

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
RATE OF RETURN
HISTORICAL COST ANALYSIS SUMMARY (\$000)

----- COMMON LINE -----				
HISTORICAL DATA PERIOD 2012	PAY PHONE	INSIDE WIRE	BFP	TOTAL COMMON LINE
	(I)	(J)	(K)	(L)
<u>REVENUES</u>				
100	Network Access	N/A	N/A	468,019
110	Uncollectibles	N/A	N/A	(0)
120	Common Line Support	N/A	N/A	0
130	Long Term Support (NOTE 1)	N/A	N/A	0
135	Interstate Common Line Support (NOTE 1)	N/A	N/A	864,329
140	Transitional	N/A	N/A	0
150	Miscellaneous	N/A	N/A	0
160	Net Revenues	N/A	N/A	1,332,348
<u>EXPENSES</u>				
170	Plant Specific	0	176,304	176,304
171	Network Support	0	4,938	4,938
172	General Support	0	44,809	44,809
173	Central Office	0	32,325	32,325
174	Operator Systems	0	0	0
175	COE Switching	0	0	0
176	COE Transmission	0	32,325	32,325
177	IOT	0	10	10
178	Cable & Wire Facilities	0	94,219	94,219
180	Plant Non Specific excl Depr & Amort	0	65,610	65,610
190	Depreciation/Amortization	0	230,592	230,592
200	Customer Operations	0	46,865	46,865
201	Marketing	0	15,699	15,699
202	Local Business Office	0	26,614	26,614
203	Revenue Accounting	0	2,781	2,781
204	Other Billing and Collections	0	2,637	2,637
210	Access	N/A	N/A	0
215	Universal Service Contributions (NOTE 2)	N/A	N/A	105,958
220	Corporate Operations	0	134,170	134,170
230	AFUDC	0	2,837	2,837
240	Other Expenses and Adjustments	0	(100)	(100)
250	Taxes Other than FIT	0	34,327	34,327
260	Total Expenses and Other Taxes	0	684,932	790,891
<u>NECA ADJUSTMENTS</u>				
261	NECA Administrative Expenses	0	29,049	29,049
262	Average Schedule Settlements	0	152,703	152,703
263	Adjustment for Line Port/TIC	0	116,233	116,233
264	Total NECA Adjustments	0	297,984	297,984
<u>FIT ADJUSTMENTS</u>				
270	Adjustments for FIT	0	25,024	25,024
280	Amortized ITC	0	27	27
290	Federal Income Taxes	0	42,765	42,765
300	TOTAL EXPENSES AND TAXES	0	1,025,682	1,131,640
<u>TELEPHONE PLANT IN SERVICE</u>				
310	General Support	0	521,979	521,979
320	Central Office Equipment - Switch	0	0	0
321	Operator Systems	0	0	0
322	Tandem Switching	0	0	0
323	Local Switching Cat 3	0	0	0
324	Equal Access	0	0	0
330	Central Office Equipment - Trans	0	761,753	761,753
331	Subscriber Line	0	761,753	761,753
332	Exchange Circuit	0	0	0
333	Interexchange Circuit	0	0	0
334	Host Remote	0	0	0
340	Cable and Wire	0	3,476,435	3,476,435
341	Subscriber Line	0	3,476,435	3,476,435
342	Exchange	0	0	0
343	Interexchange Circuit	0	0	0
344	Host Remote	0	0	0
350	Info Orig/Term Equipment	0	783	783
360	Amortizable Assets	0	11,359	11,359
370	Total Plant in Service	0	4,772,309	4,772,309
<u>ADJUSTMENTS TO TPIS</u>				
380	Depreciation/Amortization Reserve	0	3,017,318	3,017,318
390	Accum. Deferred Income Tax	0	91,986	91,986
400	Other Rate Base Adjustments	0	121,069	121,069
<u>RETURN DATA</u>				
410	Average Rate Base	0	1,784,073	1,784,073
420	Return	0	200,708	200,708
430	Rate of Return	11.25%	11.25%	11.25%

NOTE 1: Effective 7/1/04, Long-Term Support is folded into Interstate Common Line Support (ICLS). ICLS is recovered from the universal service support program. ICLS excludes excess of \$1.8M attributable to price cap affiliates.

NOTE 2: Universal service include amounts for both Cost and Average Schedule companies.

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
 RATE OF RETURN
 HISTORICAL COST ANALYSIS SUMMARY (\$000)

----- SWITCHED TRAFFIC SENSITIVE -----

HISTORICAL DATA PERIOD 2012	LOCAL SWITCHING	EQUAL ACCESS	SS7	INFORMATION	TANDEM SWITCHING	LOCAL TRANSPORT	HOST REMOTE	TOTAL SWITCH TRFFC SNSTV *	SPECIAL ACCESS
	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)
<u>REVENUES</u>									
100									676,044
110									(0)
120									N/A
130									N/A
135									N/A
140									N/A
150									N/A
160									676,044
<u>EXPENSES</u>									
170									115,900
171									2,943
172									23,751
173									63,826
174									0
175									0
176									63,826
177									0
178									25,380
180									36,865
190									162,488
200									21,978
201									7,520
202									2,893
203									10,809
204									0
210									N/A
220									73,541
230									1,919
240									284
250									18,755
260									427,893
<u>NECA ADJUSTMENTS</u>									
261									14,909
262									79,373
263									20,828
264									115,110
<u>FIT ADJUSTMENTS</u>									
270									16,750
280									4
290									22,822
300									565,826
<u>TELEPHONE PLANT IN SERVICE</u>									
310									299,994
320									0
321									0
322									0
323									0
324									0
330									1,361,376
331									374,391
332									972,920
333									14,065
334									0
340									977,407
341									45,096
342									685,371
343									246,940
344									0
350									42
360									8,363
370									2,647,182
<u>ADJUSTMENTS TO TPIS</u>									
380									1,685,980
390									56,690
400									75,210
<u>RETURN DATA</u>									
410									979,722
420									110,219
430									11.25%

* Switched Access detail is no longer relevant pursuant to the freezing of Switched Access revenue requirement at the Test Period 2011/2012 level consistent with the provisions of the USF/ICC Transformation Order.

