

BEFORE THE STATE CORPORATION
COMMISSION OF THE STATE OF KANSAS

In the Matter of the Application of)
Moundridge Telephone Company, Inc.) 25-MRGT-222-KSF
for Additional Kansas Universal)
Service Fund Support)

Prepared by

Staff

Utilities Division

Kansas Corporation Commission

Schedule Number	Description
Rev Req	KUSF Requirement Summary
A-1	Staff Adjusted and Pro Forma Rate Base
A-2	Staff Adjustments To Applicant Adjusted Rate Base
A-3	Explanation of Staff Adjustments to Rate Base
A-4	Staff Cash Working Capital as Adjusted
B-1	Staff Adjusted and Pro Forma Operating Income Statement
B-2	Staff Adjustments to Applicant Adjusted Income Statement
B-3	Explanation of Staff Adjustments to Income Statement
B-4	Staff Adjusted and Pro Forma Calculation of Taxable Income
B-4-1	Interest Expense Calculation
C-1	Staff Adjusted and Pro Forma Capital Structure
C-2	Staff Adjustments to Capital Structure
C-3	Explanation of Staff Adjustments to Capital Structure

Moundridge Telephone Company
Staff KUSF Requirement
For Test Year Ending December 31, 2023

Line No	Description	Staff Adjusted Total Company	Total Staff Adjusted Interstate	Total Staff Adjusted Intrastate
1	Pro Forma Rate Base	12,046,483	6,427,745	5,618,739
2	Staff Rate of Return	<u>7.21%</u>	<u>7.21%</u>	<u>7.2124%</u>
3	Operating Income Required	868,846	463,597	405,248
4	Staff Adjusted Operating Income	<u>(715,091)</u>	<u>(111,225)</u>	<u>(603,866)</u>
5	Net Pro Forma Revenue Increase/(Decrease)	1,583,937	574,822	1,009,114
6	Net to Gross Multiplier	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
7	Gross Forma Revenue Increase/(Decrease)	<u><u>1,583,937</u></u>	<u><u>574,822</u></u>	<u><u>1,009,114</u></u>

Moundridge Telephone Company
 Staff Adjusted and Pro Forma Rate Base
 For Test Year Ending December 31, 2023

