

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554

DA 88-2067

In the Matter of)
)
Automated Reporting Requirements) CC Docket No. 86-182
for Certain Class A and Tier 1)
Telephone Companies (Parts 31,)
43, 67, and 69 of the FCC's Rules))

ORDER

Adopted: December 19, 1988

Released: January 6, 1989

By the Chief, Common Carrier Bureau:

I. Introduction

1. In an Order, released on September 17, 1987,¹ in the above captioned docket, the Commission established an automated system of reports² for collecting financial and operating data from certain local exchange carriers (LECs).³ On October 14, 1988, the Commission released the ARMIS

1 Automated Reporting Requirements for Certain Class A and Tier 1 Telephone Companies (Parts 31, 43, 67 and 69 of the FCC's Rules), 2 FCC Rcd 6283 (1987) (ARMIS Order), modified on recon., FCC 88-331, released October 14, 1988) (ARMIS Reconsideration Order).

2 The Commission adopted four reports, one quarterly report and three annual reports. The Quarterly Report (ARMIS Order, Appendix A) collects highly aggregated financial data reflecting the results of accounting and cost allocation requirements prescribed in Parts 32, 64, 36 and 69. This report also includes a demand analysis table. The three annual reports provide more detailed coverage: the USOA Report (ARMIS Order, Appendix B) which shows the results of the carriers' total activities on an account by account basis; the Joint Cost Report (ARMIS Order, Appendix C) which shows the allocations to regulated and nonregulated activities, as required by Part 64, for those accounts that are involved in the ratemaking process; and the Access Report (ARMIS Order, Appendix D) which shows the results of the jurisdictional separations and access rules, by Part 36 category and Part 69 element.

3 All LECs having revenues of \$100 million or more per calendar year are

Reconsideration Order which resolved the major, substantive and procedural issues raised by the parties⁴ and delegated to the Chief of the Common Carrier Bureau the authority to resolve remaining issues, which are minor and technical in nature, according to a specific schedule.

2. In this Order, we revise the Quarterly Report for LECs to incorporate the changes required by the ARMIS Reconsideration Order and to reflect the resolution of the technical issues delegated to the Common Carrier Bureau by the ARMIS Reconsideration Order.⁵ On our own motion, we also make several technical revisions of the ARMIS Quarterly Report to reflect changing regulatory needs.⁶

II. Background

3. In the ARMIS Order, the Commission adopted an automated system of reports to collect data needed to administer its accounting, joint cost, jurisdictional separations, rate base, rate of return and access charge rules.

required to file ARMIS reports pursuant to the ARMIS Order. In a related order, the Commission established an automated quarterly reporting form for AT&T patterned after the ARMIS Quarterly Report, and authorized the Chief, Common Carrer Bureau to adopt, for AT&T, suitably modified versions of the ARMIS Order reports. See, Elimination of FCC Form 901, Monthly Form Required from Telephone Companies, CC Docket 87-503, 3 FCC Red 6261 (1988). Automated reporting requirements for AT&T will be addressed by the Common Carrier Bureau in the near future.

4 Petitions for Reconsideration were filed by: the Bell Atlantic Telephone Companies (Bell Atlantic); South Central Bell Telephone Company, Southern Bell Telephone and Telegraph Company, and BellSouth Corporation (BellSouth); Contel Corporation (Contel); GTE Service Corporation (GTE); The Pacific Companies (Pacific Bell); Southwestern Bell Telephone Company (Southwestern Bell); The United States Telephone Association (USTA); United Telecommunications, Inc. (UTS); and Western Union. Oppositions were filed by Bell Atlantic, The New England Telephone and Telegraph Company and the New York Telephone Company (NYNEX), Pacific Bell and Western Union. Replies were filed by Bell Atlantic, BellSouth, USTA, UTS and Western Union.

5 The ARMIS Reconsideration Order directed the Common Carrier Bureau to issue a revised version of each report by Public Notice. We ~~issue~~ the revised version of the Quarterly Report by Bureau Order to allow for a more extensive discussion of the changes than is appropriate in a Public Notice.

6 See Section 0.291(b)(4) of the Commission Rules.

In the ARMIS Reconsideration Order, the Commission affirmed that LECs are required to provide data on non-FCC jurisdictional revenues, that costs assigned to the intrastate jurisdiction are required, and that study area level reporting is essential to the development of the ARMIS data base. It also eliminated the requirement that the LECs display rate of return data for services and activities for which it does not prescribe a rate of return.⁷ In addition, the Commission directed the Common Carrier Bureau to resolve the technical issues raised by the parties concerning the design and format of the reporting forms. The Commission also directed the Bureau to investigate a number of problems raised by the petitions and by the Bureau's review of the initial filings of the Quarterly Report. In this Order, we address all of these issues and adopt the Quarterly Report and technical specifications displayed in the attached Appendix.⁸

III. Issues and Discussion

A. Demand Data

4. In the ARMIS Order, the Commission required certain interstate access demand data to be filed as Table II of the Quarterly Report. Carrier common line (CCL) demand is measured in terms of minutes of use (MOU) and is derived by dividing revenues by the tariffed rate. These data enable us to monitor the carriers' demand forecasts (forecasted MOU), upon which the carriers' access rates are based, by comparing the forecasts with actual demand.

