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APPENDIX A

Appendix A. Reporting Template for Non-Regulated Revenue

Agreement Type (License, Lease, or Other)	Name of Company in Agreement With	Facility/Utility Property Type in Agreement	Facility/Utility Property Paid by state subsidies, federal subsidies, subsidiary and/or affiliate in percentage	Is the Transaction with a subsidiary or an affiliate? (Yes/No)	Is Transaction Revocable? (Yes/No)	Length of Agreement (Effective Date-End Date)	Dollar Amount Over Life of Agreement	Dollar Amount for GRC Test Year	Recording Policy
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
:									
:									

[C] Facility/utility property may include dark fiber, office space (real estate), tower, antenna, vacant lot, and equipment (rack space), etc.

[D] Example of facility/utility property paid by percentage may include state (30%), fed (30%), subsidiary (40%).

[E] Subsidiary and Affiliate is defined as: Where a utility or its controlling corporation has a financial interest of 10% (subsidiary) and 5% for (affiliate). [R.92-08-008 pg. 19, dated August 11, 1992, available at: <https://www.cpuc.ca.gov/General.aspx?id=1094>]. If the answer to this question is yes, identify by name, the subsidiary and/or affiliate.

[J] Provide the account number Federal Uniform System of Accounts 47 CFR section(s) to justify the recording methodology.

(END OF APPENDIX A)

APPENDIX B

Appendix B. FCC's Regression Formula for Operating Expense Limitation¹

The regression formula to be used is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3, 207$$

Y is the natural log of opex cost per housing unit,

α is the coefficient on the constant (i.e. 1) in the regression,

X1 is the natural log of the number of housing units in the study area, with a regression coefficient β_1 ,

X2 is the natural log of density (number of housing units per square mile), with a regression coefficient β_2 , and

X3 is the square of the natural log of density, with a regression coefficient β_3 .

(END OF APPENDIX B)

¹ FCC 16-33, par 99.

APPENDIX C

Appendix C. Adaptation of FCC Methodology to Derive Operating Expense Cap

1. Small ILEC's annual OpEx expenses for any 12-month period is compared to a maximum allowable annual OpEx limit.
2. If the Small ILEC's annual OpEx exceeds the maximum allowable annual OpEx, the accounts that comprise the annual OpEx are reduced proportionately to meet the maximum allowable annual OpEx limit (the limit factor is derived by dividing the maximum allowable annual OpEx limit by the annual OpEx). For example, if the regression methodology determines that a carrier's eligible operating expense should be reduced by 10 percent, then each account used to determine that carrier's eligible OpEx shall be reduced by 10 percent.¹
3. If a Small ILEC's annual OpEx for any 12-month period is lower than the maximum allowable OpEx then the carrier is not impacted by OpEx limits for that period.
4. The maximum allowable OpEx is equal to the FCC's regression model-generated annual OpEx per location plus 1.5 standard deviations (defined as the mean standard error of the regression) multiplied by the number of locations. The regression model is based on housing units (locations) and density and is described in detail in §54.303(a)(1) of the FCC's rules. The National Exchange Carrier Association (NECA) calculates the maximum allowable OpEx limit for each carrier.
5. The total eligible annual OpEx shall be adjusted annually to account for changes to the Department of Commerce's Gross Domestic Product Chain-type Price Index (GDP-CPI). This GPC-CPI is used by the FCC/NECA.
6. OpEx accounts used for determining limitation are:
 - CWF Maintenance (Acc. 6410)
 - COE Switching (Acc. 6210)
 - Operator Systems (Acc. 6220)

¹ FCC 16-33 (Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking), paragraph 98 (<https://docs.fcc.gov/public/attachments/FCC-16-33A1.pdf>).

- COE Transmission (Acc. 6230)
- Network Support (Acc. 6110)
- General Support (Acc. 6120)
- Network Operations (Acc. 6530)
- Limited Corporate Operations Expense (Acc. 6720 Limited by corporate operations limit)
- Information Origination/Termination (Acc. 6310)
- Other Property Plant and Equipment Expenses (Acc. 6510)
- Customer Operations Expense: Marketing (Acc. 6610)
- Customer Operations Expense: Services (Acc. 6620)

7. Illustration. Below is the NECA worksheet for a hypothetical study area.

		Enter Study Area Code	
		Study Area Name	
		Enter Cost Data Year	2019
1. Input data			HCLS
	1a	Locations (Housing Units)	2,678.53
	1b	Density	20.94
2. Capped OpEx			
	2a	Unadjusted Maximum Allowable Annual OpEx	\$ 3,252,151
	2b	Inflation Adjustment Factor	1.0604
	2c	Inflation Adjusted Maximum Allowable Annual OpEx	\$ 3,448,580
3. Actual OpEx			
	3	OpEx Annual Costs	\$ 4,250,000
4. Impact			
	4a	OpEx Limit Factor	0.811431
	4b	Dollar Impact on OpEx	\$ (801,420)

The OpEx Annual Costs (line 3) is populated by entering the cost data for each of the OpEx accounts enumerated in section 6 above as shown in the following spreadsheet:

	Annual Costs from USF Study for HCLS or Annual Projections
CWF Maintenance (Acct. 6410)	\$ 200,000.00
CO Switching (Acct. 6210)	\$ 260,000.00
Operator Systems (Acct. 6220)	\$ -
CO Transmission (Acct. 6230)	\$ 310,000.00
Network Support (Acct. 6110)	\$ 20,000.00
General Support (Acct. 6120)	\$ 490,000.00
Network Operations (Acct. 6530)	\$ 370,000.00
Limited Corporate Op. Expense (Acct. 6720 Limited by corp op limit)	\$ 1,500,000.00
Information origination/termination expense (Acct 6310)	\$ -
Other property plant and equipment expenses (Acct 6510)	\$ -
Customer operations expense: Marketing (Acct 6610)	\$ 1,100,000.00
Customer operations expense: Services (Acct 6620)	\$ -
Total	\$ 4,250,000.00

The actual OpEx Annual Costs (\$4,250,000) exceeded the Inflation Adjusted Maximum Allowable Annual OpEx (\$3,448,580) by \$801,420. Therefore, each of the OpEx accounts above that comprised the actual OpEx Annual Costs of \$4,250,000 should be multiplied by the OpEx Limit Factor of 0.811431 ($\$3,448,580 / \$4,250,000$) to meet the Maximum Allowable Annual OpEx of \$3,448,580.

(END OF APPENDIX C)

APPENDIX D

Appendix D. All-Inclusive Basic Rate Methodology Comparison

Charge	% or \$	Straw Proposal	2014 NECA methodology (Cal Advocates Proposal)
Basic Rate	\$25.00	\$ 25.00	\$ 25.00
Federal Subscriber Line Charge (SLC)	\$ 6.50	\$ 6.50	\$ 6.50
ARC	\$ -	\$ -	
CHCF-A	0.70%	\$ 0.18	\$ 0.18
CHCF-B	0.00%	\$ -	\$ -
DDTP	0.50%	\$ 0.13	\$ 0.13
ULTS	4.75%	\$ 1.19	\$ 1.19
CASF	1.019%	\$ 0.25	\$ 0.25
CTF	0.78%	\$ 0.20	\$ 0.20
		\$ -	\$ -
E911	\$ 0.30	\$ 0.30	\$ 0.30
CPUC User Fee ¹	1%	\$ 0.13	
FUSC ²	32%	\$ 2.07	
Federal Excise Tax (FET) ³	3%		
Total		\$ 35.93	\$ 33.74
Change compared to 2014 NECA methodology		\$ 2.20	\$ -

1. The Small LECs have indicated that they are currently calculating the CPUC Fee for basic residential customers as 0.52% of the basic rate. See Independent Small LECs Opening Comments at Exhibit A.

2. The Small ILECs have indicated that they are currently calculating the FUSC for basic residential customers as 32% of the SLC . See Independent Small LECs Opening Comments at Exhibit A.

3. The Small ILECs calculate the FET as 3% of the total customer bill after including all other surcharges and fees, except for the E911 surcharge.

See Cal Advocates Opening Comments at 6 and Small ILECs Comments at Exhibit A.

As shown in the table above, the additional charges included in the Straw Proposal result in the all-inclusive rate on a \$25 basic rate increasing by \$2.20 compared to what it would have been if the Commission continued to use the 2014 NECA methodology to calculate the all-inclusive basic rate.

(END OF APPENDIX D)

APPENDIX E

Appendix E. Sample EBB Program Reporting Template

Monthly Data – to be completed for each month where the Small LEC has EBB participants.

Month: _____

Plan # [A]	Plan Name (optional) [B]	Plan Speed in Mbps (Download/ Upload) [C]	Retail Price (Price before EBB or Lifeline Discounts) [D]	All EBB Participants								New EBB participants This Month		
				EBB Monthly Discount Amount (per customer) [E]	Price after EBB Discount [F]	# of Households Enrolled in EBB [G]	Total EBB Monthly Discounts [H]	Total EBB 1x Discounts (for devices) [I]	Total EBB Discounts for Month [J]	# EBB Subscribers Also Enrolled in CA LifeLine [K]	# EBB Subscribers Also Enrolled in Federal Broadband-Only Lifeline [L]	Total # of new EBB participants this month (M=N+P) [M]	# of New EBB Participants that were existing broadband customers [N]	# New EBB Participants that did not have broadband subscription [O]
Total						0	\$ -	\$ -	\$ -	0	0	0	0	0

Month [AA]	Estimated Total Number of Household in Territory [BB]	Estimated Number of Household Eligible for EBB [CC]	Maximum Speed of Broadband Available in Territory [DD]	Total # of Broadband Subscriptions [EE]

- Instructions:**
- [A] & [B] Use 1 row for each plan that has an EBB participant subscribed to it. If there is a household receiving the additional EBB funds for tribal lands, list their plan separately and include tribal in the name.
 - [M] Enter the number of households that enrolled in the EBB Program for the 1st time this month
 - [N] Of the households that enrolled in the EBB Program for the 1st time this month, enter the number that were already subscribing to
 - [O] Of the households that enrolled in the EBB Program for the 1st time this month, enter the number that were not subscribed to broadband service from the Small LEC/ISP prior to enrolling in the EBB Program.
 - [EE] Enter the total number of retail broadband subscriptions the Small LEC/ISP affiliate has within the Small LEC's territory. This includes subscriptions where the household is receiving the EBB discount.

Summary Data - to include totals for each year

Month	Total Number of Broadband Subscriptions in Territory	Total Number of EBB Participants	Total EBB Monthly Discount	Total EBB Device Discounts	Total EBB Discount
Apr-21					
May-21					
Jun-21					
Jul-21					
Aug-21					
Sep-21					
Oct-21					
Nov-21					
Dec-21					
Jan-22					
Feb-22					
Mar-22					
Total					

(END OF APPENDIX E)