

A	B	C	D	E	F	G	H	
No.	Description	Carbon Rebuttal Rev. Req.	OCS Surrebuttal Rev. Req.	Adj. No.	OCS Adjustments	OCS Direct Adjs.	OCS Surrebuttal Adjs.	Exhibit
1	Rate Base				<b>OCS Operating Adjustments:</b>			
2	<b>Carbon &amp; OCS Adjustments</b>		<b>(\$1,145,088)</b>	BCO-1	Withdrawn - Allocate fiber-related common expenses			IS-1, A-2
3	Adjusted Rate Base			BCO-2	Unchanged - Allocate corporate overhead expenses			IS-1, A-3
4	<b>ROR per Carbon and OCS</b>	10.50%	8.45%	BCO-7	Revised - Remove Carbon's revised 3-yr. projected line loss			1-S1, A-8
5	<b>Required Return</b>			BCO-8	Revised - Remove deprec. exp. on deprec. assets (Note 5)			IS-1, A-9
6				DPU	Accept DPU adj. for cable tv customers migration (Note 4)			
7	Total Oper. Revenues							
8	Total Oper. Expenses				<b>OCS Total Adjs. to Operating Income</b>	<b>\$1,774,962</b>	<b>\$1,177,353</b>	
9	Operating Income Before Taxes							
10	<b>Carbon &amp; OCS Operations Adjustments (Note 6)</b>		<b>\$1,177,353</b>		<b>OCS Net Rate Base Adjustments:</b>			
11	Adjusted Operating Income Before Taxes			BCO-1	Withdrawn - Allocate fiber-related common plant costs			IS-1, A-2
12	Adj. Income Taxes - Exh. 1S-1, Sch. A-10 (Note 2)			BCO-3	Withdrawn - Remove prepayments			IS-1, A-4
13	<b>Adjusted Net Income after Taxes</b>			BCO-4	Carbon Agrees - Revised long-term liabilities (Note 3)			IS-1, A-5
14	<b>Rev. Req. before Gross-Up</b>		<b>(\$781,064)</b>	BCO-5	Unchanged - Remove 50% of TPUC			IS-1, A-6
15	Gross Up Factor		1.594896	BCO-6	Unchanged - Remove 50% of M&S			1-S1, A-7
16	<b>Final Revenue Required (Surplus)</b>	<b>\$570,627</b>	<b>(\$1,245,716)</b>	BCO-8	Revised - flect deprec. impact on accum. deprec. (Note 5)			IS-1, A-9
19	Carbon's New UUSF Requested - None is Allowed		\$816,909		<b>OCS Total Adjs. to Rate Base</b>	<b>(\$3,359,745)</b>	<b>(\$1,145,088)</b>	
20	Net Surplus after Deducting New UUSF Request		<b>(\$428,807)</b>					
21	Carbon Current UUSF Received		\$1,038,714					
22	<b>OCS Proposed Total UUSF to Carbon</b>		<b>\$609,907</b>					

24 Note 1: Carbon's Direct Testimony proposed a revenue requirement of \$816,909 and Mr. Woolsey's Rebuttal (p. 4, line 93) proposes a revised revenue requirement that is \$246,266 less,  
 25 which equals \$570,643. OCS calculates Carbon's revised revenue requirement as \$570,627 and the minor difference of \$16 from Carbon's amount is due to rounding.  
 26 Note 2: The OCS tax expense calculation is a "stand-alone" calculation that does not adjust from Carbon's income tax expense in its filing per Adj. BCO-9 is at Exh. 1D2, Sch. A-10 and A-11.  
 27 Note 3: Carbon agrees with the OCS adjustment with a slightly revised amount that OCS does not oppose. Carbon has included this adjustment in its rebuttal revenue requirement  
 28 so it is not necessary to reflect an OCS adjustment.  
 29 Note 4: This reflects Mr. Hellewell's revenue increase adjustment reduced by Mr. Woolsey's related revenue increase in his rebuttal testimony, this netting is necessary so  
 30 that the DPU and Carbon adjustments are not duplicated to any degree.  
 31 Note 5 - Because Adj. BCO-1 was withdrawn, the related depreciation expense offset is now removed from Adj. BCO-8, and this causes this depreciation expense adjustment to increase.  
 32 Note 6: The Carbon adjustments reflect the revised adjustments included in Carbon's rebuttal testimony.