5. The petitions in the ARMIS Reconsideration Order raised two issues regarding the demand data. First, Pacific Bell and USTA state that the instructions for common line terminating demand must be revised because the common line terminating rate element is scheduled to be eliminated on January 1, 1988.⁹ USTA urges the Commission to work with the industry to

7 See ARMIS Reconsideration Order at para. 18.

8 The revised Quarterly Report differs in several respects from the Quarterly Report adopted in the ARMIS Order. Several line items and columns are moved or added because of misclassifications, omissions or inconsistency with our Rules. We have reorganized the format by renumbering the rows and relabeling the columns to improve the logical flow from Part 32 through Parts 64, 36 and 69. Unless otherwise indicated, row and column references are to the revised Quarterly Report as it appears in the attached Appendix.

9 The petitions were filed with the Commission on October 26, 1987. that time the terminating rate had not been extended to March 31, 1989. The instructions call for the calculation of terminating common line demand by dividing terminating revenue by the terminating rate.

develop a revision that can be readily implemented by its members for calculating demand data. Second, Pacific Bell suggests that Table II be revised to allow for prior period adjustments. It argues that such a revision would ensure that the data are consistent with the data used by the carriers in developing rates, and are consistent with the data provided to the National Exchange Carriers Association (NECA) on the NECA Form EC1051.¹⁰

6. With regard to the first issue, we note that the terminating rate has been extended to March 31, 1989. The disposition of the carrier common line termination rate after that date is currently pending in another proceeding.¹¹ Furthermore, the Commission has not adopted an alternative methodology for deriving demand. Therefore, we defer revision of our methodology for deriving terminating common line demand until such time as these issues are resolved.

7. With regard to the second issue, we agree that since Table II only requires demand data for the current reporting quarter, it does not provide a means for updating the demand data filed in previous Quarterly Reports. We note, however, that if we revised Table II to allow for updating previously filed demand data, the carriers would be required to file twenty-four columns of data every quarter, because the demand data are subject to revision for two years. Currently the carriers file, as part of their annual access tariff filings, demand data on an adjusted, rolling twenty-four month basis. We believe that, at this time, this annual tariff submission of the full twenty-four month demand series is sufficient. Therefore, we will continue to require demand data only for the current reporting quarter in Table II.

B. Adjustments

8. Column (d), "Other Adjustments", of the Quarterly Report has been subject to conflicting interpretations. As adopted in the ARMIS Order, it is intended to capture adjustments resulting from shared network facility arrangements (SNFA) and intra-company contracts.¹² BellSouth and GTE,

¹⁰ Form EC1051, Supplemental Pool Report, is used by telecommunications carriers to report carrier common line earned revenue to NECA on a monthly basis. The data are reported for the current reporting month and for the previous 23 months, including adjustments for past periods as necessary.

¹¹ See MTS and WATS Market Structure, Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board, CC Dockets 78-72 and 80-286, 3FCC Rcd 4543 (1988).

¹² Intra-company contracts refers to contracts between affiliates.

however, interpret column (d) as inclusive of all adjustments (e.g., those resulting from corrections of erroneous accounting data) that are necessary to arrive at the amounts that are subject to the separations process. USTA recommends that this column be inclusive of all such adjustments, maintaining that this approach will result in consistent and accurate reporting and provide appropriate data for trend analysis without unnecessary burdens on the LECs. UTS also suggests that all adjustments be included in this column.

9. We believe that it would be confusing to record all adjustments in a single column. In order to preserve the integrity of adjustments for SNFA and intra-company transactions, we are adding a column called "All Other Adjustments" (column (e)) to reflect all additional adjustments, such as out-of-period adjustments. We are also revising the title of column (d) to read, "SNFA and Intra-company Adjustments."

C. Clarification of Booked/Adjusted Data

10. BellSouth, GTE, USTA and UTS request clarification of the type of data to be reported in the Quarterly Report. They suggest that booked amounts be reported in the columns referring to total company and nonregulated operations and that adjusted amounts be reported in the columns referring to regulated operations.¹³ USTA notes that booked data cannot be used to monitor rate of return without adjustment and that adjusted data alone would not be the correct measure for reporting in the columns relating to financial/accounting data.¹⁴

11. Parts 32 and 64 of the Commission's Rules require booked amounts. Parts 36 and 69, however, require adjusted amounts.¹⁵ A combination of booked and adjusted data is, therefore, necessary to make the Quarterly Report consistent with the Commission's Rules. We accordingly clarify our instructions. Columns (b) and (c), which display accounting and financial data pursuant to Parts 32 and 64, should be reported as booked. Column (d), which displays adjustments resulting from SNFAs and intra-company contracts, should also be reported as booked. As discussed above, we have added column (e) to accommodate regulatory, out-of-period and all other adjustments necessary to arrive at the adjusted amounts subject to separations pursuant to

13 Booked amounts reflect the results of transactions as recorded in the books of account. These amounts are frequently adjusted for regulatory purposes to exclude or include amounts, as prescribed by the regulating authority.

14 USTA Comments at 3.

15 See Section 65.450.

Parts 36 and 69. The remaining columns must be reported as adjusted.

D. Average Net Investment

12. USTA, Bell Atlantic, Pacific Bell, Southwestern Bell and UTS object to the calculation method for Average Net Investment prescribed by the ARMIS Order, stating that this method is inconsistent with the method prescribed on FCC Form 492 and for the development of interstate rates. Pacific Bell states that the Quarterly Report uses the average of beginning and ending investment account balances for the quarter while the Form 492 uses the average of the average monthly investment. These parties maintain that the Quarterly Report's instructions should be revised to be consistent with the Form 492 and that the Commission should delete line 49, Beginning Net Investment, and line 50, Ending Net Investment.

