



R-00072195

**Part 1. 2007 PSI Summary**

**Calculate 2007 PSI Adjustment, per Price Cap Plan**

Gross Domestic Product Price Index (GDP-PI), 3rd Qtr 2006	116.446000
Less: GDP-PI, 3rd Qtr 2005	112.567000
Equal: Change in GDP-PI	<u>3.879000</u>
Change in GDP-PI	3.879000
Divided by: GDP-PI, 3rd Qtr 2005	112.567000
Equal: % change in GDP-PI	<u>0.034459</u>
Less: Productivity Offset	-
Equal: % change in GDP-PI less Productivity Offset	<u>0.034459</u>
Plus: 1	1.000000
Equal: 1 + (% change in GDP-PI less Productivity Offset)	<u>1.034459</u>
Times: 2006 PSI	1.062300
Equal: 2007 PSI	<u><u>1.098906</u></u>

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**Part 2. 2007 Revenue Opportunity Summary**

2006 Intrastate Revenue	
% change in GDP-PI less Productivity Offset	<u>0.034459</u>
2007 Revenue Opportunity	<u><u>                    </u></u>

**Part 3. 2007 SPI Summary**

2006 SPI	1.062300
2007 SPI Adjustment ( see Attachment 3 )	<u>1.022493</u>
2007 SPI	<u><u>1.086194</u></u>

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MAY 30 2007

**Part 4. 2007 Chapter 30 Banking Report**

2007 Revenue Opportunity	
Less: 2007 Chapter 30 Revenue Increase	
2007 Chapter 30 Revenue Opportunity Banked	<u><u>                    </u></u>

Denver & Ephrata Telephone Company  
 Chapter 30 PSM Filing  
 SPI Adjustment Calculation  
 For the Year 2007

Local Network Services Revenue	Account	2006 Actual Ave. Month Intrastate Revenue (Pt-1)	Percent to Total (Vi)	Proposed Intrastate Revenue Adjustment	2006 Proposed Ave. Month Intrastate Revenue (Pt)	Percent Increase (Decrease) (Pt / Pt-1)	Calculate Vi(Pt/Pt-1)
Basic Area Rev	5001		0.5127			1.0206	0.523295
Local Private Line Rev	5040		0.0348			1.0000	0.034826
Other Local Exchange Rev	5060		0.0853			1.1398	0.097241
Network Access Rev			0.2965			1.0000	0.296456
Long Distance Rev			0.0333			1.0000	0.033319
Other Operating Rev			0.0374			1.0000	0.037356
<b>TOTAL OPERATING REVENUES</b>			<u>1.0000</u>				
Sum: Vi(Pt/Pt-1)							1.022493
SPI t-1 (2006 SPI)							1.062300
SPI t (2007 SPI)							1.086194

Denver & Ephrata Telephone Company  
 Chapter 30 PSM Filing  
 SPI Calculation  
 For the Year 2007

Operating Revenue	Account	Percent to Total ( Vi )	Percent Increase (Decrease) ( Pt / Pt-1 )	Vi(Pt/Pt-1)
Basic Area Revenue	5001	0.512728	1.020609	0.523295
Local Private Line Revenue	5040	0.034826	1.000000	0.034826
Other Local Exchange Revenue	5060	0.085315	1.139789	0.097241
Network Access Revenue		0.296456	1.000000	0.296456
Long Distance Revenue		0.033319	1.000000	0.033319
Other Operating Revenue		0.037356	1.000000	0.037356
		100.00%		
Sum: Vi(Pt/Pt-1)				1.022493
SPI t-1 (2006 SPI)				1.062300
SPI t (2007 SPI)				1.086194

Before the  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

\_\_\_\_\_  
Denver and Ephrata Telephone and  
Telegraph Company  
PSI/SPI Filing for Year 2007

*R. 00072195*  
: Docket No. ~~P-00081430F1000~~  
:  
:

\_\_\_\_\_  
**CERTIFICATE OF SERVICE**  
\_\_\_\_\_

I hereby certify that I have this 25th day of May, 2007, served a true and correct copy of the foregoing document on behalf of Denver and Ephrata Telephone and Telegraph Company, upon the persons and in the manner listed below:

**HAND DELIVERY**

Robert Eckenrod, Prosecutor  
Office of Trial Staff  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
P. O. Box 3265  
Harrisburg, PA 17105-3265

