

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application and Request )  
of Cunningham Telephone Company, Inc. for ) DOCKET NO. 25-CNHT-185-KSF  
an Increase in Its Cost-Based Kansas )  
Universal Service Fund Support. )

SCHEDULES

PREPARED BY

STAFF

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

CUNNINGHAM TELEPHONE COMPANY, INC.  
DOCKET NO. 25-CNHT-185-KSF

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CUNNINGHAM TELEPHONE COMPANY, INC.  
 DOCKET NO. 25-CNHT-185-KSF  
 STAFF REVENUE REQUIREMENT  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Line No.	Description	A Staff Adjusted Total Company	B Staff Adjusted Interstate	C Staff Adjusted Intrastate
1	PROFORMA RATE BASE	\$2,579,475	\$778,684	\$1,800,791
2	STAFF RATE OF RETURN	<u>7.6500%</u>	<u>7.6500%</u>	<u>7.6500%</u>
3	OPERATING INCOME REQUIRED	197,330	59,569	137,761
4	PROFORMA OPERATING INCOME	<u>(432,981)</u>	<u>29,040</u>	<u>(462,021)</u>
5	NET PROFORMA REVENUE INCREASE / (DECREASE)	630,311	30,529	599,781
6	NET TO GROSS MULTIPLIER	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
7	GROSS PROFORMA REVENUE INCREASE / (DECREASE)	<u><u>\$630,311</u></u>	<u><u>\$30,529</u></u>	<u><u>\$599,781</u></u>

CUNNINGHAM TELEPHONE COMPANY, INC.  
 DOCKET NO. 25-CNHT-185-KSF  
 STAFF ADJUSTED AND PRO FORMA RATE BASE  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Schedule A-1

