

**BEEHIVE TELEPHONE COMPANY, INC.
BEEHIVE TELEPHONE CO., INC. NEVADA**

TARIFF F.C.C. NO. 1

Transmittal No. 28

June 28, 2005

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TRENDING

This is a comparison of Beehive's rates calculated for its tariff to be effective July 1, 2005, to Beehive's current rates in its tariff effective July 1, 2003. The decrease in all rates is due to the various factors outlined on page 2.

	Rates Per Tariff Filing July 1, 2003	Rates Per Tariff Filing July 1, 2005	Percent Change
Local Switching	.015190	.010176	-33.01%
Tandem Switching	.007006	.003547	-49.37%
Transport Facility	.000141	.000141	0.00%
Transport Termination	.003149	.002772	-11.97%

Note: The aggregate rate falls below NECA rates.

JUSTIFICATION

This filing is being made in compliance to the rule §69.3 (f) that states that tariffs may be filed for a biennial period with an effective date of July 1.

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IMPORTANT CHANGES

A. As required by the MAG Access Charge Tariff Filing Order, Beehive notes the following information:

1. The revenue requirement shifted from Local switching to the common line category;

Beehive shifted \$1,048,871 from the Local switching revenue requirement to the Common Line revenue requirement. Because revenue requirements for rate making are based on data for two years, the \$1,048,871 reflects a two-year period.

2. The revenue requirement shifted from the transport interconnection charge (TIC) to the common line category;

Beehive shifted \$0 from the TIC to the common line access element. Beehive billed \$0 in Transport Interconnection Charges for the period of July 1, 2000 through June 30, 2001.

- B Beehive's Traffic Sensitive Revenue Requirement rose approximately 59.05% as a result of substantial network upgrades due to equal access, CALEA compliance and major Cable & Wire Facility additions. Beehive is rebuilding extensive portions of the local outside plant and has replaced all central office switches. Some of the growth of the revenue requirement is due to costs of competitive analysis, product and service identification, demand forecasting, and identification and establishment of distribution channels. Despite the change in the revenue requirement, the aggregate rate decreased due to a an increase in demand

- C. 30% of the Local Switching Revenue Requirement calculated after subtracting Local Switching Support was excluded from the local switching element and transferred to the Common Line element. These are the costs associated with Line Ports that are now considered an NTS element. This produced a significant decrease in the local switching rate element.

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DESCRIPTION

The accompanying tariff material, is from the combined study area of Beehive Telephone Company, Inc. and Beehive Telephone Co., Inc. Nevada ("Beehive"), and bearing Tariff F.C.C. No. 1, effective July 1, 2005 is being provided to support new access rates filed in its 2005 Interstate Access Services Tariff. The New rates are filed pursuant to §69.3 (f) that states that tariffs may be filed for a biennial period with an effective date of July 1 of any odd numbered year. For this study, Beehive used 2003 and 2004 financial and demand data to calculate revenues and develop the new rates.

COMPLIANCE WITH COMMISSION RULES

This filing is in compliance with the requirements of the Communication Act of 1934, as amended. In addition, this filing is in compliance with the requirements of the December 17, 2001 MAG Access Charge Tariff Filings. Beehive has opted not to provide documentation as prescribed by §61.39 of the Commission Rules regarding companies with less than 50,000 access lines. However, Beehive will provide documentation if requested by the FCC.

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COST DEVELOPMENT

This tariff filing is based on data from the last two years for calculating revenues and demand. Using 2003 and 2004 audited financials, Beehive excluded all non-regulated and non-operating costs, and allocated the remaining investments, reserves and expenses to the proper jurisdiction according to Part 36 rules. The resulting Interstate amounts were then allocated to the appropriate Part 69 rate element based on Part 69 rules. Beehive specifically identified in the Part 69 the investment dollars associated with local switching, tandem switching, tandem switched termination, and tandem switched facility. As a result all costs were allocated according to Part 69 rules to the appropriate rate element. To determine revenue requirements, each Interstate rate element's net investment was multiplied by an 11.25% rate of return resulting in a return on investment. That amount, plus the jurisdictional state and federal taxes and expenses resulted in the revenue requirement. This process was completed for Beehive Utah 2003, Beehive Utah 2004, Beehive Nevada 2003, and Beehive Nevada 2004. The revenue requirements, calculated by rate element, for each of the studies were then added together to develop a total 2003/2004 revenue requirement by rate element.