Joel H. Cheskis, Esquire  
Assistant Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923

Steven Gray, Esquire  
Assistant Small Business Advocate  
Office of Small Business Advocate  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, PA 17101

**FIRST CLASS MAIL, POSTAGE PREPAID**

Robert Barber, Esquire  
AT&T  
3033 Chain Bridge Road  
Oakton, VA 22185  
(public version)

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20070525

*Michael L. Swindler*

\_\_\_\_\_  
Michael L. Swindler  
PA Attorney ID No. 43319



ORIGINAL

July 17, 2007

124 East Main Street  
P.O. Box 458  
Ephrata, PA 17522-0458  
Toll Free: 800-321-6112  
www.decommunications.com

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James McNulty, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

In re: Denver and Ephrata Telephone and Telegraph Company  
Price Stability Index/Service Price Index Filing for 2007  
Docket Nos. P-00072275; P-00981430F1000; R-00072195

Dear Secretary McNulty:

In accordance with Commission Order entered June 21, 2007 in the above-docketed proceeding, enclosed for filing with the Pennsylvania Public Utility Commission are an original and seven (7) copies of the revised Public Version of the Price Stability Index ("PSI") and Service Price Index ("SPI") Report that includes the following revised documents:

- 1) Executive Overview;
- 2) Attachments 1 through 4 of the Price Stability Index ("PSI") and Service Price Index ("SPI") Report; and
- 3) Responses to 52 Pa. Code §53.52 and other supporting information.

In addition to the revised Public Version of the PSI and SPI Report, also enclosed are an original and seven (7) copies of REVISED Attachment 1 and REVISED Attachment 4 to the Proprietary Version of the report. As a result of the requirement to disclose aggregate banked and annual revenue data, the designation of those attachments as proprietary and/or public has changed.

As indicated below, all parties to this proceeding have been duly served. Questions regarding this filing may be directed to Jeanne Price at 717-738-8169.

Respectfully submitted,

John Rutkowski  
Manager Regulatory Relations  
Voice: 717-738-8607  
Fax: 717-733-2364  
Email: jrutkowski@decommunications.com

cc: Office of Consumer Advocate  
Office of Small Business Advocate  
Office of Trial Staff

Bureau of Fixed Utility Service  
R. Barber, AT&T

4

EXECUTIVE OVERVIEW

DENVER AND EPHRATA TELEPHONE AND TELEGRAPH COMPANY

Supplement No. 261 – PA PUC Tariff No. 15

Denver and Ephrata Telephone and Telegraph Company (D&E) is proposing rate changes as a result of its Price Stability Index/Service Price Index (PSI/SPI) filing, submitted to the Pennsylvania Public Utility Commission (PUC) on April 30, 2007.

In order to maintain the indexes at PUC authorized levels, a rate modification is required. Specifically, D&E proposes the following changes to its tariff:

- Increase in residential and business dial tone service rates of \$0.45 per line per month.
- Increase in trunk and pay telephone rates by \$0.45 per line or trunk per month.
- Elimination of Multi-Party Lines.
- Increases to various Custom Calling/CLASS Services Rates.
- Increases to various non-recurring charges such as connection and restoral charges.

As shown on the Calculations of Revenue Impacts, attached as Exhibit 2, the projected impact of these changes on D&E's annual revenue is an increase of \$562,868. The Company is banking the remaining portion of the total 2007 Chapter 30 PSI/SPI revenue opportunity.

D&E's Chapter 30 Plan requires that the PUC review the PSI/SPI filing and any accompanying tariff changes to ensure that the SPI is not greater than the PSI. The filing of this supplement ensures that this methodology is properly followed.

D&E respectfully requests that the proposed tariff supplement be approved by the PUC to become effective July 1, 2007.

