



## MEMORANDUM

**To:** Federal Communications Commission Wireline Competition Bureau (FCC WCB)

**From:** Universal Service Administrative Company Internal Audit Division (USAC IAD)

**Date:** September 23, 2015

**Re:** **DA 15-766, *In the Matter of Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules.***

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### **Introduction**

On June 29, 2015 the Federal Communications Commission (FCC) released an Order, DA 15-766.<sup>1</sup> In this Order, the FCC Wireline Competition Bureau (FCC WCB) directed the Universal Service Administrative Company (USAC) to undertake certain factual inquiries and report its observations to the FCC WCB by September 30, 2015.

As such, the USAC Internal Audit Division (IAD) conducted an examination of Allband Communications Cooperative (ACC) for the data years 2007 to 2014. The following paragraphs summarize the requirements per Order DA 15-766, and USAC IAD's response to each requirement.

### **Examination Results**

#### *1. Cost Allocation*

"USAC should examine the company's cost allocation procedures and report any instances in which the allocation procedures were not consistent with the carrier's allocation methodology or Commission rules and the resulting effect on support calculations...USAC shall provide a report with both direct and indirect factors to the Commission, as well as a summary of USAC's conclusions regarding the appropriateness of those factors."<sup>2</sup>

*Results Summary:* ACC's cost allocation procedures and methodology generally do appear reasonable and in accordance with FCC rules. However, based on detailed testwork performed on ACC's employee timesheets and general ledger transactions, USAC IAD is

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<sup>1</sup> *In the Matter of Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules, WC Docket No. 10-90 (June 29, 2015)*

<sup>2</sup> *In the Matter of Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules, WC Docket No. 10-90 (June 29, 2015), (para 8)*

unable to conclude that ACC's cost allocation practices were reliable or appropriate in adhering to FCC rules.

USAC IAD requested and received documentation regarding ACC's cost allocation procedures and methodology. ACC's cost allocation procedures are consistent with its cost allocation methodology; and its cost allocation methodology appears reasonable and is in accordance with FCC rules. USAC IAD provided ACC's direct and indirect cost allocation factors to the FCC.

USAC IAD performed detailed testwork on ACC's cost allocation process. USAC IAD requested and received a sample of five employees' timesheets, a different five employees each year, for one pay period for 2012, 2013 and 2014. USAC IAD reviewed the employee's timesheets and noted that 14 employees' timesheets reflected time that was not charged to the correct Part 32 account (14 / 15 = 93% error rate). In addition, there were two employees' timesheets that had insufficient information for USAC IAD to determine the reasonableness of how ACC classified the time reporting for these two employees. ACC acknowledged, via USAC IAD's list of inquiries record, the timesheets were not documented in a sufficient manner. Further, the General Manager's time for 2012 was reported based on an estimate of time percentages rather than actual labor hours. The company's cost allocation practices as it relates to the General Manager's time was inconsistent with ACC's cost allocation procedures for 2012.

USAC IAD also requested and received a sample of 40 general ledger expense transactions (17 transactions from 2012, 12 transactions from 2013, and 11 transactions from 2014). USAC IAD noted that 17 expense transactions were not classified to the correct Part 32 account (17 / 40 = 42% error rate).

Please see Appendix A for details on incorrect Part 32 account classifications. Please see Appendix B for details on incorrect regulated/non-regulated account classifications. Please see Appendix C for a summary of the net effect of the incorrect classifications.

As noted above, there were significant errors ACC made in the classification of the employees' time that was reported on timesheets and recorded in the general ledger, and company expenses that were recorded in the general ledger. With the exception of the issue related to General Manager's time as noted above, ACC's cost allocation practices are appropriate and are consistent with its cost allocation methodology and procedures. Because these misclassification errors affected how ACC's costs were allocated, USAC IAD is unable to conclude that ACC's allocation practices were reliable or appropriate in adhering to FCC rules for the years examined.

## 2. *Affiliate Transactions*

"We direct USAC to conduct an inquiry and obtain supporting documentation from Allband to determine why ACC's share of the non-USF revenues is not greater than 23 percent when ACC provides and maintains the underlying facilities and services used by AMM. In particular, what were the specific monthly rates ACC charged for provisioning and maintaining the lines it provides to AMM? On average during 2014, what was the number of

lines per month for which ACC invoiced AMM, and what was the average rate per line charged by ACC to AMM during 2014? ... Was the floor determined consistent with the section 32.27? Besides provisioning and maintenance services that ACC provided for AMM's end-user customer lines, what other facilities and services did ACC provide to AMM during 2014? What were the rates ACC charged for those services, and was the floor determined consistent with section 32.27? Allband must provide USAC with the documentation necessary to make these determinations."<sup>3</sup>

*Results Summary:* USAC IAD found that for services provided outside of ACC's study area, ACC does not charge Allband Multimedia (AMM) a rate per line or rates for any other services provided. Instead, ACC directly assigns, or allocates, its cost for facilities and services provided to AMM. Thus, the FCC's methodology of comparing percentages of non-USF revenues earned by ACC versus AMM is not relevant because outside of its study area ACC earns no revenues from AMM. However, given USAC IAD's findings in section one above regarding the unreliability of Allband's cost allocation practices, it is not possible for USAC IAD to conclude that AMM is being allocated its correct share of costs incurred by ACC for the facilities and services that ACC provides to AMM.

The primary services ACC provided to AMM consist of labor for installation and maintenance of facilities and services, labor for network operations and administration, and customer billing and collection services. Thus, USAC IAD performed detailed testwork on ACC's process for recording affiliate transactions.

ACC informed USAC IAD, via a background questionnaire USAC IAD sent to ACC, that outside of ACC's study area, ACC charges AMM the actual costs of providing the service. ACC also informed USAC IAD, via the background questionnaire, that inside ACC's study area, ACC charges AMM the National Exchange Carrier Association (NECA) tariffed rates for the lines it provides. However, several of the tariff rates used in the calculations were not updated to reflect rate changes when ACC billed AMM throughout the years 2012, 2013, and 2014. The use of incorrect NECA rates caused ACC to undercharge AMM and is summarized in the chart below. Please see Appendix D for details on the NECA rates compared with those used by ACC.

