

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

END USER TARIFF MEMBERS

LINE NO	COST PER LINE GROUP CATEGORY ¹	COMMON LINE REVENUE REQUIREMENT ²	MONTHLY AVERAGE ACCESS LINES ³	RATE BAND ⁴	PROPOSED MULTI-LINE BUSINESS RATES ⁵	MONTHLY AVERAGE MULTI-LINE BUSINESS LINES ³	PROPOSED RESIDENCE AND SINGLE-LINE BUSINESS RATES ⁶	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	\$8.25	\$73,364	757	10	\$8.08	132	\$6.50	625
2	\$9.00	\$213,000	2,027	13	\$8.76	272	\$6.50	1,755
3	Above \$9.20	\$1,286,150,077	4,604,107	15	\$9.20	969,654	\$6.50	3,634,453
4	Total	\$1,286,436,441	4,606,891			970,058		3,636,833
5	NECA END-USER MULTI-LINE AVERAGE RATE = Sum of Elements of (Col C * Col D) / Total of Col D						\$9.20	
6	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 rate band 15 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. Excludes UNE loops.
- 4 There are 15 rate bands. Rate bands 1 through 10, 11, 12 and 14 with no common line revenue requirement and lines associated are not assigned rates and are not shown. All rate bands are displayed in Volume 1 Exhibit 3 Workpaper 2.
- 5 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).
- 6 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).

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VOLUME 4
 EXHIBIT 2

END USER REVENUE AT PROPOSED RATES AND SPECIAL ACCESS SURCHARGE REVENUE

<u>LINE NO</u>	<u>DESCRIPTION</u>	<u>DEMAND</u> (A)	<u>SOURCES /SUMMARY</u>	<u>PROPOSED RATES¹</u> (B)	<u>SOURCES /SUMMARY</u>	<u>PROPOSED REVENUES</u> (C) = A * B * 12
<u>EU TARIFF MEMBERS</u>						
1	EU-CPT RESIDENCE LINE (INCLUDES CENTREX CPTS)	3,434,115	V3 EX 1	\$6.50	V4 EX 1 LINE 5	\$267,860,970
2	EU-CPT SINGLE LINE BUSINESS (INCLUDES ISDN BRI AND SLC CHARGES)	202,718	V3 EX 1	\$6.50	V4 EX 1 LINE 5	\$15,812,004
3	EU-CPT BUSINESS MULTI-LINE BUSINESS (INCLUDES CENTREX CPTS, ISDN PRI AND DS1 SLC CHARGES)	970,058	V4 EX 1	\$9.20	V4 EX 1 LINE 4	\$107,091,193
4	EU-UNE LOOPS	3,653	NOTE ²		NOTE ²	\$148,818
5	TARIFF MEMBER SUBTOTAL	4,610,544	LINE 1 + LINE 2 + LINE 3 + LINE 4			\$390,912,985
<u>NON-EU TARIFF MEMBERS</u>						
6	EU-CPT RESIDENCE LINE (INCLUDES CENTREX CPTS)	33,609	V3 EX 1 WP 1	\$6.50	V3 APPENDIX A	\$2,621,502
7	EU-CPT SINGLE LINE BUSINESS (INCLUDES ISDN BRI AND SLC CHARGES)	2,716	V3 EX 1 WP 1	\$6.50	V3 APPENDIX A	\$211,848
8	EU-CPT BUSINESS MULTI-LINE BUSINESS (INCLUDES CENTREX CPTS, ISDN PRI AND DS1 SLC CHARGES)	11,268	V3 EX 1 WP 1	\$9.20	V3 APPENDIX A	\$1,243,987
9	NON-TARIFF MEMBER SUBTOTAL	47,593	LINE 6 + LINE 7 + LINE 8			\$4,077,337
<u>COMMON LINE POOL MEMBERS</u>						
10	TOTAL END USER SUBSCRIBER LINE CHARGE REVENUE	4,658,137	LINE 5 + LINE 9			\$394,990,322
11	SUBSCRIBER LINE UNCOLLECTIBLE				NOTE ³	\$1,015,939
12	NET END USER SUBSCRIBER LINE CHARGE REVENUE		LINE 10 - LINE 11			\$393,974,383
13	SA SURCHARGEABLE CHANNELS (SAS) REVENUE	228	V3 EX 1 WP 1	\$25.00	NECA TARIFF 5 SEC. 17.3.1	\$68,400
14	TOTAL SUBSCRIBER LINE CHARGE + SAS REVENUE		LINE 12 + LINE 13			\$394,042,783

