

isolated part of Utah. Beehive had bid on Hanksville, and contested the decision of US WEST to sell the exchange to SCUTA for a price disproportional to the book value of the exchange. Moreover, had Hanksville been sold to Beehive, the routing of calls from Hanksville to Caineville would have been far more economically efficient, because the circuit would have been via radio for 15 miles.

SCUTA responded by petitioning the UPSC to de-certify Beehive at Caineville. Both matters were contested until December 1996, when SCUTA and US WEST withdrew their petition for the sale of the Hanksville exchange, and the UPSC ruled that this made Beehive's petition to purchase the exchange moot. US WEST still serves Hanksville.

Beehive incurred legal expenses in the interrelated Hanksville matters that amounted to \$170,764 in 1994 and \$34,011 in 1995.

Had Beehive been able to add Hanksville to its customer base, between 100 and 125 new customers would have been part of the Beehive network, thereby spreading Beehive's costs over a larger number of access lines. The Hanksville customers would have represented about 20% of Beehive's then-existing customer base. Moreover, Beehive has built its system to serve rural customers in south central Utah, and Hanksville would have been a logical system expansion within an area where Beehive already had a service presence.

The "USF Restructure" Case

Beehive was a party to an investigative proceeding initiated by the UPSC in 1993 to generally examine service standards and competition in the Utah telecommunications industry. See *In Re*

Docket No. 93-999-01 (Mar. 22, 1993). In that proceeding, which included all LECs and long distance carriers, the UPSC examined several matters including the formulae used to calculate Universal Service Fund ("USF") payments both on the contributing end and the receiving end of the program.

Beehive incurred \$2,938 in legal expenses in 1994, and \$2,025 in 1995, participating in the UPSC's proceeding. Clearly, expenditures made to participate in state-agency rulemakings are ordinary and necessary in the LEC business.

The Caineville Application

In May 1994, Beehive applied to the UPSC to receive a distribution from the Utah USF to aid in the construction of Beehive's Caineville exchange. *See In the Matter of Beehive's Application for a One-time Distribution of USF Funds for Caineville*, UPSC Docket No. 94-051-02 (filed May 23, 1994). The UPSC approved the distribution in September 1994. The distribution was in the form of a repayment to Beehive of construction funds paid to build the exchange. Caineville had no telephone service until Beehive built the facilities. Beehive brought service to between 30 to 50 customers who previously had no phones at all.

Beehive spent \$1,075 in legal expenses in 1994 obtaining the USF distribution. Again, such expenditures are ordinary and necessary in providing rural telephone service.

The "Shareholder" Litigation

In August 1994, Beehive was named a party defendant in a divorce action filed by Frances Gaines Brothers (then a director of

Beehive Utah) in the Third Judicial District Court in and for Tooele County, State of Utah. See *Brothers v. Brothers*, No. 944300255DA (Utah Dist. Ct. Aug. 15, 1994). In that action, the plaintiff sought to have Beehive restrained and enjoined from selling, transferring, encumbering or disposing of any assets in the ordinary course of business during the pendency of that litigation. The case was dismissed against Beehive on December 13, 1994. The court found that plaintiff's claims against Beehive failed to state a cause of action, were asserted in bad faith, and were without merit.

Dismissal of the case against Beehive benefited it and its customers by eliminating the possibility that Beehive may have been unable to take advantage of a business opportunity not in the ordinary course of business unless pre-approved by the local court and/or the plaintiff. Such restriction would have interposed an unnecessary level of authority over the Company's activities superior to its management and board of directors.

In April 1995, the members of Beehive Utah's board of directors, exclusive of Mr. Brothers, claiming to control a majority of the outstanding voting shares, removed Mr. Brothers as president, increased the number of the board of directors and appointed new officers. They also initiated two state court actions. First, they filed suit in the Third Judicial District Court in and for Salt Lake County State of Utah ("Utah Court") seeking to enjoin Mr. Brothers from using, controlling, secreting or disposing of any of Beehive Utah's assets. See *Beehive Telephone Company, Inc. v. Brothers*, No. 950902795CV (Utah Dist. Ct. Apr. 24, 1995). Then they sought simi-

lar injunctive relief in an action brought against Mr. Brothers and Beehive Nevada in the Fourth Judicial District Court of the State of Nevada in and for the County of Elko ("Nevada Court"). See *Beehive Telephone Co., Inc. v. Brothers*, No. 27029 (Nev. Dist. Ct. June 16, 1995).