	2012	2013	2014
ACC undercharged AMM in revenue	\$5,679.90	\$8,023.91	\$11,264.06

USAC IAD also requested and received a sample of 30 general ledger affiliate transactions (10 different transactions from 2012, 2013, and 2014). ACC's affiliate transactions were recorded in the correct amount in the correct account and are in accordance with 47 CFR 32.27.

USAC IAD requested and received all line counts for subscribers inside and outside ACC's service area, on average, by product type for the year 2014. ACC informed USAC IAD, via the inquiries record, that there is no monthly rate charged by ACC to

<sup>3</sup> *In the Matter of Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules*, WC Docket No. 10-90 (June 29, 2015), (para 9)

AMM in addition to the actual costs incurred. USAC IAD reviewed the documentation provided and summarizes the documentation received in the chart below.

	2012	2013	2014
Average Lines ACC invoiced AMM	77	82	92
Average rate per line ACC charged AMM	\$32.29	\$36.46	\$36.01

Based on the testwork performed, IAD concludes that it is not possible to determine whether the services outside the study area have been priced according to the affiliate transaction Rules outside the study area because Allband’s cost allocation practices are subject to a significant error rate and are unreliable. Inside Allband’s study area, with the exception of ACC using non-current NECA tariffed rates to bill AMM for services, IAD concludes the services have been priced according to the affiliate transaction Rules.

3. *Amounts Owed by AMM to ACC*

“Third, we note that the amount of money owed by AMM, the unregulated subsidiary, to ACC, the regulated telephone company, has varied significantly between 2010 and 2013... USAC should conduct an inquiry and obtain Allband’s supporting documentation to determine why the amount owed to the regulated affiliate increased from 2010 to 2013, and the age of those accounts payable owed by AMM to ACC. USAC also should examine the amounts owed from December 31, 2010 through December 31, 2014, and report the extent to which amounts were more than 30 days past due. Allband must provide USAC with the documentation necessary to make these determinations.”<sup>4</sup>

*Results summary:* ACC informed USAC IAD in the inquiries record and verbally, that during the years in question, AMM increased in size as a result of the American Recovery and Reinvestment Act (ARRA) grants used to develop the network and grow the number of AMM customers served.

USAC IAD requested and received general ledger details for transactions between ACC and AMM from 2010-2014. ACC also provided USAC IAD with documentation on the balances due from AMM to ACC, and presented the aging schedule in the form of current receivables and those greater than 30, 60, and 90 days for the total amount owed by AMM to ACC (see table below).

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<sup>4</sup> *In the Matter of Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules, WC Docket No. 10-90 (June 29, 2015), (para 10)*

Year	Total Amount Owed to ACC (regulated telco) from AMM	Current	30 Days	60 Days	90 Days and Over
2010	\$19,815.40	\$2,360.37	\$2,360.37	\$2,360.37	\$12,734.29
2011	\$67,401.59	\$3,726.58	\$3,726.58	\$6,868.81	\$53,079.62
2012	\$132,800.13	\$11,190.51	\$5,977.72	\$5,977.72	\$109,654.18
2013	\$146,449.02	\$41,813.68	\$27,696.70	\$47,747.83	\$29,190.81
2014	\$19,669.97	\$0	\$0	\$0	\$0

USAC IAD inquired of the reasoning behind the significant increase in the amount owed between 2010 and 2014. ACC informed USAC IAD in the inquiries record and verbally, that during those years, AMM increased in size as a result of the ARRA grants used to develop the network and grow the number of AMM customers served. ACC also noted a greater amount of expenses had been incurred and allocated to AMM to service their network and customers. AMM does not have any employees, and there is an affiliate agreement between ACC and AMM. The primary services provided by ACC to AMM consist of labor for installation and maintenance of facilities and services, labor for network operations and administration, and customer billing and collection services. USAC IAD reviewed the general ledger detail for 2010-2014 and AMM’s evidence and use of the ARRA grant funds and confirmed ACC’s assertion.

4. *Loan from Owner*

“Fourth, Allband’s 2014 financials show that ACC borrowed \$300,000 from the company’s founder and President, John Reigle, at an annual interest rate of 12 percent. We direct USAC to conduct an inquiry and obtain Allband’s supporting documentation to determine how the ceiling for the interest rate for this loan, as defined in 47 C.F.R. § 32.27(c)(2), was calculated. Further, USAC shall report on the specific uses the \$300,000 in loan funds were put by ACC. Allband must provide USAC with the documentation necessary to make these determinations.”<sup>5</sup>

*Results summary:* USAC IAD was unable to conclude that the interest rate assessed on the loan was reasonable and appropriate.

USAC IAD inquired with ACC about the terms and uses of the \$300,000 loan from John Reigle in 2014. ACC provided the loan documentation and the \$300,000 loan from John Reigle showed an 11% interest rate, rather than 12% as reported in Allband’s 2014 audited financial statements filed with and cited by the FCC. ACC was able to provide documentation from Michigan state law that supports an interest rate ceiling of 25%; however, ACC was unable to provide supporting documentation that indicated that 11%

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<sup>5</sup> *In the Matter of Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules, WC Docket No. 10-90 (June 29, 2015), (para 11)*

was the market rate in northeast Michigan for an unsecured \$300,000 loan at the time the loan was created.

Additionally, ACC responded, via the inquiries record, that the purpose of the loan was to apply for two Rural Utility Services (RUS) Community Connect Grants. The grant requests were unsuccessful and the loan was repaid to John Reigle in 2015. USAC IAD requested and received from ACC the journal entry detail for the \$300,000 loan to document how the loan disbursement and repayment was recorded in the financial records. USAC IAD confirmed repayment of the funds.