Line No.	Acct	Description	A	B	C	D	E	F	G	H /----- Allocation -----/		J	K
			Applicant Book Balance	Applicant Cost Study Adjustments	Applicant Cost Study Balance	Applicant Proforma Adjustments	Applicant Proforma Balance	Staff Adjustments	Staff Adjusted Balance	Interstate	Intrastate	Staff Adjusted Interstate Rate Base	Staff Adjusted Intrastate Rate Base
1	2111.000	Land	\$12,357	(\$3,479)	\$8,878	\$0	\$8,878	\$0	\$8,878	0.302729	0.697271	\$2,688	\$6,190
2	2112.000	Motor Vehicles - Common	4,455	0	4,455	0	4,455	0	4,455	0.302729	0.697271	1,349	\$3,106
3	2112.100	Motor Vehicles - Regulated	45,937	0	45,937	0	45,937	0	45,937	0.302729	0.697271	13,907	\$32,031
4	2115.000	Garage Work Equipment	970	0	970	0	970	0	970	0.302729	0.697271	294	\$676
5	2116.000	Other Work Equipment	613,249	0	613,249	11,173	624,422	8,028	632,450	0.302729	0.697271	191,461	\$440,989
6	2121.000	Buildings	887,212	(249,767)	637,445	10,685	648,130	112,451	760,581	0.302729	0.697271	230,250	\$530,331
7	2122.000	Furniture	176,963	(49,819)	127,144	0	127,144	0	127,144	0.302729	0.697271	38,490	\$88,654
8	2123.100	Office Equip Office Support Equip	26,761	(7,534)	19,227	0	19,227	0	19,227	0.302729	0.697271	5,821	\$13,407
9	2123.200	Office Equip Company Communication	19,056	(5,365)	13,691	0	13,691	0	13,691	0.302729	0.697271	4,145	\$9,546
10	2123.400	Office Equip Items \$200 or less	279	(79)	200	0	200	0	200	0.302729	0.697271	61	\$140
11	2124.000	General Purpose Computers	85,506	(24,071)	61,435	15,962	77,397	1,561	78,958	0.302729	0.697271	23,903	\$55,055
12		Total General Support Facilities	1,872,746	(340,114)	1,532,632	37,820	1,570,452	122,040	1,692,492			512,366	1,180,126
13	2212.000	Digital Switching	488,797	(281,746)	207,051		207,051	0	207,051	0.705812	0.294188	146,139	60,912
14	2212.100	Digital Switching Common Power	55,776	0	55,776		55,776		55,776	0.705812	0.294188	39,368	16,409
15	2212.200	Robocall Software	40,430	(4,523)	35,907		35,907		35,907	0.705812	0.294188	25,343	10,563
16	2232.000	Circuit Equip Digital	920,728	0	920,728		920,728		920,728	0.346054	0.653946	318,622	602,107
17	2232.300	Circuit EQ Digital Toll	78,301	0	78,301		78,301	0	78,301	0.346054	0.653946	27,096	51,205
18	2232.400	Circuit Equip - DSL	656,657	50,900	707,557		707,557		707,557	0.346054	0.653946	244,853	462,704
19	2232.500	Circuit Equipment - FTTH	1,367,978	0	1,367,978	225,562	1,593,540	302,311	1,895,851	0.346054	0.653946	656,067	1,239,784
20	2232.600	Speed Testing Equipment	43,986	0	43,986		43,986	0	43,986	0.346054	0.653946	15,221	28,764
21		Total Central Office Equipment	3,652,652	(235,369)	3,417,283	225,562	3,642,845	302,311	3,945,156			1,472,709	2,472,447
22	2300	Public Telephone Equipment	0	0	0	0	0	0	0			0	0
23		Total Info Orig/Term Equipment	0	0	0	0	0	0	0			0	0
24	2421.000	Aerial Cable Fiber	49,386		49,386	0	49,386	0	49,386	0.286091	0.713909	14,129	35,257
25	2423.000	Buried Cable Metallic	48,796		48,796	0	48,796	0	48,796	0.286091	0.713909	13,960	34,836
26	2423.200	Buried Cable Toll Fiber	341,617		341,617	0	341,617	0	341,617	0.286091	0.713909	97,734	243,884
27	2423.300	Buried Cable Fiber	14,784,569		14,784,569	5,745	14,790,314	39,860	14,830,174	0.286091	0.713909	4,242,779	10,587,395
28	2423.400	Buried Cable Fiber Toll CC to GE	133,254		133,254	0	133,254	0	133,254	0.286091	0.713909	38,123	95,131
29		Total Cable and Wire Facilities	15,357,623	0	15,357,623	5,745	15,363,368	39,860	15,403,228			4,406,725	10,996,503
30	2681	Capitalized Lease	0		0	0	0	0	0	1.000000	0.000000	0	0
31	2600	Intangibles - Organization	0		0	0	0	0	0	0.333373	0.666627	0	0
32		Gross Telephone Plant	20,883,021	(575,483)	20,307,538	269,127	20,576,665	464,211	21,040,876			6,391,800	14,649,076
33	3100	Accumulated Depreciation	(17,846,828)	526,086	(17,320,742)	0	(17,320,742)	(872,915)	(18,193,657)	0.304352	0.695648	(5,537,276)	(12,656,381)
34	3400	Accumulated Amortization	0	0	0	0	0	0	0	1.000000	0.000000	0	0
35		Net Telephone Plant	3,036,194	(49,397)	2,986,797	269,127	3,255,924	(408,704)	2,847,220			854,525	1,992,695
36	1220	Materials and Supplies	286,087		286,087	0	286,087	(9,271)	276,816	0.286091	0.713909	79,195	197,622
37	1402	RTB Stock	0		0	0	0	0	0			0	0
38	1403	Goodwill	0		0	0	0	0	0			0	0
39	1410	Other Noncurrent Asset	0		0	0	0	0	0			0	0
40	2003	TPUC - Short Term	141,929		141,929		141,929	(141,929)	(0)	0.302729	0.697271	(0)	(0)
41	2005	Telecommunications Plant Adj	0		0	0	0	0	0			0	0
42	4040	Customer Deposits	(94,623)		(94,623)	0	(94,623)	0	(94,623)	0.302729	0.697271	(28,645)	(65,978)
43	4340	Deferred Income Tax	0	(557,270)	(557,270)	0	(557,270)	0	(557,270)	0.293498	0.706502	(163,558)	(393,712)
44		Net Investment	3,369,586	(606,667)	2,762,919	269,127	3,032,046	(559,904)	2,472,142			741,516	1,730,626
45		Cash Working Capital	122,958	0	122,958	0	122,958	(15,625)	107,333	0.346281	0.653719	37,167	70,166
46		Total Rate Base	\$3,492,544	(\$606,667)	\$2,885,877	\$269,127	\$3,155,004	(\$575,529)	\$2,579,475			\$778,684	\$1,800,791

