

JUNE 16, 2016 NECA ACCESS CHARGE FILING

VOLUME 4

TEST PERIOD: JULY 1, 2016 - JUNE 30, 2017

EXHIBIT 1

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	Above \$9.20	\$1,261,579,702	3,571,584	15	\$9.20	720,216	\$6.50	2,851,368
2	Total	\$1,261,579,702	3,571,584			720,216		2,851,368
3	NECA END-USER MULTI-LINE AVERAGE RATE = Sum of Elements of (Col C * Col D) / Total of Col D						\$9.20	
4	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.
- 4 There are 15 rate bands. Rate bands 1 through 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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END USER REVENUE AT PROPOSED RATES AND SPECIAL ACCESS SURCHARGE REVENUE

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EXHIBIT 2

LINE NO	DESCRIPTION	DEMAND (A)	SOURCES /SUMMARY	PROPOSED RATES (B)	SOURCES /SUMMARY	PROPOSED REVENUES (C) = A * B * 12
EU TARIFF MEMBERS						
1	EU-CPT RESIDENCE LINE (INCLUDES CENTREX CPTS)	2,684,281	V3 EX 1	\$6.50	V4 EX 1 LINE 4	\$209,373,918
2	EU-CPT SINGLE LINE BUSINESS (INCLUDES ISDN BRI AND SLC CHARGES)	167,087	V3 EX 1	\$6.50	V4 EX 1 LINE 4	\$13,032,786
3	EU-CPT BUSINESS MULTI-LINE BUSINESS (INCLUDES CENTREX CPTS, ISDN PRI AND DS1 SLC CHARGES)	720,216	V4 EX 1	\$9.20	V4 EX 1 LINE 3	\$79,511,846
4	TARIFF MEMBER SUBTOTAL	3,571,584	LINE 1 + LINE 2 + LINE 3			\$301,918,550
NON-EU TARIFF MEMBERS						
5	EU-CPT RESIDENCE LINE (INCLUDES CENTREX CPTS)	22,496	V3 EX 1 WP 1	\$6.50	V3 APPENDIX A	\$1,754,688
6	EU-CPT SINGLE LINE BUSINESS (INCLUDES ISDN BRI AND SLC CHARGES)	1,587	V3 EX 1 WP 1	\$6.50	V3 APPENDIX A	\$123,786
7	EU-CPT BUSINESS MULTI-LINE BUSINESS (INCLUDES CENTREX CPTS, ISDN PRI AND DS1 SLC CHARGES)	10,601	V3 EX 1 WP 1	\$9.20	V3 APPENDIX A	\$1,170,350
8	NON-TARIFF MEMBER SUBTOTAL	34,684	LINE 5 + LINE 6 + LINE 7			\$3,048,824
COMMON LINE POOL MEMBERS						
9	TOTAL END USER SUBSCRIBER LINE CHARGE REVENUE	3,606,268	LINE 4 + LINE 8			\$304,967,375
10	SUBSCRIBER LINE UNCOLLECTIBLE				NOTE1	\$527,995
11	NET END USER SUBSCRIBER LINE CHARGE REVENUE		LINE 9 - LINE 10			\$304,439,380
12	SA SURCHARGEABLE CHANNELS (SAS) REVENUE	15	V3 EX 1 WP 1	\$25.00	NECA TARIFF 5 SEC. 17.3.1	\$4,500
13	TOTAL SUBSCRIBER LINE CHARGE + SAS REVENUE		LINE 11 + LINE 12			\$304,443,880

NOTE:

1 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

LINE NO.	DESCRIPTION	SOURCES /SUMMARY	AMOUNT
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	0.185
6	ANNUAL CARRYING CHARGE FACTOR	NOTE 1	26.1%
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	\$2.23
9	ISDN PRI PER UNIT COST	(LINE 3 * LINE 5 * LINE 6) / 12	\$22.72
10	DS1 PER UNIT COST	(LINE 4 * LINE 5 * LINE 6) / 12	\$17.68
11	COST OF FIVE POTS PORTS	(LINE 7) * 5	\$2.14
<u>PORT COSTS AFTER POTS ADJUSTMENTS</u>			
12	ISDN BRI PORT AVERAGE COST	LINE 8 - LINE 7	\$1.80
13	ISDN PRI AVERAGE PORT COST	LINE 9 - LINE 11	\$20.57
14	DS1 AVERAGE PORT COST	LINE 10 - LINE 11	\$15.54
15	ISDN PRI AND DS1 AVERAGE PORT COST ²	LINE 13 * .396 + LINE 14 * .604	\$17.53
<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 RDTG 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