In June 1995, Beehive Nevada sued Beehive Utah in the Utah Court for conversion, breach of contract, interference with contract, and intentional interference with economic relations. See *Beehive Telephone Co., Inc. Nevada v. Beehive Telephone Co., Inc.*, No. 950904424CN (Utah Dist. Ct. June 23, 1995). Beehive Nevada sought equitable and injunctive relief as well as damages.

On August 31, 1995, a settlement was reached between all parties to the Nevada Court action and the Utah Court cases. All litigation was terminated and dismissed with prejudice. Mr. Brothers was reinstated as president, the dissident directors resigned, and new directors were appointed. As part of the settlement, Beehive agreed to pay the costs and fees of the parties involved in the litigation. Expenses incurred by Beehive in 1995 for the shareholder litigation in 1995 totalled \$554,536 (Beehive recovered \$8,410 in 1996 after it contested some of the legal fees).

The settlement benefited Beehive and its customers in that it resolved the litigation which had become very disruptive and expensive. Moreover, it reinstated Mr. Brothers as chief executive officer to run the day to day operations of the Company. Following the takeover in April 1995, the daily operations had suffered somewhat by reason of the inexperience of the new management and because

of the demands on their time necessitated by the ongoing litigation.

Beehive notes that the courts have long held that the expenses of defending or settling shareholder litigation are legitimate charges upon income for ratemaking and other analogous situations. See, e.g., *New Jersey Natural Gas Company*, 76 P.U.R. 4th 605 (N.J. Bd. of Pub. Util. 1986) (one-half of expenses of opposing proxy contest allowed in rate proceeding); *Central Foundry Company v. Commissioner of Internal Revenue*, 49 T.C. 234 (1967) (corporation allowed to deduct expenses of insurgent stockholders who privated in a proxy contest) ^{5/}; *Locke Manufacturing Cos. v. United States*, 273 F.Supp. 80 (D. Conn. 1964) (corporation allowed to deduct expenses of incumbent management in proxy contest); *Internal Revenue Service, Technical Advice Memorandum*, 9043003, 1990 WL 700732. *Accord A.E. Staley Manufacturing Company v. Commissioner of Internal Revenue*, 119 F.3d 482 (7th Cir. 1997) (payments to investment bankers in unsuccessful attempt to defeat hostile takeover qualified for income tax deductions). Such expenses are necessary and ordinary in the sense that they represent a defense and preservation of the business and its policies. As such, they inure to the benefit of the company and in the case of a public utility to its rate-payers.

The Ball Breach of Contract Case

In November 1995, James E. Ball sued Beehive in the Utah Court

^{5/} *In Mountain States Tel. and Tel. Co. v. FCC*, 939 F.2d 1021, 1031-32 (D.C. Cir. 1991), the court recognized the applicability to ratemaking cases of tax cases involving the allowability of deductions from income.

for breach of contract. See *Ball v. Beehive Telephone Co., Inc.*, No. 950908228CN (Utah Dist. Ct. Nov. 28, 1995). Mr. Ball claimed that Beehive breached an agreement (allegedly entered into on August 31, 1995 when the dissident directors were still in control of Beehive Utah) under which he was to receive assistance benefits from an educational trust. He seeks \$120,000 in liquidated damages from the Company. The matter is still pending.

Beehive incurred \$51,436 in legal expenses defending the *Ball* breach of contract suit in 1996 (and \$165 in 1995). The Commission views such contract disputes as matters arising out of the ordinary course of business, and it allows the litigation expenses engendered by those disputes to be recorded above-the-line. See *Litigation Costs*, 12 FCC Rcd at 5118. Such should be the case with respect to the *Ball* breach of contract suit.

The Dangling Rope Marina Case

In April 1996, Beehive petitioned the District Court for a temporary restraining order ("TRO") prohibiting the National Park Service ("NPS") from terminating Beehive's permit to operate an exchange at the Dangling Rope Marina on Lake Powell as authorized by the UPSC. See *Beehive Telephone Co., Inc. v. National Park Service*, No. 2-96-CV-362-J (C.D. Utah filed Apr. 23, 1996). The Dangling Rope Marina is arguably the most isolated spot in Utah. It is accessible only by boat or helicopter, and it is the marina closest to Rainbow Bridge, which means that more than a hundred thousand U.S. and international visitors pass through annually. There is no telephone service except for Beehive's telephone. There are life-

threatening emergencies daily at Dangling Rope in the summer months. Visitors have no access to even emergency phones. The engineering aspects of Dangling Rope's service area formidable. NPS restrictions have prevented Beehive from siting relay equipment where constantly reliable radio signals facilitate optimal service, and there have been many complaints about the service reliability. Beehive has attempted to upgrade the system, but cannot unless the NPS reasonably accommodates the engineering requirements, which NPS has refused to do.

