

## DEVELOPMENT OF PROPOSED RESIDENCE, SINGLE BUSINESS AND MULTI-LINE BUSINESS END USER RATES

## END USER TARIFF MEMBERS

LINE NO	COST PER LINE GROUP CATEGORY <sup>1</sup>	COMMON LINE REVENUE REQUIREMENT <sup>2</sup>	MONTHLY AVERAGE ACCESS LINES <sup>3</sup>	RATE BAND	PROPOSED MULTI-LINE BUSINESS RATES <sup>4</sup>	MONTHLY AVERAGE MULTI- LINE BUSINESS LINES <sup>3</sup>	PROPOSED RESIDENCE AND SINGLE- LINE BUSINESS RATES <sup>5</sup>	MONTHLY AVERAGE RESIDENCE AND SINGLE LINE BUSINESS LINES
		( A )	( B )		( C ) = MIN ( ( A / B ) / 12, \$9.20 )	( D )	( E ) = MIN ( ( A / B ) / 12, \$6.50 )	( F ) = B - D
1	\$6.00	\$31,034	816	1	\$3.17	233	\$3.17	583
2	\$6.25	\$2,990,984	40,002	2	\$6.23	15,909	\$6.23	24,093
3	\$6.50	\$4,864,566	62,652	3	\$6.47	13,235	\$6.47	49,417
4	\$6.75	\$0	0	4	\$6.63	0	\$6.50	0
5	\$7.00	\$0	0	5	\$6.88	0	\$6.50	0
6	\$7.25	\$0	0	6	\$7.13	0	\$6.50	0
7	\$7.50	\$0	0	7	\$7.38	0	\$6.50	0
8	\$7.75	\$704,691	7,749	8	\$7.58	1,618	\$6.50	6,131
9	\$8.00	\$0	0	9	\$7.88	0	\$6.50	0
10	\$8.25	\$0	0	10	\$8.13	0	\$6.50	0
11	\$8.50	\$0	0	11	\$8.38	0	\$6.50	0
12	\$8.75	\$6,947,102	67,495	12	\$8.58	18,629	\$6.50	48,866
13	\$9.00	\$608,203	5,703	13	\$8.89	892	\$6.50	4,811
14	\$9.20	\$340,647	3,141	14	\$9.04	375	\$6.50	2,766
15	Above \$9.20	\$1,530,578,905	7,378,687	15	\$9.20	1,498,372	\$6.50	5,880,315
16	Total	\$1,547,066,133	7,566,245			1,549,263		6,016,982
17	NECA END-USER MULTI-LINE AVERAGE RATE = Sum of Elements of ( Col C * Col D ) / Total of Col D						\$9.14	
18	NECA END-USER RESIDENCE AND SINGLE-LINE BUSINESS AVERAGE RATE = Sum of Elements of ( Col E * Col F ) / Total of Col F						\$6.50	

## NOTE:

- 1 A Study Area is assigned to the cost per line group immediately above its projected cost per line with the exception of group15 which includes study areas with cost per line greater than \$9.20.
- 2 Revenue Requirement was reduced by ISDN port revenue, DS1 port revenue and SAS Revenue, and then adjusted for uncollectibles.
- 3 A PRI ISDN line is counted as 5 multi-line business access lines. A DS1 Channel Service is counted as 5 multi-line business access lines.
- 4 Per FCC order, the maximum monthly End User Common Line Charge for multi-line business will be the lesser of \$9.20 or cost per line. ( FCC 01-304 APPENDIX A PART 69.104 (o) (1), Nov 8, 2001 )
- 5 Per FCC order, the maximum monthly charge for each residential or single-line business local exchange service subscriber line shall be the lesser of cost per line or \$6.50 beginning July 1, 2003. (FCC 01-304 APPENDIX A PART 69.104 (n) (1), Nov 8, 2001)

JUNE 16, 2008 NECA ACCESS CHARGE FILING  
TEST PERIOD: JULY 1, 2008 - JUNE 30, 2009  
END USER REVENUE AT PROPOSED RATES AND SPECIAL ACCESS SURCHARGE REVENUE