Line No.	Acct	Description	A	B	C	D	E	F	G	H	I	J	K
			Applicant Book Balance	Applicant Cost Study Adjustments	Applicant Cost Study Balance	Applicant Pro Forma Adjustments	Applicant Pro Forma Balance	Staff Adjustments	Staff Adjusted Balance	Staff Adjusted Balance	Allocation Interstate	Allocation Intrastate	Staff Adjusted Interstate Rate Base
1	2111	Land	33,518	(5,336)	28,182	0	28,182	0	28,182	0.573425	0.426575	16,160	12,022
2	2112	Motor Vehicles	235,000	(66,679)	168,321	0	168,321	0	168,321	0.573425	0.426575	96,519	71,802
3	2115	Garage Work Equipment	0	0	0	0	0	0	0	0.573425	0.426575	0	0
4	2116	Other Work Equipment	264,340	(78,013)	186,327	10,604	196,931	25,807	222,738	0.573425	0.426575	127,724	95,015
5	2121	Buildings	1,047,607	(193,216)	854,391	41,861	896,252	0	896,252	0.573425	0.426575	513,933	382,319
6	2122	Furniture	142,120	(39,300)	102,820	0	102,820	0	102,820	0.573425	0.426575	58,960	43,860
7	2123	Office Equipment	23,930	(6,617)	17,313	0	17,313	0	17,313	0.573425	0.426575	9,928	7,385
8	2124	General Purpose Computers	79,049	(21,859)	57,190	0	57,190	0	57,190	0.573425	0.426575	32,794	24,396
9		Total Land & Support Assets	1,825,564	(411,021)	1,414,543	52,465	1,467,008	25,807	1,492,815			856,018	636,798
10	2210	Central Office Switching	806,384	(648,618)	157,766	(157,766)	0	0	0	0.826922	0.173078	0	0
11	2220	Operator Systems	0	0	0	0	0	0	0	1.000000	0.000000	0	0
12	2230	Central Office Transmission	4,692,590	647,765	5,340,355	134,047	5,474,402	(68,437)	5,405,965	0.701433	0.298567	3,791,922	1,614,043
13		Total Central Office Equipment	5,498,974	(853)	5,498,122	(23,719)	5,474,402	(68,437)	5,405,965			3,791,923	1,614,043
14	2310	Information Origination/Termination	1,383	(1,383)	0	0	0	0	0	1.000000	0.000000	0	0
15		Total Information Orgination/Termination	1,383	(1,383)	0	0	0	0	0			0	0
16	2411	Poles	924	0	924	0	924	0	924	0.536666	0.463334	496	428
17	2421	Aerial Cable	31,941	0	31,941	0	31,941	0	31,941	0.536666	0.463334	17,141	14,799
18	2423	Buried Cable	6,047,487	0	6,047,487	0	6,047,487	0	6,047,487	0.536666	0.463334	3,245,481	2,802,007
19	2423	Buried Fiber Optic Cable	9,952,039	(272,924)	9,679,115	5,599,754	15,278,869	194,451	15,473,320	0.536666	0.463334	8,304,005	7,169,315
20	2431	Aerial Wire	0	0	0	0	0	0	0	0.536666	0.463334	0	0
21	2441	Conduit Systems	2,183,057	(46,249)	2,136,808	0	2,136,808	0	2,136,808	0.536666	0.463334	1,146,752	990,056
22		Total Cable and Wire Facilities	18,215,448	(319,174)	17,896,275	5,599,754	23,496,029	194,451	23,690,479			12,713,875	10,976,605
23	2680	Amortizable Tangible Assets	168,470	0	168,470	0	168,470	0	168,470	0.573425	0.426575	96,605	71,865
24	2690	Intangibles	0	(163,431)	(163,431)	591,010	427,580	0	427,580	0.573425	0.426575	245,185	182,395
25		Total Amortizable Tangible Assets	168,470	(163,431)	5,039	591,010	596,050	0	596,050			341,790	254,260
26		Gross Telephone Plant	25,709,840	(895,861)	24,813,979	6,219,510	31,033,489	151,821	31,185,310			17,703,605	13,481,705
27	3100	Accumulated Depreciation	(20,540,662)	1,730,755	(18,809,907)	(544,617)	(19,354,524)	(122,210)	(19,476,734)	0.586431	0.413569	(11,421,761)	(8,054,974)
28	3500	Misc Accum. Depr and Amort	0	0	0	0	0	0	0	0.000000	0.000000	0	0
29		Total Accumulated Depreciation	(20,540,662)	1,730,755	(18,809,907)	(544,617)	(19,354,524)	(122,210)	(19,476,734)			(11,421,761)	(8,054,974)
30		Net Telephone Plant	5,169,178	834,894	6,004,072	5,674,893	11,678,965	29,610	11,708,575			6,281,844	5,426,731
31	2007	Goodwill	6,702,817	(6,702,817)	0	0	0	0	0	0.000000	0.000000	0	0
32	2003	Telecom Plant Under Const.	22,754	0	22,754	0	22,754	(22,754)	(0)	0.573425	0.426575	(0)	(0)
33	1220	Materials and Supplies	2,936,236	0	2,936,236	0	2,936,236	(1,281,102)	1,655,134	0.536666	0.463334	888,254	766,880
34	1280	Prepayments	20,685	(20,685)	0	0	0	0	0	1.000000	0.000000	0	0
35	4340	Accum. Deferred Inc. Taxes	(1,011,734)	(375,647)	(1,387,381)	0	(1,387,381)	0	(1,387,381)	0.560276	0.439724	(777,316)	(610,065)
36	4340	ADIT - Audit Expense	0	0	0	(19,533)	(19,533)	19,533	0	0.000000	1.000000	0	0
37	1438	Miscellaneous Deferred Charges	0	0	0	75,000	75,000	(75,000)	0	0.000000	1.000000	0	0
38	MISC	Other Credit Accounts	0	0	0	0	0	0	0	0.000000	1.000000	0	0
39		Total Non Plant Rate Base	8,670,757	(7,099,148)	1,571,609	55,467	1,627,076	(1,359,323)	267,753			110,938	156,815
40		Net Investment	13,839,935	(6,264,254)	7,575,681	5,730,360	13,306,041	(1,329,713)	11,976,328			6,392,782	5,583,546
41		Cash Working Capital	0	33,377	33,377	0	33,377	36,779	70,155	Direct Assign		34,963	35,192
42		Total Rate Base	13,839,935	(6,230,878)	7,609,057	5,730,360	13,339,418	(1,292,934)	12,046,483			6,427,745	5,618,739

Moundridge Telephone Company
 Staff Adjustments To Applicant Adjusted Rate Base
 For Test Year Ending December 31, 2023