The District Court issued a TRO for Beehive and ultimately found in Beehive's favor. Beehive continues to provide telephone service at the Dangling Rope Marina.

Beehive incurred legal expenses of \$7,745 in 1995, and \$34,060 in 1996, in connection with its District Court action against NPS. 6/

Summary

A detailed in Exhibit 5, Beehive's legal expenses totalled \$309,224 in 1995, \$727,395 in 1995, and \$273,009 in 1996. However, its legal fees for agency proceedings and court actions were as follows:

6/ Exhibit 4 lists legal expenses incurred in connection with "Dangling Rope" but not in connection with Beehive's 1996 District Court action. Those expenses reflect fees engendered by regulatory matters before the Commission and the UPSC. For example, Beehive incurred expenses in 1995 in seeking Commission authorization to improve or maintain its radio links to the Dangling Rope Marina. Those expenses include fees for related engineering services provided by engineers employed by undersigned counsel's firm.

	1994 (\$)	1995 (\$)	1996 (\$)
"Bellcore" Litigation	97,495	28,244	97,058
AT&T Litigation		10,313	30,830
MCI Litigation		25,719	42,880
Wendover Case	5,381	3,503	3,731
Kolob Mountain Proceeding	219	6,703	4,054
Hanksville Litigation	170,764	34,011	
"USF Restructure" Case	2,938	2,025	
Caineville Application	1,075		
"Shareholder" Litigation		554,536	(8,410)
Ball Breach of Contract Case		165	51,436
Dangling Rope Marina Case		7,745	34,060

Nonregulated Activities

Beehive has no nonregulated activities associated with cable, cellular or other wireless service. Other nonregulated activity includes minimal customer premise wiring, which is booked to Account 5264.1. In addition, Beehive began providing internet service in 1996, which is booked below the line in Account 7921.62B.

Additional Cost Support

The additional cost support information requested by the Commission is attached as Exhibit 6. Exhibit 6A, entitled "Traffic Sensitive Tariff USF/Access Reform Filing, January 1, 1998" shows the development of Beehive's January 1, 1998 revenue requirement based on its 1995 and 1996 actual costs as adjusted to reflect the *Universal Service Order* and *Access Reform Order*. Exhibit 6B, entitled "Traffic Sensitive Rate Development" demonstrates the development of all traffic sensitive rates, including transport and

local switching rates, filed in Transmittal No. 8. Additionally, Exhibit 6A contains the cost studies and Exhibit 6C contains the workpapers used to calculate the rates and to determine the plant specific, plant non-specific, corporate operations, and customer operation expenses.

Explanation Of Changes In 1995-1996 Data

The cost data filed in Transmittal No. 8 differed from the cost data filed in Transmittal No. 6 in three respects. First, Transmittal No. 6 was based only on cost data for calendar year 1996. Beehive erred by not basing its 1997 annual access tariff filing on its total costs of service and related demand for calendar years 1995 and 1996 as required by 47 C.F.R. § 61.39(b)(1)(ii). To correct its error, in Transmittal No. 8, Beehive calculated its July 1, 1997 revenue requirements based on its 1995 and 1996 actual costs, as recently updated by Beehive in the preparation of its UPSC annual report. Demand was determined based on interstate access minutes of use as revised by Beehive in the course of the arbitration with AT&T before the Utah Division of Public Utilities, Utah Department of Commerce. Exhibit 7, Column L, indicates the differences in Transmittal No. 6 and No. 8 due to the reliance on only 1996 cost data and subsequent reliance on both 1995 and 1996 cost data. ^{7/}

^{7/} The amounts on Exhibit 7 are taken from the cost study workpapers which support the cost studies which were used to develop the revenue requirements used in rate development. The investment and reserve amounts are an average of the prior year and the current year because that is the method used for settlement purposes with NECA. (Example: 1995 - (1995+1994)/2). Both the average investment/reserve and expense amounts were
(continued...)

Second, the cost data filed in support of Transmittal No. 8 was based on more accurate financial information than the cost data filed in support of Transmittal No. 6. Column M, of Exhibit 7 shows the difference due to the availability of more accurate 1996 financial information for Transmittal No. 8. By the time Transmittal No. 8 was filed, Beehive had nearly completed the enormous task of reviewing its financial information for calendar years 1986-1993 which was necessitated by the discovery that its financial records had not been accurately, nor properly maintained.

