

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

DEC 19 2012

by
State Corporation Commission
of Kansas

In the Matter of Staff's Motion Requesting)
The Commission Order LaHarpe Telephone)
Company to Submit to an Audit for Purposes)
Of Determining its Cost- Based Kansas)
Universal Service Fund Support, Pursuant to)
K.S.A. 66-2008.)

Docket No. 12-LHPT-875-AUD

REDACTED DIRECT TESTIMONY

OF

ANN DIGGS

ON BEHALF OF

KANSAS CORPORATION COMMISSION STAFF

DECEMBER 19, 2012

1 **I. INTRODUCTION AND SUMMARY OF ADJUSTMENTS**

2 **Q: Please state your name, occupation and business address.**

3 A: My name is Ann Diggs. I am self-employed as the owner of a certified public
4 accounting firm, Ann Diggs, CPA. My business address is 321 South 3rd Street,
5 Wilmington, NC 28401.

6 **Q: Please discuss your professional background and regulatory experience.**

7 A: I received a B.B.A. Degree with a Major in Accounting in 1982 from Washburn
8 University in Topeka, Kansas. I am a CPA licensed to practice in North Carolina.
9 I have over twenty years of auditing and accounting experience, including nine
10 years of public utility electric, gas and telecommunications regulatory experience
11 with the Staff of the Kansas Corporation Commission (Commission), where I held
12 various positions progressing to Chief of Accounting and Financial Analysis. My
13 work and utility regulatory experience is summarized in Attachment AD-1.

14 **Q: Have you previously testified before the Commission?**

15 A: Yes, I have presented written and oral expert witness testimony before the
16 Commission in a number of areas including cost of service, acquisition premium
17 recovery, allocation of jurisdictional overhead costs, affiliate transactions, fuel
18 cost re-pricing, corporate cost allocation studies, merger savings analysis, and
19 Kansas Universal Service Fund (KUSF) audits.

20 **Q: Please state on whose behalf you are appearing.**

21 A: I am appearing on behalf of Commission Staff (Staff).

1 **Q: Please describe your responsibilities and the procedures you performed in**
2 **this docket.**

3 A: My responsibilities in this docket were to review and analyze LaHarpe Telephone
4 Company's (LaHarpe or Company) filing, and sponsor adjustments and
5 recommendations to the Commission. I reviewed the Company's filings,
6 schedules, and responses to Staff data requests. I participated in an on-site visit to
7 the Company's offices in LaHarpe, Kansas for the purpose of inspecting records,
8 touring the Company's offices and facilities, and meeting with the Company's
9 employees and consultants. I also participated in phone conferences with Staff,
10 and reviewed other Commission dockets and materials relevant to the issues I am
11 addressing.

12 **Q: Please identify the issues addressed in your testimony.**

13 A: I address affiliate transactions between the Company and its non-regulated
14 affiliate, sponsor Staff's pro forma allocation factors, and sponsor Staff's Rate
15 Base (RB) and Income Statement (IS) adjustments summarized in the following
16 table along with the resulting increase or (decrease) to the Company's cost of
17 service:

| ADJ # | DESCRIPTION | TOTAL COMPANY | INTRASTATE |
|-------|--|------------------|-------------|
| RB-1 | Reverse Company's Non-Regulated Allocation of General Support Facility (GSF) Assets and Accumulated Depreciation | \$ 15,960 | \$ 11,471 |
| RB-2 | Staff's Non-Regulated Allocation of GSF Assets and Accumulated Depreciation | \$ (7,855) | \$ (5,786) |

| ADJ # | DESCRIPTION | TOTAL COMPANY | INTRASTATE |
|-------|---|---------------|-------------|
| IS-5 | Adjustment to Increase Network Access Revenue | \$ (4,585) | \$ (4,585) |
| IS-6 | Reverse Company's Non-Regulated Allocation of GSF Expense | \$ 2,499 | \$ 1,712 |
| IS-7 | Staff's Non-Regulated Allocation of GSF, Executive, and G&A Expense | \$ (10,167) | \$ (6,121) |
| IS-8 | Payroll Expense and Distribution Adjustment | \$ 12,597 | \$ 10,306 |
| IS-9 | Employee Benefit and Payroll Tax Expense Adjustment | \$ 6,770 | \$ 4,778 |
| IS-10 | Billing & Collection Expense Adjustment | \$ (5,763) | \$ (3,714) |
| IS-11 | Affiliate Lease Adjustment | \$ (11,900) | \$ (8,116) |

1 **Q: Please identify the additional documents filed with your testimony.**

2 A: Attachment AD-2 provides a summary of Staff's allocation factors used to
3 apportion shared costs between the Company's regulated and non-regulated
4 operations. AD-3 contains work papers supporting my sponsored Rate Base and
5 Income Statement adjustments, identified by adjustment number. These work
6 papers should be considered an integral part of my testimony and provide details
7 which may not be specifically addressed in my general discussion. AD-4
8 contains data requests (DR) that are referenced in my testimony. AD-5 contains
9 the Company's Agreement Between LaHarpe Telephone Company Inc. and
10 LaHarpe Communications Inc., filed with the Commission on December 10,
11 2012.

12

13 **II. CORPORATE STRUCTURE AND AFFILIATED ENTITIES**

14 **Q: Please provide a brief overview of the Company and its affiliated entities.**

1 A: LaHarpe is certified as an Independent Local Exchange Carrier (ILEC), providing
2 regulated telephone service in one exchange to customers in the city of LaHarpe
3 and the immediately surrounding rural area. The Company also provides
4 incidental non-regulated services, including long distance service. LaHarpe is
5 affiliated by common control with LaHarpe Communications, Inc.
6 (Communications), and also has a small minority interest in Kansas Fiber
7 Network, Inc. Communications provides non-regulated services including the
8 provision of internet and cable television services to customers over LaHarpe's
9 fiber to the home network; installation, maintenance and repair of customer
10 premise inside wiring; and the resale of cellular services and equipment.

11 III. EXECUTIVE SUMMARY OF FINDINGS

12 **Q: Please summarize your findings, recommendations, and adjustments.**

13 A: My adjustments may be categorized into the following general areas: (A) non-
14 regulated allocations and affiliate transactions, (B) labor and benefit costs, and
15 (C) revenues. The following is a brief summary of my findings, adjustments, and
16 recommendations within each of these areas.

17 A. Findings and Adjustments to Non-regulated Allocations and Affiliate 18 Transactions

19 1. Findings. Resources are provided to the Company by affiliated
20 entities¹ which applicable FCC rules require to be recorded at no greater than the

¹ Pursuant to formal Agreements, Communications leases work equipment to the Company and the Company's President leases storage buildings to the Company.

1 lower of fully distributed cost (FDC) and fair market value (FMV).

- 2 • Staff found that the Company recorded work equipment leased
- 3 from Communications at a cost greater than FDC.
- 4 • Staff found that buildings leased from the Company's President
- 5 were not necessary or used and useful to the Company's regulated
- 6 telephone operations.

7 The Company provides resources and services² to Communications which
8 applicable FCC rules require to be recorded at no less than the higher of fair
9 market value (FMV) and fully distributed cost (FDC).

- 10 • Staff found that the billing and collection services provided by the
- 11 Company to Communications for non-regulated internet and cable
- 12 television services were recorded at a cost less than FDC.
- 13 • Staff found that the Company did not allocate common executive
- 14 and G&A expenses to Communications in its cost study
- 15 adjustments.
- 16 • Staff found that the Company did not properly allocate its vehicle
- 17 and work equipment assets to Communications in its cost study
- 18 adjustments.

² Resources and services provided by the Company to Communications: Labor costs including executive, management, general, technical and operational support services; general support facility resources and expenses including building and warehouse space, furniture, office equipment, and general purpose computers; executive and G&A non-labor costs; and billing and collection services.

1 These resources and services benefit both regulated and non-regulated
2 operations and should be recorded at no less than the higher of the Company's
3 FMV and FDC.

4 2. Adjustments. Staff proposes the following Rate Base and Income
5 Statement adjustments to properly record affiliate transactions and common assets
6 and expenses.

7 (a) Adjustments to GSF, Executive and G&A costs³. Staff
8 reversed the Company's cost study allocations relating to the allocation of
9 GSF assets and expenses contained in its filing. Staff allocated GSF assets
10 and expenses, as well as common executive and G&A expenses, based on
11 Staff's building study and non regulated allocation factors utilizing pro
12 forma 2012 salary and distribution data. The net effect of Staff's
13 adjustments related to the non-regulated allocation of GSF assets increases
14 the Company's regulated intrastate Rate Base by \$5,685. The net effect of
15 Staff's adjustments related to the non-regulated allocation of GSF,
16 Executive, and G&A expenses decreases the Company's regulated
17 intrastate expenses by \$4,409.

18 (b) Adjustment to Billing and Collection Expense (IS-10). Staff
19 allocated common non-labor billing and collection costs for services the

³ Staff's adjustments relating to GSF, Executive and G&A costs:
RB-1 – Reverse Company's GSF Assets and A/D Cost Study Adjustments
RB-2 - Staff's Allocation of GSF Assets and A/D
IS-6 – Reverse Company's GSF Cost Study Adjustments
IS-7 – Staff's Allocation of GSF, Executive, and G&A expenses

1 Company provides to Communications for non-regulated internet and
2 cable television services by utilizing current 2012 subscriber count data.
3 Staff's adjustment decreases the Company's regulated intrastate expenses
4 by \$3,714.

5 (c) Adjustment to Affiliate Lease Expense (IS-11). Staff
6 disallowed work equipment lease expense recorded in the test year greater
7 than Communications' FDC. Staff also disallowed building lease costs
8 paid to the Company's President. Staff's adjustment for affiliated work
9 equipment and building leases decreases the Company's regulated
10 intrastate expenses by \$8,042.

11 B. Staff Adjustments to Labor Costs⁴

12 The Company did not include a pro forma adjustment to test year payroll
13 and benefit expense in its filing. Staff normalized test year payroll expense using
14 current salary levels, accounted for employee terminations and new employees
15 during the test year, and used current labor distributions between regulated and
16 non-regulated operations. Staff based its payroll normalization on payroll
17 distribution reports for the period January through September, 2012. Staff also
18 updated employee benefits using current group insurance premiums, employer

⁴ Staff's adjustments related to labor expenses:

IS-8 – Staff's adjustment to normalize PR expense and distribution

IS-9 – Staff's adjustment to normalize employee benefit and payroll tax expenses

1 contributions to IRAs, unemployment insurance, and the Company's share of
2 payroll tax expense.

3 Staff's adjustment to normalize and distribute labor expenses increases the
4 Company's regulated intrastate cost of service by \$10,306, and increases
5 employee benefits and payroll taxes by \$4,778. The net effect of Staff's payroll
6 and benefit adjustments increases the Company's filed regulated intrastate cost of
7 service by \$15,084.

8 C. Staff Adjustment to Network Access Revenues (IS-5). The Company
9 proposed a pro forma adjustment in its filing to account for reductions in its
10 eligible recovery of network access revenues adopted by the FCC. The Company
11 used an average of the annual estimated reductions increasing from 5% in 2012 to
12 22.62% in 2016. Staff's adjustment disallows the Company's proposed reduction
13 in network access revenues. Staff does not recommend that the Commission
14 allow reductions in network access revenues in this docket which result from the
15 FCC's Inter-carrier Compensation (ICC) reform. In the Commission's recent
16 September 14, 2012 Order Implementing Intrastate Switched Access Adjustments
17 for Rural Local Exchange Carriers in Docket 13-GIMT-004-GIT, the Commission
18 determined that rural LECs' intrastate access adjustments will be effective July 1,
19 2012, and that at this time, the 5% annual reduction in a carrier's ICC eligible
20 recovery amount will not be recovered from the KUSF; instead, the issue will be
21 addressed at a later date in Docket No. 12-GIMT-170-GIT. Staff's disallowance
22 of the reduction decreases the Company's intrastate cost of service by \$4,585.