13. We agree with the petitioning parties that it is desirable to use the same methodology in the ARMIS and 492 Reports for calculating average net investment. The average of monthly averages used by the 492 Form is consistent with our Parts 36 and 69 Rules. Therefore, we change the instructions for calculating average net investment to read, "This amount shall be calculated by dividing the sum of the average net investments for each month in the reporting period by the number of months in the reporting period," and delete lines 49 and 50.

E. Cash Working Capital

14. Pacific Bell and USTA note that the method for calculating cash working capital specified in the Quarterly Report, as adopted in the ARMIS Order, is inconsistent with the method required by the Commission's Rules for establishing a cash working capital allowance for inclusion in the rate base.¹⁶ Both petitioners request that this amount be calculated in accordance with the Commission's Rules.

15. Cash working capital is an estimate of the average amount of investor supplied capital needed to supply funds for a carrier's day-to-day operations. The Quarterly Report defines cash working capital as the sum of accounts 1130 through 1160. Our rules do not permit this method to be used to establish cash working capital allowances for tariffs.¹⁷ Accordingly, we agree with the carriers that this is an undesirable inconsistency and we resolve it by changing the ARMIS definition of cash working capital to be consistent with Section 65.820.

16 See Section 65.820(d).

17 Amendment of Part 65 of the Commission's Rules and Regulations to Prescribe Components of the Rate Base and Net Income of Dominant Carriers, CC Docket 86-497, 3 FCC Rcd 269 (1988) recon. pending.

F. Rural Telephone Bank Stock (RTB Stock)

16. RTB Stock represents equity investment in the Rural Telephone Bank.¹⁸ LECs which obtain financing from the Rural Telephone Bank are required to make an equity investment in the bank in an amount equal to five percent of the principal amount of the loan.¹⁹ Traditionally, the Commission has allowed this amount to be included in the rate base, and Part 36 of our Rules provides for the inclusion of RTB Stock in the separations process. However, Part 32 requires that the amount of investment in RTB Stock is booked to account 1402, which is not generally included in the rate base. USTA notes that we did not address this issue in the ARMIS Order.

17. The Commission did not specifically mention RTB Stock in the ARMIS Order, and, since the effect of this inadvertent omission excludes RTB Stock from the rate base, we revise the instructions to line 1770, FCC Investment Adjustment, to include investment in RTB Stock.

G. Inapplicable Data Fields

18. Most of the parties requesting reconsideration of the ARMIS Order proceeding note that some fields on the Quarterly Report do not require data and request that we clarify the Commission's reporting requirements by identifying those fields. We agree that certain fields either cannot be populated with data because the data simply does not exist, or should not be populated because we have decided not to collect certain data. We have indicated such items on the Quarterly Report by populating the data fields in question with "N/A", thus indicating that certain fields need not be populated. See attached Appendix. However, any item not so designated must be populated. If the balance is zero, enter "0".

18 The Rural Telephone Bank was established by Congress in 1971 to furnish assured and viable sources of supplementary financing to fill the capital needs of rural telephone systems. See 7 U.S.C. Section 921(a).

19 7 U.S.C. Section 946(d).

H. Misclassified Accounts

19. USTA correctly observes that Special Charges and Fixed Charges are improperly classified on Appendix A. We move both line items and now properly classify them under the heading "Non-operating Items."

I. Other Issues

20. In the ARMIS Order, a number of access elements are reported on an aggregated basis in the Quarterly Report. The five common line access elements are aggregated into a single column. Traffic sensitive access is disaggregated into three of the four access elements. These are switching, local transport and information. The billing and collections and interexchange (IX) services elements are aggregated into a single column under the title, "Non-access."

21. We have reviewed the initial filings of the Quarterly Report and have determined that these aggregates do not meet our monitoring needs. Additional data are necessary to make the data consistent with the other ARMIS Order reports and with the Commission's Rules. On our own motion, we make the following revisions to the Quarterly Report.

22. The five common line elements are to be reported as follows: Four of the elements, "Pay," "Inside Wire," "Base Factor Portion" and "CPE" appear as additional columns (Columns (i) through (l)). To accommodate the fifth element, "Common Line Support," which consists of two sub-elements, long-term and transitional, two line items (lines 1950 and 1960) have been added.²⁰

23. Column (o) has been added to report the equal access²¹ portion of the traffic sensitive access categories in order to be consistent with the Tariff Review Plan.

24. We disaggregate non-access into Billing and Collection, which is a nonregulated service, and into IX, which is a regulated service, (columns (u) and (v)) so that it will be possible to monitor the amounts allocated to each of these services.²²

²⁰ See Section 69.501.

²¹ See Petitions for Recovery of Equal Access and Network Reconfiguration Costs, Memorandum Opinion and Order, FCC 85-628, released, December 9, 1985.

²² See Authorized Rates of Return for the Interstate Services of AT&T Communications and Exchange Telephone Carriers, Report and Order, CC Docket No. 84-800, 51 Fed. Reg. 1795, (Jan. 15, 1986) at footnote 21.

25. A row for lifeline adjustments, and total columns for common line and traffic sensitive data has been added. Allowance for funds used during construction (AFUDC) is reclassified under non-operating items, rather than revenues, because it is not recognized as revenue for calculating rate of return.