5. *Residential Rental Property*

“Fifth, USAC should conduct an inquiry and obtain Allband’s supporting documentation to determine if Allband currently or in the past owned a residential rental property, and if so, how Allband has accounted for the costs and rental revenues for the property. On line 19(h) of its 2010 IRS Form 990 (the latest year this form is publically available for Allband), the cooperative listed a depreciation recovery period of 27.5 years for a ‘Residential Rental Property.’ However, there has been no mention of a ‘residential rental property’ in the other materials Allband has submitted with its waiver petitions. Allband must provide USAC with the documentation necessary to make these determinations.”<sup>6</sup>

*Results summary:* USAC IAD did not note any evidence to indicate that ACC currently or in the past owned a residential rental property.

USAC IAD requested and received documentation of ACC’s assets, including any residential properties. ACC asserted that it does not currently, nor in the past owned any residential rental property. USAC IAD reviewed the IRS Form 990 (Return of Organization Exempt from Income Tax) in addition to the attached schedules for 2008-2010 that were provided by the FCC, the IRS Form 1120 (U.S. Corporation Income Tax Return) in addition to attached schedules for 2011-2014, as well as a fixed asset listing of all asset additions from 2006-2014.

**Conclusion**

The memorandum concludes on the findings and observations noted during this examination. This completes our response for DA 15-766. Please let us know if you have any questions.

Thank you.

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<sup>6</sup> *Id.*(para 12)

*Appendix A – Details of Incorrect Part 32 Account Classifications*

Per USAC IAD's review of ACC's general ledgers					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2012	<b>612100 · Land and Building Expense</b>	Lines and Designs	49 mugs and 1 2x6 banner	285.50	This does not appear to be a land and building expense per the entry description noted. ACC informed USAC IAD in the inquiries record that this expense should have been recorded to marketing expense account 6613. Based on discussions with ACC, USAC IAD believes this expense should have been recorded to marketing expense account 6613.
2012	<b>612100 · Land and Building Expense</b>	Emergency Power Corp.	Provide Temporary Battery at CO	3,925.00	This does not appear to be a land and building expense per entry description noted and consistent with Part 32 Rules. ACC informed USAC IAD in the inquiries record that this expense should have been recorded to the central office expense account 6212. Based on discussions with ACC, USAC IAD believes this expense should have been recorded to central office expense account 6212.

**Per USAC IAD's review of ACC's general ledgers**

<b>Year</b>	<b>General Ledger Account Affected</b>	<b>General Ledger Name</b>	<b>General Ledger Description</b>	<b>General Ledger Amount</b>	<b>USAC IAD Conclusion</b>
2012	<b>612100 · Land and Building Expense</b>	Graybar Electric	No description provided by ACC.	6,323.08	This does not appear to be a land and building expense consistent with Part 32 Rules. ACC informed USAC IAD in the inquiries record that this expense should have been recorded to the central office expense account 6212. Based on discussions with ACC, USAC IAD believes this expense should have been recorded to central office expense account 6212.
2012	<b>612100 · Land and Building Expense</b>	Graybar Electric	No description provided by ACC.	97.31	This does not appear to be a land and building expense consistent with Part 32 Rules. ACC informed USAC IAD in the inquiries record that this expense should have been recorded to the central office expense account 6212. Based on discussions with ACC, USAC IAD believes this expense should have been recorded to central office expense account 6212.
2012	<b>653400 · Plant Oper. Admin Expense</b>	Rapid Results	drug screening	30.00	This does not appear to be a plant operations administrative expense per the entry description noted and consistent with Part 32 Rules. Based on discussions with ACC in the inquiries record to clarify the description and the description of Part 32 account 6720 per the Rules, USAC IAD believes this expense should have been recorded to the general and administrative expense account 6720.

**Per USAC IAD's review of ACC's general ledgers**

<b>Year</b>	<b>General Ledger Account Affected</b>	<b>General Ledger Name</b>	<b>General Ledger Description</b>	<b>General Ledger Amount</b>	<b>USAC IAD Conclusion</b>
2012	<b>653400 · Plant Oper. Admin Expense</b>	Primary Care, Inc.	MDOT Physical	100.00	This does not appear to be a plant operations administrative expense per the entry description noted and consistent with Part 32 Rules. Based on discussions with ACC in the inquiries record to clarify the description and the description of Part 32 account 6720 per the Rules, USAC IAD believes this expense should have been recorded to the general and administrative expense account 6720.
2012	<b>653400 · Plant Oper. Admin Expense</b>	Rapid Results	urine testing	210.00	This does not appear to be a plant operations administrative expense per the entry description noted and consistent with Part 32 Rules. Based on discussions with ACC in the inquiries record to clarify the description and the description of Part 32 account 6720 per the Rules, USAC IAD believes this expense should have been recorded to the general and administrative expense account 6720.

**Per USAC IAD's review of ACC's general ledgers**

<b>Year</b>	<b>General Ledger Account Affected</b>	<b>General Ledger Name</b>	<b>General Ledger Description</b>	<b>General Ledger Amount</b>	<b>USAC IAD Conclusion</b>
2012	<b>672000 · General and Admin Expense</b>	Lewiston Hardware	air conditioner for outside plant office	115.54	This does not appear to be a general and administrative expense per the entry description noted and consistent with Part 32 Rules. Based on discussions with ACC in the inquiries record and the description of Part 32 account 6720 per the Rules, USAC IAD believes this expense should have been recorded to the building expense account 6120.
2012	<b>672000 · General and Admin Expense</b>	Lewiston Hardware	air conditioner for inside office	274.54	This does not appear to be a general and administrative expense per the entry description noted and consistent with Part 32 Rules. Based on discussions with ACC in the inquiries record and the description of Part 32 account 6720 per the Rules, USAC IAD believes this expense should have been recorded to the building expense account 6120.
2012	<b>672000 · General and Admin Expense</b>	Prosoft Engineering	mac software	99.00	This does not appear to be a general and administrative expense per the entry description noted and consistent with Part 32 Rules. Based on discussions with ACC in the inquiries record and the description of Part 32 account 6720 per the Rules, USAC IAD believes this expense should have been recorded to the general purpose computers expense account 6124.