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7/17/07

Denver & Ephrata Telephone Company  
 Chapter 30 PSM Filing  
 PSI / SPI Calculation  
 For the Year 2007

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**Part 1. 2007 PSI Summary**

**Calculate 2007 PSI Adjustment, per Price Cap Plan**

Gross Domestic Product Price Index (GDP-PI), 3rd Qtr 2006	116.446000
Less: GDP-PI, 3rd Qtr 2005	112.567000
Equal: Change in GDP-PI	<u>3.879000</u>
Change in GDP-PI	3.879000
Divided by: GDP-PI, 3rd Qtr 2005	112.567000
Equal: % change in GDP-PI	<u>0.034459</u>
Less: Productivity Offset	-
Equal: % change in GDP-PI less Productivity Offset	<u>0.034459</u>
Plus: 1	1.000000
Equal: 1 + (% change in GDP-PI less Productivity Offset)	<u>1.034459</u>
Times: 2006 PSI	1.062300
Equal: 2007 PSI	<u><u>1.098906</u></u>

**Part 2. 2007 Revenue Opportunity Summary**

2006 Intrastate Revenue	\$ 25,024,425
% change in GDP-PI less Productivity Offset	0.034459
2007 Revenue Opportunity	<u><u>\$ 862,317</u></u>

**Part 3. 2007 SPI Summary**

2006 SPI	1.062300
2007 SPI Adjustment ( see Attachment 3 )	1.022493
2007 SPI	<u><u>1.086194</u></u>

**Part 4. 2007 Chapter 30 Banking Report**

2007 Revenue Opportunity	\$ 862,317
Less: 2007 Chapter 30 Revenue Increase	562,868
2007 Chapter 30 Revenue Opportunity Banked	<u><u>\$ 299,449</u></u>

D&E Telephone Company  
 Chapter 30 PSM Filing  
 Intrastate Revenue Subject to Price Cap Formula  
 For the Year 2007

**Local Network Services Revenue**

<u>Account</u>	<u>2006 Annual Regulated Revenue</u>	<u>Less: 2006 Interstate Revenue</u>	<u>2006 Annual Intrastate Revenue</u>	<u>2006 Avg. Month Intrastate Revenue</u>
Basic Area Rev	5001			
Local Private Line Rev	5040			
Other Local Exchange Rev	5060			
Network Access Rev				
Long Distance Rev				
Other Operating Rev				
<b>TOTAL INTRASTATE OPERATING REVENUES</b>	<u><u>39,963,922</u></u>	<u><u>14,939,497</u></u>	<u><u>25,024,425</u></u>	<u><u>2,085,369</u></u>

NOTE: 2006 Avg. Month Intrastate Revenues are calculated by dividing "actual" 2006 Annual Intrastate Revenue by twelve.

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Denver & Ephrata Telephone Company  
 Chapter 30 PSM Filing  
 SPI Adjustment Calculation  
 For the Year 2007

	Account	2006 Actual Ave. Month Intrastate Revenue ( Pt-1 )	Percent to Total ( Vi )	Proposed Intrastate Revenue Adjustment	2006 Proposed Ave. Month Intrastate Revenue ( Pt )	Percent Increase (Decrease) ( Pt / Pt-1 )	Calculate Vi(Pt/Pt-1)
Basic Area Rev	5001						
Local Private Line Rev	5040						
Other Local Exchange Rev	5060						
Network Access Rev							
Long Distance Rev							
Other Operating Rev							
<b>TOTAL OPERATING REVENUES</b>		<b>2,085,369</b>	<b>1.0000</b>	<b>46,906</b>	<b>2,132,275</b>		
Sum: Vi(Pt/Pt-1)							1.022493
SPI t-1 ( 2006 SPI )							1.062300
SPI t ( 2007 SPI )							1.086194

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Denver & Ephrata Telephone Company  
 Chapter 30 PSM Filing  
 SPI Calculation  
 For the Year 2007

Operating Revenue	Account	Percent to Total ( Vi )	Percent Increase (Decrease) ( Pt / Pt-1 )	Vi(Pt/Pt-1)
Basic Area Revenue	5001			
Local Private Line Revenue	5040			
Other Local Exchange Revenue	5060			
Network Access Revenue				
Long Distance Revenue				
Other Operating Revenue				
		<u>100.00%</u>		
Sum: Vi(Pt/Pt-1)				1.022493
SPI t-1 (2006 SPI)				<u>1.062300</u>
SPI t (2007 SPI)				<u>1.086194</u>

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REVISED  
7/17/07

**DENVER AND EPHRATA TELEPHONE  
AND TELEGRAPH COMPANY**

Supplement No. 261 to  
Tariff Telephone - PA P.U.C. No. 15  
(Local Exchange Service Tariff)

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**DATA AND INFORMATION  
REQUIRED BY 52 PA.CODE §53.52 (a) & (b)**