IV. Paperwork Reduction Act

26. The proposal contained herein is in compliance with the Paperwork Reduction Act of 1980 and imposes no substantive or material modification to the approved information collection requirement on the public. Implementation of any new or modified requirement will be subject to approval by the Office of Management and Budget as prescribed in the Act.

V. Ordering Clause

27. Accordingly, IT IS ORDERED, pursuant to Sections 4(i), 4(j), 201-205, 215, 219, and 220 of the Communications Act of 1934, 47 U.S.C. 154(i), 154(j) 201-205, 215, 219, and 220, that the form attached hereto IS ADOPTED, and that the modifications described herein ARE ADOPTED.

Gerald Brock
Chief, Common Carrier Bureau

APPENDIX

This document provides the instructions for FCC Report 43-01, the ARMIS Quarterly Report, which was adopted by the Commission in CC Docket No. 86-182. The instructions consist of the following five sections, which are attached:

1. Reporting Procedures - details on the specific procedures to be followed when submitting this report to the Commission.
2. Report Definition - an illustration of the rows and columns to be reported and their definitions.
3. Automated Report Specifications - the detailed automated data processing (ADP) specifications for the automated report to be filed.
4. Paper Report Specifications - the page layout and detailed specifications for the paper report to be filed.
5. COSA Code Table - the list of four letter COSA codes (CO = Company, SA = Study Area).

A. Introduction

This document contains details on the specific procedures to be followed when submitting FCC Report 43-01, the ARMIS Quarterly Report, to the Commission.

B. General Information

1. FCC Report 43-01 was adopted by the Commission in the ARMIS Order, Automated Reporting Requirements for Certain Class A and Tier 1 Telephone Companies (Parts 31, 43, 67, and 69 of the FCC's Rules), CC Docket No. 86-182, 2 FCC Rcd 5770 (1987). The report is prescribed for every local exchange carrier with operating revenues for the preceding year in excess of \$100 million.
2. Affected carriers shall file by March 31, June 30, September 30 and December 31 of each year the report for the previous calendar quarter. The initial report in this revised format will be filed by March 31, 1989 and will contain data for the fourth quarter of calendar year 1988.
3. The report shall be filed on a study area (jurisdiction) basis.
4. Carriers seeking proprietary treatment for some data must provide two versions of each paper and automated report. The Confidential Version must contain all the required information (Confidential Treatment Tables/Data Records are provided to identify confidential data). The Public Version should not include data for which the carrier is seeking proprietary treatment. The carrier should prominently label the paper report and the diskette containing information subject to a claim of confidentiality to prevent inadvertent disclosure.
5. Carriers not seeking proprietary treatment for any data should provide only one version of each paper report and diskette, and the paper report and the diskette should be labeled the Unrestricted Version.
6. The Confidential Treatment Tables/Data Records are to be included in all reports but are not a substitute for applying for confidential treatment with this Commission following established Commission procedures.
7. Each report and diskette must be clearly labeled to include the report number, company, study area, period, COSA code, version and submission number. The report number is 43-01, which identifies the filing as the ARMIS Quarterly Report. The period identifies the year and quarter covered by the data. See the attached COSA Code Table (CO = Company, SA = Study Area) for a list of companies and their respective COSAs. The version refers to whether the filing is the Confidential, Public or Unrestricted Version. The submission number is defined as follows: Submission 0 is for test data purposes only. Submission 1 is the first submission of a quarter's data. Higher numbers (2, 3, etc.) would be used if

needed for successive revisions to correct that quarter's submission.

8. All correspondence and pleadings shall identify the proceeding as CC Docket 86-182.

C. Data Items That Are "Not Available" or Are "Withheld"

1. The term "Not Available" is used below to refer only to those items which the Commission has ruled are not applicable to a particular row/column or are not required for a particular filing entity. The Confidential Version must contain values for all of the data items except those items which are "Not Available." If, in addition to the required study area reports, a carrier submits a report which combines data for more than one study area, and this report includes a field such as a sum, a ratio, or a percentage that cannot be computed completely and accurately because it relies on another item which the Commission has ruled is a "Not Available" item, then that field is also considered to be "Not Available."
2. The term "Withheld" is used below to refer only to those items for which the carrier has applied for confidential treatment with the Commission and is only applicable to the Public Version. If a field such as a sum, a ratio or a percentage relies on an item or items which have been withheld and that field is not also withheld, then it must include the withheld amount. For example, a carrier could withhold the individual values for two of three numbers which are totaled. If the carrier does not also apply for confidential treatment for the total, then that total must be the sum of all three numbers, not just the one which was not withheld. The Public Version must contain values for all of the data items except those items which are "Not Available" or those items which have been "Withheld."
3. See paragraph C.5 in the attached Automated Report Specifications and paragraph C.2 in the attached Paper Report Specifications for data entry conventions for these items.

D. Where to File

1. Carriers submitting FCC Report 43-01 should consult the schedule below which details the number of copies required and the location to which those copies should be delivered.
2. Carriers are reminded that they must serve a copy of either the Unrestricted Version or the Public Version of both the paper report and the automated report (diskette) on the FCC's contractor for public records duplication, International Transcription Services, Inc., (ITS). These copies should be mailed to the attention of Wilbur Thomas of ITS at Suite 140, 2100 M Street, N.W., Washington, D.C. 20037 or delivered to ITS in Room 246 at FCC Headquarters, 1919 M Street, N.W., Washington, D.C. 20036.