**Per USAC IAD's review of ACC's general ledgers**

<b>Year</b>	<b>General Ledger Account Affected</b>	<b>General Ledger Name</b>	<b>General Ledger Description</b>	<b>General Ledger Amount</b>	<b>USAC IAD Conclusion</b>
2013	<b>611200 · Motor Vehicle Expense</b>	Dollar RAC	car rental in Denver	54.22	Based on discussions with ACC in the inquiries record, this car rental was used during travel related to the appeal of the FCC's high cost reform order. USAC IAD believes this expense should have been recorded to the general and administrative expense account 6720 in relation to the nature of the trip.
2013	<b>653400 · Plant Oper. Admin Expense</b>	Walmart	splicing tent	206.67	This does not appear to be a plant operations administration expense per the entry description noted and consistent with Part 32 Rules. Based on discussions with ACC in the inquiries record, USAC IAD believes this expense should have been recorded to a cable and wire expense account 6400.
2014	<b>653200 · Network Administration Expense</b>	NTCA	Network Manager Search Fee	10,000.00	This does not appear to be a network administration expense consistent with Part 32 Rules. Based on discussions with ACC in the inquiries record and consistent with Part 32 Rules, USAC IAD believes this expense should have been recorded to the general and administrative expense account 6720.

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2012	<b>653400 · Plant Oper. Admin Expense</b>		Per Diem 7/22/12- 7/25/12	200.00	The reviewed documentation displayed an employee's expense report for training. ACC informed USAC IAD in the inquiries record this training was for fiber optic splicing. This does not appear to be a plant operations administration expense consistent with Part 32 Rules. Based on USAC IAD's review of the documentation, consistency with Part 32 Rules, and further discussion with ACC via email, USAC IAD believes this expense should have been recorded to a cable and wire expense account 6400.
2012	<b>672000 · General and Admin Expense</b>	Staples	No description provided by ACC.	423.99	The reviewed documentation displayed the purchased of a laptop computer. This does not appear to be a general and administrative expense consistent with Part 32 Rules. Based on discussion with ACC in the inquiries record and consistent with the description of Part 32 account 6720 per the Rules, USAC IAD believes this expense should have been recorded to the general purpose computers expense account 6124.

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2013	672000 · General and Admin Expense	Amazon	routers	319.84	The reviewed documentation displayed the purchased of routers. This entry does not appear to be a general and administrative expense consistent with Part 32 Rules. ACC informed USAC IAD in the inquiries record that these routers were for resale, there was an error in posting, and the routers should have been recorded to inventory account 1220. USAC IAD concurs with ACC.

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2014	672000 · General and Admin Expense		No description provided by ACC.	229.60	The reviewed documentation displayed an employee's expense report for a conference, mileage reimbursement, and parking fees. ACC informed USAC IAD in the inquiries record the purpose of the conference was sponsored by the state commission. USAC IAD believes the sampled expense entry for the amount of \$229.60 is recorded in the appropriate Part 32 account; however, USAC IAD's observation of the expense report displayed the \$16 parking fees were recorded to motor vehicles expense account 6112. Based on discussion with ACC and consistent with Part 32 Rules, USAC IAD believes this portion of the expense report relating to parking fees should have been recorded to the general and administrative expense account 6720 in relation to the nature of the telecommunications conference.

<b>Per USAC IAD's review of ACC's sampled expense transaction supporting documentation</b>					
<b>Year</b>	<b>General Ledger Account Affected</b>	<b>General Ledger Name</b>	<b>General Ledger Description</b>	<b>General Ledger Amount</b>	<b>USAC IAD Conclusion</b>
2014	<b>672000 · General and Admin Expense</b>	Thunder Bay Golf Course	Lodging for Rodney until 9/25	915.75	The reviewed documentation displayed nightly lodging for ACC's Network Manager. ACC informed USAC IAD in the inquiries record this was accommodations for the newly hired Network Manager to relocate. Based on discussion with ACC and consistent with Part 32 Rules, USAC IAD believes this expense should have been recorded to the network administration expense account 6532.

<b>Per USAC IAD's review of ACC's sampled timesheet supporting documentation</b>			
<b>Year</b>	<b>General Ledger Account Affected</b>	<b>Employee Job Title</b>	<b>USAC IAD Conclusion</b>
2012 2013 2014	<b>672000 · General and Admin Expense</b>	All employees	All employees charge their daily morning meeting, ranging in length from fifteen minutes up to two and half hours, to general and administrative expense account 6720. ACC informed USAC IAD in the inquiries record the classification of the meeting time could be re-evaluated based on the employee's job title and description. ACC further informed USAC IAD in the inquiries record the morning meeting is to inform the employees of any company issues that need to be addressed and gain a basic awareness of each employee's agenda for the day. Based on discussions with ACC and consistent with Part 32 Rules, USAC IAD believes this expense for employees other than the general manager should have been recording their daily morning meeting time to the expense account in line with the employee's normal job duties.
2013	<b>672000 · General and Admin Expense</b>	Customer Service employee	The reviewed documentation displayed this employee performed scheduling of cable drops. ACC informed USAC IAD in the inquiries record the employee printed out the request and scheduled it for an outside plant employee to perform. Based on discussion with ACC and consistent with Part 32 Rules, USAC IAD believes this employee's time should have been recorded to plant operations administration expense account 6534.
2013	<b>653400 · Plant Oper. Admin Expense</b>	Outside Plant employee	The reviewed documentation displayed this employee power washed trucks and recorded the time to plant operations administration expense. Consistent with Part 32 Rules, USAC believes power washing vehicles should have been recorded to motor vehicles expense account 6112.