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Issued: April 30, 2007

Effective: July 1, 2007

**DENVER AND EPHRATA TELEPHONE AND TELEGRAPH COMPANY  
RESPONSES TO TITLE 52, CHAPTER 53, SECTION 53.52**

**(a) Whenever a public utility, other than a canal, turnpike, tunnel, bridge or wharf company files a tariff, revision or supplement effecting changes in the terms and conditions of service rendered or to be rendered, it shall submit to the Commission with the tariff, revision or supplement, statements showing all of the following:**

**1. The specific reasons for each change.**

Denver and Ephrata Telephone and Telegraph Company ("D&E") is proposing tariff changes as a result of its Price Stability Index/Service Price Index filing submitted to the PUC on April 30, 2007. In order to maintain the indexes at PUC authorized levels, a rate modification is required.

**2. The total number of customers served by the utility.**

As of December 31, 2006, D&E serves approximately                      access lines.

**3. A calculation of the total customers, by tariff subdivision, whose bills would be affected by the change.**

\* PROPRIETARY\* See Exhibit 2 to these responses.

**4. The effect of the change on the utility's customers.**

Customers will realize an increase on their monthly bill. See the Executive Overview and Exhibit 1 to the filing for details of the increases.

**5. The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.**

Implementation of the proposed changes will keep D&E's price indexes consistent with the standards set in the Company's Chapter 30 Plan, as amended. In this case, an annual revenue increase of approximately \$562,868 is authorized by the Company's Chapter 30 Plan and proposed in this filing. Increasing the rates for the proposed services will aid the Company in generating revenues sufficient to (1) offset the loss in revenues as a result of a loss in access lines and access minutes, and (2) provide funding necessary to meet the expenses and capital expenditures required in providing services mandated by FCC rules, PUC rules and the Company's Chapter 30 Amended Plan.

\* PROPRIETARY\* See Exhibit 2 to these responses.

**DENVER AND EPHRATA TELEPHONE AND TELEGRAPH COMPANY  
RESPONSES TO TITLE 52, CHAPTER 53, SECTION 53.52**

**6. The effect of the change on the service rendered by the utility.**

Approval of this tariff supplement will have no adverse impact on the service provided by D&E. Approval will allow the Company to generate revenues to enhance its network in order to provide newer technologies such as broadband and will allow the Company to continue to meet its Carrier of Last Resort obligations in providing service to all customers in the Company's certificated areas in accordance with FCC and PUC regulations.

**7. A list of factors considered by the utility in making this change.**

D&E's Chapter 30 Plan, as amended, requires that the PUC review the PSI/SPI filing, and any accompanying tariff changes, to ensure that the SPI is not greater than the PSI. The filing of this Supplement ensures that this methodology is properly followed. In addition, upper management reviewed the prices of all non-competitive services to what other carriers were charging and based on current conditions believe the proposed rates are just and reasonable.

**8. Studies undertaken to draft the proposed change.**

D&E's PSI/SPI filing, submitted to the PUC on April 30, 2007, supports the proposed tariff changes contained in this filing. The Company does not possess any costing information for local services but believes the comparative analysis to what other providers have done justifies the proposed increases. In particular, the Company reviewed the most recent PUC approval of local rate increases for Commonwealth Telephone Company. In addition, the Company analyzed the local service rates of wireless carriers and a CLEC competitor as well as non-competitive service rates of other regulated wireline companies to justify the rate changes.

**9. Customer polls taken which indicate customer acceptance of the proposed change.**

No polls were taken.

**DENVER AND EPHRATA TELEPHONE AND TELEGRAPH COMPANY  
RESPONSES TO TITLE 52, CHAPTER 53, SECTION 53.52**

**10. Plans the utility has for introducing or implementing the service.**

Beginning with the Company's March 26, 2007 billing cycle, customers were given advance notice of the proposed rate changes to become effective July 1, 2007.

**11. FCC, FERC, or Commission orders or rulings applicable to the filing.**

D&E's Chapter 30 Plan contains the rules to follow regarding the methodology surrounding this filing.

**DENVER AND EPHRATA TELEPHONE AND TELEGRAPH COMPANY  
RESPONSES TO TITLE 52, CHAPTER 53, SECTION 53.52**

**(b) Whenever a public utility other than a canal, turnpike, tunnel, bridge or wharf company files a tariff, revision or supplement which will increase or decrease the bills to its customers, it shall submit in addition to the requirements of subsection (1), to the Commission, with the tariff, revision or supplement, statements showing the following:**

**1. The specific reasons for each increase or decrease.**

Implementation of the proposed changes will keep D&E's price indexes consistent with the standards set in the Company's Chapter 30 Plan, as amended.