NUMBER OF COPIESFOR CARRIERS SEEKING PROPRIETARY TREATMENT

| | Trans- mittal Letter | Confi- dential Paper Report | Confi- dential Automated Report (diskette) | Public Paper Report | Public Automated Report (diskette) |
|--|----------------------------|--------------------------------------|--|---------------------------|---|
| FCC Secretary Room 222 1919 M Street, N.W. Washington, D.C. 20554 | 1 | - | - | - | - |
| FCC Common Carrier Bureau Accounting & Audits Division 2000 L Street, N.W. Washington, D.C. 20554 | 1 | 1 | 1 | 1 | 1 |
| ITS - Room 246 ATTN: Wilbur Thomas 1919 M Street, N.W. Washington, D.C. 20036 | 1 | - | - | 1 | 1 |

FOR CARRIERS NOT SEEKING PROPRIETARY TREATMENT

| | Trans- mittal Letter | Unre- stricted Paper Report | Unre- stricted Automated Report (diskette) |
|--|----------------------------|--------------------------------------|--|
| FCC Secretary Room 222 1919 M Street, N.W. Washington, D.C. 20554 | 1 | - | - |
| FCC Common Carrier Bureau Accounting & Audits Division 2000 L Street, N.W. Washington, D.C. 20554 | 1 | 1 | 1 |
| ITS - Room 246 ATTN: Wilbur Thomas 1919 M Street, N.W. Washington, D.C. 20036 | 1 | 1 | 1 |

E. Footnotes

1. If any data for the current period differs materially from that for the previous period or the corresponding period of the preceding year and the difference is not self-explanatory but was caused by unusual circumstances not explained in a previous report, then include footnote text to explain the occasioning facts.
2. This footnote text must be included in the Footnote Text Records and the Footnote Table as specified in the attached Automated Report Specifications and the attached Paper Report Specifications.

F. Errata

1. Carriers are under a legal obligation to correct any erroneous data discovered in FCC Report 43-01. Submissions containing corrected data must include references to indicate which data items were corrected since the previous submission.
2. These references must be included in the Erratum Records and the Erratum Table as specified in the attached Automated Report Specifications and the attached Paper Report Specifications.

G. Certification

1. Carriers must certify the accuracy of the data submitted in FCC Report 43-01 by including a signed certification statement as the last page of the paper report.
2. The text of the certification statement is included on page 21 of the attached Paper Report Specifications.

H. Waivers

1. If a carrier determines that it will be unable to provide data required by FCC Report 43-01, it must file an application for waiver with the Commission following established Commission procedures. All such requests from a carrier should be included in a single application. The application must demonstrate good cause for reporting a different or lower level of detail and indicate how these deficiencies will be corrected.
2. Carriers are strongly encouraged to comply with the requirements. Omission of individual data items or entries, without request for waiver, is unacceptable. One reason that compliance with the full requirements is so important is that omission of any single data entry by any carrier will jeopardize the accuracy of aggregate industry information.

I. Public Information

1. The Public or Unrestricted Versions of the paper reports filed as Report 43-01 may be examined by the public from 9:00 to 11:00 a.m. and from 2:00 to 4:00 p.m., Monday through Friday, in Room 812, 2000 L Street, N.W., Washington, D.C.
2. Copies of the Public or Unrestricted Versions of the paper or automated reports filed as FCC Report 43-01 may be obtained from the FCC's contractor for public records duplication, ITS. Parties should contact Wilbur Thomas of ITS at (202) 857-3800.

For further information regarding these procedures, contact:

Adrienne Brent
FCC Common Carrier Bureau
Accounting & Audits Division
(202) 634-1861

Approved by OMB
3060-0395
Expires 10/31/90

Estimated Average Burden Hours Per Response: 115 hours

SUMMARY

This document provides the Report Definition for FCC Report 43-01, the ARMIS Quarterly Report, and lists the revenue, revenue requirement, and demand data which must be provided quarterly by study area. It contains the following:

| | <u>Pages</u> |
|--|--------------|
| Table I - Cost and Revenue Table | 2 and 3 |
| Table II - Demand Analysis Table | 4 |
| Table I Row Instructions | 5 thru 8 |
| Table I Column Descriptions | 9 thru 11 |
| Table II Demand Analysis Table Definitions | 12 and 13 |
| Certification | 14 |

All monetary figures must be rounded to the nearest thousand dollars. All rate of return data fields (Rate of Return and Rate of Return including Refund) must be entered in percent and must be rounded to 2 decimal places. All minutes of use figures must be rounded to the nearest thousand; all access line figures must be provided to the nearest whole number.

Items which need not be reported because they do not apply are designated by N/A. All other fields must be populated. If there are no data applicable to a given field, enter zero.

Do not include explanatory notes in the transmittal letter; such notes must be included in the Footnotes section of the filing.

NOTICE: The ARMIS Quarterly Report collects highly aggregated financial data reflecting the results of accounting and cost allocation requirements prescribed in Parts 32, 64, 36 and 69. This report also includes a demand analysis table containing interstate access demand data. The ARMIS Quarterly Report specifies information requirements in a consistent format and is essential to the FCC to monitor revenue requirements, rate of return, jurisdictional separations and access charges. Your response is mandatory.

Public reporting burden for this collection of information is estimated to average 115 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden to the Federal Communications Commission, Office of Managing Director, Washington DC 20554, and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503.

