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October 18, 2005

VIA HAND DELIVERY

Honorable Ron Jones, Chairman
c/o Sharla Dillon, Docket & Records Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: Cellco Partnership d/b/a Verizon Wireless For Arbitration Under the Telecommunications Act of 1996 Consolidated Docket No. 03-00585

Dear Chairman Jones:

Earlier today, we filed the *Response of CMRS Providers to Cost Study Methodologies and Model Descriptions Proposed by Rural Coalition* in the above-captioned matter. It has come to our attention that the document, as filed, contained an unintended oversight. Enclosed please find an original and thirteen (13) copies of corrected substitute pages 20 and 21. Otherwise, the document, as previously filed, remains the same. We appreciate your assistance and apologize for any inconvenience

Also enclosed is an additional copy to be "File Stamped" for our records. Copies of the *Response of CMRS Providers to Cost Study Methodologies and Model Descriptions Proposed by Rural Coalition* served on all copies of record will contain the corrected pages. If you have any questions or require additional information, please let me know.

Respectfully,

Melvin J. Malone

MJM/kdn

Enclosures

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with total demand on the RLEC's network. Thus the CHR cost study methodology is not TELRIC-compliant by any measure.

The September 28, 2005 Proposed Cost Study Methodology does not provide much additional information. Of the six cost models provided by the Rural Coalition, the CHR cost model is by far the most simplistic. The Excel spreadsheet in its entirety consists of only 132 rows, including all inputs and calculations. Every investment category and expense factor is an input, and provides no information as to the methodology used to determine those inputs and thus no way to determine whether the resulting study would be TELRIC.[30]

5. TDS Internal Cost Model

Four TDS-affiliated RLECs, Concord, Humphreys, Tellico, and Tennessee, propose to use an internal TDS cost model. As discussed in, above, the TDS cost model is not TELRIC-compliant because it fails to identify the methodology used to calculate TELRIC investment. Specifically, it simplistically expresses TELRIC switching investment as a fixed dollar amount plus a per line amount, without any methodology for how this investment is derived (see worksheet "Company Info & Parameters," rows 25 – 26).

In addition, the TDS cost model does not attempt to distinguish between non-traffic sensitive and traffic sensitive costs. Any TELRIC-compliant cost model must identify and exclude non-traffic sensitive costs from the cost of traffic termination.

[30] For example, the CHR cost model includes only a single input value for switching investment for the entire company, without any methodology for how this investment is derived (see worksheet "Work Sheet," cell E11) and a single input value for each of three accounting category of CWF investment for the entire company, again without any methodology for how this investment is derived (see worksheet "Work Sheet," cells E25 – E27).

The TDS model also proposes to recover the cost of the TELRIC cost study through transport and termination rates. However, as transport and termination rates are intended to cover only the additional costs of call termination for end office switching, tandem switching, and common transport, inclusion of cost study costs is inappropriate.

6. Totherow, Haile & Welch and Lee Olch Consulting (THW / LO) Cost Model

One RLEC, Twin Lakes, proposes to use the THW / LO cost model. As discussed in above, the THW / LO cost model is not TELRIC-compliant because it fails to calculate TELRIC investment. Specifically, it simplistically expresses TELRIC switching investment as a gross investment amount per location, without any methodology for how this investment is derived (see worksheet "INPUT_OTHER," row 11). Similarly, the TELRIC investment for transport termination is simplistically a fixed investment per terminal, again without any methodology for deriving this investment (see worksheet "INPUT_OTHER," rows 41 – 43).

The THW / LO cost model also fails to distinguish between non-traffic sensitive and traffic sensitive costs. Any TELRIC-compliant cost model must identify and exclude non-traffic sensitive costs from the cost of traffic termination.

Finally, the THW / LO cost model includes an allowance for uncollectible revenues, which is not a valid cost component for traffic termination from wireless carriers (see worksheet "RATE," cell E12).