Line No.	Acct	Description	A Applicant Adjusted	B Staff Adjustment No. 1	C Staff Adjustment No. 2	D Staff Adjustment No. 3	E Staff Adjustment No. 4	F Staff Adjustment No. 5	G Staff Adjustment No. 6	H Total Staff Adjustments	I Staff Adjusted Rate Base
1	2111	Land	28,182							0	28,182
2	2112	Motor Vehicles	168,321							0	168,321
3	2115	Garage Work Equipment	0							0	0
4	2116	Other Work Equipment	196,931		25,807					25,807	222,738
5	2121	Buildings	896,252							0	896,252
6	2122	Furniture	102,820							0	102,820
7	2123	Office Equipment	17,313							0	17,313
8	2124	General Purpose Computers	57,190							0	57,190
9		Total Land & Support Assets	1,467,008	0	25,807	0	0	0	0	25,807	1,492,815
10	2210	Central Office Switching	0							0	0
11	2220	Operator Systems	0							0	0
12	2230	Central Office Transmission	5,474,402		(68,437)					(68,437)	5,405,965
13		Total Central Office Equipment	5,474,402	0	(68,437)	0	0	0	0	(68,437)	5,405,965
14	2310	Information Origination/Termination	0								0
15		Total Information Origination/Termination	0	0	0	0	0	0	0	0	0
16	2411	Poles	924							0	924
17	2421	Aerial Cable	31,941							0	31,941
18	2423	Buried Cable	6,047,487							0	6,047,487
19	2423	Buried Fiber Optic Cable	15,278,869		194,451					194,451	15,473,320
20	2431	Aerial Wire	0							0	0
21	2441	Conduit Systems	2,136,808							0	2,136,808
22		Total Cable and Wire Facilities	23,496,029	0	194,451	0	0	0	0	194,451	23,690,479
23	2680	Amortizable Tangible Assets	168,470							0	168,470
24	2690	Intangibles	427,580							0	427,580
25		Total Amortizable Tangible Assets	596,050	0	0	0	0	0	0	0	596,050
26		Gross Telephone Plant	31,033,489	0	151,821	0	0	0	0	151,821	31,185,310
27	3100	Accumulated Depreciation	(19,354,524)			(122,210)				(122,210)	(19,476,734)
28	3500	Misc Accum. Depr and Amort	0							0	0
29		Total Accumulated Depreciation	(19,354,524)	0	0	(122,210)	0	0	0	(122,210)	(19,476,734)
30		Net Telephone Plant	11,678,965	0	151,821	(122,210)	0	0	0	29,610	11,708,575
31	2007	Goodwill	0							0	0
32	2003	Telecom Plant Under Const.	22,754				(22,754)			(22,754)	(0)
33	1220	Materials and Supplies	2,936,236					(1,281,102)		(1,281,102)	1,655,134
34	1280	Prepayments	0							0	0
35	4340	Accum. Deferred Inc. Taxes	(1,387,381)							0	(1,387,381)
36	4340	ADIT - Audit Expense	(19,533)	19,533						19,533	0
37	1438	Miscellaneous Deferred Charges	75,000	(75,000)						(75,000)	0
38	MISC	Other Credit Accounts	0							0	0
39		Total Non Plant Rate Base	1,627,076	(55,467)	0	0	(22,754)	(1,281,102)	0	(1,359,323)	267,753
40		Net Investment	13,306,041	(55,467)	151,821	(122,210)	(22,754)	(1,281,102)	0	(1,329,713)	11,976,328
41		Cash Working Capital	33,377						36,779	36,779	70,155
42		Total Rate Base	13,339,418	(55,467)	151,821	(122,210)	(22,754)	(1,281,102)	36,779	(1,292,934)	12,046,483

Moundridge Telephone Company
Explanation of Staff Adjustments to Rate Base
For Test Year Ending December 31, 2023

Line No.	Description	Increase (Decrease) To Rate Base
<u>Staff Adjustment No. 1</u>		
1	ADIT - Audit Expense	19,533
2	Miscellaneous Deferred Charges	(75,000)
3	To reflect Staff's adjustment to remove audit expense from Rate Base	
<u>Staff Adjustment No. 2</u>		
4	Other Work Equipment	25,807
5	Central Office Transmission	(68,437)
6	Buried Fiber Optic Cable	194,451
7	To reflect Staff's adjustment to update plant in service	
<u>Staff Adjustment No. 3</u>		
8	Accumulated Depreciation	(122,210)
9	To reflect Staff's adjustment to accumulated depreciation	
<u>Staff Adjustment No. 4</u>		
9	Telecom Plant Under Const.	(22,754)
10	To reflect Staff's adjustment to remove telephone plant under construction	
<u>Staff Adjustment No. 5</u>		
10	Materials and Supplies	(1,281,102)
11	To reflect Staff's adjustment to normalize Materials and Supplies	
<u>Staff Adjustment No. 6</u>		
12	Cash Working Capital	36,779
13	To reflect the effect to Cash Working Capital of Staff's adjustments	

