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ORIGINAL

MEMORANDUM

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2004 FEB -9 P 2: 12

FROM: Ernest G. Johnson *EGJ*
Director
Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: February 9, 2004

RE: STAFF REPORT FOR THE MIDVALE TELEPHONE EXCHANGE, INC.'S APPLICATION FOR AUTHORIZATION TO PROVIDE FACILITIES-BASED, BASIC LOCAL EXCHANGE SERVICE AND TOLL ACCESS TELEPHONE SERVICE TO CURRENTLY UNSERVED RESIDENTIAL DEVELOPMENTS KNOWN AS CROSSROADS RANCH, POQUITO VALLEY AND BREEZY PINE (DOCKET NO. T-02532A-03-0017)

DEC# 66510

Attached please find the **replacement schedules** to the Staff Report for the above matter (originally docketed on January 9, 2004). The narrative contained in the original Staff Report does not require any changes; only the substitution of schedules is necessary.

EGJ:RLB:WMS:lhv

Originator: Richard L. Boyles and Wilfred M. Shand, Jr.

Attachment: Original and Thirteen Copies

Arizona Corporation Commission
DOCKETED

FEB 09 2004

DOCKETED BY *CR*

Service List for: Midvale Telephone Exchange, Inc.
Docket No. T-02532A-03-0017

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Mr. John Hayes
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Mr. Timothy Berg
Ms. Theresa Dwyer
Ms. Darcy Renfro
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Chief, Legal Division
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Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
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Ms. Lyn Farmer
Chief, Hearing Division
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1200 West Washington Street
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75 customers using 8.00% and zero for "Other Operating Expense"

Addition to Rate Base		\$37,200.00	
<i>times</i> authorized return on rate base	8.00%	\$2,976.00	from Decision No. 64011 (rate case)
<i>times</i> Gross Revenue Conversion Factor	1.7652	\$5,253.24	from Decision No. 64011 (rate case)
<i>plus</i> depreciation expense	10 years	\$3,720.00	from Decision No. 64011 (rate case)
<i>Equals</i> Investment Related Rev Req		\$8,973.24	
<i>plus</i> Other Operating Expense	0.0000	\$0.00	
<i>Equals</i> Annual Revenue Requirement		\$8,973.24	
<i>divided</i> by number of customers		75	from Midvale Late Filed Exhibits
<i>Equals</i> Annual per customer Rev Req		\$119.64	
<i>divided</i> by 12			
<i>Equals</i> Monthly per customer Rev Req		\$9.97	

75 customers using 10.37% and zero for "Other Operating Expense"

Addition to Rate Base		\$37,200.00	
<i>times</i> authorized return on rate base	10.37%	\$3,857.64	from Decision No. 64011 (rate case)
<i>times</i> Gross Revenue Conversion Factor	1.7652	\$6,809.51	from Decision No. 64011 (rate case)
<i>plus</i> depreciation expense	10 years	\$3,720.00	from Decision No. 64011 (rate case)
Equals Investment Related Rev Req		\$10,529.51	
<i>plus</i> Other Operating Expense	0.0000	\$0.00	
Equals Annual Revenue Requirement		\$10,529.51	
<i>divided</i> by number of customers		75	from Midvale Late Filed Exhibits
Equals Annual per customer Rev Req		\$140.39	
<i>divided</i> by 12			
Equals Monthly per customer Rev Req		\$11.70	

End of Year One using 8.00% and zero for "Other Operating Expense"

Addition to Rate Base		\$70,620.00	
<i>times</i> authorized return on rate base	8.00%	\$5,649.60	from Decision No. 64011 (rate case)
<i>times</i> Gross Revenue Conversion Factor	1.7652	\$9,972.67	from Decision No. 64011 (rate case)
<i>plus</i> depreciation expense	10 years	\$7,062.00	from Decision No. 64011 (rate case)
Equals Investment Related Rev Req		\$17,034.67	
<i>plus</i> Other Operating Expense	0.0000	\$0.00	
Equals Annual Revenue Requirement		\$17,034.67	
<i>divided</i> by number of customers		273	from Amended Application, Exhibit F
Equals Annual per customer Rev Req		\$62.40	
<i>divided</i> by 12			
Equals Monthly per customer Rev Req		\$5.20	

End of Six Years using 8.00% and zero for "Other Operating Expense"

Addition to Rate Base		\$104,650.00	
<i>times</i> authorized return on rate base	8.00%	\$8,372.00	from Decision No. 64011 (rate case)
<i>times</i> Gross Revenue Conversion Factor	1.7652	\$14,778.25	from Decision No. 64011 (rate case)
<i>plus</i> depreciation expense	10 years	\$10,465.00	from Decision No. 64011 (rate case)
Equals Investment Related Rev Req		\$25,243.25	
<i>plus</i> Other Operating Expense	0.0000	\$0.00	
Equals Annual Revenue Requirement		\$25,243.25	
<i>divided</i> by number of customers		529	from Midvale Late Filed Exhibits
Equals Annual per customer Rev Req		\$47.72	
<i>divided</i> by 12			
Equals Monthly per customer Rev Req		\$3.98	

End of Year One using 10.37% and zero for "Other Operating Expense"

Addition to Rate Base		\$70,620.00	
<i>times</i> authorized return on rate base	10.37%	\$7,323.29	from Decision No. 64011 (rate case)
<i>times</i> Gross Revenue Conversion Factor	1.7652	\$12,927.08	from Decision No. 64011 (rate case)
<i>plus</i> depreciation expense	10 years	\$7,062.00	from Decision No. 64011 (rate case)
Equals Investment Related Rev Req		\$19,989.08	
<i>plus</i> Other Operating Expense	0.0000	\$0.00	
Equals Annual Revenue Requirement		\$19,989.08	
<i>divided</i> by number of customers		273	from Amended Application, Exhibit F
Equals Annual per customer Rev Req		\$73.22	
<i>divided</i> by 12			
Equals Monthly per customer Rev Req		\$6.10	

End of Six Years using 10.37% and zero for "Other Operating Expense"

Addition to Rate Base		\$104,650.00	
<i>times</i> authorized return on rate base	10.37%	\$10,852.21	from Decision No. 64011 (rate case)
<i>times</i> Gross Revenue Conversion Factor	1.7652	\$19,156.31	from Decision No. 64011 (rate case)
<i>plus</i> depreciation expense	10 years	\$10,465.00	from Decision No. 64011 (rate case)
<i>Equals</i> Investment Related Rev Req		\$29,621.31	
<i>plus</i> Other Operating Expense	0.0000	\$0.00	
<i>Equals</i> Annual Revenue Requirement		\$29,621.31	
<i>divided</i> by number of customers		529	from Midvale Late Filed Exhibits
<i>Equals</i> Annual per customer Rev Req		\$55.99	
<i>divided</i> by 12			
<i>Equals</i> Monthly per customer Rev Req		\$4.67	