

Attachment 1 - HCL Capex Opex Filing Overview

Calculations for this filing were performed using the April 2012 view of the USF HCL data for the 2011-x periods. This view of data includes revisions that were made to correct errors and omissions in data previously provided to the Commission as well as cost data for Average Schedule to Cost conversions. The 2011-x periods includes data for the annual filing (2011-1) and the voluntary quarterly updates (2011-2, 2011-3, and 2011-4).

For the months January – June 2012, support for all study areas was calculated using a NACPL of \$518.01. This is the current NACPL as of April 2012 processing. For the months July – December 2012, support for study areas subject to the Capex Opex benchmark limitation was calculated using a NACPL of \$518.01 and support for study areas unaffected by the limitation was calculated using a lower NACPL of \$509.22.

Applying the Capex Opex benchmark limits to this data results in 129 study areas having support limited for the July – December 2012 period.

Data provided to support this filing include:

- Average Schedule Data 201204 – Average Schedule data as of April 2012 processing. This data does not reflect the Capex Opex benchmarks.
- Cost Data 201204 – Cost data as of April 2012 processing. This data does not reflect the Capex Opex benchmarks.
- Monthly HCL 201204 – monthly HCL support amounts for 2012 as of April 2012 processing. This data does not reflect the Capex Opex benchmarks.
- Capex Opex Limit Data – the cost per loop benchmark limits published by the Commission, total loops as of the October 2011 annual filing, and the calculated Capex Opex benchmark limit values.
- Capex Opex Limited SA – the HCL support calculation for study areas identified as subject to the Capex Opex benchmark limits for the July – December 2012 period.
- HCL Cap for Jul – Dec 2012 – the HCL fund cap calculation for unaffected study areas for the July – December 2012 period.
- HCL 2012 Support Comparison – a comparison of HCL support calculated with and without the Capex Opex benchmarks for all study areas for the July – December 2012 period.

Notes

The Capex Opex benchmark limit values used in this filing were calculated by multiplying the cost per loop limit values (published by the Commission as Appendix B of the April 25, 2012 order) by total loops (DL060 as previously filed with the commission in October 2011). The calculated benchmark limit values were applied to all the 2011-x periods, including the voluntary quarterly updates. If in the future the Commission publishes benchmark limit data for the voluntary quarterly updates, the appropriate SACPL, NACPL, and HCL support values will be re-calculated.

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For study areas where no benchmark limit data was published, the study areas were treated as unaffected by the limits. If in the future the Commission publishes additional or revised benchmark limit data, the appropriate SACPL, NACPL, and HCL support values will be re-calculated.

The published Capex Opex benchmark limits did not include data for SA 533336 Oregon Tel. Corp. (MTE – Oregon) which was a Cost study area as of the October 2011 annual filing. The published limit data also did not include data for the following study areas that converted from Average Schedule to Cost after the October 2011 annual filing and are receiving HCL support based on cost data they provided:

- 170179 Laurel Highland Tel Co
- 170215 Yukon-Waltz Tel Co
- 351284 River Valley Tel Coop (Ruthven)
- 351324 Villisca Farmers Tel Co
- 361373 Consolidate Tel Co - MN
- 361494 Upsala Coop Tel Assn
- 391642 Alliance Comm Coop Inc - Baltic
- 432141 Santa Rosa Tel Coop Inc

The NACPL for the 2011-x periods (2012 HCL support) may change due to additional revisions to data to correct errors and omissions and for additional Average Schedule to Cost conversions. The NACPL for the 2011-x periods is currently scheduled to be re-calculated at the end of July 2012, at the end of October 2012, at the end of January 2013 and thereafter when required.