CUNNINGHAM TELEPHONE COMPANY, INC.  
 DOCKET NO. 25-CNHT-185-KSF  
 STAFF ADJUSTMENTS TO RATE BASE  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Line No.	Acct	Description	A Applicant Pro Forma Rate Base	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 Total Staff Adjustments	H Staff Adjusted Rate Base
1	2111.000	Land	8,878						0	8,878
2	2112.000	Motor Vehicles - Common	4,455						0	4,455
3	2112.100	Motor Vehicles - Regulated	45,937						0	45,937
4	2115.000	Garage Work Equipment	970						0	970
5	2116.000	Other Work Equipment	624,422	8,028					8,028	632,450
6	2121.000	Buildings	648,130	112,451					112,451	760,581
7	2122.000	Furniture	127,144						0	127,144
8	2123.100	Office Equip Office Support Equip	19,227						0	19,227
9	2123.200	Office Equip Company Communicatic	13,691						0	13,691
10	2123.400	Office Equip Items \$200 or less	200						0	200
11	2124.000	General Purpose Computers	77,397	1,561					1,561	78,958
12		Total General Support Facilities	1,570,452	122,040	0	0	0	0	122,040	1,692,492
13	2212.000	Digital Switching	207,051						0	207,051
14	2212.100	Digital Switching Common Power	55,776						0	55,776
15	2212.200	Robocall Software	35,907						0	35,907
16	2232.000	Circuit Equip Digital	920,728						0	920,728
17	2232.300	Circuit EQ Digital Toll	78,301						0	78,301
18	2232.400	Circuit Equip - DSL	707,557						0	707,557
19	2232.500	Circuit Equipment - FTTH	1,593,540	302,311					302,311	1,895,851
20	2232.600	Speed Testing Equipment	43,986					0	0	43,986
21		Total Central Office Equipment	3,642,845	302,311	0	0	0	0	302,311	3,945,156
22	2300	Public Telephone Equipment	0						0	0
23		Total Info Orig/Term Equipment	0	0	0	0	0	0	0	0
24	2421.000	Aerial Cable Fiber	49,386						0	49,386
25	2423.000	Buried Cable Metallic	48,796						0	48,796
26	2423.200	Buried Cable Toll Fiber	341,617						0	341,617
27	2423.300	Buried Cable Fiber	14,790,314	39,860					39,860	14,830,174
28	2423.400	Buried Cable Fiber Toll CC to GE	133,254						0	133,254
29		Total Cable and Wire Facilities	15,363,368	39,860	0	0	0	0	39,860	15,403,228
30	2681	Capitalized Lease	0						0	0
31	2600	Intangibles - Organization	0						0	0
32		Gross Telephone Plant	20,576,665	464,211	0	0	0	0	464,211	21,040,876
33	3100	Accumulated Depreciation	(17,320,742)		(872,915)				(872,915)	(18,193,657)
34	3400	Accumulated Amortization	0						0	0
35		Net Telephone Plant	3,255,924	464,211	(872,915)	0	0	0	(408,704)	2,847,220
36	1220	Materials and Supplies	286,087				(9,271)		(9,271)	276,816
37	1402	RTB Stock	0						0	0
38	1403	Goodwill	0						0	0
39	1403	Accumulated Amort-Goodwill	0						0	0
40	2003	TPUC - Short Term	141,929			(141,929)			(141,929)	(0)
41	2005	Telecommunications Plant Adj	0						0	0
42	4040	Customer Deposits	(94,623)						0	(94,623)
43	4340	Deferred Income Tax	(557,270)						0	(557,270)
44		Net Investment	3,032,046	464,211	(872,915)	(141,929)	(9,271)	0	(559,904)	2,472,142
45		Cash Working Capital	122,958					(15,625)	(15,625)	107,333
46		Total Rate Base	3,155,004	464,211	(872,915)	(141,929)	(9,271)	(15,625)	(575,529)	2,579,475

CUNNINGHAM TELEPHONE COMPANY, INC.  
 DOCKET NO. 25-CNHT-185-KSF  
 STAFF CASH WORKING CAPITAL AS ADJUSTED  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Line No.	Description	A Applicant Proforma Balance	B Staff Adjustments	C Staff Adjusted Balance	D Interstate	E Intrastate
1	Total Operating Expenses	\$4,139,961	(\$404,304)	\$3,735,658	\$1,243,447	\$2,492,210
2	Less: Depreciation and Amortization Expenses	<u>1,177,991</u>	<u>20,405</u>	<u>1,198,396</u>	<u>348,731</u>	<u>849,665</u>
3	Net Cash Expense before taxes	2,961,971	(424,709)	2,537,262	894,716	1,642,546
4	Federal Income Taxes					
5	State Income Taxes					
6	Interest Expense (from Schedule B-4-1)	<u>0</u>	<u>44,499</u>	<u>44,499</u>	<u>13,347</u>	<u>31,152</u>
7	Total Cash Expenses	<u>2,961,971</u>	<u>(380,210)</u>	<u>2,581,761</u>	<u>908,064</u>	<u>1,673,697</u>
8	Staff Adjusted Cash Working Capital for O&M Operations (15 days) (total cash expense * .041096) (15 days / 365 days)	<u>\$121,725</u>	<u>(\$15,625)</u>	<u>\$106,100</u>	<u>\$37,318</u>	<u>\$68,782</u>
					37,167.34	70,165.60
9	Applicant Section 4, Schedule 1, Column E	<u>\$292,867</u>				
10	Difference in Applicant rate base amounts	<u>(171,142)</u>	<u>(171,142)</u>			
11	Staff adjustment including correction for Applicant rate base difference		<u>(\$186,767)</u>			