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**Utah Office of Consumer Services  
Emery Telephone - Dkt. 15-042-01  
2014 Test Period**

**OCS Exhibit 1S-1 Ostrander  
Schedule A-2  
Adj. BCO-1  
Allocate Fiber-Related Common Costs**

**This schedule is blank, this adjustment was withdrawn by OCS.**



A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
#		Company G&A Allocator	Revenues	Revenues %	Note 1 Operating Expenses	Note 1 Expenses %	Net Plant	Net Plant %	Records	Records %	Payroll	Payroll %	Grand Total	OCS G&A Allocator Calculation	OCS G&A Allocator Proposed
1	Emery														
2	Carbon														
3	Hanksville														
4	<b>Total Reg.</b>														<b>50%</b>
5	ETV														
6	ETV-LLC														
7	ETLD														
8	<b>Total Nonreg.</b>														<b>50%</b>
9	Grand Total														<b>100%</b>

10															
11	Source:	Note 2    Note 3		Note 3		Note 3, 4		Note 2		Note 5					

12

13 Note 1 - Excludes depreciation and income taxes.

14 Note 2 - Carbon filing, Exhibit 9, G&A Allocator.

15 Note 3 - 2014 Consolidated Audited Financial Statements, pages 26, 28, and 29. These amounts do not reflect Carbon or OCS proposed adjustments.

16 Note 4 - This includes net telephone plant in service and excludes telephone plant under construction and intangible acquisition adjustment.

17 Note 5 - DPU 1-4(a) - at the 2014 Labor Distribution Tab. See related workpaper (Ostrander WP 1.7) included with Ostrander Direct Testimony.

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Utah Office of Consumer Services  
Carbon/Emery Telcom - Dkt. 15-2302-01  
2014 Test Period

OCS Exhibit 1S-1 Ostrander  
Schedule A-4  
Adj. BCO-3  
Remove Prepayments

A	B	C	D
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- 1 Remove Prepayments **\$0** Adj. BCO-3
- 2 Adjustment is withdrawn by OCS.

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**Utah Office of Consumer Services  
Carbon/Emery Telcom - Dkt. 15-2302-01  
2014 Test Period**

**OCS Exhibit 1S-1 Ostrander  
Schedule A-5  
Adj. BCO-4  
Deduct Long-Term Liabilities**

A	B	C	D
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- |                                |            |            |
|--------------------------------|------------|------------|
| 1 Deduct long-term liabilities | <b>\$0</b> | Adj. BCO-4 |
|--------------------------------|------------|------------|
- 2 Carbon agrees with OCS adjustment but proposed a slightly different long-term liabilities  
3 amount which OCS has accepted. Because this adjustment is already included in Carbon's  
4 Rebuttal revenue requirement (and OCS begins with that amount as the starting point for  
5 further adjustments) it was not necessary for OCS to include this adjustment in its  
6 revenue requirement adjustments.

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Utah Office of Consumer Services  
Carbon/Emery Telcom - Dkt. 15-2302-01  
2014 Test Period

OCS Exhibit 1S-1 Ostrander  
Schedule A-6  
Adj. BCO-5  
Remove 50% of TPUC

A	B	C	D
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1 Remove 50% of TPUC



Adj. BCO-5

2 Amount is per Carbon's filing multiplied by 50%.

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Utah Office of Consumer Services  
Carbon/Emery Telcom - Dkt. 15-2302-01  
2014 Test Period

OCS Exhibit 1S-1 Ostrander  
Schedule A-7  
Adj. BCO-6  
Remove 50% of M&S

A	B	C	D
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1 Remove 50% of M&S

2 Amount is per Carbon's filing multiplied by 50%.



Adj. BCO-6



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Utah Office of Consumer Services  
Carbon/Emery Telcom - Dkt. 15-2302-01  
2014 Test Period

OCS Exhibit 1S-1 Ostrander  
Schedule A-8  
Adj. BCO-7  
Remove Carbon's Projected Line Loss

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A	B	C	D
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- 1 Remove Carbon's adjustment for projected access line loss [REDACTED] Adj. BCO-7
- 2 Amount is per Mr. Woolsey's Rebuttal Testimony, p. 4, the table between lines 1027 and 1028. identified as "Revised Loss Projection."