In the fall of 1995, Mr. Brothers learned that Beehive's firm of certified public accountants ("CPA") had made material misstatements in Beehive's financial statement for the years ending December 31, 1986-1993 because the CPA firm reported an incorrect number of shares outstanding for years 1986-1993 and violated accepted principles of financial statement reporting. As a result of the inaccurate financial statements, in 1996, Mr. Brothers retained a different CPA firm to audit Beehive's books and financial records and employed a new company accountant. Since the new CPA firm and company accountant could not rely on the audited financial statements previously prepared, they were forced to review the records and determine correct balances, and to audit properly Bee-

2/ (...continued)

adjusted by study adjustments which reclassify amount to the proper account or allocate dollars between companies due to the existence of shared facilities. Financial support and study adjustment support as well as the workpapers supporting the amounts shown can be found in the Exhibit 6C as follows: pages 30-78, 108-146, 176-225, 257-296.

hive's financial statements. Although Beehive continued to maintain its financials for subsequent years, until Beehive could establish accurate balances for years 1986-1993, its later records could not be finalized.

Specifically, with regard to years 1994-1996, the new CPA concluded that significant amounts of opening balances (at December 31, 1993) were different than had been reported on the 1993 year end financial statements and that the Beehive's transactions were not being recorded in accordance with FCC Part 32, especially with respect to revenue recording. Therefore, the company was required to rebuild its records for years 1994, 1995, and a substantial part of 1996 in order to reflect the adjusted opening balances and to properly reflect Beehive's transactions in accordance with Part 32 accounts. Obviously, this procedure required considerable time and effort. ^{8/} At the time Beehive supplied its consultant, Cathey, Hutton & Associates, with information to support Transmittal No. 6, review of the 1996 financial had not been completed. Transmittal No. 6 was based on the most current financial information available at the time of filing. Since Beehive has continued to finalize its records, more accurate financial information became available for the filing of Transmittal No. 8.

Lastly, Transmittal No. 6 was based on cost data determined using a weighted DEM factor as was allowed at the time of filing.

^{8/} Additionally, the preparation of Beehive's financial records, necessitate by the IRS proceeding, assisted Beehive in further correcting its records.

Transmittal No. 8 was based on cost data determined using an unweighted DEM factor as was required for the development of rates to be used beginning January 1, 1998 in accordance with the Commission's access charge reform decision, *In the matter of Access Charge Reform*, CC Docket No. 96-262, *First Report and Order*, FCC 97-158 (rel. May 16, 1997).

Respectfully submitted,

BEEHIVE TELEPHONE COMPANY, INC.
BEEHIVE TELEPHONE, INC. NEVADA

By



Russell D. Lukas
George L. Lyon, Jr.
Pamela Gaary

Their Attorneys

Lukas, Nace, Gutierrez
& Sachs, Chartered
1111 19th Street, N. W.
Twelfth Floor
Washington, D. C. 20036
(202) 857-3500

April 6, 1998



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AGREEMENT FOR LEASE OF SWITCHING EQUIPMENT

This agreement is to set forth terms and conditions of switching equipment to be provided by Dave Goodale, Joy Enterprises of Las Vegas, Nevada, to the Beehive Telephone Companies of Oasis, Nevada and Wendover, Utah.

Whereas Beehive switching facilities at various parts of its system are incapable of handling increases of minutes of traffic by virtue of Joy's business activities within the Beehive Certificated areas it is agreed that Joy will furnish, install, and maintain a minimum of four switching exchanges necessary for Beehive to meet its service obligations.

The amount per month for lease of said facilities shall be \$84,000 per month which shall include installation, maintenance, programming, insurance, and buildings where required.

Provision of said switching facilities shall be such that they shall be automatically cut into service as an overload accommodator, with eventual assumption of all traffic for to be determined specific Beehive exchanges which exceed an monthly minute traffic density as measured in the first half of 1994.

If the accommodator is not required for any period of more than thirty days, Beehive's liability for payment pursuant to this agreement may be suspended for each such month as a rate to be agreed to by the parties. Anticipated costs of facilities are noted below.

Note: Hatfield Associates reports show the average cost of a host central office switch is \$560,000 less ports. The parties agree this amount shall be the figure from which cost basis shall be calculated. Depreciation expense of 11% for a nine year life span is a recognition of technical obsolescence. This document may be modified from time to time to reflect additional facilities or changes required by the parties. Legal costs are anticipated and will be adjusted out or into more switches, if such costs over time are not as anticipated.

Cost of each switch: \$560,000 ::: depreciation - 61,600;
ROR - 12% = 67,200; Maint - 8% = 44,800; tax/ins 3.5% = 19,600;
Adm/legal - \$58,800. Total: \$252,800/yr/switch x 4 = \$1,008,000.
= \$84,000/mo.

Date: 1-1-96

Signed: [Signature] for Beehive Telephone Co. Inc,

Accepted: [Signature] for Joy Enterprises, Inc.