1 **IV. AFFILIATE TRANSACTIONS**

2 **Q: Please identify the shared services, costs, and resources between the**
3 **Company and affiliated entities.**

4 A: The Company provides the following services and resources to Communications:

- 5 • Employees, benefit costs, and overhead. All employees are statutory
6 employees of the Company, and provide all management, executive,
7 accounting, personnel, customer service, technical support, G&A, and other
8 operational and support services to Communications.
- 9 • Building space. The Company owns land and buildings which support
10 Communications' non-regulated operations.
- 11 • Other General Service Facility (GSF) assets and expenses. The Company
12 owns vehicles, furniture, office equipment, general purpose computers, and
13 incurs related GSF expenses which support Communications' non-regulated
14 operations.
- 15 • Billing and collection expenses. The Company combines charges for
16 Communications' non-regulated internet and cable television services on
17 monthly statements sent to its telephone customers. The Company provides
18 labor and other common billing costs to support Communications' non-
19 regulated services.
- 20 • Network services. The Company provides wholesale DSL to
21 Communications at tariffed rates.

1 Communications leases work equipment to the Company, and the President of
2 LaHarpe leases storage buildings to the Company.

3 **Q: How does the Company account for affiliate transactions?**

4 A: The Company and its affiliated entities have formal, written agreements for the
5 work equipment and buildings leased to Communications, and the Company pays
6 monthly charges to Communications for the leased work equipment and to the
7 President for the leased buildings. The Company and Communications also have
8 an Agreement for the provision of affiliate services which was included in Section
9 12 of the Company's filing. However, this Agreement⁵ signed on December 7,
10 2012 was not effective or submitted to the KCC pursuant to K.S.A. 66-1402 until
11 recently on December 10, 2012 (Attachment AD-5). The Company also maintains
12 a cost allocation manual (CAM) which identifies the affiliates' regulated and non-
13 regulated services and establishes affiliate transaction procedures and cost
14 allocation methodologies.

15 Pursuant to the Affiliate Agreement and the CAM, the Company utilizes
16 time reporting procedures to assign labor and spread employee benefits and
17 overhead costs between the Company and Communications. The Company and
18 Communications keep separate accounting books, and costs are directly assigned,
19 allocated, or charged between the affiliates. In addition, the Company allocated
20 certain general support facility assets and expenses between regulated and non-
21 regulated operations in its 2011 cost study.

⁵ Agreement Between LaHarpe Telephone Company Inc. and LaHarpe Communications Inc.

1 **Q: Are these transactions for goods and services between the Company and**
2 **affiliated parties subject to the FCC's affiliate transaction rules?**

3 A: Yes. Transactions between the Company, Communications, and the Company's
4 President are subject to the FCC's affiliate transaction rules as required in 47
5 C.F.R. §64.902 and set out in 47 C.F.R. §32.27(c). Pursuant to 47 C.F.R.
6 §32.9000, "affiliated companies" means:

7 [C]ompanies [the accounting entity] that directly or indirectly
8 through one or more intermediaries, control or are controlled by, or
9 are under common control with, the accounting company.
10 [*Referencing "Control"*] . . . Control . . . means the possession
11 directly or indirectly, of the power to direct or cause the direction
12 of the management and policies of a company . . . whether such
13 power is established through a majority or minority ownership or
14 voting of securities, common directors, officers . . . or any other
15 direct or indirect means.

16
17 In addition, pursuant to K.S.A. 66-1401(2), affiliated interests include "[e]very
18 corporation which has one or more officers or one or more directors in common
19 with such utility corporation" and include "[e]very person who is an officer or
20 director of such utility corporation . . ."

21 **Q: Please discuss the FCC's rules regarding affiliate transactions.**

22 A: The FCC's affiliate transaction rules require services provided to or received from
23 affiliates to be recorded in the following manner:

24 1. Services sold or transferred from the Company to its affiliates. Unless
25 services are provided at a tariff rate or qualify for prevailing price valuation, the

1 FCC requires services sold or transferred from a carrier and its affiliate to be
2 recorded at no less than the higher of FMV and FDC.⁶

3 2. Services sold or transferred to the Company from its affiliates. Unless
4 services are provided at a tariff rate or qualify for prevailing price valuation,
5 services sold or transferred to a carrier from its affiliate are required to be
6 recorded at no greater than the lower of FMV and FDC⁷.

7 **Q: What are Staff's general concerns when reviewing affiliate transactions in a**
8 **KUSF audit?**

9 **A:** Since transactions between affiliated entities are not negotiated at arms' length,
10 there is an inherent risk when such transactions exist that a company's regulated
11 operations may subsidize its affiliate's non-regulated operations. For example, a
12 subsidy can occur if a regulated telephone company provides resources or
13 services to an affiliate at a price that is below its FDC or FMV. A subsidy can
14 also occur if a regulated telephone company is provided resources or services
15 from an affiliate at a cost higher than FDC or FMV.

16 The support a telephone company receives from the KUSF should be used
17 only for its intended purpose of ensuring all customers in rural high-cost areas of
18 the state have access to affordable telephone service. In order to protect KUSF
19 funds from being used to subsidize a telephone company's non-regulated affiliate,

⁶ 47 C.F.R. §32.27(c)

⁷ 47 C.F.R. §32.27(c)

1 it is necessary to ensure affiliate transactions are properly recorded and comply
2 with the FCC's affiliate transaction rules.

3 **Q: What are Staff's findings regarding assets the Company leases from its**
4 **affiliates?**

5 A: Leased assets provided to the Company by affiliated entities are required to be
6 recorded at no greater than the lower of fully distributed cost (FDC) and fair
7 market value (FMV). Staff calculated the FDC for work equipment leased to the
8 Company by Communications and found that the Company recorded lease
9 charges for these assets at a cost greater than FDC. Staff also found that storage
10 buildings leased to the Company by the Company's President were not necessary
11 or used and useful to the Company's regulated telephone operations. Staff
12 proposes an adjustment to record leased work equipment at no greater than FDC
13 and disallows leased buildings in Staff Adjustment IS-11.

14 **Q: What are Staff's findings regarding resources and services provided by the**
15 **Company to Communications?**

16 A: Resources and services provided by the Company to Communications are
17 required by applicable FCC rules to be recorded at no less than the higher of FMV
18 and FDC. Staff has the following findings regarding resources and services
19 provided by the Company to Communications:

20 1. Billing and Collection (B&C) Services. Staff found that the B&C
21 services provided by the Company to Communications for non-regulated internet
22 and cable television customers were recorded at a cost less than FDC. Common

1 non-labor B&C costs were recorded in a regulated account and were not charged
2 or allocated to Communications. Staff further addresses this issue and proposes
3 an adjustment to B&C expense in Staff Adjustment IS-10.

4 2. Executive and G&A expenses. The Company did not allocate
5 executive and G&A expenses provided to Communications in its cost study
6 adjustments. These shared expenses benefit both regulated and non-regulated
7 operations, and should be properly allocated to Communications in accordance
8 with previously stated applicable FCC affiliate transaction rules. Staff addresses
9 this issue further and proposes an adjustment in Staff Adjustment IS-7.

10 3. Vehicles and Work Equipment. Staff found that the Company did not
11 allocate vehicle and work equipment assets to Communications' non-regulated
12 operations in its cost study adjustments. These resources benefit both regulated
13 and non-regulated operations and should be recorded at no less than the higher of
14 the Company's FMV and FDC. Staff addresses this issue and proposes an
15 adjustment in Staff Adjustment RB-2.

16
17 **V. RATE BASE ADJUSTMENTS**

18 **Q: Please discuss Staff's Adjustment RB-1 to reverse the Company's non-**
19 **regulated allocation of General Support Facility (GSF) assets and**
20 **accumulated depreciation.**

21 **A:** The Company allocates GSF assets and related accumulated depreciation in its
22 filing through its 2011 cost study adjustments. Staff made adjustments to the

1 Company's cost study which are described below in Staff Adjustment RB-2.
2 Staff Adjustment RB-1 reverses the Company's cost study adjustments related to
3 the allocation of GSF assets in order to clarify the results of Staff's allocation
4 adjustments and the results of the Company's allocation adjustments. Staff's
5 reversal of the Company's non-regulated allocation of GSF assets and
6 accumulated depreciation increases Rate Base by \$15,960 on a total-company
7 basis, and by \$11,471 on an intrastate basis.

8 **Q: Please discuss Staff's Adjustment RB-2 to allocate non-regulated GSF assets**
9 **and accumulated depreciation.**

10 A: Staff identified the following issues in the Company's cost study adjustment TPA
11 #1, in which the Company allocated GSF assets and related accumulated
12 depreciation to non-regulated operations:

13 (1) The Company failed to allocate vehicle and work equipment assets
14 and related accumulated depreciation. The Company's vehicles and work
15 equipment are used to provide both regulated and non-regulated services and
16 should be included in the allocation of GSF assets.

17 (2) The Company performed a building study used to allocate the
18 Company's land and buildings which supported a 23.0204% allocation to non-
19 regulated operations; however, the Company incorrectly applied a non-regulated
20 factor of 16.9620%.

21 (3) The Company calculated its allocation factors using a time study
22 performed for a one month period in November 2011. Although a time study can

1 be considered a reasonable method to allocate non-regulated costs, Staff believes
2 in this instance, using Staff's pro forma payroll distribution based on the
3 Company's time reporting in 2012 yields a more current and accurate result. Staff
4 notes that the use of its pro forma payroll distributions results in lower non-
5 regulated allocation factors than the results of the Company's 2011 time study.

6 Staff allocated the Company's GSF assets and associated accumulated
7 depreciation to non-regulated operations using current pro forma payroll
8 distributions as a basis for calculating its allocation factors. A summary of Staff's
9 allocation factors is presented in Attachment AD-3. Depreciation expense for the
10 general support facility assets is included in Staff's Adjustment IS-7.

11 **Q: Please summarize the effects of Staff's Adjustment RB-2 to allocate non-**
12 **regulated GSF assets and accumulated depreciation.**

13 A: Staff's adjustment to allocate GSF assets owned by the Company to
14 Communications' non-regulated operations, net of accumulated depreciation,
15 decreases Rate Base by \$7,855 on a total company basis, and by \$5,786 on an
16 intrastate basis.

17
18 **VI. INCOME STATEMENT ADJUSTMENTS**

19 **Q: Please discuss Staff's Adjustment IS-5 to network access revenues.**

20 A: The Company proposed a pro forma adjustment in its filing to account for
21 reductions in its eligible recovery of network access revenues adopted by the
22 FCC. The Company used an average of the annual estimated reductions

1 increasing from 5% in 2012 to 22.62% in 2016. Staff's adjustment disallows the
2 Company's proposed reduction in network access revenues. Staff does not
3 recommend that the Commission allow reductions in network access revenues in
4 this docket which result from the FCC's Intercarrier Compensation (ICC) reform.
5 In the Commission's recent September 14, 2012 Order Implementing Intrastate
6 Switched Access Adjustments for Rural Local Exchange Carriers in Docket 13-
7 GIMT-004-GIT, the Commission determined that rural LECs' intrastate access
8 adjustments will be effective July 1, 2013, and that at this time, the 5% annual
9 reduction in a carrier's ICC eligible recovery amount will not be recovered from
10 the KUSF; instead, the issue will be addressed at a later date in Docket No. 12-
11 GIMT-170-GIT.

12 Although Staff is recommending disallowance of the entire amount of the
13 Company's proposed reduction in network access revenues, Staff would
14 additionally like to note its objection to the Company's inclusion of the effects of
15 revenue reductions projected through 2016 - five years subsequent to the test year.
16 Although the Company presents the reductions as a known or determinable
17 change, the base year state access revenues used as a basis in calculating the
18 reductions will likely change over a five year period and are not currently known
19 or determinable. Staff would also like to note that although the Company
20 included the effects of these future reductions in revenue through 2016, an
21 increase in revenue which will occur in 2013 was not included in the Company's

1 filing⁸. This highlights Staff's concerns with making pro forma adjustments that
2 are far removed from the end of the test year. The result is likely a non-
3 synchronized view of the company's revenues, expenses, and investment; and is
4 likely to lead to a skewed determination of the Company's cost of service.

5 **Q: Please summarize the effects of Staff's Adjustment IS-5.**

6 A: Staff's adjustment increases revenues and decreases the Company's cost of
7 service by \$4,585 on a total-company and intrastate basis.

8 **Q: Please discuss Staff's Adjustment IS-6 to reverse the Company's non-
9 regulated allocation of GSF expense.**

10 A: The Company allocates GSF expenses in its filing through its 2011
11 cost study adjustments. Staff made adjustments to the Company's cost study
12 which are described below in Staff Adjustment IS-7. Staff Adjustment IS-6
13 reverses the Company's cost study adjustments related to the allocation of GSF
14 expenses in order to clarify the results of Staff's allocation adjustments and the
15 results of the Company's allocation adjustments.

