

FILE

4

Confidential Release

Case Number: 15-951-TP-ATA

Date of Confidential Document: 7/31/2015

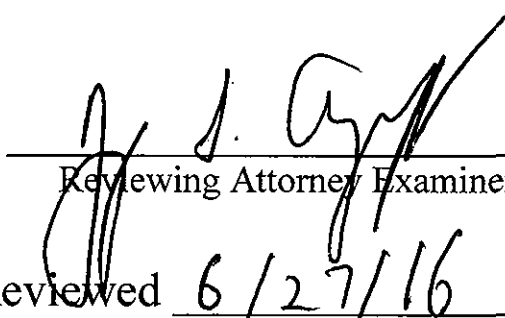
Release Date: 6/20/2016

Page Count: 2

Document Description:
2014 Regulated Account Balances

RECEIVED-PUCO
2016 JUN 27 PM 12:00
PUCO

"Consent to Release to the PUCO DIS Website"

Name 
Reviewing Attorney/Examiner's Signature

Date Reviewed 6/27/16

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician ML Date Processed 6/27/2016

RECEIVED-DOCKETING DIV

2015 JUL 31 PM 4:23

CONFIDENTIAL

PUCO

Confidential treatment has been requested for the following document:

Case # 15-951-TP-ATA

Page Count: 2

Date Filed: July 31, 2015

Filed by: W. Adams

Behalf of: Windstream Western Reserve, Inc.

Summary of document: 2014 Regulated Account Balances

Windstream Communications, Inc.

2014 Regulated Account Balances
Annual Carrying Charge Development
Western Reserve

RECEIVED-DOCKETING DIV

2015 JUL 31 PM 3:51

PUCO

Account Category	Account Description	Account Number	Company	Ratio	% of Investment
------------------	---------------------	----------------	---------	-------	-----------------

Lookup

Gross Investment					
1. Gross Pole Investment	Poles	2411	\$ 32,338,749	5.77%	100.00%
2. Gross Conduit Investment	Conduit	2441	\$ 7,166,955	1.28%	100.00%
3. Gross Plant Investment	Total	2001	\$ 560,451,386	100.00%	100.00%
Reserves					
4. Depreciation Reserve - Poles	Poles	31411	\$ 39,120,870	7.45%	120.97%
5. Depreciation Reserve - Conduit	Conduit	31441	\$ 5,341,749	1.02%	74.53%
6. Depreciation Reserves	Total	31000	\$ 525,349,085	100.00%	93.74%
Deferrals					
7. Deferred Taxes - Poles	Poles	4341	\$ (30,842)	5.77%	-0.10%
8. Deferred Taxes - Conduit	Conduit	4341	\$ (6,835)	1.28%	-0.10%
9. Deferred Taxes	Total	4341	\$ (534,514)	100.00%	-0.10%
Net Investment					
10. Net Pole Investment	Poles		\$ (6,751,279)	-18.94%	-20.88%
11. Net Conduit Investment	Conduit		\$ 1,832,041	5.14%	25.56%
12. Net Plant Investment	Total		\$ 35,636,815	100.00%	6.36%

Annual Carrying Charge Rates

13. Administrative & General	Executive & Planning	6710	\$ 577,449	1.62%	% Gross Inv.	Pole Expense	Conduit Exp.
14. Administrative & General	General & Administrative	6720	\$ 7,766,858	21.79%	0.10%	\$ 33,320	\$ 29,686
15. Maintenance - Poles	Maintenance Expense	6411	\$ 1,820,595	-26.97%	1.39%	\$ 448,157	\$ 399,284
16. Maintenance - Poles	Rental Expense (Deduct)	6411	\$ (1,773,047)	26.26%	5.63%	\$ 1,820,595	
17. Maintenance - Conduit	Maintenance Expense	6441	\$ 39,696	2.17%	-5.48%	\$ (1,773,047)	
18. Depreciation - Poles	Depreciation Expense			-36.40%	0.55%	\$ 2,457,745	\$ 39,696
19. Depreciation - Conduit	Depreciation Expense			9.39%	7.60%		
20. Taxes	Operating	7200	\$ 9,321,514	26.16%	2.40%		\$ 172,007
21. Weighted Average Cost of Capital	Cost of Capital			8.14%	1.66%		\$ 479,207
22. Total			\$ 17,753,065		-1.70%		\$ 149,172
23. Annual Carrying Charge Rate	Poles				9.20%	\$ 2,974,918	
24. Annual Carrying Charge Rate	Conduit				69.27%		\$ 1,269,051

% of Net Investment

25. Gross Pole Investment	Gross Investment / Net Investment	-479.00%
26. Gross Conduit Investment	Gross Investment / Net Investment	391.20%

Source

Gross Investment / Net Investment	-479.00%
Gross Investment / Net Investment	391.20%

WINDSTREAM COMMUNICATIONS
Weighted Average Cost of Capital
December 31, 2014

Cost of Debt

$$R_d = C * (1-t)$$

C (coupon): Weighted Average Coupon Rate	6.4%
t: Corporate Tax Rate	38.00%
Rd: After-Tax Cost of Debt	<u>3.99%</u>

Cost of Equity

$$R_e = R_f + B (R_m - R_f)$$

Rf: Risk free rate (30 year Treasury Bond Yld as of 02/13/15)	2.63%
B: Beta	1.37
(Rm-Rf): Equity Risk Premium	8.57%
Re: Cost of Equity	<u>14.37%</u>

Weighted Average
Cost of Capital:

$$WACC = (D/TC) * R_d + (E/TC) * R_e = X\%$$

D/TC: Target Ratio of Debt to Total Capitalization	60%
Rd (coupon): Cost of Debt	3.99%
E/TC: Target Ratio of Equity to Total Capitalization	40%
Re: Cost of Equity	<u>14.37%</u>
WACC: Weighted Average Cost of Capital	<u>8.14%</u>