

**Beaver Creek Telephone Company**  
**Docket UT-060760 (Special Open Meeting on June 6, 2006)**  
**Staff Review of Projected Revenue Requirements**

	Company Proposed Revenue Requirement		Adjustments	Notes*	Staff Adjusted Rev. Req. Intrastate
	TOTAL	Intrastate			
<b>Expenses:</b>					
Plant Specific	\$173,300	60%	\$103,327		\$103,327
Plant Non-Specific	188,995	64%	121,778		121,778
Customer Operations	26,400	54%	14,274		14,274
Corporate Operations	209,600	59%	123,989	(64,834) "A"	59,155
Property Taxes	9,350	66%	6,202		6,202
Adjustment(s)	0	61%	0		0
Total Operating Expenses	<b>607,645</b>		<b>369,570</b>	(64,834)	<b>304,736</b>
<b>Federal Income Taxes</b>	<b>114,207</b>	64%	<b>73,034</b>	(997) "B"	<b>72,037</b>
<b>Return on Investment</b>	<b>260,294</b>	64%	<b>167,621</b>	(2,849) "C"	<b>164,772</b>
average rate of return	10.76%		10.50%	0.00%	10.50%
<b>REVENUE REQUIREMENT</b>	<b>982,146</b>	62%	<b>610,225</b>	(68,680)	<b>541,545</b>
<b>Rate Base:</b>					
General Support	\$96,688	66%	\$64,134		\$64,134
Central Office	523,833	41%	217,074		217,074
Cable and Wire	1,827,081	73%	1,342,310		1,342,310
Accumulated Depreciation	(42,251)	64%	(27,129)	(27,129) "D"	(54,258)
Accum. Def. Fed. Inc. Tax	0	64%	0		
Adjustment(s)	14,800	0%	0		
Net Rate Base	<b>\$2,420,151</b>	66%	<b>\$1,596,389</b>	(27,129)	<b>\$1,569,260</b>

**REVENUE OBJECTIVE (R.O.)**

Total WCAP R.O.	<b>\$571,431</b>	(74,470) "E"	<b>\$496,961</b>	↓ ↑
Originating Pool Portion	1,868		1,868	
Terminating Pool Portion	569,563		495,093	
Federal High Cost Loop Lag	428,293	↑ ↓	428,293	
Residual Term. Pool Portion	141,270	↓ ↑	66,800	
Local Rates				
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, for a company of this size. The FCC has a similar adjustment for companies under 6,000 access lines for purposes of calculating the high cost loop support. This company expects to serve less than 100 access lines, so commission staff proposes to refine the allowance even lower than the FCC rule would allow. See 47 CFR 36.621(a)(4)(ii)(A).

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

"C" = Staff proposes an adjustment to the return on investment as the result of the adjustment(s) to rate base.

"D" = Staff proposes an adjustment to reflect an entire year's worth of depreciation to the reserve account. The company had included only the amount that would result assuming a zero balance at the beginning of the projected year, yet projected the entire investment up front. Also, the company has not reflected the end of period ADFIT, so this adjustment attempts to bring the projections in line.

"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 impact of the local rate change scenario(s) identified above.