**2. The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing.**

See Exhibit 3 to these responses.

**3. A calculation of the number of customers, by tariff subdivision, whose bills will be increased.**

\* PROPRIETARY \* See Exhibit 2 to these responses.

**4. A calculation of the total increase, in dollars, by tariff subdivision, projected on an annual basis.**

\* PROPRIETARY \* See Exhibit 2 to these responses.

**5. A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.**

Not Applicable

**6. A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.**

Not Applicable

Chapter 30 PSM Filing  
 Summary of Rate Changes  
 For the Year 2007

**A. Dialtone**

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Rate Impact</u>
<b>Rate Band 4</b>			
Res - 1 Party	\$ 15.69	\$ 16.14	\$ 0.45
Res - 2 Party	\$ 14.44	\$ -	\$ (14.44)
Res - Vacation Service	\$ 7.85	\$ 8.07	\$ 0.22
Bus - 1 Party	\$ 21.05	\$ 21.50	\$ 0.45
Bus - Trunks	\$ 21.05	\$ 21.50	\$ 0.45
Bus - Pay Telephone	\$ 17.38	\$ 17.83	\$ 0.45

**Rate Band 6**

Res - 1 Party	\$ 17.85	\$ 18.30	\$ 0.45
Res - 2 Party	\$ 15.99	\$ -	\$ (15.99)
Res - Vacation Service	\$ 8.93	\$ 9.15	\$ 0.22
Bus - 1 Party	\$ 25.10	\$ 25.55	\$ 0.45
Bus - FX	\$ 21.34	\$ 21.72	\$ 0.38
Bus - Trunks	\$ 25.10	\$ 25.55	\$ 0.45
Bus - Pay Telephone	\$ 21.43	\$ 21.88	\$ 0.45

**B. Custom Calling Features**

Talking Return Call - Res	\$ 3.00	\$ 3.75	\$ 0.75
Talking Return Call - Bus	\$ 3.95	\$ 4.75	\$ 0.80
Call Forwarding - Res	\$ 1.95	\$ 2.50	\$ 0.55
Call Forwarding - Bus	\$ 1.95	\$ 2.95	\$ 1.00
Call Forward Busy Line	\$ 1.95	\$ 2.50	\$ 0.55
Call Forward Don't Answer	\$ 1.95	\$ 2.50	\$ 0.55
Priority Ringing	\$ 2.95	\$ 3.50	\$ 0.55
Call Block - Res	\$ 3.00	\$ 3.50	\$ 0.50
Distinctive Ringing	\$ 2.50	\$ 3.00	\$ 0.50
Caller ID	\$ 5.95	\$ 7.00	\$ 1.05
Caller ID Deluxe - Res	\$ 6.50	\$ 7.50	\$ 1.00
Caller ID Deluxe - Bus	\$ 6.95	\$ 7.95	\$ 1.00
Call Waiting - Res	\$ 2.95	\$ 3.50	\$ 0.55
Call Waiting - Bus	\$ 2.95	\$ 3.95	\$ 1.00
Three-Way Calling	\$ 1.95	\$ 2.95	\$ 1.00
Remote Call Forwarding	\$ 15.00	\$ 16.00	\$ 1.00
Call Forward Remote Activation	\$ 0.95	\$ 1.25	\$ 0.30
Telemarketing Blocking Service	\$ 2.95	\$ 3.25	\$ 0.30
Last Number Redial	\$ 2.95	\$ 3.50	\$ 0.55
Selective Call Forwarding - Res	\$ 3.00	\$ 3.50	\$ 0.50
Selective Call Forwarding - Bus	\$ 3.45	\$ 3.90	\$ 0.45

**C. Non-recurring Charges**

Connection Charge - Res	\$ 30.00	\$ 40.00	\$ 10.00
Connection Charge - Res - Installments	\$ 10.00	\$ 13.33	\$ 3.33
Connection Charge - Link Up - Installments	\$ 5.00	\$ 6.67	\$ 1.67
Connection Charge - Bus	\$ 45.00	\$ 50.00	\$ 5.00
Connection Charge - Bus - Installments	\$ 15.00	\$ 16.67	\$ 1.67
Restoral Charge	\$ 20.00	\$ 25.00	\$ 5.00