----- COMMON LINE -----				
TEST YEAR FORECAST 7/2/13 THROUGH 6/30/14	PAY PHONE	INSIDE WIRE	BFP	TOTAL
	(I)	(J)	(K)	(L)
<u>REVENUES</u>				
100	Network Access	N/A	N/A	442,177
110	Uncollectibles	N/A	N/A	0
120	Common Line Support	N/A	N/A	0
130	Long Term Support (NOTE 1)	N/A	N/A	0
135	Interstate Common Line Support (NOTE 1)	N/A	N/A	895,000
140	Transitional	N/A	N/A	0
150	Miscellaneous	N/A	N/A	0
160	Net Revenues	N/A	N/A	1,337,177
<u>EXPENSES</u>				
170	Plant Specific	0	0	179,488
171	Network Support	0	0	5,066
172	General Support	0	0	46,408
173	Central Office	0	0	33,065
174	Operator Systems	0	0	0
175	COE Switching	0	0	2
176	COE Transmission	0	0	33,063
177	IOT	0	0	4
178	Cable & Wire Facilities	0	0	94,945
180	Plant Non Specific excl Depr & Amort	0	0	66,928
190	Depreciation/Amortization	0	0	236,980
200	Customer Operations	0	0	47,757
201	Marketing	0	0	16,083
202	Local Business Office	0	0	27,058
203	Revenue Accounting	0	0	2,809
204	Other Billing and Collections	0	0	2,666
210	Access	N/A	N/A	0
215	Universal Service Contributions (NOTE 2)	N/A	N/A	96,977
220	Corporate Operations	0	0	134,102
230	AFUDC	0	0	2,663
240	Other Expenses and Adjustments	0	0	(178)
250	Taxes Other than FIT	0	0	35,553
260	Total Expenses and Other Taxes	0	0	697,966
261	NECA Administrative Expenses	0	0	29,356
262	Average Schedule Settlements	0	0	152,290
263	Adjustment for Line Port/TIC	0	0	116,227
264	Total NECA Adjustments	0	0	297,873
<u>FIT ADJUSTMENTS</u>				
270	Adjustments for FIT	0	0	25,082
280	Amortized ITC	0	0	29
290	Federal Income Taxes	0	0	42,311
300	TOTAL EXPENSES AND TAXES	0	0	1,038,149
<u>TELEPHONE PLANT IN SERVICE</u>				
310	General Support	0	0	546,722
320	Central Office Equipment - Switch	0	0	0
321	Operator Systems	0	0	0
322	Tandem Switching	0	0	0
323	Local Switching Cat 3	0	0	0
324	Equal Access	0	0	0
330	Central Office Equipment - Trans	0	0	806,005
331	Subscriber Line	0	0	806,005
332	Exchange Circuit	0	0	0
333	Interexchange Circuit	0	0	0
334	Host Remote	0	0	0
340	Cable and Wire	0	0	3,694,638
341	Subscriber Line	0	0	3,694,638
342	Exchange	0	0	0
343	Interexchange Circuit	0	0	0
344	Host Remote	0	0	0
350	Info Orig/Term Equipment	0	0	853
360	Amortizable Assets	0	0	12,929
370	Total Plant in Service	0	0	5,061,146
<u>ADJUSTMENTS TO TPIS</u>				
380	Depreciation/Amortization Reserve	0	0	3,278,138
390	Accum. Deferred Income Tax	0	0	90,395
400	Other Rate Base Adjustments	0	0	103,398
<u>RETURN DATA</u>				
410	Average Rate Base	0	0	1,796,012
420	Return	0	0	202,051
430	Rate of Return	11.25%	11.25%	11.25%

NOTE 1: Effective 7/1/04, Long-Term Support is folded into Interstate Common Line Support (ICLS). ICLS is recovered from the universal service support program. ICLS excludes excess of \$1.8M attributable to price cap affiliates.

NOTE 2: Universal service include amounts for both Cost and Average Schedule companies.