Moundridge Telephone Company
Staff Cash Working Capital as Adjusted
For Test Year Ending December 31, 2023

Line No. Description	A Applicant Proforma Balance	B Staff Adjustments	C Staff Adjusted Balance	D Staff Adjusted Interstate	E Staff Adjusted Intrastate
1 Total Operating Expenses	2,788,526	337,836	3,126,362	1,630,915	1,495,447
2 Less: Depreciation and Amortization Expenses	1,363,232	220,150	1,583,381	867,730	715,651
3 Net Cash Expense before taxes	1,425,294	117,686	1,542,981	763,184	779,796
4 Federal Income Taxes	(661,994)	661,994	0	0	0
5 State Income Taxes	(28,268)	28,268	0	0	0
6 Interest Expense (from Schedule B-4-1)	0	164,126	164,126	87,574	76,552
7 Total Cash Expenses	735,033	972,074	1,707,107	850,759	856,348
8 Staff Adjusted Cash Working Capital for O&M Operations (15 days) (total cash expense * .041096) (15 days / 365 days)	30,207	39,948	70,155	34,963	35,192
9 Applicant Section 4, Schedule 1, Column E	33,377				
10 Difference in Applicant rate base amounts	(3,170)	(3,170)			
11 Staff Adjustment including correction for Applicant rate base difference		36,778			

Moundridge Telephone Company
 Staff Adjusted and Pro Forma Operating Income Statement
 For Test Year Ending December 31, 2023