Denver and Ephrata Telephone and Telegraph Company  
Chapter 30 PSM Filing  
Calculations of Revenue Impacts  
For the Year 2007

December 2006 Intrastate Revenue Base (monthly average)  
Actual SPI ( 2007) Adjustment  
Chapter 30 Price Cap Formula Monthly Revenue Adjustment  
times 12 Months  
Chapter 30 Price Cap Formula Annual Revenue Adjustment

0.034459
\$ -
12
-

	Units	Current Rate	Proposed Rate	Current Monthly Revenue	Proposed Monthly Revenue	Monthly Revenue Impact	Annual Revenue Impact
<b>A. Dialtone</b>							
<b>Rate Band 4</b>							
Res - 1 Party		\$ 15.69	\$ 16.14	\$ -	\$ -	\$ -	\$ -
Res - 2 Party - Eliminated *		\$ 14.44	\$ 16.14	\$ -	\$ -	\$ -	\$ -
Res - Vacation Service		\$ 7.85	\$ 8.07	\$ -	\$ -	\$ -	\$ -
Bus - 1 Party		\$ 21.05	\$ 21.50	\$ -	\$ -	\$ -	\$ -
Bus - Trunks		\$ 21.05	\$ 21.50	\$ -	\$ -	\$ -	\$ -
Bus - Pay Telephone		\$ 17.38	\$ 17.83	\$ -	\$ -	\$ -	\$ -
<b>Rate Band 6</b>							
Res - 1 Party		\$ 17.85	\$ 18.30	\$ -	\$ -	\$ -	\$ -
Res - 2 Party - Eliminated *		\$ 15.99	\$ 18.30	\$ -	\$ -	\$ -	\$ -
Res - Vacation Service		\$ 8.93	\$ 9.15	\$ -	\$ -	\$ -	\$ -
Bus - 1 Party		\$ 25.10	\$ 25.55	\$ -	\$ -	\$ -	\$ -
Bus - FX		\$ 21.34	\$ 21.72	\$ -	\$ -	\$ -	\$ -
Bus - Trunks		\$ 25.10	\$ 25.55	\$ -	\$ -	\$ -	\$ -
Bus - Pay Telephone		\$ 21.43	\$ 21.88	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -
<b>B. Custom Calling Features</b>							
Talking Return Call - Res		\$ 3.00	\$ 3.75	\$ -	\$ -	\$ -	\$ -
Talking Return Call - Bus		\$ 3.95	\$ 4.75	\$ -	\$ -	\$ -	\$ -
Call Forwarding - Res		\$ 1.95	\$ 2.50	\$ -	\$ -	\$ -	\$ -
Call Forwarding - Bus		\$ 1.95	\$ 2.95	\$ -	\$ -	\$ -	\$ -
Call Forward Busy Line		\$ 1.95	\$ 2.50	\$ -	\$ -	\$ -	\$ -
Call Forward Don't Answer		\$ 1.95	\$ 2.50	\$ -	\$ -	\$ -	\$ -

\* Reflects increase to Res - 1 Party rate.

Denver and Ephrata Telephone and Telegraph Company  
Chapter 30 PSM Filing  
Calculations of Revenue Impacts  
For the Year 2007

