

Exhibit 1-3

5-22-2018

IP CTS Reported and Projected Cost and Demand									
	As reported in 2013	As reported in 2014	As reported in 2015	As reported in 2016	As reported in 2017	As reported in 2018	As reported in 2018	projected for 2018-19	
Category	2011	2012	2013	2014	2015	2016	2017	2018	2019
Facilities	\$ 0.0095	\$ 0.0307	\$ 0.0619	\$ 0.0501	\$ 0.0386	\$ 0.0322	\$ 0.0249	\$ 0.0252	\$ 0.0243
CA Related	\$ 0.0616	\$ 0.2225	\$ 0.3828	\$ 0.2796	\$ 0.2819	\$ 0.2672	\$ 0.2771	\$ 0.3160	\$ 0.3231
Non-CA Relay									
Center	\$ 0.0326	\$ 0.0670	\$ 0.0620	\$ 0.0601	\$ 0.0559	\$ 0.0487	\$ 0.0500	\$ 0.0521	\$ 0.0513
Indirect	\$ 0.2983	\$ 0.2200	\$ 0.3080	\$ 0.3547	\$ 0.2830	\$ 0.1520	\$ 0.1487	\$ 0.1626	\$ 0.1518
Depreciation	\$ 0.0553	\$ 0.0617	\$ 0.0675	\$ 0.0549	\$ 0.0402	\$ 0.0276	\$ 0.0254	\$ 0.0259	\$ 0.0285
Marketing	\$ 0.2103	\$ 0.1435	\$ 0.1344	\$ 0.0738	\$ 0.0579	\$ 0.0759	\$ 0.0869	\$ 0.0879	\$ 0.1028
Outreach	\$ 0.1087	\$ 0.1206	\$ 0.1405	\$ 0.0935	\$ 0.0903	\$ 0.0668	\$ 0.0466	\$ 0.0543	\$ 0.0494
Other	\$ 1.2818	\$ 0.8278	\$ 0.8211	\$ 0.7261	\$ 0.6259	\$ 0.5981	\$ 0.5730	\$ 0.5932	\$ 0.5771
Return on Investment	\$ 0.0259	\$ 0.0257	\$ 0.0175	\$ 0.0242	\$ 0.0124	\$ 0.0106	\$ 0.0109	\$ 0.0100	\$ 0.0091
Average Variable Cost	\$ 1.3760	\$ 1.1173	\$ 1.2659	\$ 1.0658	\$ 0.9638	\$ 0.9140	\$ 0.9000	\$ 0.9613	\$ 0.9516
Average Fixed Cost	\$ 0.7080	\$ 0.6022	\$ 0.7298	\$ 0.6513	\$ 0.5225	\$ 0.3650	\$ 0.3435	\$ 0.3659	\$ 0.3659
Total Reported Cost	\$ 2.0840	\$ 1.7195	\$ 1.9957	\$ 1.7171	\$ 1.4863	\$ 1.2790	\$ 1.2435	\$ 1.3272	\$ 1.3175
MARS Rate for the period	\$ 1.7630	\$ 1.7730	\$ 1.7877	\$ 1.8205	\$ 1.8895	\$ 1.9058	\$ 1.9467	2.0007	
Average Cost Rate						\$ 1.2790	1.2435	\$ 1.3223	
MARS CTS Minutes	30,461,485.0	29,857,501.6	29,578,660.4	26,321,379.5	22,214,101.1	17,706,054.1	15,133,252.9	N/A	N/A
interstate CTS Minutes		9,950,051.0	9,419,130.0	8,124,408.0	6,943,125.0	5,830,749.0	4,778,078.0		
intra + inter CTS Minutes		39,807,552.6	38,997,790.4	34,445,787.5	29,157,226.1	23,536,803.1	19,911,330.9		
IP CTS Minutes				122,837,131.3	193,039,199.5	267,382,681.0	363,108,506.0	464,680,935.0	587,763,407.0
Providers included in the cost data	Sorenson Sprint Hamilton	Sorenson Sprint Hamilton	Sorenson Sprint Hamilton Purple	Sorenson Sprint Hamilton Purple	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom

Exhibit 1-3.1 REDACTED

5-22-2018

Estimates for Tariff Year 2018-2019 Based on a MARS rate of \$2.0007

Without Sorenson License Fee

Provider	minutes July 2018 - June 2019	revenue	revenue requirement	Profit	Expenses	Operating margin
total	521,149,600	\$ 1,042,664,003.39	\$ 695,533,857.97	\$ 347,130,145.42	\$ 690,532,854.21	51%

With Sorenson License Fee

Provider	minutes July 2018 - June 2019	Revenue	Revenue Requirement	Profit	Expenses	Operating margin
total	521,149,600	\$ 1,042,664,002.37				

Exhibit 1-3.2

5-22-2018

IP CTS Cost Trend Data

Category	2014	2015	2016	2017	2018	2019	4 yr avg
Facilities	\$ 0.0501	\$ 0.0386	\$0.0322	\$ 0.0249	\$ 0.0252	\$ 0.0243	\$0.0267
CA Related	\$ 0.2796	\$ 0.2819	\$0.2672	\$ 0.2771	\$ 0.3160	\$ 0.3231	\$ 0.2959
Non-CA Related	\$ 0.0601	\$ 0.0559	\$0.0487	\$ 0.0500	\$ 0.0521	\$ 0.0513	\$0.0505
Indirect	\$ 0.3547	\$ 0.2830	\$0.1520	\$ 0.1487	\$ 0.1626	\$ 0.1518	\$0.1538
Depreciation	\$ 0.0549	\$ 0.0402	\$0.0276	\$ 0.0254	\$ 0.0259	\$ 0.0285	\$0.0268
Marketing	\$ 0.0738	\$ 0.0579	\$0.0759	\$ 0.0869	\$ 0.0879	\$ 0.1028	\$0.0884
Outreach	\$ 0.0935	\$ 0.0903	\$0.0668	\$ 0.0466	\$ 0.0543	\$ 0.0494	\$0.0543
Other	\$ 0.7261	\$ 0.6259	\$0.5981	\$ 0.5730	\$ 0.5932	\$ 0.5771	\$0.5853
Return	\$ 0.0242	\$ 0.0124	\$0.0106	\$ 0.0109	\$ 0.0100	\$ 0.0091	\$0.0101
Total Cost	\$1.7171	\$1.4863	\$1.2790	\$1.2435	\$1.3272	\$1.3175	\$1.2918
CA & Other Related	1.0658	0.9638	0.9140	0.9000	0.9613	0.9516	0.9317
All Other	0.6513	0.5225	0.3650	0.3435	0.3659	0.3659	0.3601
Variable total:	1.7171	1.4863	1.2790	1.2435	1.3272	1.3175	1.2918