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
RATE OF RETURN
PROSPECTIVE COST ANALYSIS SUMMARY (\$000)

----- SWITCHED TRAFFIC SENSITIVE -----

TEST YEAR FORECAST 7/2/13 THROUGH 6/30/14	LOCAL SWITCHING	EQUAL ACCESS	SS7	INFORMATION	TANDEM SWITCHING	LOCAL TRANSPORT	HOST REMOTE	TOTAL SWTCH TRFFC SNSTV *	SPECIAL ACCESS
	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)
<u>REVENUES</u>									
100									715,555
110									0
120									N/A
130									N/A
135									N/A
140									N/A
150									N/A
160									715,555
<u>EXPENSES</u>									
170									122,118
171									3,136
172									25,776
173									67,009
174									0
175									0
176									67,009
177									0
178									26,196
180									38,982
190									171,020
200									23,371
201									8,045
202									2,921
203									11,601
204									0
210									N/A
220									77,862
230									1,873
240									229
250									20,045
260									451,753
<u>NECA ADJUSTMENTS</u>									
261									16,938
262									93,158
263									20,828
264									130,924
<u>FIT ADJUSTMENTS</u>									
270									17,504
280									6
290									22,967
300									605,644
<u>TELEPHONE PLANT IN SERVICE</u>									
310									325,140
320									0
321									0
322									0
323									0
324									0
330									1,494,461
331									405,718
332									1,073,521
333									15,222
334									0
340									1,070,647
341									48,137
342									754,020
343									268,490
344									0
350									42
360									9,382
370									2,899,672
<u>ADJUSTMENTS TO TPIS</u>									
380									1,930,573
390									59,294
400									67,181
<u>RETURN DATA</u>									
410									976,986
420									109,911
430									11.25%

* Switched Access detail is no longer relevant pursuant to the freezing of Switched Access revenue requirement at the Test Period 2011/2012 level consistent with the provisions of the USF/ICC Transformation Order.

61.38 ACR-1 Historical
 Filing Date: 6/17/2013
 Filing Entity: NECA
 Transmittal Number: 1389 - Amended 06/24/13

Rate-of Return TRP
 ACR Adjustments *
 Historical (Calendar Year 2012)
 (\$000)

Access Category	Interstate Revenue Requirement Prior to Adjustments (A) Note 1	Frozen Line Port Transfer (B) Note 2	Universal Service Fund Contribution (C) Note 3	JUL '00 - JUN '01 TIC Revenues (D) Note 4	Interstate Revenue Requirement Used as Base for TIC Reallocation (E) Cols. (A)+(B)-(C)	Frozen TIC Reallocation (F) Note 5	Frozen Line Port Transfer NonTS Companies (G)	Frozen TIC Reallocation NonTS Companies (H)	Interstate Revenue Requirement Subject to Rate Making (I) Note 6
Common Line	\$1,081,108	\$58,893	\$105,958		\$1,034,043	\$46,296	\$6,989	\$4,055	\$1,332,348
Local Switching									
Information									
Transport									
Special Access	\$640,307				\$640,307	\$20,828			\$676,044

Note 1: Source: company workpapers - After reallocating General Support Facilities Investment, but before other part 69 adjustments. as a result of the Rate-of-Return Access Charge Reform Order as reflected in this form. Express as ANNUAL amounts.

Note 2: Amount based on Test Period 2011/2012 per USF/ICC Transformation Order.

Note 3: Based on projected USF Contributions.

Note 4: "The amount to be reallocated is limited to the total revenues recovered through the interconnection charge assessed pursuant to section 69.124 for the 12-month period ending June 30, 2001." (C.F.R. § 69.415(b)).

Note 5: Amount based on Test Period 2011/2012 per USF/ICC Transformation Order.

Note 6: Includes NECA expenses

* Reflects the impact of the corporate operations expense limitation provision of the USF/ICC Transformation Order.

61.38 ACR-1 Projected
 Filing Date: 6/17/2013
 Filing Entity: NECA
 Transmittal Number: 1389 - Amended 06/24/13

Rate of Return TRP
 ACR Adjustments *
 Test Year, 7/2/13-6/30/14
 (\$000)

Access Category	Interstate Revenue Requirement Prior to Adjustments	Frozen Line Port Transfer	Universal Service Fund Contribution	JUL '00 - JUN '01 TIC Revenues	Interstate Revenue Requirement Used as Base for TIC Reallocation	Frozen TIC Reallocation	Frozen Line Port Transfer NonTS Companies	Frozen TIC Reallocation NonTS Companies	Interstate Revenue Requirement Subject to Rate Making
	(A) Note 1	(B) Note 2	(C) Note 3	(D) Note 4	(E) Cols. (A)+(B)-(C)	(F) Note 5	(G)	(H)	(I) Note 6
Common Line	\$1,094,618	\$58,891	\$96,977		\$1,056,532	\$46,293	\$6,988	\$4,055	\$1,337,177
Local Switching									
Information									
Transport									
Special Access	\$677,789				\$677,789	\$20,828			\$715,555

Note 1: Source: company workpapers - After reallocating General Support Facilities Investment, but before other part 69 adjustments.

as a result of the Rate-of-Return Access Charge Reform Order as reflected in this form. Express as ANNUAL amounts.

Note 2: Amount based on Test Period 2011/2012 per USF/ICC Transformation Order

Note 3: Based on projected USF Contributions.

Note 4: "The amount to be reallocated is limited to the total revenues recovered through the interconnection charge assessed pursuant to section 69.124 for the 12-month period ending June 30, 2001." (C.F.R.§ 69.415(b)).

Note 5: Amount based on Test Period 2011/2012 per USF/ICC Transformation Order.

Note 6: Includes NECA expenses

* Reflects the impact of the corporate operations expense limitation provision of the USF/ICC Transformation Order.