16 **Q: Please summarize the effects of Staff's Adjustment IS-6.**

17 A: The total effect of Staff's adjustment IS-6 increases the Company's total regulated
18 expenses by \$2,499 and increases the Company's regulated intrastate expenses by
19 \$1,712.

20 **Q: Please discuss Staff's Adjustment IS-7 to allocate the Company's GSF,
21 Executive, and G&A expenses to non-regulated operations.**

⁸ In Docket No. 13-GIMT-004-GIT, Hal Baumhardt's Testimony filed October 28, 2012 supports an increase of LaHarpe's originating access revenue of \$1,398 to become effective July 1, 2013.

1 A: The Company's cost study adjustment SSA #1 allocated GSF expenses to non-
2 regulated operations. Staff found the following problems with the Company's
3 allocations:

4 (1) The Company allocated land and building expense, office equipment
5 expense, and general purpose computer expense to non-regulated operations using
6 a ratio of the Company's land and building assets to telephone plant in service,
7 resulting in a non-regulated allocation factor of 0.7442%. The Company's use of
8 this ratio is not appropriate since these GSF expenses are not used to support the
9 Company's total plant in service, which consists of 67% buried cable assets. The
10 Company's non-regulated allocation factor for these GSF expenses understates
11 the appropriate level of non-regulated expense which supports Communications'
12 non-regulated services, and overstates the Company's regulated GSF expenses
13 reflected in the Company's filing.

14 (2) The Company failed to allocate common executive, human resources,
15 information management, and other G&A expenses which support
16 Communications' non-regulated operations.

17 Staff allocated the following general support facility expenses provided by
18 the Company related to non-regulated operations: land and building expense,
19 office equipment expense, and general purpose computer expense. Staff also
20 allocated executive, human resources, information management, and other G&A
21 expenses, which benefit Communications' non-regulated operations. Staff's
22 allocation of depreciation expense and property tax expense related to the

1 Company's GSF assets is also included in this adjustment. Staff's allocations
2 were based on its pro forma payroll distribution and its Land and Building
3 Allocation Study (Attachment AD-2.1). Support of the allocation factors used by
4 Staff to allocate these expenses is presented in Attachment AD-2 – Allocation
5 Factor Summary.

6 **Q: Please summarize Staff's Adjustment IS-7.**

7 A: Staff's adjustment to allocate the shared costs provided by the Company to
8 Communications' non-regulated operations decreases expenses by \$10,167 on a
9 total company basis, and decreases expenses by \$6,121 on an intrastate basis.

10 **Q: Please discuss Staff's Payroll Expense Adjustment IS-8.**

11 A: Staff normalized test year payroll expense using current 2012 salary information
12 from the period of January through September 2012, and accounted for employee
13 terminations and replacements which occurred during the test year. Staff found
14 that the Company did not clear vehicle expense and other work equipment
15 expense to non-regulated video or internet accounts. Staff utilized current labor
16 distributions for the current 2012 period and cleared vehicle and other work
17 equipment expense to include all non-regulated accounts. Staff's total payroll
18 adjustment was then calculated from the difference between its distributed pro
19 forma wages and the distributed wages recorded in the test year.

20 **Q: Please summarize the effects of Staff's payroll adjustment.**

21 A: Staff's adjustment increases the Company's total regulated expenses by \$12,597
22 and increases the Company's intrastate expenses by \$10,306.

1 **Q: Please discuss Staff's Employee Benefit and Payroll Tax Adjustment IS-9.**

2 A: The Company provided Staff with reports which combined wages, benefits, and
3 payroll taxes for each employee. Staff was able to utilize these reports to
4 determine and annualize the Company's current benefit and payroll tax expenses.
5 Staff utilized current labor distributions for the current 2012 period to allocate
6 these expenses.

7 **Q: Please summarize the effects of Staff's total Employee Benefit and Payroll
8 Tax Adjustment IS-9.**

9 A: Staff's adjustment increases the Company's regulated expenses by \$6,770 and
10 increases the Company's intrastate expenses by \$4,778.

11 **Q: Please discuss Staff Adjustment IS-10 to Billing and Collection Expense.**

12 A: The Company provides B&C services for Communications' customers receiving
13 internet and cable television services. Labor costs associated with B&C services
14 are allocated using timesheet reporting. To determine the total amount of non-
15 labor B&C expenses, Staff reviewed test year invoices from Source One
16 Solutions, the company that provides combined billings for regulated and non-
17 regulated services, and its invoices include costs specific to regulated telephone
18 services as well as costs which are common to both regulated and non-regulated
19 services, such as processing fees, software maintenance and training, and postage.
20 Staff allocated common charges such as bundled statement processing, postage,
21 and printing to non-regulated operations based on the Company's current
22 regulated and non-regulated subscriber count as of September 2012.

1 **Q: Please summarize Staff's Billing and Collection Expense Adjustment, IS-10.**

2 A: Staff's adjustment decreases the Company's regulated expenses by \$5,763 on a
3 total-company basis, and decreases the Company's intrastate expenses by \$3,714.

4 **Q: Please discuss Staff Adjustment IS-11 to Affiliated Lease Expense.**

5 A: As discussed above, FCC affiliate transaction regulations require the Company to
6 record costs for goods or services received by affiliates at no higher than the
7 lower of FDC or FMV. Communications owns and leases work equipment to the
8 Company pursuant to a formal lease agreement, and charges the Company
9 monthly for the lease of this equipment. Staff calculated Communications' FDC
10 of the work equipment and determined that the Company had recorded the lease
11 payments to Communications at a cost higher than FDC. Staff's adjustment
12 disallows \$3,814, the amount of work equipment lease expense recorded in the
13 test year that was higher than FDC.

14 The Company also leases two storage buildings from Harry Lee, Jr., the
15 President of the Company, and pays Mr. Lee monthly for the lease of these
16 buildings. During the on-site audit, Staff was given a tour of the Company's
17 facilities and shown one of the two storage buildings leased from Mr. Lee. Due to
18 the condition of the building, the Company was unable to provide access to Staff
19 to view the contents inside, and it appeared the building had not been used for
20 some time. For this reason, Staff does not consider the building to be used and
21 useful to the Company's telephone operations and disallowed test year lease
22 expense for this building. Staff was not taken to the second storage building

1 being leased from Mr. Lee, but was informed that the building was used to store
2 work equipment. Staff's adjustment disallowed test year lease expense for this
3 building since the Company owns a 24 x 80 brick storage building that could be
4 used for this purpose but is currently being used to store a personal vehicle and
5 obsolete equipment and supplies. Staff disallowed \$8,086 for building lease
6 expense recorded in the test year.

7 **Q: Please summarize Staff's Affiliated Lease Expense Adjustment, IS-11.**

8 A: Staff's total adjustment including the work equipment leased from
9 Communications and the buildings leased from Mr. Lee decreases the Company's
10 regulated expenses by \$11,900 on a total company basis, and decreases the
11 Company's intrastate expenses by \$8,116.

12 **Q: Does this conclude your testimony?**

13 A: Yes.

ANN DIGGS

Regulatory Experience and Employment Summary

2003 - Present

Ann Diggs, CPA

Owner of CPA firm offering utility regulation auditing and consulting, as well as general accounting and tax services.

2001 -2003

Accountant, BHI, Ltd., North Carolina

Corporate accounting responsibilities for resort, property management and development company.

1998 - 2000

Controller, Regulatory Action Division (RAD) Trust/

Financial Examiner, North Carolina Department of Insurance

Conducted financial examinations of insurance companies and continuing care facilities. Controller of RAD Trust, established under the supervision of the North Carolina Department of Insurance. Responsible for accounting functions, internal controls, financial reporting, allocation of costs to estates, budget preparation and tax return preparation.

1991 - 1998

Senior Utility Regulatory Auditor, Managing Auditor,

Chief of Accounting & Financial Analysis, Kansas Corporation Commission

Directed professional staff in the timely development, analysis and recommendations of accounting and financial issues in rate cases, mergers and acquisitions of jurisdictional electric, gas and telecommunications companies. Provided written and oral expert witness testimony in technical hearings. Participated in settlement negotiations.

1986 - 1991

Accountant, Topeka Public Schools

Performed accounting, reporting, grant and budget functions.

1984 - 1986

Senior Utility Regulatory Auditor,

Kansas Corporation Commission

Audited construction costs of the Wolf Creek Nuclear Generating Station. Prepared written findings. Assisted in technical hearings before the Commission.

1983 - 1984

Central Accountant, Division of Accounts and Reports,
State of Kansas

Audited vouchers and inventory records for accuracy and compliance.

1982 - 1983

Associate Auditor, Legislative Division of Post Audit, State of Kansas

Performed financial and compliance audits of State agencies. Prepared written findings and recommendations.

| ACT | COMMON ASSETS & EXPENSES | REF | BASIS | REG % | NONREG % |
|--|--|-----|--|--------|----------|
| <u>General Support Assets / Depr Exp</u> | | | | | |
| 2111 | Land | (1) | Land & Bldg Allocation Study With Pro Forma PR | 93.72% | 6.28% |
| 2112 | Vehicles, Associated A/D, and Depr Exp | (2) | Pro Forma PR - Plant Empl | 90.47% | 9.53% |
| 2116 | Other Work Equip, Associated A/D, and Depr Exp | (2) | Pro Forma PR - Plant Empl | 90.47% | 9.53% |
| 2121 | Buildings, Associated A/D, and Depr Exp | (1) | Land & Bldg Allocation Study With Pro Forma PR | 92.57% | 7.43% |
| 2122 | Furniture, Associated A/D, and Depr Exp | (2) | Pro Forma PR - All Empl | 93.72% | 6.28% |
| 2123 | Office Equip, Associated A/D, and Depr Exp | (2) | Pro Forma PR - All Empl | 93.72% | 6.28% |
| 2124 | General Computers, Assoc A/D, and Depr Exp | (2) | Pro Forma PR - All Empl | 93.72% | 6.28% |
| <u>General Support Expense</u> | | | | | |
| 6121 | Land and Building Expense | (2) | Pro Forma PR - All Empl | 93.72% | 6.28% |
| 6123 | Office Equipment Expense | (2) | Pro Forma PR - All Empl | 93.72% | 6.28% |
| 6124 | General Purpose Computer Expense | (2) | Pro Forma PR - All Empl | 93.72% | 6.28% |
| <u>Services Expense</u> | | | | | |
| 6623.4 | Billing & Collection Expense | (3) | Subscriber Count | 57.33% | 42.67% |
| <u>Executive and G&A Expense</u> | | | | | |
| 6711 | Executive Expense | (2) | Pro Forma PR - All Empl | 93.72% | 6.28% |
| 6728 | Other G&A Expense | (2) | Pro Forma PR - All Empl | 93.72% | 6.28% |
| <u>Other Taxes</u> | | | | | |
| 7240 | Property Tax Expense | (4) | GSF Property Tax Calculation | 99.48% | 0.52% |

(1) Reference Staff Workpaper AD-2.1 - Land and Building Allocation Study

(2) Reference Staff Workpaper IS-8.2 - Staff Pro Forma PR Allocation

(3) Reference Staff Workpaper AD-2.2 - Subscriber Count Calculation

(4) Reference Staff Workpaper IS-7.2 - GSF Property Tax Calculation

Source: Continuing Property Record Balances 12/31/11

| Location | Description | Reg Alloc Factor | Basis | Land | | | Buildings | | |
|-----------------------------------|----------------------------------|---------------------|----------------------|--------------|--------------------|------------------------|----------------|--------------------|------------------------|
| | | | | Act 2111 | Allocate to Reg | Allocate to Non-Reg | Act 2121 | Allocate to Reg | Allocate to Non-Reg |
| Land: | | | | | | | | | |
| LaHarpe | Land | 93.72% | Pro Forma PR - All | 1,170 | 1,097 | 73 | | | |
| Buildings: | | | | | | | | | |
| LaHarpe | 12 x 24 Frame house | 0.00% | Not used/useful | | | | 1,763 | - | 1,763 |
| LaHarpe | Offices - 24 x 24 Metal | 93.72% | Pro Forma PR - All | | | | 33,835 | 31,710 | 2,125 |
| LaHarpe | Offices - Addition 24 x 40 Metal | 93.72% | Pro Forma PR - All | | | | 131,069 | 122,839 | 8,230 |
| LaHarpe | 24 x 80 Brick - Storage | 90.47% | Pro Forma PR - Plant | | | | 12,698 | 11,488 | 1,210 |
| Total - Land and Buildings | | | | 1,170 | 1,097 | 73 | 179,365 | 166,037 | 13,328 |
| | | | | | 93.72% | 6.28% | | 92.57% | 7.43% |