Line No.	Acct	Description	A	B	C	D	E	F	G	H	I	J	K	L	M
			Applicant Book Balance	Applicant Cost Study Adjustments	Applicant Cost Study Balance	Applicant Pro Forma Adjustments	Applicant Pro Forma Balance	Staff Adjustments	Staff Adjusted Balance	Allocation Interstate	Allocation Intrastate	Staff Adjusted Interstate Balance	Staff Adjusted Intrastate RBalance	Pro Forma Adjust	Staff Pro Forma Adjusted Intrastate Balance
<u>Operating Revenues</u>															
1	5001	Basic Area Revenue	225,981	0	225,981	0	225,981	0	225,981			0	225,981		225,981
2	5084	Kansas Universal Service Support	0	0	0	0	0	0	0			0	0	1,009,114	1,009,114
3	5081	End User Revenue	134,946	0	134,946	0	134,946	0	134,946			109,389	25,557		25,557
4	5082	Switched Access Revenue	716,497	0	716,497	(21,575)	694,923	0	694,923			690,199	4,724		4,724
5	5082	ACAM Model Support	1,330,199	0	1,330,199	(610,102)	720,096	0	720,096			720,096	0		0
6	5082	Allocation of ACAM Model Support - Imputed HCLS	0	0	0	610,102	610,102	0	610,102			0	610,102		610,102
7	5083	Special Access	11,353	0	11,353	0	11,353	0	11,353			0	11,353		11,353
8	5100	Long Distance Network Service Revenue	0	0	0	0	0	0	0			0	0		0
9	5200	Miscellaneous Revenue	42,861	(28,992)	13,869	0	13,869	0	13,869			6	13,863		13,863
10		Total Revenues	2,461,838	(28,992)	2,432,846	(21,575)	2,411,271	0	2,411,271			1,519,690	891,581	1,009,114	1,900,695
<u>Plant Specific Operations Expenses</u>															
11	6110	Network Support Expenses	44,509	0	44,509	0	44,509	0	44,509	0.573425	0.426575	25,523	18,986		18,986
12	6120	General Support Expenses	95,155	0	95,155	23,294	118,449	1,730	120,179	0.573425	0.426575	68,914	51,266		51,266
13	6210	Central Office Switching Expense	61,483	0	61,483	(61,483)	0	0	0	1.000000	0.000000	0	0		0
14	6220	Operators System Expense	0	0	0	0	0	0	0	1.000000	0.000000	0	0		0
15	6230	Central Office Transmission Expenses	92,294	0	92,294	37,691	129,985	(6,677)	123,308	0.705214	0.294786	86,959	36,350		36,350
16	6310	Information Origination/Termination Expenses	0	0	0	0	0	0	0	1.000000	0.000000	0	0		0
17	6410	Cable and Wire Facilities Expenses	471,666	0	471,666	10,900	482,566	17,247	499,813	0.536666	0.463334	268,233	231,580		231,580
18		Total Plant Specific Operations Exp.	765,108	0	765,108	10,402	775,510	12,300	787,810			449,628	338,182	0	338,182
<u>Plant Non-Specific Operations Expense</u>															
19	6510	Other Property Plant and Equipment Expenses	0	0	0	0	0	0	0	1.000000	0.000000	0	0		0
20	6530	Network Operations Expenses	226,474	0	226,474	9,132	235,607	17,760	253,366	0.573425	0.426575	145,287	108,080		108,080
21	6540	Access Expense	62,268	(34,400)	27,868	0	27,868	0	27,868	0.000000	1.000000	0	27,868		27,868
22	6560	Depreciation and Amortization Expenses	1,265,795	(712,380)	553,415	809,817	1,363,232	220,150	1,583,381	0.548023	0.451977	867,730	715,651		715,651
23		Total Plant Non-Specific Operations Exp.	1,554,537	(746,780)	807,757	818,950	1,626,707	237,909	1,864,616			1,013,017	851,599	0	851,599
<u>Customer Operations Expense</u>															
24	6610	Marketing	3,453	0	3,453	2,408	5,861	(3,437)	2,424	0.377216	0.622784	914	1,509		1,509
25	6620	Services	165,337	0	165,337	12,766	178,103	13,852	191,954	0.172014	0.827986	33,019	158,936		158,936
26		Total Customer Operations Expense	168,790	0	168,790	15,173	183,963	10,415	194,378			33,933	160,445	0	160,445
<u>Corporate Operations Expense</u>															
27	6720	General and Administrative	169,183	0	169,183	6,530	175,713	2,709	178,422	0.502454	0.497546	89,649	88,773		88,773
28	6720	General and Administrative -Audit Expense	0	0	0	30,000	30,000	(7,693)	22,307	0.000000	1.000000	0	22,307	0	22,307
29		Total Corporate Operations Expense	169,183	0	169,183	36,530	205,713	(4,984)	200,729			89,649	111,080	0	111,080
<u>Operating Taxes & Other Operating Expenses</u>															
30	7220	Operating Federal Income Taxes	(72,473)	(589,521)	(661,994)	0	(661,994)	661,994	0		Direct Assign	0	0	0	0
31	7230	Operating State Income Taxes	(27,333)	(935)	(28,268)	0	(28,268)	28,268	0		Direct Assign	0	0	0	0
32	7250	Deferred Operating Income Taxes	206,030	377,097	583,127	0	583,127	(583,127)	0		Direct Assign	0	0	0	0
33	7200	Property Taxes	73,751	(2,567)	71,184	17,811	88,994	(24,938)	64,057	0.573425	0.426575	36,732	27,325		27,325
34	7340	AFDUC	0	0	0	0	0	0	0	1.000000	0.000000	0	0		0
35	7500	Interest and Related Items	24,516	(9,743)	14,773	0	14,773	0	14,773	0.538587	0.461413	7,957	6,817		6,817
36		Total Oper. Taxes & Other Oper. Exp.	204,491	(225,668)	(21,177)	17,811	(3,367)	82,197	78,830			44,688	34,141	0	34,141
37		Total Operating Expenses	2,862,109	(972,448)	1,889,661	898,865	2,788,526	337,836	3,126,362			1,630,915	1,495,447	0	1,495,447
38		Net Operating Income	(\$400,272)	\$943,457	\$543,185	(\$920,440)	(\$377,255)	(\$337,836)	(\$715,091)			(\$111,225)	(\$603,866)	\$1,009,114	\$405,248

Moundridge Telephone Company
 Staff Adjustments to Applicant Adjusted Income Statement
 For Test Year Ending December 31, 2023