Pursuant to the MAG Access Order, Beehive made the following changes to the revenue requirements developed above:

1. 30% of the Local Switching Revenue Requirement calculated after subtracting Local Switching Support was excluded from the local switching element and transferred to the Common Line element. These are the costs associated with Line Ports that are now considered an NTS element.
2. Beehive billed \$0 in TIC revenues for the period July 1, 2000 through June 30, 2001. Therefore, there are no TIC revenues to allocate to the various access elements as prescribed by the MAG Order.

The adjusted revenue requirements were then divided by Beehive's access demand and composite miles, where applicable, to determine the filed access rates. A summary of demand can be found on Worksheet 4.

Support for the above calculations can be found on Worksheet 3. Worksheet 5 describes the flow of information used in the development of rates.

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RATE DEVELOPMENT

Worksheets 1 and 2 describe the development of Local Switching and Transport Rates. The worksheets indicate the step-by-step calculation of these rates by rate element. To calculate rates, revenue requirements by rate element were divided by total 2003/2004 demand, as well as miles, where appropriate. Revenue requirements reflecting revenue shifts per the MAG Access Order as well as the demand used can be found on Worksheet 3.

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June 28, 2005 Rate Development

Section 8 **Rates and Charges**

Section 8.1 **Switched Access Service**

Section 8.1.2 **End Office**

Section 8.1.2.1 **LOCAL SWITCHING**

1.	Total Local Switching Revenue Requirement (Source: Worksheet 3)		\$2,447,367
2.	Total Minutes (Source: Worksheet 5)	240,492,316	
3.	Local Switching Rate Per Min. (Line 1 / Line 2)		0.010176

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Section 8 | 1 | TRANSPORT

Section 8 | 1 | 1 Access

1	Total Transport Termination Revenue Requirement (Source: Worksheet 3)		\$1,963,023
2	Total Minutes (Source: Worksheet 5)	708,052,373	
3	Transport Termination Rate per Minute per Termination (Line 1 / Line 2)		0.002772
4	Total Transport Facility Revenue Requirement (Source: Worksheet 3)		\$4,068,357
5	Total Minutes (Source: Worksheet 5)	240,492,316	
6	Total Composite Miles	119 6	
7	Transport Facility Rate per Minute per Mile (Line 4 / Line 5 / Line 6)		0.000141
8	Total Transport Tandem Switching Revenue Requirement (Source: Worksheet 3)		\$850,941
9	Tandem Switched Minutes (Source: Worksheet 5)	239,935,994	
10	Tandem Switching Rate per Minute per Access Tandem (Line 8 / Line 9)		0.003547

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REVENUE REQUIREMENT	LOCAL SWITCHING	TANDEM SWITCHING	TRANSPORT FACILITY	TRANSPORT TERMINATION	TOTAL
2004 Beehive - Utah	1,797,125	199,842	791,221	625,386	3,413,574
2004 Beehive - Nevada	330,440	308,147	1,452,666	538,181	2,629,434
2003 Beehive - Utah	1,349,462	150,997	798,417	409,496	2,708,372
2003 Beehive - Nevada	204,983	191,955	1,026,053	389,960	1,812,951
TOTAL	3,682,010	850,941	4,068,357	1,963,023	10,564,331
Less: LSS Support	(185,772)				(185,772)
Less: 30% shift to Common Line	(1,048,871)				(1,048,871)
Revenue Requirement for Rate Development	2,447,367	850,941	4,068,357	1,963,023	9,329,688
DEMAND/ACCESS MINUTES	240,492,316	239,935,994	240,492,316	708,052,373	
COMPOSITE MILES			119 6		
RATES	0 010176	0 003547	0 000142	0 002772	

2005 TARIFF FILING

		<u>TOTAL</u>	<u>TANDEM MINUTES</u>	<u>TERMINATION MINUTES</u>
UTAH	2003	16,962,394	16,705,573	45,566,948
NEVADA	2003	75,160,778	75,160,778	225,404,928
UTAH	2004	33,631,997	33,332,495	92,981,029
NEVADA	2004	<u>114,737,147</u>	<u>114,737,148</u>	<u>344,099,468</u>
TOTAL		240,492,316	239,935,994	708,052,373

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Cost Development