LaHarpe Telephone Company
 Docket No. 12-LHPT-875-AUD
 Test Year Ended 12/31/2011

Subscriber Count Analysis

Attachment AD-2.2

| DATE | REG | NON-REGULATED | | | TOT SUBSCRIB REG + NON-REG |
|------|-------|---------------|-------|---------------|----------------------------------|
| | PHONE | INTERNET | VIDEO | TOT NONREG | |
| 2011 | | | | | |
| JAN | | | | | |
| FEB | | | | | |
| MAR | | | | | |
| APR | | | | | |
| MAY | | | | | |
| JUN | | | | | |
| JUL | | | | | |
| AUG | | | | | |
| SEP | | | | | |
| OCT | | | | | |
| NOV | | | | | |
| DEC | | | | | |
| 2012 | | | | | |
| JAN | | | | | |
| FEB | | | | | |
| MAR | | | | | |
| APR | | | | | |
| MAY | | | | | |
| JUN | | | | | |
| JUL | | | | | |
| AUG | | | | | |
| SEP | | | | | |
| OCT | | | | | |

| | REG | NR | TOTAL |
|--------------------------|--------|--------|-------|
| Voice only | | | |
| Voice & Internet | | | |
| Voice & Video | | | |
| Voice & Internet & Video | | | |
| | 57.33% | 42.67% | |

Use most current subscriber counts to best represent trends in regulated and non-regulated services

Staff Workpaper RB-1
Reverse Company's GSF/NR Plant and Depreciation Reserve Adjustment

| ACCOUNT | DESCRIPTION | STAFF ADJ | INTRAST FACTOR | INTRAST ADJ |
|--|---------------------------|--------------------|-------------------|------------------|
| <u>Increase (Decrease) to GSF/NR Plant</u> | | | | |
| 2111 | Land | \$ 198 | 0.696495 | \$ 138 |
| 2112 | Vehicles | \$ - | 0.696495 | \$ - |
| 2116 | Other Work Equipment | \$ - | 0.696495 | \$ - |
| 2121 | Buildings | \$ 27,691 | 0.696495 | \$ 19,287 |
| 2122 | Furniture | \$ - | 0.696495 | \$ - |
| 2123 | Office Equipment | \$ 281 | 0.696495 | \$ 196 |
| 2124 | General Purpose Computers | \$ 917 | 0.696495 | \$ 639 |
| | Total GSF/NR Plant | <u>\$ 29,087</u> | | <u>\$ 20,259</u> |
| <u>(Increase) Decrease to GSF/NR A/D</u> | | | | |
| 3100 | Total A/D - GSF/NR | <u>\$ (13,127)</u> | 0.669420 | \$ (8,787) |
| | TOTAL STAFF ADJ | <u>\$ 15,960</u> | | <u>\$ 11,471</u> |

Source: Company's CSA's TPA#1

Staff Workpaper RB-2
GSF Plant and Depreciation Reserve Adjustment

| ACCOUNT | DESCRIPTION | STAFF ADJ | INTRAST FACTOR | INTRAST ADJ |
|---------|--|--------------------|-------------------|--------------------|
| | <u>Increase (Decrease) to GSF/NR Plant</u> | | | |
| 2111 | Land | \$ (73) | 0.696495 | \$ (51) |
| 2112 | Vehicles | \$ (2,832) | 0.696495 | \$ (1,972) |
| 2116 | Other Work Equipment | \$ (2,721) | 0.696495 | \$ (1,895) |
| 2121 | Buildings | \$ (13,328) | 0.696495 | \$ (9,283) |
| 2122 | Furniture | \$ (65) | 0.696495 | \$ (45) |
| 2123 | Office Equipment | \$ (113) | 0.696495 | \$ (79) |
| 2124 | General Purpose Computers | \$ (369) | 0.696495 | \$ (257) |
| | Total GSF/NR Plant | <u>\$ (19,502)</u> | | <u>\$ (13,583)</u> |
| | <u>(Increase) Decrease to GSF/NR A/D</u> | | | |
| 3100 | Total A/D - GSF/NR | <u>\$ 11,646</u> | 0.669420 | \$ 7,796 |
| | TOTAL STAFF ADJ | <u>\$ (7,855)</u> | | <u>\$ (5,786)</u> |

| DESC | % TO ALLOCATE (1) | | ASSETS | | | ACCUMULATED DEPRECIATION | | | DEPRECIATION EXPENSE | | | | |
|--------------------------------|-------------------|--------|--------|---------------------|-------------------------------------|--------------------------|---------------------|-------------------------------------|---|-------------------------|--------------|-----------------|-------------------------------------|
| | NONREG | REG | ACT | (2) BAL 12/31/11 | STAFF ADJ ALLOCATE TO NON-REG | ACT | (2) BAL 12/31/11 | STAFF ADJ ALLOCATE TO NON-REG | STAFF ADJ-NET ALLOCATE TO NON-REG | ASSETS NET OF A/D | DEPR RATE | DEPR EXPENSE | STAFF ADJ ALLOCATE TO NON-REG |
| Allocate from Reg to NR | | | | | | | | | | | | | |
| Land | 6.28% | 93.72% | 2111 | 1,170 | (73) | | | - | (73) | | | | |
| Buildings | 7.43% | 92.57% | 2121 | 179,365 | (13,328) | 3121 | (88,525) | 6,578 | (6,750) | 90,840 | 5.02% | 9,004 | (669) |
| Subtotal | | | | 180,535 | (13,401) | | (88,525) | 6,578 | (6,823) | 90,840 | | 9,004 | (669) |
| Vehicles | 9.53% | 90.47% | 2112 | 29,723 | (2,832) | 3112 | (23,425) | 2,232 | (600) | 6,298 | 26.27% | 6,298 | (600) |
| Other Work Equip | 9.53% | 90.47% | 2116 | 28,565 | (2,721) | 3116 | (26,054) | 2,482 | (239) | 2,512 | 23.98% | 2,512 | (239) |
| Furniture | 6.28% | 93.72% | 2122 | 1,030 | (65) | 3122 | (1,030) | 65 | (0) | 0 | 15.57% | - | - |
| Office Equipment | 6.28% | 93.72% | 2123 | 1,801 | (113) | 3123 | (1,177) | 74 | (39) | 624 | 18.10% | 326 | |
| General Purpose Computers | 6.28% | 93.72% | 2124 | 5,884 | (369) | 3124 | (3,440) | 216 | (153) | 2,444 | 18.57% | 1,093 | (69) |
| Subtotal | | | | 67,003 | (6,100) | | (55,125) | 5,069 | (1,032) | 11,878 | | 10,229 | (908) |
| Total to Allocate to Non-Reg | | | | 247,538 | (19,502) | | (143,650) | 11,646 | (7,855) | 102,718 | | 19,233 | (1,577) |
| Staff Adjustment Net of A/D | | | | | 7.88% | | | | (7,855) | | | | |

(1) Per AD-2 - Allocation Factor Summary
(2) GL Balance prior to Company's GSF Cost Study Adjustments

Staff Workpaper IS-5

Reverse Company's Pro Forma Adjustment to annualize the effect of ICC reforms.

| Co's Pro Forma Adj | Act | |
|--------------------------|------|--|
| <u>\$ 4,585</u> | 5080 | Staff's adjustment is an increase to revenue |

Staff Workpaper IS-6
Reverse Company's GSF/NR Expense Allocations in Filing

| DESCRIPTION | ACT | STAFF ADJ | INTRASTATE FACTOR | INTRASTATE ADJ |
|--|------|-----------------|----------------------|-------------------|
| PLANT SPECIFIC OPERATIONS EXPENSE | | | | |
| Network Support Expense | 6110 | | 0.696495 | |
| General Support Expense | 6120 | \$ 876 | 0.696491 | \$ 610 |
| Central Office Switching Expense | 6210 | | 0.552510 | \$ - |
| Central Office Transmission Expense | 6230 | | 0.552497 | \$ - |
| Cable and Wire Facilities Expense | 6410 | | 0.749836 | \$ - |
| Total Plant Specific Operations Expense | | <u>\$ 876</u> | | <u>\$ 610</u> |
| PLANT NON-SPECIFIC OPERATIONS EXPENSE | | | | |
| Other Plant Expense | 6510 | | 0.696477 | |
| Network Operations Expense | 6530 | | 0.696504 | \$ - |
| Access Expense | 6540 | | - | \$ - |
| Depreciation & Amortization Expense | 6560 | \$ 1,113 | 0.671208 | \$ 747 |
| Total Plant Non-Specific Operations Expense | | <u>\$ 1,113</u> | | <u>\$ 747</u> |
| CUSTOMER OPERATIONS EXPENSE | | | | |
| Marketing Expense | 6610 | | 0.681165 | \$ - |
| Operator Services | 6621 | | 1.000000 | \$ - |
| Customer Services Expense | 6623 | | 0.644454 | \$ - |
| Total Customer Operations Expense | | <u>\$ -</u> | | <u>\$ -</u> |
| CORPORATE OPERATIONS EXPENSE | | | | |
| Executive and Planning Expense | 6710 | | 0.619429 | \$ - |
| General and Administrative Expense | 6720 | | 0.494880 | \$ - |
| Total Corporate Operations Expense | | <u>\$ -</u> | | <u>\$ -</u> |
| OPERATING TAXES | | | | |
| Other Operating Taxes - Property Tax | 7240 | \$ 510 | 0.696493 | \$ 355 |
| Total Staff Adjustment | | <u>\$ 2,499</u> | | <u>\$ 1,712</u> |

Source: Company's Cost Study Adjustment: SSA#1

Staff Workpaper IS-7
GSF, Corporate & G&A Expense Allocation Adjustment

| DESCRIPTION | ACT | STAFF ADJ | INTRASTATE FACTOR | INTRASTATE ADJ |
|--|------|--------------------|----------------------|-------------------|
| PLANT SPECIFIC OPERATIONS EXPENSE | | | | |
| Network Support Expense | 6110 | | 0.696495 | |
| General Support Expense | 6120 | \$ (2,782) | 0.696491 | \$ (1,938) |
| Central Office Switching Expense | 6210 | | 0.552510 | \$ - |
| Central Office Transmission Expense | 6230 | | 0.552497 | \$ - |
| Cable and Wire Facilities Expense | 6410 | | 0.749836 | \$ - |
| Total Plant Specific Operations Expense | | <u>\$ (2,782)</u> | | <u>\$ (1,938)</u> |
| PLANT NON-SPECIFIC OPERATIONS EXPENSE | | | | |
| Other Plant Expense | 6510 | | 0.696477 | |
| Network Operations Expense | 6530 | | 0.696504 | \$ - |
| Access Expense | 6540 | | - | \$ - |
| Depreciation & Amortization Expense | 6560 | \$ (1,577) | 0.671208 | \$ (1,058) |
| Total Plant Non-Specific Operations Expense | | <u>\$ (1,577)</u> | | <u>\$ (1,058)</u> |
| CUSTOMER OPERATIONS EXPENSE | | | | |
| Marketing Expense | 6610 | | 0.681165 | \$ - |
| Operator Services | 6621 | | 1.000000 | \$ - |
| Customer Services Expense | 6623 | | 0.644454 | \$ - |
| Total Customer Operations Expense | | <u>\$ -</u> | | <u>\$ -</u> |
| CORPORATE OPERATIONS EXPENSE | | | | |
| Executive and Planning Expense | 6710 | \$ (1,444) | 0.619429 | \$ (894) |
| General and Administrative Expense | 6720 | \$ (4,011) | 0.494880 | \$ (1,985) |
| Total Corporate Operations Expense | | <u>\$ (5,455)</u> | | <u>\$ (2,879)</u> |
| OPERATING TAXES | | | | |
| Other Operating Taxes - Property Tax | 7240 | \$ (353) | 0.696493 | \$ (246) |
| Total Staff Adjustment | | <u>\$ (10,167)</u> | | <u>\$ (6,121)</u> |

| DESC | % TO ALLOCATE (1) | | EXPENSES | | |
|------------------------------------|-------------------|-----|----------|---------------------|-------------------------------------|
| | NONREG | REG | ACT | (2) BAL 12/31/11 | STAFF ADJ ALLOCATE TO NON-REG |
| <u>Allocate Expense to Non-Reg</u> | | | | | |
| GSF Expense | | | | | |
| Land and Building Exp | 6.28% | | 6121 | \$ 41,491 | \$ (2,605) |
| Office Equip Exp | 6.28% | | 6123 | \$ 1,783 | \$ (112) |
| General Purpose Computers (4) | 6.28% | | 6124 | \$ 1,034 | \$ (65) |
| Total GSF Expense | | | 6120 | <u>\$ 44,309</u> | <u>\$ (2,782)</u> |
| Total Depr Expense on GSF Assets | | | (3) 6560 | | <u>\$ (1,577)</u> |
| Executive Expense | | | | | |
| Executive Exp | 6.28% | | 6711 | \$ 22,997 | \$ (1,444) |
| Total Executive Expense | | | 6710 | <u>\$ 22,997</u> | <u>\$ (1,444)</u> |
| G&A Expense | | | | | |
| Human Resources Exp | 6.28% | | 6723 | \$ 279 | \$ (18) |
| Information Mgmt Exp | 6.28% | | 6724 | \$ 149 | \$ (9) |
| Other G&A | 6.28% | | 6728.1 | \$ 63,445 | \$ (3,984) |
| Total G&A Expense | | | 6720 | <u>\$ 63,873</u> | <u>\$ (4,011)</u> |
| Other Taxes - Property Tax | 7.88% | | 7240 | <u>\$ 4,477</u> | <u>\$ (353)</u> |
| Total - Allocate to Non-Reg | | | | | <u><u>\$ (10,167)</u></u> |