NECA ARC-1
 Filing Date: 6/17/2013
 Filing Entity: NECA
 Transmittal Number: 1389 - Amended 06/24/13

**COST TO BE MOVED TO COMMON LINE
 TEST PERIOD JULY 2, 2013 THROUGH JUNE 30, 2014**

DATA USED IN NECA TARIFF FILING

SAC	COMPANY NAME	SETTLEMENT TYPE	SECTION 61.38 OR 61	LINE PORT	TIC REVENUES FOR 12 MONTH PERIOD ENDING 6/30/01	
					TRANSPORT (TIC)	
240516	CHESTER TEL CO - SC	A	61.38	165,888	200,352	647,005
240532	LOCKHART TEL CO INC	A	61.39	22,860	0	1,865
240541	RIDGEWAY TEL CO	A	61.39	59,376	24,504	43,736
442107	LIVINGSTON TEL CO	A	61.39	67,464	41,664	86,209
391650	CITY OF BROOKINGS	A	61.39	156,264	0	0
230501	SKYLINE MEMBERSHIP	A	61.38	175,140	316,356	849,889
230511	YADKIN VALLEY TEL	A	61.38	130,572	178,488	768,592
240515	CHESNEE TEL CO	A	61.38	61,980	43,596	95,300
260408	GEARHEART-COALFIELDS	A	61.39	104,976	130,848	179,444
351213	JORDAN SOLDIERVALLEY	A	61.38	31,440	168	381,913
351278	READLYN TEL CO	A	61.39	42,240	13,932	14,006
170175	IRONTON TEL CO	A	61.39	52,584	87,444	115,223
190226	LUMOS TEL.	A	61.39	190,584	20,220	40,484
351212	JEFFERSON TEL CO -IA	A	61.39	34,824	14,676	276,565
361375	MID-COMM-HICKORYTECH	A	61.39	159,120	92,352	912,051
361427	MANKATO-HICKORYTECH	A	61.39	159,120	92,352	960,613
482252	RONAN TEL CO	A	61.39	48,420	0	108,763
502278	EMRY dba EMRY TELCOM	C	61.39	165,123	123,538	247,140
411817	PIONEER TEL ASSN INC	C	61.39	316,821	234,305	580,031
421866	Ozark Tel. Co.	C	61.38	26,572	6,599	48,113
421945	SENECA TEL CO	C	61.39	8,668	39,527	89,565
230473	CITIZENS TEL CO	C	61.39	48,782	41,732	158,701
220351	CAMDEN TEL & TEL CO	C	61.38	99,995	49,920	117,000
290575	TENNESSEE TEL CO	C	61.39	182,880	48,728	84,000
330917	MT VERNON TEL CO	C	61.38	148,397	329	45,000
431984	OKLAHOMA COMM SYSTEM	C	61.38	41,691	16,902	30,000
240512	BLUFFTON TEL. CO.	C	61.38	48,731	21,040	159,381
260418	SOUTH CENTRAL RURAL	C	61.39	61,053	63,354	791,237
210330	SMART CITY TEL LLC	C	61.38	99,662	26,329	56,551
230468	ATLANTIC MEMBERSHIP	C	61.38	413,372	1,937	3,299
240520	FARMERS TEL COOP	C	61.38	133,086	11,740	22,780
240521	FORT MILL TEL CO	C	61.38	170,090	16,391	28,045
240523	HARGRAY TEL CO	C	61.38	292,479	107,781	213,561
240527	HOME TELECOM	C	61.38	168,306	12,154	20,853
240528	HORRY TEL COOP	C	61.38	1,436,165	82,954	139,084
240531	LANCASTER TEL CO	C	61.38	174,613	7,435	28,725
240542	ROCK HILL TEL CO	C	61.38	184,681	9,369	18,495
290571	MILLINGTON TEL CO	C	61.38	47,444	15,442	22,873
300597	THE CHILLICOTHE TEL	C	61.38	165,499	62,223	84,211
320818	SMITHVILLE COMM.	C	61.38	139,428	0	0
330916	MOUNT HOREB TEL CO	C	61.38	27,470	54	127
351096	HEARTLND-HICKORYTECH	C	61.38	103,255	245,281	529,111
442070	ETEX TEL COOP INC	C	61.38	104,567	0	0
512296	TRI COUNTY TEL ASSN	C	61.38	75,038	47,981	200,842
270429	EAST ASCENSION TEL	C	61.39	69,229	339,644	380,375
341003	EGYPTIAN COOP ASSN	C	61.39	46,116	41,351	88,452
341012	FLAT ROCK TEL CO-OP	C	61.39	7,725	4,888	9,704
341026	HARRISONVILLE TEL CO	C	61.38	76,980	60,623	114,062
512297	UNION TELEPHONE CO	C	61.38	241,650	1,058,116	2,011,438
				6,988,420	4,054,619	11,804,414

NECA ARC-1

Filing Date: 6/17/2013

Filing Entity: NECA

Transmittal Number: 1389 - Amended 06/24/13

Note:

- NECA calculated projected test period amounts for all companies in its Common Line pool (including 61.38 and 61.39 companies that file their own TS tariffs) in the following manner:

1. Companies were requested to provide budget-level forecasts and projected investment, expenses, reserves, and taxes for 2013 and 2014. NECA developed cost forecasts using both these cost data projections and historical cost trends.

2. These cost forecasts (i.e., investment, expenses, reserves) were used as inputs to NECA's allocation program, which processes total company data through Part 36 (Separations) and Part 69 (Access). General purpose computer investment was reallocated for study areas as necessary.

3. For some companies who have their own allocation programs, Part 69 access element test period forecasts as developed by the company were used. These company-supplied forecasts were reviewed by NECA for reasonableness.