Line No.	Acct	Description	A Applicant Adjusted Income Statement	B Staff Adjustment No. 1	C Staff Adjustment No. 2	D Staff Adjustment No. 3	E Staff Adjustment No. 4	F Staff Adjustment No. 5	G Staff Adjustment No. 6	H Staff Adjustment No. 7	I Staff Adjustment No. 8	J Total Staff Adjustments	K Staff Adjusted Income Statement
<u>Operating Revenues</u>													
1	5001	Basic Area Revenue	225,981									0	225,981
2	5084	Kansas Universal Service Support	0	2,127								2,127	2,127
3	5081	End User Revenue	134,946									0	134,946
4	5082	Switched Access Revenue	694,923									0	694,923
5	5082	ACAM Model Support	720,096									0	720,096
6	5082	Allocation of ACAM Model Support - Imputed HCLS	610,102									0	610,102
7	5083	Special Access	11,353									0	11,353
8	5100	Long Distance Network Service Revenue	0									0	0
9	5200	Miscellaneous Revenue	13,869									0	13,869
10		Total Revenues	2,411,271	2,127	0	0	0	0	0	0	0	2,127	2,413,398
<u>Plant Specific Operations Expenses</u>													
11	6110	Network Support Expenses	44,509									0	44,509
12	6120	General Support Expenses	118,449						(404)	2,134		1,730	120,179
13	6210	Central Office Switching Expense	0						0			0	0
14	6220	Operators System Expense	0									0	0
15	6230	Central Office Transmission Expenses	129,985						(12,850)	6,173		(6,677)	123,308
16	6310	Information Origination/Termination Expenses	0									0	0
17	6410	Cable and Wire Facilities Expenses	482,566			(845)			(4,929)	23,021		17,247	499,813
18		Total Plant Specific Operations Exp.	775,510	0	0	(845)	0	0	(18,182)	31,328	0	12,300	787,810
<u>Plant Non-Specific Operations Expense</u>													
19	6510	Other Property Plant and Equipment Expenses	0									0	0
20	6530	Network Operations Expenses	235,607						(4,136)	21,895		17,760	253,366
21	6540	Access Expense	27,868									0	27,868
22	6560	Depreciation and Amortization Expenses	1,363,232				219,482		(156)	823		220,150	1,583,381
23		Total Plant Non-Specific Operations Exp.	1,626,707	0	0	0	219,482	0	(4,292)	22,719	0	237,909	1,864,616
<u>Customer Operations Expense</u>													
24	6610	Marketing	5,861			(3,438)			(0)	2		(3,437)	2,424
25	6620	Services	178,103						(3,224)	17,075		13,852	191,954
26		Total Customer Operations Expense	183,963	0	0	(3,438)	0	0	(3,224)	17,077	0	10,415	194,378
<u>Corporate Operations Expense</u>													
27	6720	General and Administrative	175,713			(7,626)			(2,403)	12,737		2,709	178,422
28	6720	General and Administrative -Audit Expense	30,000		(7,693)							(7,693)	22,307
29		Total Corporate Operations Expense	205,713	0	(7,693)	(7,626)	0	0	(2,403)	12,737	0	(4,984)	200,729
<u>Operating Taxes & Other Operating Expenses</u>													
30	7220	Operating Federal Income Taxes	(661,994)								661,994	661,994	0
31	7230	Operating State Income Taxes	(28,268)								28,268	28,268	0
32	7250	Deferred Operating Income Taxes	583,127								(583,127)	(583,127)	0
33	7200	Property Taxes	88,994					(24,938)				(24,938)	64,057
34	7340	AFDUC	0									0	0
35	7500	Interest and Related Items	14,773									0	14,773
36		Total Oper. Taxes & Other Oper. Exp.	(3,367)	0	0	0	0	(24,938)	0	0	107,134	82,197	78,830
37		Total Operating Expenses	2,788,526	0	(7,693)	(11,909)	219,482	(24,938)	(28,101)	83,861	107,134	337,836	3,126,362
38		Net Operating Income	(377,255)	2,127	7,693	11,909	(219,482)	24,938	28,101	(83,861)	(107,134)	(335,709)	(712,964)

Moundridge Telephone Company
Explanation of Staff Adjustments to Income Statement
For Test Year Ending December 31, 2023

Line No.	Description	Increase (Decrease) To Operations
<u>Staff Adjustment No. 1</u>		
1	Kansas Universal Service Support	2,127
2	To reflect the Company's current KUSF support	
<u>Staff Adjustment No. 2</u>		
3	General and Administrative -Audit Expense	7,693
4	To reflect Staff's adjustment for audit expense	
<u>Staff Adjustment No. 3</u>		
5	Cable and Wire Facilities Expenses	845
6	Marketing	3,438
7	General and Administrative	7,626
8	To reflect Staff's adjustment for various expenses	
<u>Staff Adjustment No. 4</u>		
9	Depreciation and Amortization Expenses	(219,482)
10	To reflect Staff's adjustment for depreciation expense	
<u>Staff Adjustment No. 5</u>		
11	Property Taxes	24,938
12	To reflect Staff's adjustment for property property taxes	
<u>Staff Adjustment No. 6</u>		
13	General Support Expenses	404
	Central Office Transmission Expenses	12,850
14	Cable and Wire Facilities Expenses	4,929
15	Network Operations Expenses	4,136
16	Depreciation and Amortization Expenses	156
17	Services	3,224
18	General and Administrative	2,403
19	To reflect Staff's adjustment to payroll expense	
<u>Staff Adjustment No. 7</u>		
20	General Support Expenses	(2,134)
21	Central Office Transmission Expenses	(6,173)
22	Cable and Wire Facilities Expenses	(23,021)
23	Network Operations Expenses	(21,895)
24	Marketing	(2)
25	Depreciation and Amortization Expenses	(823)
26	Services	(17,075)
27	General and Administrative	(12,737)
28	To reflect Staff's adjustment to benefit expense	
<u>Staff Adjustment No. 8</u>		
29	Operating Federal Income Taxes	(661,994)
30	Operating State Income Taxes	(28,268)
31	Deferred Operating Income Taxes	583,127
32	To reflect Staff's adjustment for income taxes	