NOTE:

- 1 The average of banded rates from Volume 4 Exhibit 1 is shown to two decimal places.
- 2 Estimates of demand and revenue based on amounts reported to NECA settlements and NECA line count data collection.
- 3 Sum of carrier's (historical settlement uncollectible / historical SLC revenue) * Test Period SLC revenue.

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EXHIBIT 3

DEVELOPMENT OF ISDN LINE & 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	2006 NECA Ports Investment Cost Study	\$106.50
2	ISDN BRI PER UNIT INVESTMENT	2006 NECA Ports Investment Cost Study	\$554.87
3	ISDN PRI PER UNIT INVESTMENT	2006 NECA Ports Investment Cost Study	\$5,645.75
4	DS1 SERVICE PER UNIT INVESTMENT	2006 NECA Ports Investment Cost Study	\$4,395.06
5	NECA POOL INTERSTATE FACTOR	2000 UNWEIGHTED RELATIVE DEM FACTOR FOR NECA POOL	0.181
6	ANNUAL CARRYING CHARGE FACTOR	NOTE ¹	26.6%
7	POTS PER UNIT COST	(LINE 1 * LINE 5 * LINE 6) / 12	\$0.43
8	ISDN BRI PER UNIT COST	(LINE 2 * LINE 5 * LINE 6) / 12	\$2.22
9	ISDN PRI PER UNIT COST	(LINE 3 * LINE 5 * LINE 6) / 12	\$22.60
10	DS1 PER UNIT COST	(LINE 4 * LINE 5 * LINE 6) / 12	\$17.59
11	COST OF FIVE POTS PORTS	(LINE 7) * 5	\$2.13
<u>PORT COSTS AFTER POTS ADJUSTMENTS</u>			
12	ISDN BRI PORT AVERAGE COST	LINE 8 - LINE 7	\$1.79
13	ISDN PRI AVERAGE PORT COST	LINE 9 - LINE 11	\$20.47
14	DS1 AVERAGE PORT COST	LINE 10 - LINE 11	\$15.46
15	ISDN PRI AND DS1 AVERAGE PORT COST ²	LINE 13 * .396 + LINE 14 * .604	\$17.45
<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 Test Period Local Switching Revenue Requirement/Local Switching Total Plant in Service

2 Access Lines associated with DS1 and ISDN PRI of the RDTF members were used to calculate the weighted average port cost.

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EXHIBIT 4

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

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>MONTHLY DEMAND</u> (A)	<u>SOURCE /SUMMARY</u>	<u>PROPOSED RATE</u> (B)	<u>SOURCE /SUMMARY</u>	<u>PROPOSED REVENUE</u> (C) = A * B * 12
1	ISDN BRI LINE PORT REVENUE	2,506	V3 EX 1 WP 1	\$2.23	V4 EX 3 LINE 16	\$67,061
2	ISDN PRI LINE PORT REVENUE	6,684	V3 EX 1 WP 1	\$23.51	V4 EX 3 LINE 17	\$1,885,690
3	DS1 CHANNEL SERVICE PORT REVENUE	2,414	V3 EX 1 WP 1	\$23.51	V4 EX 3 LINE 18	\$681,038
4	TOTAL ISDN LINE and DS1 PORT REVENUE		LINE 1 + LINE 2 + LINE 3			\$2,633,788

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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> ¹ (\$ Million)
1	END USER REVENUE AND SAS	V4 EX 2 LINE 14 / 1,000,000	\$394.0
2	ISDN LINE PORT AND DS1 PORT REVENUE	V4 EX 4 LINE 4 COL C / 1,000,000	\$2.6
3	TOTAL REVENUE	LINE 1 + LINE 2	\$396.7
4	INTERSTATE COMMON LINE SUPPORT ²	V2 EX 2	\$924.1
5	TOTAL COMMON LINE REVENUE	LINE 3 + LINE 4	\$1,320.8

NOTE:

¹ Calculations are done with full numbers.