FCC REPORT 43-01
ARMIS QUARTERLY REPORT

Approved by OMB
3060-0395
Expires 10/31/90

COMPANY: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
STUDY AREA: xxxxxxxxxxxxxxxxxxxxxxxx
PERIOD: From mmm yyyy To mmm yyyy
COSA: xxxx

xxxxxxxxxxxxx VERSION
SUBMISSION x
TABLE II

TABLE II - DEMAND ANALYSIS TABLE
(Minutes in thousands, Lines in whole numbers)

MONTHLY DATA

| Row | Classification | Month 1 | Month 2 | Month 3 |
|------|--|---------|---------|---------|
| | (a) | (b) | (c) | (d) |
| | COMMON LINE DEMAND-MOU | | | |
| | Premium: | | | |
| 2010 | Originating | | | |
| 2020 | Terminating | | | |
| | Non-Premium: | | | |
| 2030 | Originating | | | |
| 2040 | Terminating | | | |
| | SWITCHED TRAFFIC SENS. DEMAND-MOU | | | |
| 2050 | Premium | | | |
| 2060 | Non-Premium | | | |

QUARTERLY DATA

| Row | Classification | Quarter x |
|------|---|-----------|
| | (aa) | (ab) |
| | COMMON LINE DEMAND | |
| | Carrier Common Line: | |
| 2070 | Originating | |
| 2080 | Terminating | |
| 2090 | Single Line Business C. P. T. | |
| 2100 | Residence CPT Lifeline | |
| 2110 | Residence CPT Non-Lifeline | |
| 2120 | Multiline Business | |
| 2130 | Centrex Co and CTX Like Lines | |
| 2140 | Special Access Lines Subject to Surcharge | |
| 2150 | Total Billable Access Lines | |

Table I - ROW INSTRUCTIONS

Each row is an element related to a study area's revenue or revenue requirement.

Row Item DescriptionRevenues

1010. Network Access - The total of accounts 5081 through 5084.
1020. Local Network Services - The total of accounts 5001 through 5060.
1030. Toll Network Services - The total of accounts 5110, 5111, 5112 and 5121 through 5160.
1040. Miscellaneous - The total of accounts 5230 through 5250, 5261 through 5264, 5270 and 7991.
1050. Settlements - The total of accounts 5069, 5129, 5169 and 5269.
1060. Uncollectibles - The total of accounts 5301 and 5302.
1090. Net Revenues - The total of lines 1010 through 1060.

Expenses

1110. Plant Specific - The total of accounts 6112 through 6116, 6121 through 6124, 6211 through 6220, 6231, 6232, 6311 through 6362, and 6411 through 6441.
1120. Plant Nonspecific - The total of accounts 6511, 6512 and 6531 through 6535.
1130. Customer Operations Marketing - The total of accounts 6611 through 6613.
1140. Customer Operations Services - The total of accounts 6621 through 6623.
1150. Access - Account 6540.
1160. Corporate Operations - The total of accounts 6711, 6712, 6721 through 6728 and 6790.
1170. Depreciation/Amortization - The total of accounts 6561 through 6565.
1180. FCC Expense Adjustment - This amount shall contain the net of: (1) expense and other tax items which the Commission has expressly allowed for ratemaking purposes; and (2) expense and other tax items which the Commission has expressly excluded for ratemaking purposes.
1190. Total Operating Expenses - The total of lines 1110 through 1180.

Other Operating Items

1290. Other Operating Income/Losses - This amount shall contain the net of accounts 7110 through 7160, 7910 and 7990.

Non-operating Items

1310. Extraordinary Items - The total of accounts 7610 and 7620.
1320. Allowance for Funds Used During Construction - The balance of account 7340.
1330. Special Charges - The balance of account 7370.
1340. Fixed Charges - The total of accounts 7510 through 7540.
1350. All Other Non-operating Items - The total of accounts 7310, 7320, 7330, and 7360.
1360. FCC Non-operating Adjustment - This amount shall contain the net of: (1) non-operating items which the Commission has expressly allowed for ratemaking purposes; and (2) non-operating items which the Commission has expressly excluded for ratemaking purposes.
1390. Total Non-operating Items - The total of lines 1310 through 1360.

Other Taxes

1410. State and Local Income - The total of accounts 7230 and the appropriate portion of 7250 for columns (b) through (e). Calculate this amount for the remaining columns pursuant to Section 36.412.
1420. Other State and Local - The total of accounts 7240 and the appropriate portion of account 7250 for columns (b) through (e). Calculate this amount for the remaining columns pursuant to Section 36.412.
1490. Total Other Taxes - The total of lines 1410 and 1420.

Federal Income Taxes

1510. IRS Income Adjustment - This amount is the difference between taxable income reported for IRS purposes and the taxable income shown in accordance with Part 32.
1520. FCC Taxable Income Adjustment - This shall contain the net of: (1) taxable income not included above which the Commission has expressly allowed for ratemaking purposes; and (2) taxable income included above which the Commission has expressly excluded for ratemaking purposes.
1530. Investment Tax Credit Amortization - The balance of account 7210.
1540. FCC Investment Tax Credit Adjustment - This shall contain the net of: (1) ITC not included above which the Commission has expressly allowed for ratemaking purposes; and (2) the ITC included above which the Commission has expressly excluded for ratemaking purposes.
1590. Net Federal Income Taxes - The applicable total of lines 1510 through 1540.