VOLUME 4  
EXHIBIT 2

LINE				PROPOSED		PROPOSED
NO	DESCRIPTION	DEMAND	SOURCES /SUMMARY	RATES	SOURCES /SUMMARY	REVENUES
		( A )		( B )		( C ) = A * B * 12
EU TARIFF MEMBERS						
1	EU-CPT RESIDENCE LINE (INCLUDES CENTREX CPTS)	5,680,682	V3 EX 1	\$6.50	V4 EX 1 LINE 18	\$442,981,390
2	EU-CPT SINGLE LINE BUSINESS (INCLUDES ISDN BRI AND SLC CHARGES)	336,299	V3 EX 1	\$6.50	V4 EX 1 LINE 18	\$26,224,061
3	EU-CPT BUSINESS MULTI-LINE BUSINESS (INCLUDES CENTREX CPTS, ISDN PRI AND DS1 SLC CHARGES)	1,549,266	V3 EX 1	\$9.14	V4 EX 1 LINE 17	\$169,847,108
4	TARIFF MEMBER SUBTOTAL	7,566,247	LINE 1 + LINE 2 + LINE 3			\$639,052,559
NON-EU TARIFF MEMBERS						
5	EU-CPT RESIDENCE LINE (INCLUDES CENTREX CPTS)	64,454	V3 EX 1 WP 1	\$6.50	V3 APPENDIX A	\$5,027,470
6	EU-CPT SINGLE LINE BUSINESS (INCLUDES ISDN BRI AND SLC CHARGES)	5,979	V3 EX 1 WP 1	\$6.50	V3 APPENDIX A	\$466,388
7	EU-CPT BUSINESS MULTI-LINE BUSINESS (INCLUDES CENTREX CPTS, ISDN PRI AND DS1 SLC CHARGES)	20,203	V3 EX 1 WP 1	\$9.20	V3 APPENDIX A	\$2,230,457
8	NON-TARIFF MEMBER SUBTOTAL	90,636	LINE 5 + LINE 6 + LINE 7			\$7,724,315
COMMON LINE POOL MEMBERS						
9	TOTAL END USER SUBSCRIBER LINE CHARGE REVENUE	7,656,883	LINE 4 + LINE 8			\$646,776,874
10	SUBSCRIBER LINE UNCOLLECTIBLE				NOTE *	\$1,817,415
11	NET END USER SUBSCRIBER LINE CHARGE REVENUE		LINE 9 - LINE 10			\$644,959,460
12	SA SURCHARGEABLE CHANNELS (SAS) REVENUE	1,567	V3 EX 1 WP 1	\$25.00	NECA TARIFF 5 SEC. 17.3.1	\$470,100
13	TOTAL SUBSCRIBER LINE CHARGE + SAS REVENUE		LINE 11 + LINE 12			\$645,429,560

NOTE:

\* Sum of carrier's (historical settlement uncollectible / historical SLC revenue) \* Test Period SLC revenue.

## JUNE 16, 2008 NECA ACCESS CHARGE FILING

VOLUME 4

TEST PERIOD: JULY 1, 2008 - JUNE 30, 2009

EXHIBIT 3

## DEVELOPMENT OF ISDN LINE &amp; DS1 CHANNEL SERVICE PORT COSTS AND PROPOSED RATES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>SOURCES /SUMMARY</u>	<u>AMOUNT</u>
1	BASIC ANALOG POTS INVESTMENT	RDTF STUDY, 2006 <sup>1</sup>	\$106.50
2	ISDN BRI PER UNIT INVESTMENT	RDTF STUDY, 2006 <sup>1</sup>	\$554.87
3	ISDN PRI PER UNIT INVESTMENT	RDTF STUDY, 2006 <sup>1</sup>	\$5,645.75
4	DS1 SERVICE PER UNIT INVESTMENT	RDTF STUDY, 2006 <sup>1</sup>	\$4,395.06
5	NECA POOL INTERSTATE FACTOR	2000 UNWEIGHTED RELATIVE DEM FACTOR FOR NECA POOL	0.172
6	ANNUAL CARRYING CHARGE FACTOR	NOTE <sup>2</sup>	24.3%
7	POTS PER UNIT COST	(LINE 1 * LINE 5 * LINE 6) / 12	\$0.37
8	ISDN BRI PER UNIT COST	(LINE 2 * LINE 5 * LINE 6) / 12	\$1.93
9	ISDN PRI PER UNIT COST	(LINE 3 * LINE 5 * LINE 6) / 12	\$19.66
10	DS1 PER UNIT COST	(LINE 4 * LINE 5 * LINE 6) / 12	\$15.31
11	COST OF FIVE POTS PORTS	(LINE 7) * 5	\$1.85
<u>PORT COSTS AFTER POTS ADJUSTMENTS</u>			
12	ISDN BRI PORT AVERAGE COST	LINE 8 - LINE 7	\$1.56
13	ISDN PRI AVERAGE PORT COST	LINE 9 - LINE 11	\$17.81
14	DS1 AVERAGE PORT COST	LINE 10 - LINE 11	\$13.45
15	ISDN PRI AND DS1 AVERAGE PORT COST <sup>3</sup>	LINE 13 * .396 + LINE 14 * .604	\$15.18
<u>PROPOSED PORT RATES</u>			
16	ISDN BRI PORT RATE	NECA TARIFF F.C.C. NO. 5 §17.1.4 (A)	\$2.23
17	ISDN PRI PORT RATE	NECA TARIFF F.C.C. NO. 5 §17.1.4 (B)	\$23.51
18	DS1 CHANNEL SERVICE PORT RATE	NECA TARIFF F.C.C. NO. 5 §17.1.5 (A)	\$23.51