**B. Custom Calling Features (cont'd)**

	Units	Current Rate	Proposed Rate	Current Month Revenue	Proposed Month Revenue	Monthly Revenue Impact	Annual Revenue Impact
Priority Ringing		\$ 2.95	\$ 3.50	\$ -	\$ -	\$ -	\$ -
Call Block - Res		\$ 3.00	\$ 3.50	\$ -	\$ -	\$ -	\$ -
Distinctive Ringing		\$ 2.50	\$ 3.00	\$ -	\$ -	\$ -	\$ -
Caller ID		\$ 5.95	\$ 7.00	\$ -	\$ -	\$ -	\$ -
Caller ID Deluxe - Res		\$ 6.50	\$ 7.50	\$ -	\$ -	\$ -	\$ -
Caller ID Deluxe - Bus		\$ 6.95	\$ 7.95	\$ -	\$ -	\$ -	\$ -
Call Waiting - Res		\$ 2.95	\$ 3.50	\$ -	\$ -	\$ -	\$ -
Call Waiting - Bus		\$ 2.95	\$ 3.95	\$ -	\$ -	\$ -	\$ -
Three-Way Calling		\$ 1.95	\$ 2.95	\$ -	\$ -	\$ -	\$ -
Remote Call Forwarding		\$ 15.00	\$ 16.00	\$ -	\$ -	\$ -	\$ -
Call Forward Remote Activation		\$ 0.95	\$ 1.25	\$ -	\$ -	\$ -	\$ -
Telemarketing Blocking Service		\$ 2.95	\$ 3.25	\$ -	\$ -	\$ -	\$ -
Last Number Redial		\$ 2.95	\$ 3.50	\$ -	\$ -	\$ -	\$ -
Selective Call Forwarding - Res		\$ 3.00	\$ 3.50	\$ -	\$ -	\$ -	\$ -
Selective Call Forwarding - Bus		\$ 3.45	\$ 3.90	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -

**C. Non-recurring Charges**

Conn. Chg. - Res	\$ 30.00	\$ 40.00	\$ -	\$ -	\$ -	\$ -
Conn. Chg. - Res - Installments	\$ 10.00	\$ 13.33	\$ -	\$ -	\$ -	\$ -
Conn. Chg. - Link Up - Installments	\$ 5.00	\$ 6.67	\$ -	\$ -	\$ -	\$ -
Conn. Chg. - Bus	\$ 45.00	\$ 50.00	\$ -	\$ -	\$ -	\$ -
Conn. Chg. - Bus - Installments	\$ 15.00	\$ 16.67	\$ -	\$ -	\$ -	\$ -
Restoral Chg.	\$ 20.00	\$ 25.00	\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -

<b>Annual Revenue Impact</b>	<b>\$ 562,868</b>
<b>Chapter 30 Price Cap Formula Annual Revenue Adjustment</b>	<b>\$ 862,317</b>
<b>Over (Under) Revenue Recovery</b>	<b>\$ (299,449)</b>

Denver and Ephrata Telephone and Telegraph Company  
Chapter 30 PSM Filing  
Operating Income Statement  
Twelve Months Ended 12-31-06

Line No.	Item (a)	Current Year (b)	Prior Year (c)
	<b>INCOME</b>		
	<b>TELEPHONE OPERATING INCOME</b>		
	Operating Revenues		
1	Local Network Services Revenue		
2	Network Access Services Revenue		
3	Long Distance Toll Revenue		
4	Miscellaneous Revenue		
5	Uncollectible Revenue		
6	<b>Total Operating Revenues</b>	39,921,988	40,374,081
	Operating Expenses		
7	Plant Specific Expense		
8	Plant Non-Specific Expense		
9	Customer Operations		
10	Corporate Operations		
11	<b>Total Operating Expenses</b>	24,265,928	25,166,789
12	<b>NET OPERATING REVENUES</b>	15,656,060	15,207,292
	<b>OTHER OPERATING INCOME AND EXPENSE</b>		
13	7110 Income From Custom Work		
14	7130 Return From Nonregulated Use of Regulated Facilities		
15	7140 Gains/Losses From Foreign Exchange		
16	7150 Gains/Losses From Disposition of Land & Artworks		
17	7160 Other Operating Gains and Losses		
18	<b>Total Other Operating Income and Expenses</b>	10,425	8,930
	<b>OPERATING TAXES</b>		
19	7210 Operating Investment Tax Credits-Net		
20	7220 Operating Federal Income Taxes		
21	7230 Operating State and Local Income Taxes		
22	7240 Operating Other Taxes		
23	7250 Provision for Deferred Operating Income Tax-Net		
24	<b>Total Operating Taxes</b>	6,153,866	4,574,247
25	<b>NET OPERATING INCOME</b>	9,512,619	10,641,975
	<b>NONOPERATING INCOME AND EXPENSES</b>		
26	7310 Dividend Income		
27	7320 Interest Income		
28	7330 Income From Sinking and Other Funds		
29	7340 Allowance For Funds Used During Construction (AFUDC)		
30	7350 Gains/Losses From the Disposition of Property		
31	7355 Equity in Earnings of Affiliated Companies		
32	7360 Other Nonoperating Income		
33	7370 Special Charges		
34	<b>Subtotal Nonoperating Income and Expense</b>	(6,455,419)	(4,935,685)
	<b>NONOPERATING TAXES</b>		
35	7410 Nonoperating Investment Tax Credits-Net		
36	7420 Nonoperating Federal Income Taxes		
37	7430 Nonoperating State and Local Income Taxes		
38	7440 Nonoperating Other Taxes		
39	7450 Provision for Deferred Nonoperating Income Tax-Net		
40	<b>Subtotal Nonoperating Taxes</b>	(2,259,396)	(1,903,734)
41	<b>Total Nonoperating Income</b>	(4,196,023)	(3,031,951)
42	<b>INCOME AVAILABLE FOR FIXED CHARGES</b>	5,316,596	7,610,024
	<b>INTEREST AND RELATED ITEMS</b>		
43	7510 Interest on Funded Debt		
44	7520 Interest Expense-Capital Leases		
45	7530 Amortization of Debt Issuance Expense		
46	7540 Other Interest Deductions	836,736	1,643,117
47	<b>Total Interest and Related Items</b>	836,736	1,643,117
48	<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	4,479,860	5,966,907
	<b>EXTRAORDINARY ITEMS</b>		
49	7610 Extraordinary Income Credits		
50	7620 Extraordinary Income Charges		
51	7630 Current Income Tax Effect of Extraordinary Items-Net		
52	7640 Provision for Deferred Income Tax Effect of Items-Net		
53	<b>Total Extraordinary Items</b>	-	-
	<b>JURISDICTIONAL DIFFERENCES AND NONREGULATED INCOME ITEMS</b>		
54	7910 Income Effect of Jurisdictional Ratemaking Differences-Net		
55	7990 Nonregulated Net Income		
56	<b>Total Jurisdictional Differences and Extraordinary Items</b>	687,723	705,031
57	<b>NET INCOME</b>	5,167,583	6,671,938

