

Docket UT-110858, Item 2

**WESTERN WAHKLAKUM COUNTY TELEPHONE
COMPANY**

COST ALLOCATION MANUAL

November, 2008

Includes:
Part 64, 2009

REDACTED

WESTERN WAHKIAKUM COUNTY TELEPHONE COMPANY

COST ALLOCATION MANUAL

1.1 Company Description

- A. WESTERN WAHKIAKUM COUNTY TELEPHONE COMPANY, dba WAHKIAKUM WEST TELEPHONE (WWTEL) or WAHKIAKUM WEST is a Washington corporation that provides telecommunications services within and around the area of Naselle, Rosburg, and Grays River, Washington. WAHKIAKUM WEST also provides a minimal amount of detariffed non-regulated activities.
- B. WAHKIAKUM WEST TELEPHONE is a subsidiary of WAHKIAKUM WEST, INC, and is affiliated with WAHKIAKUM WEST LONG DISTANCE, Inc. and WAHKIAKUM WEST TELEVISION, Inc.
- C. WAHKIAKUM WEST TELEPHONE performs billing and collection for WAHKIAKUM WEST LONG DISTANCE as the same rates it charges other carriers for billing and collection of calls that appear on the WAHKIAKUM WEST TELEPHONE bills.
- D. Some employees of WAHKIAKUM WEST TELEPHONE may also do work for WAHKIAKUM WEST TELEVISION. All employee payroll is allocated to the individual companies based on actual time worked for each corporation and is tracked in half hour increments on time sheets.
- E. WAHKIAKUM WEST TELEVISION leases office space, facilities and storage space from WAHKIAKUM WEST TELEPHONE.

2.1 Description of Non-Regulated Activities of WAHKIAKUM WEST TELEPHONE.

- A. WAHKIAKUM WEST TELEPHONE engages in activities which the FCC preemptively detariffed.
 - 1. Inside wire services, installation and repair.
- B. WAHKIAKUM WEST TELEPHONE is the provider of last resort for these customer services. In general, WAHKIAKUM WEST TELEPHONE's customers have come to rely on the company to wire their

houses and provide telephone service since there are few, if any, other reliable sources for these services in the local community.

- C. Cost identifications of non-regulated activities are assigned to non-regulated as described in the following sections of this manual.

3.1 Basis of Cost Allocation

- A. Costs are allocated using the fully attributable cost concept described in FCC Part 64 as amended.

4.1 Incidental Activities

- A. WAHKIAKUM WEST TELEPHONE does not perform activities which would require incidental accounting treatment.

5.1 Apportionment of Costs

- A. 1. Payroll expense is assigned to regulated and non-regulated based on time sheets.
2. Plant, Accounting, Business Office, and executive employees' normal daily functions are carried out and charged direct to either regulated or non-regulated based on time sheets.
- B. 1. Materials and outside services are directly assigned to regulated or non-regulated as purchased. Non-regulated material purchases for resale are charged to accounts 1220.20 and 1220.25 and then later expensed to account 7990 as issued. Minor non-regulated materials are directly charged to account 7990.
- C. 1. Direct expenses associated with vehicles and work equipment are charged to account 6110 and cleared to regulated or non-regulated based on the percentage of plant labor hours.
- D. 1. General support investment and expense related costs are assigned to non-regulated as an annual rent revenue. This rent revenue includes costs for depreciation, maintenance, insurance, property taxes, general administrative, plus return on assigned non-regulated net investment. The annual rent revenue is developed through D.2, through D.6 below.
2. Building investment is divided between regulated only (i.e., COE floor space) versus common regulated and non-regulated investment. A portion of the common investment is then assigned to non-regulated based on the measurement of applicable floor space.

3. Land is assigned to non-regulated on the same basis as Buildings.
4. Vehicle and other work equipment investment are divided between regulated and non-regulated investment. A portion of the common investment is then assigned to non-regulated based on the non-regulated percentage of plant payroll.
5. Furniture and office equipment (which includes computer equipment) and other communications equipment are assigned to non-regulated based on Total Buildings.
6. Accumulated depreciation, depreciation expense, general support maintenance, property taxes, insurance expense, and general administrative expenses are allocated to non-regulated via a cost study run. This cost study separations run captures all the overhead costs associated with non-regulated activities.
7. Return assigned to non-regulated is calculated on the general support net plant assigned to non-regulated times %.

