

**Beaver Creek Telephone Company**  
**Docket UT-060760 (Regular Open Meeting on June 14, 2006)**  
**Staff Review of Projected Revenue Requirements**

**Attachment 1**  
 \* SUMMARY \*  
 Revised 6/12/06  
 3:00pm

	Company Proposed Intrastate	Company Correction	Company Revised Intrastate	Staff Adjustments	Notes*	Staff Adjusted Intrastate
<b>Expenses:</b>						
Plant Specific	\$103,327		\$103,327			\$103,327
Plant Non-Specific	121,778	(18,104)	103,674			103,674
Customer Operations	14,274		14,274			14,274
Corporate Operations	123,989		123,989	(64,834)	"A"	59,155
Property Taxes	6,202		6,202			6,202
Adjustment(s)	0		0			0
<b>Total Operating Expenses</b>	<b>369,570</b>	<b>(18,104)</b>	<b>351,466</b>	<b>(64,834)</b>		<b>286,632</b>
<b>Federal Income Taxes</b>	<b>73,034</b>	<b>(30,780)</b>	<b>42,254</b>	<b>(33,950)</b>	"B"	<b>8,304</b>
<b>Return on Investment</b>	<b>167,621</b>	<b>(35,053)</b>	<b>132,568</b>	<b>(63,770)</b>	"C"	<b>68,798</b>
<i>average rate of return</i>	<i>10.50%</i>		<i>10.50%</i>			<i>5.52%</i>
<b>Revenue Requirement</b>	<b>610,225</b>	<b>(\$83,937)</b>	<b>526,288</b>	<b>(\$162,554)</b>		<b>363,734</b>
<b>Rate Base:</b>						
General Support	\$64,134		\$64,134			\$64,134
Central Office	217,074		217,074			217,074
Cable and Wire	1,342,310	(\$344,164)	998,146			998,146
Accumulated Depreciation	(27,129)	\$10,325	(16,804)	(16,804)	"D"	(33,608)
Accum. Def. Fed. Inc. Tax	0		0			0
Adjustment(s)	0		0			0
<b>Net Rate Base</b>	<b>\$1,596,389</b>	<b>(\$333,839)</b>	<b>\$1,262,550</b>	<b>(\$16,804)</b>		<b>\$1,245,746</b>
<b>REVENUE OBJECTIVE (R.O.)</b>						
Total WCAP R.O.	<b>\$571,431</b>			<b>(\$252,281)</b>	"E"	<b>\$319,150</b>
Local Revenue	\$12,414			<b>(\$5,790)</b>	"F"	\$18,204
Residence	\$15.00					\$25.00
Business	\$27.50					\$35.00

**NOTES \***

"A" = Staff proposes an adjustment to reduce Corporate Operations Expense down to the level of no more than \$100,000 on total state basis, which is more representative of ongoing operations for a company of its size, nature, and scope.

"B" = Staff proposes an adjustment to reflect the income tax effect as the result of the adjustment(s) to rate base, as well as the level of return recommended.

"C" = The change to total return reflects the Staff adjustment to rate base as well as its adjustment to the rate of return.

"D" = Staff proposes an adjustment to reflect an entire year's worth of depreciation to the reserve account.

"E" = Staff proposes an adjustment to reduce the proposed WECA Revenue Objective by the difference between the company's projected intrastate revenue requirement and that as revised by staff's adjustments as well as the "Company Correction" column and the impact of the local rate change scenario(s) identified above and the revenue difference explained below in Note "F".

"F" = This item is the difference in local revenue between that proposed in UT-060760 and UT-060880.

**Attachment 2**

\* INPUTS \*

Revised 6/12/06

3:00pm

Beaver Creek Telephone Company  
Staff Review of Projections  
Docket UT-060760  
June 14, 2006

Source

Rate Base	\$1,245,746	Staff Adjusted Intrastate.
Debt ratio	87.62%	Company Updated Response to Question #2.
Debt cost	4.89%	
Interest expense	53,375	Intrastate Allocation based on Staff Adjusted Rate Base.
Equity ratio	12.38%	Company Updated Response to Question #2.
Equity cost	10%	
Equity return	15,422	Intrastate Allocation based on Staff Adjusted Rate Base.
FIT rate	35%	
FIT expense	8,304	Calculation
Interest coverage	1.44	Calculation



**Attachment 3**

**\* OUTPUTS \***

Revised 6/12/06

3:00pm

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Company  
Proposed  
Intrastate

Staff  
Adjusted  
Intrastate

Total WCAP R.O.

**\$571,431**

**\$319,150**

Originating Pool Portion  
Terminating Pool Portion

1,868

569,563

1,868

317,282

Federal High Cost Loop Lag

428,293

428,293

Residual Term. Pool Portion

141,270

**(111,011)**

**Attachment 4**

\* Inputs - Company Revised Intrastate Column \*

Revised 6/12/06

3:00pm

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Company Revised Intrastate Column

Rate Base \$1,262,550 *Company Revised Intrastate Column*

Overall ROR 10.50% *original proposal*

Return on Investment 132,568 *calculation*

Debt ratio 87.62% *updated response*

Debt cost 4.89% *updated response*

Interest expense 54,095 *calculation*

Equity ratio 12.38% 156,304 *implied by updated response*

Equity cost 50.21% ..... *calculation*

Equity return 78,472 *calculation*

FIT rate 35%

FIT expense 42,254 *calculation*

Interest coverage 3.23 *calculation*