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	902	V3 EX 1 WP 1	\$2.23	V4 EX 3 LINE 16	\$24,138
2	ISDN PRI LINE PORT REVENUE	6,067	V3 EX 1 WP 1	\$23.51	V4 EX 3 LINE 17	\$1,711,622
3	DS1 CHANNEL SERVICE PORT REVENUE	994	V3 EX 1 WP 1	\$23.51	V4 EX 3 LINE 18	\$280,427
4	TOTAL ISDN LINE and DS1 PORT REVENUE		LINE 1 + LINE 2 + LINE 3			\$2,016,187

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COMMON LINE REVENUE AT PROPOSED RATES

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EXHIBIT 5

<u>LINE NO</u>	<u>DESCRIPTION</u>	<u>SOURCE /SUMMARY</u>	<u>PROPOSED REVENUES ¹</u> (\$ Million)
1	END USER REVENUE AND SAS	V4 EX 2 LINE 13 / 1,000,000	\$304.4
2	ISDN LINE PORT AND DS1 PORT REVENUE	V4 EX 4 LINE 4 COL C / 1,000,000	\$2.0
3	TOTAL REVENUE	LINE 1 + LINE 2	\$306.5
4	CAF BLS VOICE	V2 EX 2	\$967.6
5	TOTAL COMMON LINE REVENUE	LINE 3 + LINE 4	\$1,274.0

NOTE:

¹ Calculations are done with full numbers.

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

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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%	\$2,172,672	\$44,160	18.2%	\$388,282
2	2	10%	\$3,169,584	\$272,026	19.4%	\$567,990
3	3	15%	\$4,366,872	\$579,600	20.3%	\$781,889
4	4	20%	\$1,256,904	\$215,170	21.1%	\$224,850
5	5	25%	\$633,254	\$142,858	22.4%	\$113,404
6	6	30%	\$643,632	\$185,803	24.1%	\$115,312
7	7	35%	\$339,590	\$106,978	24.9%	\$60,880
8	8	40%	\$0	\$0	26.9%	\$0
9	9	45%	\$329,875	\$135,902	28.2%	\$58,959
10	10	50%	\$131,597	\$63,480	31.3%	\$23,528
11	11	55%	\$0	\$0	33.6%	\$0
12	12	60%	\$0	\$0	36.6%	\$0
13	13	65%	\$0	\$0	40.3%	\$0
14	14	70%	\$551,227	\$366,638	43.8%	\$98,693
15	15	75%	\$95,606	\$68,558	49.4%	\$17,125
16	16	80%	\$0	\$0	57.5%	\$0
17	17	85%	\$0	\$0	67.1%	\$0
18	18	90%	\$0	\$0	80.6%	\$0
19	19	95%	\$0	\$0	100.7%	\$0
20	20	100%	\$0	\$0	134.3%	\$0
21	TOTAL		\$13,690,814	\$2,181,173		\$2,450,914

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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DEVELOPMENT OF FEDERAL UNIVERSAL SERVICE CHARGE REVENUE

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EXHIBIT 7

<u>LINE NO.</u>	<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 5 COL A	\$297.0
2	PROJECTED BANDED MLB REVENUE	V4 EX 6 LINE 21 COL A	\$13.7
3	PROJECTED ARC REVENUE	V2 EX 9 LINE 5 COL B	\$68.7
4	PROJECTED SPECIAL ACCESS RETAIL REVENUE	V2 EX 9 LINE 5 COL C	\$305.9
5	PROJECTED RETAIL REVENUE EXCLUDING BANDED MLB REVENUE	LINE 1 - LINE 2 + LINE 3 + LINE 4	\$657.9
6	FUSC SURCHARGE	V2 EX 9 LINE 6 COL D	17.9%
7	PROJECTED FUSC SURCHARGE FROM NON-BANDED REVENUE	LINE 5 * LINE 6	\$117.8
8	PROJECTED MLB EUCL FUSC SURCHARGE FROM BANDED MLB REVENUE	V4 EX 6 LINE 21 COL D / 1,000,000	\$2.5
9	PROJECTED TEST PERIOD FUSC REVENUE	LINE 7 + LINE 8	\$120.2

NOTE: ¹ Calculations are done with full numbers.