CUNNINGHAM TELEPHONE COMPANY, INC.  
DOCKET NO. 25-CNHT-185-KSF  
EXPLANATION OF STAFF ADJUSTMENTS TO RATE BASE  
FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Line No.	Description	Increase / (Decrease) to Rate Base
	*****	
	<u>STAFF ADJUSTMENT NO. 1</u> (Figs)	
1	Other Work Equipment	8,028
2	Buildings	112,451
3	General Purpose Computers	1,561
4	Circuit Equipment - FTTH	302,311
5	Buried Cable Fiber	39,860
6	To Reflect Staff's Adjustment to Plant-In-Service	
	<u>STAFF ADJUSTMENT NO. 2</u> (Figs)	
7	Accumulated Depreciation	(872,915)
8	To Reflect Staff's Adjustment to Accumulated Depreciation	
	<u>STAFF ADJUSTMENT NO. 3</u> (Figs)	
9	TPUC - Short Term	(141,929)
10	To Remove the Company's TPUC Balance	
	<u>STAFF ADJUSTMENT NO. 4</u> (Figs)	
11	Materials and Supplies	(9,271)
12	To Reflect Staff's Adjustment to Normalize Materials and Supplies	
	<u>STAFF ADJUSTMENT NO. 5</u> (Figs)	
13	Cash Working Capital	(15,625)
14	To reflect the net effect of Staff adjustments to cash working capital calculation	

CUNNINGHAM TELEPHONE COMPANY, INC.