Denver & Ephrata Telephone Company  
Chapter 30 PSM Filing  
PSI / SPI Calculation  
For the Year 2007

**Part 1. 2007 PSI Summary**

**Calculate 2007 PSI Adjustment, per Price Cap Plan**

Gross Domestic Product Price Index (GDP-PI), 3rd Qtr 2006	116.446000
Less: GDP-PI, 3rd Qtr 2005	112.567000
Equal: Change in GDP-PI	3.879000
Change in GDP-PI	3.879000
Divided by: GDP-PI, 3rd Qtr 2005	112.567000
Equal: % change in GDP-PI	0.034459
Less: Productivity Offset	-
Equal: % change in GDP-PI less Productivity Offset	0.034459
Plus: 1	1.000000
Equal: 1 + (% change in GDP-PI less Productivity Offset)	1.034459
Times: 2006 PSI	1.062300
Equal: 2007 PSI	1.098906

**Part 2. 2007 Revenue Opportunity Summary**

2006 Intrastate Revenue	\$ 25,024,425
% change in GDP-PI less Productivity Offset	0.034459
2007 Revenue Opportunity	\$ 862,317

**Part 3. 2007 SPI Summary**

2006 SPI	1.062300
2007 SPI Adjustment ( see Attachment 3 )	1.022493
2007 SPI	1.086194

**Part 4. 2007 Chapter 30 Banking Report**

2007 Revenue Opportunity	\$ 862,317
Less: 2007 Chapter 30 Revenue Increase	562,868
2007 Chapter 30 Revenue Opportunity Banked	\$ 299,449

Denver & Ephrata Telephone Company  
 Chapter 30 PSM Filing  
 SPI Calculation  
 For the Year 2007

Operating Revenue	Account	Percent to Total ( Vi )	Percent Increase (Decrease) ( Pt / Pt-1 )	Vi(Pt/Pt-1)
Basic Area Revenue	5001	0.512728	1.020609	0.523295
Local Private Line Revenue	5040	0.034826	1.000000	0.034826
Other Local Exchange Revenue	5060	0.085315	1.139789	0.097241
Network Access Revenue		0.296456	1.000000	0.296456
Long Distance Revenue		0.033319	1.000000	0.033319
Other Operating Revenue		0.037356	1.000000	0.037356
		<u>100.00%</u>		
Sum: Vi(Pt/Pt-1)				1.022493
SPI t-1 (2006 SPI)				<u>1.062300</u>
SPI t (2007 SPI)				<u>1.086194</u>