Schedule A

Farm
 10 Secc
 Minnea

Post-It* Fax Note	7671	Date	4-6	# of pages	2
To	JAN GARDEN	From	KATE PERICH		
Co./Dept	BEEHIVE	Co	FARM CREDIT		
Phone #	TELEPHONE	Phone #	LEASING		
Fax #	801-596-9504	Fax #			

Contract Number 6006893
 Application Number 510522
 Customer Number 5016331

This Schedule A, when executed by both Lessee and Lessor shall be made a part of that Lease Agreement dated 4/2/93
 ("Lease") between Lessee and Lessor.

Lessee:
 Beehive Telephone Company
(please print or type full name)
 By: [Signature] 4-2-93
Date
 President
Title (corporations only)
 Signature Date
 Signature Date
 Signature Date

Lessor:
 Farm Credit Leasing Services Corporation
 By: [Signature]
Signature
 Transportation Administrator
Title
5/2/93
Date
 10 Second Street NE
 Minneapolis, Minnesota 55413

Client
 Art Brothers
 Phone
 801/665-2277

Starting address
 P.O. Box 518 Wendover Tooele Utah 84083

Asset	New/Used	MACRS Life	Quantity/Year/Manufacturer/Model/Description/Serial number	Equipment cost less trade-in down payment	Fixed Purchase Option or TRA allowed by asset if applicable
A	New		1/1993 Dodge W250 4x4 Club Cab Pickup	\$21,323	\$6,396.90
B			sn: 3B7KM23C4PM134760		
C	New		1/1993 Dodge W250 4x4 Club Cab Pickup	\$21,323.00	\$6,396.90
D			sn: 3B7KM23COPM128681		
TOTAL NET EQUIPMENT COST (exclusive of applicable acquisition taxes)				\$42,646.00	

Down Payment: None Yes No
 Returned to Lessor? Yes No
 Trade-in: None Yes No
 Returned to Lessor? Yes No
 Purchase option type: Fixed Purchase Option (FPO) Terminal Rental Adjusted (TRA) (Transportation Administrator required)
 Fair Market Value (FMV) Other
 Transportation Administrator applied: Yes No 4-2-93
 Addressed Date
 Tax Incentive applied: Yes No
 Addressed Date
 Federal income tax exempt: Yes No
 If yes, why?

FCL USE ONLY
 Price % Yes No
 LCC Yes No
 Escrow Yes No
 Promissory Note 4-27-93
 In-Services Date

EQUIPMENT LOCATION						
Asset	Asset ID No.	Street Address/Rural Route	City	State	Zip Code	County
A	15491	Beehive Telephone Company 425 Norway Street	Silverton	OR	97381	Marion
B	15492					
C						
D						

All areas must be completed in the Lease Pricing section prior to mailing to Farm Credit Leasing.
Areas that do not apply in this section must be filled with "N/A" or "ZERO".

LEASE PRICING						
Lease Rate Factor	Scheduled Lease Term (in months)	Minimum Lease Term (in months)	Rental schedule* (Detail irregular rents below)	Rentals (advance or arrears)	Rental frequency (Annual, semi-annual, quarterly, monthly, irregular)	Total number of rentals
.02380	36	12	\$1,014.96	Adv.	Monthly	36
Irregular rent detail* Mo/Yr Payment amount Mo/Yr Payment amount Mo/Yr Payment amount				Special Terms: Lessee hereby agrees to pay Lessor at the expiration of the Lease, an amount equal to \$ _____ per _____ for each _____ the Equipment is used in excess of _____ per year prorated to expiration or termination of the Lease.		
1	5		9			
2	6		10			
3	7		11			
4	8		12			
Daily Billing Option <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Floating Rate (subject to 10-day Farm Credit Discount Note) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Lessor Minimum Percentage for purposes of Terminal Rental Adjustment 65 %		
Security Deposit \$ None		Lessee Percentage for purposes of Lease Purchase Addendum n/a		*Exclusive of applicable tax billed on rentals.		

