Bifurcated Support Model (v 1.01) 9/18/2015

DISCLAIMER

This model uses separations study balances and inputs. It is best used by individuals with the requisite knowledge of cost studies and USF support mechanism calculations.

INSTRUCTIONS FOR USE

1 This model may be used to estimate a Bifurcated Support USF Reform Proposal. Users should familiarize themselves with the most recent narrative information regarding the proposal before use.

2 Date Certain is assumed to be 12/31/2015 in this model.

3 All model inputs are made in the ***Consolidated Inputs*** worksheet.

- Yellow cells with blue font require input Input
- Make sure you have enabled iterative calculations under Excel Options > Formulas

4 Bifurcated Financial Inputs

- Select from dropdown box to include or exclude accounts in broadband loop definition.
- Enter 2015 loop amounts and % change in each loop category for entire forecast period.
- Enter 2014 year end rate base balances (these should be cost study adjusted balances).
- Enter forecast 2015 year end rate base balances (also adjusted).
- Enter forecast $ changes to the asset and liability accounts as indicated for 2016-2025.
  - ❖ Note that accumulated depreciation and cash working capital are calculated by the model.
- Enter forecast 2015 year end operating expense balances (also adjusted).
- Enter forecast % changes to the expense accounts as indicated for 2016-2025.
  - ❖ Note that depreciation expense is calculated by the model.
- Enter forecast operating income taxes for the periods 2015-2025.
  - ❖ Because of the detail needed to estimate income taxes each carrier will most likely need a side schedule to calculate taxes or make a basic assumption based on changes in income and expenses.
- Enter forecast operating fixed charges for the periods 2015-2025.
- Enter the depreciation rates for new investment accounts. Note that effective depreciation rates for existing investments are calculated.
- Enter benefits and rents % for the indicated accounts.

5 Other Inputs

- GDP-CPI is an annual input for the calculation of HCLS. Note that the model is pre-loaded with the 15-1 value and increased based on a five-year trend.
- A option to cap SACPL at the Date Certain has been included in the model.
- Enter the Part 36 Interstate Message and Private Line allocation factors or percentage distributions as indicated.
- Enter the Part 69 Common Line and Special Access allocation factors or percentage distributions as indicated.
- Enter the Income Tax Rates and Rates of Return as appropriate to calculate Revenue Requirement.
- Enter the revenue offsets for ICLS for the periods 2015-2025.
- Enter the Broadband Benchmark rates for the periods 2015-2025.
- Enter any percentage adjustments to the funds necessary to meet to total USF budget.
  - ❖ Note that NECA has prepared total budget estimates of the Bifurcated Support Proposal which may be useful as a guide to this section.
- Enter any limit to Broadband Common Line Support
  - ❖ The most current Bifurcated Support Proposal includes a provision that BCLS will not exceed the Existing loop cost of Data Only Broadband assigned to Interstate Special Access.

6 Outputs

- Black tabbed worksheets are all outputs. The worksheets are protected and the cells locked to avoid accidental changes to the formulas.
- The password to unlock each sheet is "***bi***".

Comments and suggestions may be directed to the author via email at vince@alexicon.net
Questions will be answered only as time permits.