satellite, wire cable, and fiber optic cable means of transmission;

(x) "Manual" means the Alaska Intrastate Interexchange Access Charge Manual adopted in 3 AAC 48.440;

(y) "Net Investment" means allowable original cost investment (not including investment funded with contributions in aid of construction) in Accounts 2001, 2003, 1220, and 1402 that has

been apportioned to intrastate services pursuant to the Separations Manual and from which depreciation, amortization, and other reserves attributable to such investment, including unamortized investment tax credits and deferred income taxes, that has been apportioned to intrastate services pursuant to the Separations Manual have been subtracted and to which working capital that is attributable to intrastate services has been added;

(z) "Operating Taxes" include all allowable taxes in Account 7200 and allowable payments in lieu of taxes for nontaxpaying telephone companies;

(aa) "Origination" of a service that is switched in a Class 4 switch or an interexchange switch that performs an equivalent function ends when the transmission enters such switch and "termination" of such a service begins when the transmission leaves such a switch, except that

(1) switching in a Class 4 switch or transmission between Class 4 switches that is not deemed to be interexchange by the Commission will be "origination" or "termination" for purposes of the provisions of this Manual, and

(2) "Origination" and "Termination" do not include the use of any part of a line, trunk, or switch that is not owned or leased by a telephone company;

(bb) "Origination" of any service other than a service that is switched in a Class 4 switch or a switch that performs an equivalent function ends and "termination" of any such service begins at a point of demarcation that corresponds with the point of demarcation that is used for a service that is switched in a Class 4 switch or a switch that performs an equivalent function;

(cc) "Private Line" means a line that is used exclusively for an interexchange service other than MTS, WATS, or an MTS-WATS equivalent service, including a line that is used at the closed end of an FX, WATS, or CCSA service or any service that is substantially equivalent to a CCSA service;

(dd) "Return Component" means net investment attributable to a particular element or category multiplied by the authorized annual rate of return;

(ee) "Separations Manual" means the standard procedures adopted in 3 AAC 48.430 for separating the property, costs, revenues, expenses, taxes, and reserves of a telephone company between its interstate, intrastate, and local exchange revenue requirements;

(ff) "Special Access" means a private line as defined in (cc) of this section;

(gg) "Subscriber Line Cable and Wire Facilities" means all lines or trunks on the subscriber side of a Class 5 or end office switch, including lines or trunks that do not terminate in such a switch, except lines or trunks that connect an interexchange carrier;

(hh) "Telephone Company" means a carrier that provides services as a local exchange telephone utility as defined in 3 AAC 48.820(19);

(ii) "Unit of Capacity" means the capability to transmit one conversation; and (jj)
"WATS Access Line" means a line or trunk that is used exclusively for WATS service.