COMMENTS

GUARANTOR'S ACKNOWLEDGEMENT (IF APPLICABLE)

This Lease guaranteed by: _____ Name (print name of guarantor)	This Lease guaranteed by: _____ Name (print name of guarantor)	This Lease guaranteed by: _____ Name (print name of guarantor)
_____ Signature	_____ Signature	_____ Signature

ACKNOWLEDGEMENT ONLY OF CONTRACT GUARANTY



FARM CREDIT LEASING

NW-9675
 PO Box 1450
 Minneapolis MN 55485

Invoice

INVOICE NUMBER:
 CUSTOMER NUMBER:
 CUSTOMER ID:
 INVOICE DATE:
 PAGE:

162589
 5016331
 JANUARY 12, 1995
 1 OF 1

ATTN: ART BROTHERS
 BEEHIVE TELEPHONE COMPANY
 P.O. BOX 518
 WENDOVER, UT 84083

REFLECTS RECEIPTS THRU 01/06/95
 PAYMENTS ARE DUE BY 02/01/95
 BALANCES AS OF 02/05/95 WILL BE
 ASSESSED MONTHLY LATE FEES OF 1.5%

DATE DUE	ITEM	AMOUNT	TAX	TOTAL
001-6006893-000 02/01/95	93 DODGE W250 PICKUPS RENTAL	1,014.96		SILVERTON, O 1,014.9
001-6010681-000 02/01/95	93 BUICK SKYLARK RENTAL	407.58		SILVERTON, O BROTHERS, AR 407.5
001-6015342-000 02/01/95	94 FORD RANGER PICKUP RENTAL	290.69		SILVERTON, O BROTHERS, FRA 290.6
001-6015343-000 2/01/95	94 FORD RANGER PICKUP RENTAL	290.69		SILVERTON, O BROTHERS, FRA 290.6
INVOICE TOTAL:		2,003.92	0.00	2,003.9

BEEHIVE TELEPHONE CO., INC.
 UTAH GENERAL ACCOUNT
 GROUSE CREEK, UTAH 84313

2278
 31-171240

DATE: Jan 31 19 95

AMOUNT: \$ 2,003.92

THOUSAND DOLLARS

First Security Bank of Utah
 445 Trolley Square
 Salt Lake City, Utah 84102

162589 / 5016331

1240000121131 00050 36 2278

IF YOU HAVE QUESTIONS REGARDING YOUR BILLING, PLEASE CALL (612) 797-3426

FARM CREDIT LEASING

(612) 797-7400
1600 Colonnade
5500 Wayzata Blvd.
Minneapolis, MN 55416-1252

Purchase Order

PURCHASE ORDER NO : 303456
CONTRACT NUMBER : 001-6015313-000
FCL ASSET NUMBER : 130402
DATE PLACED : 03/18/1994
ESTIMATED DELIVERY: 05/18/1994
FCL CUSTOMER NO : 5016331

LESSEE:

Beehive Telephone Co.
P.O. Box 518

Wendover, UT 84083

VENDOR: 119635

Saxon Ford
225 University Ave.
P.O. Box 17299
St. Paul, MN 55103

DRIVER:

BEEHIVE TELEPHONE CO.
c/o FRAN BROTHERS
WENDOVER, UT 84083
(801) 665-2277

INSURANCE INFORMATION:

Great American Insurance Co
CCA 754-69-8

REQUESTED DELIVERY DEALER:

SUPPS FORD
WELLS, NV
(702) 752-3316

USED UNIT INFORMATION:

YEAR/BODY INFORMATION

YEAR: 1994
MODEL: Ford Ranger Reg Cab 2WD
BODY STYLE: R10 114" WP XL
EXTERIOR COLOR: White
INTERIOR COLOR: Mocha
MATERIAL: Vinyl
SEAT STYLE: Bench
ENGINE: 99U 3.0L EFI V6
TRANSMISSION: 4M 5-speed Manual w/OD

VEHICLE EQUIPPED AS PER MANUFACTURER'S
STANDARD EQUIPMENT
PLUS THE FOLLOWING OPTIONS:

OPTIONS

861A XL DEP
T85 P215/70R14SL SBR BSW AS Tires
624 Super Cooling
652 19.6 Gal. High Cap. Fuel Tank
684 Handling Pkg.
153 Frt Lic Bracket
52N Spd Control/Tilt Whl
52H P/Steering
433 Sliding Rear Window
587 AM/FM Stereo
632 HD Battery
205 Payload Pkg #2

DA

FEDERAL ID NUMBER : 41-1482186
TITLE/REGISTRATION: CUSTOMER TO TITLE
FCL SALES TAX NO. :

CUST UNIT NO: N/A
F.O.B. : CUSTOMER
UNIT COST : Per Contract

Purchaser



Purchaser (Required if \$100,000 or more)

All specifications, terms and conditions on the face and reverse side of this order are made a part hereof. Farm Credit Leasing Services Corporation's Purchase Order Number must appear on all invoices and correspondence.