<b>Per USAC IAD's review of ACC's sampled timesheet supporting documentation</b>			
<b>Year</b>	<b>General Ledger Account Affected</b>	<b>Employee Job Title</b>	<b>USAC IAD Conclusion</b>
2014	<b>672000 · General and Admin Expense</b>	Internet Technology Technician; also performs some Outside Plant work as well	The reviewed documentation displayed several timesheet activities were classified to general and administrative account 6720. The nature of this employee's position and job description does not seem in line with the timesheet activities noted during USAC IAD's review. ACC informed USAC IAD in the inquiries record this employee's week of timesheets included the employee creating training videos and testing equipment. Based on discussion with ACC and consistent with Part 32 Rules, USAC IAD believes these time entries should have been recorded to plant operations administration expense account 6534.
2014	<b>662300 · Customer Service Expense</b>	Network Manager	The reviewed documentation displayed time spent towards customer service calls. The nature of this employee's position and job description does not seem in line with the timesheet activities noted during USAC IAD's review. ACC informed USAC IAD in the inquiries record that the Network Manager performed some minor service calls that particular week. Based on discussion with ACC and consistent with Part 32 Rules, USAC IAD believes the time reported for the service calls should have been recorded to network administration expense account 6532.

*Appendix B – Details of Incorrect Regulated/Non-Regulated Account Classifications*

Per USAC IAD's review of ACC's general ledgers					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2012	<b>653200 · Network Administration Expense</b>	Sputnik, Inc	wi-fi	39.90	ACC informed USAC IAD in the inquiries record that this expense gave their customers a wi-fi log-in at the hot spots until ACC could get their drop in place for connection. Based on discussions with ACC and consistent with Part 32 Rules, USAC IAD believes this expense should have been recorded to a non-regulated expense account.
2012	<b>672000 · General and Admin Expense</b>	FedEx	SHIPPING TO RETURN TURTLE LAKE CAMERA	315.95	ACC informed USAC IAD in the inquiries record that this was a customer's camera that ACC sold to them that was damaged, but still under warranty and could be returned. Based on discussions with ACC and consistent with Part 32 Rules, USAC IAD believes this expense should have been recorded to a non-regulated activity expense account.

Per USAC IAD's review of ACC's general ledgers					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2013	<b>661300 · Advertising Expense</b>	Apple Online Store	iPad minis	1,394.96	ACC informed USAC IAD in the inquiries record that these were promotional giveaways designed to promote both ACC and AMM in order to gain customer lines; however, the entirety of these giveaways were recorded in ACC's general ledger. USAC IAD believes a portion of this expense should have been recorded in AMM's general ledger as a non-regulated expense.
2013	<b>661300 · Advertising Expense</b>	Walmart	gift cards	250.00	ACC informed USAC IAD in the inquiries record that these were promotional giveaways designed to promote both ACC and AMM in order to gain customer lines; however, the entirety of these giveaways were recorded in ACC's general ledger. USAC IAD believes a portion of this expense should have been recorded in AMM's general ledger as a non-regulated expense.

Per USAC IAD's review of ACC's general ledgers					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2013	<b>661300 · Advertising Expense</b>	Cabela's. Com	gift card	50.00	ACC informed USAC IAD in the inquiries record that these were promotional giveaways designed to promote both ACC and AMM in order to gain customer lines; however, the entirety of these giveaways were recorded in ACC's general ledger. USAC IAD believes a portion of this expense should have been recorded in AMM's general ledger as a non-regulated expense.
2013	<b>661300 · Advertising Expense</b>	Youngs Appliances	Grand Prize Sweepstakes Winner	953.94	ACC informed USAC IAD in the inquiries record that these were promotional giveaways designed to promote both ACC and AMM in order to gain customer lines; however, the entirety of these giveaways were recorded in ACC's general ledger. USAC IAD believes a portion of this expense should have been recorded in AMM's general ledger as a non-regulated expense.

Per USAC IAD's review of ACC's general ledgers					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2013	<b>661300 · Advertising Expense</b>		to correct misposting on 5/15 & 6/4 CC charges - Routers vs ipads	642.30	ACC informed USAC IAD in the inquiries record that these were promotional giveaways designed to promote both ACC and AMM in order to gain customer lines; however, the entirety of these giveaways were recorded in ACC's general ledger. USAC IAD believes a portion of this expense should have been recorded in AMM's general ledger as a non-regulated expense.
2014	<b>611200 · Motor Vehicle Expense</b>	Sirius XM Radio Inc	No description provided by ACC.	111.38	ACC informed USAC IAD in the inquiries record that ACC charges all expenses of vehicles to the motor vehicles expense account 6112, and then it is divided between regulated and non-regulated through the payroll hours spread. While USAC IAD concurs with ACC that a portion of this expense will be allocated as non-regulated through the Part 64 cost study, USAC IAD believes the cost of Sirius XM Radio is not a necessity for motor vehicles and should have been recorded to a non-regulated expense account.

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2012	<b>672100 · Accounting &amp; Finance Expense</b>	Lally Group, LLC	No description provided by ACC.	5,895.00	ACC informed USAC IAD in the inquiries record that ACC's accounting firm audits ACC's financial statements once a year to conform to regulations; therefore, ACC does not feel it is appropriate to charge AMM for audits. USAC IAD believes ACC's accounting firm performs audits that produce consolidated financial statements and proposed adjusting journal entries that represent both ACC and AMM; therefore, the accounting firm is charging time spent performing work for both ACC and AMM. USAC IAD believes a portion of this expense should have been allocated to a non-regulated expense account and recorded in AMM's general ledger.
2012	<b>672500 · Legal Expense</b>	Public Law Resource Center PLLC	No description provided by ACC.	11,060.00	ACC informed USAC IAD in the inquiries record that ACC does not feel this is an appropriate expense to charge to the non-regulated subsidiary when the purpose of the lawsuit is regarding USF support. USAC IAD believes the viability of AMM depends of the viability of ACC; therefore, USAC IAD believes a portion of this expense should have been allocated to a non-regulated expense account and recorded