DOCKET NO. 25-CNHT-185-KSF  
STAFF ADJUSTED AND PRO FORMA OPERATING INCOME STATEMENT  
FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Line No.	Acct No.	Description	A Applicant Book Balance	B Applicant Cost Study	C Applicant Cost Study	D Applicant Proforma	E Applicant Proforma	F Staff Adjustments	G Staff Adjusted Balance	H /--- Allocation ---/ Interstate	I /--- Allocation ---/ Intrastate	J Staff Adjusted Interstate Inc.	K Staff Adjusted Intrastate Inc.	L Staff Pro Forma Adjustments	M Staff Pro Forma Adjusted
<b>Operating Revenues</b>															
1	5001	Local Network Services Revenues	\$214,710		\$214,710		\$214,710	\$2,845	\$217,555			\$0	\$217,555		\$217,555
2	5060	Federal High Cost Loop Support	1,188,444		1,188,444	(326,554)	861,890	71,038	932,928			0	\$932,928		\$932,928
3	5082	Kansas Universal Service Support	763,148		763,148	(44,246)	718,902	0	718,902			0	\$718,902	\$599,781	\$1,318,683
4	5080	Network Access Revenue	1,426,783		1,426,783		1,426,783	60	1,426,843			1,271,801	\$155,042		\$155,042
5	5100	Long Distance Network Service Rev			0		0	0	0			0	\$0		\$0
6		Billing and Collection	3,308		3,308		3,308	0	3,308			686	\$2,622		\$2,622
7		Misc Revenue	3,674		3,674		3,674	0	3,674			0	\$3,674		\$3,674
8		Non-regulated Revenue	155,388	(155,388)	0		0	0	0			0	\$0		\$0
9	5300	Uncollectible Revenue	(534)		(534)		(534)	0	(534)			0	(\$534)		(\$534)
10		Total revenues	3,754,922	(155,388)	3,599,534	(370,800)	3,228,734	73,943	3,302,677			1,272,487	2,030,190	599,781	2,629,971
<b>Plant Specific Operations Expenses</b>															
11	6110	Network Support Expense	54,388		54,388		54,388	(3,062)	51,326	0.302729	0.697271	15,538	35,788		35,788
12	6120	General Support Expense	386,413	(90,052)	296,361		296,361	(12,466)	283,894	0.302729	0.697271	85,943	197,951		197,951
14	6210	Central Office Switching Expense	118,096	(47,514)	70,582		70,582	(28,518)	42,064	0.377504	0.622496	15,879	26,185		26,185
15	6230	Central Office Transmission Expense	202,732		202,732		202,732	(17,281)	185,451	0.377504	0.622496	70,008	115,442		115,442
16	6310	Information Orig/Term Expense	28,959	(28,959)	0		0	0	0	1.000000	0.000000	0	0		0
17	6410	Cable and Wire Facilities Exp	383,133		383,133		383,133	(34,782)	348,351	0.286091	0.713909	99,660	248,691		248,691
18		Total Plant Specific Operations Exp.	1,173,721	(166,525)	1,007,196	0	1,007,196	(96,109)	911,087			287,029	624,058	0	624,058
<b>Plant Non-Specific Operations Expense</b>															
20	6510	Other Plant Expense	0		0		0	0	0	0.302729	0.697271	0	0		0
21	6530	Network Operations Expense	532,371		532,371		532,371	(149,489)	382,882	0.302729	0.697271	115,909	266,972		266,972
22	6540	Access Expense	32,568	(11,776)	20,792		20,792	0	20,792	1.000000	0.000000	20,792	0		0
23	6560	Depreciation & Amortization	959,529	(19,042)	940,487	237,504	1,177,991	20,405	1,198,396	0.290998	0.709002	348,731	849,665		849,665
24	6564	Amort of Intangible	0		0		0	0	0	0.302729	0.697271	0	0		0
25		Total Plant Non-Specific Operations Exp.	1,524,468	(30,818)	1,493,650	237,504	1,731,154	(129,084)	1,602,069			485,432	1,116,637	0	1,116,637
<b>Customer Operations Expense</b>															
26	6610	Marketing Expense	45,224	(2,628)	42,596		42,596	(12,203)	30,393	0.338016	0.661984	10,273	20,120		20,120
28	6620	Directory Expense	26,087		26,087		26,087	(560)	25,527	0.158873	0.841127	4,055	21,471		21,471
29	6620	Services Expense	386,340	4,642	390,982		390,982	(36,668)	354,314	0.371738	0.628262	131,712	222,602		222,602
30		Total Customer Operations Expense	457,651	2,014	459,665	0	459,665	(49,431)	410,233			146,041	264,193	0	264,193
<b>Corporate Operations Expense</b>															
31	6710	Executive and Planning Exp	167,926	(16,323)	151,603		151,603	(67,651)	83,952	0.326240	0.673760	27,389	56,564		56,564
33	6720	General and Administrative Exp	767,404	(33,530)	733,874		733,874	(54,221)	679,653	0.419799	0.580201	285,318	394,335		394,335
34	6720	KUSF Audit Expense	0	0	0	30,000	30,000	(21,766)	8,234	0.000000	1.000000	0	8,234		8,234
35		Total Corporate Operations Expense	935,330	(49,853)	885,477	30,000	915,477	(143,638)	771,839			312,706	459,133	0	459,133
<b>Operating Taxes &amp; Other Operating Expenses</b>															
37	7210	Amortization of ITC	0		0		0	0	0			0	0		0
38	7220	Operating Federal Income Taxes	0		0		0	0	0			0	0		0
39	7230	Operating State Income Taxes	0		0		0	0	0			0	0		0
40	7240	Other Operating Taxes	45,093	(1,243)	43,850		43,850	(3,421)	40,429	0.302729	0.697271	12,239	28,190		28,190
41	7250	Deferred Operating Income Taxes	0		0		0	0	0			0	0		0
42	7340	Allow. for Funds Used During Const.	0		0		0	0	0			0	0		0
43	7370	Contributions and Fees	12,620		12,620		12,620	(12,620)	0	0.403781	0.596219	0	0		0
44	5240	Rent Revenue	0		0		0	0	0			0	0		0
45	7310	Dividend & Interest	0		0		0	0	0			0	0		0
46	7360	Other Income	0		0		0	0	0			0	0		0
47	7500	Interest on Customer Deposits	0		0		0	0	0			0	0		0
48		Total Oper. Taxes & Other Oper. Exp.	57,713	(1,243)	56,470	0	56,470	(16,041)	40,429			12,239	28,190	0	28,190
49		Total Operating Expenses	4,148,882	(246,425)	3,902,457	267,504	4,169,961	(434,304)	3,735,658			1,243,447	2,492,210	0	2,492,210
50		Net Operating Income	(\$393,961)	\$91,037	(\$302,924)	(\$638,304)	(\$941,228)	\$508,247	(\$432,981)			\$29,040	(\$462,021)	\$599,781	\$137,760



CUNNINGHAM TELEPHONE COMPANY, INC.  
DOCKET NO. 25-CNHT-185-KSF  
STAFF ADJUSTMENTS TO INCOME STATEMENT  
FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Schedule B-2