- Using Part 69 element forecast data, NECA applied each study area's line port factor to the local switching revenue requirement net of Local Switching Support (LSS) and transferred those amounts to the common line category.

- NECA reallocated each study area's TIC costs to the other access elements (i.e., common line, local switching, other transport, information, special access) based on each access element's projected revenue requirement divided by projected total access element revenue requirements as prescribed by FCC rules and adjusted to incorporate the impact of the corporate operations expense limitation provision of the USF/ICC Transformation Order.

RORREV-1 Page 1 of 2
 Filing Date: 6/17/2013
 Filing Entity: NECA
 Transmittal Number: 1389 - Amended 06/24/13

ANNUALIZED TEST PERIOD 7/13 TO 6/14 ACCESS REVENUE REQUIREMENTS
 DEMAND AND RATE RECONCILIATION

	RATES			RATE MAKING DEMAND			ANTICIPATED GROSS REVENUE	REVENUE REQUIREMENTS	
	MIN/MSG (A)	MIN MILE (B)	LINE OR TRUNK (C)	MIN/MSG (D)	MIN MILE (E)	LINE OR TRUNK (F)			
							G=(A*D)+ (B*E)+(C*F)	(H)	
<u>COMMON LINE</u>									
100	Line Port Element	N/A	N/A	23.51	N/A	N/A	7,172	2,023,365	N/A
110	Multi Line Business	N/A	N/A	9.20	N/A	N/A	828,413	91,456,775	N/A
120	Single Line Business	N/A	N/A	6.50	N/A	N/A	184,867	14,419,626	N/A
130	Residence	N/A	N/A	6.50	N/A	N/A	3,050,293	237,922,854	N/A
140	Special Access Surcharge	N/A	N/A	25.00	N/A	N/A	158	47,400	N/A
150	Terminating CCL Premium	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
160	Terminating CCL NonPremium	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
170	Originating CCL Premium	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
180	Originating CCL NonPremium	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
190	USF Contribution	N/A	N/A	15.1%	N/A	N/A	N/A	96,976,740	96,976,740
200	Common Line - Total w/o ICLS							442,846,760	442,177,115
<u>INFORMATION</u>									
210	Directory Assistance								
220	White Page Srcng Prem								
230	White Page Srcng NPrem								
240	Other Information								
250	Information - Total								
<u>LOCAL SWITCHING</u>									
260	Premium								
270	Non-Premium								
280	Equal Access								
290	Switching - Total w/o Local Switching Support								
<u>LOCAL TRANSPORT</u>									
300	Premium LTT Termination								
310	NonPremium LTT Termination								
320	Premium LTF Facility								
330	NonPremium LTF Facility								
340	Tandem Switching								
350	TST Termination								
360	TST Facility								
370	Premium Interconnection								
380	NonPremium Interconnection								
390	Install NRC per Trunk								

NOTE : Effective 4/1/03, Federal Universal Service Charge is set equal to FCC's quarterly USF contribution factor.
 NOTE : For Line Port Element category, ISDN PRI and DS1 arrangements are included in line 100.

ANNUALIZED TEST PERIOD 7/13 TO 6/14 ACCESS REVENUE REQUIREMENTS
 DEMAND AND RATE RECONCILIATION

	RATES			RATE MAKING DEMAND			ANTICIPATED GROSS REVENUE G=(A*D)+ (B*E)+(C*F)	REVENUE REQUIREMENTS (H)	
	TERMINATIONS	CIRCUITS	MILES	TERMINATIONS	CIRCUITS	MILES			
	(A)	(B)	(C)	(D)	(E)	(F)			
<u>LOCAL TRANSPORT - Continued</u>									
400	DS3 Entrance Facility								
410	DS3 Direct Termination								
420	DS3 Direct Facility								
430	DS1 Entrance Facility								
440	DS1 Direct Termination								
450	DS1 Direct Facility								
460	VG Entrance Facility Two Wire								
	VG Entrance Facility Four Wire								
470	VG Direct Termination								
480	VG Direct Facility - Mileage								
490	Other Transport								
500	Local Transport - Total								
<u>SPECIAL - VOICE GRADE</u>									
510	2-Wire Channel Term	N/A	47.86	N/A	N/A	4,061	N/A	194,336	N/A
520	4-Wire Channel Term	N/A	76.58	N/A	N/A	9,900	N/A	758,107	N/A
530	Channel Mileage Term	34.26	N/A	N/A	11,155	N/A	N/A	382,179	N/A
540	Channel Mileage Facility	N/A	N/A	3.41	N/A	N/A	159,107	542,556	N/A
550	Non-Recurring (Note 1)	N/A	450.00	N/A	N/A	76	N/A	34,200	N/A
<u>SPECIAL - HIGH CAPACITY</u>									
560	Hi-Cap Channel Term	N/A	227.52	N/A	N/A	831,772	N/A	189,244,765	N/A
570	Channel Mileage Term	73.03	N/A	N/A	734,113	N/A	N/A	53,612,272	N/A
580	Channel Mileage Facility	N/A	N/A	14.07	N/A	N/A	7,023,976	98,827,342	N/A
590	Non-Recurring (Note 1)	N/A	339.43	N/A	N/A	5,863	N/A	1,990,105	N/A
600	Special Access Total							715,553,003	715,555,160

NOTE 1: A "composite" Special NRC must be used if the installation rates vary among the services.

