



ST. JOHN TELEPHONE COMPANY

Service Since 1914

November 18, 2005

P. O. Box 268
St. John, Washington 99171
(509) 648-3322
FAX 648-9900

Ms. Carole J. Washburn, Executive Secretary
WUTC
1300 S Evergreen Park Drive SW
Olympia, WA 98502

RE: Docket No. UT-053021 – Small Business Economic Impact Statement

Dear Ms. Washburn,

The purpose of this letter is to submit our analysis of whether the draft rules under the above-referenced docket impose a cost impact on the St. John Telephone Company (Company). For purposes of these comments, the contact telephone number is (509) 648-3322. The contact person is Greg Morasch. The Company employs 5 full-time employees.

In reviewing the proposed rules, proposed WAC 480-123-0060 and proposed WAC 480-123-0070 impose additional costs on the Company.

In both cases, these rules go beyond any current rules in effect and require additional expenditures on behalf of the Company.

Under WAC 480-123-0060, the draft would have the Company submit reports that it does not submit today. The draft rule would also create an advertising requirement that is not imposed on the Company today.

Our Company does not have sufficient staff to administer this proposed ruling. Consequently, we calculate the cost of outsourcing this work to be approximately \$5000.00 annually.

It appears that the advertising requirements will impose an additional cost on the Company of \$1500.00. This is based on previous business we have conducted with our local newspaper. In addition, preparing a bill insert would impose a cost of \$200.00. This is based on our experience in preparing bill inserts.

Under WAC 480-123-0070, the Company must include a detailed report on an annual basis. In addition, at least once every three years, the Company must submit .shp maps showing the general location of customers, plant and equipment. We estimate that the

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Mac W. Mills • *Vice President*
Paul Heglar • *Secretary*

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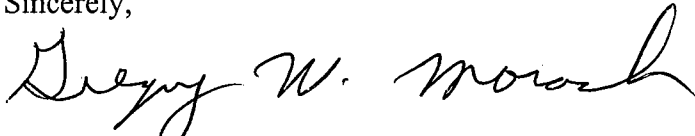
cost imposed by this proposed rule's additional reporting requirements is \$4701.60. This is based upon an estimate of 80 hours of additional work at a loaded labor rate of \$58.77, plus outside consultant review at an estimated cost of \$5000.00.

Further, the requirement to prepare the .shp maps may impose an impossible requirement on the Company. Given the Company's size limitation and the number of staff available, almost one hundred percent of this work will have to be done by outside consultants. Based upon the cost to the Company to prepare .shp maps that did not contain the general location of customers, plant and equipment, we estimate the outside consulting costs to be in excess of \$15,000.00.

This totals to approximately \$21,400 in additional cost per year. That amount equates to about \$3.00 per month per customer.

We have not identified anything in the draft rules that would create a cost savings to the Company. All of the changes appear to impose cost increases.

Sincerely,

A handwritten signature in cursive script that reads "Gregory W. Morasch". The signature is written in black ink and is positioned above the typed name.

Gregory W. Morasch
General Manager

Cc: Richard A. Finnigan