Line No.	No.	Description	A Applicant Proforma Inc. 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 Staff Adjustment No. 9	K Staff Adjustment No. 10	L Staff Adjustment No. 11	M Staff Adjustment No. 12	N Staff Adjustment No. 13	O Total Staff Adjustments	P Staff Adj. Income Statement
<b>Operating Revenues</b>																		
1	5001	Local Network Services Revenues	\$214,710						2,845								\$2,845	\$217,555
2	5060	Federal High Cost Loop Support	861,890	71,038													71,038	932,928
3	5082	Kansas Universal Service Support	718,902														0	718,902
4	5080	Network Access Revenue	1,426,783						60								60	1,426,843
5	5100	Long Distance Network Service Rev	0														0	0
6		Billing and Collection	3,308														0	3,308
7		Misc Revenue	3,674														0	3,674
8		Non-regulated Revenue	0														0	0
9	5300	Uncollectible Revenue	(534)														0	(534)
10		<b>Total revenues</b>	<b>3,228,734</b>	<b>71,038</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,905</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,943</b>	<b>3,302,677</b>
<b>Plant Specific Operations Expenses</b>																		
12	6110	Network Support Expense	54,388			(2,088)	(974)										(3,062)	51,326
13	6120	General Support Expense	296,361			(4,908)	(5,247)	(2,311)									(12,466)	283,894
14	6210	Central Office Switching Expense	70,582			(18,593)	(8,407)	(1,518)									(28,518)	42,064
15	6230	Central Office Transmission Expense	202,732			(4,628)	(9,765)	(2,888)									(17,281)	185,451
16	6310	Information Orig/Term Expense	0														0	0
17	6410	Cable and Wire Facilities Exp	383,133			(12,497)	(16,252)	(6,033)									(34,782)	348,351
18		<b>Total Plant Specific Operations Exp.</b>	<b>1,007,196</b>	<b>0</b>	<b>0</b>	<b>(42,714)</b>	<b>(40,645)</b>	<b>(12,750)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(96,109)</b>	<b>911,087</b>
<b>Plant Non-Specific Operations Expense</b>																		
20	6510	Other Plant Expense	0														0	0
21	6530	Network Operations Expense	532,371			(97,298)	(48,271)	(3,920)									(149,489)	382,882
22	6540	Access Expense	20,792														0	20,792
23	6560	Depreciation & Amortization	1,177,991		20,405												20,405	1,198,396
24	6564	Amort of Intangible	0														0	0
25		<b>Total Plant Non-Specific Operations Exp.</b>	<b>1,731,154</b>	<b>0</b>	<b>20,405</b>	<b>(97,298)</b>	<b>(48,271)</b>	<b>(3,920)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(129,084)</b>	<b>1,602,069</b>
<b>Customer Operations Expense</b>																		
27	6610	Marketing Expense	42,596			(876)	(375)	(105)			2,628	(1,400)	(12,074)				(12,203)	30,393
28	6620	Directory Expense	26,087			(361)	(199)										(560)	25,527
29	6620	Services Expense	390,982			(11,578)	(17,240)	(7,850)									(36,668)	354,314
30		<b>Total Customer Operations Expense</b>	<b>459,665</b>	<b>0</b>	<b>0</b>	<b>(12,816)</b>	<b>(17,616)</b>	<b>(8,154)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,628</b>	<b>(1,400)</b>	<b>(12,074)</b>	<b>0</b>	<b>0</b>	<b>(49,431)</b>	<b>410,233</b>
<b>Corporate Operations Expense</b>																		
32	6710	Executive and Planning Exp	151,603			(31,102)	(15,898)	(1,602)				16,323	(525)		(10,000)	(24,847)	(67,651)	83,952
33	6720	General and Administrative Exp	733,874			(22,809)	(34,669)	(9,213)				24,880	(9,081)			(3,329)	(54,221)	679,653
34	6720	KUSF Audit Expense	30,000							(21,766)							(21,766)	8,234
35		<b>Total Corporate Operations Expense</b>	<b>915,477</b>	<b>0</b>	<b>0</b>	<b>(53,911)</b>	<b>(50,567)</b>	<b>(10,815)</b>	<b>0</b>	<b>(21,766)</b>	<b>0</b>	<b>41,203</b>	<b>(9,606)</b>	<b>0</b>	<b>(10,000)</b>	<b>(28,176)</b>	<b>(143,638)</b>	<b>771,839</b>
<b>Operating Taxes &amp; Other Operating Expenses</b>																		
37	7210	Amortization of ITC	0														0	0
38	7220	Operating Federal Income Taxes	0														0	0
39	7230	Operating State Income Taxes	0														0	0
40	7240	Other Operating Taxes	43,850								(3,421)						(3,421)	40,429
41	7250	Deferred Operating Income Taxes	0														0	0
42	7340	Allow. for Funds Used During Const.	0														0	0
43	7370	Contributions and Fees	12,620										(12,620)				(12,620)	0
44	5240	Rent Revenue	0														0	0
45	7310	Dividend & Interest	0														0	0
46	7360	Other Income	0														0	0
47	7500	Interest on Customer Deposits	0														0	0
48		<b>Total Oper. Taxes &amp; Other Oper. Exp.</b>	<b>56,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,421)</b>	<b>0</b>	<b>(12,620)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,041)</b>	<b>40,429</b>
49		<b>Total Operating Expenses</b>	<b>4,169,961</b>	<b>0</b>	<b>20,405</b>	<b>(206,739)</b>	<b>(157,099)</b>	<b>(35,639)</b>	<b>0</b>	<b>(21,766)</b>	<b>(3,421)</b>	<b>43,831</b>	<b>(23,626)</b>	<b>(12,074)</b>	<b>(10,000)</b>	<b>(28,176)</b>	<b>(434,304)</b>	<b>3,735,658</b>
50		<b>Net Operating Income</b>	<b>(\$941,228)</b>	<b>\$71,038</b>	<b>(\$20,405)</b>	<b>\$206,739</b>	<b>\$157,099</b>	<b>\$35,639</b>	<b>\$2,905</b>	<b>\$21,766</b>	<b>\$3,421</b>	<b>(\$43,831)</b>	<b>\$23,626</b>	<b>\$12,074</b>	<b>\$10,000</b>	<b>\$28,176</b>	<b>\$508,247</b>	<b>(\$432,981)</b>

