



**IDAHO
PUBLIC UTILITIES
COMMISSION**

Dirk Kempthorne, Governor

P.O. Box 83720, Boise, Idaho 83720-0074

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June 11, 2003

Chad Turner
Columbine Telephone Company, Inc.
dba Teton Telecom
PO Box 226
Freedom, WY 83120

RE: Case No. COL-T-03-2

Dear Mr. Turner:

In Order No. 29245, the Commission directed the Staff to conduct an audit to verify the 2002 "gross operating intrastate revenues" of Columbine Telephone Company. Columbine asserted that it had over-reported its gross intrastate revenues and that the correct revenue amount was \$1,962,523.58. Staff finds that Columbine's "gross operating intrastate revenues" for 2002 should be \$3,705,876 (see attached workpaper).

Staff agrees that Wyoming revenues were included in Columbine's original reported "gross operating intrastate revenues." Staff also found that Columbine had netted revenues and expenses in Account 5010 Public Telephone Revenue. Staff finds that the netting of expenses and revenue in a revenue account does not meet the FCC, NECA or this Commission's definition of revenues. The Company has provided Staff with the revenue amount of \$3,060. Staff accepts this amount for the year 2002. Staff recommends that in future years the Company set up expense accounts and records revenues and expenses as two separate items.

Columbine excluded from its reported revenues the Idaho share of NECA USF funds in the amount of \$1,742,218. Staff has included this amount as Idaho "gross operating intrastate revenues." NECA USF funds and Idaho State USF funds are traditionally used by the Idaho Public Utilities Commission as rate case revenues to support local basic rates. NECA USF funds are also included in gross intrastate revenues to determine the need for Idaho State USF funds. NECA states "High Cost Loop Support provides intrastate support for the cost of the 'last mile' of connection primarily for rural companies in service areas where the cost to provide this service exceeds 115 percent of the national average." (NECA Presentation for NARUC Staff Subcommittee on Accounts, March 25, 2003, page 107). Because the NECA USF funds are recognized as revenue by both this state and the federal regulators, it should be reported as Idaho "gross operating intrastate revenues."

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Staff finds that with the above two adjustments your 2002 "gross operating intrastate revenues" were \$3,705,876. Based on the assessment rate for the 2003 regulatory fee of .2384 percent (.002384), Columbine's regulatory fee for 2003 should be \$8,834.81. Given that Columbine has already submitted a check in the amount of \$4,500.00, Columbine will need to submit the additional \$4,334.81 for the 2003 regulatory fee no later than November 15, 2003. Please make the check or money order payable to the Idaho Public Utilities Commission.

Please contact me at your earliest convenience if the Company disagrees with the Staff's determination or if you have any questions. I can be reached at 208-334-0356. If the Company and Staff cannot agree on the amount of the 2002 intrastate gross operating revenue, I must notify the Commission so that it may schedule a hearing in this matter.

Sincerely



Terri Carlock
Audit Section Supervisor

Columbine Telephone Company, Inc
2002 Revenue

Acct	Description	Per Annual Report		TOTAL	ID Per		STAFF DIFFERENCE
		WY	ID		COLUMBINE	STAFF	
5001	Basic area Revenue	94,544	1,370,131	1,464,675	1,370,131	1,370,131	
5010	Public Telephone Revenue	441	(1,519)	(1,078)	(1,519)	3,060	
5040	Local Private Line Revenue	5,801	63,623	69,424	63,622	63,622	Removed expenses
5060	Other Local Exchange Revenue	12,664	222,455	235,119	222,456	222,456	
5069	Other Local Exchange Settlements	237,910	1,744,612	1,982,522	2,394	1,744,612	Add back NECA USF
5084	State Access Revenue (Intrastate)	12,086	188,115	200,201	139,616	139,616	
5230	Directory	2,339	36,404	38,743	37,852	37,852	
5264	Other incidental Regulated Revenue	2,029	31,576	33,605	10,026	10,026	
5270	Carrier Billing & Collection Intrastate	659	16,290	16,949	16,290	16,290	
		368,473	3,671,687	4,040,160			
	CPE			3,061	2,998	2,998	
	Inside Wire			86,988	80,126	80,126	
	Key System			15,087	15,087	15,087	
				4,145,296	1,959,079	3,705,876	
					0.00238	0.00238	
					4,670.44	8,834.81	