Moundridge Telephone Company
 Staff Adjusted and Pro Forma Calculation of Taxable Income
 For Test Year Ending December 31, 2023

Line No.	Description	A Applicant Book Balance	B Applicant Cost Study Adjustments	C Applicant Cost Study Balance	D Applicant Pro Forma Adjustments	E Applicant Pro Forma Balance	F Staff Adjustments	G Total Staff Adjusted Balance	H Staff Adjusted Interstate Balance	I Staff Adjusted Intrastate Rbalance	J Staff Pro Forma Adjustments	K Staff Pro Forma Adjusted Intrastate Balance																					
1	Operating Income Before Income Taxes	(269,532)	720,356	450,824	(920,440)	(469,616)	(230,702)	(700,318)	(103,268)	(597,050)	1,009,114	412,064																					
2	LESS: Interest on Debt	24,516	(9,743)	14,773	0	14,773	149,353	164,126	87,574	76,552	0	76,552																					
3	Non Operating Items	0	0	0	0	0	0	0	0	0	0	0																					
4	Net Income/(Loss) per Books	<u>(294,048)</u>	<u>730,098</u>	<u>436,051</u>	<u>(920,440)</u>	<u>(484,389)</u>	<u>(380,055)</u>	<u>(864,444)</u>	<u>(190,842)</u>	<u>(673,602)</u>	<u>1,009,114</u>	<u>335,512</u>																					
5	Permanent Tax Differences	671,613	0	671,613	(670,282)	1,331	0	1,331	698	633		633																					
6	Temporary Tax Differences:	0	0	0	0	0	0	0	0	0		0																					
7	State Taxable Income / (Loss)	(294,048)	730,098	436,051	(920,440)	(484,389)	(380,055)	(864,444)	(190,842)	(673,602)	1,009,114	335,512																					
8	Federal Taxable Income / (Loss)	396,338	683,486	1,079,824	(1,533,872)	(454,048)	(409,065)	(863,113)	(190,144)	(672,969)	1,009,114	336,145																					
9	<table border="1"> <thead> <tr> <th colspan="5">State Taxable Income</th> </tr> <tr> <th>From</th> <th>To</th> <th>Tax</th> <th>Rate</th> <th>Amount Over</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>50,000</td> <td>0</td> <td>0.00%</td> <td>0</td> </tr> <tr> <td>50,000</td> <td>999,999,999</td> <td>0</td> <td>0.00%</td> <td>50,000</td> </tr> </tbody> </table>													State Taxable Income					From	To	Tax	Rate	Amount Over	0	50,000	0	0.00%	0	50,000	999,999,999	0	0.00%	50,000
State Taxable Income																																	
From	To	Tax	Rate	Amount Over																													
0	50,000	0	0.00%	0																													
50,000	999,999,999	0	0.00%	50,000																													
		0	0	0	0	0	0	0	0	0	0	0																					
		(18,773)	46,613	27,840	(56,850)	(29,010)	29,010	0	0	0	0	0																					
10	Kansas Income Tax-Current & Deferred	(18,773)	46,613	27,840	(56,850)	(29,010)	29,010	0	\$0	\$0	\$0	\$0																					
11	Kansas Income Tax-Deferred		0	\$0	0	\$0	0	0	0	0	0	0																					
12	Kansas Income Tax-Current	<u>(18,773)</u>	<u>46,613</u>	<u>27,840</u>	<u>(56,850)</u>	<u>(29,010)</u>	<u>29,010</u>	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>																					
13	Effective Kansas Income Tax Rate	<u>6.3843%</u>		<u>6.3845%</u>		<u>5.9890%</u>		<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>																					
14	Taxable Federal Income/(Loss)	<u>396,338</u>	<u>683,486</u>	<u>1,079,824</u>	<u>(1,533,872)</u>	<u>(454,048)</u>	<u>(409,065)</u>	<u>(863,113)</u>	<u>(190,144)</u>	<u>(672,969)</u>	<u>1,009,114</u>	<u>336,145</u>																					
15	Federal Income Tax Rate	<u>0%</u>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%																					
16	Federal Income Tax-Current & Deferred	0	0	0	0	0	0	0	0	0	0	0																					
17	Federal Income Tax-Deferred	0	0	0	0	0	0	0	0	0	0	0																					
18	Federal Income Tax-Current	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>																					
19	Effective Federal Income Tax Rate	<u>0.0000%</u>		<u>0.0000%</u>		<u>0.0000%</u>		<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>																					
20	Effective State & Federal Income Tax Rate	<u>0.063843</u>		<u>0.063845</u>		<u>0.059890</u>		<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>																					
21	Net to Gross Multiplier	<u>1.068197</u>		<u>1.068199</u>		<u>1.063705</u>		<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>																					