Part of the Farm Credit System

PR002 (10/92)

FARM CREDIT LEASING

(612) 797-7400
1600 Colonnade
5500 Wayzata Blvd.
Minneapolis, MN 55416-1252

Purchase Order

PURCHASE ORDER NO : 303457
CONTRACT NUMBER : 001-6015342-000
FCL ASSET NUMBER : 130404
DATE PLACED : 03/18/1991
ESTIMATED DELIVERY: 05/18/1994
FCL CUSTOMER NO : 5016331

LESSEE:
Beehive Telephone Co.
P.O. Box 518

Wendover, UT 84083

VENDOR: 119535
Saxon Ford
225 University Ave.
P.O.Box 17299
St. Paul, MN 55103

DRIVER:
BEEHIVE TELEPHONE COMPANY
c/o FRAN BROTHERS
WNOVER, UT 84083
(801) 665-2277

INSURANCE INFORMATION:
Great American Insurance Co
GCA 754-59-6

REQUESTED DELIVERY DEALER:
SUPPS FORD
WELLS, NV
(702) 752-3316

USED UNIT INFORMATION:
None

YEAR/BODY INFORMATION

YEAR: 1991
MODEL: Ford Ranger Reg Cab 2WD
BODY STYLE: R10 114" WB XL
EXTERIOR COLOR: White
INTERIOR COLOR: Mocha
MATERIAL: Vinyl
SEAT STYLE: Bench
ENGINE: 99U 2.9L EFI V6
TRANSMISSION: 11M 5 spd Manual w/OD

VEHICLE EQUIPPED AS PER MANUFACTURER'S
STANDARD EQUIPMENT
PLUS THE FOLLOWING OPTIONS:

OPTIONS

- 861A XL PEP
- 205 Payload Pkg #2
- T85 P215/70R14SL SBR BSW AS
- 624 Super Cooling
- 652 19.5 Gal. Hi-Capacity Tank
- 684 Handling Pkg
- 153 Frt Lic. Bracket
- 52N Spd Control/Tilt Whl
- 52H P/Steering
- 433 Sliding Rear Window
- 587 AM/PM Stereo
- 632 HD Battery

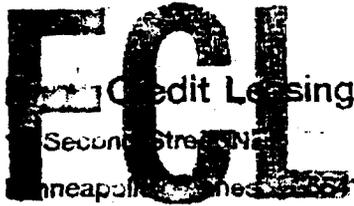
DA

FEDERAL ID NUMBER : 41-1482186
TITLE/REGISTRATION: CUSTOMER TO TITLE
FCL SALES TAX NO. :

CUST UNIT NO: N/A
P.O.R. : CUSTOMER
UNIT COST : Per Contract

Purchaser: Karl Christensen Purchaser (Required if \$100,000 or more)

All specifications, terms and conditions on the face and reverse side of this order are made a part hereof. Farm Credit Leasing Services Corporation's Purchase Order Number must appear on all invoices and correspondence.



Schedule A

CONTRACT NUMBER: 001-6010681-000
 CUSTOMER NUMBER: 5016301
 CUSTOMER ID:
 PREPARATION DATE: 10/02/1993
 PAGE: 1 OF 1

SCHEDULE A, WHEN EXECUTED BY BOTH LESSEE AND LESSOR SHALL BE A PART OF THAT AGREEMENT DATED APRIL 02, 1993 ("LEASE") BETWEEN LESSEE AND LESSOR.

LESSEE: BEEHIVE TELEPHONE CO.
 P.O. BOX 518
 WENDOVER, UT 84083

LESSOR: FARM CREDIT LEASING
 10 SECOND STREET N.E.
 MINNEAPOLIS, MN 55413

ASSET: 93 BUICK SKYLARK CU#: WENDOVER, UT

PRICE: \$16,050.00 TRAILER AMOUNT: \$4,494.00

ASSET DETAIL:

ASSET ID	DESCRIPTION	SERIAL NUMBER	DRIVER
123802	93 BUICK	1G4NM54N3PC270244	BROTHERS, ART

LEASE TERMS:

IN-SERVICE DATE:	09/24/1993	COMMENCEMENT DATE:	10/01/1993
SCHEDULED TERM:	36	MINIMUM TERM:	12
PAYMENT AMOUNT:	\$407.58	PAYMENT FREQUENCY:	MONTHLY
PAYMENT IN ADVANCE OR ARREARS:	ADVANCE	FIXED OR FLOATING RATE:	FIXED

TYPE OF LEASE OPTION: TRA LESSEE MAX: 59.00%

SIGNATURE	DATE	SIGNATURE	DATE
<i>Art Brothers</i>	10-08-93	<i>W. J. Hoyer</i>	10/02/1993
BEEHIVE TELEPHONE CO.		DIRECTOR OF CONTRACT ADMINISTRATION FARM CREDIT LEASING	

