

COLLEEN R. JAMISON
JAMISON LAW, LLC

February 27, 2025

Abigail Emery, Acting Secretary
Kansas Corporation Commission
1500 SW Arrowhead Rd.
Topeka, KS 66604

RE: Cunningham Telephone Co., Inc.
Docket No. 25-CNHT-185-KSF
CONFIDENTIAL Rebuttal Testimony of Stacey N. Brigham

Dear Ms. Emery:

Attached for filing please find the REDACTED Rebuttal Testimony of Stacey N. Brigham on behalf of Cunningham Telephone Co., Inc. A confidential version is also being filed this date.

If you have any questions, please let me know.

Sincerely,

JAMISON LAW, LLC

Colleen R. Jamison

Colleen R. Jamison

Att.

cc: Brent Cunningham
Tessa Blackwood
Stacey Brigham

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of)
Cunningham Telephone Company, Inc. for)
an Increase in its Cost-Based Kansas) Docket No. 25-CNHT-185-KSF
Universal Service Fund Support.)

REDACTED

REBUTTAL TESTIMONY

OF

STACEY N. BRIGHAM

ON BEHALF OF

CUNNINGHAM TELEPHONE COMPANY, INC.

MARCH 3, 2025

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1

I. Introduction

2 **Q. What is your name?**

3 A. Stacey N. Brigham.

4

5 **Q. Are you the same Stacey Brigham who filed direct testimony on behalf of**
6 **Cunningham Telephone Company, Inc. (“Cunningham”) in this docket?**

7 A. Yes, I am.

8

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. The purpose of my rebuttal testimony is to address the testimony filed by Staff
11 witnesses, Ms. Figgs and Mr. Dolsky.¹

12

13 **Q. Please summarize the results of Staff’s Review.**

14 A. According to Staff Testimony, Cunningham has a Kansas intrastate jurisdictional
15 revenue deficiency of \$599,781.² Therefore, Staff recommends that Cunningham’s
16 KUSF support be increased by this amount, to a total of \$1,319,473.

17

18 **Q. Please explain why you are filing rebuttal testimony.**

19 A. There are a few Staff Adjustments that I will address:

¹ *In the Matter of the Application and Request of Cunningham Telephone Company, Inc., for an Increase in its Cost-Based Universal Service Fund Support*; Docket No. 25-CNHT-185-KSF (or *This proceeding*). Direct Testimony Prepared by Katie Figgs, filed February 13, 2025. (*Direct Testimony of Katie Figgs*). And Direct Testimony Prepared by Jaren W. Dolsky (*Direct Testimony of Jaren Dolsky*).

² Cunningham demonstrated a revenue shortfall of \$1,050,573 in its application.

1 A. Yes, Staff's process aligns with past compensation analysis and disallowance.
2 However, in its analysis of Mr. Brett Winkel, staff has misidentified his role.

3

4 **Q. Please elaborate.**

5 A. Staff appears to have misidentified Mr. Winkel as an Office Manager [REDACTED]
6 [REDACTED], which is an administrative role. Mr. Winkel's title is Central Office
7 Manager/Information Technology/Technician, which is an operations role.

8

9 **Q. What is the job description of a Central Office Manager?**

10 A. According to Cunningham's job description of a Central Office Manager, the essential
11 functions of the role include the following duties:⁵

- 12 1. Softswitch and other switching/fiber backhaul operation and maintenance
- 13 2. Fiber equipment and system operation and maintenance
- 14 3. Proficient in provisioning and maintenance of all customer services
- 15 4. Provide Tier 1 Tech support – Provide support for outside technician's related to
16 phone and internet
- 17 5. Maintenance of Central Office equipment and grounds
- 18 6. Oversee new construction and other projects-managing employees and contractors
- 19 7. through completion of builds or cut-overs
- 20 8. Performs other related duties as assigned or requested

21

22 **Q. How does the Survey define the role of Office Manager?**

⁵ Response to CUN DR 10e. page 9

1 A. The Survey provides the following description of the duties of an office manager:⁶

2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]

8

9 **Q. What role would be a more appropriate comparison for Mr. Winkel?**

10 A. The Commission should compare Mr. Winkel's salary to the correct role, which is
11 Central Office/Telecom Network Supervisor [REDACTED]. This description from
12 the Survey closely aligns with Mr. Winkel's role:

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED].⁷

20

21 **Q. What is the impact of your recommendation?**

⁶ Survey at page 219.
⁷ Survey at page 325.

1 A. By comparing Mr. Winkel’s salary to the average of the various ranges for similar
2 companies by size and location, the disallowance of his salary is reduced from
3 [REDACTED].⁸ This change would increase Staff’s initial calculated intrastate
4 operating expenses by \$3,545 above Staff’s recommended amount.
5

6 **III. IS-4 Employee Benefit and Payroll Tax Expense**

7 **Q. Please summarize Staff’s recommended treatment of employee benefit and**
8 **payroll tax expense.**

9 A. In IS-4, Staff adjusts Cunningham’s current employee benefits to normalize changes to
10 insurance premiums, FICA and Medicare payroll tax expense to reflect current salary
11 levels and removes “profit sharing distributions.”
12

13 **Q. Why did Staff disallow “Profit Sharing” benefits?**

14 A. Ms. Figgs states that the disallowance of “profit sharing” distributions because
15 recovery of these costs through KUSF is not warranted because distributions would be
16 enabled by excess profits and that “[i]t is inappropriate to build discretionary expenses
17 into the Company’s cost of service to be recovered on a going forward basis.”
18

19 **Q. Is this a correct characterization of Cunningham’s “Profit Sharing” benefit?**

20 A. No. Despite the name of the account, this benefit is Cunningham’s employee retirement
21 benefit, a qualified retirement plan, similar to a 401(k) or NTCA Retirement and
22 Security plan. It is not enabled by excess profits, nor is it a discretionary expense. To

⁸ See Exhibit SNB-1.

