

Ellensburg Telephone Company, Inc.

Cost Allocation Description

Labor and Other Direct costs

Direct costs are directly assignable to regulated and non-regulated accounts. These costs generally include payroll, employee-related expenses, inventory, supplies, legal fees and other costs for which a direct cost causal relationship exists.

Employee Benefits

Employee benefits are indirectly attributable to regulated and non-regulated accounts based on direct labor dollar distribution.

Network Support Expense

Network Support expenses (vehicle and tools expense), accounts 6112 – 6114, are allocated to capital, plant specific and non-regulated activities based on an analysis of labor hours, consistent with Part 32 guidelines.

Plant Operations Expense

Plant operations administration expense (plant support and supervision expense), account 6534, is allocated to capital based on an analysis of labor hours, consistent with Part 32 guidelines.

Engineering Expense

Engineering expense, account 6535, is allocated to capital based on an analysis of labor hours, consistent with Part 32 guidelines.

Corporate Operations

Executive, planning, and general/administrative accounts 6711 through 6728, are allocated to non-regulated activities as cost study adjustments in the annual Part 36 separation study.

Customer Services

Customer operations, account 6623, is allocated to non-regulated based on the results of a time and contact study. The results of this study are used in the annual Part 36 separation study.

General Support Allocations

General support facility assets, expenses, including depreciation, are allocated to non-regulated activities as cost study adjustments in the annual Part 36 separation study.