CUNNINGHAM TELEPHONE COMPANY, INC.  
DOCKET NO. 25-CNHT-185-KSF  
EXPLANATION OF STAFF ADJUSTMENTS TO OPERATIONS  
FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Line No.	Description	Increase / (Decrease) to Rate Base
*****		
	<u>STAFF ADJUSTMENT NO. 1</u> (McCullar)	
1	Federal High Cost Loop Support	\$71,038
2	To reflect known level of federal HCL support	
	<u>STAFF ADJUSTMENT NO. 2</u> (Figgs)	
3	Depreciation & Amortization	20,405
4	To Adjust Depreciation Expense	
	<u>STAFF ADJUSTMENT NO. 3</u> (Figgs)	
5	Network Support Expense	(2,088)
6	General Support Expense	(4,908)
7	Central Office Switching Expense	(18,593)
8	Central Office Transmission Expense	(4,628)
9	Information Orig/Term Expense	0
10	Cable and Wire Facilities Exp	(12,497)
11	Network Operations Expense	(97,298)
12	Marketing Expense	(876)
13	Directory Expense	(361)
14	Services Expense	(11,578)
15	Executive and Planning Exp	(31,102)
16	General and Administrative Exp	(22,809)
17	To Reflect Staff's Adjustment to Payroll Expense	
	<u>STAFF ADJUSTMENT NO. 4</u> (Figgs)	
18	Network Support Expense	(974)
19	General Support Expense	(5,247)
20	Central Office Switching Expense	(8,407)
21	Central Office Transmission Expense	(9,765)
22	Information Orig/Term Expense	0
23	Cable and Wire Facilities Exp	(16,252)
24	Network Operations Expense	(48,271)
25	Marketing Expense	(375)
26	Services Expense	(17,240)
27	Executive and Planning Exp	(15,898)
28	General and Administrative Exp	(34,669)
29	To Reflect Staff's Adjustment to Employee Benefits and Payroll Related Taxes	

CUNNINGHAM TELEPHONE COMPANY, INC.  
DOCKET NO. 25-CNHT-185-KSF  
EXPLANATION OF STAFF ADJUSTMENTS TO OPERATIONS  
FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Line No.	Description	Increase / (Decrease) to Rate Base
*****		
	<u>STAFF ADJUSTMENT NO. 5</u> (Figgs)	
30	General Support Expense	(2,311)
31	Central Office Switching Expense	(1,518)
32	Central Office Transmission Expense	(2,888)
33	Cable and Wire Facilities Exp	(6,033)
34	Network Operations Expense	(3,920)
35	Marketing Expense	(105)
36	Directory Expense	(199)
37	Services Expense	(7,850)
38	Executive and Planning Exp	(1,602)
39	General and Administrative Exp	(9,213)
40	To Reflect Staff's Adjustment to Employee Concessions	
	<u>STAFF ADJUSTMENT NO. 6</u> (Dolsky)	
41	Local Network Services Revenues	2,845
42	Network Access Revenue	60
43	To Adjust KUSF Support to Current Level	
	<u>STAFF ADJUSTMENT NO. 7</u> (Dolsky)	
44	KUSF Audit Expense	(21,766)
45	To Reflect Actual Audit Expense	
	<u>STAFF ADJUSTMENT NO. 8</u> (Dolsky)	
46	Other Operating Taxes	(3,421)
47	To Adjust Property Taxes to Current Level	
	<u>STAFF ADJUSTMENT NO. 9</u> (Dolsky)	
48	Marketing Expense	2,628
49	Executive and Planning Exp	16,323
50	General and Administrative Exp	24,880
51	To Reverse the Company's Cost Study Adjustment CS-8	