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 Filing Date: 6/17/2013
 Filing Entity: NECA
 Transmittal Number: 1389 - Amended 06/24/13

RATE OF RETURN TEST PERIOD REVENUES

	<u>TOTAL NETWORK ACCESS</u>	<u>RECURRING w/o ICB</u>	<u>NON-RECURRING w/o ICB</u>	<u>ICB</u>
	(A)=B+C+D	(B)	(C)	(D)
100 Carrier Common Line	N/A	N/A	N/A	N/A
110 Special Access	715,553,003	712,652,137	2,900,866	0
120 Local Switching				
130 Equal Access				
140 Information				
150 Local Transport				
160 Total TS - Switched Interstate *	253,455,232			
* Includes frozen LSS for Price Cap affiliates.				
NOTE: Total Common Line is:	\$1,240,200,572			
NOTE: Frozen LSS for Price Cap affiliates is:	\$4,908,756			

RORRTE-1 Page 1 of 2
 Filing Date: 06/17/2013
 Filing Entity: NECA
 Transmittal Number: 1389 - Amended 06/24/13

**RATE OF RETURN
 ACCESS RATE ANALYSIS**

	<u>7/3/12 RATE</u>	<u>CURRENTLY EFFECTIVE RATE</u>	<u>PROPOSED 7/2/13 RATE</u>	<u>PROPOSED TO 7/3/12 % CHANGE</u>	<u>PROPOSED TO CURRENT % CHANGE</u>	
	(A)	(B)	(C)	D=((C-A)/A)*100	E=((C-B)/B)*100	
<u>A. SWITCHED ACCESS RATES</u>						
100	Line Port (Note 1)	\$23.51	\$23.51	\$23.51	0.00%	0.00%
110	Premium CCL Terminating Rate \$ Per Minute	N/A	N/A	N/A	N/A	N/A
120	Non-Premium CCL Terminating Rate \$ Per Minute	N/A	N/A	N/A	N/A	N/A
130	Premium Switching Rate (Note 2) \$ Per Minute	\$0.0230	\$0.0238	\$0.0238	3.88%	0.00%
140	Non-Premium Switching Rate (Note 2) \$ Per Minute	\$0.0103	\$0.0107	\$0.0107	3.88%	0.00%
150	Equal Access	N/A	N/A	N/A	N/A	N/A
160	USF Contribution	15.7%	15.5%	15.1%	-3.82%	-2.58%
170	Special Access Surcharge	\$25	\$25	\$25	0.00%	0.00%
<u>B. END USER CHARGES</u>						
180	Multiline Business	\$9.20	\$9.20	\$9.20	0.00%	0.00%
190	Residence and Single Line Bus.	\$6.50	\$6.50	\$6.50	0.00%	0.00%

Note 1 : In Line 100, for Line Port Element, rates for ISDN PRI and DS1 arrangements are reflected.

Note 2 Rates are capped as of 12/29/2011 per USF/ ICC Transformation Order, but increased on 01/01/2013 by 3.88% per December 2012 Switched Access Filing. The Premium and Non-Premium Switching rates take into account the proposed distribution of minutes across Local Switching rate bands.

**RATE OF RETURN
ACCESS RATE ANALYSIS**

	CURRENTLY 7/3/12 RATE	CURRENTLY EFFECTIVE RATE	PROPOSED 7/2/13 RATE	PROPOSED TO 7/3/12 % CHANGE	PROPOSED TO CURRENT % CHANGE
<p>C. LOCAL TRANSPORT RATES (Note 1) -----</p>					
	(A)	(B)	(C)	$D = ((C-A)/A * 100)$	$E = ((C-B)/B * 100)$
200					
Premium Local Transport Rate, \$ Per Minute (Avg Mileage)*	\$0.004823	\$0.005010	\$0.005010	3.88%	0.00%
210					
Non-Premium Local Transport Rate, \$ Per Minute (Avg Mileage)*	\$0.002170	\$0.002255	\$0.002255	3.88%	0.00%
220					
DS1 Entrance Facility Rate, \$ Per Circuit	\$214.27	\$222.58	\$222.58	3.88%	0.00%
230					
DS1 Direct Trunk Rate, \$ Per Circuit (Avg Mileage)	\$299.14	\$310.75	\$310.75	3.88%	0.00%
240					
Tandem Switched Transport, \$ Per Minute (Avg Mileage)*	\$0.003835	\$0.003984	\$0.003984	3.88%	0.00%
250					
Tandem Switching Rate, \$ Per TND Minute*	\$0.002468	\$0.002564	\$0.002564	3.88%	0.00%
260					
Premium Interconnection Charge, \$ Per Minute (Uniform Rate) (Note 2)	NA	N/A	N/A	N/A	N/A
270					
Non-Prem Interconnection Charge, \$ Per Minute	N/A	N/A	N/A	N/A	N/A
280					
Non-Recurring Charge, Per Trunk Activation	\$459.00	\$476.80	\$476.80	3.88%	0.00%
<p>D. SPECIAL ACCESS RATES -----</p>					
290					
2-Wire Voice Grade, \$ Per Circuit (Avg Mileage)	\$155.70	\$182.72	\$198.34	27.39%	8.55%
300					
4-Wire Voice Grade, \$ Per Circuit (Avg Mileage)	\$200.78	\$235.64	\$255.78	27.39%	8.55%

Note 1 : Rates are capped as of 12/29/2011 per USF/ ICC Transformation Order, but increased on 01/01/2013 by 3.88% per December 2012 Switched Access Filing.
Note 2 : Effective January 1, 2002, Premium Interconnection Rate no longer exists.
* Band 1 rate.