(1) Reference Staff Workpaper AD-2 - Allocation Factor Summary

(2) Source: GL Balance at 12/31/11

(3) Reference Staff Adj Workpaper RB-2.1

Staff Workpaper IS-7.2
GSF Property Tax Calculation

Calculate Test Year Property Taxes Related to GSF Assets:

| | |
|--|--|
| 67,788 | Test Year Property Tax Expense per DR 38 |
| 3,747,814 | Total Plant In Service per Co's filing Section 4, Schedule 1 |
| - | Add Communications - N/A |
| <u>3,747,814</u> | Total Assets subject to property taxes |
| 1.809% Property Tax Rate - Property Tax Expense / Assets subject to property taxes | |
| 247,538 | Total GSF Assets |
| - | Add Communications - N/A |
| <u>247,538</u> | Total GSF Assets subject to property taxes |
| <u>4,477</u> | Test Year Property Tax Related to GSF Assets |

Calculate Non-Reg Allocation of GSF Property Taxes:

| | Total | Non-Reg | Ref |
|---|----------------|---------------|--------------------------------------|
| GSF Assets | 247,538 | 19,502 | RB-2.1-GSF Rate Base Allocation Calc |
| Communications Assets - N/A | - | - | |
| Total GSF Assets | <u>247,538</u> | <u>19,502</u> | |
| Non-Reg % of GSF Assets subject to property taxes | | <u>7.88%</u> | |

Calculate Non-Reg Allocation of Total Test Year Property Taxes:

| | |
|--------------|--|
| 353 | Non-Reg Allocation of property taxes related to GSF assets |
| 67,788 | / Test Year property tax expense |
| <u>0.52%</u> | Non-Reg Allocation of total test year property tax expense |

Staff Workpaper IS-8
Payroll Expense Adjustment

| DESCRIPTION | ACT | STAFF ADJ | INTRASTATE FACTOR | INTRASTATE ADJ |
|--|------|--------------|----------------------|-------------------|
| PLANT SPECIFIC OPERATIONS EXPENSE | | | | |
| Network Support Expense | 6110 | | 0.696495 | |
| General Support Expense | 6120 | \$ (2,064) | 0.696491 | \$ (1,438) |
| Central Office Switching Expense | 6210 | \$ 445 | 0.552510 | \$ 246 |
| Central Office Transmission Expense | 6230 | \$ (333) | 0.552497 | \$ (184) |
| Cable and Wire Facilities Expense | 6410 | \$ 10,726 | 0.749836 | \$ 8,043 |
| Total Plant Specific Operations Expense | | \$ 8,773 | | \$ 6,667 |
| PLANT NON-SPECIFIC OPERATIONS EXPENSE | | | | |
| Other Plant Expense | 6510 | \$ 2,356 | 0.696477 | \$ 1,641 |
| Network Operations Expense | 6530 | \$ 8,051 | 0.696504 | \$ 5,607 |
| Access Expense | 6540 | \$ - | - | \$ - |
| Depreciation & Amortization Expense | 6560 | \$ - | 0.671208 | \$ - |
| Total Plant Non-Specific Operations Expense | | \$ 10,407 | | \$ 5,607 |
| CUSTOMER OPERATIONS EXPENSE | | | | |
| Marketing Expense | 6610 | \$ 2,044 | 0.681165 | \$ 1,392 |
| Operator Services | 6621 | \$ - | 1.000000 | \$ - |
| Customer Services Expense | 6623 | \$ 6,873 | 0.644454 | \$ 4,429 |
| Total Customer Operations Expense | | \$ 8,917 | | \$ 5,822 |
| CORPORATE OPERATIONS EXPENSE | | | | |
| Executive and Planning Expense | 6710 | \$ (952) | 0.619429 | \$ (590) |
| General and Administrative Expense | 6720 | \$ (14,548) | 0.494880 | \$ (7,200) |
| Total Corporate Operations Expense | | \$ (15,500) | | \$ (7,789) |
| Total Staff Adjustment | | \$ 12,597 | | \$ 10,306 |

LaHarpe Telephone Company
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Staff Workpaper IS-8.1
 Payroll Expense Adjustment Summary

Attachment AD-3

| DESCRIPTION | ACT | ACTUAL 2011 TY WAGE & DIST | % ACTUAL 2011 TY DIST | STAFF PRO FORMA WAGE & DIST | % STAFF PRO FORMA DIST | STAFF ADJ PRO FORMA WAGE & DIST |
|---|------|-------------------------------|--------------------------------|-----------------------------------|---------------------------------|---------------------------------------|
| PLANT SPECIFIC OPERATIONS EXPENSE | | | | | | |
| Network Support Expense | 6110 | | | | | \$ - |
| General Support Expense | 6120 | | 8.69% | | 7.15% | \$ (2,064) |
| Central Office Switching Expense | 6210 | | 7.13% | | 6.84% | \$ 445 |
| Central Office Transmission Expense | 6230 | | 5.23% | | 4.72% | \$ (333) |
| Cable and Wire Facilities Expense | 6410 | | 12.00% | | 16.03% | \$ 10,726 |
| Total Plant Specific Operations Expense | | | <u>33.05%</u> | | <u>34.75%</u> | \$ 8,773 |
| PLANT NON-SPECIFIC OPERATIONS EXPENSE | | | | | | |
| Other Plant Expense | 6510 | | 3.09% | | 3.95% | \$ 2,356 |
| Network Operations Expense | 6530 | | 12.58% | | 15.36% | \$ 8,051 |
| Access Expense | 6540 | | | | | |
| Depreciation & Amortization Expense | 6560 | | | | | |
| Total Plant Non-Specific Operations Expense | | | <u>15.67%</u> | | <u>19.31%</u> | \$ 10,407 |
| CUSTOMER OPERATIONS EXPENSE | | | | | | |
| Marketing Expense | 6610 | | 0.86% | | 1.73% | \$ 2,044 |
| Operator Services | 6621 | | | | | |
| Customer Services Expense | 6623 | | 6.23% | | 8.92% | \$ 6,873 |
| Total Customer Operations Expense | | | <u>7.09%</u> | | <u>10.65%</u> | \$ 8,917 |
| CORPORATE OPERATIONS EXPENSE | | | | | | |
| Executive and Planning Expense | 6710 | | 7.34% | | 6.40% | \$ (952) |
| General and Administrative Expense | 6720 | | 26.83% | | 18.39% | \$ (14,548) |
| Total Corporate Operations Expense | | | <u>34.17%</u> | | <u>24.79%</u> | \$ (15,500) |
| TOTAL - REGULATED EXPENSE | | | <u>89.99%</u> | | <u>89.50%</u> | <u>\$ 12,597</u> |
| NON-REGULATED EXPENSE | | | | | | |
| TELEPHONE PLANT | 2003 | | 3.05% | | 4.26% | \$ 3,135 |
| TOTAL SALARY: PUC + REG EXP + NONREG EXP | | | <u>100.00%</u> | | <u>100.00%</u> | <u>\$ 15,201</u> |
| TOTAL PR EXP - REGULATED | | | | | | |
| TOTAL PR EXP - NON-REGULATED | | | | | | |
| TOTAL PR - REG & NON-REG EXP | | | | | | |

LaHarpe Telephone Company
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 Test Year Ended 12/31/2011

Staff Workpaper IS-8.2
 Staff Pro Forma Payroll Calculation

Attachment AD-3

| | ACTUAL PR \$ AND DISTRIBUTION JAN-SEP 2012 | | | | | | | | | CURRENT MONTHLY PR & BEN | NOTE | ANNUALIZED PR & BEN | 2XXX Plant -Capitalize | | |
|------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------------------------|------|---------------------|------------------------|-----|------|
| | Jan 12 | Feb 12 | Mar 12 | Apr 12 | May 12 | Jun 12 | Jul 12 | Aug 12 | Sep 12 | | | | Total \$'s | Hrs | \$'s |
| Harry Lee | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | (1) |
| FICA-Medicare | | | | | | | | | | | | | | | (1) |
| Unempl Ins | | | | | | | | | | | | | | | (1) |
| SEP IRA | | | | | | | | | | | | | | | (2) |
| Total \$ | | | | | | | | | | | | | | | (1) |
| Total HRS | 160 | 160 | 160 | 140 | 140 | 140 | 140 | 140 | 140 | | | | | | |
| Cost/hr - ck | | | | | | | | | | | | | | | |
| Joyce Lee | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | (3) |
| FICA-Medicare | | | | | | | | | | | | | | | (3) |
| Unempl Ins | | | | | | | | | | | | | | | (3) |
| SEP IRA | | | | | | | | | | | | | | | (3) |
| Total \$ | | | | | | | | | | | | | | | (3) |
| Total HRS | 1 | 1 | 1 | | | | | | | | | | | | (3) |
| Cost/hr - ck | | | | | | | | | | | | | | | |
| David Lee | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | (1) |
| FICA-Medicare | | | | | | | | | | | | | | | (1) |
| Unempl Ins | | | | | | | | | | | | | | | (1) |
| SEP IRA | | | | | | | | | | | | | | | (2) |
| Total \$ | | | | | | | | | | | | | | | (1) |
| Total HRS | | | | 160 | 160 | 160 | 160 | 160 | 160 | | | | | | |
| Cost/hr - ck | | | | | | | | | | | | | | | 42 |
| Kevin Lee | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | (1) |
| FICA-Medicare | | | | | | | | | | | | | | | (1) |
| Unempl Ins | | | | | | | | | | | | | | | (1) |
| SEP IRA | | | | | | | | | | | | | | | (2) |
| Total \$ | | | | | | | | | | | | | | | (1) |
| Total HRS | 1 | 1 | 1 | 1 | 1 | 160 | 160 | 160 | 160 | | | | | | |
| Cost/hr - ck | | | | | | | | | | | | | | | 54 |
| Jason Lee | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | (1) |
| FICA-Medicare | | | | | | | | | | | | | | | (1) |
| Unempl Ins | | | | | | | | | | | | | | | (1) |
| SEP IRA | | | | | | | | | | | | | | | (2) |
| Total \$ | | | | | | | | | | | | | | | (1) |
| Total HRS | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | | | | | | |
| Cost/hr - ck | | | | | | | | | | | | | | | 54 |

NOTE (1) - Current Exp at Sep 2012
 NOTE (2) - Avg Jan-Sep 2012
 NOTE (3) - Employee Terminated Employment

LaHarpe Telephone Company
 Docket No. 12-LHPT-875-AUD
 Test Year Ended 12/31/2011

