

Dawn M. Haase

Subject: FW: PrairieWave Community Certification of Federal Universal Service Support, TC07-063

From: Bill Heaston

Sent: Wednesday, June 06, 2007 10:49 AM

To: 'Harlan.Best@state.sd.us'

Cc: Karen.Cremer@state.sd.us

Subject: RE: PrairieWave Community Certification of Federal Universal Service Support, TC07-063

This is the explanation I got from our consultant.

The decline in revenue requirements and USF support is due to decreased expenses. Plant Specific, Plant Non-Specific, Depreciation, Customer Operations, and Corporate Operations were all forecast to decline according to the budgeted data Ann provided. The primary reason for the decreased expenses, except in depreciation expense, was increased allocations to Non-Regulated CLEC operations. Depreciation expense is set to decline because the switching and circuit equipment accounts are fully depreciated in 2007 (except for new 2007 additions).

Here are the decreases (from 2006 to 2007):

Account	Est 2006	2007	Decline
Plant Specific	1,612,441	1,540,515	-81,080
Plant Non-Specific	663,141	623,997	-29,884
Depreciation	2,624,872	1,018,213	-1,665,920
Customer Ops	1,201,289	753,287	-356,614
Corporate Ops	1,274,866	1,141,764	-60,092
Total	7,376,609	5,077,776	-2,193,590

Depreciation Expense is the largest single reason for the decrease in settlements & USF support; but having all the other accounts declining further decreases settlements and USF support. If you have any questions, please let me know.

William P. Heaston

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From: Harlan.Best@state.sd.us [mailto:Harlan.Best@state.sd.us]

Sent: Tuesday, June 05, 2007 12:52 PM

To: Bill Heaston

Cc: Karen.Cremer@state.sd.us

Subject: PrairieWave Community Certification of Federal Universal Service Support, TC07-063

Mr. Heaston:

Exhibit A shows 2006 Federal Universal Service Receipts as \$2,174,656.

Estimated 2008 Federal Universal Service Receipts as \$672,797.

Please explain the large drop in support dollars.

Please feel free to contact me should you have questions regarding the above request.

6/29/2007