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 Filing Date: 06/17/2013
 Filing Entity: NECA
 Transmittal Number: 1389 - Amended 06/24/13

**RATE OF RETURN
 ANNUALIZED ACCESS PRICEOUT COMPARISONS**

	<u>REVENUE AT 7/3/12 RATE</u>	<u>REVENUE AT CURRENTLY EFFECTIVE RATE</u>	<u>CHANGE</u>	<u>REVENUE AT PROPOSED 7/2/13 RATE</u>	<u>CHANGE</u>
	(A)	(B)	(C)=B-A	(D)	(E)=D-B
100 Line Port	2,023,365	2,023,365	0	2,023,365	0
110 Multi Line Business	91,456,795	91,456,795	0	91,456,775	(20)
120 Residence and Single Line Business	252,342,480	252,342,480	0	252,342,480	0
130 Carrier Common Line	N/A	N/A	N/A	N/A	N/A
140 Special Access	664,499,202	664,499,202	0	715,553,003	51,053,802
150 Special Access Surcharge	47,400	47,400	0	47,400	0
160 Local Switching					
170 Equal Access					
180 Information					
190 Local Transport					
200 USF Contributions	100,830,121	99,545,660	(1,284,460)	96,976,740	(2,568,920)
TOTAL	1,111,199,362	1,109,914,902	(1,284,460)	1,158,399,763	48,484,861

NOTE 1: Both NECA end user and non end user tariff participants are displayed on lines 100, 110 and 120.
 NOTE 2: In Line 100, for Line Port Element, both ISDN PRI and DS1 arrangements are reflected.

**ACCESS DEMAND
COMMON LINE**

		PREMIUM CCL MOU			NON-PREMIUM CCL MOU		
		ORIG.	TERM.	TOTAL	ORIG.	TERM.	TOTAL
		(A)	(B)	(C)	(D)	(E)	(F)
HISTORICAL PERIOD							
100	1st Qtr. 2009	N/A	N/A	N/A	N/A	N/A	N/A
110	2nd Qtr. 2009	N/A	N/A	N/A	N/A	N/A	N/A
120	3rd Qtr. 2009	N/A	N/A	N/A	N/A	N/A	N/A
130	4th Qtr. 2009	N/A	N/A	N/A	N/A	N/A	N/A
140	1st Qtr. 2010	N/A	N/A	N/A	N/A	N/A	N/A
150	2nd Qtr. 2010	N/A	N/A	N/A	N/A	N/A	N/A
160	3rd Qtr. 2010	N/A	N/A	N/A	N/A	N/A	N/A
170	4th Qtr. 2010	N/A	N/A	N/A	N/A	N/A	N/A
180	1st Qtr. 2011	N/A	N/A	N/A	N/A	N/A	N/A
190	2nd Qtr. 2011	N/A	N/A	N/A	N/A	N/A	N/A
200	3rd Qtr. 2011	N/A	N/A	N/A	N/A	N/A	N/A
210	4th Qtr. 2011	N/A	N/A	N/A	N/A	N/A	N/A
220	PYCOS PERIOD (1/12 THRU 12/12)	N/A	N/A	N/A	N/A	N/A	N/A
230	PROSPECTIVE PERIOD (7/13 THRU 6/14)	N/A	N/A	N/A	N/A	N/A	N/A

NOTE : Effective 7/1/03, CCL rate is eliminated, and hence CCL MOU forecast is no longer available.

COMMON LINE

		TOTAL CCL MOU			TOTAL CHARGEABLE CCL MOU		
		ORIG.	TERM.	TOTAL	ORIG.	TERM.	
<u>HISTORICAL PERIOD</u>		(G) A+D	(H) B+E	(I) C+F	(J) A+(D*.45)	(K) B+(E*.45)	
200	1st Qtr. 2009	N/A	N/A	N/A	N/A	N/A	
210	2nd Qtr. 2009	N/A	N/A	N/A	N/A	N/A	
220	3rd Qtr. 2009	N/A	N/A	N/A	N/A	N/A	
230	4th Qtr. 2009	N/A	N/A	N/A	N/A	N/A	
240	1st Qtr. 2010	N/A	N/A	N/A	N/A	N/A	
250	2nd Qtr. 2010	N/A	N/A	N/A	N/A	N/A	
260	3rd Qtr. 2010	N/A	N/A	N/A	N/A	N/A	
270	4th Qtr. 2010	N/A	N/A	N/A	N/A	N/A	
280	1st Qtr. 2011	N/A	N/A	N/A	N/A	N/A	
290	2nd Qtr. 2011	N/A	N/A	N/A	N/A	N/A	
300	3rd Qtr. 2011	N/A	N/A	N/A	N/A	N/A	
310	4th Qtr. 2011	N/A	N/A	N/A	N/A	N/A	
320	PYCOS PERIOD (1/12 THRU 12/12)	N/A	N/A	N/A	N/A	N/A	
330	PROSPECTIVE PERIOD (7/13 THRU 6/14)	N/A	N/A	N/A	N/A	N/A	