Staff Workpaper IS-8.2
 Staff Pro Forma Payroll Calculation

Attachment AD-3

| | ACTUAL PR \$ AND DISTRIBUTION JAN-SEP 2012 | | | | | | | | | CURRENT MONTHLY PR & BEN | NOTE | ANNUALIZED PR & BEN | 2XXX | | | |
|---|--|--------|--------|--------|--------|--------|--------|--------|--------|--------------------------|------|---------------------|------------|-----------------------|------|--|
| | Jan 12 | Feb 12 | Mar 12 | Apr 12 | May 12 | Jun 12 | Jul 12 | Aug 12 | Sep 12 | | | | Total \$'s | Plant -Capitalize Hrs | \$'s | |
| Deanna Helms | | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | (2) | | | | |
| FICA-Medicare | | | | | | | | | | | | (1) | | | | |
| Unempl Ins | | | | | | | | | | | | (2) | | | | |
| SEP IRA | | | | | | | | | | | | (2) | | | | |
| Total \$ | | | | | | | | | | | | (2) | | | | |
| Total HRS | 176.00 | 168.00 | 176.00 | 168.00 | 184.00 | 167.00 | 176.00 | 184.00 | 160.00 | | | | | | | |
| Cost/hr - ck | | | | | | | | | | | | | | | | |
| Mike | | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | (3) | | | | |
| FICA-Medicare | | | | | | | | | | | | (3) | | | | |
| Unempl Ins | | | | | | | | | | | | (3) | | | | |
| SEP IRA | | | | | | | | | | | | (3) | | | | |
| Total \$ | | | | | | | | | | | | (3) | | | | |
| Total HRS | 104 | 93.5 | 92 | 106 | 144.5 | | | | | | | (3) | | | | |
| Cost/hr - ck | | | | | | | | | | | | | | | | |
| Total - All Employ Before Clearing | | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | | |
| FICA-Medicare | | | | | | | | | | | | | | | | |
| Unempl Ins | | | | | | | | | | | | | | | | |
| SEP IRA | | | | | | | | | | | | | | | | |
| Total \$ | | | | | | | | | | | | | | | | |
| Clear Veh/Wk Equip | | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | | |
| FICA-Medicare | | | | | | | | | | | | | | | | |
| Unempl Ins | | | | | | | | | | | | | | | | |
| SEP IRA | | | | | | | | | | | | | | | | |
| Total \$ | | | | | | | | | | | | | | | | |
| Total All Employees | | | | | | | | | | | | | | | | |
| Salary | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | | |
| FICA-Medicare | | | | | | | | | | | | | | | | |
| Unempl Ins | | | | | | | | | | | | | | | | |
| SEP IRA | | | | | | | | | | | | | | | | |
| Total \$ | | | | | | | | | | | | | | | | |

NOTE (1) - Current Exp at Sep 2012
 NOTE (2) - Avg Jan-Sep 2012
 NOTE (3) - Employee Terminated Employment

Staff Workpaper IS-9
Employee Benefit and PR Tax Adjustment

| DESCRIPTION | ACT | STAFF ADJ | INTRASTATE FACTOR | INTRASTATE ADJ |
|--|------|-----------------|----------------------|-------------------|
| PLANT SPECIFIC OPERATIONS EXPENSE | | | | |
| Network Support Expense | 6110 | \$ - | 0.696495 | \$ - |
| General Support Expense | 6120 | \$ (619) | 0.696491 | \$ (431) |
| Central Office Switching Expense | 6210 | \$ (204) | 0.552510 | \$ (113) |
| Central Office Transmission Expense | 6230 | \$ (236) | 0.552497 | \$ (130) |
| Cable and Wire Facilities Expense | 6410 | \$ 1,315 | 0.749836 | \$ 986 |
| Total Plant Specific Operations Expense | | <u>\$ 257</u> | | <u>\$ 312</u> |
| PLANT NON-SPECIFIC OPERATIONS EXPENSE | | | | |
| Other Plant Expense | 6510 | \$ 456 | 0.696477 | \$ 318 |
| Network Operations Expense | 6530 | \$ 1,702 | 0.696504 | \$ 1,186 |
| Access Expense | 6540 | \$ - | - | \$ - |
| Depreciation & Amortization Expense | 6560 | \$ - | 0.671208 | \$ - |
| Total Plant Non-Specific Operations Expense | | <u>\$ 2,158</u> | | <u>\$ 1,503</u> |
| CUSTOMER OPERATIONS EXPENSE | | | | |
| Marketing Expense | 6610 | \$ 555 | 0.681165 | \$ 378 |
| Operator Services | 6621 | \$ - | 1.000000 | \$ - |
| Customer Services Expense | 6623 | \$ 2,176 | 0.644454 | \$ 1,402 |
| Total Customer Operations Expense | | <u>\$ 2,731</u> | | <u>\$ 1,780</u> |
| CORPORATE OPERATIONS EXPENSE | | | | |
| Executive and Planning Expense | 6710 | \$ 3,039 | 0.619429 | \$ 1,883 |
| General and Administrative Expense | 6720 | \$ (1,415) | 0.494880 | \$ (700) |
| Total Corporate Operations Expense | | <u>\$ 1,624</u> | | <u>\$ 1,182</u> |
| Total Staff Adjustment | | <u>\$ 6,770</u> | | <u>\$ 4,778</u> |

LaHarpe Telephone Company
 Docket No. 12-LHPT-875-AUD
 Test Year Ended 12/31/2011

Attachment AD-3

Staff Workpaper IS-9.1
 Employee Benefit & PR Tax Expense Adjustment Summary & Distribution

| DESCRIPTION | ACT | INSURANCE | FICA-MEDICARE | UNEMPL INS | SEP IRA | TOTAL STAFF ADJ |
|--|------|-----------|---------------|------------|---------|-----------------------|
| TELEPHONE PLANT | 2300 | | | | | \$ 326 |
| PLANT SPECIFIC OPERATIONS EXPENSE | | | | | | |
| Network Support Expense | 6110 | | | | | \$ - |
| General Support Expense | 6120 | | | | | \$ (619) |
| Central Office Switching Expense | 6210 | | | | | \$ (204) |
| Central Office Transmission Expense | 6230 | | | | | \$ (236) |
| Cable and Wire Facilities Expense | 6410 | | | | | \$ 1,315 |
| Total Plant Specific Operations Expense | | | | | | \$ 257 |
| PLANT NON-SPECIFIC OPERATIONS EXPENSE | | | | | | |
| Other Plant Expense | 6510 | | | | | \$ 456 |
| Network Operations Expense | 6530 | | | | | \$ 1,702 |
| Access Expense | 6540 | | | | | |
| Depreciation & Amortization Expense | 6560 | | | | | |
| Total Plant Non-Specific Operations Expense | | | | | | \$ 2,158 |
| CUSTOMER OPERATIONS EXPENSE | | | | | | |
| Marketing Expense | 6610 | | | | | \$ 555 |
| Operator Services | 6621 | | | | | |
| Customer Services Expense | 6623 | | | | | \$ 2,176 |
| Total Customer Operations Expense | | | | | | \$ 2,731 |
| CORPORATE OPERATIONS EXPENSE | | | | | | |
| Executive and Planning Expense | 6710 | | | | | \$ 3,039 |
| General and Administrative Expense | 6720 | | | | | \$ (1,415) |
| Total Corporate Operations Expense | | | | | | \$ 1,624 |
| TOTAL - REGULATED EXPENSE | | | | | | 6,770 |
| NON-REGULATED EXPENSE | | | | | | \$ (655) |
| TOTAL - TPUC + REG EXP + NONREG EXP | | | | | | \$ 6,441 |

LaHarpe Telephone Company
 Docket No. 12-LHPT-875-AUD
 Test Year Ended 12/31/2011

Staff Workpaper IS-9.2
 Employee Benefit & PR Tax Expense Adjustment

Attachment AD-3

| | 2XXX Plant \$'s | 6121 Land & Bldg \$'s | 6123 Office Equip \$'s | 6124 Gen Purp Comp \$'s | 6212.1 Digital Switch \$'s | 6232 Circuit Equip \$'s | 6311.1 NR Station Eq \$'s | 6311.2 Cust Wiring \$'s | 6423 Buried Cable \$'s | 6512 Provisioning \$'s | 6533 Testing \$'s | 6534 Plant Admin \$'s | 6535 Engineering \$'s | 6612 Sales \$'s | 6623.1 Cust Svc \$'s | 6623.3 CABS Exp \$'s | 6711 Exec \$'s | 6721 Actg \$'s | |
|---------------------------------|-----------------------|-----------------------------|------------------------------|-------------------------------|----------------------------------|-------------------------------|---------------------------------|-------------------------------|------------------------------|------------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------|----------------------------|----------------------------|----------------------|----------------------|--|
| TEST YEAR BENEFITS/PR TAX | | | | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | | | | | |
| FICA-Medicare | | | | | | | | | | | | | | | | | | | |
| Unempl Ins | | | | | | | | | | | | | | | | | | | |
| SEP IRA | | | | | | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | | | | | | |
| STAFF PRO FORMA BENEFITS/PR TAX | | | | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | | | | | |
| FICA-Medicare | | | | | | | | | | | | | | | | | | | |
| Unempl Ins | | | | | | | | | | | | | | | | | | | |
| SEP IRA | | | | | | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | | | | | | |
| STAFF ADJUSTMENT | | | | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | | | | | |
| FICA-Medicare | | | | | | | | | | | | | | | | | | | |
| Unempl Ins | | | | | | | | | | | | | | | | | | | |
| SEP IRA | | | | | | | | | | | | | | | | | | | |
| Total | 326.00 | (901.58) | (149.05) | 431.58 | (203.73) | (235.95) | (215.36) | (387.29) | 1,315.44 | 456.16 | 631.15 | 105.98 | 965.03 | 554.89 | 1,371.55 | 804.38 | 3,039.36 | 6,595.31 | |

LaHarpe Telephone Company
 Docket No. 12-LHPT-875-AUD
 Test Year Ended 12/31/2011

Staff Workpaper IS-9.2
 Employee Benefit & PR Tax Expense Adjustment

Attachment AD-3

| | 6723 | 6724 | 6728.1 | 1190.9 | Total | Total \$'s | | | | |
|--|---------------|---------------|-------------------|----------------|-----------------|---------------|-----------------|-----------------|-----------------|--|
| | HR | Info Mgmt | G&A | Other NR | | Plant | Reg | NR | Total | |
| | \$'s | \$'s | \$'s | \$'s | \$'s | | | | | |
| TEST YEAR BENEFITS/PR TAX | | | | | | | | | | |
| Insurance | | | | | | | | | | |
| FICA-Medicare | | | | | | | | | | |
| Unempl Ins | | | | | | | | | | |
| SEP IRA | | | | | | | | | | |
| Total | | | | | | | | | | |
| STAFF PRO FORMA BENEFITS/PR TAX | | | | | | | | | | |
| Insurance | | | | | | | | | | |
| FICA-Medicare | | | | | | | | | | |
| Unempl Ins | | | | | | | | | | |
| SEP IRA | | | | | | | | | | |
| Total | | | | | | | | | | |
| STAFF ADJUSTMENT | | | | | | | | | | |
| Insurance | | | | | | | | | | |
| FICA-Medicare | | | | | | | | | | |
| Unempl Ins | | | | | | | | | | |
| SEP IRA | | | | | | | | | | |
| Total | 133.08 | 512.20 | (8,656.08) | (52.29) | 6,440.79 | 326.00 | 6,769.73 | (654.94) | 6,440.79 | |

Staff Workpaper IS-10
Billing & Collection Expense Adjustment

| DESCRIPTION | ACT | STAFF ADJ | INTRASTATE FACTOR | INTRASTATE ADJ |
|--|------|--------------|----------------------|-------------------|
| PLANT SPECIFIC OPERATIONS EXPENSE | | | | |
| General Support Expense | 6120 | | | \$ - |
| Central Office Switching Expense | 6210 | | | \$ - |
| Central Office Transmission Expense | 6230 | | | \$ - |
| Cable and Wire Facilities Expense | 6410 | | | \$ - |
| Total Plant Specific Operations Expense | | \$ - | | \$ - |
| PLANT NON-SPECIFIC OPERATIONS EXPENSE | | | | |
| Network Operations Expense | 6530 | | | \$ - |
| Access Expense | 6540 | | | \$ - |
| Depreciation & Amortization Expense | 6560 | | | \$ - |
| Total Plant Non-Specific Operations Expense | | \$ - | | \$ - |
| CUSTOMER OPERATIONS EXPENSE | | | | |
| Marketing Expense | 6610 | | | \$ - |
| Operator Services | 6621 | | | \$ - |
| Customer Services Expense | 6623 | \$ (5,763) | 0.644454 | \$ (3,714) |
| Total Customer Operations Expense | | \$ (5,763) | | \$ (3,714) |
| CORPORATE OPERATIONS EXPENSE | | | | |
| Executive and Planning Expense | 6710 | | | \$ - |
| General and Administrative Expense | 6720 | | | \$ - |
| Total Corporate Operations Expense | | \$ - | | \$ - |
| Total Staff Adjustment | | \$ (5,763) | | \$ (3,714) |