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
					in AMM's general ledger.
2013	<b>662200 · Number Services Expense</b>	ARIN	No description provided by ACC.	500.00	The reviewed documentation show a monthly credit card statement with this line charge being recorded to number services expense account 6622. USAC IAD selected a similar transaction with the same name, ARIN, and that reviewed documentation displayed an invoice for an annual renewal of internet protocol allocation. USAC IAD believes the supporting invoice does not show an access related cost. ACC informed USAC IAD in the inquiries record this is annual fee for internet IP addresses register. ACC concurred with USAC IAD in the inquiries record and informed USAC IAD in the inquiries record this was an error and this expense should have been directly charged to AMM. USAC IAD and ACC agree that this expense should have been recorded to a non-regulated expense account.
2013	<b>671100 · Executive Expense</b>	Merit Network, Inc.	Leadership Class	2,150.00	The reviewed documentation displayed an invoice for the general manager to attend a leadership and executive coaching class. ACC informed USAC IAD in the inquiries record that due to the fact that over ninety percent of the general

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
					manager's time was due to regulated work, ACC did not feel it appropriate to charge non-regulated time for his training. USAC IAD believes that the general manager manages operations of both ACC and AMM, and this class benefits both ACC and AMM; therefore, USAC IAD believes a portion of this expense should have been allocated to a non-regulated expense account and recorded in AMM's general ledger.
2013	<b>671100 • Executive Expense</b>		Accrue Bonus	13,994.50	ACC informed USAC IAD in the inquiries record that this year end accrual could have been expensed to the payroll allocation account, in which it was expensed in the subsequent year, and then spread according to the payroll hours which would have resulted in a three percent allocation to AMM. USAC IAD believes the documentation provided by ACC supports both companies and both ACC and AMM would benefit from the executives that manage both ACC and AMM; therefore, USAC IAD believes a portion of this expense should have been allocated to a non-regulated expense account and recorded in AMM's general ledger.
2013	<b>672000 •</b>	Orbitz	Colorado	1,532.84	The reviewed documentation

**Per USAC IAD's review of ACC's sampled expense transaction supporting documentation**

<b>Year</b>	<b>General Ledger Account Affected</b>	<b>General Ledger Name</b>	<b>General Ledger Description</b>	<b>General Ledger Amount</b>	<b>USAC IAD Conclusion</b>
	<b>General and Admin Expense</b>		Court Hearing		displayed a monthly credit card statement that showed travel charges. ACC informed USAC IAD in the inquiries record the purpose of the trip was due to a FCC lawsuit. ACC further informed USAC IAD that ACC does not feel it is justified to charge the non-regulated entity for a direct expense to the regulated services. USAC IAD believes the viability of AMM depends of the viability of ACC; therefore, USAC IAD believes a portion of the sample expense entry for the amount of \$1,532.84 should be allocated to a non-regulated expense account and recorded in AMM's general ledger. Furthermore, USAC IAD's observation of the monthly credit card statement displayed \$255.60 for a flight for the general manager's spouse, which the charge was also recorded to the general and administrative expense account 6720. Since the spouse is not employed by ACC, nor would the spouse be performing any regulated activities on behalf of ACC, USAC IAD believes the flight costs of the general manager's spouse should have been recorded to a non-regulated expense account.

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
2013	<b>672100 · Accounting &amp; Finance Expense</b>	Lally Group, LLC	No description provided by ACC.	9,985.00	ACC informed USAC IAD in the inquiries record that ACC's accounting firm audits ACC's financial statements once a year to conform to regulations; therefore, ACC does not feel it is appropriate to charge AMM for audits. USAC IAD believes ACC's accounting firm performs audits that produce consolidated financial statements and proposed adjusting journal entries that represent both ACC and AMM; therefore, the accounting firm is charging time spent performing work for both ACC and AMM. USAC IAD believes a portion of this expense should have been allocated to a non-regulated expense account and recorded in AMM's general ledger.
2014	<b>654000 · Access Expense</b>	ARIN	No description provided by ACC.	500.00	The reviewed documentation displayed an invoice for an annual renewal of internet protocol allocation. USAC IAD believes the supporting invoice does not show an access related cost. ACC informed USAC IAD in the inquiries record this is annual fee for internet IP addresses register. ACC concurred with USAC IAD in the inquiries record and informed USAC IAD in the inquiries record this was an error and this

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
					expense should have been directly charged to AMM. USAC IAD and ACC agree that this expense should have been recorded to a non-regulated expense account.
2014	<b>661300 · Advertising Expense</b>	Apple Online Store	IPAD MINIS FOR SUMMER DRAWINGS	1,267.76	ACC informed USAC IAD in the inquiries record that these were promotional giveaways designed to promote both ACC and AMM in order to gain customer lines; however, the entirety of these giveaways were recorded in ACC's general ledger. USAC IAD believes a portion of this expense should have been recorded in AMM's general ledger as a non-regulated expense. ACC concurred with USAC IAD's belief in the inquiries record.
2014	<b>671100 · Executive Expense</b>	College America	No description provided by ACC.	1,000.00	The reviewed documentation displayed a contribution to a college fund for a relative of the general manager. ACC informed USAC IAD in the inquiries record this was a bonus directed by the Board of Directors for the general manager, and because a majority of the general manager's time was expense to regulated accounts, ACC expense the general manager's bonus to a regulated account. This entry does not appear to be a regulated expense consistent with Part 32 Rules. USAC IAD believes this

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
					expense should have been recorded to a non-regulated expense account.
2014	<b>672000 · General and Admin Expense</b>	Southwest Air	Network Ops Mgr interviewee & wife	919.40	The reviewed documentation displayed a page from a monthly credit card statement. The line item selected for sample showed a description of a flight booked for a person who did not appear to be an ACC employee. ACC informed USAC IAD in the inquiries record that ACC agreed to pay for the interviewee to bring his spouse because if hired, the interviewee and his family would have to relocate to ACC's rural area. ACC further informed USAC IAD in the inquiries record the interviewee was to take some responsibilities off the General Manager, and the majority of the General Manager's time is spent on regulated services; therefore, this was expensed to a regulated account. USAC IAD understands the travel payment necessity for the interviewee; however, this expense line item is solely for the spouse of the interviewee. Since the spouse is not interviewing for the job, nor would the spouse be performing any regulated activities for ACC, USAC IAD believes the flight costs

