

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	PROPOSED MULTI-LINE BUSINESS RATES ⁴	MONTHLY AVERAGE MULTI-LINE BUSINESS LINES ³	PROPOSED RESIDENCE AND SINGLE-LINE BUSINESS RATES ⁵	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	\$36,630	915	1	\$3.34	244	\$3.34	671	
2	\$6.25	\$5,213,909	70,420	2	\$6.17	14,064	\$6.17	56,356	
3	\$6.50	\$0	0	3	\$6.38	0	\$6.38	0	
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	\$4,204,238	47,635	7	\$7.35	16,292	\$6.50	31,343	
8	\$7.75	\$0	0	8	\$7.63	0	\$6.50	0	
9	\$8.00	\$788,594	8,349	9	\$7.87	1,363	\$6.50	6,986	
10	\$8.25	\$943,069	9,820	10	\$8.00	2,520	\$6.50	7,300	
11	\$8.50	\$3,643,436	36,212	11	\$8.38	6,814	\$6.50	29,398	
12	\$8.75	\$1,903,692	18,205	12	\$8.71	3,909	\$6.50	14,296	
13	\$9.00	\$21,111,004	199,803	13	\$8.80	50,569	\$6.50	149,234	
14	\$9.20	\$4,886,275	44,651	14	\$9.12	7,091	\$6.50	37,560	
15	Above \$9.20	\$1,668,034,245	9,215,374	15	\$9.20	1,666,199	\$6.50	7,549,175	
16	Total	\$1,710,765,092	9,651,384			1,769,065		7,882,319	
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)

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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 RATES</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 CENTRE)	7,313,034	V3 EX 1	\$6.50	V3 Appendix A	\$570,181,391
2	EU-CPT SINGLE LINE BUSINESS (INCLUDES ISDN BRI AND SLC CHAR)	569,285	V3 EX 1	\$6.50	V3 Appendix A	\$44,390,877
3	EU-CPT BUSINESS MULTI-LINE BUSINESS (INCLUDES CENTREX CPTS, ISDN PRI AND DS1 SLC CHARGES)	1,769,065	V3 EX 1	\$9.14	V4 EX 1 Line 17	\$194,016,954
4	TARIFF MEMBER SUBTOTAL	9,651,384	Line 1 + Line 2 + Line 3			\$808,589,222
<u>NON-EU TARIFF MEMBERS</u>						
5	EU-CPT RESIDENCE LINE (INCLUDES CENTREX CPTS)	1,211,723	V3 EX 1 WP 1	\$6.43	V3 Appendix A	\$93,428,393
6	EU-CPT SINGLE LINE BUSINESS (INCLUDES ISDN BRI AND SLC CHAR)	158,722	V3 EX 1 WP 1	\$6.41	V3 Appendix A	\$12,203,660
7	EU-CPT BUSINESS MULTI-LINE BUSINESS (INCLUDES CENTREX CPTS, ISDN PRI AND DS1 SLC CHARGES)	247,468	V3 EX 1 WP 1	\$7.57	V3 Appendix A	\$22,486,441
8	NON-TARIFF MEMBER SUBTOTAL	1,617,913	Line 5 + Line 6 + Line 7			\$128,118,494
<u>COMMON LINE POOL MEMBERS</u>						
9	TOTAL END USER SUBSCRIBER LINE CHARGE REVENUE	11,269,297	Line 4 + Line 8			\$936,707,716
10	SUBSCRIBER LINE UNCOLLECTIBLE				Note *	\$4,020,635
11	NET END USER SUBSCRIBER LINE CHARGE REVENUE		Line 9 - Line 10			\$932,687,082
12	SA SURCHARGEABLE CHANNELS (SAS) REVENUE	1,897	V3 EX 1 WP 1	\$25.00	NECA TARIFF 5 Sec 17.3.1	\$569,100
13	TOTAL SUBSCRIBER LINE CHARGE + SAS REVENUE		Line 11 + Line 12			\$933,256,182

NOTE:

* Sum of carrier's (historical settlement uncollectible / historical SLC revenue) x 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	RDTF Study, Sept. 2004 ¹	\$89.32
2	ISDN BRI Per Unit Investment	RDTF Study, Sept. 2004 ¹	\$498.86
3	ISDN PRI Per Unit Investment	RDTF Study, Sept. 2004 ¹	\$6,682.18
4	DS1 Service Per Unit Investment	RDTF Study, Sept. 2004 ¹	\$3,005.92
5	NECA Pool Interstate Factor	2000 Unweighted Relative DEM factor for NECA Pool	0.168
6	Direct Charge Factor	Annual Filing 2005, Support ²	26%
7	POTS Per Unit Cost	(Line 1 x Line 5 x Line 6) / 12	\$0.33
8	ISDN BRI Per Unit Cost	(Line 2 x Line 5 x Line 6) / 12	\$1.82
9	ISDN PRI Per Unit Cost	(Line 3 x Line 5 x Line 6) / 12	\$24.32
10	DS1 Per Unit Cost	(Line 4 x Line 5 x Line 6) / 12	\$10.94
11	Cost of five POTS Ports	(Line 7) x 5	\$1.63
<u>Port Costs after POTS Adjustments</u>			
12	ISDN BRI Port Cost	Line 8 - Line 7	\$1.49
13	ISDN PRI and DS1 Average Port Cost ³	(Line 9 - Line 11) x .497+(Line 10 - Line 11) x .503	\$15.97
<u>Proposed Port Rates</u>			
14	ISDN BRI Port Rate	NECA Tariff F.C.C. No. 5 §17.1.4 (A)	\$2.23
15	ISDN PRI Port Rate	NECA Tariff F.C.C. No. 5 §17.1.4 (B)	\$23.51
16	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) for DS1 Channel Service in 2004 was a group of selected participants in the NECA Traffic Sensitive (TS) and Common Line (CL) Pools. These companies represent approximately 37 percent of the TS Pool revenue and more than 5 million of 12 million access lines in the Common Line Pool.
- 2 Derived using 2005 annual filing Volume 2, Exhibit 2 - Set equal to Local Switching Revenue Requirement / Local Switching Telephone Plant in Service.
- 3 Access Line Counts associated with DS1 and ISDN PRI of the RDTF members are used to develop a 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	11,937	V3 EX 1 WP 1	\$2.23	V4 EX 3 Line 14	\$319,434
2	ISDN PRI LINE PORT REVENUE	7,528	V3 EX 1 WP 1	\$23.51	V4 EX 3 Line 15	\$2,123,799
3	DS1 CHANNEL SERVICE PORT REVENUE	7,514	V3 EX 1 WP 1	\$23.51	V4 EX 3 Line 16	\$2,119,850
4	TOTAL ISDN LINE and DS1 PORT REVENUE		Line 1 + Line 2 + Line 3			\$4,563,083

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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</u> (\$ Million)
1	END USER REVENUE AND SAS	V4 EX 2 Line 13 / 1,000,000	\$933.3
2	ISDN LINE PORT AND DS1 PORT REVENUE	V4 EX 4 Line 4 Col C / 1,000,000	\$4.6
3	TOTAL REVENUE	Line 1 + Line 2	\$937.8
4	INTERSTATE COMMON LINE SUPPORT	V2 EX 2	\$964.1
5	TOTAL COMMON LINE REVENUE	Line 3 + Line 4	\$1,902.0

TRANSMITTAL NO. 1129

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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	MLB EUCL FUSC SURCHARGE ²	PROJECTED FUSC REVENUE
			(A)	(B)	(C)	(D) = ((A - B)+ B / 9) * C
1	1	5%	\$2,109,302	\$79,267	10.9%	\$222,234
2	2	10%	\$1,707,610	\$143,541	11.3%	\$178,542
3	3	15%	\$4,706,938	\$554,688	11.7%	\$493,024
4	4	20%	\$2,242,546	\$383,638	12.4%	\$235,790
5	5	25%	\$5,750,252	\$1,380,256	13.3%	\$601,607
6	6	30%	\$2,405,245	\$692,755	14.1%	\$252,314
7	7	35%	\$410,016	\$132,179	14.7%	\$43,001
8	8	40%	\$4,420,960	\$1,652,055	15.7%	\$463,537
9	9	45%	\$1,925,266	\$804,595	16.7%	\$202,082
10	10	50%	\$2,770,930	\$1,320,053	18.2%	\$290,754
11	11	55%	\$2,153,941	\$1,106,826	19.3%	\$225,829
12	12	60%	\$839,312	\$486,910	21.7%	\$88,211
13	13	65%	\$831,598	\$519,833	23.6%	\$87,208
14	14	70%	\$6,608,981	\$4,483,516	26.4%	\$692,639
15	15	75%	\$1,155,612	\$846,271	30.1%	\$121,415
16	16	80%	\$735,899	\$569,071	33.6%	\$77,300
17	TOTAL		\$40,774,408	\$15,155,455		\$4,275,486

NOTE:

- 1 A study area or rate-banded entity is assigned to the business Centrex percentage group immediately above its business Centrex share.
- 2 The following formula is used to calculate Multi-line FUSC surcharge for each band:
Contribution Factor/(1 - 8/9 * Business Centrex Rev / MLB Rev).

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 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	\$886.8
2	Projected Banded MLB Revenue	V4 EX 6 Line 17 Col A	\$40.8
3	Projected Special Access Retail Revenue	V2 EX 9 Line 6 Col B	\$275.8
4	Projected Retail Revenue Excluding Banded MLB Revenue	Line 1 - Line 2 + Line 3	\$1,121.9
5	FUSC Surcharge	V2 EX 9 Line 7 Col C	10.5%
6	Projected FUSC Surcharge from Non-Banded Revenue	Line 4 * line 5	\$117.8
7	Projected MLB EUCL FUSC Surcharge from Banded MLB Revenue	V4 EX 6 Col D Line 17 / 1,000,000	\$4.3
8	Projected Test Period FUSC Revenue	Line 6 + Line 7	\$122.1