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Tab 6 – Affiliate Transactions

- All future expenses incurred for each of the goods and/or services obtained from affiliates, that in the aggregate exceed $50,000 annually, should be documented with analyses comparing cost to market data.

- All revenues received for goods and/or services provided to Affiliates should be documented with analyses comparing revenues to what would be charged in the third party market for those goods and/or services that are not tariffed, to ensure that the Company is receiving the higher of cost or market benefit.

  Most of the revenues received by the Company are based on tariff rates or are booked as non-regulated revenues and the corresponding invests are excluded from both the NECA cost study, USF and the UAF filing.

  Management fees are simply a pass through of actual cost. Income taxes are computed by the Company and the liability is booked through the intercompany accounts to the Parent. Pension and post retirement expense tracks payroll as a benefit and piggy backs labor expense. Property liability insurance is distributed based on the amount of coverage purchased by each affiliate for its insured assets.

  Our analysis of expenses incurred for each of the goods and/or services obtained from affiliates that in the aggregate exceed $50,000 annually showed that the Company didn't incur any; therefore, there is nothing to report in response to the test for an expense over $50,000 annually.