LaHarpe Telephone Company
 Docket No. 12-LHPT-875-AUD
 Test Year Ended 12/31/2011

Attachment AD-3

Staff Workpaper IS-10.1
 Non-Regulated Allocation of Test Year Common B&C Expenses

| Date | Inv # | # Cust | Common Expenses per Source One Solutions Billings | | | | | Sales Tax | Other Common Exp Postage (1) | Total Common Exp |
|---|-------|--------|---|-----------------------|-----|----------|---------|-----------|------------------------------|------------------|
| | | | Bundled Stmt Processing | Auto Pay Transmission | UPS | Printing | Postage | | | |
| 1/28/2011 | 1013 | | | | | | | | | |
| 2/28/2011 | 1100 | | | | | | | | | |
| 3/30/2011 | 1193 | | | | | | | | | |
| 4/30/2011 | 1275 | | | | | | | | | |
| 5/27/2011 | 1369 | | | | | | | | | |
| 6/29/2011 | 1460 | | | | | | | | | |
| 7/27/2011 | 1553 | | | | | | | | | |
| 8/31/2011 | 1701 | | | | | | | | | |
| 9/28/2011 | 1728 | | | | | | | | | |
| 10/28/2011 | 1807 | | | | | | | | | |
| 11/28/2011 | 1882 | | | | | | | | | |
| 12/27/2011 | 1974 | | | | | | | | | |
| Total - Act. 6623.1 | | | | | | | | | 13,507.24 | |
| Non-reg percentage per subscriber count | | | | | | | | | <u>42.67%</u> | |
| Staff adjustment to non-regulated | | | | | | | | | <u><u>5,763.09</u></u> | |

(1) Other Common Exp - Postage per Test Year General Ledger - Act. 6623.1

Staff Workpaper IS-11
Affiliate Lease Expense Adjustment

| DESCRIPTION | ACT | STAFF ADJ | INTRASTATE FACTOR | INTRASTATE ADJ |
|--|------|--------------------|----------------------|-------------------|
| PLANT SPECIFIC OPERATIONS EXPENSE | | | | |
| Network Support Expense | 6110 | | 0.696495 | \$ - |
| General Support Expense | 6120 | \$ (9,296) | 0.696491 | \$ (6,475) |
| Central Office Switching Expense | 6210 | \$ (892) | 0.552510 | \$ (493) |
| Central Office Transmission Expense | 6230 | \$ (685) | 0.552497 | \$ (379) |
| Cable and Wire Facilities Expense | 6410 | \$ (1,026) | 0.749836 | \$ (770) |
| Total Plant Specific Operations Expense | | <u>\$ (11,900)</u> | | <u>\$ (8,116)</u> |
| PLANT NON-SPECIFIC OPERATIONS EXPENSE | | | | |
| Other Plant Expense | 6510 | | 0.696477 | \$ - |
| Network Operations Expense | 6530 | | 0.696504 | \$ - |
| Access Expense | 6540 | | - | \$ - |
| Depreciation & Amortization Expense | 6560 | | 0.671208 | \$ - |
| Total Plant Non-Specific Operations Expense | | <u>\$ -</u> | | <u>\$ -</u> |
| CUSTOMER OPERATIONS EXPENSE | | | | |
| Marketing Expense | 6610 | | 0.681165 | \$ - |
| Operator Services | 6621 | | 1.000000 | \$ - |
| Customer Services Expense | 6623 | | 0.644454 | \$ - |
| Total Customer Operations Expense | | <u>\$ -</u> | | <u>\$ -</u> |
| CORPORATE OPERATIONS EXPENSE | | | | |
| Executive and Planning Expense | 6710 | | 0.619429 | \$ - |
| General and Administrative Expense | 6720 | | 0.494880 | \$ - |
| Total Corporate Operations Expense | | <u>\$ -</u> | | <u>\$ -</u> |
| Total Staff Adjustment | | <u>\$ (11,900)</u> | | <u>\$ (8,116)</u> |

LaHarpe Telephone Company
 Docket No. 12-LHPT-875-AUD
 Test Year Ended 12/31/2011

Staff Workpaper IS-11.1
 Affiliate Lease Expense Adjustment Calculation

Attachment AD-3

1. Storage Building Leased to Telephone by Harry Lee

| Leased Asset | Cost/Value (1) | Year (1) | Note | Staff Adj | Accounts | | | | | | |
|---|-------------------|-------------|----------|--------------|----------|------|------|------|------|---------|--|
| | | | | | 2XXX | 6120 | 6210 | 6230 | 6410 | Non Reg | |
| | | | (2), (5) | | | | | | | | |
| | | | (3) | | | | | | | | |
| | | | (3) | | | | | | | | |
| Calculation of Lee's FDC of Buildings: | | | (4) | | | | | | | | |
| | | | (1) | | | | | | | | |
| Total FDC - Building Lease | | | (1), (6) | | | | | | | | |
| Calculation of Staff Adjustment: | | | | | | | | | | | |
| X Staff's Pro Forma Regulated % | (8,628) | | | | | | | | | | |
| | 93.72% | | | | | | | | | | |
| Staff Adjustment - Storage Building Lease | (8,086) | | | (8,086) | (8,086) | | | | | | |

2. Work Equipment Leased to Telephone by Communications

Calculation of Communication's FDC of Work Equipment:

| | |
|------------------------------------|-------|
| X Staff's Pro Forma Intrastate ROR | 9.27% |
|------------------------------------|-------|

| | | | | | | | | |
|---|----------|----------|-------|---------|-------|-------|---------|-------|
| Staff adjustment - test year lease expense > FDC | (4,971) | (4,971) | (241) | (1,210) | (892) | (685) | (1,026) | (916) |
| Total Staff Adjustment - Building & Work Equipment Leases | (13,057) | (13,057) | (241) | (9,296) | (892) | (685) | (1,026) | (916) |

- (1) Per Allen County Kansas property tax records
- (2) Disallow Lease Expense - Building would be fully depreciated. Also, equipment could be stored in Telephone owned building
- (3) Disallow Lease Expense - Building would be fully depreciated & is not used/useful to telephone operations
- (4) Since buildings would be fully depreciated, FDC would not include a return on buildings or depreciation expense

(6) 7,730 value of util bldg & storage shed/110,060 value of total bldgs = 7% x 2,484 total property tax = 174

Attachment AD-4

LaHarpe's Response to Staff Data Request No. 42

Attachment AD-5

Affiliate Agreement filed with the Commission on December 10, 2012

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DEC 10 2012

by
State Corporation Commission
of Kansas

In the Matter of the Filing by LaHarpe)
Telephone Company, Inc. of an Agreement) Docket No. _____
with LaHarpe Communications, Inc.)

**NOTICE OF FILING OF AGREEMENT BETWEEN LAHARPE TELEPHONE
COMPANY, INC. AND LAHARPE COMMUNICATIONS, INC.**

Comes now LaHarpe Telephone Company, Inc. ("Telephone") and submits for filing with the Kansas Corporation Commission an agreement with LaHarpe Communications, Inc. ("Communications") pursuant to K.S.A. 66-1402. Telephone states:

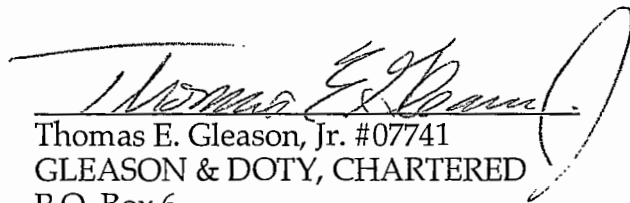
1. Telephone is a Kansas corporation, an eligible telecommunications carrier, rural telephone company and carrier of last resort providing local exchange and exchange access services under certificate of convenience and authority issued by this Commission.

2. Communications is a Kansas corporation and, as to Telephone, an "affiliated interest" as defined in K.S.A. 66-1401.

3. Telephone and Communications have negotiated and entered into an Agreement for the provision by Telephone of certain facilities, labor and management services to Communications due to the economies to be derived from a joint use thereof; such Agreement is attached hereto and made a portion hereof.

4. K.S.A, 66-1402 provides that no such agreement "shall be effective unless it shall first have been filed with the commission."

Respectfully submitted,

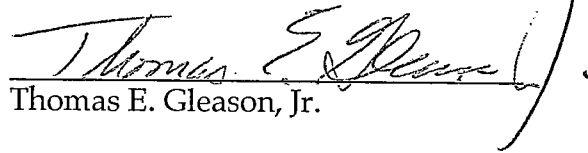


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(785) 842-6800 (voice)
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Attorney for LaHarpe Telephone
Company, Inc.

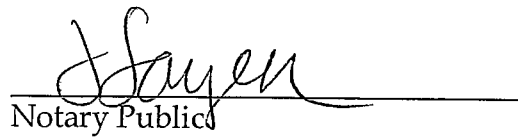
VERIFICATION

STATE OF KANSAS, DOUGLAS COUNTY, ss:

Thomas E. Gleason, Jr., of lawful age, being first duly sworn, on his oath states: He is the attorney for LaHarpe Telephone Company, Inc.; that he has read the above and foregoing Notice of Filing; that the statements, allegations and matters contained therein are true and correct.


Thomas E. Gleason, Jr.

Subscribed and sworn to before me this 10th day of December, 2012.


Notary Public

My Appointment Expires:



**AGREEMENT BETWEEN
LAHARPE TELEPHONE COMPANY INC.
AND
LAHARPE COMMUNICATIONS INC.**

THIS AGREEMENT, made and entered into as of December 10, 2012 by and between LAHARPE TELEPHONE CO., INC. (hereinafter called "LAHARPE") a corporation organized under the laws of the State of Kansas and LAHARPE COMMUNICATIONS INC. (hereinafter called "LAHARPE COMM"), a corporation organized under the laws of the State of Kansas, and

WHEREAS LAHARPE operates a telecommunications system in LaHarpe Kansas. LAHARPE COMM provides the following services: sales, installation and maintenance of inside wire; cable television service; and internet access services and both parties are aware of the economies to be derived from a joint use of facilities, labor, and other services by agreement, and each company deems it advisable to enter into such an agreement; and

WHEREAS, LAHARPE is organized, staffed and equipped, and authorized to render LAHARPE COMM facilities, labor and other services as herein provided; and

WHEREAS, LAHARPE COMM desires that LAHARPE and LAHARPE is willing to furnish to LAHARPE COMM facilities, labor and management services upon terms and conditions hereinafter set forth; and

WHEREAS, LAHARPE is authorized to utilize those subject properties, services, and resources of LAHARPE for sales, facilities, management and technical services and expertise in all, equipment sales and maintenance, telecommunications matters as an independent contractor and not as an agent of LAHARPE COMM; and

WHEREAS, subject to the terms and conditions herein described, LAHARPE is willing, upon request by LAHARPE COMM to render such services and provide such property and resources to LAHARPE COMM at cost, taking into consideration the fulfillment of each party's responsibilities; and

WHEREAS, LAHARPE COMM will require the use of LAHARPE transmission facilities for the provision of Broadband services; and

WHEREAS, LAHARPE and LAHARPE COMM agree that costs associated with facilities, labor, management, and other services will be accounted for in accordance with FCC Part 32 and FCC Part 64 rules.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein, the parties hereto and hereby agree as follows:

SECTION 1 – FURNISHING OF LABOR, MATERIALS AND/OR SUPPLIES

- (a) The responsibility for management, operations, and maintenance of equipment owned by LAHARPE COMM shall be that of LAHARPE; nothing herein shall be construed to alter such responsibility.
- (b) On request LAHARPE shall furnish employees to perform installation, maintenance, administrative and management duties for LAHARPE COMM as an independent contractor and not as the agent of LAHARPE COMM. In the event of scheduling conflicts, work required by LAHARPE shall take precedence.
- (c) On request LAHARPE shall furnish vehicles, tools, test equipment, computer billing equipment, office machines or such other items as are required and necessary to the operation, construction, installation and maintenance activity contemplated herein. Requirements of such equipment for LAHARPE own use shall take precedence.
- (d) Time spent by LAHARPE employees for installation, maintenance, construction, administration or management duties for LAHARPE COMM shall be directly accounted for as described in LAHARPE's Cost Allocation Manual ("Non-regulated Cost Identification Processes"). As such, affected LAHARPE employees performing functions for LAHARPE COMM will account for and report all time spent to the time reporting codes designated for functions performed for LAHARPE COMM.
- (e) Notwithstanding any term or provision herein, priority at all times in the allocation and/or commitment of facilities, resources, equipment, materials, supplies and/or services shall be given to LAHARPE for the provision of regulated telecommunications public utility services.