## NOTE:

- 1 The Rate Development Task Force (RDTF) Ports Investment Cost Study in 2006 (See Volume 5 Exhibit 1 Workpaper 1) is a group of selected participants in the NECA Traffic Sensitive (TS) and Common Line (CL) Pools.
- 2 Derived using Volume 2, Exhibit 2 - Set equal to 2005 historical Local Switching Revenue Requirement / Local Switching Telephone Plant in Service.
- 3 Access Lines associated with DS1 and ISDN PRI of the RDTF members were used to calculate the weighted average port cost.

JUNE 16, 2008 NECA ACCESS CHARGE FILING

VOLUME 4

TEST PERIOD: JULY 1, 2008 - JUNE 30, 2009

EXHIBIT 4

ISDN LINE PORT REVENUE AND DS1 CHANNEL SERVICE PORT REVENUE AT PROPOSED RATES

LINE NO.	DESCRIPTION	MONTHLY DEMAND ( A )	SOURCE /SUMMARY	PROPOSED RATE ( B )	SOURCE /SUMMARY	PROPOSED REVENUE ( C ) = A * B * 12
1	ISDN BRI LINE PORT REVENUE	6,201	V3 EX 1 WP 1	\$2.23	V4 EX 3 LINE 16	\$165,939
2	ISDN PRI LINE PORT REVENUE	6,283	V3 EX 1 WP 1	\$23.51	V4 EX 3 LINE 17	\$1,772,560
3	DS1 CHANNEL SERVICE PORT REVENUE	6,776	V3 EX 1 WP 1	\$23.51	V4 EX 3 LINE 18	\$1,911,645
4	TOTAL ISDN LINE and DS1 PORT REVENUE		LINE 1 + LINE 2 + LINE 3			\$3,850,144

JUNE 16, 2008 NECA ACCESS CHARGE FILING  
TEST PERIOD: JULY 1, 2008 - JUNE 30, 2009  
COMMON LINE REVENUE AT PROPOSED RATES

VOLUME 4  
EXHIBIT 5

<u>LINE NO</u>	<u>DESCRIPTION</u>	<u>SOURCE /SUMMARY</u>	<u>PROPOSED REVENUES</u> (\$ Million)
1	END USER REVENUE AND SAS	V4 EX 2 LINE 13 / 1,000,000	\$645.4
2	ISDN LINE PORT AND DS1 PORT REVENUE	V4 EX 4 LINE 4 COL C / 1,000,000	\$3.9
3	TOTAL REVENUE	LINE 1 + LINE 2	\$649.3
4	INTERSTATE COMMON LINE SUPPORT	V2 EX 2	\$926.1
5	TOTAL COMMON LINE REVENUE	LINE 3 + LINE 4	\$1,575.4