Per USAC IAD's review of ACC's sampled expense transaction supporting documentation					
Year	General Ledger Account Affected	General Ledger Name	General Ledger Description	General Ledger Amount	USAC IAD Conclusion
					of the interviewee's spouse should have been recorded to a non-regulated expense account.
2014	<b>672500 · Legal Expense</b>	Public Law Resource Center PLLC	No description provided by ACC.	9,987.00	ACC informed USAC IAD in the inquiries record that ACC does not feel this is an appropriate expense to charge to the non-regulated subsidiary when the purpose of the lawsuit is regarding USF support. USAC IAD believes the viability of AMM depends of the viability of ACC; therefore, USAC IAD believes a portion of this expense should have been allocated to a non-regulated expense account and recorded in AMM's general ledger.

<b>Per USAC IAD's review of ACC's sampled timesheet supporting documentation</b>			
<b>Year</b>	<b>General Ledger Account Affected</b>	<b>Employee Job Title</b>	<b>USAC IAD Conclusion</b>
2012	Non-regulated	Controller	The reviewed documentation displayed hours being performed to the ARRA grant, which is a non-regulated activity; however, no hours were allocated. ACC informed USAC IAD in the inquiries record that the controller employed at the time of this timesheet activity is no longer employed by ACC. ACC further informed USAC IAD in the inquiries record that the current controller would have charged five hours to the ARRA grant and noted that it must have been an error from the former controller. USAC IAD believes 5 hours of this employee's time should have been recorded as non-regulated.
2012 2013 2014	Non-regulated	Outside plant employees	The reviewed documentation displayed outside plant employees performed jobs outside the study area (i.e. grant related jobs) and charged the time spent loading trucks and traveling from the office to the job site and from the job site to the office as regulated. The reviewed documentation also displayed outside plant employees performed administrative work (i.e. scheduling work tickets) for jobs outside the study area while in the office and recorded that time as regulated as well. ACC informed USAC IAD in the inquiries record the grant is very specific of what travel time is part of the grant, and going to a job site from the shop does not qualify. Based on discussions with ACC and consistent with Part 32 Rules, USAC IAD believes these travel and administrative expenses for outside plant employees performing non-regulated jobs outside the service area should have been recorded to a non-regulated expense account.

<b>Per USAC IAD's review of ACC's sampled timesheet supporting documentation</b>			
<b>Year</b>	<b>General Ledger Account Affected</b>	<b>Employee Job Title</b>	<b>USAC IAD Conclusion</b>
2014	Non-regulated	Customer Service employee	The reviewed documentation displayed this employee performed activities for AMM, which were recorded to plant operations administration expense account 6534. ACC informed USAC IAD in the inquiries record that account 6534 is allocated to AMM on a 75% ratio. While USAC IAD concurs with ACC that a portion of this expense will be allocated as non-regulated through the Part 64 cost study, USAC IAD believes the time spent performing these activities should have been recorded to a non-regulated expense account.

*Appendix C – Summary of Incorrect Classifications*

Year	General Ledger Account	Total Amount (Overstated)/ Understated [Appendix A]	Total Amount (Overstated)/ Understated [Appendix B]	Total Net Effect	USAC IAD Notes
2012	612100 · Land and Building Expense	(\$10,240.81)	\$0.00	(\$10,240.81)	
2012	612400 · General Purpose Computer Expense	\$522.99	\$0.00	\$522.99	
2012	621200 · Central Office Expense	\$10,345.39	\$0.00	\$10,345.39	
2012	640000 · Cable & Wire Facilities Expense	\$200.00	\$0.00	\$200.00	
2012	653200 · Network Administration Expense	\$0.00	(\$39.90)	(\$39.90)	
2012	653400 · Plant Oper. Admin Expense	(\$540.00)	\$0.00	(\$540.00)	
2012	661300 · Advertising Expense	\$285.50	\$0.00	\$285.50	
2012	672000 · General and Admin Expense	(\$573.07)	(\$315.95)	(\$889.02)	
2012	672100 · Accounting & Finance Expense	\$0.00	\$0.00	\$0.00	USAC IAD believes a portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.
2012	672500 · Legal Expense	\$0.00	\$0.00	\$0.00	USAC IAD believes a portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.

<b>Year</b>	<b>General Ledger Account</b>	<b>Total Amount (Overstated)/ Understated [Appendix A]</b>	<b>Total Amount (Overstated)/ Understated [Appendix B]</b>	<b>Total Net Effect</b>	<b>USAC IAD Notes</b>
2012	<b>799000 · Non-regulated</b>	\$0.00	\$355.85	\$355.85	USAC IAD believes an additional portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.
2013	<b>122000 · Inventory</b>	\$319.84	\$0.00	\$319.84	
2013	<b>611200 · Motor Vehicle Expense</b>	(\$54.22)	\$0.00	(\$54.22)	
2013	<b>640000 · Cable &amp; Wire Facilities Expense</b>	\$206.67	\$0.00	\$206.67	
2013	<b>653400 · Plant Oper. Admin Expense</b>	(\$206.67)	\$0.00	(\$206.67)	
2013	<b>661300 · Advertising Expense</b>	\$0.00	\$0.00	\$0.00	USAC IAD believes a portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.
2013	<b>662200 · Number Services Expense</b>	\$0.00	(\$500.00)	(\$500.00)	
2013	<b>672000 · General and Admin Expense</b>	(\$265.62)	(\$255.60)	(\$521.22)	USAC IAD believes an additional portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.