Plant-in-Service

1610. Support Plant - The total of accounts 2111 through 2124.
1620. Central Office Equipment-Switching - The total of accounts 2211 through 2215 and 2220.
1630. Central Office Equipment-Transmission - The total of accounts 2231 and 2232.
1640. Cable and Wire Facilities - The total of accounts 2411 through 2441.
1650. Information Origination/Termination Equipment - The total of accounts 2311 through 2362.
1660. Amortizable Assets - The total of accounts 2681, 2682 and 2690.
1690. Total Plant - The total of lines 1610 through 1660.

Other Investments

1710. Property Held for Future Telecommunications Use - The balance of account 2002.
1720. Telecommunications Plant Under Construction - The total of accounts 2003 and 2004.
1730. Plant Acquisition Adjustment - The balance of account 2005.
1740. Other Deferred Charges - The balance of accounts 1438, 1439, and 1500.
1750. Material and Supplies - The balance of account 1220.
1760. Cash Working Capital - This amount equals that portion of investment required to meet current expenses. The calculation of this amount shall take into account revenue and expense items which are received or paid for before the service is rendered and expense items received or disbursed after the service is rendered. This amount must be developed from a lead-lag study pursuant to CC Docket 86-497.
1770. FCC Investment Adjustment - This amount shall contain the net of: (1) investment items not included above, such as investment in Rural Telephone Bank Stock, which the Commission has expressly allowed for ratemaking purposes; and (2) investment items included above which the Commission has expressly excluded for ratemaking purposes.
1790. Total Other Investments - The total of lines 1710 through 1770.

Reserves

1810. Accumulated Depreciation - The total of accounts 3100 and 3200.
1820. Accumulated Amortization - The total of accounts 3410, 3420, 3500 and 3600.
1830. Deferred Federal Income Taxes - The total of accounts 4100 and 4340.
1840. Customer Deposits - The total of accounts 4030 and 4040.
1850. Other Accrued Liabilities - The balance of account 4120.
1860. Other Deferred Credits - The balance of account 4360.
1870. All Other Reserve Items - The balance of account 4370.
1880. FCC Reserve Adjustment - This amount shall contain the net of: (1) reserve items not included above which the Commission has expressly included for ratemaking purposes; and (2) reserve items included above which the Commission has expressly excluded for ratemaking purposes.
1890. Total Reserves - The total of lines 1810 through 1880.

Return Data

1910. Average Net Investment - This amount shall be calculated by dividing the sum of the average net investments for each month in the reporting period by the number of months in the reporting period.
1915. Net Return - For the BOCs this amount is line 1090 less lines 1190, 1290, 1390, 1490 and 1590. For the other LECs this amount is line 1090 less lines 1190, 1290, 1390, 1490 and 1590, plus line 1320.
1920. Rate of Return - Line 1915 divided by line 1910, multiplied by 400.
1925. FCC Ordered Refund - This amount should be developed in accordance with CC Docket 84-800, Phase I.
1930. Net Return Including FCC Refund - Line 1915 less line 1925.
1935. Rate of Return Including FCC Refund - Line 1930 divided by line 1910, multiplied by 400.

Miscellaneous

1950. Common Line Support-Long Term - Enter the amount of long term support received or disbursed pursuant to Part 69.112(a).
1960. Common Line Support-Transitional - Enter the amount of transitional support received or disbursed pursuant to Part 69.112(b).
1970. Lifeline Adjustment - Enter this amount pursuant to Part 36.701.
1980. Universal Service Fund - Carriers with higher than average non-traffic-sensitive loop costs must report their interstate allocation, as reported to NECA for this reporting period, on this line.

TABLE I - COLUMN DESCRIPTIONS

Each column is a cost category or access element specified in our Rules.

Columns (b) through (e) shall be reported as booked. The remaining columns shall be reported as adjusted.

| <u>Column</u> | <u>Description</u> |
|---------------|---|
| b. | <u>Total</u> - This amount reflects the operating results for each of the rows itemized in this report, and includes all regulated and nonregulated company operations for each line item. These amounts are represented prior to separation between state and interstate jurisdictions. |
| c. | <u>Nonregulated</u> - This reflects the amount of each item pertaining to nonregulated activities in compliance with Docket 86-111. |
| d. | <u>SNFA and Intra-company Adjustments</u> - This amount reflects adjustments made to each item for costs related to shared network facility arrangements and intra-company subsidiary contracts. |
| e. | <u>All Other Adjustments</u> - This amount reflects all remaining adjustments, such as prior period adjustments, necessary to arrive at the amount subject to separation. |
| f. | <u>Subject to Separations</u> - This amount reflects that portion of each line item which must be allocated between state and interstate jurisdictions (column (b) less columns (c), (d) and (e). |
| g. | <u>State</u> - This amount reflects that portion of each line item that is allocated to the state jurisdiction for which this schedule is being filed, pursuant to Part 36 of our Rules. The cost of detariffed CPE shall be entered in this column pursuant to Part 36.142. |
| h. | <u>Interstate</u> - This amount reflects that portion of each line item allocated to the interstate jurisdiction for which this schedule is being filed, pursuant to Part 36 of our Rules. <u>Common Line</u> - These amounts reflect those portions of each line item applicable to carrier common line charges. A carrier common line charge is assessed upon all interexchange carriers who use local exchange common line facilities for the provision of interstate or foreign telecommunications services. |
| i. | <u>Pay</u> - This amount reflects that portion of each line item applicable to the pay telephone common line charges. |
| j. | <u>Inside Wire</u> - This amount reflects that portion of each line item applicable to common line charges associated with inside wire. |