JUNE 16, 2008 NECA ACCESS CHARGE FILING

TEST PERIOD: JULY 1, 2008 - JUNE 30, 2009

DEVELOPMENT OF OPTIONAL MULTI-LINE BUSINESS EUCL FUSC SURCHARGE AND REVENUE

VOLUME 4

EXHIBIT 6

LINE NO	FUSC BAND	BUSINESS CENTREX %	MULTI-LINE REVENUE <sup>1</sup>	BUSINESS CENTREX REVENUE <sup>2</sup>	MLB EUCL FUSC SURCHARGE <sup>3</sup>	PROJECTED FUSC REVENUE
			( A )	( B )	( C )	( D ) = (( A - B )+ B / 9) * C
1	1	5%	\$2,227,118	\$43,985	11.6%	\$253,810
2	2	10%	\$914,508	\$73,112	12.3%	\$104,491
3	3	15%	\$5,117,509	\$593,069	12.7%	\$582,973
4	4	20%	\$1,206,056	\$199,576	13.4%	\$137,840
5	5	25%	\$5,528,133	\$1,329,759	14.5%	\$630,188
6	6	30%	\$363,842	\$95,542	14.9%	\$41,558
7	7	35%	\$494,776	\$162,095	16.1%	\$56,461
8	8	40%	\$3,175,030	\$1,166,045	16.9%	\$361,414
9	9	45%	\$732,256	\$308,789	18.2%	\$83,315
10	10	50%	\$2,439,555	\$1,169,568	19.9%	\$278,588
11	11	55%	\$614,744	\$323,316	21.4%	\$70,053
12	12	60%	\$0	\$0	23.3%	\$0
13	13	65%	\$0	\$0	25.7%	\$0
14	14	70%	\$263,580	\$175,508	27.9%	\$30,013
15	15	75%	\$0	\$0	32.1%	\$0
16	16	80%	\$1,095,729	\$827,687	34.7%	\$124,923
17	17	85%	\$0	\$0	42.8%	\$0
18	18	90%	\$0	\$0	51.3%	\$0
19	19	95%	\$0	\$0	64.1%	\$0
20	20	100%	\$33,893	\$33,672	97.5%	\$3,863
21	TOTAL		\$24,206,727	\$6,501,723		\$2,759,491

NOTE:

1 Following FCC Order on Reconsideration in CC Docket No. 96-45 (FCC 08-51) released on February 14, 2008, Payphone Service Provider Lines are excluded from calculation of MLB EUCL FUSC surcharges.

2 A study area or rate-banded entity is assigned to the business Centrex percentage group immediately above its business Centrex share

3 The following formula is used to calculate Multi-line FUSC surcharge for each band:

Contribution Factor/(1 - 8/9 \* Business Centrex Rev / MLB Rev).

For bands with no MLB revenue projected, the following formula is used to calculate Multi-line FUSC surcharge for each band:

Contribution Factor/(1 - 8/9 \* Mid-point of Band Business Centrex Percentages).

JUNE 16, 2008 NECA ACCESS CHARGE FILING  
TEST PERIOD: JULY 1, 2008 - JUNE 30, 2009  
DEVELOPMENT OF FEDERAL UNIVERSAL SERVICE CHARGE REVENUE

VOLUME 4  
EXHIBIT 7

<u>LINE NO.</u>	<u>ITEM</u>	<u>SOURCE</u>	<u>AMOUNT</u> ( \$ Million)
1	PROJECTED CL RETAIL REVENUE FROM RES/SLB, ISDN PORT, DS1 PORT, AND SAS	V2 EX 9 LINE 6 COL A	\$617.0
2	PROJECTED BANDED MLB REVENUE	V4 EX 6 LINE 21 COL A	\$24.2
3	PROJECTED SPECIAL ACCESS RETAIL REVENUE	V2 EX 9 LINE 6 COL B	\$211.0
4	PROJECTED RETAIL REVENUE EXCLUDING BANDED MLB REVENUE	LINE 1 - LINE 2 + LINE 3	\$803.8
5	FUSC SURCHARGE	V2 EX 9 LINE 7 COL C	11.4%
6	PROJECTED FUSC SURCHARGE FROM NON-BANDED REVENUE	LINE 4 * LINE 5	\$91.6
7	PROJECTED MLB EUCL FUSC SURCHARGE FROM BANDED MLB REVENUE	V4 EX 6 LINE 21 COL D / 1,000,000	\$2.8
8	PROJECTED TEST PERIOD FUSC REVENUE	LINE 6 + LINE 7	\$94.4