CUNNINGHAM TELEPHONE COMPANY, INC.  
DOCKET NO. 25-CNHT-185-KSF  
EXPLANATION OF STAFF ADJUSTMENTS TO OPERATIONS  
FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Line		Increase / (Decrease) to
No.	Description	Rate Base
	*****	
	<u>STAFF ADJUSTMENT NO. 10</u> (Dolsky)	
52	Marketing Expense	(1,400)
53	Contributions and Fees	(12,620)
54	To Remove Costs Associated with Dues, Donations, and Sponsorships	
	 <u>STAFF ADJUSTMENT NO. 11</u> (Dolsky)	
55	Marketing Expense	(12,074)
56	To Remove Costs Related to Image Advertising	
	 <u>STAFF ADJUSTMENT NO. 12</u> (Dolsky)	
57	Executive and Planning Exp	(10,000)
58	To Remove Board of Directors Salaries	
	 <u>STAFF ADJUSTMENT NO. 13</u> (Dolsky)	
59	Executive and Planning Exp	(24,847)
60	General and Administrative Exp	(3,329)
61	To Remove Travel and Training Costs	

CUNNINGHAM TELEPHONE COMPANY, INC.  
DOCKET NO. 25-CNHT-185-KSF  
INTEREST CALCULATION  
FOR THE TEST YEAR ENDED DECEMBER 31, 2023

LINE NO.	DESCRIPTION	A STAFF ADJUSTED	B TOTAL STAFF ADJUSTED INTERSTATE	C TOTAL STAFF ADJUSTED INTRASTATE
***	*****	*****	*****	*****
1	RATE BASE	\$2,472,142	\$741,516	\$1,730,626
2	WEIGHTED COST OF DEBT (Schedule C-1)	1.8000%	1.8000%	1.8000%
3	INTEREST EXPENSE	<u>\$44,499</u>	<u>\$13,347</u>	<u>\$31,151</u>

CUNNINGHAM TELEPHONE COMPANY, INC.  
DOCKET NO. 25-CNHT-185-KSF  
**HYPOTHETICAL CAPITAL STRUCTURE**  
FOR THE TEST YEAR ENDED DECEMBER 31, 2023

	A	B	C	D	E	F	
				Staff			
				Hypothetical			
				Capital			
Line	Applicant Per	Staff	Staff Adjusted	Structure	Cost of Capital	Weighted Cost	
No.	Book Balance	Adjustments	Book Balance	Ratios		of Capital	
Description							
*****	*****	*****	*****	*****	*****	*****	
1	Total Long Term Debt	\$0	\$1,740,414	\$1,740,414	40.00%	4.50%	1.80%
2	Total Common Equity	4,351,035	(1,740,414)	2,610,621	60.00%	9.75%	5.85%
4	Total Capitalization	\$4,351,035	\$0	\$4,351,035	100.00%		7.65%

Total Weighted Cost of Debt:

Long Term Debt 1.8000%

Total Cost of Debt 1.8000%

CUNNINGHAM TELEPHONE COMPANY, INC.  
 DOCKET NO. 25-CNHT-185-KSF  
 STAFF ADJUSTMENTS TO CAPITAL STRUCTURE  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2023

Schedule C\_2

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	\$0	\$1,740,414	\$1,740,414	\$1,740,414
2	Common Equity	4,351,035	(1,740,414)	(1,740,414)	2,610,621
3	Customer Deposits	0		0	0
4	Total Capitalization	<u>\$4,351,035</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,351,035</u>

CUNNINGHAM TELEPHONE COMPANY, INC.  
 DOCKET NO. 25-CNHT-185-KSF  
 EXPLANATION OF STAFF ADJUSTMENTS TO CAPITAL STRUCTURE  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2023

LINE NO.	DESCRIPTION	INCREASE / (DECREASE) TO CAPITAL STRUCTURE
****	*****	*****
	<u>STAFF ADJUSTMENT NO. 1</u>	
1	Long Term Debt	\$1,740,414
2	Common Equity	(1,740,414)
3	To Update Capital Structure	



## CERTIFICATE OF SERVICE

25-CNHT-185-KSF

I, the undersigned, certify that a true and correct copy of the above and foregoing Direct Testimony (Public) was served via electronic service this 13th day of February, 2025, to the following:

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*Ann Murphy*

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Ann Murphy