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Utah Office of Consumer Services  
 Carbon/Emery Telcom - Dkt. 15-2302-01  
 2014 Test Period

OCS Exhibit 1S-1 Ostrander  
 Schedule A-9  
 Adj. BCO-8  
 Depreciation Expense and  
 Related Impact on Accum. Deprec.

A	B	C	D	E	F	G	H
#	DPU 1-11 Account	Net Book Value	Depreciation Expense in the Test Period	Years of Remaining Deprec.	Removal Method	OCS Adjustment	Source
1	All Remaining Assets			4.05			DPU 1-11
2							
3	Adjustments:						
4	Other Work Equip.	\$0			All		DPU 1-11
5	Interexchange Circuit Equip.	\$0			All		DPU 1-11
6							
8	Sub. Circuit			3.07	5 yr. amort.		DPU 1-11
9	Aerial Cable			3.15	5 yr. amort.		DPU 1-11
10				3.08			
11	Amortize over 1.67 years (allow recovery over 5 years)		1.67				
12	Deprec. recovered over 5 years				Amount allowed in test period		
13							
14	Adjustment for amortized balances						
15							
16	<b>Adjustment before estimated impact of allocations</b>						
17	<b>This offset is not applicable because OCS withdrew Adj. BCO-1</b>						
18	<b>Adjustment BCO-8 - Decrease Depreciation Expense</b>						
19	<b>Adjustment BCO-8 - Decrease Accumulated Depreciation (Deprec. Exp. x .50)</b>						
20							
21	Check: 3 years of depreciation expense allowed						
22	Divided by 5 years						
23	Depreciation Exp. allowed per year						

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**Utah Office of Consumer Services  
Carbon/Emery Telcom - Dkt. 15-2302-01  
2014 Test Period**

**OCS Exhibit 1S-1 Ostrander  
Schedule A-10  
Adj. BCO-9  
Income Tax Expense**

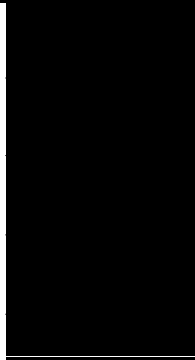
A	B	C	D	E
<b>Tax Calculation:</b>		<b>Carbon Tax Adjustment</b>	<b>OCS Tax Adjustment</b>	<b>Source</b>

1	Taxable Base- adjusted income after adjustments			Carbon's filing
2	Taxable Base - adjusted income after adjustments			OCS Exh. 1D-2, Sch. A-1
3	State income taxes at 5%			
4	Federal income taxes at 34%			
5	Total income taxes before int. synchron.			
6	Total income tax exp. per Carbon and OCS			
7	Interest synchronization impact			OCS Exh. 1D-2, A-11
8	<b>OCS Income Tax Expense Calculation (Note 1)</b>			OCS Exh. 1D-2, Sch. A-1
9				
10	Note 1: The OCS income tax calculation is proposed as a "stand-alone" adjustment and it does not adjust from			
11	Carbon's income tax expense amount.			

A	B	C	D	E	F	G
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**Interest Synchronization Calculation:**

- 1 OCS Adjusted Rate Base
- 2 Weighted Cost of Debt
- 3 Interest cost impact in ROR on rate base
- 4 Actual interest expense
- 5 Increase in interest expense
- 6 State Income Tax at 5%
- 7 Federal Taxable
- 8 Federal Income Tax at 34%
- 9 Int. Expense Tax Impact (Decrease Taxes)



**Weighted Cost of Debt:**

	Intrastate	Interstate	Source
Debt % in cap. Structure	50%	50%	Note 1
Cost of debt			Note 1
Separations %			Note 1
Weighted cost of debt			
Inter. cost of debt			
Total weighted cost of debt			

OCS Exh. 1D-2, Sch. A-10 - income tax expense calculation

- 10
- 11 Interest synchroniziation - this is a common adjustment in rate filings that calculates the cost of debt that is included in the ROR
- 12 on rate base as "interest expense" that is deducted from income tax expense, because interest expense is a deduction from taxable
- 13 income. Although Carbon does not have any debt or interest expense on its books, it does use a hypothetical capital structure and related
- 14 cost of debt (and OCS uses this approach also), and thus it is reasonable to use the interest synchronization method.
- 17 Note 1: Mr. Brevitz's Direct Testimony supports the 50/50 debt to equity capital structure and both the cost of debt and
- 18 separations percentages are from Carbon's filing at Exhibit 3.