<b>Year</b>	<b>General Ledger Account</b>	<b>Total Amount (Overstated)/ Understated [Appendix A]</b>	<b>Total Amount (Overstated)/ Understated [Appendix B]</b>	<b>Total Net Effect</b>	<b>USAC IAD Notes</b>
2013	<b>671100 · Executive Expense</b>	\$0.00	\$0.00	\$0.00	USAC IAD believes a portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.
2013	<b>672100 · Accounting &amp; Finance Expense</b>	\$0.00	\$0.00	\$0.00	USAC IAD believes a portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.
2013	<b>799000 · Non-regulated</b>	\$0.00	\$755.60	\$755.60	USAC IAD believes an additional portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.
2014	<b>611200 · Motor Vehicle Expense</b>	(\$16.00)	(\$111.38)	(\$127.38)	
2014	<b>653200 · Network Administration Expense</b>	(\$9,084.25)	\$0.00	(\$9,084.25)	
2014	<b>654000 · Access Expense</b>	\$0.00	(\$500.00)	(\$500.00)	
2014	<b>661300 · Advertising Expense</b>	\$0.00	\$0.00	\$0.00	USAC IAD believes a portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.
2014	<b>671100 · Executive Expense</b>	\$0.00	(\$1,000.00)	(\$1,000.00)	

<b>Year</b>	<b>General Ledger Account</b>	<b>Total Amount (Overstated)/ Understated [Appendix A]</b>	<b>Total Amount (Overstated)/ Understated [Appendix B]</b>	<b>Total Net Effect</b>	<b>USAC IAD Notes</b>
2014	<b>672000 · General and Admin Expense</b>	\$9,100.25	(\$919.40)	\$8,180.85	
2014	<b>672500 · Legal Expense</b>	\$0.00	\$0.00	\$0.00	USAC IAD believes a portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.
2014	<b>799000 · Non-regulated</b>	\$0.00	\$2,530.78	\$2,530.78	USAC IAD believes an additional portion, representative of the detail from Appendix B should be evident here; however, USAC IAD is unable to determine the allocation factor that would generate an amount for this line item.

**Appendix D – Rate Summary**

The tariffed rates used by ACC include wholesale digital subscriber line (DSL) access service for three year term/pricing plan B, DSL wholesale pricing plan B monthly charge, Ethernet transport service (ETS) port charge, ETS Ethernet virtual connection (EVC) and ETS Channel Termination. USAC IAD requested and received monthly schedules of billed revenue ACC invoices AMM for the years 2012, 2013, and 2014. USAC IAD noted that tariffed rates were used in the pricing of DSL and special access revenue billed to AMM; however, several of these tariff rates used in the calculations were not updated to reflect rate changes when ACC billed AMM throughout the years 2012, 2013, and 2014. A summary of the rates used by ACC and a summary of the updated NECA rates are noted in the charts below.

<b>Summary of Rates ACC used to invoice AMM</b>							
<b>Time Period</b>	<b>DSL Wholesale</b>	<b>ACC Billing &amp; Collection</b>	<b>ACC ISP Account Services</b>	<b>WPP</b>	<b>ETS Port</b>	<b>ETS EVC</b>	<b>ETS Channel Termination</b>
January 2012-April 2012	\$11.85	\$1.00	\$4.90	\$485.20	\$268.71	\$117.74	\$201.12
May 2012-June 2012	\$10.92	\$1.00	\$4.90	\$485.20	\$268.71	\$117.74	\$201.12
July 2012-August 2012	\$10.92	\$1.00	\$4.90	\$485.20	\$245.28	\$235.48	\$220.76
September 2012-December 2012	\$11.51	\$1.00	\$4.90	\$511.27	\$245.28	\$235.48	\$220.76
January 2013	\$11.51	\$1.00	\$4.90	\$588.31	\$270.27	\$259.47	\$201.12
February 2013-June 2013	\$13.54	\$1.00	\$4.90	\$588.31	\$270.27	\$259.47	\$201.12
July 2013	\$13.54	\$1.00	\$4.90	\$588.31	\$270.27	\$259.47	\$201.12
August 2013-June 2014	\$17.80	\$1.00	\$4.90	\$0.00	\$270.27	\$259.47	\$201.12
July 2014-December 2014	\$17.80	\$1.00	\$4.90	\$0.00	\$270.27	\$259.47	\$201.12

<b>Summary of NECA Rates</b>					
<b>Time Period</b>	<b>DSL Wholesale Rate:</b>	<b>WPP Charge</b>	<b>ETS Port Charge</b>	<b>ETS EVC</b>	<b>ETS Channel Term</b>
January 2012-June 2012	\$10.92	\$485.20	\$273.50	\$145.87	\$249.18
July 2012-August 2012	\$10.92	\$485.20	\$245.28	\$235.48	\$220.76
September 2012-December 2012	\$11.51	\$511.27	\$245.28	\$235.48	\$220.76
January 2013-June 2013	\$14.90	\$588.31	\$270.27	\$259.47	\$243.25
July 2013	\$17.80	\$588.31	\$330.03	\$316.83	\$297.04

<b>Summary of NECA Rates</b>					
<b>Time Period</b>	<b>DSL Wholesale Rate:</b>	<b>WPP Charge</b>	<b>ETS Port Charge</b>	<b>ETS EVC</b>	<b>ETS Channel Term</b>
August 2013-June 2014	\$17.80	\$0.00	\$330.03	\$316.83	\$297.04
July 2014-December 2014	\$20.85	\$0.00	\$361.85	\$347.39	\$325.69

USAC noted that while NECA tariffed rates were used when charging the affiliate, because these rates were not updated in a timely manner, the affiliate was undercharged for the services performed on its behalf. Had ACC utilized the current NECA rates during those time periods billed, the total DSL and special access revenue billed to AMM could have resulted in additional revenue for ACC. USAC IAD inquired with ACC and ACC informed USAC IAD via email that the use of the outdated tariffed rates was in error.