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Tab 5 – Regulated and Non-Regulated Entries

Subjective support for booking decision relative to regulated and non-regulated entries, as well as Federal and State Entries.

Public Service Telephone Company charges direct regulated and non-regulated revenues, assets, and expenses to the appropriate sub-accounts for analysis, and all direct non-regulated amounts are removed from the Interstate Cost Study, the Interstate USF filing process, and the UAF model based on a review of the nature of these accounts. These adjustments are included in a comprehensive Part 64 Allocation model that is utilized in developing the proper study balances. This model also removes a proportionate amount of indirect and overhead costs associated with non-regulated operations to ensure only regulated costs are reported in the study process. The adjustments made for the December 15, 2022 UAF filings are documented in the Earnings Model that is included in the filing.

Regarding the proper treatment of Federal and State entries, all revenues are directly assigned to the appropriate jurisdiction based on the nature of those revenues. Federal High Cost Loop support payments received during the test period are assigned to the Intrastate jurisdiction, in accordance with the traditional ratemaking treatment accorded to these revenues. In addition, to the extent that Safety Net additive support is received by the Company, these revenues are also assigned to the Intrastate jurisdiction, as that funding mechanism is a by-product of the USF High Cost Loop program. All rate base and operating expenses are assigned to the Intrastate jurisdiction using the appropriate separations factors as developed in the most recent NECA Interstate Cost Study, in this case the Year Ending September 30, 2021 Annual Study.