BEEHIVE TELEPHONE COMPANIES
LEGAL FEES
1994

DATE	VENDOR	DOCUMENT	AMOUNT	DESCRIPTION
01/16/94	DAVID IRVINE	6562	\$ 1,750.00	BELLCORE
01/16/94	DAVID IRVINE	6562	\$ 7,116.80	HANKSVILLE
01/16/94	DAVID IRVINE	6562	\$ 453.13	REA
01/26/94	LUKAS, MCGOWAN ET AL	6605	\$ 10,832.82	BELLCORE
02/22/94	DAVID IRVINE	6725	\$ 1,100.00	BELLCORE
02/22/94	DAVID IRVINE	6725	\$ 437.50	CAINVILLE
02/22/94	DAVID IRVINE	6725	\$ 10,168.53	HANKSVILLE
02/22/94	DAVID IRVINE	6725	\$ 637.50	REA
02/22/94	DAVID IRVINE	6725	\$ 50.00	WENDOVER
02/23/94	LUKAS, MCGOWAN ET AL	6736	\$ 15,541.79	BELLCORE
03/26/94	DAVID IRVINE	6832	\$ 125.00	BELLCORE
03/26/94	DAVID IRVINE	6832	\$ 9,866.41	HANKSVILLE
04/03/94	LUKAS, MCGOWAN ET AL	6976	\$ 18,304.85	BELLCORE
04/17/94	DAVID IRVINE	6955	\$ 18,069.75	HANKSVILLE
04/17/94	DAVID IRVINE	6955	\$ 312.50	WENDOVER
04/17/94	DAVID IRVINE	6955	\$ 812.50	REA
04/17/94	LUKAS, MCGOWAN ET AL	6967	\$ 26.50	BELLCORE
04/17/94	LUKAS, MCGOWAN ET AL	6967	\$ 5,753.96	FCC
04/30/94	HICKS & RAGLAND	1006	\$ 6,373.90	HANKSVILLE
05/24/94	DAVID IRVINE	1067	\$ 2,493.96	HANKSVILLE
05/24/94	DAVID IRVINE	1067	\$ 662.50	REA
05/27/94	LUKAS, MCGOWAN ET AL	1073	\$ 27.50	BELLCORE
05/27/94	LUKAS, MCGOWAN ET AL	1073	\$ 791.11	FCC
05/31/94	DAVID IRVINE	1110	\$ 10,189.57	HANKSVILLE
06/08/94	HICKS & RAGLAND	1166	\$ 156.91	HANKSVILLE
06/09/94	PUCCINELLI AND PUCCINELLI	2999	\$ 575.00	MISC
06/13/94	LUKAS, MCGOWAN ET AL	1223	\$ 9,684.96	BELLCORE
06/13/94	LUKAS, MCGOWAN ET AL	1223	\$ 27.50	MISC
07/09/94	PUCCINELLI AND PUCCINELLI	1342	\$ 150.00	MISC
07/10/94	ARTHUR J RITTER	1358	\$ 377.00	HANKSVILLE
07/10/94	DAVID IRVINE	1357	\$ 5,634.00	HANKSVILLE
07/19/94	LUKAS, MCGOWAN ET AL	1403	\$ 18,997.30	BELLCORE
07/19/94	LUKAS, MCGOWAN ET AL	1403	\$ 3,868.50	FCC
08/07/94	DAVID IRVINE	1512	\$ 4,670.69	HANKSVILLE
08/07/94	DAVID IRVINE	1512	\$ 5,018.75	WENDOVER
08/07/94	PUCCINELLI AND PUCCINELLI	1500	\$ 225.00	MISC
08/07/94	WILLIAMS & JENSEN	1518	\$ 10,704.32	HANKSVILLE
08/22/94	LUKAS, MCGOWAN ET AL	1585	\$ 467.50	BELLCORE
08/22/94	LUKAS, MCGOWAN ET AL	1585	\$ 2,578.50	FCC
09/02/94	WILLIAMS & JENSEN	1635	\$ 32,024.83	HANKSVILLE
09/05/94	PUCCINELLI AND PUCCINELLI	3051	\$ 112.50	MISC
09/08/94	DAVID IRVINE	1656	\$ 500.00	CAINVILLE
09/08/94	DAVID IRVINE	1656	\$ 1,218.75	DANGLING ROPE
09/08/94	DAVID IRVINE	1656	\$ 7,318.87	HANKSVILLE
09/08/94	DAVID IRVINE	1656	\$ 2,500.00	UTAH USF RESTRUCTURE
09/30/94	LUKAS, MCGOWAN ET AL	1711	\$ 6,163.69	BELLCORE