

Emery Response to OCS Data Request Question 2.3

- 2-3. Mr. Johansen's Direct Testimony (pp. 5 and 8) does not adequately explain why Emery is seeking additional UUSF disbursements so soon after the prior case and does not explain the reason for any increases in revenue requirements from the prior case. Explain why Emery's revenue requirement increased from the prior proceeding to this proceeding and provide related supporting documents and calculations for related changes in revenues, expenses, depreciation, taxes, and each rate base component. When identifying specific changes, identify changes by jurisdiction (local, other intrastate, interstate) and regulated versus nonregulated operations.

Response: The purpose of Brock's testimony was not to provide an exhaustive explanation of individual specific changes which resulted in a 2015 filing. Certain known and measurable changes were not included in the 2013 test year. The 2014 test year includes those known and measurable changes and more accurately reflects the forward operations of the Company.

The current UUSF filing reflects the following:

- Increase in Rate Base. See Exhibit 2 from Application. This increase results primarily from FTTH construction.
- Increase in Depreciation. See Exhibit DPU DR 1-1 Emery & Carbon-Assets and CY 2014 Depreciation.xlsx. This increase is due to significant plant investment made in 2013 and 2014. This continued higher level of investment (and corresponding depreciation) will continue as the FTTH project continues in Emery.
- Increase in Labor & Benefit costs. See generally General Ledger DPU DR 1-1 Emery & Carbon – General Ledger.xlsx.
- Loss of Verizon reciprocal comp revenue – See response to OCS 2-10 herein.
- Reduction in Local Service - includes land line reduction and inability to charge the ARC fee (partial year in 2013) designed to recover decreasing switched access.
- Reduction in access revenue – This is primarily related to loss of switched access revenue as dictated by CAF-ICC reform. See Ledger DPU DR 1-1 Emery & Carbon – General Ledger.xlsx and further discussion herein.
- UUSF awarded in previous docket was less than requested.