

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
DAVE HATTAWAY
RON LAW**

FROM: DON HOWELL

DATE: JULY 3, 2003

**RE: COLUMBINE'S OBJECTION TO ITS 2003 REGULATORY ASSESSMENT,
CASE NO. COL-T-03-2**

On May 12, 2003, Columbine Telephone Company (dba Teton Telecom) filed a timely objection to its annual regulatory fee for calendar year 2003. In its objection, Columbine stated that it had over-reported its gross Idaho intrastate operating revenue for calendar year 2002. Instead of reporting just its Idaho revenue, the Company explained that it inadvertently included revenues from its Wyoming operations and federal Universal Service Funds (USF) in its report to the Commission. On May 22, 2003, the Commission issued a Notice of Objection in Order No. 29245. In its Order, the Commission directed the Staff to expeditiously conduct an audit of Columbine to verify the reported revenues of Columbine. Once the Staff completed its audit, the audit findings were to be provided to Columbine. Order No. 29245 at 3. If the utility agreed with the results of the Staff's audit, then the parties were to apprise the Commission. If the parties did not reach agreement, then the Commission would schedule a hearing.

STAFF AUDIT

On June 11, 2003, the Staff forwarded its audit results to the Company. The Staff agreed with the Company that Wyoming revenues were erroneously included in Columbine's reported Idaho revenues. However, the Staff also determined that two other adjustments to Columbine's gross operating intrastate revenues were necessary. First, Staff asserted that Columbine had offset the expenses and revenues in Account 5010 (public telephone revenues). Staff recommend that revenues in the amount of \$3,060 should be reported for this account.

Second, the Staff determined that Columbine had received USF monies from NECA for Idaho in the amount of \$1,742,218. Staff noted that these funds are traditionally treated by the Commission as operating revenues to support the calculation of intrastate rates. Because these funds are recognized as revenue by both the Commission and the FCC, the Staff asserted that this revenue "should be reported as Idaho 'gross operating intrastate revenues.'" Audit at 1.

With these two adjustments, the Staff determined that Columbine's 2002 gross operating intrastate revenue should be \$3,705,876. Based on the 2003 assessment rate of .2384% (.002384), Staff calculated Columbine's regulatory fee for 2003 as \$8,834.81. Because Columbine had already submitted a check in the amount of \$4,500, Staff calculated that the November installment of the 2003 regulatory fee should be \$4,334.81.

On July 2, 2003, Columbine agreed with the Staff's calculation that the Company's gross operating revenues for 2002 should be \$3,705,876.

STAFF RECOMMENDATION

Given the agreement between the Staff and Columbine regarding the Company's 2002 gross intrastate operating revenues, Staff recommends that the Commission adopt this calculation. Consequently, Staff recommends that Columbine be directed to submit its remaining 2003 regulatory fee in the amount of \$4,334.81 no later than November 15, 2003.

COMMISSION DECISION

Does the Commission adopt the parties' agreement that Columbine's gross intrastate operating revenues for 2002 are \$3,705,876? Does the Commission find Columbine's remaining assessment due by November 15 to be \$4,334.81?

Don Howell

Vld/M:COLT032_dh