Moundridge Telephone Company
Interest Expense Calculation
For Test Year Ending December 31, 2023

Line No.	Description	Staff Adjusted	Total Staff Adjusted Interstate	Total Staff Adjusted Intrastate
1	Rate Base	12,046,483	6,427,745	5,618,739
2	Weighted Cost of Debt (Schedule C-1)	1.3624%	1.3624%	1.3624%
3	Interest Expense	164,126	87,574	76,552

Moundridge Telephone Company
 Staff Adjusted and Pro Forma Capital Structure
 For Test Year Ending December 31, 2023

Line No.	Description	A Applicant Per Book Balance	B Staff Adjustments	C Staff Adjusted Book Balance	D Staff Hypothetical Capital Structure Ratio	E Cost of Capital	F Weighted Cost of Capital
1	Long Term Debt	1,796,316	3,296,482	5,092,798	40.0000%	3.406%	1.3624%
2	Common Equity	10,935,679	(3,296,482)	7,639,197	60.0000%	9.750%	5.8500%
3	Total	<u>12,731,995</u>	<u>0</u>	<u>12,731,995</u>	<u>100.00%</u>		<u>7.2124%</u>
4	Total Cost of Debt		<u>1.3624%</u>				

Moundridge Telephone Company
Staff Adjustments to Capital Structure
For Test Year Ending December 31, 2023

Line No.	Description	A Applicant Per Book Balance	B Staff Adjustment No. 1	C Total Staff Adjustments	D Staff Adjusted Capital Structure
1	Long Term Debt	1,796,316	3,296,482	3,296,482	5,092,798
2	Common Equity	10,935,679	(3,296,482)	(3,296,482)	7,639,197
4	Total	12,731,995	0	0	12,731,995

Moundridge Telephone Company
Explanation of Staff Adjustments to Capital Structure
For Test Year Ending December 31, 2023

Line No.	Description	Increase (Decrease) to Capital Structure
	<u>Staff Adjustment No. 1</u>	
1	Long Term Debt	3,296,482
2	Common Equity	(3,296,482)
3	To reflect Staff's adjustment to the Company's capital structure	

CERTIFICATE OF SERVICE

25-MRGT-222-KSF

I, the undersigned, certify that a true and correct copy of the above and foregoing Direct Testimony was served via electronic service this 27th day of March, 2025, to the following:

ANTHONY K. VEACH
ANTHONY VEACH LAW
1575 BIRDIE WAY, A107
LAWRENCE, KS 66047
anthonyveach@anthonyveachlaw.com

AARON BAILEY, ASSISTANT GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
aaron.bailey@ks.gov

PATRICK HURLEY, CHIEF LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
patrick.hurley@ks.gov

RHONDA GODDARD, CFO - ASSESSMENTS
(MOUNDRIDGE)
MOUNDRIDGE TELEPHONE COMPANY
145 N MAIN
LENORA, KS 67645
rgoddard@nex-tech.com

PHOENIX Z. ANSHUTZ, ATTORNEY
PENNER LOWE LAW GROUP, LLC
245 N WACO STREET, STE 125
WICHITA, KS 67202
panshutz@pennerlowe.com

NICOLE STEPHENS, KUSF ADMINISTRATOR MANAGER
VANTAGE POINT SOLUTIONS
2930 MONTVALE DRIVE SUITE B
SPRINGFIELD, IL 62704
nicole.stephens@vantagepnt.com

Ann Murphy

Ann Murphy