SECTION 2 – FURNISHING OF OTHER SERVICES AND FACILITIES

- (a) Broadband Access Service

LAHARPE will provide Interstate Broadband wholesale access service to LAHARPE COMM pursuant to the relevant rates, terms and conditions contained in the LAHARPE'S access tariff. This service will provide LAHARPE COMM with transmission service over local exchange facilities that can be used for simultaneous

voice and data communications. LAHARPE will provide such service to LAHARPE COMM where available, between the customer-designated premises and the designated Telephone Company Serving Wire Centers. Accordingly, LAHARPE COMM will pay LAHARPE for this service based on the wholesale rates contained in the LAHARPE Access Tariff for Broadband Access Service.

(b) Billing and Collection, Accounting and Computer Related Services

LAHARPE will provide billing and collection, accounting and computer-related services on behalf of LAHARPE COMM. These services include the preparation and rendering of monthly bills for long distance and Internet services, rendering bills related to sales of equipment, processing customer payments, and providing collection services related to customer accounts. LAHARPE will also provide accounting services including preparation and administration of payroll, accounts payable, accounts receivable, general ledger, and financial statements. LAHARPE will assess LAHARPE COMM a quarterly charge for computer services of \$600.00 starting December 10, 2012. Accounting services shall be billed to LAHARPE COMM based on time reporting through designated time sheet codes.

(c) Customer Services

LAHARPE personnel will provide customer services on behalf of LAHARPE COMM. These services include: service orders and handling customer inquires concerning service and maintenance. The applicable LAHARPE customer service costs will be charged to LAHARPE COMM based on actual work hours reported on the time sheets of LAHARPE employees that perform customer service functions for LAHARPE COMM.

(d) Other Costs

All other LAHARPE costs that may be attributable to LAHARPE COMM, not covered above, shall be allocated directly, whenever possible, when direct allocation is not possible, amounts will be allocated to LAHARPE COMM based upon a cost-causative linkage or another cost category for which direct analysis is possible. If neither of the above is possible, costs shall be allocated on the assignment of expenses. The procedures for allocation of all other costs are described in LAHARPE's Cost Allocation Manual.

SECTION 3 – PAYMENTS

Payment from LAHARPE COMM for services covered herein is due and payable upon invoice from LAHARPE and shall be determined in accordance with the following:

- (a) Payments for labor shall be at the same rate incurred by LAHARPE in the applicable month based on LAHARPE's payroll accounting procedures, which is outlined in LAHARPE's Cost Allocation Manual. These procedures required adjustment of the labor rates to include other wage-related expenses, labor rates are adjusted for any and all costs associated with use of vehicle and other work equipment, including social security taxes, federal and state unemployment taxes, group insurances, and workman compensation. Also,

the labor rates are adjusted for any and all costs associated with use of vehicles and other work equipment.

(b) Payment for LAHARPE COMM's use of other services and facilities shall be made based on the costs identified pursuant to the methods defined above.

SECTION 4 – DEPOSIT OF MONIES COLLECTED BY LAHARPE AND LAHARPE COMM

LAHARPE will submit payment monthly to LAHARPE COMM to provide them with the revenue associated with services that LAHARPE has billed behalf of LAHARPE COMM. This payment will be submitted by LAHARPE to LAHARPE COMM on a monthly basis. Incidental customers who pay by credit card or bank draft shall make payments through LAHARPE COMM. Any portion of such remittances attributable to LAHARPE shall be submitted by LAHARPE COMM to LAHARPE on a bi-monthly and monthly basis.

SECTION 5 – FORCE MAJEURE

In the event performance of this Agreement, or any obligation hereunder, is either directly or indirectly prevented, restricted, or interfered with by reason of fire, flood, earthquake or acts of God, wars, revolution, civil commotion, explosion, acts of public enemy, embargo, acts of the government in its sovereign capacity, or any other circumstances beyond the reasonable control and without the fault or negligence of the Party affected, the Party affected, upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction, or interference (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis until the delay, restriction or interference has ceased); provided however, that the Party so affected shall use diligent efforts to avoid or remove such causes of nonperformance and both Parties shall proceed whenever such causes are removed or cease.

SECTION 6 – PROTECTION OF PROPRIETARY INFORMATION

Unless otherwise provided, any specifications, drawings, sketches, models, samples, data computer programs and other software or documentation "Information" of one party that is furnished or available or otherwise disclosed to the other party pursuant to the Agreement, or the provision of any service hereunder, will be deemed the property of the disclosing party. Any information covered by the provisions of this Section and considered confidential or proprietary must be specifically identified as Proprietary Information. Such Proprietary Information will be subject to the following terms and conditions.

- A. Any Proprietary information that is furnished or available or otherwise disclosed pursuant to this Agreement will remain the property of the originating party, and when in tangible form, will be returned upon request. Unless any such Proprietary Information was previously known to the other party, free of any obligation to keep it confidential, or has been or is

subsequently made public by an act not attributable to the other party, or is explicitly agreed to in writing not to be regarded as confidential, it: (1) will be held in confidence by the receiving party and its employees, contractors, agents and affiliates; (2) will be disclosed to only those employees, contractors, agents and affiliates who have a need for it in connection with the provision of telecommunications services and facilities required to fulfill this Agreement and will be used for such purposes only; and (3) may be used for other purposes only upon such terms and conditions as may be agreed upon in writing. Neither party will disclose, disseminate or release any such Proprietary Information to anyone who is not an employee, contractor, agent or affiliate having a need for it in connection with such provision or telecommunications services and facilities unless otherwise agreed upon in writing prior to any such disclosure, dissemination or release.

- B. Nothing in this Agreement will require or prohibit the payment of an appropriate fee by one party to the other party for the use of any Proprietary information covered by this Agreement.
- C. In addition, each party agrees to give immediate oral notice, followed within ten days by written notice, to the other party of any demands to disclose or provide Proprietary Information prior to disclosing such Proprietary Information, whether pursuant to subpoena or other lawful process. Under such circumstances, each party agrees to cooperate in seeking reasonable protective arrangements requested by the other party.
- D. In the event either party discloses, disseminates or releases any Proprietary Information received from the other party pursuant to this Agreement except as provided above, the other party may refuse to provide any further Proprietary Information and may demand prompt return of all Proprietary Information previously provided to such a party; such refusal will not constitute a breach of this Agreement. The provisions of this paragraph are in addition to any other legal rights or remedies the party whose Proprietary Information has been disclosed, disseminated or released.

Interconnection standard that either party has a legal obligation, separate from the Agreement, to provide to the other party will not be considered Proprietary Information. The provisions of this Section will remain in effect notwithstanding the termination of this Agreement, unless otherwise agreed to in writing by both parties.

SECTION 7 – RELATIONSHIPS OF PARTIES TO EACH OTHER

Each party agrees that it will perform its obligations hereunder as an independent entity and not as the agent, employee or servant of the other party. Neither party nor any personnel furnished by this party will be deemed employees or agents of the other party or entitled to any benefits available under any plans for such other party's employees. Each party has and hereby retains the right to exercise full control of and supervision over the employment, direction compensation and discharge of all employees assisting in

the performance of such obligations; each party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes and all other regulations governing such matters, and each party will be responsible for its own acts and those of its subordinates, employees, agents and subcontractors during the performance of that party's obligations hereunder. Neither party will employ any person to perform services hereunder who is full or part-time employee of the other party.

SECTION 8 – OBTAINING OF LICENSES

The performance of this Agreement by the parties is contingent upon the obtaining and continuance of such governmental approvals, consents, authorizations licenses and permits as may be required or deemed necessary by the parties and as may be satisfactory to them. The parties will use their best efforts to obtain and to have continued in effect such approvals, consents, authorizations, licenses and permits.

SECTION 9 - ASSIGNMENT

Except as otherwise expressly provided in this Agreement, any assignment of any right, obligation or duty, in whole or in part, or of any other interest hereunder, by any party without the written consent of the other party will be void. Such consent shall not be unreasonably withheld.

In the event of any succession under this Section, the successor shall expressly undertake in writing to the other party the performance of and liability for those obligations duties and interest as to which it is succeeding, and the party will thereafter be relieved of such obligations, duties and interest except for matters arising out of events occurring prior to the date of such undertaking.

SECTION 10 – INDEMNIFICATION

The indemnification provisions of this Section will apply to all matters arising under this Agreement except that indemnification or limitation of liability or related provisions contained in other Sections of this Agreement will be controlling and take precedence over this Section.

To the extent not prohibited by law, each party will indemnify to the other and hold it harmless against any loss, cost claim, injury or liability relating to or arising out of the gross negligence or willful misconduct by the indemnifying party or its agents or contractors in connection with the indemnifying party's provision of facilities used and services rendered to the indemnifying party, under this Agreement; provided, however, that any monetary indemnity for any loss, cost claim, injury or liability arising out of or relating to errors or omissions in the provision of communications facilities used or services rendered under this Agreement will be limited to a credit allowance as otherwise specified in this Agreement. In addition to monetary indemnity, the indemnifying party under this Section agrees to defend any suit brought against the other party, for any such loss, cost, claim, injury or liability. The indemnified party agrees to notify the other party

promptly in writing, of any claims, lawsuits or demands for which the other party is responsible under this Section and to cooperate in every reasonable way to facilitate defense or settlement of claims. The indemnifying party will not be liable under this Section for settlement by the indemnified party of any claim, lawsuit or demand if the indemnifying party has not approved the settlement in advance unless the indemnifying party has had the defense of the claim lawsuit or demand tendered to it in writing, and has failed to assume such defense.

SECTION 11 – GOVERNING LAW

This Agreement will be governed by and construed in accordance with the laws of the State of Kansas and applicable federal laws.

SECTION 12 - SEVERABILITY

If any provision of this Agreement is held invalid, unenforceable or void, the remainder of this Agreement will not be affected thereby and will continue in full force and effect. This Section shall not apply to the review of this Agreement by the Kansas Corporation Commission or other regulatory bodies, it being the intent of the parties to make this Agreement non-severable for purposes of such regulatory review.

SECTION 13 – AMENDMENTS AND WAIVERS

Only by written agreement can the parties amend, add or delete Sections of this Agreement. Such action will not constitute a modification or change of any other Section unless explicitly stated in such written agreement.

The failure of either party to enforce any provision of this Agreement will not be construed as a waiver of such provision of any other rights under this Agreement. If one party fails to enforce a provision of this Agreement, it is the responsibility of both parties to continue to comply with all provisions of this Agreement.

SECTION 14 - NOTICES

Any notice or other communications hereunder shall be deemed to be sufficiently given to the addressee when sent by certified or registered mail, postage prepaid, to the respective parties, as follows:

LaHarpe

LaHarpe, KS
Attn: Harry Lee, Jr.

LaHarpe Communications Inc.

LaHarpe, KS
Attn: Harry Lee, Jr.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective corporate names by their Presidents and attested by their Secretaries, all as of the day, month and year set forth below.

LaHarpe Telephone Company Inc.

By: 

Name: Harry Lee, Jr.

Title: President and GM

Date: 12/07/12

Attest Secretary:

By: 

Name:

Date: 12-7-12

LaHarpe Communications Inc.

By: 

Name: Harry Lee, Jr.

Title: President and GM

Date: 12/07/12

Attest Secretary:

By: 

Name:

Date: 12-7-12

CERTIFICATE OF SERVICE

12-LHPT-875-AUD

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Direct Testimony was served by electronic service on this 19th day of December, 2012, to the following parties who have waived receipt of follow-up hard copies.

VINCENT H. WIEMER, PRINCIPAL
ALEXICON TELECOMMUNICATIONS CONSULTING
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OWASSO, OK 74055
Fax: 918-376-9280
vwiemer@alexicon.net

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Hand Delivered

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a.french@kcc.ks.gov
Hand Delivered

HARRY J. LEE, JR., PRESIDENT/GENERAL MANAGER
LAHARPE TELEPHONE COMPANY, INC.
D/B/A LAHARPE LONG DISTANCE
109 W 6TH ST
PO BOX 100
LA HARPE, KS 66751
harry.lee@laharpetel.com



Pamela Griffeth
Administrative Specialist