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UTILITIES COMMISSION

RUR-T-01-01

GVNW CONSULTING, INC.
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COLORADO SPRINGS, CO
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January 16, 2002

Terri Carlock
Idaho Public Utilities Commission
472 West Washington St.
P.O. Box 83720
Boise, ID 83720

Dear Terri:

Enclosed please find Rural Telephone's Exhibits in support of the company's revised revenue requirement for its application for additional Idaho USF funding.

We have reviewed the staff's draft audit report and agreed to many of its listed adjustments to capital costs, expenses, and cost of capital. We have, however, supplied additional back-up for the support of labor costs, meal expenses, case costs, and the inclusion of federal and state taxes in the revenue requirement.

Based on our revised revenue requirement the company is proposing that it be granted an additional \$73,704.53 in additional Idaho USF funding. The company strongly believes it is fair and equitable that the payments of such funds for 2001 be paid in one lump sum of \$67,562.48, reflecting the monthly payments that would have been paid in February-December 2001. The company instituted EAS service to its customers in February 2001 and should be compensated as of February 2001 for providing this service. We understand that the staff's position is that the company should only be compensated from the date of application filing, however, due to the following; 1) EAS was ordered by the Commission; 2.) the company worked diligently and in good faith in meeting the Commission ordered directives; 3) the company had worked with the staff long before the application date in preparing this filing. The company therefore believes that the staff should consider these items in their recommendation.

If you have any questions please call me at 719-594-5820.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Schein". The signature is fluid and cursive, with a long horizontal stroke at the end.

Andy Schein

cc: Chris Dennison, Rural Telephone Company
Conley Ward, Givens & Pursley

Enclosure