² Includes amounts in excess of Revenue Requirement for price cap affiliates of \$14.599M.

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

VOLUME 4

EXHIBIT 6

LINE NO	FUSC BAND	BUSINESS CENTREX %	MULTI-LINE REVENUE ¹	BUSINESS CENTREX REVENUE ²	MLB EUCL FUSC SURCHARGE ³	PROJECTED FUSC REVENUE
			(A)	(B)	(C)	(D) = ((A - B)+ B / 9) * C
1	1	5%	\$1,477,262	\$28,483	16.0%	\$232,311
2	2	10%	\$3,120,456	\$277,987	17.1%	\$491,344
3	3	15%	\$4,410,811	\$601,790	17.9%	\$693,784
4	4	20%	\$3,571,109	\$672,005	18.9%	\$562,043
5	5	25%	\$555,533	\$125,856	19.7%	\$87,401
6	6	30%	\$792,230	\$229,853	21.2%	\$124,638
7	7	35%	\$675,096	\$215,059	21.9%	\$105,981
8	8	40%	\$526,277	\$198,499	23.6%	\$82,561
9	9	45%	\$503,976	\$211,968	25.1%	\$79,206
10	10	50%	\$522,523	\$250,939	27.4%	\$82,054
11	11	55%	\$69,331	\$35,880	29.1%	\$10,894
12	12	60%	\$190,550	\$104,880	30.7%	\$29,878
13	13	65%	\$0	\$0	35.3%	\$0
14	14	70%	\$2,015,242	\$1,348,094	38.7%	\$316,154
15	15	75%	\$0	\$0	44.2%	\$0
16	16	80%	\$8,170	\$6,514	53.9%	\$1,283
17	17	85%	\$0	\$0	58.9%	\$0
18	18	90%	\$0	\$0	70.7%	\$0
19	19	95%	\$0	\$0	88.3%	\$0
20	20	100%	\$0	\$0	117.8%	\$0
21	TOTAL		\$18,438,566	\$4,307,808		\$2,899,531

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).

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TEST PERIOD: JULY 3, 2012 - JUNE 30, 2013
DEVELOPMENT OF FEDERAL UNIVERSAL SERVICE CHARGE REVENUE

VOLUME 4
EXHIBIT 7

LINE NO.	<u>ITEM</u>	<u>SOURCE</u>	<u>AMOUNT</u> ¹ (\$ Million)
1	PROJECTED CL RETAIL REVENUE FROM RES/SLB, ISDN PORT, DS1 PORT, AND SAS	V2 EX 9 LINE 6 COL A	\$376.9
2	PROJECTED BANDED MLB REVENUE	V4 EX 6 LINE 21 COL A	\$18.4
3	PROJECTED ARC REVENUE	V2 EX 9 LINE 6 COL B	\$23.3
4	PROJECTED SPECIAL ACCESS RETAIL REVENUE	V2 EX 9 LINE 6 COL C	\$251.2
5	PROJECTED RETAIL REVENUE EXCLUDING BANDED MLB REVENUE	LINE 1 - LINE 2 + LINE 3 + LINE 4	\$632.9
6	FUSC SURCHARGE	V2 EX 9 LINE 7 COL D	15.7%
7	PROJECTED FUSC SURCHARGE FROM NON-BANDED REVENUE	LINE 5 * LINE 6	\$99.4
8	PROJECTED MLB EUCL FUSC SURCHARGE FROM BANDED MLB REVENUE	V4 EX 6 LINE 21 COL D / 1,000,000	\$2.9
9	PROJECTED TEST PERIOD FUSC REVENUE	LINE 7 + LINE 8	\$102.3

NOTE: ¹ Calculations are done with full numbers.