**ACCESS DEMAND
TRAFFIC SENSITIVE**

		LOCL SWITCHING	LOCL SWITCHING	LOCL SWITCHING	LOCL SWITCHING	TANDEM	TANDEM
		PREMIUM	NON-PREMIUM	TOTAL	CHARGEABLE	SWITCHING TOTAL*	SWITCHING TRANSPORT**
HISTORICAL PERIOD		(A)	(B)	(C)=A+B	(D)=A+(B*.45)	(E)	(F)
300	1st Qtr. 2009	N/A	N/A	N/A	N/A	N/A	N/A
310	2nd Qtr. 2009	N/A	N/A	N/A	N/A	N/A	N/A
320	3rd Qtr. 2009	N/A	N/A	N/A	N/A	N/A	N/A
330	4th Qtr. 2009	N/A	N/A	N/A	N/A	N/A	N/A
340	1st Qtr. 2010	N/A	N/A	N/A	N/A	N/A	N/A
350	2nd Qtr. 2010	N/A	N/A	N/A	N/A	N/A	N/A
360	3rd Qtr. 2010	N/A	N/A	N/A	N/A	N/A	N/A
370	4th Qtr. 2010	N/A	N/A	N/A	N/A	N/A	N/A
380	1st Qtr. 2011	N/A	N/A	N/A	N/A	N/A	N/A
390	2nd Qtr. 2011	N/A	N/A	N/A	N/A	N/A	N/A
400	3rd Qtr. 2011	N/A	N/A	N/A	N/A	N/A	N/A
410	4th Qtr. 2011	N/A	N/A	N/A	N/A	N/A	N/A
420	PYCOS PERIOD (1/12 THRU 12/12)	6,876,469,705	0	6,876,469,705	6,876,469,705		
430	PROSPECTIVE PERIOD (7/13 THRU 6/14)	6,294,671,097	0	6,294,671,097	6,294,671,097		

* These are the Transport minutes, discussed in Part 69.111 (f) & (g)

** These are the Transport terminations, discussed in Part 69.111 (a) - (e)

Rate of Return
Special Access Demand Comparison

		<u>Historical 1/12 thru 12/12</u>			<u>Prospective 7/13 thru 6/14</u>		
		<u>Channel Termination</u>	<u>Circuits</u>	<u>Interoffice Miles</u>	<u>Channel Termination</u>	<u>Circuits</u>	<u>Interoffice Miles</u>
100	Metallic	13,116	6,558	0	8,816	4,408	0
110	Telegraph	0	0	0	0	0	0
120	Voice Grade	17,180	13,216	176,206	13,960	10,964	159,107
130	Wats	N/A	N/A	N/A	N/A	N/A	N/A
140	Audio Program (Full time)	0	0	0	0	0	0
150	High Capacity	753,541	538,243	6,358,256	846,340	604,529	7,141,285

NOTE: This chart should be populated with annualized demand.

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Filing Date: 6/17/2013

Filing entity: NECA

Transmittal Number: 1389 - Amended 06/24/13

COMMON LINE DEMAND AND REVENUE

	1/12-12/12 Historical Revenue (A)	1/12-12/12 Historical Lines (B)	TP '13/ '14 Test Year Revenue (C)	TP '13/ '14 Test Year Lines (D)
100 End User Common Line, Total ⁽¹⁾	\$366,365,289	4,308,700	\$345,822,620	4,063,573
110 Line Port Element ⁽²⁾	\$2,033,521	7,208	\$2,023,365	7,172
120 Residential	\$252,870,852	3,241,934	\$237,922,854	3,050,293
130 Single Line Business	\$15,190,812	194,754	\$14,419,626	184,867
140 Multi-line Business	\$96,270,104	872,012	\$91,456,775	828,413
150 Special Access Surcharge	\$47,100	157	\$47,400	158
160 Carrier Common Line	N/A	N/A	N/A	N/A
170 Total Common Line Revenue	\$366,412,389	N/A	\$345,870,020	N/A

(1) Lines 110, 120, 130, and 140 are included in End User Common Line, Total (line 100) in Columns (A) and (C)
Lines 120, 130, and 140 are included in line 100 in Lines Columns (B) and (D).

(2) Only ISDN PRI and DS1 arrangements are used to compute Line Port Element historical and test year revenues.

Rate of Return
Local Transport Demand Comparison

Historical 1/11 thru 12/11

Prospective 7/12 thru 6/13

VG

(A)

DS1

(B)

DS3

(C)

VG

(A)

DS1

(B)

DS3

(C)

100 Entrance Facility *

110 Direct Trunked Transport *

* Not necessary for rate development since interstate transport rates are capped.

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Filing Date: 6/17/2013

Filing Entity: NECA

Transmittal Number: 1389 - Amended 06/24/13

Annualized Rate of Return Comparison

	<u>Preliminary 2012 FCC Monitoring Period*</u>	<u>Preliminary 2012 Period**</u>	<u>Prospective 7/13 - 6/14</u>
100 Total Interstate Access	11.40%	11.15%	11.25%
110 Carrier Common Line	12.55%	12.43%	11.25%
120 Special Access	7.53%	7.13%	11.25%
130 Local Switching			
140 Information			
150 Local Transport			
160 Total TS - Switched	15.64%	15.05%	

* Preliminary 2012 Monitoring Period ROR is taken directly from the FCC492, filed March, 2013.

** Preliminary 2012 Period ROR is taken directly from the April, 2013 Assessment.

NOTE: Calendar year 2012 data is subject to true-up through December 2014. Historically, cost levels increase as companies begin reporting actual data. Considering this, it is expected that the rates of return reported on NECA's Form 492 Report and pool actuals will decline as companies update their studies.

