

Attachment 2

Supporting Calculations

Benchmark

The current rates for residential local service are \$21.11 in the Champlain and Rouses Point exchanges and \$22.05 in the Mooers exchange. Therefore, the \$2.00 rate increase is limited to \$1.89 in the Champlain and Rouses Point exchanges and to \$0.95 in the Mooers exchange so that the Company will not exceed the \$23 benchmark.

The current residential trunk rate is \$23.00 in the Champlain and Rouses Point exchanges and \$23.00 in the Mooers exchange. Rates for residential trunk line may not increase. Currently, there are no subscribers receiving residential trunk services.

Increasing the residential rates by \$1.89 per line per month in the Champlain and Rouses Point exchanges and \$0.95 in the Mooers exchange will result in the residential rates exceeding the business rates in each of the Company's exchanges. The Company elects to increase the business rates to equal the residential rates. In the Champlain and Rouses Point exchanges, the business rate will increase from \$21.11 to \$23.00 per line, an increase of \$1.89 per month. In the Mooers exchange, the business rate will increase from \$22.05 to \$23.00 per month, an increase of \$0.95 per month

Return On Equity

Per the October 22, 2020, letter from Ms. Debra LaBelle, the Company's adjusted rate of return was -0.86%. The company is permitted to raise its adjusted rate of return by 8.82% to 7.96%. The proposed rate adjustments listed in the chart below would increase intrastate revenues by \$56,304. Per schedule 10, line 5 of the Company's 2020 Annual Report to the Public Service Commission, a revenue increase of \$56,304 would increase the adjusted rate of return by 3.77% to -6.28% ($56,304/14,950 = 3.77\%$)

	<u>Access Lines</u>	<u>Existing Rates</u>	<u>Rate Increase</u>	<u>New Rates</u>	<u>Annual Revenue Increase</u>
Mooers Business Lines	142	22.05	0.95	23.00	1,618.80
Mooers Business Trunk Lines	35	27.56	1.19	28.75	499.80
Mooers Residential Lines	984	22.05	0.95	23.00	11,217.60
Mooers Residential Trunk Lines	-	23.00	-	23.00	-

Champlain and RP Business Lines	623	21.11	1.89	23.00	14,129.64
Champlain and RP Trunk Lines	183	26.39	2.36	28.75	5,182.56
Champlain and RP Residential Lines	1,043	21.11	1.89	23.00	23,655.24
Champlain Residential Trunk Lines	<u>-</u>	23.00	0	23.00	<u>-</u>
Total Access Lines	<u>3,010</u>				<u>56,303.64</u>