1 the contrary, this is a customary benefit that is made available to employees in nearly
2 every profession.

3

4 **Q. If Cunningham’s “Profit Sharing” benefit is a retirement benefit, and not actual
5 profit sharing, why is it labeled as such?**

6 A. The legal name of the plan is the “Amended Profit Sharing Plan and Trust of
7 Cunningham Telephone Company, Inc.,” and it is referred throughout Cunningham’s
8 accounting system as “Profit Sharing.” Therefore, Staff’s mischaracterization of this
9 benefit is understandable. Nevertheless, as Exhibit SNB-2 demonstrates, this benefit is
10 a retirement benefit, not a profit sharing distribution. Furthermore, Exhibit SNB-2
11 shows that eligible employees are entitled to this benefit regardless of the profitability
12 of the company.

13

14 **Q. Does Staff typically allow retirement benefits to be included in the intrastate
15 revenue requirement?**

16 A. Yes, retirement benefits are routinely included in the intrastate revenue requirement.⁹

17

18 **Q. What is your recommendation for Staff’s Benefits Adjustment?**

19 A. The Commission should not include a disallowance of the “profit sharing” in the IS-4
20 Adjustment.

21

22 **Q. Are the remaining adjustments in IS-4 customary?**

⁹ For example, 24-SCNT-131-KSF Direct Testimony of Kristina A. Luke Fry at p. 15 line 8.

1 A. Yes. Staff's analysis on changes to benefits and payroll tax comports with their
2 historical treatment of these expenses from past KUSF applications and Cunningham
3 does not dispute them.¹⁰

4
5 **Q. What impact does this change have on Cunningham's intrastate revenue**
6 **requirement?**

7 A. This change would increase Staff's initial calculated Intrastate operating expense by
8 \$98,742.

9

10 **IV. IS-12 Board of Directors Expense**

11 **Q. Please summarize Staff's recommendations related to Board of Directors Expense**
12 **in IS-12.**

13 A. Mr. Dolsky's testimony explains that Staff's Adjustment IS-12 removes 50% of
14 expenses related to board expenses because "Staff contends that the cost of Board
15 Member's salaries should be split 50% regulated, 50% non-regulated."¹¹

16

17 **Q. What is Cunningham's reaction to Staff's recommendation?**

18 A. Cunningham acknowledges the shared nature of Board of Directors expenses.
19 However, this removal of expenses is duplicative, because Cunningham's non-
20 regulated affiliate also pays for Board of Directors expenses.

21

¹⁰ Id.

¹¹ Direct Testimony of Jaren Dolsky, at p. 10.

1 **Q. Please describe the errors made in Staff's calculation.**

2 A. Staff appears to have not realized that Cunningham's non-regulated affiliate also pays
3 \$20,000 for Board of Directors expenses, which is the same amount paid by
4 Cunningham, thereby splitting Board of Directors expense on a 50% regulated and 50%
5 non-regulated basis.¹²

6

7 **Q. What is your recommendation on Board of Directors Expenses?**

8 A. The Commission should eliminate IS-12 entirely, as it is unnecessary for the sharing
9 of the Board of Directors expenses between Cunningham and its non-regulated
10 affiliate.

11

12 **Q. What impact does your recommendation have on Cunningham's intrastate
13 revenue requirement?**

14 A. This change would increase Staff's initial calculated Intrastate operating expenses by
15 \$6,738.

16

17 **V. Other issues**

18

19 **Q. Are there any other issues you wish to address?**

20 A. Yes. I would like to make the Commission aware that I will be submitting an update to
21 legal and consultant fees related to this proceeding.

22

¹² This detail was provided to Staff in response to Staff DR #3, specifically Board Expenses are recorded in Account 690 in the CCI General Ledger.

1 **Q. Please elaborate.**

2 A. As Staff recognizes, the costs included in Staff Testimony do not reflect the most
3 current costs associated with this proceeding.¹³ Updated costs will be submitted
4 concurrent with the Settlement Hearing.

5

6 **Q. Does that conclude your rebuttal testimony?**

7 A. Yes, it does.

8

¹³ Direct Testimony of Jaren Dolsky. at p. 4.

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VERIFICATION PURSUANT TO K.S.A. 53-601(a)(2)

I, Stacey N. Brigham, declare under penalty of perjury under the laws of the state of Kansas that the foregoing testimony is true and correct. Executed on February 27, 2025.

Stacey N. Brigham

1

List of Exhibits

- 2 SNB – 1 Recalculation of payroll adjustment - CONFIDENTIAL
- 3 SNB - 2 Summary of Plan Description - CONFIDENTIAL

EXHIBIT SNB-1

REDACTED

EXHIBIT SNB-2

REDACTED

VERIFICATION

I, the undersigned, hereby certify under penalty of perjury pursuant to K.S.A. 53-601 that I am an attorney for Cunningham Telephone Company, Inc. and that the foregoing is true and correct. Executed on February 27, 2025.

Colleen R. Jamison

Colleen R. Jamison

CERTIFICATE OF SERVICE

The undersigned certifies that on February 27, 2025, she emailed the above testimony to the following persons listed on the Commission's website for this docket as the "service list":

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