- k. Base Factor Portion (BFP) - This amount reflects that portion of common line charges not assigned to Pay, CPE or Inside Wire pursuant to Part 69.
- l. Customer Premises Equipment - This amount reflects that portion of each line item applicable to the CPE common line charges.
- m. Total Common Line - The total of columns (i) through (l).
- Traffic Sensitive - Plant that is engineered to handle anticipated volumes of calls.
- n. Switching - This amount reflects that portion of each line item associated with connection of toll lines to toll lines, or toll lines to local central offices, exclusive of equal access.
- o. Equal Access - This amount includes only initial incremental expenditures for hardware and other equipment, and initial incremental presubscription costs related to the provision of equal access which would not be required absent the provision of equal access.
- p. Transport - This amount reflects that portion of each line item applicable to charges assessed upon all interexchange carriers who use switching or transport facilities that are apportioned to the transport element or elements for purposes of apportioning net investment.
- q. Information - This amount reflects that portion of each line item applicable to charges assessed upon all interexchange carriers who are connected to assistance boards through interexchange directory assistance trunks.
- r. Total Traffic Sensitive - The total of columns (n) through (q).
- s. Special Access - This amount reflects that portion of each line item applicable to the total of all sub-elements that have been established for the use of equipment or facilities assigned to the Special Access element for purposes of apportioning net investment.
- t. Total Access - The total of columns (m), (r) and (s).

- u. Billing and Collection - This amount reflects that portion of each line item applicable to Billing and Collection services.
 - v. Interexchange (IX) - This amount reflects that portion of each line item applicable to Interexchange services.
- !

TABLE II - DEMAND ANALYSIS TABLEDEFINITIONS

Originating minutes of use (MOU) is a measurement of traffic on originating MTS and MTS-like common lines.

Terminating MOU is a measurement of traffic on terminating MTS and MTS-like, originating 800, terminating outWATS, originating open-end-FX and terminating open-end-FX common lines.

Premium carrier common line (CCL) MOU is a measurement of Feature Group A (FGA) and Feature Group B (FGB) traffic originating from or terminating at offices converted to equal access, plus all Feature Group C (FGC), Feature Group D (FGD), and interstate/intraLATA MOU, excluding closed-end WATS and WATS type MOU.

Non-Premium CCL MOU is a measurement of FGA and FGB access MOU originating and/or terminating at offices not converted to equal access.

Rows 2010 through 2060 of this table should contain monthly details of quarterly data. Rows 2070 through 2150 should be reported quarterly.

QUARTERLY REPORTING WITH MONTHLY DETAILS

| <u>Row</u> | <u>DESCRIPTION</u> |
|------------|---|
| 2010. | Originating Premium CCL MOU is calculated by dividing the originating premium CCL revenue reported to the pool by the originating premium CCL rate. |
| 2020. | Terminating Premium CCL MOU is calculated by dividing the terminating premium CCL revenue reported to the pool by the terminating premium CCL rate. |
| 2030. | Originating Non-Premium CCL MOU is calculated by dividing the originating Non-Premium CCL revenues reported to the pool by the product of the originating premium rate and .45. |
| 2040. | Terminating Non-Premium CCL MOU is calculated by dividing the terminating Non-Premium CCL revenues reported to the pool by the product of the terminating premium CCL rate and .45. |
| 2050. | Total premium traffic sensitive MOU is calculated by dividing adjusted premium line termination revenues by the line termination rate. |

| <u>Row</u> | <u>DESCRIPTION</u> |
|------------|---|
| 2060. | Total Non-Premium traffic sensitive MOU is calculated by dividing the adjusted Non-Premium traffic sensitive line termination revenues by the product of the line termination rate and .45. |

QUARTERLY DATA

| | |
|-------|---|
| 2070. | Carrier common line chargeable originating minutes of use. |
| 2080. | Carrier common line chargeable terminating minutes of use. |
| 2090. | Single line business customer premises terminations (CPTs) subject to the single line business interstate subscriber line charge, excluding company official, mobile radiotelephone and public telephone. CPTs are commonly referred to as "main station equivalents" or "billable units". A CPT is a line termination at the customer premises, rather than at the central office. |
| 2100. | Residence lifeline CPTs for which the interstate subscriber line charge is reduced or waived. The decision to implement a lifeline plan is left to the individual state commission. |
| 2110. | Residence non-lifeline CPTs subject to the residence interstate subscriber line charge, excluding lifeline CPTs. |
| 2120. | Multiline business CPTs subject to the multiline business interstate subscriber line charge including multiline semi-public lines, PBX trunks, Centrex CU trunks, hotel/motel LD trunks and Centrex CO lines ordered after July 27, 1983. |
| 2130. | Centrex CO and CTX CO-like lines in service or ordered as of July 27, 1983. |
| 2140. | Special access lines subject to a \$25 surcharge, including WATS lines, as appropriate, after June 1, 1986. |
| 2150. | Total billable access lines is the sum of rows 2090 through 2140. |

CERTIFICATION

I certify that I am an officer of _____;
that I have examined the foregoing report and that to the best of my
knowledge, information, and belief, all statements of fact contained in this
report are true and that said report is an accurate statement of the affairs
of the above named respondent in respect to the data set forth herein for
the period from _____ to _____.

PRINTED NAME _____

POSITION _____

SIGNATURE _____

DATE _____

(Persons making willful false statements in this report form can be punished
by fine or imprisonment under the Communications Act, 47 U.S.C. 220(e).)

CONTACT PERSON _____

TELEPHONE NUMBER _____