REDACTED

PLANT ACCOUNTS

Account Number	Description	Amount on Trial Balance	Directly Attributable		Allocation of Common Costs			TOTALS	
			Regulated	Non-Regulated	Method of Allocation	Reg %	Non CATV %	Regulated Portion	Non-CATV Portion
2110.10	Land								
2110.20	Buildings								
2110.40	Furniture & Office Equipment								
2110.29	Microwave tower - Grays River								
2110.41	Company Communication Equip.								
2110.50	Vehicle & Other Work Equip.								
Total 2110--Land & Support									

Continued on next page (back cover sheet) of this report. Report to be filed with the Commission on January 14, 2009. See page 14 of this report.

REDACTED

Western Washington County Telephone Company
 Depreciation Worksheet
 September 30, 2008

Description (Vehicles & OWE)	Notes	Purchase Cost	Salvage	Depreciable Basis	Annual Depreciation Rate	Quarters Depreciation Expense	Beginning Reserve	Ending Reserve	Depreciation Status
PRE 1977 & July dapr									
1977 10YR									
1978 8YR									
1979 10YR									
1980 7YR									
1982 5YR									
1984 5YR									
1984 10 YR Bucket truck & trailer									
1985 10YR									
1986 5 YR Plyn Voyager									
1987 5YR									
1987 7YR									
1989 7YR									
1989 5YR									
1990 7YR									
1990 5YR									
1991 5YR									
1992 7YR									
1993 7YR									
1993 7YR									
1995 7YR									
1996 7YR Dlight Wch									DW
1996 5YR Chev truck									KW
1998 5YR GMC Flatbed									FB
1998 5YR Dodge Van									JANMA
1997 7YR Cable stand 2 T Truck									
1997 7 YR Fork Lift									
1997 7 YR Real Trailer									
1998 5YR Small Flatbed									MA
1998 7YR Chev Truck									MA
2002 7YR Utility Trailer									UTRTR
2004 7YR Ford Truck									KW
2007 2YR Splicing Equipment									LW
2008 2YR (FORD) TRUCK									LW
2008 7 YR (GMC SIERRA)									MA
Totals									

5 Year Factor
7 Year Factor

Continue to Depreciate
 Continue to Depreciate
 Continue to Depreciate
 Continue to Depreciate
 Continue to Depreciate

Identified as WSE
 W/Fork Lift
REDACTED
 Documents and Settings\Socialdy Documents\2008 Depreciation\2008 VEHICLES & OTHER WORK EQUIPMENT.xls

3. Land is assigned to non-regulated on the same basis as Buildings.
4. Vehicle and other work equipment investment are divided between regulated and non-regulated investment. A portion of the common investment is then assigned to non-regulated based on the non-regulated percentage of plant payroll.
5. Furniture and office equipment (which includes computer equipment) and other communications equipment are assigned to non-regulated based on Total Buildings.
6. Return assigned to non-regulated is calculated on the general support net plant assigned to non-regulated times %.

REDACTED

PLANT ACCOUNTS

Account Number	Description	Amount on Trial Balance	Directly Attributable			Allocation of Common Costs	TOTALS					
			Regulated	Non-regulated	Common		Method of Allocation	Reg %	Non Reg %	CATV %	Regulated	Non-Regulated
2110.10	Land											
2110.20	Buildings											
2110.40	Furniture & Office Equipment											
2110.29	Microwave tower - Grays River											
2110.41	Company Communication Equip.											
2110.50	Vehicle & Other Work Equip.											
Total 2110—Land & Support												

REDACTED

Wahkiakum West Telephone

Period: 2009

GSF Adjustment

Part 64 Adjustment (2009):

Part 64 Adjustment:

Total GSF Investment:

GSF Accumulated Depreciation:

Rate (from above)

Depreciation Plant Adjustment

GSF Accumulated Deferred Taxes:

Rate (from above)

Deferred Tax Adjustment

GSF Depreciation Expense:

Rate (from above)

Depreciation Expense Adjustment

REDACTED